

POWERCLUB

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BANKING ON BUILDING

Why big banks are bullish on big-ticket projects.

CARS FOR KEEPS

A classic car collection drives a deeper passion.

AT THE CENTER OF EVERYTHING

Meralco's new System Control Center speeds up power transmission.

INFRASTRUCTURED GROWTH

Laying the foundations for a strong economy

Public Works and Highways Secretary **Rogelio Singson**, sets the groundwork for the country's future.





A CHANCE TO SHOW OUR BEST

Let's be honest: the Philippines' hosting of the recent Apec Summit was a success, whatever naysayers might declare. The Aquino government pulled off the event despite the *tanim bala* (planted bullet) scams, the street demonstrations, and the shadow of the Paris terror attacks.

True, no treaties were officially signed, but there was an alignment of priorities and common goals for the good of Asean. More importantly, the timing of the summit came at a very opportune moment for the Philippines, when the economic numbers are in our favor and the country is more attractive to foreign investors.

What many of the Apec delegates didn't see or, hopefully, ignored, was the massive transportation chaos caused by the cancellation of scheduled flights, the closure of roads and the rerouting of traffic. It all speaks of the deficiencies in our infrastructure, from roads to airports.

This is why we must encourage and improve the public-private partnerships program, beyond the current administration. Better infrastructure not only creates jobs and drives movement of goods and services, it also makes us more globally competitive.

Meralco collaborates closely with government agencies like the Department of Public Works and Highways to aid in the swift completion of public infrastructure. We've long worked with private businesses to speed up their capital projects. We're also taking the initiative in developing new power technologies to meet future needs, from improved distribution networks to integrated renewable energies to smart grid systems. By working together, we hope to address the gaps in our infrastructure, and enable our country and our people to achieve their full potential.

[Signature]

Alfredo S. Panlilio
Senior Vice President and Head
of Customer Retail Services and
Corporate Communications

Erratum: *The cover story, "The Business of Family," in the Q3 2015 issue incorrectly stated that Universal Robina Corp. has a plant in Tarlac.*

UNSHACKLING THE ECONOMY

In a World Bank Group study titled, "Doing Business 2016," the Philippines dropped in ranking to 103rd place, from 97th in 2015, for Ease of Doing Business. That our economy managed to achieve 6 percent GDP, the third fastest growth in Asia is testament, I think, to the resilience and can-do optimism of Filipinos.

It would be so easy to blame this downgrade on past and present national infrastructure policies, but as we shall see in this edition of the Meralco Power Club, the issues are complex. Yes, there are inefficiencies we need to deal with, but there is also corporate dynamism and an honest desire to set everything right.

The country's biggest banks have been particularly pivotal in backing multibillion-peso projects. In an economy that is just beginning to develop more sophisticated forms of financing, these banks are finding creative ways to raise the funds needed to build new power plants, bigger roads and more airports.

For us at Meralco, no role is too small to play in this national undertaking, whether it's relocating our facilities to make way for new roads; ensuring quick energization for new service requirements; or building more state-of-the-art substations to anticipate increased power demands.

Yet much more can be done. I remain optimistic that the government and private sector will see how crucial reforms and good governance are in fast-tracking inclusive growth.

[Signature]

Victor S. Genuino
Vice President and Head,
Corporate Business Group



Photography by Jun Pinzon Grooming by Arlene Adto



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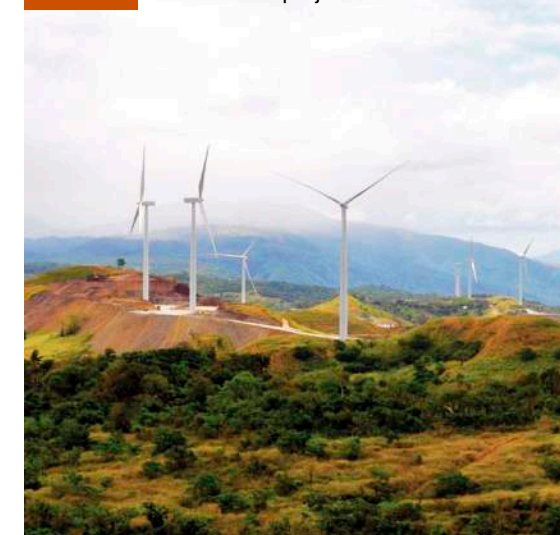


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Better Housing with Prepaid Power

By MC Santos

Meralco's Prepaid Retail Electricity Service breaks ground for the booming housing development sector.

For some real-estate developers, to monitor and enforce the prompt payment of residents' electric bills remains among their biggest headaches. This lingers even after the properties are sold and occupied.

But thanks to an innovation by the Manila Electric Co. (Meralco), that may soon become a thing of the past. The Meralco Prepaid Retail Electricity Service allows residents to better manage their power consumption through budget-sized purchases of electricity, by loading in denominations of P100, P200, P300, P500, and P1,000.

A unique strategy

On Oct. 14, 2015, housing developer 8990 Holdings, Inc. became the first real estate developer to officially

adopt prepaid electricity as a business solution, after the signing of a memorandum of agreement (MOA) with the power distributor.

Bella Vista, one of 8990 Holdings' property developments under the Deca Homes brand, incorporated a unique differentiation strategy by offering prepaid electricity to its customers in General Trias, Cavite.

"Our Prepaid Electricity Service is one of the most impactful products we've rolled out that can improve the business efficiency of real-estate developers," declares Victor Genuino, Meralco vice president and head of the Corporate Business Group. "Bella Vista is a launch pad for prepaid electricity. It is offered as a value-added service, with flexible payment options to match the needs of both real-estate developers and residents."

Launched in January 2014 and initially targeted at residential customers, Meralco's Prepaid Retail Electricity Service found a perfect match with real-estate developers looking to reduce operational expenses while adding compelling value to the properties they sell to the market.

Prepaid electricity relieves developers of huge financial investments such as the initial bill deposit, which can reach millions of pesos depending on the number of units in the property. Furthermore, developers of mass housing units and owners of leased properties can also use Meralco's prepaid electricity service as a business strategy to prevent tenants from being delinquent in paying their utility bills.

"It makes good business sense, because the developers are not paying for the service deposit and meter costs," says JJ Atencio, 8990 Holdings Inc.

president and chief executive officer. "Incorporating prepaid electricity into our business model also eliminates non-core, administrative tasks. It's really a unique selling proposition and a novel business strategy."

Prepaid electricity offers a number of advantages to end customers as well. There is no load expiry, and real-time energy usage is monitored via SMS notifications. Whenever service is cut off, reconnection can be made within 15 minutes of re-loading. Electronic loading is readily available through Meralco Business Centers, Bayad Centers (a Meralco company) and e-load retailers such as *sari-sari* stores.

Incentives for new homeowners

Meralco's Prepaid Retail Electricity Service was among those innovations well-received at the Organization of Socialized Housing Developers of the Philippines-Housing for Urban Development Coordinating Council (OSHDaP-HUDCC) annual convention. The gathering proved to be fertile ground for a discussion on developments in and challenges faced



Meralco President and CEO **Oscar Reyes** (second from left) welcomes 8990 Holdings Inc. President and CEO **JJ Atencio** into the power firm's prepaid electricity program. At the MOA signing are (from left): **Ronnie Apercho**, Meralco's first vice president and head of networks; **Anthony Sotto**, operations general manager of 8990; and **Kerby Salazar**, Gen. Trias, Cavite city councilor.

by the housing industry.

Thanks to growing remittances from overseas Filipino workers and the flourishing outsourcing sector, analysts predict a continued strong demand for Philippine properties. To clinch buyer

attention, developers seek incentives and innovations that will ultimately benefit the Filipino homeowner.

"Prepaid electricity is an excellent enticement to buyers, because it eliminates 'bill shock,'" adds Atencio, a member of OSHDaP's Board of Advisers. "By anticipating expenses, buyers know they can fulfill the financial and legal responsibilities of owning a home."

As many Filipinos still weigh their capacity to own a home, Engr. George Richard Siton, OSHDaP president, notes how prepaid electricity can relate to the sociological aspect of legitimate homeownership: "When you make energy affordable through the sachet system, what people couldn't do before has now been made possible, which is actually putting the dream of owning your own home within reach, and that is very empowering."

Indeed, Meralco is keen to play its part in helping millions of Filipinos acquire their own homes.

"We understand that we play a vital role as the housing sector's business partner, and we consider it a mission to provide continuing innovation that adds value to their projects as well as energy solutions to homeowners," concludes Genuino. ☺

'By anticipating expenses, buyers know they can fulfill the financial and legal responsibility of owning a home.'

- JJ Atencio, 8990 Holdings Inc.



Shaking Up the System

By Cai Ordinario

The DPWH chief restructures the agency and cuts red tape to speed up government infrastructure projects

It doesn't take a massive super typhoon to render Philippine infrastructure useless; these days, a downpour suffices. Landslides block roads, bridges are washed away, and floods run rampant over everything else.

