

# Meralco program props growth

THE LUMINARIES

Uratex/Polyfoam RGC International Corp. CEO Natividad Yap Chen and Anglo Watsons Glass Inc. General Manager Danilo Utanes (2nd right) were recognized as Meralco Outstanding Corporate Industrial Partners at the 2014 Meralco Luminaries Awards by Meralco President & CEO Oscar S. Reyes (far left) and Meralco Senior Vice President Alfredo S. Panlilio.



**M**eralco understands that it plays a key role in the competitiveness of the country's manufacturing sector, energy cost being a significant part of a manufacturer's cost base. Thus, it seeks to lower cost at every given opportunity, especially in energy sourcing – leveraging on its large customer base to negotiate the power supply agreements with generation companies.

Another window of opportunity is to pass on lower cost of sourced power during off peak hours, for which Meralco developed the Peak/Off Peak (POP) program. The POP is a rate plan that encourages customers to schedule more power intensive processes at pre-defined off-peak hours for lower generation cost – that lead to savings that open possibilities for reinvestment and expansion.

"In 2012, the country's manufacturing sector posted growth of 5.5 percent. In 2013 it jumped to 10.5 percent," said Meralco Senior Vice President and Head of Customer Retail Services & Corporate Communications, Alfredo S. Panlilio. "Our top economists tell us that our country needs to grow its manufacturing base. Meralco thus developed POP as an option for some manufacturers to review their production schedules to take advantage of this program. POP has been the swing factor to keep the operational cost of two companies competitive, and we were happy to see savings reinvested into expansion plans."

The two manufacturing companies that gained on the value of the POP were Anglo Watsons Glass and Uratex. The former is the bottle producer for Emperador, one of the world's leading brandies. The latter is a top manufacturer of polyfoam (i.e., mattresses) and plastics products.

As a result of the pricing scheme, Anglo Watsons and Uratex realized savings which they reallocated into business expansion. Unprecedented growth, combined with a strong corporate conscience and active involvement in the community garnered them recognition at the 2014 Meralco Luminaries Awards.

Launched in 2012, the Meralco Luminaries is a program that highlights the best collaborations between the utility and the private and public sectors, and showcases originality and excellence in strategy, thought leadership, execution, and application of technology.

## The Emperor's bottle-maker

Anglo Watsons Glass is the glass manufacturing subsidiary of Emperador Distillers, Inc. To fuel the success of Emperador, Anglo Watsons' operations run non-stop; 365 days a year, 24 hours a day. The glass manufacturer's furnaces need to be maintained at 1,560° Celsius. Any drop in temperature adversely affects product quality and hikes production cost.

For the company, "operational efficiency" was not just a buzzword, it was an obligation. Meralco briefed the bottler on the merits of POP and Anglo Watsons signed on in 2008 till it shifted to a retail electricity supplier in mid-2013. During the POP coverage period, the company reported savings of approximately P6-million each year.

That surplus contributed to Anglo Watsons' "Rebirth of Plant 1" expansion project to upgrade the production capacity of its main factory in Canlubang. With the help of Meralco experts, the expanded facility was energized 48 days earlier than planned, allowing the company to meet the exponential growth of Emperador.

**"Looking at all components of costs, electricity is a very big matter, so having that time-of-use option really matters in the costs of our products. POP helped us generate the savings to funnel towards reinvestments."**

**-Natividad Yap Cheng**  
Urartex/Polyfoam International Co. CEO

"POP contributed to the reinvestments into our expansion project," said Anglo Watsons Chairman Winston Co. Demand for our products went through the roof, and that expansion doubled our production capacity to meet it. That's why the reliability of our suppliers is very important, especially in power."

Beyond pricing, Meralco also addressed a unique situation at Anglo Watsons. With development in the area, snakes and birds would rest on utility poles at Anglo's Carmelray Industrial Park in Laguna. This caused power fluctuations and disruptions. To deter the unwanted guests, Meralco installed spikes on the pole's cross-arms, and covered them with insulators and metal guards. Meralco also monitored the situation more closely henceforth.

## It all started with foam

The company started by the late Robert Cheng initially made foam. Heavy investments in R&D and state-of-the-art equipment upgrades helped them increase production and improve efficiency.

Urartex/Polyfoam International Corporation is now just one of the ventures under the RGC Group of Companies. Its portfolio also includes automotive seating, textiles, and since 1993, the company's signature product: the ubiquitous Uratex Monoblock chairs and tables.

In September 2011, Uratex enrolled in POP to better manage power consumption at their Valenzuela factory – the polyfoam and plastics manufacturer's most energy-intensive facility.

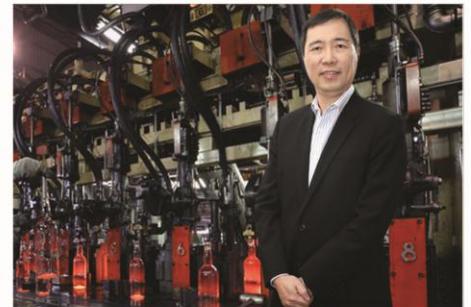
That strategic move netted substantial savings averaging P60-million per year, which the company reinvested into more energy-efficient equipment. It also led to opening factories closer to the emerging consumer markets of General Santos, Iloilo, and Tacloban.

"We're what you would consider a sensibly-spending company. We're a frugal company, but we always reinvest," said Urartex/Polyfoam International Co. CEO Natividad Yap Cheng. "Looking at all components of costs, electricity is a very big matter, so having that time-of-use

option really matters in the costs of our products. POP helped us generate the savings to funnel towards reinvestments."

Meralco further advised Uratex to consolidate six separate accounts and to convert to primary meters, adding another average annual savings of P8.4-million per year.

POP and energy efficiency studies helped catapult Uratex into an industry leader due to its efficient production and competitive pricing. The company has been consistently distinguished with the Reader's Digest Platinum Award for The Most Trusted Brand.



Anglo Watsons Chairman Winston Co. at an industrial line at Anglo Watsons Glass Inc. The glass manufacturer produces bottles for Emperador Brandy, one of the best selling brandies in the world today.

## A partner for progress and nation-building

Utility providers today recognize that they play a much larger role in the business environment. Meralco recognizes that beyond just being a distribution utility, it has to interact with the ecosystem of manufacturers, suppliers, and government. Meralco has to up the ante and be a true partner for progress. After over a decade of expertise, the utility is now an enabler, providing business solutions that address energy-related concerns. In finding ways to work together, Meralco guides customers in the path towards growth and expansion.

For Anglo Watsons and Uratex, mainstays in the manufacturing sector, the benefits of Meralco's services ripple to its stakeholders, its customers, and to the community and the nation. Economists would be pleased.

"We understand our role in driving economic growth which is why we're always developing programs and solutions that can help enhance our customers' energy and operational efficiencies," said Meralco Vice President and Head of Corporate Business Group Victor S. Genuino. "Our POP rate is a prime example of such a program and this has been instrumental in the growth of companies like Anglo Watsons and Uratex."



The increased production at Uratex/Polyfoam-RGC International Corp. is a sign of good business. Stacks of Uratex foam are seen, ready for delivery.