

## NGCP still studying ERC rate reset decision

THE National Grid Corp. of the Philippines (NGCP) said it is still studying the decision of the Energy Regulatory Commission (ERC) on its fourth regulatory period rate reset spanning 2016 to 2022.

"There were several items that were disallowed and we're still studying it further to see the impact on the NGCP side," NGCP Spokesperson Cynthia P. Alabanza said in a briefing on Monday.

Ms. Alabanza said, however, that the NGCP welcomes the "long overdue" decision.

"We welcome the decision because it will give NGCP the chance to collect the under-recoveries considering the massive investments that have been infused into the transmission system since 2016," she said.

In a 155-page decision, the ERC approved a maximum allowable revenue (MAR) of P335.78 billion for the NGCP for the period. MAR is the maximum amount the NGCP is allowed to take in annually to recover its operational expenses.

Following the decision, the NGCP is entitled to recover an additional P28.29 billion in under-recoveries. This translates to an additional P0.0384 per kilowatt-hour (kWh) which will be collected over the next 84 months from the issuance of the decision.

The grid operator confirmed that the collection will start with the July billing period, which will be reflected in electricity bills for August.

Julius Ryan D. Datinagaling, head of business and regulatory

development at NGCP, said that the collection will be reflected as a separate line item on the consumers' electricity bills.

The Electric Power Industry Reform Act tasks the ERC to establish a method for setting transmission and distribution wheeling rates. The rates must be set in a way that allows the recovery of "just and reasonable costs and a reasonable return on rate base" to enable the entity to operate viably.

The rate reset process is usually a forward-looking exercise that requires the regulated entity to submit forecast expenditures and proposed projects over a five-year regulatory period. The ERC assesses the actual performance of the entity and adjusts rates as needed.

Meanwhile, transmission charges for the June period, which will be reflected in the July electricity bills, increased 5.49% month on month to P1.2113 per kWh, driven by higher ancillary service (AS) charges.

AScharges, which are the pass-through costs for power supply that stabilizes the grid during instances of power supply-demand imbalance, increased 9.32% to P0.6182 per kWh.

Meanwhile, transmission wheeling rates, or what the NGCP charges for its primary service of delivering power, rose 0.39% to P0.4611 per kWh.

"For the July 2025 electric bill of the end consumers, NGCP charges only P0.46 per kWh for the delivery of its services," the company said. — **Sheldeen Joy Talavera**

# Sustained current account deficit expected to put pressure on peso

THE PESO could come under pressure due to the Philippines' sustained current account deficit, Deutsche Bank Research said.

"The current account deficit has been widening on the back of improving infrastructure investments, which are, in turn, driving capital good imports sharply higher," it said in a report.

The Bangko Sentral ng Pilipinas (BSP) reported a current account deficit of \$4.25 billion in the first quarter, bringing the deficit-to-GDP ratio to 3.7%, up sharply from the year-earlier 1.9%.

Deutsche Bank cited several large-scale projects currently ongoing, such as the Metro Manila Subway project, the North-South Commuter Railway and the New Manila Airport.

The government is committed to spending 5-6% of gross domestic product (GDP) on infrastructure annually.

Given the pipeline of flagship projects, it said "the period of elevated import demand is likely to sustain for several years ahead."

The government's infrastructure lineup includes 207 projects valued at about P10 trillion.

"We are certainly strongly supportive of accelerating investments as it improves productivity and long-term prospects of both the country and the currency," Deutsche Bank said.

"However, in the near-term FX pressure is likely to show up, with the BSP already signaling another two rate cuts later in the year."

The peso closed at P56.63 to the dollar on Monday, against its

P56.47 finish on Friday, according to the Bankers Association of the Philippines.

"The peso remains materially deviated from its underlying fundamentals, with momentum-driven strategies driving the outperformance in recent months," it said.

"However, recent reversal in the currency's momentum profile — and higher tariff rates proposed by the US at 20% in the July 9 letter than even the 'Liberation Day' rate of 17% — likely

portends this period coming to an end."

Deutsche Bank also noted that the balance of payments (BoP) deficit is unlikely to widen at the same pace as the current account deficit.

"One key BoP factor to consider, though, is the funding profile of the projects: which appears to be from overseas development financing and/or overseas FX bonds. Therefore, the basic BoP deficit should not widen as much as the current account deficit will."

