Palay production target still within reach — DA


PHILIPPINE STAR/KJ ROSALES

THE Department of Agriculture (DA) on Tuesday said it is sticking with its palay (unmilled rice) production target of 20.44 million metric tons (MT) for 2024 despite the impact of climate events on the agriculture industry.

In a statement, Agriculture Undersecretary for Rice Industry Development Christopher V. Morales said that the DA has tapped private organizations to extend the reach of the rice production program.

"We're optimistic since it's still early June. We're still aiming for that. We're doing our best to achieve that," he added.

The 20.44 million MT target represents a downgrade of the initial 20.8 million MT set early in the year, adjusted in view of the El Niño.

The DA has estimated the damage caused by El Niño at P6.35 billion, with rice as the most affected crop, sustaining damage of P3.3 billion or 134,828 MT.

Last year, palay production was 20.06 million MT.

The Rice Tariffication Law, or (Republic Act No. 11203) allocates P10 billion per year to support the Rice Competitiveness Enhancement Fund.

Mr. Morales said that domestic rice supply has remained "manageable," amid the continuous entry of imported rice to make up for shortfalls in domestic production.

Also on Tuesday, the National Economic and Development Authority approved further reductions in rice import tariffs to 15% from the 35%, as ordered by Executive Order No. 50.

The US Department of Agriculture forecast rice imports for 2025 at 4.2 million MT, exceeding its revised estimate of 3.9 million MT for this year. The Philippines remains the world's top rice importer.

Mr. Morales said DA programs like the provision of hybrid seed and contract growing programs of the National Irrigation Administration should also boost palay production.

The Masagana Rice Industry Development Program aims to stabilize the rice supply at between 24.99 million MT and 26.86 million MT, moderating growth in rice prices to less than 1% annually. — **Adrian H. Halili**

PHL requires up to P31 trillion in investment to hit energy targets

By Sheldeen Joy Talavera
Reporter

THE PHILIPPINES will need between P20 trillion and P31 trillion worth of investment to properly implement the Philippine Energy Plan (PEP), which will involve boosting the share of renewable energy (RE) in the power mix, the Department of Energy (DoE) said.

"When we talk about renewable energy, we need a total investment of P20 trillion to P31 trillion," Energy Undersecretary Rowena Cristina L. Guevara said at the Asian Development Bank (ADB) forum on Tuesday.

RE currently holds a 22% share of the power generating mix. The government is aiming to increase this share to 35% by 2030 and 50% by 2040.

Other strategies for hitting the target include building smart and green transmission system, building up port infrastructure to facilitate the servicing of offshore wind farms, and voluntary early decommissioning or repurposing of coal-fired power plants.

The funding can be provided by the private sector and the banking system, Ms. Guevara said on the sidelines of the forum.

However, she said that the government is encountering challenges, including permitting issues.

As of February, the DoE had awarded over 1,300 renewable energy service contracts with a potential capacity of over 134,000 megawatts (MW).

Many developers tend to stall out in the pre-development stages and may not continue with their projects, she said.

Ms. Guevara said the DoE is targeting over 52.8 gigawatts (GW) of renewable energy on top of the existing and committed power plants in the Philippines.

Of the total, 27,000 MW are solar projects, 16,600 MW wind, 6,000 MW hydro, 2,500 MW geothermal, and 360 MW biomass.

"About 134,631.87 MW potential capacity can still be tapped from projects in the pre-development and development stages," Ms. Guevara said.

"We need more encouragement for our banking sector to engage in renewable energy investments," Ms. Guevara said at the forum.

Citing a study funded by the Rockefeller Foundation, Ms. Guevara said Philippine banks "can actually finance two-thirds of our energy transition."

"But they need a leader who will help them understand the risks and rewards of investing in renewable energy," she said.

Ms. Guevara said that to meet the 52.8 GW target, "we have to almost double our transmission system" which currently can support power generation of 28 GW.

Among the major projects of the National Grid Corp. of the Philippines is the Mindanao-Visayas Interconnection Project and the Cebu-Negros Panay Project.

The Hermosa-San Jose 500-kiloVolt Transmission Line, which has been stalled by a temporary restraining order, is targeted to be completed by July 15, Ms. Guevara said.

