BW ONE-ON-ONE

EDC sees higher 2025 profit from power projects

By Sheldeen Joy Talavera
Reporter

RENEWABLE ENERGY (RE) developer Energy Development Corp. (EDC) is optimistic that it will end the year with a higher bottom line as it begins to reap the benefits of its investments in various power projects, its president said.

"Usually, you don't give forecast, but definitely, I'm optimistic that it's going to be higher than last year's P9 billion," EDC President and Chief Operating Officer Jerome H. Cainglet said in an interview with *BusinessWorld*.

For 2024, the company saw its net income decline by 35% to P9.19 billion due to higher recurring operating expenses, lower revenue, and higher financial expenses.

The company is currently focusing on the output of its drilling activities, with 83 megawatts (MW) of geothermal power projects and an additional 40-megawatt-hour capacity of batteries slated for commercial operations this year.

"So, we have more kilowatt-hours to celebrate next year. We're also looking at investing more in battery storage and getting things going with our greenfield projects like the Amacan project," he said.

The company is pursuing its first exploration drilling campaign for the Amacan growth project in Mindanao.

EDC, the renewable energy arm of Lopez-led First Gen Corp., has an installed capacity of 1,480.19 MW, representing around 20% of the country's total installed renewable energy capacity.

Since 1976, EDC has led the exploration, development, and operation of geothermal energy, resulting in the development of geothermal power facilities across Bicol, Leyte, Negros Island, and Mindanao.

It also operates wind and solar farms in Burgos, Ilocos Norte, as well as hydro assets in Nueva Ecija.

EDC has earmarked up to P30 billion for the drilling of 40 new wells through 2026.

Mr. Cainglet said that the company is looking to raise around P27 billion and is already in talks with local and foreign banks for bilateral loans.

"Actually for this year, we're looking to spend around P18 billion for our drilling program, and I think around P9 billion for growth," he said.

Around P5 billion is allocated for capital expenditures on operational upgrades and repairs.

While geothermal is deemed the "holy grail" of renewable energy, as it can serve as baseload generation, there are risks involved, as it is uncertain whether wells can produce steam.

"That's also the reason why not every company has the stomach or the financial resources to enter geothermal. So I think that's part of the risk the DoE (Department of Energy) would want to help address," Mr. Cainglet said.

Currently, there is approximately 1,000 MW more of remaining potential geothermal capacity in the Philippines based on the service contracts awarded by the DoE and the indicative potential of the resources.

"There are lots of companies interested in not just working with EDC, providing their services, but also they can partner with us or if we can partner with them for their own RE targets. So we're always open to that and we don't close our doors to any such opportunities," Mr. Cainglet also said.

EDC President and Chief Operating Officer Jerome H. Cainglet

Asked if the company is looking to acquire new energy assets this year, Mr. Cainglet said that nothing is on the table at the moment.

"Acquiring assets has always been part of growing and if there are opportunities that are present, we would certainly explore them. None at the moment but definitely would explore if there are attractive opportunities," he said.

As EDC approaches its 50th anniversary in 2026, the company is prioritizing output and efficiency optimization, driving innovation, and strengthening its leadership in renewable energy.

"I'm very excited with EDC. In fact, so last year we were drilling, focused heavily on drilling. Now, we're reaping the benefits, generating the megawatts, then the next focus would be how else can we enable to generate more megawatts out of the same steam?" Mr. Cainglet said.

He said that they are looking at retrofitting or replacing some old facilities, including its 40-year-old geothermal power plant in Leyte.

Globe says cell site upgrades to support rural connectivity

GLOBE Telecom, Inc. said it is working to further expand the reach of its mobile connectivity by upgrading its cell sites in geographically isolated and disadvantaged areas (GIDAs).

"Globe is responding with deliberate investments in expanding its mobile footprint to cover underserved areas. This includes the enhancement of existing cell sites, the deployment of energy-efficient infrastructure, and the gradual migration from legacy networks to more reliable LTE (long-term evolution) services," Globe said in a media release on Sunday.

As of end-2024, more than 600 Globe cell sites were operational in GIDAs, it said, adding that about 7,063 barangays are classified as GIDAs.

The listed telecommunications company said it continues to invest in expanding its mobile footprint to serve underserved areas.

Globe's mobile connectivity expansion includes the enhancement of its existing cell sites, the deployment of energy-efficient infrastructure, and the shift from legacy networks to LTE services.

"These efforts are part of Globe's broader commitment to equitable growth and long-term nation-building. Connectivity in underserved areas is more than a business opportunity — it's a responsibility," the company said.

Last year, Globe said its mobile subscribers grew by 7% year on year to 60.9 million, while mobile data users increased by 3% to 37.4 million.

Shares in the company were last traded on Friday at P1,705 apiece. — **Ashley Erika O. Jose**

In photo taken during the US NASDAQ stock exchange Bell Ringing Ceremony of Hotel101 Global are DoubleDragon Corporation Chairman and Mang Inasal Founder Edgar Injap Sia II with DoubleDragon Co-Chairman and Jollibee Founder Tony Tan Caktiong, alongside his brothers, William Tan Untiong, Ernesto Tanmantiong, and Joseph Tanbuntiong (DD and Jollibee Directors).

