

ERC raises NGCP revenue cap to P380B through 2027

THE Energy Regulatory Commission (ERC) raised the revenue ceiling for the National Grid Corp. of the Philippines (NGCP) to P380.45 billion through 2027 after approving a higher regulated return on capital for the country's transmission operator.

In an order dated May 15, the regulator modified portions of its Jan. 29 decision and granted parts of NGCP's motion for reconsideration under the fifth regulatory period (5RP) rate reset covering 2023 to 2027.

The revised ruling increased NGCP's maximum allowable revenue (MAR) by P4.04 billion to P380.45 billion from the previously approved P376.42 billion. The ERC also raised the grid operator's adjusted annual revenue requirement (ARR) to P378.71 billion from P374.98 billion.

The adjustment followed the ERC's recalibration of the weighted average cost of capital (WACC) to 11.92% from 11.74%. The WACC serves as the benchmark used by regulators to determine the return a utility may earn on its investments.

"This WACC is intended to establish a fair and reasonable opportunity for NGCP to recover its efficient costs of capital contemporaneously with the RP (regulatory period) to which the rates ought to apply," the ERC said in its order.

NGCP operates, maintains, and develops the country's state-owned power grid under a 50-year franchise granted by Congress. The company began operations in 2009 after taking over transmission functions and related facilities nationwide.

The transmission network delivers electricity from power generators to distribution utilities and directly connected customers through an interconnected system spanning more than 21,000 circuit kilometers of transmission lines, about 20,000 transmission towers, and 140 substations across Luzon, Visayas, and Mindanao.

Based on company data, the Luzon grid accounts for about 74% of the country's total electricity demand, while the Visayas and Mindanao grids represent 14% and 12%, respectively.

Under its franchise, NGCP is authorized to operate and maintain transmission facilities and undertake the construction and expansion of transmission infrastructure, including the exercise of eminent domain when necessary for transmission projects.

As a regulated public utility, NGCP's recoverable revenues and allowable returns are subject to periodic ERC rate reset exercises conducted every five years. Under the process, regulated entities submit forecast expenditures, operating costs, and proposed capital projects for evaluation.

The ERC then determines the MAR, or the maximum revenue NGCP may recover from consumers for transmission services, and the ARR, or the amount needed to cover operating and capital-related expenses during the regulatory period.

The regulator also moved the implementation of the 2023 MAR adjustments to October 2026 from the earlier August 2026 schedule to align with NGCP's billing cycle. — **Sheldeen Joy Talavera**



PLDT sees limited near-term impact from satellite entrants

By Ashley Erika O. Jose
Reporter

PLDT INC. said the anticipated arrival of satellite telecommunications providers this year is unlikely to significantly alter market dynamics in the near term, citing coverage limitations and high operating costs tied to direct-to-cell services.

The company said direct-to-cell technology remains in its early stages and continues to face service and affordability constraints despite growing regulatory support for new industry participants.

"We are not scared of the direct-to-cell at this particular point in time. Because if you tested it, or if you tried it, it is really a bad customer experience. At this point in time, we are not used to that kind of service," PLDT Chief Operating Officer and Head of Network Menardo G. Jimenez, Jr. said during a company briefing last week.

The comments came after Information and Communications Technology Secretary Henry Rhoel R. Aguda said last week that two US-based satellite service providers are expected to begin operations in the Philippines this year.

The Department of Information and Communications Technology (DICT) said the applications of the two companies are already in advanced stages at the National Telecommunications Commission (NTC). One operator may secure regulatory approval within the month after completing testing activities, while another is expected to launch services within the year.

Direct-to-cell technology allows mobile devices to connect directly to low-Earth orbit (LEO) satellites without relying on traditional cellular towers. The technology is seen as a potential solution for geographically isolated and underserved areas that lack conventional telecommunications infrastructure.

PLDT executives, however, said the services remain costly compared with traditional mobile offerings.

"For the telecommunications company, satellite providers at present tend to charge at a very high cost," PLDT Senior Vice-President and Enterprise Business Head Patricio S. Pineda III said.

"I do not think any of that takes us away from what we have been trying to do over the past three to four decades of really trying to drive very affordable packages for our consumers," he added.

Mr. Pineda said the company continues to expand network coverage, including in geographically isolated and disadvantaged areas (GIDAs).

Mr. Jimenez said PLDT's wireless unit Smart Communications, Inc., together with Globe Telecom, Inc., already covers about 96% of the Philippine population.

