New microgrid auction round to kick off in Q2

By Sheldeen Joy Talavera
Reporter

THE Department of Energy (DoE) said it will initiate the auction process for microgrid systems providers (MGSP) in the second quarter, following the failure of the previous round.

Energy Undersecretary Rowena Cristina L. Guevara told *BusinessWorld* that the preparatory activities associated with the third round of the MGSP competitive selection process (CSP) are expected to start in May.

Awarding is targeted by the end of 2025.

Last year, the second round of the MGSP auction failed amid limited interest.

That auction round offered the electrification of 41 lots consisting of 85 unserved and underserved areas covering 12,394 households.

Ms. Guevara said that only one proponent expressed interest and was deemed qualified by the MGSP-Special Bids and Awards Committee.

"Failure of bidding was declared since the only pre-qualified bidder was unable to submit a complete bid proposal by the deadline," she said.

Republic Act No. 11646, or the Microgrid Systems Act of 2022, requires the DoE to conduct a CSP for potential concessionaires seeking to serve off-grid areas.

During the first MGSP auction in 2023, the DoE pre-qualified nine bidders, with only the Maharlika Consortium submitting a complete bid proposal.

The Maharlika Consortium is composed of Maharlika Clean Power Holdings Corp., Singapore-based CleanGrid Partners Pte. Ltd., and WEnergy Global Pte. Ltd.

As the winning bidder, the consortium was to supply 24/7 electricity services to eight lots in the provinces of Cebu, Quezon, and Palawan through a hybrid microgrid system consisting of solar photovoltaic facilities, energy storage systems, and diesel generators.

Last month, Ms. Guevara told a forum that the potential market for MGSPs is over 200 sites with potential for economic growth if given access to electricity.

The 2023-2032 National Total Electrification Roadmap sets the 100% electrification deadline for 2028, or the end of the term of the Marcos administration.

However, the government is reviewing the target to make it "more realistic" in the face of limited funding, according to Energy Secretary Raphael P.M. Lotilla.

Mr. Lotilla said earlier this month that the Philippines will need between P85 billion and P100 billion to achieve the electrification of all households.

The estimated amount is intended not only to finance household electrification, but also to improve backbone lines, especially in off-grid areas.

"As of the midpoint of the administration, the average budget has only been between P2 billion to P3 billion a year, and therefore we have a long way to go before we can achieve that goal. So we are looking at ways to achieve the total electrification goal," Mr. Lotilla said.

GIUSEPPE FAMIANI-UNSPLASH

AMERICAN PUBLIC POWER ASSOCIATION-UNSPLASH

PHL solar manufacturing seen hindered by power, import costs

THE GOVERNMENT will need to address the high cost of electricity and imported materials before the manufacturing of solar photovoltaic modules can become competitive, an industry association said.

"The main challenges here are the cost of electricity and the cost of importing materials," Philippine Solar and Storage Energy Alliance Chairman Ma. Theresa Cruz-Capellan said via Viber.

She said that the Department of Energy has taken some policy action to make electricity for manufacturers more competitive but noted the need for incentives to develop the sector.

"Insofar as imported materials are concerned, this is a customs and tariff policy issue. But if we seek to be a key producer of panels, we have to offer incentives to realize this dream," she added.

According to the International Trade Centre (ITC), the Philippines has the potential to export $788.4 million worth of solar photovoltaic (PV) modules, to markets like the US ($189.4 million), China ($171.6 million), the Netherlands ($64.7 million), Vietnam ($46.4 million), and Germany ($43 million).

Ms. Cruz-Capellan said: "I suggest that the Philippines start with a simple assembly of panels," she said. "The second stage is to consolidate the supply chain. The Philippines does not have access to key materials needed."

"There has to be a clear-cut plan on how to make our panels compete with Vietnam and Malaysia," she added.

According to the ITC, Vietnamese solar PV modules accounted for nearly 2% of the country's exports in 2022, surging to $6.9 billion in 2022 from $135 million in 2013.

It is the world's second-largest supplier after China, accounting for nearly 10% of global exports, ITC said.

