ERC on track to complete NGCP rate reset next year

THE Energy Regulatory Commission (ERC) is on track to complete next year its evaluation for the rate reset of the National Grid Corp. of the Philippines (NGCP) for the fifth regulatory period (5RP), spanning the years 2023-2027.

"If we are able to issue the decision on the 5RP by next year, there will be at least two years of the 5RP that are based on forecasted costs or expenses," ERC Chairman and Chief Executive Officer Francis Saturnino C. Juan told reporters.

NGCP's rate reset process faced years of delays, with the fourth regulatory period (4RP), covering the years 2016-2022, only finalized this year.

In April, the ERC rendered its decision on NGCP's 4RP, allowing the grid operator to collect a total under-recovery of P28.3 billion from consumers.

"We actually now in the process of reviewing, evaluating the rate reset filing of the NGCP for the 5RP because we are targeting to make the reset as updated as possible," he said.

The NGCP is the country's sole grid operator, holding a 50-year franchise. The company has the right to operate and maintain the transmission system and related facilities.

Under the Electric Power Industry Reform Act, the ERC is responsible for establishing 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.

The ERC has directed all private distribution utilities (PDUs) to file their respective actual weighted average tariff applications for the lapsed period or the years when the ERC was not able to conduct a rate reset on their rates.

The Commission resolved to adopt a confirmation and true-up process in determining the rate of the PDUs to address the lapsed period for the respective entry groups.

"The new ERC has cut the Gordian knot. After more than a decade of delays in reviewing the rates of privately-owned distribution utilities, ERC now have both a clear roadmap and the unwavering determination to see this through," Mr. Juan said. — **Sheldeen Joy Talavera**

Rice imports expected to dip below 4 million MT next year

PHILIPPINE STAR/RYAN BALDEMOR

RICE IMPORTS in 2026 are expected to fall below 4 million metric tons (MMT), with the Philippines ordering less from foreign suppliers due to strong domestic production, the Department of Agriculture (DA) said on Tuesday.

In a statement, the DA said rice import volumes next year will likely come in at between 3.6 MMT and 3.8 MMT, levels which the department said are sufficient to meet demand without depressing prices earned by domestic farmers for their crop.

The DA said the import projection assumes domestic production of 20.3 MMT of palay (unmilled rice) next year, which if realized would be slightly lower than the record 20.06 MMT in 2023.

The Bureau of Plant Industry (BPI) is set to begin processing applications for Sanitary and Phytosanitary Import Clearances covering about 500,000 metric tons, including the 50,000 metric tons reserved for government agencies.

To ease cash-flow pressures on importers, the DA said it will waive the usual 10% down payment requirement for obtaining clearances.

The DA said all shipments must arrive by mid-February to prevent imported rice from weighing on palay prices at the start of the summer harvest.

It said tariffs will be increased to 20% from 15% when imports resume next year, following discussions among the government's economic managers.

"The tariff increase reflects several realities — the recent depreciation of the peso and the likelihood of higher global prices once the Philippines reenters the market," Agriculture Secretary Francisco P. Tiu Laurel, Jr. was quoted as saying in a statement.

According to the DA, rice imports during the January-February window will be directed to 17 ports: Manila, Batangas, Tacloban, Bacolod, Iligan, Cagayan de Oro, Davao, Zamboanga, Cebu, Iloilo, Capiz, Tagbilaran, Dumaguete, Subic, Calbayog, General Santos, and Tabaco.

Meanwhile, Mr. Laurel urged importers to diversify their sources. "Instead of relying almost entirely on Vietnam, we encourage importers to consider Cambodia, Myanmar, and other non-traditional suppliers," he said.

In 2024, the Philippines imported a record 4.8 MMT of rice, as traders accelerated purchases amid concerns over weaker harvests caused by El Niño and La Niña. The BPI's own estimate for rice imports this year is around 3.5 MMT due to the four-month import freeze that began in September.

Mr. Laurel said the high volume of imports in 2024, combined with large shipments in early 2025 before the ban took effect, dragged down palay prices and hurt farmer incomes.