"That means we do not cover 4% of the Philippines, where are you going to use satellites for? I mean, you'll need it for backup. But if you're gonna pay the exorbitant amount they charge for backup. So, it is fancy, and it is exciting, by all means come to the Philippines," he said.

Despite its reservations about current commercial viability, PLDT is also exploring satellite-based services through its partnership with Lynk Global, Inc. The collaboration involves testing direct-to-device satellite connectivity that would allow ordinary mobile phones to send and receive communications in areas without cellular coverage.

Mr. Jimenez said the technology is expected to improve over time, adding that PLDT is prepared to scale up related services once the market matures further.

The planned entry of additional satellite operators follows the enactment of the Konektadong Pinoy Act, or the Open Access in Data Transmission Act, which liberalized participation in the data transmission sector by removing the congressional franchise requirement for qualified industry participants.

The law aims to streamline permitting and licensing procedures and promote infrastructure sharing to improve competition and connectivity services. Under the measure, data transmission industry participants may construct, establish, maintain, lease, or operate data transmission networks and facilities without securing a legislative franchise.

Separately, PLDT said it is considering listing its data center business as a real estate investment trust (REIT), although the company has yet to set a timeline for the plan.

PLDT Senior Vice-President and Chief Financial Officer Danny Y. Yu said the company is evaluating several fundraising options, including the monetization of non-fiber assets and the sale of idle properties once market conditions improve.

On May 14, PLDT's board approved the retirement of Mr. Yu effective May 31. The board also approved the appointment of Leo I. Posadas as officer-in-charge of the finance, risk, and sustainability group while concurrently serving as senior vice-president and treasurer effective June 1.

For the first quarter, PLDT reported a 1.77% decline in attributable net income to P8.87 billion from a year earlier as higher expenses offset modest revenue growth.

Hastings Holdings, Inc., a unit of the PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., holds a majority stake in *BusinessWorld* through the Philippine Star Group.

OUTLIER

Puregold shares climb after higher first-quarter profit

By Heather Caitlin P. Mañago
Researcher

SHARES in Puregold Price Club, Inc. rose last week after the retailer posted higher first-quarter (Q1) earnings.

Philippine Stock Exchange (PSE) data showed that Puregold was the sixth most actively traded stock last week, with 22.89 million shares valued at P1.06 billion traded from May 11 to 15.

The listed retailer closed at P45.85 per share on Friday, up 4.4% from its P43.90 finish a week earlier. The stock outperformed both the services sector's 3.3% gain and the benchmark Philippine Stock Exchange index's (PSEI) 0.3% increase during the period. Since the start of the year, Puregold shares have climbed 20.7%, trailing the services sector's 26.6% growth but outperforming the PSEI's 1.3% decline.

"[Puregold's] opening price this week was a direct market reaction to what was a genuinely strong quarterly print," Regina Capital Development Corp. Equity Analyst Jasper Timoteo A. Ondap said in an e-mail.

He said the company's net income and consolidated net sales "came in well above what we had penciled in."

Aniceto K. Pangan, equity trader at Diversified Securities, said the stock's gains were driven by "double-digit revenue growth... and more than 20% income growth in the [first quarter]."

In a regulatory filing on Wednesday last week, Puregold reported a 23.7% increase in attributable net income to P3.26 billion in the January-to-March period from P2.64 billion a year earlier.

Gross revenue rose 12.1% to P59.76 billion from P53.32 billion previously.

In a separate statement, the company said first-quarter growth was supported by positive same-store sales growth (SSSG). Puregold stores posted a 5.4% increase due to higher basket sizes, while S&R Warehouse Clubs recorded 12% growth on higher customer traffic.

Puregold said earnings growth was "driven by strong topline growth and complemented by improvement in gross margins."

Mr. Ondap said S&R's performance may reflect "more frequent, normalized shopping rather than bulk buying."

Despite the retailer's strong first-quarter results, analysts said geopolitical tensions in the Middle East may continue to weigh on consumer spending and inflation in the coming months.

"We may expect the growth to be carried over in the [second quarter] on a lighter effect due to the high inflation effect of the Middle East conflict that negatively affects disposable income in March, April, and going forward," Mr. Pangan said in a Viber message.

He added that inflationary pressures could persist if disruptions involving the Strait of Hormuz continue to affect global markets.

Mr. Ondap said Puregold's staples-heavy product mix could provide some protection as consumers shift toward lower-cost goods, although S&R's discretionary segments may face greater risks if household spending weakens further.

"We'll have to see how [the second quarter] plays out to see the full effect of the conflict to [Puregold's] performance," he said.

"The coming months remain shaky if macro conditions don't improve, due to tighter spending, a shift to budget options, and higher input and transportation costs, all of which may hit consumers and retailers alike."

