

PHL hoping to advance regional power grid plan at ASEAN summit

By Sheldeen Joy Talavera
Reporter

THE PHILIPPINES will seek to start discussions on an ASEAN-wide electricity grid when it chairs the regional bloc's summit next year.

“As the Philippines prepares for its chairmanship of ASEAN in 2026, we wish to highlight the transformative potential of regional integration,” Energy Undersecretary Rowena Cristina L. Guevara said during the Asian Development Bank (ADB) Asia Clean Energy Forum 2025 on Tuesday.

“Through a more integrated regional approach, we see opportunities for foreign investors to look at ASEAN as an investment area, as opposed to just the potential of individual countries,” she added.

Ms. Guevara said that the ASEAN Power Grid initiative can serve as “the backbone of a more resilient and efficient regional energy market.”

“Power flows across borders can reduce supply disruptions



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and unlock synergies — particularly for renewable energy as we harmonize the geographical differences that dictate availability,” she said.

The ASEAN Power Grid aims to connect the electricity networks of the 10 member countries, enabling cross-border power trading. The target timetable for the program is 2045.

According to the ASEAN Centre for Energy, the ASEAN Power Grid was first proposed in 1997 under ASEAN Vision 2020.

The Philippines will be hosting the ASEAN Summit next year.

Ms. Guevara said the ASEAN Power Grid will be among the

agenda items the Philippines will push during the summit.

Winfried F. Wicklein, director general for Southeast Asia at ADB, said that the ASEAN Power Grid will support electricity supply for 680 million people living in the region and maximize the use of renewables.

“A unified power market attracts more investment, creates more jobs, and reduces risks for cross-border energy projects. Also, a unified grid helps optimize energy investments on grid and generation across the region,” Mr. Wicklein said at a briefing.

The initiative allows those countries with abundant renewable energy resources to export

clean energy to neighbors as needed, he said.

Keiju Mitsuhashi, energy director at ADB, said an ASEAN Power Grid would require around \$16-billion investment for 18 interconnection projects.

“We see this as a very complicated project which requires pre-feasibility and feasibility studies. And then more preparatory investigative studies...So we are looking at how to support or arrange the financial gaps, which is difficult for the private sector (to finance),” Mr. Mitsuhashi said.

He said the bank is looking at how to mobilize private-sector financing for the construction of the interconnections.

Among the 18 priority projects under the ASEAN Power Grid that were identified is the Philippines-Sabah interconnection, a key grid-to-grid link for the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area.

The planned interconnection will link the Philippines and Malaysia through the Kudat substation in Sabah to Palawan via a 275-kilovolt high-voltage direct current subsea cable.

Transmission rates down in October billing



PHILIPPINE STAR/INCEL B. PABALATE

TRANSMISSION RATES will decline on this month's electricity bills after the reduction in ancillary service (AS) and transmission wheeling rates, the National Grid Corp. of the Philippines (NGCP) said.

“Both the transmission (wheeling) and AS rate have decreased,” Julius Ryan D. Datingaling, head of regulatory management at NGCP, said at a briefing on Wednesday.

The overall rate for September, which will appear in October electricity bills, decreased 1.23% month on month to P1.3998 per kilowatt-hour (kWh).

AS charges, or power reserves deployed by grid operators to support the transmission of power and to maintain reliable operations, declined 1.70% month on month to P0.6546 per kWh.

Transmission wheeling rates fell 0.84% month on month to P0.5920 per kWh in September. These reflect the cost of delivering electricity from power generators to the distribution system.

Rates dropped 3.02% in Luzon, 6.62%

in the Visayas, and 4.56% in Mindanao.

“NGCP does not earn from AS rates, as these are remitted directly to generating companies, and it does not benefit from any movement in their prices,” the company said.

Separately, NGCP Spokesperson Cynthia P. Alabanza said the company's transmission facilities are prepared in case of a major earthquake in Metro Manila.

“While we're still studying the routes and locations where the transmission lines and facilities will be built, we have many considerations — topography, flooding, and also fault lines,” Ms. Alabanza said.

Parts of Metro Manila are on the West Valley Fault, which is projected to generate a quake of up to magnitude 7.2 if the fault moves.

“We try to avoid those areas as much as possible so that in case a disaster happens, the impact can be mitigated, since we won't be placing them directly over areas with fault lines,” Ms. Alabanza said. — **Sheldeen Joy Talavera**

2025 budget release hits 96.7% at end of Sept.

THE Department of Budget and Management (DBM) said 96.7% of the 2025 budget had been released at the end of September.

In its Status of Allotment Releases report, the DBM said P6.12 trillion of the P6.33-trillion budget has been disbursed, with P206.33 billion remaining undisbursed.