Multilateral financial institutions like the Asian Development Bank and the World Bank identify infrastructure constraints as a major hindrance to the country's high and inclusive economic growth. The World Economic Forum likewise blames poor or absent infrastructure for the Philippines' low competitive standing in Southeast Asia.

Getting priorities straight

Data from the Department of Public Works and Highways (DPWH) show that from an estimated 32,000 kilometers (km) of national roads, only 70 percent were paved as of July 2010, although infrastructure was declared a priority by the administration of former President Gloria Macapagal-Arroyo.

The Arroyo administration implemented the government's infrastructure

engagement with the private sector to fast-track critical projects. It also undertook public-private partnerships (PPP), under the Build-Operate-Transfer scheme and the creation of Joint Venture guidelines.

Major changes were introduced in these PPP programs under the current administration of President Benigno Aquino III, with particular focus on good governance and the elimination of unsolicited modes of procurement. This led to the creation of the PPP Center

to manage big-ticket infrastructure projects.

Corruption as an obstruction

Balancing institutionalized reforms and accelerated implementation on much-needed projects is no easy task. It's a challenge with which DPWH Secretary Rogelio "Babes" Singson has struggled over the past five-and-a-half years, given the department's reputation as a hotbed of corruption. This perception is supported by surveys conducted by polling organizations Social Weather Station and Pulse Asia, showing DPWH as a government agency that is corrupt, if not the most corrupt.

Singson admits this image had some basis. He found the agency's culture of corruption institutionalized by inefficient policies and practices, perpetuated by employees of questionable integrity and competence. He needed to turn the place upside down and inside out by changing programs, policies, procedures and people.

Creating a new breed

It wasn't enough to obviate policies that bred corruption. Singson purged 30 percent of top management and 22 percent of the rank

and file—up to 4,000 employees—to overhaul the agency and institute change.

Lowering the median age of the workforce, he hired 1,300 young engineers from all over the country through the department's cadet engineer program. These younger engineers are idealistic, more open to change, and lack exposure to corrupt practices.

He also consults with civil society and religious organizations, his allies in crafting reforms. One significant



Rogelio Singson
Secretary,
Department of Public
Works and Highways

Photography by Jun Pinzon and Albert Labrador Grooming by Fennie Tan

policy change at the DPWH dispenses with the Letters of Intent (LOIs). Prospective bidders used to signify interest in certain DPWH projects by submitting LOIs, which corrupt officials had used to conspire with bidders to rig the bidding process.

The requirements from bidders were stripped from 30 down to five essential documents: the financial proposal, technical proposal, bid bond, authorization, and project scope contained in the contract.

Singson attests these measures definitely pay off. DPWH projects had been 20 to 30 percent overpriced, but since 2010, the agency has saved as much as P49 billion through competitive bidding processes alone.

Familiar waters

Changing such deeply entrenched practices and attitudes would daunt most top managers. Singson, however, is no stranger to the demands of government service; he served as the chairman and president of the Bases Conversion and Development Authority (BCDA) from July 1998 to February 2002.

At the BCDA, he pushed PPP projects to put former military bases (Clark, Subic, John Hay, Poro Point, Fort Bonifacio, and Villamor) to commercial and industrial use.

He also was well-grounded in the highly competitive private sector, having been a director of Metro Pacific Investments Corp. and president and chief executive officer of Maynilad Water Services before heading the DPWH.

Helping out other agencies

Getting rid of corruption was necessary, Singson declares, for his department to get on with the vital task of supporting the country's economic growth.

He believes the agency's budget for infrastructure must quadruple to P360 billion by 2016, from only P90 billion in 2011, to account for a large part of boosting the country's infrastructure-to-gross domestic product (GDP) ratio to five percent.

(Editor's note: Under the proposed General Appropriations Act for 2016, the DPWH budget is P401.14 billion, up 32 percent from this year's allocation of P303.2 billion.)

The DPWH also has "convergence programs" with other government

Increasing this to 5 percent of GDP means a proposed total infrastructure budget of P767 billion for 2016, up 29 percent year-on-year. This will not only fund the paving of national roads and construction of access roads to airports, seaports, and

The Aquino administration created the PPP Center to manage big-ticket infrastructure projects.



line agencies, to prioritize projects each department identifies as keys to achieving their individual targets. The Department of Agriculture requires farm-to-market roads, the Department of Transportation and Communications needs airports and seaports, the Department of Education eyes 80,000 classrooms to address K-to-12 needs, and the Department of Tourism (DOT) needs more airports and roads to make tourist sites more accessible.

Singson notes the government in 2010 only budgeted 1.8 percent of GDP – around P165 billion – for various infrastructure projects across other government line agencies.

tourist destinations, but also vital transport infrastructure to expand economic growth to the countryside. Thus far, the bulk of investments in roads and bridges serves the tourism sector, with about P60 billion invested in these projects covering 2,500 km of roads. For 2016, the DPWH will invest P24 billion to cover 1,500 km of roads and bridges leading to key tourist destinations. According to the DOT, this has contributed to the increase in tourism receipts, growing from P157.7 billion to P168.75 billion in the first nine months of 2015.

Singson reports the DPWH has paved about 5,208 km, rehabilitated 4,397 km, and widened 1,577 km of

national roads since July 2010. Despite these reforms and achievements by the agency over the past five-and-a-half years, Singson admits challenges remain for the Aquino administration as well as for the new president who will be sworn into office on Jun. 30, 2016.

Many difficult roads ahead

The DPWH cleanup is only one of many challenges that Singson has faced.

Right-of-way issues can disrupt

it's not accepted, then we go to expropriation procedures." Another impediment is politics, particularly at the local government level, where even petty matters like naming streets after past or current officials can hamper public-works activity. Meanwhile, environmental and other civil-society groups regularly object when road-widening projects threaten trees or historical monuments. The DPWH relocates significant monuments and trees

And then there's Mother Nature. Flooding often delays projects and damages existing infrastructure. Flood-control projects, according to Singson, are tedious, painstaking and extremely time-consuming to implement. The P351-billion flood control master plan for Metro Manila will take 15 to 20 years to complete, with about 11 major projects to rehabilitate dikes, strengthen seawalls, dredge rivers, and construct river-control works.

Informal settlers who obstruct and constrict waterways not only contribute to the causes of flooding but are also an impediment, delaying flood-control projects.

Many of these projects would be severely delayed or even impossible without the quick and ready assistance of the Manila Electric Co. (Meralco). The distribution utility works closely with DPWH to expedite the relocation of facilities like electric posts and power cables, enabling projects to begin – and finish – in the shortest time possible. Meralco itself is involved in numerous PPP projects, not just as a power provider but also as an energy and engineering consultant.

An unfinished legacy

Despite all his achievements, Singson leaves much for his successors to do. He urges his successor to sustain the department's good-governance reforms, and persist in what he calls the 5Rs: pursue the right projects at the right cost and the right quality, accomplish it right on time and with the right people.

To him, this entails undertaking infrastructure projects even in areas run by opposition leaders; the insistence on competitive bidding practices; and a reliance on reputable contractors with a solid track record on similar projects.

Executing all three properly means a project can be finished right on time, but none of these, Singson explains, can happen without having the right people at the DPWH: the best and most qualified professionals 🍷



Meralco itself is involved in numerous PPP projects, not just as a power provider but also as an energy and engineering consultant.

the smooth implementation of projects. "These are the rules of the expropriation procedures, which I don't think are fair," he observes. "We cannot offer higher than zonal [rates], and anything higher has to be court-determined; it's not for us to decide. We can only offer zonal [rates] based on law, and if

whenever possible. However, Singson adds that the cost of evaluating, uprooting, transporting and transplanting individual trees can be costly and time-consuming. "[If relocating] one tree will cost you half a million, then you might as well plant a million trees to replace it," he argues.

A Growing Appetite for PPPs

By Cai Ordinario

Last July, President Benigno Aquino III inaugurated the four-kilometer, four-lane Daang Hari-South Luzon Expressway toll road project of the Ayala Corp. Touted as the first public-private partnership (PPP) project of the Aquino administration, it was awarded to the firm in December 2011 but failed to get off the ground due to some revisions in its contract. The delayed completion indicated the uncertain direction of the government over such projects, coupled with rather hazy implementation guidelines.

These setbacks prompted the administration to hammer out new rules for PPPs. These were improvements of the implementing guidelines for the Build-Operate-Transfer (BOT) Law enacted by President Corazon Aquino, Benigno's mother, in 1990, later expanded by President Fidel Ramos in 1994.