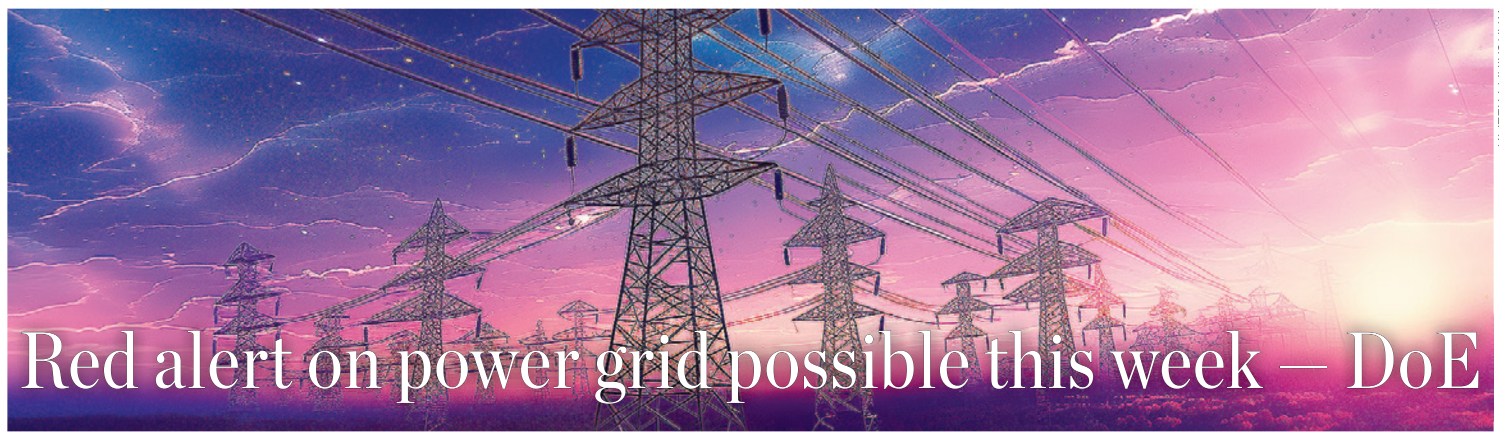
Warda Ajaz, project manager for the Asia Gas Tracker at the think tank Global Energy Monitor, said that the Philippines "boasts impressive solar PV (photovoltaic) and wind energy potential."

To avoid being reliant on "economically volatile and insecure fuel sources" such as liquefied natural gas (LNG), she said that the country should instead put its investment into renewable energy.

"The billions of dollars being spent on new LNG infrastructure should instead be diverted toward scaling up renewable energy capacity to ensure a sustainable, secure, and economically stable energy future," she said in an e-mail to *BusinessWorld* on May 31.

New LNG infrastructure risks "technological lock in" which will delay the transition to renewable energy, she said.

"Policymakers should prioritize investments in renewable infrastructure and technologies, along with energy storage solutions, to provide reliable and clean baseload power," she said.


WANGXINA-FREEPIK

Red alert on power grid possible this week — DoE

THE Department of Energy (DoE) said a red alert on the power grid is possible this week due to continuing elevated heat and forced outages at some power plants.

"This week, there is still a possibility for a red alert," Energy Undersecretary Rowena Cristina L. Guevara said on the sidelines of an Asian Development Bank forum on Tuesday.

Ms. Guevara said the Energy department has urged power plant operators whose facilities are on forced outage or running derated to bring their plants into full operation as soon as possible.

With the start of the rainy season, Ms. Guevara said the department "expects demand to decline," reducing the likelihood of red and yellow alerts.

In an advisory early Tuesday, the National Grid Corp. of the Philippines (NGCP) placed the Luzon grid on yellow alert between 1 p.m. to 5 p.m. and 6 p.m. and 12 midnight.

The grid operator estimated peak demand on Tuesday at 13,612 megawatts (MW), against available capacity of 14,461 MW.

A total of 14 power plants have been on forced outage and four plants are running derated, resulting in 2,280.8 MW left unavailable to the grid.

Apart from forced outages and limited capacities, the NGCP said the Angat main power generating facility was also unavailable due to low water levels.

The NGCP also noted the increase in forecast demand by about 600 MW compared to the previous day.

"The Visayas and Mindanao grids are operating normally," the grid operator said.

In a statement on Tuesday, Manila Electric Co. (Meralco) said it obtained commitments from Pioneer Float Glass Manufacturing, Inc. and Anglo Watsons Glass, Inc. to reduce their power draw from the grid under the Interruptible Load Program (ILP).

ILP participants are large power users that maintain their own backup generators. When supply is tight, they activate their generators, reducing overall demand on the grid.

Meralco said Pioneer Float Glass will sign a deal to deload 2 ME when needed. The arrangement involves its manufacturing plant in Pinagbuhatan, Pasig City.

Meralco said that Pioneer Float Glass voluntarily de-loaded 1.5 MW without compensation during the red alerts in April.

Meanwhile, Anglo Watsons has yet to finalize its participation but voluntarily de-loaded 1.3 MW during the red alert on May 28.

Once fully enrolled, it will reduce its draw from the grid by 2.3 MW at its facility in Calamba, Laguna.

The ILP commitments were a result of Meralco's engagement of key industries including the Glass Manufacturers Association of the Philippines.

"These commitments reflect our shared dedication to alleviating strain on the power grid, ultimately benefiting thousands of small businesses and households by minimizing rotational power interruptions," Meralco Vice-President and Head of Enterprise and National Government Ma. Cecilia M. Domingo said.

At present, over 100 companies have enrolled in the ILP representing more than 500 MW in capacity for de-loading within the Meralco franchise area.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Sheldeen Joy Talavera**

Power spot prices up in May on sustained high demand

ELECTRICITY spot price at the Wholesale Electricity Spot Market (WESM) rose in May due to sustained high system demand, the Independent Electricity Market Operator of the Philippines (IEMOP) said.