Inflation,
from S1/1

"It is still uncertain whether the Federal Reserve will cut rates this year, and US inflation data in the next two months will be crucial in determining the likelihood of a Fed cut in September," he said.

"There's a risk that tariffs have not been fully passed on to consumers as many US companies imported heavily before April to cushion the impact. If inflation in the US picks up, the Fed may delay the rate cuts, which could weaken the peso and limit the BSP's room to maneuver."

President Donald J. Trump has demanded immediate rate cuts, but Fed officials have said that with inflation risks rising there is no need to ease policy unless the job market begins to weaken in a significant way, Reuters reported.

New inflation data will be released in about two weeks, and Fed Chair Jerome H. Powell has said that if inflation does rise due to tariffs, it will likely begin happening this summer.

The Fed last month left its benchmark overnight interest rate in the 4.25%-4.5% range, where it has been since December. The decision has drawn fury from Mr. Trump, who feels that recent weak inflation means the central bank should be sharply reducing its policy rate. He has asked Mr. Powell to resign.

Mr. Powell, who has said he intends to serve out a term as chair that ends on May 15, on Tuesday last week reiterated the central bank's plans to "wait and learn more" about how much tariffs push up on inflation before lowering rates again.

Rate futures show traders are back on board with that vision, with financial market bets pointing to a September start to rate cuts and a total of just two quarter-point reductions by yearend, not the three rate cuts that they had earlier favored.

Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco said they expect two more 25-bp cuts from the BSP before the year ends.

"Our 1.8% full-year average forecast for this remains appropriate, with risks tilted to the downside, and we expect to see this average rate rising to a still-modest 2.6% next year, comfortably within the BSP's 2-to-4% target range," he said in note.

For its part, Citigroup, Inc. said inflation is expected to remain below the central bank's target until the first quarter of 2026 amid slowing external and domestic demand.

It said it expects the Monetary Board to deliver 25-bp cuts at its August and October reviews. It also sees another 25-bp reduction at the policy-setting body's first meeting in 2026, which will likely be held in February.

Citigroup sees headline inflation averaging 1.7% this year.

"Our forecasted trajectory reflects easing year-on-year disinflation in food on rice prices, largely as base effects kick in from the second half of 2025, even as prices rise sequentially," it said.

"We also expect steady or slightly higher inflation in services such as recreation and education. This, however, could be offset by increased disinflation from utilities and fuel prices, especially after the recent pullback in oil prices. Risks may be tilted to the downside, especially if food inflation continues to fall sequentially."

Mr. Neri likewise said that inflation will stay manageable as long as Brent crude's price stays below $85 per barrel.

"The recent ceasefire in the Middle East has led to a decline in oil prices, easing the impact on inflation," he said. — **Aubrey Rose A. Inosante** *with* ***Reuters***

Debt,
from S1/1

The government has seen strong demand for its T-bill offerings in recent months as lingering uncertainty and global market volatility has caused investors to prefer short-term debt instruments.

FIRST FIVE MONTHS

Meanwhile, from January to May, the NG debt service bill stood at P702.97 billion, slumping 42.22% from P1.22 trillion in the same period last year.

Amortization payments stood at P345.57 billion in the first five months, a 61.39% decline from P895.13 billion in the comparable year-ago period.

This made up 50.84% of the five-month tally.

Broken down, principal payments on domestic debt sharply dropped by 77.43% to P170.4 billion in the period from P754.86 billion a year earlier.

In contrast, amortization for foreign borrowings climbed by 24.88% year on year to P175.16 billion in the January-to-May period from P140.27 billion.

Meanwhile, the government's interest payments rose by 11.14% to P357.4 billion in the period from P321.59 billion a year ago.

Interest payments on domestic went down by 12.95% to P261.34 billion in the first five months from P231.38 billion previously. This was composed of P178.94 billion in interest payments for fixed-rate T-bonds, P60.08 billion for RTBs, P18.7 billion for T-bills, and P3.63 billion for other instruments.

Meanwhile, interest paid for external debt went up by 6.48% year on year to P96.06 billion in the first five months from P90.21 billion.

Mr. Ricafort said principal payments could increase in the coming months amid large maturities of T-bonds and RTBs, especially in August and September.

Still, the Bangko Sentral ng Pilipinas' cumulative cuts since August 2024 worth 125 basis points and the relative strength of the peso against a struggling dollar could help reduce debt servicing costs, he said.

"We may continue to see higher debt payments as Philippine securities are becoming more attractive driven by better macroeconomic conditions and better credit rating, as well as government efforts to reduce the country's debt," Mr. Erece added.

For this year, the government's debt service program is set at P2.051 trillion, consisting of P1.203 trillion in principal payments and P848.031 billion in interest payments, based on the 2025 Budget of Expenditures and Sources of Financing.

The NG debt stock hit a fresh high of P16.92 trillion as of end-May. It is projected to hit P17.35 trillion by yearend. — **Aubrey Rose A. Inosante**