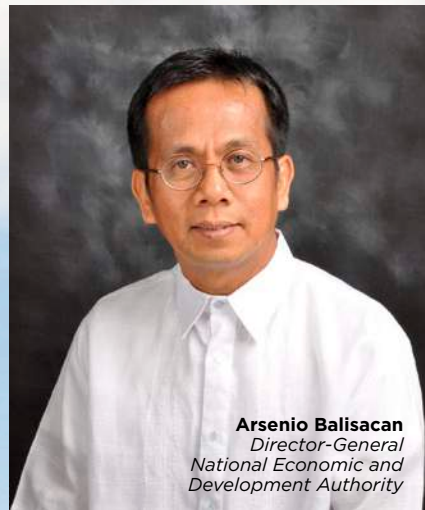
The new guidelines renamed the BOT Center into the PPP Center and transferred it from the Department of Trade and Industry to the National Economic and Development Authority (Neda). The PPP Center's new functions include the design and preparation of projects for approval and bidding, and the creation of processes and "toolkits" to help local governments undertake their own PPP projects.

The revised guidelines also list eligible projects, clarify rules on unsolicited proposals, and include incentives for tourism and renewable-energy projects.

Despite the initial hiccups in the implementation of the PPP program, more private firms are now keen on pursuing infrastructure projects with the government.

The PPP Center reports that as of Oct. 30, 2015, it awarded projects valued at P189 billion to build toll roads, school buildings and classrooms, a hospital, an airport, and a bus terminal, among others.

The PPP projects in the pipeline, excluding awarded projects, are



Arsenio Balisacan
Director-General
National Economic and
Development Authority

pegged at over P800 billion, with plans for more toll roads, railways, bulk water facilities, airports, entertainment/cultural centers, and information-technology systems.

Notwithstanding the massive delay it experienced for its first PPP project, Ayala Corp. is undertaking more of such projects under joint ventures with other firms for the P123-billion Laguna Lakeshore Dike and Expressway, as well as the P1.72-billion Automatic Fare

Collection System to be installed at Light Rail Transit (LRT) and Metro Rail Transit stations. The latter is the first PPP project awarded by the Department of Transportation and Communications.

Metro Pacific Investments Corp., led by Manuel Pangilinan, plunged into the PPP pool through subsidiaries. Its Metro Pacific Light Rail Corp. banded with Ayala Corp. to win the bid for the P65-billion LRT-Line 1 Extension project. Another subsidiary, MPCALA Holdings Inc., won the P55.51-billion Cavite-Laguna Expressway project.

Food and beverage giant San Miguel Corp. has also gotten into the act: its subsidiary, Optimal Infrastructure Development Corp., won the contract for the P15.86-billion Ninoy Aquino International Airport Expressway Project.

Several PPP projects have also been awarded to a new player, Megawide Construction Corp., a former contractor to private firms for infrastructure projects. These programs include portions of the School Infrastructure Project Phase 1 and 2, and the upgrade and operation of the Mactan-Cebu International Airport.

"PPPs are good instruments to mobilize capital resources and tap the private sector's expertise and state-of-the-art technology in constructing public infrastructure facilities or services," declares Socioeconomic Planning Secretary and Neda Director-General Arsenio Balisacan. "Importantly, PPPs can assist governments in addressing infrastructure backlogs as well as in accelerating the delivery of critical development projects and facilities."

The Aquino administration hopes the PPP Act, which further amends the Revised BOT Law, will be passed by the 16th Congress before it adjourns in July 2016. This law will institutionalize the changes already made by the current administration on PPP rules.

Balisacan adds the government also seeks to amend the law on Right-of-Way Acquisition to address bottlenecks that have delayed PPP projects. 📌

Peace Through Football

Joining forces to keep kids out of conflict in Tawi-Tawi



People in conflict zones often lack opportunities or see no other options for their future.

To give children living in such areas a means to escape this fate, the One Meralco Foundation (OMF), in partnership with the Philippine Marine Corps, promotes peace through the sport of football.

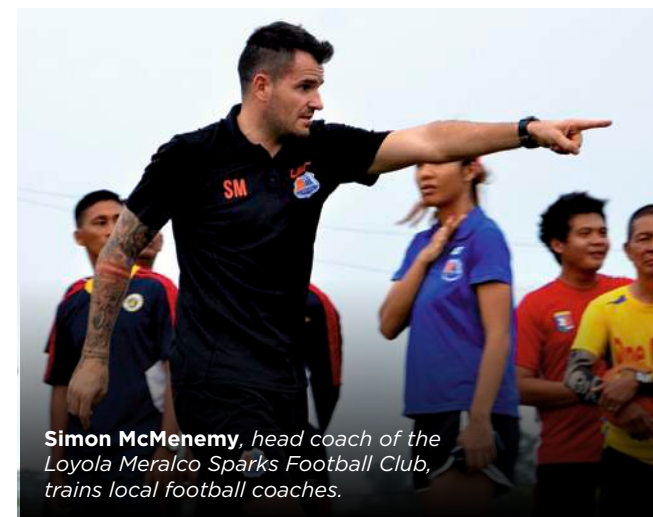
Last September, both organizations brought "Football for Peace" to Tawi-Tawi, in the Autonomous Region in Muslim Mindanao (ARMM). "Football for Peace" is an initiative of the Philippine Marines that began in

2011, to introduce young people to the beautiful game and discourage them from joining armed conflicts. This ties in with OMF's advocacy on youth development, promoting sports as a highly effective tool in developing skills, talent, and opportunities for disadvantaged children.

The program's highlight was a football clinic with the Loyola Meralco Sparks, which included flying in star players like James Younghusband and Simon Greatwich. Aside from training with their football idols, the children of Tawi-Tawi were also inculcated with the values of discipline, fair play and good sportsmanship—values that are important in



Team Captain James Younghusband with the participants of "Football for Peace in Tawi-Tawi."



Simon McMenemy, head coach of the Loyola Meralco Sparks Football Club, trains local football coaches.



nurturing other talents and may offer prospects for a brighter future. 📌

King in a Classic Style

By Paulo Rafael Subido

A lasting love affair with classic European sports cars and a hands-on approach to restoring them keeps RCBC chief Lorenzo Tan all sparked up.

Photography by Jun Pinzon and Vincent Coscolluela Grooming by Arlene Adto



A 1967 Jaguar XK-E sports car, considered an icon of 1960s British motoring.

I wake up everyday at 6 a.m., grab a coffee, and go to my garage to look at my cars." It may sound like obsessive behavior to some, but not to Lorenzo Tan, for whom cars are a lifelong passion.

"I love looking at every detail, down to the screws," he adds, "and want them all looking brand new. I have an interior guy who uses a leather sewing machine in my garage; I can order the right leather and replicate the original seats."

By day, Tan is president and chief executive officer of the Rizal Commercial Banking Corp. (RCBC). Yet for his various restoration projects at home, he enjoys getting his hands dirty and doing the fixing himself. He loves it when friends ask him to restore their classic cars.

He and his two brothers—Nestor and Raul—studied automotive mechanics at a young age; their father, lawyer Rufino Tan, wouldn't get them a car if they couldn't do their own repairs.

"I went to Recto one summer and attended a school," he recalls. "My teacher would dismantle a transmission, with all of the gears, and ask us to assemble it. When I lived in the US, I tuned up my own car."

Fixing broken things comes naturally to him, even those that don't

come with four wheels.

"I buy old things once owned by old, rich people," he explains. "I have old houses, furniture, motorcycles and scooters that I restore. I look for old estates and bring them back to life, too. There is something very

unique about them."

The collection

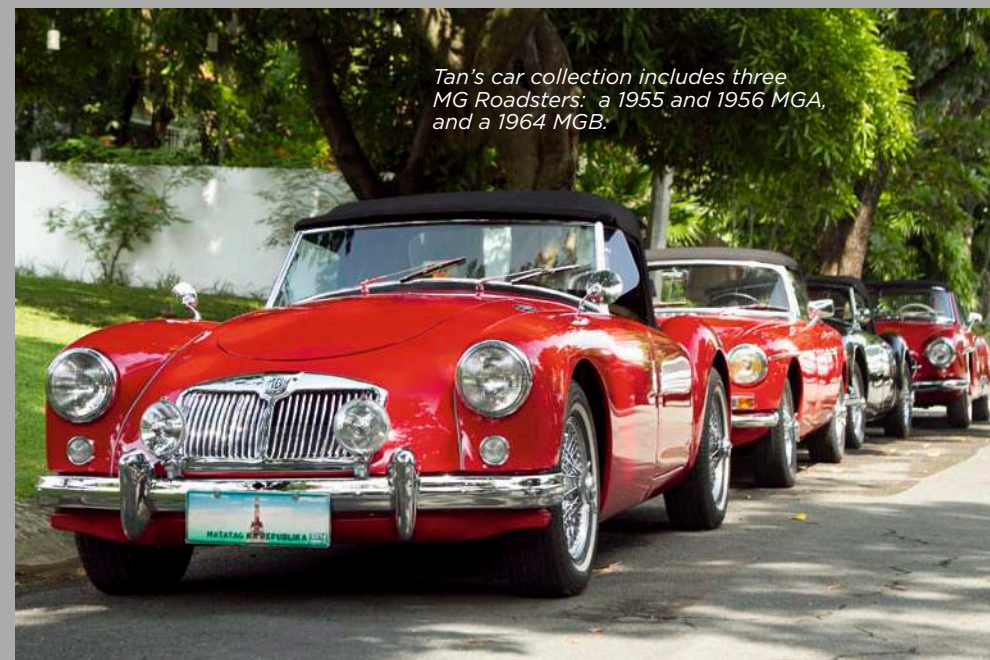
Tan's interest in old sports cars grew from seeing classic British MG Roadsters up close, while living in Singapore. "The first car I restored was a 1969 Mercedes-Benz 280 SL, back in 1995," he remembers; the project took him two years to complete. He now owns three MG Roadsters: a 1955 and 1956 MGA, and a 1964 MGB.