The BoP is expected to end at a \$6.3 billion deficit this year, equivalent to 1.3% of GDP. — **Luisa Maria**

**Jacinta C. Jocson**



## WB considering co-financing PHL farm-insurance project

THE World Bank (WB) is evaluating a Philippine climate-change mitigation insurance project targeted at small farmers, which it could co-finance to raise up to \$358 million.

According to project information posted on the World Bank website, the package will consist of a blended finance credit facility to significantly leverage World Bank funds. It also focuses on establishing the country's first agricultural co-insurance pool to enable large-scale private-sector agricultural insurance. Additionally, it addresses critical ecosystem challenges

related to agricultural credit and insurance, with a portion dedicated to project management."

The implementing agency for the project in the Philippines will be the Department of Agriculture (DA), with the Department of Finance (DoF) acting as the borrower.

Total commitments from the World Bank and non-bank sources was initially estimated at \$358 million as of June 5.

The insurance project will also tap \$515 million in unguaranteed commercial financing and \$8 million from the Global Shield Financing Facility, a trust fund hosted by the World Bank.

A decision on the package is expected by March 26, 2026.

The World Bank said the loan seeks to close the financing gap for agricultural micro, small and medium-sized enterprises (MSMEs).

"MSMEs, despite comprising over 99% of enterprises, employing more than 60% of the workforce, and contributing over 40% of gross domestic product (GDP), face a significant financing gap," the bank said, noting commercial banks' risk aversion and MSMEs' lack of collateral or credit history.

It also seeks to address the low insurance coverage for agriculture in the Philippines, with the

industry mainly covered by the public sector.

"Private-sector involvement remains minimal due to a lack of access to government subsidies, data limitations, taxes on private insurance premiums, and perceived riskiness of agricultural insurance. Recent climatic events, like the El Niño-induced drought, underscore the need for new insurance products. With existing insurance lacking in coverage, accessibility, and affordability, many farmers remain vulnerable to financial losses, discouraging investments in productivity-enhancing technologies and practices." — **Aaron Michael C. Sy**

# Megaworld's Iloilo Business Park hailed as the city's 'Center of Arts and Culture'

**By Au Mico**

RECOGNIZING its pivotal role in championing Iloilo's creative spirit, the Iloilo City Government—under the leadership of Mayor Raisa Treñas-Chu—has officially named property giant Megaworld's 72-hectare Iloilo Business Park (IBP) as the city's 'Center of Arts and Culture.'

This landmark declaration underscores the township's dynamic contribution to nurturing art, heritage, and cultural vibrancy through a diverse set of initiatives and institutions that continue to redefine the city's cultural landscape.

"For many years since we established IBP, we have long envisioned it as a canvas that celebrates the Ilonggos' deep-rooted passion for creative expression, capitalizing on the vibrancy of the Ilonggo arts and culture in bringing our developments to life. We have been on the forefront of implementing programs, building structures, and providing avenues for events and activities that highlight 'artistic expressions and collaborations of different artists' that influenced the growth of the local culture, arts, and heritage scene in the city," a portion of Megaworld's statement in response to the Iloilo City government's declaration reads.

As the newly proclaimed 'Center of Arts and Culture' of Iloilo City, Iloilo Business Park continues to define the region's creative pulse through its cultural institutions and landmark initiatives. Anchored by two premier museums—the Iloilo Museum of



Iloilo Business Park continues its rise as the city's modern central business district, hosting a variety of developments and programs—from museums, art installations, to themed residential properties—aimed at highlighting Iloilo City's unique arts and culture scene.

Contemporary Art (ILOMOCA) and the Brandy Museum—the township has elevated Iloilo's reputation as a flourishing destination for arts and heritage appreciation, drawing both local and international visitors alike.

From hosting vibrant events like the Dinagyang Festival, Iloilo Arts Festival, and the Iloilo Bike Festival, to welcoming National Artist Benedicto "BenCab" Cabrera for a special showcase featuring his acclaimed works and those of fellow Filipino talents, IBP has become a true steward of Filipino artistic expression. Further amplifying

Iloilo's status as UNESCO's Creative City for Gastronomy, the two hotels inside the township—Richmonde Hotel Iloilo and Courtyard by Marriott Iloilo—have also been reimagining local heritage dishes, serving up culinary experiences that celebrate tradition while showcasing unique creativity.

"We remain committed to this advocacy as we are one with the Ilonggos towards the goal of helping boost their artistic and cultural identity as well as the city's booming tourism industry," Megaworld continued.



National Artist Benedicto Cabrera visited Iloilo Business Park and signed a marker at the museum expressing his admiration for the township's enduring support to Filipino art, culture, and heritage.