The IEMOP reported that the average electricity spot price system wide between April 26 and May 25 rose 19.1% to P8.22 per kilowatt-hour (kWh).

Supply increased 2.3% to 19,648 megawatts (MW) while demand grew by 9.1% to 15,688 MW from 14,375 MW.

For Luzon, the spot price jumped 24.8% to P8.28 per kWh.

Demand on the main island rose 10.3% to 11,369 MW. Available capacity rose 5.3% to 14,003 MW.

The WESM price at the Visayas rose by 0.9% to P8.81 per kWh from P8.73 per kWh previously.

Supply was 2,409 MW, higher by 2.6% from the 2,347 MW. Demand increased by 8.3% to 2,186 MW from 2,002 MW.

The average spot price in Mindanao was P7.26 per kWh, up 13%.

Supply fell 8.9% to 3,235 MW, while demand increased 4.3% to 2,152 MW.

IEMOP operates the WESM, which is where energy companies can buy power when their long-term contracted power supply is insufficient for customer needs. — **Sheldeen Joy Talavera**

PHL visitor volumes to Vietnam grow after Da Nang direct flights

By Justine Irish D. Tabile
Reporter

SHANGHAI — Vietnam's largest hospitality and leisure brand said Filipino visitor numbers have risen after the launch of direct flights from the Philippines to Da Nang, in central Vietnam.

Hana Ngo, deputy chief executive officer of Vinpearl, said on the sidelines of a signing ceremony on Tuesday last week that more Filipinos are booking at the group's hotel in the city.

"The direct flight from the Philippines to Da Nang is the reason why customers from the Philippines are increasing," Ms. Ngo told *BusinessWorld*.

She said visitors from the Philippines tend to book farm tours when in the city.

One of the airlines that launched direct flights to Da Nang is budget carrier Cebu Pacific, whose Manila-Da Nang service, launched in December, operates three times a week.

Prior to the launch of direct services, which take three hours, visitors from Manila had to visit Hanoi, Ho Chi Minh City, or connect in a third country to travel to Da Nang. Flight involving connections can take up to 10 hours.

The Department of Tourism said Vietnam is the 13th most visited destination for Philippine residents.

Last week, Singapore travel booking service Trip.com Group signed partnership agreements with Vinpearl and the Philippines' Megaworld Hotels and Resorts, with the aim of promoting Vinpearl and Megaworld properties to Trip.com's customers worldwide.

JG Summit Olefins tells Tariff Commission HDPE demand depressed by oversupply

AN OVERSUPPLY of petrochemical products has depressed demand for high-density polyethylene (HDPE), JG Summit Olefins Corp. told the Tariff Commission.

"It is because of the current petrochemical downturn. We are now at the period of oversupply especially for polyolefins including HDPE," JG Summit Olefins representative Maria Veron M. Marasigan said in a Tariff Commission hearing on Tuesday.

"This has contributed to the decreased overall consumption," she added.

In 2022, the Department of Trade and Industry imposed three years of safeguard duties on imports of HDPE pellets and granules to protect domestic industry.

The government imposes a safeguard duty of P1,271 per metric ton of imported HDPE pellets and granules. The current most favored nation rate on HDPEs is 10%.

Ms. Marasigan said that the oversupply has also affected regional markets.

She said the company's HDPE sales rose 15% last year, giving JG Summit Olefins a 50% market share.

"In the three-year period, there has been an improvement between 2022 to 2023, in terms of market share in HDPE," Ms. Marasigan added.

JG Summit Olefins, which merged with JG Summit Petrochemical Corp., had been the main proponent of safeguard duties on imported HDPE pellets and granules.

The company narrowed its net loss to P12.9 billion in 2023.

The company is the lone domestic manufacturer of HDPE pellets and granules. — **Adrian H. Halili**


PHILIPPINE STAR/RYAN BALDEMOR

Regulator still reviewing proposed MRT-3 fare hike

THE proposed fare hike for the Metro Rail Transit Line 3 (MRT-3) is still being reviewed by the Rail Regulatory Unit (RRU), the Department of Transportation (DoTr) said.

"On the MRT-3 fare hike, the MRT-3 actually has filed its petition early this year but the timing and rates are still being studied," Transportation Assistant Secretary for railways Jorjette B. Aquino told reporters on the sidelines of a forum on Tuesday.

In 2023, the DoTr said the fare hike petition may be approved early this year.

Ms. Aquino said the proposal is now being reviewed by the RRU, describing the current status of the application as still in the evaluation process.

"They have not given us a notice for public hearing, so I think they are still in the process of evaluating the timing and rate of increase," she said.

Once the evaluation is finished, the notice for public hearing will be issued, which will run within one month from the issuance of notice.

She said the evaluation process and the publication of new rates will take at least three months.

The proposed fare hike increase is for a P2.29 in boarding fare, or a 21-centavo increase per kilometer.

In July, the DoTr said the MRT-3's fare hike petition was refiled after a technical lapse in its previous filing.

The DoTr rejected denied a previous proposal, noting that the MRT-3 management had failed to issue a notice of public hearing. — **Ashley Erika O. Jose**