His collection of more than 30 cars favors German, British, and Italian marques. His stable houses several Jaguars, two Bentleys, a Ferrari, and six Mercedes-Benzes.

As with many collectors, he has a Holy Grail: "I'm trying to collect all generations of the (Mercedes-Benz) SL-class, but I don't have the 300 SL gull wing," he laments. "But I do have a [baby gull wing] 1958 190 SL; it's still a very valuable car."

The 190 SL is among his personal favorites, along with his 1967 Jaguar

Tan's interest in old sports cars grew from seeing classic British MG Roadsters up close.



Tan's car collection includes three MG Roadsters: a 1955 and 1956 MGA, and a 1964 MGB.

XK-E and a 1960 Porsche 356 convertible. He doesn't let these babies rip on the open road, but his driver has the pleasure of cruising them around the block weekly for "exercise."

Tan restores classic cars purely for his own satisfaction. Although the cars are not for show, he gets a kick from seeing Instagram posts of visitors taking selfies with his collection.

The RCBC chief hopes to someday pass on these cars to his son, Martin Rufino Tan, although he doesn't consider them as investment pieces. "They don't make economic sense," he laughs. "[If I] sell them, they will sell for less than I spent restoring them."

The job

This passion for restoration is better reflected in Tan's day job, running RCBC.

Ever since he took the helm, RCBC has won 77 international awards since 2010, including 17 in 2014. These include: Overall Best Private Bank and Best Domestic Private Bank in

the Philippines for three consecutive years from Asiamoney; Best Banking Group and Best Commercial Bank in the Philippines from World Finance; and the Outstanding



A 1960 Porsche 356 convertible gets some TLC.

“The strategy that works, is sometimes the craziest idea [like Uber].”



The Mercedes "baby gull wing" 1958 190 SL remains Tan's favorite.

Commercial Bank Respondent on Overseas Filipino Remittances Award from the Bangko Sentral ng Pilipinas.

"RCBC is my longest tenure," Tan says. "I'm going on eight-and-a-half years, [because] I have the perfect team."

He compares restoring companies to playing good music with a five-thousand-piece orchestra: "You've got to have the same music. If one member is out of sync, it just sounds bad. It takes years to play perfect music together. We went from being a sick problem child to something good."

In the first half of 2015, the bank's unaudited net income grew by 26 percent to P2.53 billion, spurred by a 12-percent increase in interest income to P11.8 billion. Its lending business expanded by 18 percent to P278 billion during said period.

"We have the momentum, but we aren't great yet," Tan declares. He envisions RCBC to become the most valuable bank in Asia.

"[We] need to build something scalable and nimble," he elaborates. RCBC invests in electronic channels, and explores banking solutions for

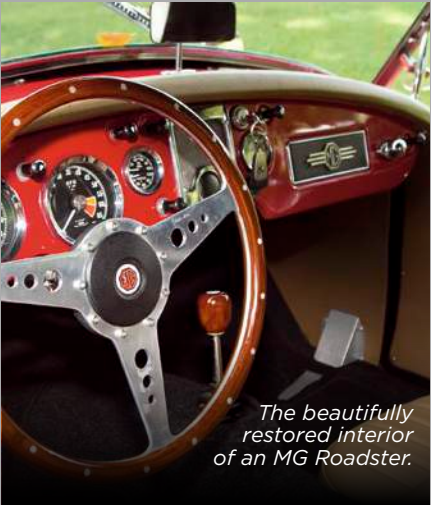


A 1980s Jaguar XJ-S.



Two classic BMW R-series motorcycles.

“The sound a car makes can tell you if there is trouble in the making.”



The beautifully restored interior of an MG Roadster.

blue-collar customers who never had a bank account, such as house painters, masons, construction workers, and tricycle drivers.

Tan and his team explore game-changing technologies to gain a competitive advantage. "The strategy that works," he explains, "is sometimes the craziest idea. Uber brought the passenger and taxi driver together through technology; why can't RCBC service the Asean (Association of Southeast Asian Nations) region, or Asia? We started with 700,000 customers; we now have 7 million. We grew that fast because of technology."

The lessons

"When I speak to students," Tan expounds, "I tell them, you don't become a good trader unless you've done some bad trades. You don't become a good lender unless you've done some bad loans. You don't become a good operations person unless you've seen operation losses. You learn from mistakes, and you develop instincts."

"I've cleaned up two banks after the Asian financial crisis [in 1997-1998]. When people make presentations, I already have the right questions. When I talk to a client, I know if they are in trouble. It's my instinct." Honing in on these instincts is not so different when restoring a classic car.

"The sound a car makes can tell you if there is trouble in the making," he explains. "I hate *kalampag* (rattling noises) or anything like that. I hear things my drivers don't hear."

Tan dreams of setting up a restoration shop when he retires. For him, there's no getting away from fixing things and making sure they run as they should, be it classic cars, vintage motorcycles, old houses, or even banks. 🛠️



The Pagbilao Power Plant in Quezon province.

Banking on BIG-TICKET PROJECTS

By Lawrence Agcaoili

Philippine banks seek regulatory reforms to keep providing financial resources for much-needed infrastructure upgrades.

The Philippines is likely to maintain its stable growth, with gross domestic product (GDP) set to expand by 6.4 percent in 2015 and 6.3 percent in 2016, according to the Asian Development Bank.

In its annual report released in March 2015, the Asian Development Outlook (ADO) sees the rise in the number of people with jobs, modest inflation rate, and higher remittance inflow from overseas Filipino workers (OFWs) keeping the country's growth on an even keel.

It noted, however, how the lack of vital infrastructure discourages investments from foreign companies. Roads, airports and seaports, power plants and communications networks, whether handled by the government or by private companies, need more than manpower and materials; these projects need financing, and lots of it.

Still banking on banks

In developed markets like the US and Europe, non-bank sources such as private equity, hedge funds, and venture capital account for 70 percent of infrastructure financing. But veteran banker Roberto Juanchito Dispo describes the Philippine economy as "bank-centric," as banks account for 70 percent of total financial resources.

"That is how powerful and how dominant banks are," he underscores. "[They] are almost in all facets of business transactions in the country."

Bangko Sentral ng Pilipinas (BSP) Deputy Gov. Nestor Espenilla Jr. insists "there are alternative funding sources to local bank borrowing." He points to the capital markets, including bond issuance, corporate notes issuance, project finance, infrastructure bonds and foreign direct investments. Yet he also notes that new foreign banks are coming into the Philippines.

Signed in July 2014 by President Benigno Aquino III, Republic Act No. 10641 removed limits, previously set at 10, on the number of foreign banks operating in the country. The law now permits foreign banks to own up to



Veteran banker
Roberto Juanchito Dispo

100 percent of a local bank, from the previous 60-percent cap.

To date, the BSP allowed six more foreign banks to set up shop in the Philippines: Sumitomo Mitsui of Japan, Shinhan Bank of South Korea, Cathay United Bank of Taiwan, the Industrial Bank of Korea, Yuanta Bank of Taiwan, and United Overseas Bank Limited of Singapore.

BSP data show the total resources of banks in the Philippines at P11.5 trillion at the end of June 2015, an 8.6-percent increase from P10.6 trillion, year-on-year. Bank lending grew 14.1 percent to P4.67 trillion in August 2015, from P4.09 trillion in August 2014.

Focused on power

BDO Capital & Investment Corp. President Eduardo Francisco says about 15 to 20 percent of his bank's total loan portfolio is disbursed to major infrastructure projects. BDO Capital is a wholly owned subsidiary of BDO Unibank Inc., majority-led by mall magnate, Henry Sy, Sr.

Corporate clients comprise about 30 percent of the bank's total loan portfolio. The government accounts for 20 to 25 percent, through Republic of the Philippines (ROP) bonds or loans to government-owned and -controlled corporations (GOCCs).

