Philippine Stock Exchange index (PSEi) 6,936.09 ▲ 28.12 PTS. ▲ 0.4%

FRIDAY, SEPTEMBER 6, 2024 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P613.00	——	
ACEN	ACEN Corp.	P5.44	-P0.02	-0.37%
AEV	Aboitiz Equity Ventures, Inc.	P33.50	——	
AGI	Alliance Global Group, Inc.	P8.95	-P0.04	-0.44%
ALI	Ayala Land, Inc.	P35.25	+P0.40	+1.15%
BDO	BDO Unibank, Inc.	P157.00	+P3.00	+1.95%
BLOOM	Bloomberry Resorts Corp.	P7.71	-P0.11	-1.41%
BPI	Bank of the Philippine Islands	P126.00	-P0.50	-0.4%
CNPF	Century Pacific Food, Inc.	P39.70	+P1.70	+4.47%
CNVRG	Converge ICT Solutions, Inc.	P15.28	-P0.02	-0.13%
DMC	DMCI Holdings, Inc.	P11.70	+P0.14	+1.21%
EMI	Emperador, Inc.	P18.80	-P0.10	-0.53%
GLO	Globe Telecom, Inc.	P2,218.00	-P16.00	-0.72%
GTCAP	GT Capital Holdings, Inc.	P680.00	+P35.00	+5.43%
ICT	International Container Terminal Services, Inc.	P400.00	-P4.00	-0.99%
JFC	Jollibee Foods Corp.	P255.00	-P5.00	-1.92%
JGS	JG Summit Holdings, Inc.	P23.70	+P0.65	+2.82%
LTG	LT Group, Inc.	P9.82	-P0.05	-0.51%
MBT	Metropolitan Bank & Trust Co.	P75.10	+P0.15	+0.2%
MER	Manila Electric Co.	P405.00	-P1.00	-0.25%
MONDE	Monde Nissin Corp.	P9.20	——	
NIKL	Nickel Asia Corp.	P3.30	-P0.02	-0.6%
PGOLD	Puregold Price Club, Inc.	P30.00	+P0.90	+3.09%
SCC	Semirara Mining and Power Corp.	P33.55	-P0.30	-0.89%
SM	SM Investments Corp.	P908.50	+P8.50	+0.94%
SMC	San Miguel Corp.	P96.00	-P0.20	-0.21%
SMPH	SM Prime Holdings, Inc.	P30.10	+P0.35	+1.18%
TEL	PLDT Inc.	P1,453.00	-P33.00	-2.22%
URC	Universal Robina Corp.	P90.05	+P0.55	+0.61%
WLCON	Wilcon Depot, Inc.	P18.00	+P0.36	+2.04%

Proposed natural gas law to lure investors, say analysts

THE PASSAGE of the proposed Philippine Natural Gas Development Act may attract investors to the country's natural gas sector, but ongoing South China Sea disputes over resource-rich zones pose challenges, according to analysts.

"Hopefully, the Senate Bill 2793, once passed, will encourage both foreign and local E&P (exploration and production) companies to look for fossil gas in the Philippines," Pedro H. Maniego, Jr., senior policy advisor of think tank Institute for Climate and Sustainable Cities, said in a Viber message on Saturday, noting the huge investment required.

The Philippines is under pressure to find other sources of indigenous energy as the Malampaya gas field, the country's sole natural gas provider, nears depletion.

The Malampaya gas field, which supplies a fifth of the country's power requirements, is expected to run out of easily recoverable gas using current techniques by 2027.

Upstream oil and gas firm PXP Energy Corp. was ordered to put on hold its exploration activities at the Reed Bank due to tensions with China.

"While the bill may improve the enabling conditions for natural gas sector investments in the Philippines, the sector's most significant impediment is the country's ongoing maritime dispute with Beijing in areas within and near identified natural gas exploration zones," Terry L. Ridon, a public investment analyst, said in a Viber message.

"The dispute will make it difficult for Manila to explore and exploit these areas on its own or with other foreign partners," he added.

Mr. Maniego said that the Philippines "occupies a low position in the global energy market with its minuscule production of coal, oil, and gas."

The country's neighbors in Southeast Asia were able to find substantial deposits in their maritime areas, he noted.

"Finding fossil gas to augment our requirements will raise the country's standing. Unfortunately, the identified viable deposits are located in the disputed zones in the West Philippine Sea claimed by China," Mr. Maniego said.

He said that the exploration of fossil fuels requires significant investment and could only be conducted by "companies with ample financial and technical resources."

Meanwhile, Mr. Ridon said that generation facilities that use indigenous natural gas should still compete with other generation facilities on the basis of price.