For the next trading week, Mr. Pangan identified immediate support at P45.90 and resistance at P47.15.

Mr. Ondap placed support between P43 and P43.90, while resistance levels were seen between P47 and P49.

Supreme Court rules Coca-Cola Europacific layoffs valid under restructuring plan

THE Supreme Court (SC) upheld the legality of a restructuring program implemented by Coca-Cola Europacific Aboitiz Philippines, Inc., reversing a Court of Appeals ruling that found hundreds of employee dismissals illegal.

In a 42-page decision penned by Associate Justice Maria Filomena D. Singh, the SC Third Division ruled that the company validly abolished

sales routes as part of efforts to address declining operating income.

The restructuring program, implemented in 2008, initially affected about 1,246 workers. By 2009, the company had redeployed 636 employees to new positions, while the remaining 610 workers were declared redundant after failing to meet the requirements for the available roles.

The Court of Appeals had previously ruled in favor of the employees, citing insufficient documentary evidence to support the studies used by the company to justify the redundancy program.

The SC, however, disagreed and said redundancy is among the authorized causes for termination under the Labor Code.

"Redundancy is one of the authorized causes for termination of employment. While the Constitution upholds social justice and the protection of labor, it also guarantees the employer's right to a reasonable return on investment," the SC said in its ruling.

"In line with this balance, the Court has consistently recognized the employer's prerogative

to adopt measures that promote efficiency, reduce overhead costs, and improve economic viability, so long as these are carried out within the bounds of the law," it added.

The tribunal said the company acted in good faith in carrying out the restructuring program. It also noted that the separation packages provided to affected em-

ployees reached up to 200% of the separation pay required under the Labor Code and included extended healthcare coverage.

The SC upheld the validity of the dismissals but ordered the company to pay reinstatement wages and recomputed benefits covering the period under the Labor Arbiter's executory order. — **Erika Mae P. Sinaking**

FRIDAY, MAY 15, 2026

Philippine Stock Exchange index (PSEi) 5,976.77 ▼ 38.26 PTS. ▼ 0.63%

BusinessWorld

PSEI MEMBER STOCKS									
AC Ayala Corp. P446.00 -P11.40 -2.49%	ACEN ACEN Corp. P3.15 -P0.02 -0.63%	AEV Aboitiz Equity Ventures, Inc. P30.00 ---	ALI Ayala Land, Inc. P15.38 -P0.22 -1.41%	AREIT AREIT, Inc. P38.35 +P0.25 +0.66%	BDO BDO Unibank, Inc. P117.50 -P2.50 -2.08%	BPI Bank of the Philippine Islands P90.35 -P4.45 -4.69%	CBC China Banking Corp. P54.80 -P1.30 -2.32%	CNPF Century Pacific Food, Inc. P29.75 -P1.05 -3.41%	CNVRG Converge ICT Solutions, Inc. P11.46 +P0.26 +2.32%
DMC DMCI Holdings, Inc. P9.57 -P0.02 -0.21%	EMI Emperador, Inc. P15.30 -P0.06 -0.39%	GLO Globe Telecom, Inc. P1,805.00 +P40.00 +2.27%	GTCAP GT Capital Holdings, Inc. P466.00 +P6.00 +1.30%	ICT International Container Terminal Services, Inc. P805.00 +P13.00 +1.64%	JFC Jollibee Foods Corp. P140.60 +P0.60 +0.43%	JGS JG Summit Holdings, Inc. P26.50 +P0.10 +0.38%	LTG LT Group, Inc. P15.26 +P0.14 +0.93%	MBT Metropolitan Bank & Trust Co. P65.70 -P0.15 -0.23%	MER Manila Electric Co. P630.00 ---
MONDE Monde Nissin Corp. P7.25 +P0.05 +0.69%	PGOLD Puregold Price Club, Inc. P45.85 -P1.00 -2.13%	PLUS DigiPlus Interactive Corp. P12.72 +P1.32 +11.58%	RCR RL Commercial REIT, Inc. P7.30 +P0.29 +4.14%	SCC Semirara Mining and Power Corp. P26.95 +P0.15 +0.56%	SM SM Investments Corp. P599.00 -P29.00 -4.62%	SMC San Miguel Corp. P69.95 -P0.60 -0.85%	SMPH SM Prime Holdings, Inc. P18.98 -P0.24 -1.25%	TEL PLDT Inc. P1,245.00 +P9.00 +0.73%	URC Universal Robina Corp. P61.50 +P0.40 +0.65%