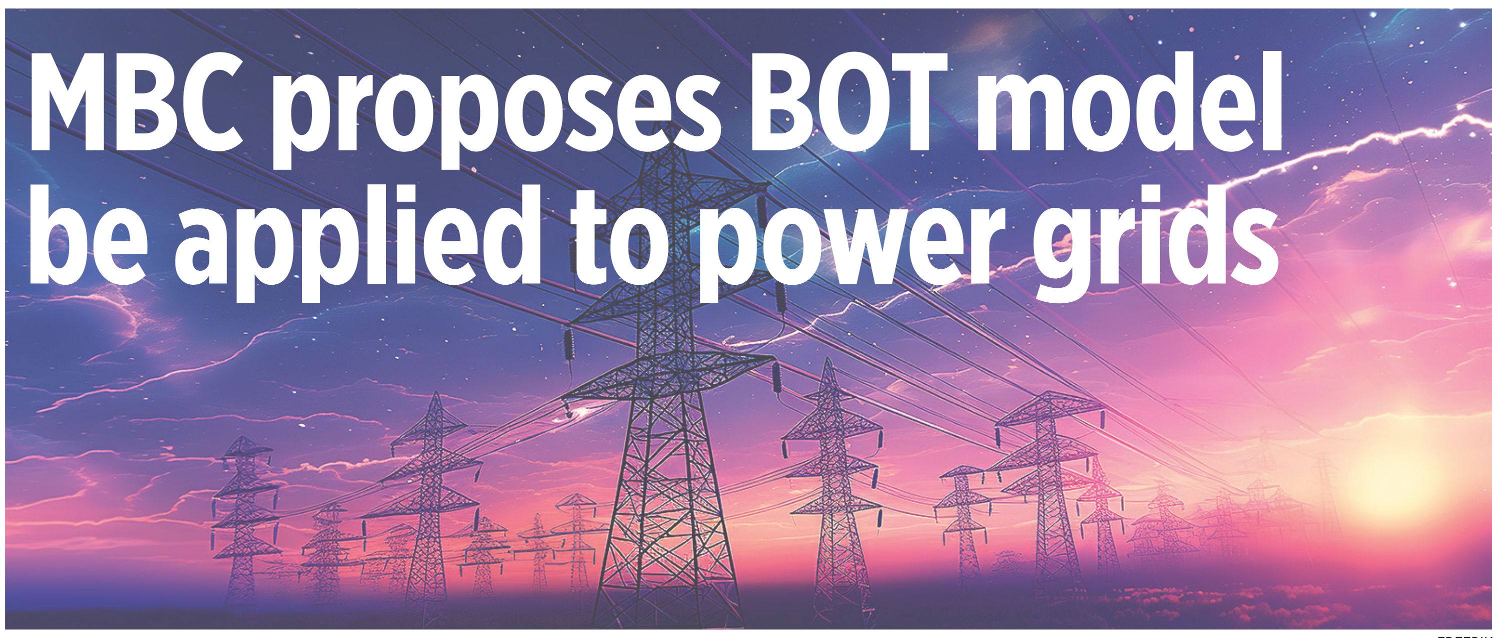
MBC proposes BOT model be applied to power grids



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THE Makati Business Club (MBC) urged the government to apply the build-operate-transfer (BOT) model to the power grid industry to prepare the grid for the entry of renewables.

In a statement on Thursday, the MBC called for the issue of an executive order allowing BOT grid projects.

"This would allow third-party investors, whether private sector, or government-owned and -controlled corporations, to build needed transmission infrastructure, and accelerate grid development, both of which are critical to achieving reliable, affordable, renewable energy (RE)," it said.

A BOT scheme allows a project proponent to finance, construct, and operate a project for a fixed term, for later transfer to the government at the end of the period.

The MBC said that grid infrastructure is one of the main issues in achieving "reliable, affordable and renewable power."

Under the Philippine Energy Plan, the government aims to increase the share of RE in the power generation mix to 35% by 2030 and 50% by 2040.

According to the 2024 Climatescope report by BloombergNEF, the Philippines ranked as the second-most attractive emerging market for RE investment.