BDO raises funds for several conglomerates actively bidding for PPP projects, including San Miguel Corp. (SMC), JG Summit Holdings Inc., Ayala Land Inc., SM Investments Corp., and

Megawide Construction Corp.

"We are the first bank to reach P1 trillion in loans," Francisco asserts, "with a diversified loan portfolio." BDO disbursed between P150 billion and P200 billion "to support Philippine infrastructure projects such as roads, bridges, airports and power [facilities]." These include ventures like the Pagbilao Power Plant in Quezon, and the Alternergy Wind Farm in Pililia, Rizal.

A more recent power project involves a planned 500-megawatt supercritical coal-fired power plant in Mauban, Quezon, to be built by San Buenaventura Power Ltd. Co. (SBPL). On Nov. 27, 2015, a consortium of local banks agreed to provide P42.15 billion in funds, making this one of the few PPP projects entirely financed by Filipino banks. The banks include BDO, China Banking Corp., Metropolitan Bank and Trust Co., Philippine National Bank, and Rizal Commercial Banking Corp.

SBPL is a partnership between affiliates of Meralco PowerGen Corp., the power-generation arm of the Manila Electric Co. (Meralco); and New Growth BV, a wholly owned subsidiary of the Electricity Generating Public Co. Ltd. Group of Thailand.

Power generated by SBPL's plant will be sold to Meralco under a 20-year power supply agreement that was approved by the Energy Regulatory Commission in early 2015.

Slow rollouts for PPPs

Although Philippine banks are capable of funding major infrastructure projects, "the loans outstanding to PPPs are still low," bemoans Francisco, "because a lot of the projects have just been awarded."

The Aquino administration awarded 10 PPP projects worth P189 billion since 2010, and data from the PPP Center shows the government rolled out 14 PPP projects worth P515.87 billion.

"New projects [awarded in 2015 and 2016 will only] show in the next year or two," Francisco points out. "For the next two to three years, local banks in general have enough lending capacity for PPP projects because we are getting bigger."

He reveals P1.2 trillion in funds parked in the special deposit account facility of the BSP await deployment to fund major infrastructure projects, including those under the PPP scheme.

A government spending slowdown accounted for the year-on-year drop in GDP growth, which slid to 5.3 percent from 6.4 percent the previous year.



Nestor Espenilla Jr.
Deputy Governor
Bangko Sentral ng Pilipinas

Photography by Vincent Coscolluela and Albert Labrador Grooming by Fennie Tan

GROWTH RATES IN LENDING FOR INFRASTRUCTURE-RELATED ACTIVITIES (From August 2014 to August 2015)

Source: Bangko Sentral ng Pilipinas

CONSTRUCTION:
From P94.45 billion to P125.19 billion (32%)

ELECTRICITY, GAS, STEAM AND AIR-CONDITIONING SUPPLY:
From P385.98 billion to P484.86 billion (25.6%)

WATER SUPPLY, SEWERAGE, AND WASTE MANAGEMENT:
From P53.4 billion to P56.57 billion (5.9%)

Cautious evaluation takes time

Going slow isn't always a bad thing, advises Simon Paterno, executive vice president and head of financial products and services at the Bank of the Philippine Islands (BPI). He insists banks must carefully evaluate each project's viability and its proponents' track record, and weigh high-visibility projects' regulatory and political risks.

Of the 10 awarded PPP projects, he says BPI was involved in three: the P175-billion Mactan-Cebu International Airport passenger terminal building, the Department of Education's School Infrastructure Project, and the P1.72-billion Automatic Fare Collection System project for Light Rail Transit lines 1 and 2 and Metro Rail Transit's line 3.

"The most obvious way [to engage in PPP [projects]] is through lending," Paterno stresses, "but we also participate as an investor and as an advisor. We go beyond traditional lending."

The need to reset limits

For PPP projects with lease payments from government as the primary revenue source, he urges the government and the BSP to mitigate the multi-year obligation authority (MYOA) risk, perhaps by way of a PPP contingent fund.

Clarifications on affiliate lending to PPP's would also be welcome: "We

ask the BSP to refine the directors, officers, stockholders, and related interests (Dosri)-limit adjustments," he stresses, "or to provide relief for Dosri and affiliate limits, especially for large projects that require several banks to contribute to the financing."

"Some of the largest conglomerates have banking affiliates that actively support PPP projects, [and these restrictions] preclude [some] banks from participating in the financing."

These include the Ayala Corp.-led BPI, Sy's BDO and China Banking Corp., the Gotianun-held East West

Banking Corp., and the Ty's Metrobank Group with its thrift bank, PSBank.

"We believe very large transactions with several large partners that have no clear majority provide sufficient safeguards," Paterno emphasizes, "to ensure good governance and avoid conflicts of interest."

The banking community, he adds, awaits a BSP policy statement on a possible extension of the single borrower's limit (SBL) exemptive relief beyond 2016 and for a longer period, as big-ticket items require a longer term of repayment.

Since 2004, the central bank has imposed a 25-percent SBL on a bank's net capital to prevent excessive exposures to a borrower or a group.

BSP's Espenilla sees no immediate plans to extend the additional SBL. He maintains the expanded limit was purposely designed to be time-bound, as the SBL is an important safeguard against excessive credit risk concentration.

But with funding bases of deposits that range from 30 days to one year, infrastructure projects expose the banking system to long-gestation risks. This prompts banks to find other ways to offload risk.



Simon Paterno
Executive Vice President
and Head of Financial Products and Services
Bank of the Philippine Islands

'We are also participating as an investor and as an advisor [in PPP projects].'

Mitigating risks

BDO's Francisco believes funding capital-intensive and long-gestation infrastructure projects requires banks to play for high stakes.

"[There are] major risks that can be reduced, not only for BDO but for sponsors," he attests, "who will invest [billions of pesos in 20- to 25-year concessions and cannot get their money out. There are no hard assets; what you are [investing in] is the concession."

Francisco echoes Paterno's views on the need to study the viability of PPPs undertaken by the government: "You have to do your due diligence to make sure that they, as investors, and we, as lenders, will get paid."

He points to the inability of toll operators to secure the fee increase stipulated in the concession agreement, the government's non-delivery of the right-of-way for road and railroad projects, and water concessionaires' difficulties in securing the agreed tariff hike.

Dispo also brings up completion risk as another hazard. "A proponent may just abandon the venture after starting it," he says, "[exposing] the banks to [loss due to] an unfinished



Eduardo Francisco
President
BDO Capital & Investment Corp.

'The reality is, the loans outstanding to PPPs are still low because a lot of the projects have just been awarded.'

project." To mitigate this, he recommends requiring insurance from a reputable insurance company, and for the proponents to put up a 30-percent equity to demonstrate their commitment.

Building to keep the economy growing

Paterno knows robust infrastructure is crucial in sustaining Philippine economic growth. "Countries that

experience the strong growth we have had in the last few years are usually unable to sustain it," he warns, "when they run into infrastructure bottlenecks."

He deplores the power-plant shortage and Metro Manila's heavy traffic for its adverse effects on private-sector productivity and the movement of goods.

"The faster growth in income means more cars, so you also have to increase the capacity of the roads," he reasons. "When no one can get to work anymore, you run into constraints in growth."

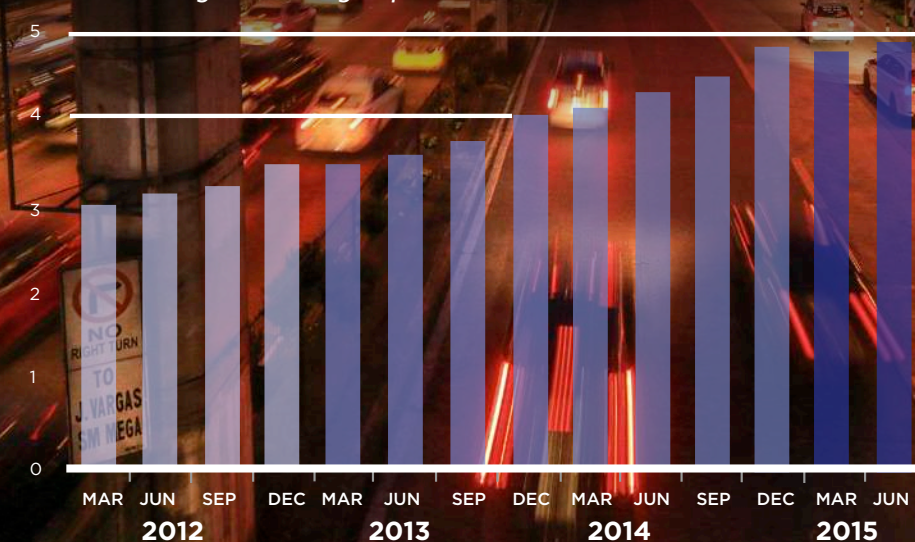
He urges the government to bolster its ability to implement much-needed infrastructure initiatives, and for the BSP and other regulators to grant greater leeway for banks to finance these projects.

