

Three growth industries improve efficiencies from Meralco's Peak/Off-Peak Rates

Lower charges secured from energy suppliers



Nestled at the heart of Makati City's financial district is Convergy's, one of the beneficiaries of Meralco's negotiated lower rates and Peak/Off-Peak Program.

Meralco leveraged on its large customer base to negotiate new Power Supply Agreements (PSAs) with suppliers as part of their customer-centric mandate to provide least-cost supply.

The power utility then used the new contracts to offer a more compelling Peak/Off-Peak (POP) Program for customers with substantial operations during off-peak hours.

The timely news came in as industries were becoming wary of the looming expiration of a government subsidized Eco-zone Rate (ERP) and the NPC Time-of-Use (NPC) program around December 2012.

However, much to their surprise, clients saw savings for the billing month of February as a result of a Php0.55/kWh reduction in generation charges. Furthermore, the POP, touted as the replacement for the expiring programs, turned out to be more cost efficient.

This was a welcomed development for Asia's economic Tiger-in-waiting, considering that the country's economy is outperforming the usual ASEAN suspects across all financial metrics. According to the World Federation of Exchanges, the Philippine Stock Exchange (PSE) was the third best performer among the 50-member exchanges of the World Federation of Exchanges in 2012. That the country is now on the radar screen of investors is due largely to this performance.

First to benefit are the roster of pace setters driving the country's resurgence. Though the industries have different business models, they share a common agenda – building an economically viable Philippines.

Among this list are industries from BPOs, gaming, real estate development, construction, food and beverage, travel and trade, and packaging. Then, notwithstanding sluggishness from the recent recession, the electronics industry is fast bringing up the rear and getting a renaissance of late.

One beneficiary of the POP that stands out is call center and BPO principal, Convergy's.

Convergy's is a leader in customer management focused on helping companies enhance the value of their customer relationships and deliver consistent customer experiences across all channels and geographies. Their operations are tailor-made for Meralco's POP and were among the first to recognize its benefits.

"We are glad to see this development. We run our operations round-the-clock, with the bulk of work happening during odd hours, so the POP makes sense for us," said Convergy's Philippines Country Manager, Ivic Mueco.

Meralco realizes that it needs to do its share to keep precious momentum going, especially for the engines of growth. The utility helps industries stay competitive, whether the business

is in the manufacturing or service sector and whether it is locally or internationally geared.

Businesses engaged in packaging and shipping are economic harbingers since their increased production is a clear indicator of an uptick in shipment orders.

Liberty Paper is one of the leading providers of corrugated and packaging boxes, and a perfect example of an indicator.

"Business is brisk for our primary customers – leading food and beverage manufacturers. There's increasing demand for our products for domestic consumption," said Liberty Paper



MERALCO Vice President & Head, Corporate Business Group, Victor S. Genuino (2nd from right) at a recent visit to Mega Packaging Corporation and Macro Industrial Packing.

President, Anthony Chiongson. "We generated additional savings of Php74,141 with the new Meralco POP from the previous TOU scheme. The savings were then used to inject improvements in our paper and box making plants and made the cost of our products even lower."

"Our core business is involved in Styrofoam packaging for appliances and strapping of products for shipment so we are in a position to immediately feel the effects of a rise in orders. There's definitely an economic rebound," said Mega Packaging Corporation and Macro Industrial Packaging Products Senior Vice President Virginia Lumanog. "In order to maintain our own pass-on costs, our overhead must also be within reason. Competitively priced power is one of the things that will help."

The POP rate of P5.02/kWh in February versus the NPC TOU rate of P5.6 kWh in January produced combined significant savings of P1.004 million for Mega Packaging's and Macro Industrial Packing's February bill. The savings for one month already contributed to competitive pricing at least for this batch of their production output.



Anthony Chiongson, President of Liberty Paper, used the savings from POP to grow his business.

The Philippines is smelling like roses past the Asian currency crisis. A noticeable recovery is on the way, fueling the country's drive to attain Investment Grade Status. But stakeholders must keep up favorable market conditions to sustain the recovery.

Meralco is exploring avenues for its non-residential accounts to further help, such as beyond the meter services like Meralco Managed Services, power quality and energy efficiency solutions, Advanced Metering Infrastructure application for corporate customers and green agenda initiatives like EV and renewable energy.

Keen on its role in nation-building, Meralco is committed to being a critical business enabler to further the country's economic gains and develop more robust industries.