However, investment remains a challenge, with the funding gap in RE estimated at $328 billion as of 2023, the MBC said, citing a study by BMI.

"Increased investments in grid infrastructure improve the development of renewable energy, and reduce long-term cost, by improving transmission efficiency. These improvements need to happen at a faster pace given the growing interest of investors in the Philippine renewable energy industry," the MBC said.

It also called for increased public-private partnerships in off-grid solutions to help achieve 100% electrification, which is the government is targeting for 2028.

Asked to comment, Undersecretary Rowena Cristina L. Guevara said that the DoE has proposed a BOT scheme before.

Under such a setup, the grid operator, the National Grid Corp. of the Philippines (NGCP), remains the system operator and transmission network operator, she said.

Ms. Guevara said the best application of executive orders is "advancing the construction of transmission assets by RE developers or third party to assist NGCP."

These assets will be turned over to NGCP to operate, she said.

"Timely construction of transmission assets is necessary for RE projects to connect and inject to the grid," she told *BusinessWorld*.

Renewables topped the list of energy projects set to go online this year, with total capacity of over 4,800 megawatts (MW), the DoE reported as of Jan. 31.

The NGCP reported available transmission capacity at 10,260 MW, sufficient to allow the integration of new power generation assets.

Upcoming power plants can supply electricity of up to 6,573 MW to the Luzon grid, 2,281 MW to the Visayas grid, and 1,406 MW to Mindanao grid.

The NGCP had yet to reply to *BusinessWorld*'s request to comment at the deadline. — **Sheldeen Joy Talavera**

PHL 2024 GDP growth revised upwards to 5.7%

THE economy grew by a revised 5.7% in 2024, against 5.6% as initially reported, the Philippine Statistics Authority (PSA) said on Thursday.

It said the new estimate is more in line with international reporting practices.

GDP growth in 2024 outpaced the 5.5% expansion in 2023 and had been the strongest reading since the 7.6% expansion in 2022.

The PSA also revised gross national income (GNI) growth to 7.7% in 2024 after the preliminary reading of 7.6%.

The PSA lowered the GNI for 2023 to 10.4% from the 10.5% initial estimate.

Growth in net primary income from the rest of the world was revised upwards to 26.6% in 2024 from the preliminary figure of 26.1%.

The 2023 reading was revised to 96.6% from the 97% initially reported.

There were no changes to growth in the industry sector (5.6%) and the services sector (6.7%) but the agriculture sector's contraction in 2024 was put at -1.5%, against the -1.6% preliminary estimate.

In the fourth quarter, agriculture declined 1.6%, against the 1.8% contraction previously reported.

The industry sector's growth, on the other hand, was upwardly revised to 4.5% from the 4.4%.

Growth of the services sector was unchanged at 6.7%.

Mining and quarrying growth was revised downwards (-4.1% from -3.4%), as were electricity, steam, water and waste management (5.7% from 6.1%) and construction (7.7% from 7.8%).

On the other hand, manufacturing growth was raised to 3.3% from 3.1%.

The following services subsectors posted stronger growth than initially reported: education (6.8% from 6.2%), other services (10.9% from 10.5%), public administration and defense (7.2% from 7%), and accommodation and food service activities (6.3% from 6.1%).

On the expenditure side, government spending grew 7.3% against the 7.2% previously reported. On the other hand, in the three months to December, growth in state spending was lowered to 9% from the 9.7% preliminary estimate.

In 2024, household spending growth was unchanged at 4.8%, and 4.7% in the fourth quarter.

In trade in goods and services, the PSA kept export and import growth unchanged at 3.4% and 4.3% respectively in 2024.

Meanwhile, the PSA lowered import growth in the fourth quarter to 2.7%, from 3.2% previously. Export growth was unchanged at 3.2% in the quarter.

Gross capital formation, the investment component of the economy was unchanged at 7.5%.