The releases are behind the 100% pace posted at the end of September 2024.

Of the total released, P3.55 trillion went to government agencies, for a disbursement rate of 96.3%. Their remaining balance is P136.02 billion.

Agencies with a 100% budget release rate were the Offices of the President and Vice-President, the Department of Agriculture, the Presidential Communications Office and the Commission on Audit.

The Department of Public Works and Highways, under scrutiny over corruption in infra-

structure spending, had received P1.13 trillion at the end of September, equivalent to 97.8% of its P1.09 trillion full-year allocation.

Meanwhile, P1.90 trillion went to automatic appropriations and P443.30 billion to Special Purpose Funds.

Automatic appropriations include P1.03 trillion for the National Tax Allotment, P636.02 billion for interest payments, and P83.42 billion for the block grant.

The DBM said P143.39 billion was disbursed for unprogrammed appropriations.

About P101.60 billion was disbursed to support foreign-assisted projects, with P25.51 billion released for “strengthening assistance for government infrastructure and social programs.”

In addition, P10 billion was disbursed for government counterpart funding for foreign-assisted projects. — **Aubrey Rose A. Inosante**



NICKEL ASIA CORP.

Nickel Asia Corp. unit's geothermal deal revoked due to slow progress

THE Department of Energy (DoE) terminated a service contract held by a power subsidiary of Nickel Asia Corp. (NAC) due to failure to make progress on a geothermal power project in Oriental Mindoro.

In a regulatory filing on Wednesday, NAC said that the DoE issued the final and irrevocable termination of the geothermal renewable energy service contract held by Mindoro Geothermal Power Corp. (MGPC), a wholly owned subsidiary of Emerging Power, Inc. (EPI).

The DoE revoked the contract covering the Montelago Geothermal Power Project, citing MGPC's failure to comply with its commitments as indicated in the project's approved five-year work program.

In 2014, MGPC acquired the exclusive rights to explore, develop and exploit geothermal resources at a field in Naujan, Oriental Mindoro, according to NAC's 2024 annual report.

The company received approval from the DoE in 2019 to develop a 10-megawatt project to supply electricity to the Mindoro Island grid.

Last year, MGPC received a termination letter from the DoE covering the geothermal power project. The company requested reconsideration and submitted further documents, which the DoE accepted, laying down a five-year work program.

As a result of the re-evaluation, the company found that the well may not be economically viable due to low mass flow and limited power generation potential.

The group then booked provisions for impairment losses on the assets related to the geothermal exploration work.

On top of the contract's termination, the company will also have to settle a financial obligation of \$120,000 for training assistance.

“The termination of the service contract and the payment by MGPC of the financial obligation will not have a material impact on the Company's financial situation,” NAC said.

EPI, the renewable energy subsidiary of NAC, aims to build 1 gigawatt worth of renewable energy capacity by 2028. — **Sheldeen Joy Talavera**

OPINION

Goodbye tension, hello pension: Part 1

Many of us look forward to retirement — the phase of life where we enjoy life and step away from the usual routines and responsibilities. However, in the Philippines, this dream can sometimes feel elusive. The reason is simple: the mandated retirement pay, and the SSS pension may not suffice for a comfortable life.

Under Republic Act (RA) 7641, or the Philippine Retirement Law, private-sector employers without sponsored retirement plans must provide retirement pay to qualified employees. This pay is equivalent to half a month's salary for every year of service (with a fraction of at least six months being counted as one whole year). To qualify, employees must be between 60 to 65 years old, and must have served for at least five years with the same company. Based on the Department of Labor and Employment's (DoLE) Handbook on Workers' Statutory Monetary Benefits, “half a month” is equivalent to 22.5 days, which represents the typical number of working days in a month. Effectively, it is one month's pay per year of service.

Consider this scenario: an employee with a monthly salary of P45,000 upon retirement, having worked for 20 years, would receive approximately P900,000 as a one-time lump sum upon retirement, plus an SSS pension of P6,548 monthly. At first glance, this might seem substantial. Before retirement, the employee's net take-home pay after taxes and contributions might be closer to P40,000. Compare this to a P6,548 pension, and the monthly shortfall is about P33,452. Even if we assume modest retirement expenses estimated at P20,000 a month for essentials like food,

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utilities, and basic healthcare, the gap is considerable. The one-time lump sum on retirement could be depleted in just five to six years — and that's without factoring in inflation and medical emergencies.

Many retirees also continue to support their families post-retirement, and, thus, the financial strain becomes even heavier.