With the global economic slowdown led by China, and an impending interest rate increase in the US, Paterno cannot overstate the significance of new and sustained infrastructure investment.

"It will be disproportionately important in the coming years," he predicts, "compared to the recent past, when the sun was shining and all was well. Now that things will be a little more difficult, infrastructure [investments are] a domestic opportunity on which banks should focus." 🗣️

LOANS OUTSTANDING OF COMMERCIAL BANKS (GROSS OF RRP's) in trillion pesos

Source: Bangko Sentral ng Pilipinas



*Reverse repurchase papers

LICENSE TO PLAY

by Jing Lejano

Tops Ocean Inc. finds making characters more fun in the Philippines

Most people associate Japan with high-tech gadgets, well-made cars, intelligent robots and

sushi. To a global audience of otaku (Japanese for fanatic), however, it's all about manga (comic books), anime (animated movies and TV series), kawaii (cute characters and collectibles), and video games. It's a universe populated by thousands of fantastic and colorful characters like Pokemon, Hello Kitty, and Voltes V.

It's also a booming business worth billions of dollars worldwide, involving DVDs and Blu-ray discs, printed books, and every imaginable kind of licensed merchandise. The latter alone encompasses stationery, trading cards, personal accessories, clothing, food and beverages, and countless character figurines and collectibles. A series of studies by the Nomura Research Institute, and later by the Hamagin Research Institute, estimated the total value of the otaku market in

Analysts in and outside Japan view the *otaku* industry as a key economic pillar.

Japan alone at around ¥2 trillion (P760 billion) in 2005. A recent study by the Yano Research Institute of Japan indicated that one out of four Japanese considered themselves *otaku*. It also estimated that buyers spent an average of ¥25,400 (about P10,000) per year on *otaku* products in 2014.

Such is the impact of Japanese popular culture overseas that a number of analysts in and outside Japan view the otaku industry as a key economic pillar, with the potential to help pull the country out of its present recession. It may also help boost the economies of neighboring countries.

Attractive options

When Japanese businessman Mitsuhiro Murata and his partners started to scout locations for a new enterprise to make licensed-character

collectibles, they set their sights on four countries: Laos, Cambodia, Vietnam, and the Philippines.

In Cambodia, they encountered problems with transportation and manpower skills. In Vietnam, they found the annual rate increase of labor costs constricting, while in Laos they were beset with communication issues. The Philippines proved to be the most attractive option, with favorable labor costs and a capable workforce fluent in English.

The new company, Tops Ocean Philippines Inc. (Topic), set up shop at the First Philippine Industrial Park Inc. (FPIP) in Sto. Tomas, Batangas and opened its offices on Oct. 25, 2015. The 457-hectare FPIP is among the country's leading industrial properties, a joint venture between First Philippine Holdings Corp. and Sumitomo Corp. of Japan.



Photography by Jun Pinzon Grooming by Cats del Rosario

Promising connections

Much of Murata's confidence in Topic's prospects comes from its working relationships with Studio Ghibli Inc., a leading Japanese animation film studio, and Sanrio Co. Ltd., a Japanese company that designs, licenses, and produces Hello Kitty items, among others.

He adds that this confidence is elevated by his company's strong relationship with the Manila Electric Co. (Meralco). Although the factory and assembly line are still being installed, the premises are already energized; Murata says he opted for early connection primarily because renting and fuelling temporary generators was costly and unreliable. He also wanted the factory to be fully energized in time for an inspection last October by company investors.

Meralco helped ensure quick energization by sending a technical

services and design engineer to the factory site to monitor the proper implementation of all civil works. The distribution utility ensured the toy company adhered to FPIP power standards as well.

Teething problems

Topic will focus on the manufacture of plastic toys and accessories. "At the start, 100 percent of the output is for export to Japan," says Murata, "but eventually, we are looking at penetrating the European and American markets."

The Philippine operation will involve painting, assembling, and packing; already, the company has 20 employees being trained to paint toy components. "It's a special skill," says Murata, "so our Japanese engineer is teaching the Filipinos. A Chinese painting engineer will also be coming in."

He explains Topic has not yet ventured into the injection-molding process since it still lacks the equipment and the skills. This is handled at the business' manufacturing facilities in China and Japan.

Sourcing materials is another issue: "It's very difficult to look for materials in the Philippines, so we have to import," admits Murata, adding that in the foreseeable future, all their materials will come from China.

The coming figures

By January 2016, operations at Topic's Batangas facility will be in full swing. The company accepted orders to make plastic figures of characters from the highly popular Japanese manga series, One Piece, and plans to manufacture collectibles for Studio Ghibli. Murata predicts sales for 2016 will be valued at US\$3 million (P141 million) and thanks to solid

Murata predicts sales for 2016 will be valued at US\$3 million (P141 million).



Mitsuhiro Murata
President
Tops Ocean Inc.,
Philippines

relationships with some of Japan's leading creative enterprises, he hopes this will increase to US\$5 million (P235 million) by 2018.

He is also confident that, with Meralco's unfailing assistance in securing and optimizing Topic's energy requirements, his company's expansion efforts will proceed quickly and smoothly. Topic plans to build another factory alongside the existing one, incorporate injection molding in their operations, and more than double its workforce from 300 to 700.

Topic's prospects, in fact, are so bright that Murata intends to push through with his expansion plans, regardless of the outcome of the 2016 national elections. He's looking 10 years ahead with plans to set up another factory; such is his confidence in the business environment and in Filipino workers. It's a fitting outlook, given that Topic's business is the stuff of which dreams are made. ☺

A Healthy Outlook

by MC Santos

Product development, superior workers and reliable energy help put Terumo all over the map.

manufacture of catheters, intravenous needles and disposable syringes, among other hospital supplies.

The Philippines in particular has proven to be a good base of operations; part of the company's current expansion plans is to establish plant facilities for its newly introduced products and to reach wider markets, particularly in Asia. Aside from providing products to the medical industry, Omura wants TPC to "support and provide for the needs of the pharmaceutical industry."

As good as Japan

"The main reason we transferred some of our Japan operations to the Philippines is because of its capability to manufacture and produce good quality products, virtually comparable to Japan quality," Omura declares.

"Filipino workers are considered skillful, hard-working, creative, fast learners, and most of all, they are generally good at the English language, which makes it easier for us to communicate globally," he says.

"We employ a large number of engineers to support the highly advanced technological equipment and process that we utilize at TPC."

These skills enable TPC to supply

its products throughout Asia, the Americas, Europe, and the Middle East. This highlights the importance of TPC among Terumo's overseas manufacturing plants.

Power and control

To stay competitive, Omura says his company must engage in continuous process improvement, cost reduction activities, and on-time deliveries.

He credits his partners at the Manila Electric Co. (Meralco) for helping him achieve these objectives. He also acknowledges that MPower, the company's local retail electricity supplier, "provides very good support to TPC in terms of introducing more flexible rates and providing open communication in discussing generating plant capabilities and cost charging."

To help TPC achieve peak operational efficiency, Meralco brought in MServ, its energy-services subsidiary. "Our facilities are power-intensive due to the use of automated systems," states Omura. "MServ provides good support, especially on studies to improve the quality and efficiency of our electricity supply within the factory. They have conducted several studies of our electrical facilities to determine the cause of power fluctuations or damages in our power system."

The combination of superior

TPC manufactures a variety of syringes and hypodermic needles for hospital use.

workforce skills and a solid infrastructure encouraged TPC to look beyond manufacturing.

Expecting more from innovation

Since it began in April 2000, TPC had expanded several times. From producing a single product—disposable syringes—the company now has 10 product lines. This expansion is a result, says Omura, of Terumo's ability to respond to new demands with "innovation at the speed of light."

He adds: "The current focus of the medical-device industry is to develop and provide new technology to be

used for the treatment of diseases, such as cardiovascular illnesses, diabetes, and cancer."

To stay abreast of current and future needs, the company maintains direct interaction with medical practitioners and patients. It also constantly looks for ways to keep its products affordable to the general population.

Omura eagerly points out that even the most basic concerns, such as the safety of health practitioners against accidental infection, proves to be fertile ground for new product development. This led Terumo to develop a safety syringe, now being manufactured at TPC. This features a swivel cap that swings open when the syringe is in use, then snaps back to cover the needle afterwards.

A culture of innovation, Omura insists, can only grow if everyone from management to rank-and-file employees becomes part of the process. This is why he believes the Philippine education system must be more responsive to change if the country is to produce Filipino professionals and workers who are globally competitive. He suggests, for instance, the introduction of more courses in manufacturing technologies like molding.

He concludes that constant improvement—of products, systems and people—is the best way to ensure consistent growth, both for TPC and the Philippines as a whole. 🌱

Yasuhiro Omura
President
Terumo (Philippines) Corp.