In the fourth quarter, gross capital formation growth was 5.5%, against the 4.1% preliminary estimate. — **Abigail Marie P. Yraola**

Luzon grid red alerts seen possible in June

THE Luzon grid may experience yellow alerts in May and red alerts in June, with power supply margins tightening in the event of forced outages at baseload power plants, according to the Institute for Climate and Sustainable Cities (ICSC).

The ICSC said in a power outlook report that while power reserves are normal this month, supply margins on the Luzon and Visayas grids are expected to thin by June.

In its projections, the ICSC assessed the operating margins in the three main island grids based on the 2025 weekly demand, supply, and operating margin profile issued by the National Grid Corp. of the Philippines and the Department of Energy (DoE) in December.

The Luzon grid is projected to export power to the Visayas grid between March 31 and June 1, the group said. However, exports may be restricted starting early June to maintain adequate operating reserves in Luzon, when reduced generation from coal-fired plants is expected.

"This scenario is particularly relevant in June, when reduced coal generation of around 842 MW (megawatts) is unavailable could lead to potential red alerts," said ICSC.

Because of the projected restriction in exports during the period, the Visayas grid could possibly experience yellow alerts in June due to inadequate power supply.

Among the key factors cited to maintain sufficient reserves is ensuring that committed energy projects go online as planned and to prevent unplanned outages of existing plants.

Meanwhile, the ICSC said that Mindanao can maintain sufficient reserve levels between April and June even while exporting power to Visayas.

On March 5, the first yellow alert this year was declared over the Luzon grid amid higher than expected demand combined with power plants going on forced outage.

Citing its previous analyses, ICSC said that even without the increase in demand, planned and unplanned outages of large power plants play a significant part in grid instability.

"Although elevated electricity demand during summer contributes to power supply issues experienced in these months, forced outages of baseload power plants have constantly exacerbated the situation," said Jephraim Manansala, the ICSC's chief data scientist and co-author of the report.

The ICSC said that the DoE should review power demand and supply outlooks "to ensure preparedness for the anticipated surge in demand."

"Addressing these challenges is critical to ensuring a stable and resilient power system capable of supporting sustainable economic growth and development," the group said.

Asked to comment, Assistant Secretary Mario C. Marasigan said that the DoE does not discount the possibility of yellow and red alerts during the dry season.

"As such, the DoE is closely monitoring the overall situation, not only in terms of power supply but also the condition of our transmission and distribution facilities," he said via Viber.

He said that the department "ensures mitigating and contingency measures are in place and ready to implement, once needed by the system."

Such measures include the timely commissioning of committed power projects and availability of interconnection facilities, as well as the readiness of Interruptible Load Program participants, he said.

Last year, the Philippines' main grids were placed under 16 red alerts and 62 yellow alerts.

A yellow alert is declared when available supply falls below a designated safety margin, while a red alert will trigger power outages as the authorities ration power. — **Sheldeen Joy Talavera**

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Digital economy growth cited as DICT priority

THE Department of Information and Communications Technology (DICT) said it sees as its priority the growth of the digital economy, while also improving the SIM (subscriber identity module) registration process.

"We'll just continue the good work that the department's been doing," the department's newly appointed Secretary, Henry R. Aguda, told reporters on the sidelines of an event on Thursday.

"Personally, I want to direct (the department) towards creating a stronger digital economy," he said. "I have an industry development function for the digital space together with the DTI (Department of Trade and Industry and the Department of Labor (and Employment), to prepare the jobs that will be ready when those in school graduate."

Mr. Aguda's appointment took effect on March 20.

The DICT will also review the implementation of Republic Act No. 11934 or the SIM Registration Act, focusing particularly on registration and data privacy concerns, Mr. Aguda said.

"Like most laws that have been implemented, there are areas for improvement. So, that's what I'm going to be working on together with our telco partners," he noted.

Scam calls in the Philippines increased 74% to 351,699 in the first quarter of 2025, according to anti-scam application Whoscall.

The department will come up with a full lineup of key officials by the end of the month, according to Mr. Aguda.

In a March 31 memorandum, all undersecretaries, assistant secretaries, and directors were ordered to submit courtesy resignations to give the new Secretary a "free hand to perform his duties and functions."