The US Department of Agriculture projected Philippine rice imports of 5.5 MMT for the marketing year 2025-2026, but the DA said this level is unlikely to be realized given the import ban and tighter volume controls. — **Vonn Andrei E. Villamiel**

FREEPIK

Visayas grid supply-demand balance could hit 'critical' levels

THE Department of Energy (DoE) said the supply-demand balance situation on the Visayas grid could hit "critical" levels next year, resulting in a number of yellow alerts.

"There's potential critical supply situation in the Visayas, based on the initial simulation of demand-supply," Energy Undersecretary Mylene C. Capongcol told reporters.

She said the demand-supply situation for 2026 will ultimately depend on the extent of new capacity additions and measures to address the demand side.

The DoE estimates that committed power projects with the potential to generate around 6,000 megawatts are expected to come online next year.

Ms. Capongcol said the power outlook is not linked to an earthquake that struck the Visayas as repairs were carried out promptly.

So far this year, the Visayas grid has been placed under yellow alert eight times while Mindanao experienced one yellow alert.

In 2024, 16 red alerts and 62 yellow alerts were declared over the Philippines' various power grids. Yellow alerts are declared when available supply falls below a specified safety margin, while red alerts are raised when demand actually exceeds supply, which will trigger power rationing, during which certain parts of the grid are left without power temporarily.

Citing initial projections, the Independent Electricity Market Operator of the Philippines (IEMOP) is expecting the power supply in the Visayas to be vulnerable next year because it is dependent on the other two island grids.

"The Visayas is a net importer of power from Luzon and Mindanao, so when interconnection from Mindanao and Luzon are limited, power plants end up setting higher prices in the Visayas," according to Isidro E. Cacho, Jr., IEMOP vice-president for trading operations. — **Sheldeen Joy Talavera**

PHL to join talks on safeguarding supply of materials considered strategic for AI dev't

THE US plans to invite the Philippines to join a multinational initiative to safeguard supply chains for technology deemed vital to artificial intelligence (AI), a US State Department official said on Tuesday.

Undersecretary of State for Economic Growth, Energy and the Environment Jacob Helberg said Philippine involvement in the US-led Pax Silica initiative follows a number of preliminary discussions, which he described as "very positive."

"We are very eager and look forward to engaging the Philippines on Pax Silica," he said at a virtual briefing.

"I plan to extend an invitation to my counterpart in the first half of next year in order to be able to resume these discussions face-to-face, and we are confident they're going to be very fruitful exchanges," he added.

Pax Silica was launched last week with initial partners, including Japan, Singapore, Australia and South Korea. Designed to deepen economic and technology ties among participating countries, the initiative also seeks to diversify sources and reduce risks from dependence on material suppliers.

"If the 20th century ran on oil and steel, the 21st century is going to run on computers and minerals," said Mr. Helberg. "We're aligning our supply chains accordingly."

Regarding competition for materials used in advanced technology, he said, "I think everyone understands who that is," without referring specifically to China.

"Our strategy is to create a competitive edge so steep, so insurmountable that no adversary or competitor can scale it," said Mr. Helberg. "That's why our goal is to make America the arsenal of AI in this century." — **Kenneth Christiane L. Basilio**

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DTI pitching four potential retail investors in S. Korea

THE Department of Trade and Industry (DTI) said it plans to make a retail-industry investment pitch in South Korea this week.

"I am hoping to get investments in the retail sector," Trade Secretary Ma. Cristina A. Roque told reporters late Monday, adding that the industry has only barriers to entry for foreigners and creates large numbers of jobs.

"We are going to meet four companies in retail," she added, including new brands and restaurant businesses.

At the Philippine Economic Zone Authority (PEZA) 30th Anniversary & Investors Recognition Night on Monday, Ms. Roque said she is committed to assist investors deal with their problems while operating in the Philippines.

She called PEZA one of the most trusted investment promotion institutions by foreign investors.