Meanwhile, Malaysia has a 6% market share. — **Justine Irish D. Tabile**

2025 rice demand forecast set at 15 MMT

THE Department of Agriculture (DA) said on Monday that it estimates rice demand for 2025 at over 15 million metric tons (MMT).

The rice harvest is expected to improve this year due to favorable growing conditions, Assistant Secretary Arnel V. de Mesa said on the sidelines of a briefing.

He said the El Niño and La Niña weather patterns significantly affected domestic rice output last year.

The DA said in November that the palay (unmilled rice) harvest for 2024 is estimated to come in at a four-year low of 19.41 MMT. The record was 20.06 MMT in 2023.

The positive outlook for rice in 2025 was also due to increased government intervention in irrigation and seed supply, Mr. De Mesa said.

The food industry is expected to account for 13.4 MMT of rice demand, Mr. De Mesa said.

At the briefing, Mr. De Mesa said 101,115.90 MT of imported rice arrived in February, with 61.54% released to the market. The total volume of rice to be landed this month is estimated at 154,692.04 MT.

In January, the Philippines imported 273,317.69 MT of rice.

Rice imports hit a record 4.68 MMT in 2024, against 3.6 MMT a year earlier.

Citing high rice costs, the DA has imposed a maximum suggested retail price (MSRP) scheme for the grain and declared a food security emergency, which allows the government to release reserve stock to local government units (LGUs).

The DA, in an order dated Feb. 14, lowered the MSRP for imported rice with 5% broken-grain content to P52 per kilo.

Mr. De Mesa said the DA hopes to further bring down the MSRP to P49 per kilo in March.

He said the decline in rice prices is purely attributable to the MSRP since the NFA has yet to dispose of its stock.

The food security emergency authorizes the NFA to release 150,000 MT of its rice buffer stock to government agencies, LGUs, and government-subsidized Kadiwa outlets.

Mr. De Mesa said LGUs that have committed to buying NFA stock are mostly from Metro Manila.

The DA also reported that the price of well-milled rice fell to P35 per kilo on Monday from the prevailing price of P38 last week.

Of the imported varieties, the price of special white rice decreased to P55 per kilo from P58 last week.

The price of domestically grown premium (5% broken) rice declined to P50 per kilo from P55 per kilo last week. — **Kyle Aristophere T. Atienza**

PHILIPPINE STAR/ JOHN RYAN BALDEMOR

DPWH to brief DA on farm infra progress

THE Department of Agriculture (DA) said on Monday that it will meet with the Department of Public Works and Highways (DPWH) to be briefed on the progress of farm infrastructure projects.

"The planned discussions between DA and DPWH aim to pinpoint key areas for road and bridge upgrades, especially in major agricultural regions," it said in a statement.

The DA noted that DPWH rules call for inspections and load rating updates, "but enforcement remains weak."

"Without addressing inadequate road networks and overloading, the problem (of getting farm goods to consumers) will persist."

"The importance of a strong road and bridge network in agriculture, especially in an archipelago like the Philippines, cannot be overstated," Agriculture Secretary Francisco Tiu Laurel, Jr. said.

"Agriculture relies heavily on logistics, and transport infrastructure directly affects the cost and efficiency of moving farm inputs and produce," he added. — **Kyle Aristophere T. Atienza**

OPINION

Estate Tax: A duty you can't escape

LET'S TALK TAX
MARICEL P. KATIGBAK

Benjamin Franklin once said: "In this world, nothing is certain except death and taxes." That means, you can't escape paying taxes until you die. When someone dies, and you expect to receive an inheritance, you have the obligation to remit the estate taxes.

Under Philippine tax rules, estate tax is a tax on the privilege of the decedent to transmit his estate at death to his lawful heirs or beneficiaries. Currently, the net estate of every decedent, whether a resident or non-resident of the Philippines, is subject to an estate tax of 6%.

WHAT COMPRISES THE GROSS ESTATE?

The gross estate consists of all properties, wherever situated. However, for non-resident aliens (NRA), only property situated in the Philippines is included, provided that, with respect to intangible personal property, its inclusion in the gross estate is subject to the rule of reciprocity.

