

FPI sees continued business growth due to lower Meralco POP rates



The manufacturing sector provides the impetus for economic growth and development and provides employment to millions of Filipinos.

The Federation of Philippine Industries (FPI), the prime mover of Philippine industries responsive to the challenges of the global economy, applauded recent Meralco efforts when the power utility announced that it was able to offer lower rates in its Peak/Off-Peak Program (POP). As the expiration of the government subsidized Eco-zone Rate and the National Power Corporation (NPC) Time of Use program loomed last December 2012, there was uncertainty surrounding the manufacturing industry; as heavy users of electricity, they found that the Peak/Off-Peak (POP) Program being touted by Meralco would not be as cost efficient.

But the news from the power utility stifled all worries after it was revealed that the POP for some FPI members who were able to maintain 50% of their operations during Meralco's off-peak hours, turned out to be lower than the last registered Eco-zone (ERP) Rate. The same also applies to Meralco's other big ticket clients who are expected to see generous savings for the billing month of February.

This announcement was well-received by FPI.

"This augurs well for industries especially now that we are being recognized globally as an emerging Tiger economy. Meralco's POP program is a boost to industries as an opportunity to lower power cost that enhances competitiveness," said FPI Chairman Jesus Lim Arranza.

Meralco leveraged on its large customer base to negotiate lower rates through new Power Supply Agreements (PSAs).

Among the energy suppliers who agreed to the new rates were Sem-Calaca Power Corporation (SCPC); South Premiere Power Corporation (SPPC); San Miguel Energy Corporation (SMEC); Masinloc Power Partners Co., Ltd. (MPPCL); and Therma Luzon, Inc. (TLI).



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With these PSAs, Meralco is able to offer its new POP program for customers with substantial operations during off-peak hours. Meralco's POP rates are actually lower than the ERP, thus assuring big power users of more efficiency and economies of scale.

The power utility further assures that the POP can push electricity costs lower, provided their customers also do their part in shifting majority of their usage to off-peak consumption. Utilizing power during off-peak hours also helps the power industry as a whole as it lowers demand at peak periods resulting in competitive prices.

The manufacturing sector's share as a percentage of GDP has been declining year on year, as it continues to be overshadowed by the fast growing services sector primarily the BPO sector. But this doesn't mean that manufacturing hasn't been growing at all, as reflected by the increase in exports, manufacturing loans, and foreign investment.

"FPI is the 'Voice of Philippine Industry'. The government regularly seeks our advice and counsel in promoting and developing globally competitive industries as we enter the 21st century," said Arranza.

"But competitive industries do not grow in a vacuum. The right stimuli need to be there for it to have sustainable growth. The Federation of Philippine Industries sees Meralco's efforts as a prime example of a welcome stimulus," he adds.

Manufacturing is a key sector known for its high multiplier effect.

Increased production in any industry has a requisite increase in production from other industries. It is necessary to develop these strong linkages within and among industries to build a self-sustaining manufacturing base in the country that would be less dependent on imports.

Manufacturing growth is inclusive. The growth of this sector gives the rural/agri-labor force alternative job options, in addition to addressing unemployment and preventing the further exodus of talent to foreign shores.

As part of its role in nation-building, Meralco is committed to being a key business enabler in developing a more robust manufacturing industry.

As the country continues its drive to attain Investment Grade Status, it is good to know that utilities such as Meralco will be there to provide support and assistance to the very industries that fuel economic growth.

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-Jesus Lim Arranza, FPI Chairman