On first encounter, the openly jovial, jocular personality of Yasuhiro Omura seems an unexpected contrast to the precise, demanding nature of the company he runs. Perhaps he simply enjoys being here; his patter is occasionally peppered with Filipino expressions.

Omura is president of Terumo (Philippines) Corp. (TPC), a company that may be unfamiliar to many, yet has no doubt helped save many lives the world over, while contributing to the health and wellness of countless more.

From one product to three divisions

Terumo was initially established as Sekisen Ken-onki Corp. in 1921 by a group of scientists and doctors led

by Dr. Shibasaburo Kitasato, with the mission of "contributing to society through healthcare." From producing thermometers for use in post-World War II Japan, Terumo now develops, manufactures and distributes a range of high-quality medical devices in over 160 countries. These include products used in interventional procedures, cardiovascular surgery, and transfusion medicine.

The company also manufactures a broad array of syringes and hypodermic needles for hospitals, and supplies drug delivery and injection devices to pharmaceutical firms.

Globally, Terumo's business consists of three divisions: cardiac and vascular, blood management, and general hospital. The latter is the focus of TPC's operations, including the

'Filipino workers are considered skillful, hard-working, creative, fast learners.'

TPC's state of the art production plant at the Laguna Technopark.

Photography by Toto Labrador Grooming by Weng Briones

OF Tee and Camaraderie

by Miel Ax Villaruel

Meralco brings together top bosses for a day out on the green.

The Presidential Flight, composed of (from left): **Alfredo Panlilio**, Meralco SVP and head of Customer Retail Services and Corporate Communications; **Jaime Bautista**, president and COO of Philippine Airlines; **Reynaldo Umali**, 2nd District representative of Oriental Mindoro; and **Miguel Tabuena**, the Philippines' no. 1 ranked professional golfer.



PRO-AM CHALLENGE II

STA. ELENA GOLF CLUB - NOVEMBER 23, 2015

Ikuo Yoshida,
president of Rohm
Electronics Phils Inc.



Photography by Jun Pinzon and RR Barretto

Give corporate partner clients a chance to compete alongside 50 of the country's top golfers - plus a chance to win top brands in automobiles and golf gear - and you get a highly motivated field eager to out-eagle each other in a lively, friendly fashion.

It all happened at the Meralco Power Club Pro-Am Challenge II, held at the Sta. Elena Golf and Country Club in Sta. Rosa, Laguna last November 23. Verbal exchanges such as, "Was that a par?" "No it was actually a birdie" flew at the fun holes. The greens rang with laughter, supportive cheer.

The 6:45 a.m. ceremonial tee-off was led by Alfredo Panlilio, Meralco senior vice president and head of Customer Retail Services and Corporate Communications, to mark the sixth consecutive Meralco Power Club golf invitational. The first was held in 2010 to engage select corporate partners in a friendly and relaxed environment. The tournament also allows Meralco's managers to know their customers better, outside the confines of the

boardroom.

This year's 18-hole game allowed teams of amateur players bolstered by one professional to play as one flight, creating a total of 54 flights. The best net score among the team players made up the team score.

The games were capped with a delicious lunch and delightful entertainment provided by Filipina-French international performing artist, Emmanuelle Adda, who co-hosted the program with TV5 sportscaster Aaron Atayde. Raffle prizes were handed out for the Fun Hole Challenge and Tournament awards, and the winners were announced by hosts Panlilio and Jose Antonio Valdez, Meralco vice president and head of Marketing, Customer Solutions and Product Development, and Victor Genuino, Meralco vice president and head of Corporate Business Group.

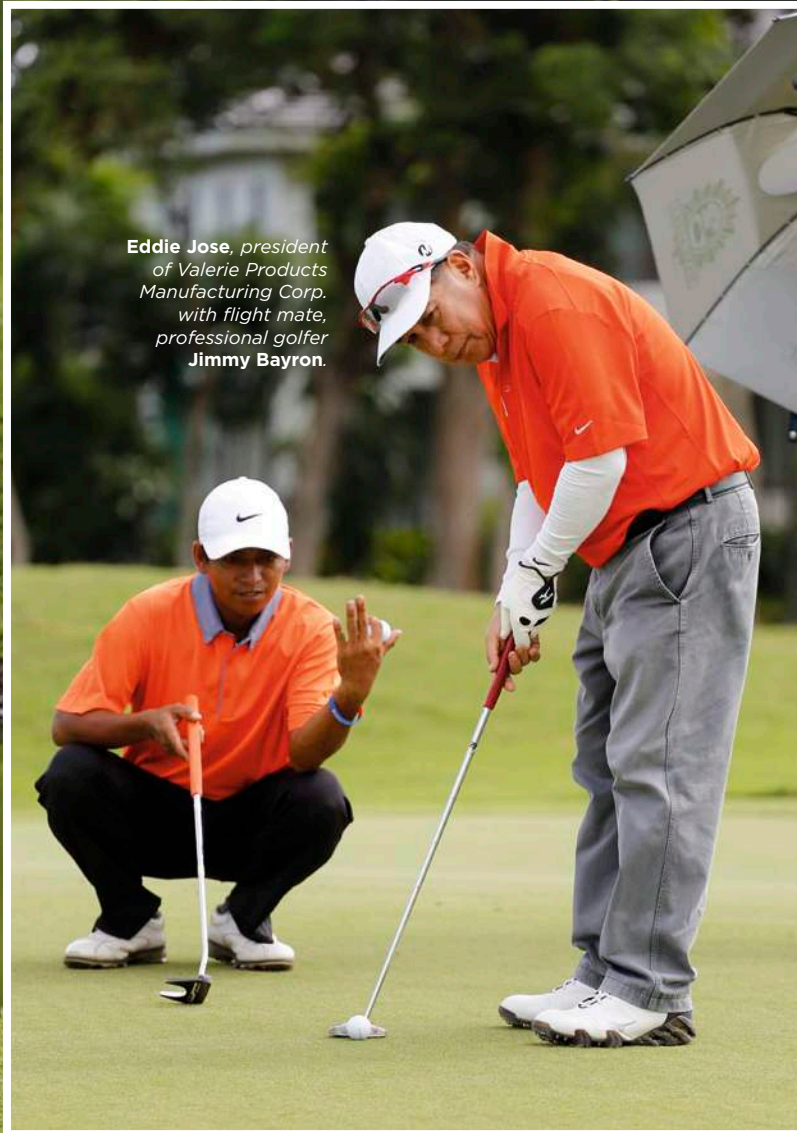


Corrie Narisma,
assistant
business editor
of Philippine
Daily Inquirer,
brightens up after
sinking a putt.

'I think the biggest success was that they were able to gather the people in the industries Meralco serves.'

- Renato Baja, Lafarge Holcim Aggregates

Eddie Jose, president of Valerie Products Manufacturing Corp. with flight mate, professional golfer **Jimmy Bayron**.



Dan Lachica, president of Semiconductor and Electronics Industries of the Philippines Inc.



Efren Martinez, president of May Harvest Corp. with **Steven Kisling**, Facilities Management Office Head of the US Embassy in Manila.



Lee Yun Yong, president of Best Chemicals and Plastics Inc.



Francis Giles Puno, president and COO of First Gen Corp.



With a score of -18, Flight 27A team of Ishida Philippines Grating Co.'s Takuya Kawamura, Lafarge Holcim Aggregates operations manager Renato Baja, and golf pro John Kier Abdon won as second runner-up.

Baja came well-prepared for this tourney. "It just so happened that a couple of weeks ago, I joined a four-day tournament. And last

week I went to Baguio for a two-day tournament. The tournaments helped me [get] in this position now."

The first runner-up, Flight 19B with a score of -21, consisted of PLDT Vice President Renato Castañeda, Autohub Group President Willy Tee Ten, Baek Geum Philippines Co. President Yang Woo Yoo, and golf pro Albin Engino.

Flight 22B emerged as champions, with a score of -23. JG Summit Holdings Inc. Corporate Energy Division General Manager Cesar Camaongay, and Bonpack Corp. Vice President Chief Operations Officer Duane Tan, and MPower Retail Sales Head Emmanuel de Ramos each received a trophy.

"We have a good professional

(on our flight)," Camaongay says of teammate, pro-player Ramil Bisera. For his part, Bisera credited his team's individual abilities and teamwork. "They all swung well. But when one makes a mistake, the other picks up the slack," he explains.

MServ was a platinum sponsor, while Toyota Motor Philippines, Nissan Westgate, PGA Cars (Audi),



Peugeot Lipa, Autohub Group of Companies, and Pacsports Philippines Inc. were major event sponsors.

Secondary sponsors for the raffle prizes were Miescor, Radius, LG Electronics Philippines, Empire Golf & Sports Shop, Republic Surety and Insurance Co. Inc., Indra Philippines Inc, JLindeberg, Solaire Resort and Casino, Bayad Center (a Meralco Company), Remington Hotel, City of Dreams Manila, and Sommelier Selection, Inc.