Allowable deductions to gross estate

The allowable deductions for either citizens or residents under the law are as follows:

a. Standard deduction of P5 million;

b. Claims against the estate;

c. Claims of the deceased against insolvent persons where the value of the decedent's interest therein is included in the value of the gross estate;

d. Unpaid mortgages, taxes, and casualty losses;

e. Vanishing deduction or the properties previously taxed;

f. Transfers for public use;

g. Deduction of up to P10 million for the family home;

h. Any amount received by the heirs from the decedent's employer as a consequence of the death of the decedent-employee in accordance with Republic Act (R.A.) 4917; and

i. Net share of the surviving spouse in the conjugal partnership or community property.

Property relationships:

The property relations between husband and wife shall be governed in the following order:

1. By marriage settlement executed before the marriage (pre-nuptial/antenuptial agreement)

2. The regime of absolute community (for marriages on Aug. 3, 1988, and onwards)

3. Conjugal partnership of gains (for marriages before Aug. 3, 1988)

4. By local customs (Art. 74, Family Code)

In the absence of any agreement or marriage settlement executed before the celebration of a marriage, either the conjugal or absolute community of properties shall govern the property ownership of the husband and wife.

Exemptions of certain acquisitions and transmissions

1. The merger of usufruct in the owner of the naked title

2. The transmission from the first heir, legatee or done or in favor of another beneficiary in accordance with the desire of the predecessor

3. The transmission or delivery of the inheritance or legacy by the fiduciary heir or legatee to the fideicommissary

4. All bequests, devises, legacies or transfers to social welfare, cultural, and charitable institutions, no part of the net income of which goes to the benefit of any individual;

provided, however, that not more than 30% of the said bequests, devises, legacies, or transfers shall be used by such institutions for administrative purposes

Other exemptions and exclusions from gross estate

1. Bequests to be used actually, directly, and exclusively for educational purposes

2. Proceeds of Life Insurance

a. Beneficiary is irrevocably appointed

b. Under group insurance taken by the employer in favor of the employee

3. Transfer by way of bona fide sales

4. Properties held in trust by the decedent

5. Separate property (capital of husband or paraphernal of wife) of the surviving spouse.

6. Exemptions due to reciprocity

Exemptions from special laws

1. Benefits received from SSS or GSIS

2. Benefits received from the US Veterans Administration

3. War benefits given by the Philippine government and US government due to damages suffered during the war

4. Grants and donations to the Intramuros Administration

5. Personal Equity and Retirement Account (PERA) assets of the contributor

In G.R. No. 262092, a recent Supreme Court decision, the decedent's sole heir and representative and the estate paid the related estate tax. However, the dollar deposit at the foreign currency deposit unit (FCDU) was erroneously subjected to estate tax. The SC held that the foreign currency deposit accounts are exempt from all taxes, including estate tax under R.A. 6462 as amended by Presidential Decree Nos. 1034 and 1035, otherwise known as the Foreign Currency Deposit Act of the Philippines. The SC ruled that the provisions of the 1997 Tax Code, as amended, which is the general law on national internal revenue taxes cannot impliedly repeal or modify the provisions of the law. R.A.6462 is the special law governing the foreign currency deposit system in the Philippines including the exemption and incentives.

ESTATE TAX AMNESTY

The Estate tax amnesty was initially introduced under R.A. 11213 or the Tax Amnesty Act of 2019. This program helps to ease the financial burden on those with unsettled estate taxes for those who passed on or before May 31, 2022. It covers all the estate including those with donations or sales. The amnesty covers executors, legal heirs or beneficiaries provided a sworn Estate Tax Amnesty Return is filed to settle estate taxes without penalty or interest. The Estate Amnesty Act is approved for another extension until June 14, 2025. To avail of the estate tax amnesty benefits, submit the required documentation for filing including the decedent's death certificate, tax identification number (TINs), property titles and tax declarations.

In the present day, death rates are high among older people and the risk of death changes. It rises exponentially, including among young professionals. If we are not prepared for the process, we may find it challenging to manage these estate affairs.

With the help of digitalization, the bureau's enhanced and improved support services, to keep the public knowledgeable of our tax rules, we can find the best way to handle this responsibility. This will allow taxpayers to know where and when to start with regard to taxes.

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