"But then, of course, there are still so many things that we need to adjust, so many things that we still need to do to make sure that at least we can assist you as best as we can and we can do an excellent job," she said.

"So please help us also by telling us what we need to do so that at least your investments will grow here in the Philippines and in PEZA," she added.

PEZA is a major contributor in the mission to raise worker incomes, she said, citing its role in "bringing opportunities closer to our communities." — **Justine Irish D. Tabile**

Dairy self-sufficiency forecast at 2% this year

THE National Dairy Authority (NDA) said it is projecting 2% domestic sufficiency in dairy by year's end following the growth of the dairy herd.

In a statement, the NDA said the outlook is also supported by strong output in the first nine months.

Citing the Philippine Statistics Authority (PSA), the NDA said the dairy herd grew 7.7% to 162,417 head in the nine months to September.

Milk production was 30.59 million liters, up 25.17% from a year earlier, with most of the increase recorded in the third quarter.

The NDA said the herd expansion is accompanied by improvements in animal health, feeding practices, and farm management.

"The Dairy Herd Build-Up Program has been instrumental in expanding the number of dairy animals and milk lines through the implementation of its subprograms — animal breeding, animal health, and animal nutrition programs," the NDA said.

FREEPIK

The NDA also said data on the carabao dairy segment, which is overseen by the Philippine Carabao Center, is reflecting more of the output generated by smallholder farmers.

"This optimism is supported by a favorable policy environment, particularly with the recent enactment of Republic Act (RA) 12308 or the Animal Industry Development and Competitiveness Act, which provides a stronger institutional framework for livestock and dairy development," the NDA said.

RA 12308 aims to promote the competitiveness of the livestock industry and streamline animal health and breeding programs.

The bicameral conference committee recently approved a P2.38-billion budget for the NDA in 2026, sharply higher than the P531.16 million allocated by the Executive branch in its National Expenditure Program (NEP). The government is relying on domestic milk to supply the Department of Education's school-based feeding program.

The bicameral conference committee also raised the budget of the Philippine Carabao Center to P2.08 billion, well above its P959.34-million NEP allocation, also to support the milk feeding program.

The US Department of Agriculture forecast Philippine dairy production to grow 3% to 37,000 metric tons in 2026, citing the expanding herd, ongoing government dairy development projects, and rising demand from the milk feeding program. — **Vonn Andrei E. Villamiel**

Pork, onion sellers ordered to explain MSRP non-compliance

THE Department of Agriculture (DA) said it will issue Notices to Explain to retailers who failed to comply with the department's maximum suggested retail price (MSRP) for the commodities, Agriculture Assistant Secretary Genevieve V. Guevarra said on Tuesday.

During a price monitoring visit to Mega Q Mart in Quezon City, Ms. Guevarra said some retailers, particularly onion sellers, remain non-compliant with the MSRP, leading to the orders to justify their pricing.

According to DA price monitors, from Dec. 8 to 13, the average price of imported red onion in Metro Manila was P213.87 per kilo, well above the P150 per kilo MSRP set by the DA.

Prices of pork belly (*liempo*) and pork shoulder (*kasim*) also exceeded the MSRP, averaging P392.92 and P341.12 per kilo, higher than the prescribed P370 and P330 per kilo, respectively.

Ms. Guevarra said the DA is seeking to trace prices at every stage of the supply chain to determine whether higher retail prices are justified.

"Retailers say they have many expenses, so we want to know what these are to (determine) whether the current prices of basic commodities are reasonable," she said.

She said the DA will consolidate data from non-compliant retailers and trace their sources, including distributors, particularly in cases where the department suspects profiteering, hoarding, or cartel behavior.

"We need to talk to all players in the value chain before we conclude whether this is a concerted or habitual effort," Ms. Guevarra said.

Retailers issued notices will be given three days to respond, detailing their sources, landed costs, markups, and operating expenses.

While there is no penalty for failing to comply with the MSRP, Ms. Guevarra said non-compliance may be used as evidence of profiteering if excessive profits are established. — **Vonn Andrei E. Villamiel**