This would ensure that the lowest cost of power remains the most important mandate under the Electric Power Industry Reform Act.

"The mere use of indigenous natural gas should not be the basis of priority dispatching in our energy system," Mr. Ridon said.

'RIGHT SIGNAL'

Sen. Pilar Juliana "Pia" S. Cayetano, chair of the Senate committee on energy, said the swift passage of Senate Bill No. 2793 would send the "right signal" to investors.

"It seeks to declare that the Philippines is open and will have very clear-cut policies on natural gas and indigenous natural gas development," she said during the recent interpellation for the bill.

SB 2793, Ms. Cayetano said, would "promote awareness and create an environment that will open up opportunities for investors."

She noted that legislative efforts to support natural gas exploration have been minimal since its peak in the 1970s, when more than 150 wells were drilled.

"This was when Malampaya was discovered," she said.

The Philippines, she added, has effectively abandoned exploration of existing natural gas resources.

The proposed measure addresses the gaps in policies, legal support, and incentives for investors to restart their exploration of local gas resources, she noted.

"Natural gas is called a transition fuel, and we have proof that there is, it's available in the Philippines," Ms. Cayetano said.

"So by passing this law, it's like erecting a billboard on EDSA globally and tell them that the Philippines is prioritizing natural gas," she also said. "If you are an expert in natural gas, you're welcome to come here. We have good business opportunities."

Service Contract No. 38 governing the Malampaya gas field has been extended for 15 more years.

The Malampaya consortium, led by Prime Energy Resources Development B.V., has pledged to drill two new wells to prolong the gas field's lifespan and generate new gas by 2026. — **Sheldeen Joy Talavera**

PLDT group partners with First Gen for renewable energy

PANGILINAN-LED PLDT Inc. and its wireless subsidiary Smart Communications, Inc. tapped First Gen Corp. to power their network facilities with renewables.

"We are once again tapping First Gen's geothermal energy supply to increase the renewable component of the energy mix of our critical facilities in Mindanao," PLDT Vice-President and Sector Head for Property and Facilities Leo Gonzales said in a media release on Sunday.

Lopez-led First Gen will power the group's six network facilities in Mindanao with renewable energy (RE), allowing it to reduce its power costs, the company said.

Among the telco facilities that will be powered with renewables is PLDT Ponciano, the company's regional facility that caters to VITRO Davao, its data center in Mindanao.

"This switch will also make VITRO Davao the first data center of the telco firm to be powered 100% by RE," it said.

"This enables us to future-proof our facilities, reduce our operational expenses, and support the government's Green Energy Option Program (GEOP) in the region," Mr. Gonzales said.

Launched in 2018, GEOP is a voluntary policy mechanism that allows users who consume at least 100 kilowatts to source power from qualified electricity retailers supplying RE.

The expansion of PLDT's partnership with First Gen allows the company to generate P23 million in savings on energy and operational costs, PLDT said.

PLDT added that it would also allow the company to reduce its greenhouse gas emissions by nearly 13,000 tons per year. — **Ashley Erika O. Jose**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <tinyurl.com/2r4cw4e8>

OUTLIER

SM Prime shares dip despite developments

SM Prime Holdings, Inc. shares dipped last week despite news about its mall expansion plans and investor expectations of a rate cut, according to analysts.

Data from the Philippine Stock Exchange showed 28.39 million shares worth P857.4 million exchanged hands from Sept. 2-6, making the listed property developer the 10th most actively traded stock in the local bourse last week.

Shares in the Sy-led company finished trading at P30.10 on Friday. The stock price fell by 2.7% from a week earlier. For the year, the stock also declined by 8.5%.

Mercantile Securities Corp. Head Trader Jeff Radley C. See said in an e-mail that the listed property developer's rally was driven by investors' anticipation of a rate cut this year.

He also said that this would be bullish for SM Prime because it would make borrowing money cheaper.

In its Aug. 15 Monetary Board Meeting, the Bangko Sentral ng Pilipinas (BSP) cut benchmark interest rates by 25 basis points to 6.25%, its first cut in nearly four years.

With this, BSP Governor Eli M. Remolona, Jr. also signaled another rate cut before the end of the year.

Latest government data showed inflation for August slowed to 3.3% from 4.4% in July, the slowest pace in seven months and settling within the central bank's target of 2-4%.

Last week, reports showed that the property developer is focusing on expanding its mall business in the Philippines due to its competitive advantages while maintaining stable operations in China.

Executive Committee Chairman Hans T. Sy also added that SM Prime is on track with its reclamation project, mentioning that there are ongoing discussions about potential partnerships for development and added that the budget for the reclamation is almost P150 billion.