Mr. Aguda said this is "normal in any transition of any agency."

"This is to allow the incoming head of agency to assess the team, where are the gaps, and how (the department can) improve its performance."

"Give me, maybe, towards the end of the month to figure out the final (makeup) of the organization."

He also noted that the transition will not hamper the DICT's duties ahead of the 2025 midterm polls. — **Beatriz Marie D. Cruz**

PHLPost agrees to host more Kadiwa stores

THE Department of Agriculture (DA) said Philippine Postal Corp. (PHLPost) has agreed to host more stores selling subsidized produce at its locations.

In a briefing on Thursday, Postmaster General Luis D. Carlos said 61 post offices will host Kadiwa ng Pangulo stores this year, after six other locations opened last year.

"The total network is about 1,100 post offices all over. We have committed to the (DA) about 61 in Metro Manila, northwest Luzon all the way to the Visayas and the Sulu Sea," Mr. Carlos added.

Agriculture Secretary Francisca P. Tiu Laurel, Jr. said the DA's own target is at least 800 Kadiwa stores at PHLPost locations.

"We will scale it up together as we go along, we are hoping for at least 800," Mr. Laurel added.

PHILIPPINE STAR/ JOHN RYAN BALDEMOR

The DA's overall goal is 1,500 Kadiwa locations by the end of 2028.

The DA and PHLPost signed a memorandum of understanding to locate Kadiwa stores in post offices to expand the Kadiwa network.

Under the agreement, the DA, through the Agribusiness and Marketing Assistance Service, will provide technical and administrative support for the operation, establishment, and monitoring of Kadiwa stores.

The department will also ensure agricultural commodities sold at these stores "meet food safety standards, delivery and storage are well managed, and guarantee that store operations do not interfere with PHLPost's functions."

For its part, PHLPost will provide the physical space for the stores and assist in the promotion and marketing of the program.

"The postal service will also provide suppliers with essential equipment, including tables, chairs, and tents, to ensure smooth operations," it said.

The Kadiwa program provides farm cooperatives and associations an opportunity to sell directly to consumers, maximizing their returns by cutting out middlemen. It also sells rice and farm products at much cheaper prices than in public markets. — **Adrian H. Halili**

Wholesale price growth unchanged in February

PRICE GROWTH of wholesale goods remained steady in February the Philippine Statistics Authority (PSA) reported on Wednesday.

Citing preliminary data, the PSA said the general wholesale price index (GWPI) that month was unchanged at 2.9% year on year compared to January. The year-earlier growth rate had been at 2.8%.

In the first two months of the year, GWPI growth averaged 2.9%, against 3.2% a year earlier.

Rischelle Alysha T. Legaspi, economist from Oikonomia Advisory & Research, Inc., said the stabilizing GWPI could be attributed to easing inflation overall.

"While the cost of imports becomes more expensive due to depreciation, the slowdown in price rises offset depreciation effects," Ms. Legaspi said in an e-mail.

In February, headline inflation eased to 2.1%, the slowest reading in five months, or since the 1.9% posted in September.

In the first two months, inflation averaged 2.5%, within the central bank's 2-4% target.

The PSA noted accelerated growth in prices of crude materials, inedible except fuels (60.6% in February from 58.6% in January), chemicals including animal and vegetable oils and fats (10.1% from 9.9%), and machinery and transport equipment (1.6% from 1.3%).

Price growth in manufactured goods classified chiefly by materials slowed to 0.9% from 1.1%, while that for mineral fuels, lubricants and related materials dropped to 0.3% from 0.8% in January.

The heavily weighted food index was steady at 2.3%, as were beverages and tobacco (2.9%) and miscellaneous manufactured articles (-0.1%).

Wholesale price growth in Luzon was unchanged at 3.2% in February. A year earlier, GWPI in Luzon had been 2.6%.

In the Visayas, GWPI slowed to 1% during the period, against 1.6% in January and 6.1% in February 2024.

Price growth in Mindanao was 0.7%, against 0.6% in January and 2.5% in February 2024. — **John Phoebus G. Villanueva**