Baja summed up the event by saying: "I think the biggest success was that they were able to gather the people in the industries Meralco serves. We're able to meet a lot of people and have fun with them."

Panlilio thanked Meralco's partners and clients for the business, and emphasized that the best part of the event was the camaraderie. 🍷



From left: **Solomon Gines**, professional golfer; **Valentino Niocena**, vice president of Ebara Pumps Philippines Inc.; **Melanie Joy Senga**, Meralco Corporate Partner relationship manager; and **William Chua**, managing director of Multiplast Corp.

Alfredo Panlilio (second from left) awards the championship trophies to **Flight 22B** composed of **Cesar Camaongay**, general manager of JG Summit Holdings Inc. Corporate Energy Division; **Duane Tan**, VP and chief operating officer of Bonpack Corp.; and **Ramil Bisera**, professional golfer. They are joined by **Victor Genuino**, Meralco VP and head, Corporate Business Group, and **Jose Antonio Valdez**, Meralco VP and head, Marketing, Customer Solutions and Product Development (second and first from right).



Dazzling Power

by Esmi Barrera

The Manila Bay Resorts at the Pagcor Entertainment City, scheduled for completion in December 2016

The bright lights and glittering glamor of the Philippine Amusement and Gaming Corp.'s (Pagcor) Entertainment City are irresistible to those who seek escape and excitement. Places like Solaire Resort and Casino and Belle Corp.'s City of Dreams, along with upcoming Travellers International's Bayshore Resorts World and Tiger's Manila Bay Resorts, beckon thrill-seekers of every age and inclination.

Feeding this frenzy of flash and fun is the newest state-of-the-art facility, Pagcor-1 substation, built by the Manila Electric Co. (Meralco) to secure the growing power needs of Entertainment City.

Inaugurated last November 11, the Pagcor-1 substation is among the country's most technologically advanced power infrastructures. With the largest integrated and fully automated Gas Insulated Substation, the facility also includes a fully underground sub-transmission and distribution system to eliminate electric poles and unsightly overhead cables.

The next-generation International Electrotechnical Commission (IEC) 61850 standard highlights the new



Bright smiles: Meralco Chairman **Manuel Pangilinan** (extreme right) and Pagcor Chairman and CEO **Cristino Naguiat, Jr.** celebrate the inauguration of the Pagcor-1 substation. Joining them are (from left): **Ronnie Aperocho**, Meralco's first vice president and head of Networks; and **Alfredo Panlilio**, Meralco SVP and head of Customer Retail Services and Corporate Communications.

substation's Automation System. This integrates protection, control, measurement and monitoring functions within the substation for improved reliability, faster power restoration and enhanced efficiency. It also allows for remote operation of the facility.

A second advanced substation for Entertainment City is already in the works. These two facilities represent Meralco's commitment to ensure adequate and reliable power supply for the growing energy requirements of the hotels, resorts and casinos within the 120-hectare complex.

"This is a milestone in Meralco's over-100-year history," declares

Ronnie Aperocho, Meralco first vice president and head of Networks. "The preparation, planning, and construction of the Pagcor-1 substation and the underground system for Entertainment City, was a massive undertaking."

Meanwhile, Alfredo Panlilio, Meralco senior vice president and head of Customer Retail Services and Corporate Communications, emphasizes the role of the strong partnership between Meralco and Pagcor: "Pagcor-1 is proof of the collective belief in the potential of Entertainment City to become a key enabler of the country's growth and development." 🍷

Policing the Nerve Center

by MC Santos

From disruptions to calamities, the Meralco System Control Center stands ready to respond to any power contingency at a moment's notice.

Upon entering the System Control Center (SCC) of the Manila Electric Co. (Meralco), one is strongly reminded of a NASA mission control center. The huge room is filled with ranks of people, hunched over banks of monitors. Dominating the space is the ultimate fantasy of any cinephile or computer gamer: a 15-meter-wide LED panel that can display several screens at once, or a humongous, contiguous image.

This is the nerve center of Meralco's power distribution operations, where the status of any part of the network – a residential block in Sta. Mesa, Manila or an industrial park in Laguna – can instantly be investigated. This real-time capability is facilitated by its robust, utility-grade Supervisory Control and Data Acquisition (SCADA) system. SCADA controls the field devices necessary for the continuous

flow of electricity to all customers. This is essential, given that Meralco's distribution network is 98 percent above ground and exposed to all sorts of disturbances, including natural calamities.

Rapid restoration

The SCC provides near real-time reports on outages, and constantly updates the Call Center and Operations Offices on restoration efforts. The Call Center disseminates relevant information to affected customers while operations can carry out switching orders to facilitate and accelerate the resolution of power outages.

"Multiple and simultaneous displays of operational tools allow us to quickly make informed decisions," declares Ronnie Apercho, Meralco first vice president and head of Networks. "This substantially shortens

the duration of outages."

These capabilities were put to the test following the impact of super typhoon Lando (international name Koppu) on Oct. 17, 2015. Lando flooded swathes of northern Luzon, disrupting electrical service to Meralco customers in Bulacan province. Apercho and his team worked 24/7 to identify and immediately isolate the faulty sections of affected circuits. Simultaneously, healthy circuits were kept energized by coordinating remote-controlled line switches and the timely dispatch of field crews.

During such calamities, the SCC, aided by the Emergency Operations Staff (EOS), plays a vital role in ensuring that the grid remains stable and safe for Meralco's customers.

"As facilities and infrastructure are affected and downed, our field crews and engineers are immediately dispatched to provide an assessment

of the damage and inputs to the [SCC] to aid in power restoration," says Apercho. "We are now in the process of procuring Unmanned Aerial Systems, or drones, to aid us in damage assessment after a typhoon. This will help speed up the restoration process."

Intelligence, updated

The detection and resolution of power interruptions are further expected to improve with the imminent launch of the Advanced Distribution Management System (ADMS). It's a software

platform that supports a full suite of distribution management and power optimization. These include automated power restoration following an outage, giving Meralco the ability to withstand, and quickly recover from, a natural disaster. ADMS also provides wider capabilities to enable Meralco to adapt to renewables like photovoltaic (PV) systems, and implement new technologies like smart meters.

"As we continue to connect more distributed generators and rooftop PV systems, the management of the grid [becomes] more complex," Apercho explains. "This facility is set up to accommodate the technology that will allow us to make good decisions to maintain system reliability and resiliency."

The full potential of ADMS in 2016 is expected to have a dramatic impact not only in the way Meralco serves its customers, but also the way customers can interact with the power network. Combined with technologies like automated field devices and smart meters, the system gives the SCC added functions such as Fault Location, Isolation and Restoration, Volt/VAR (Volt-Ampere



Above: Meralco First Vice President and Head of Networks **Ronnie Apercho**, flanked by Energy Sourcing Office Head **Primo Alonzo**, and Shift Team Leader and Officer on-duty **Willy Rodriguez**. Below, the Delta console at the System Control Center shows the status of the entire network at a glance.



meters, Meralco can determine the status of the network right down to the individual household level. "We can get near real-time consumption information, automatically get alerted to a meter fault or [tampering], remotely switch on and off the service and get [instant] alerts if individual customers are without power."

Ready for the worst—and the best

Naturally, the SCC is located at the main Meralco complex in Ortigas, Pasig City. Constant upgrades

ensure that the control center can operate despite interruptions, like the installation of its own micro-grid and power-generation system.

Smarter grid, faster responses

In the near future, Apercho sees the Meralco network becoming a world-class distribution system that supports demand-response management, microgrids, and electric vehicles. It will become "self-healing," automatically isolating an outage and re-routing the flow of electricity to minimize the number of affected customers.

"So let's say a tree branch hits a Meralco line," Apercho posits. "Smart meters will notify ADMS of the outage and trace the location of the fault, to create an incident ID and dispatch a service crew to investigate. The system will post the incident in the Outage Portal, and send an SMS notification to customers. Meralco can be proactive in informing the customer—and others who may also be affected—without waiting for them to call in."

He adds that with smart

ensure that the control center can operate despite interruptions, like the installation of its own micro-grid and power-generation system.

"You need to use cutting-edge technology, or else you will not be able to deliver a very reliable supply to customers," Apercho points out.

The distribution utility isn't putting all its eggs in one basket. It has a smaller Emergency Backup System south of Metro Manila and a Distributed Command Center north of the metropolis. Both have full emergency backup abilities to operate the entire Meralco system from either center.

"We are ready for the worst-case scenario," Apercho assures, but reiterates that the SCC is more than a disaster-response mechanism.

"The huge investment means better and more reliable service for Meralco's customers: minimal, if not zero, power interruptions; better consumption management, through near real-time information from smart meters; and reduced energy costs through demand response." ☺

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Oscar Reyes,
Meralco President and
Chief Executive Officer

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