This reclamation project is for the 360-hectare SM Smart City development, which is linked to the Mall of Asia Complex.

SM Smart City is designed as a mixed-use development similar to the Mall of Asia reclamation project. The property developer aims to finish the project and turn it over to the Pasay City local government by 2028.

SM Prime's continued international expansion, especially in China coupled with its aggressive domestic growth, demonstrates its strong position as a regional real estate leader, Mark V. Santarina, trader at Globalinks Securities and Stocks, Inc., said in a Viber message.

He added that the company's significant investments reinforce its commitment to growth both locally and overseas.

In the second quarter, SM Prime Holdings 'attributable net income grew by 16% to P11.68 billion from P10 billion a year earlier. Meanwhile, consolidated revenues increased by 8.8% to P33.97 billion from P31.22 billion.

For the first half of the year, net income grew by 13.5% to reach P22.07 billion, whereas consolidated revenues for the six-month period grew by 8.1% to P64.69 billion.

For Mr. See, he pegged the resistance at P31, while the support levels were at P29.65 and 27.85.

"The stock might range for now between P29.65 and P31," Mr. See added. — **Abigail Marie P. Yraola**

BW ONE-ON-ONE

Advancements make RE reliable for Philippines' power needs — CREC CEO

By Sheldeen Joy Talavera
Reporter

ADVANCEMENTS have now made renewable energy (RE) a viable option for providing reliable power, capable of meeting the Philippines' growing energy demands, according to Citicore Renewable Energy Corp. (CREC) President and Chief Executive Officer (CEO) Oliver Y. Tan.

"Others do not believe that renewable energy can be a baseload; our vision is that it is [feasible]," Mr. Tan said in an interview with *BusinessWorld*. "Through technology, we can actually achieve almost 100% pure renewable."

Despite concerns about renewable energy's intermittency, he said that it is possible to achieve pure renewable energy through technology. However, he also said that there is still a need for conventional energy sources to bridge the transition.

"We still need them. But eventually, they can be the backup ancillary, and renewable energy would be the primary source of power," he said.

Mr. Tan said that the government is "doing the right policy" which is to transition from traditional fossil fuels, with the Philippines being a net importer of coal and oil.

The Department of Energy has set a target of increasing the share of renewable energy in the Philippines' energy mix to 35% by 2030 and 50% by 2040.

"That (target) alone is a huge requirement. There is enough market or enough time for everyone," Mr. Tan said.

CREC, directly and through its subsidiaries and joint ventures, manages a diversified portfolio of renewable energy generation projects, power project development operations, and retail electricity supply services.

It is the parent company of Citicore Energy REIT Corp. (CREIT), the country's first real estate investment trust (REIT) listing focused on renewable energy.

Before starting his stint as president of CREC, Mr. Tan joined Edgar Saavedra-led infrastructure conglomerate Megawide Construction Corp. as its chief finance officer (CFO) in 2011.

With the group's expertise in transportation and infrastructure, the company also entered new business directions.

"We think that power as an industry is one sector that we can improve the efficiency in terms of building the power plant because we are an engineering company," Mr. Tan said.

He stepped down as CFO in 2016 and focused on his role as CREC's CEO.

"We're able to grow the company (CREC) to where it is today, second largest in terms of installed capacity, and CREIT (as the) largest renewable energy landlord," Mr. Tan said.

CREIT came to life as an "innovative structure" and a "trailblazer" amid the fad in REITs conducting initial public offering (IPO), he said.

"Instead of doing a straight IPO, let us do a REIT, but this time it is a renewable energy REIT, not your traditional mall or office. So, it's a bit innovative," Mr. Tan said.

CREIT is engaged in renewable energy generation and property leasing, both from leasehold and freehold land assets.

Meanwhile, CREC currently has a combined gross installed capacity of 285 megawatts (MW) from its 10 solar power facilities in the Philippines.

The company is constructing eight projects worth approximately one gigawatt (GW), underway to achieve its goal of five GW of capacity by 2028.

"The immediate plan is to energize the 1,000 MW under construction… once these plants are energized, we will be feeding this asset to CREIT in order to grow its asset portfolio, that would happen next year," Mr. Tan said.

OLIVER TAN

The company is expecting its gross installed capacity to grow to six times next year, equivalent to about 1,300 MW, which could boost its revenues and earnings.

In June, CREC listed its P5.3-billion IPO on the Philippine Stock Exchange, which included a $12.5-million investment from the United Kingdom's MOBILIST program.

"The full impact of the power generation revenues will be felt next year since projects currently under construction will start to be energized by then," Mr. Tan said.

"We will focus on adding solar capacity and looking at other opportunities that take us close to our five-GW-in-five-years goal," he added.