With average life expectancy of around 72 years, an individual's retirement phase could span 15 to 20 years — a long time to rely on a small pension and a one-time payout. This scenario underscores the need for early and proactive preparation for retirement. For companies, providing a better retirement package presents an opportunity to attract talent; it is not just a compensation benefit — it is a strategic advantage. A strategically well-designed employer-sponsored retirement plan can bridge the gap between what the SSS provides and what retirees need. It helps reduce old-age poverty, minimizes dependency on family support, and positions companies as employers of choice.

Another law, RA 4917, allows companies to establish private, tax-qualified retirement plans for their employees. These plans enable companies to make tax-deductible contributions while offering tax-exempt benefits to qualified employees, provided certain criteria are met. To qualify, the retirement plan must be reasonable, permanent, and registered with the Bureau of Internal Revenue (BIR). Under Revenue Regulations No. 15-2025, or the Revised Private Retirement Benefit Plan Regulations, retirement plans duly approved by the BIR as evidenced by a certificate of tax qualification for tax exemption (Tax Qualified Plan) are entitled to several incentives, including exemptions from income tax and withholding tax as follows:

- (1) Exemption from income/withholding tax of the retirement benefits and all amounts received by the employees on account of their retirement;
- (2) Exemption from income/withholding tax of the income derived by the retirement fund from various investments;
- (3) Tax deductibility of the contributions made by employers to the retirement fund:

(a) contributions during the taxable year to cover the pension liability accrued during the taxable year up to the extent of the normal cost; and

(b) contributions during the taxable year in excess of the Normal Cost but only if such amount has not been claimed as deduction in previous years, and this must be apportioned in equal parts over a period of 10 consecutive years beginning with the year of contribution.

In order to avail of the tax incentives/privileges above, with respect to Retirement Benefits received by qualified employees, the following requisites must be met:

- (1) The Retirement Plan must be reasonable as determined by BIR;
- (2) The employee must have been in the service of the same employer for at least 10 years and is not less than 50 years of age at the time of retirement; and
- (3) The employee must not have previously availed of the tax exemption under a retirement benefit plan of the same or another employer.

Why does this matter? RA 4917 provides companies with the legal and financial framework to create structured, sustainable retirement programs that can significantly impact the quality of life of their retired employees. Beyond the statutory retirement pay, companies can explore implementing defined benefit plans, and defined contribution plans, like provident funds, profit-sharing, or stock bonus plans. Such benefits offer predictability and security for employees and align their interests with company success. Furthermore, hybrid plans, combining features of both benefit and contribution plans, offer flexibility for both employer and employee.

Offering enhanced retirement benefits is more than compliance — it's a strategic move. With the average SSS pension currently around P6,000 to P7,000 per month, far below living costs, especially in urban areas, competitive retirement benefits attract and retain top talent. They also boost morale, loyalty, and productivity, and reduce turnover and recruitment costs. Companies show genuine care by supporting employees through their working years and beyond, strengthening their reputation.

Importantly, a written retirement plan isn't just a formality — it's a necessity. It ensures clarity on eligibility, contributions, and benefits, prevents disputes, and guarantees fairness. Such a plan must be permanent, specify coverage and funding, and prohibit diversion of funds for other purposes. Without one, companies risk non-compliance, tax penalties, and employee dissatisfaction. Aligning a documented plan with long-term workforce management and financial reporting standards is essential.

As we explore the myriad of options available under RA 4917, we can see the potential for transforming retirement planning into a more robust, beneficial system for both companies and employees. In Part 2 of this article, we will delve deeper into implementing these strategic retirement plans, the tax advantages they offer, and how companies can navigate the necessary compliance measures to support a sustainable future for their employees.

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only and should not be used as a substitute for specific advice.

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Job Position: Project Assistant

Job Description:

- Oversee overall organization and management of operations at the Pakil Hydro Power Plant.
- Ensure quality assurance for all work performed by the EPC Contractor, including document checks and reviews.
- Review essential documents such as the Contractor Quality Plan, Health Plan, and Test and Inspection Plan.
- Approve all project materials prior to use, ensuring compliance with specifications and international standards.
- Implement permanent quality control on-site, including testing, inspections, and management of non-conformity activities and punch lists.

Basic Qualifications for the Position:

- Belgrade University, Faculty of Civil Engineering
- MA Engineer of Civil Engineering

Monthly Salary Range: PHP 100,000 – 120,000
Workplace Address: Makati City

Name of Foreign National: Zoran Cohadac
City of Residence: Laguna
Duration of Employment: 3 years

Gruner Stucky Ltd-Philippine Branch, hereby declares that the above-named foreign national is able, willing, and qualified to perform the services and job description for this position. The company has the intention to employ the said foreign national and apply for an **Alien Employment Permit with the Department of Labor and Employment - National Capital Region** located at 967 Wasmiya Building, Maligaya Street, Malate, Manila.