POWERCLUB

A MERALCO PUBLICATION | OCTOBER 2016

IT'S MORE FUN FOR FAMILIES

A youthful population fuels an appetite for family entertainment

IS THE NEW ADMINISTRATION A GOOD INVESTMENT?

Foreign businesses take stock of President Duterte's economic direction

CLASSROOMS IN THE CLOUDS

Angelo Valencia builds schoolrooms in the hinterlands

BACK IN POWER

MGen's new power plant returns Meralco to the business of generating power

BERND SCHNEIDER
General Manager
Novotel Manila Araneta Center

COVER STORY

HERE TO STAY

International hotels are making the Philippines their destination of choice

LET'S TALK NUMBERS

ALFREDO S. PANLILIO

Senior Vice President and Head,
Customer Retail Services and
Corporate Communications

Tourism remains one of our most under-appreciated growth sectors. As a country and as a people, we have so much to offer to the rest of the world, but the absence of infrastructure – airports, roads, quality accommodations and so on – hampers the growth of tourism. So does the lack of alignment in the long-term goals of the Tourism, Public Works and Highways, and Transportation departments.

Only in recent years have these agencies begun coordinating their activities, resulting in the rising number of foreign tourists, reaching 5.4 million in 2015. That pales in comparison, however, to the 30 million recorded by Thailand for the same year. Imagine what those numbers can do for the Philippines!

To help elevate this vital industry, Meralco works closely with government and private-sector stakeholders, as well as foreign investors. In particular, we clarify the power cost structure to would-be investors, vis-à-vis that of our regional neighbors. Aside from explaining the Philippine energy industry, we offer integrated energy services that we and our subsidiaries provide.

Fine-tuning our services to better suit a particular problem becomes much easier, however, when we have a keen understanding of our customers' challenges. This is why we we instituted regular dialogues with our customers through our Power Up Forum series. Our most recent Forum focused on finance issues, like the applicability of the expanded value-added tax and the expanded withholding tax on power payments.

By encouraging more open exchanges with our customers, we hope to improve on our role as a partner in business and a contributor to national growth.

SPACE TO PLAY, ROOM TO LEARN

VICTOR S. GENUINO

Vice President and Head,
Corporate Business Group

I always appreciate pastimes that spark my children's imagination and provide me with opportunities to bond with them. But I want activities where I need not worry about my kids being exposed to violent or age-inappropriate content.

It's reassuring that there are options that combine fun with learning and development: the science-oriented Mind Museum, the imaginative DreamPlay, the exciting rides of Enchanted Kingdom, and the historic National Museum.

Entrance to the National Museum is free, but this is not the case for other attractions. That many Filipinos can afford premium recreation facilities reflects the economic growth the country enjoys. This boom has lured foreign brands, including Novotel, Conrad and Shangri-la, to build and expand. It is also why Swedish Match Philippines Inc. chose this country to produce the millions of Cricket disposable lighters sold around the world.

Indeed, the Philippines's vibrant economy makes it very attractive to foreign investors, and President Duterte promises to improve on it by changing laws that currently limit foreign direct investments. However, his administration must also maintain consistent, predictable policies to reassure long-term investors.

Keeping the economy humming, however, requires a well-educated workforce to keep businesses competitive and innovative. This requires participation from all stakeholders, which is why business executives like lawyer Angelo Valencia and our very own Chairman Manuel V. Pangilinan step in to work with communities in remote locations, helping build classrooms and electrify schools.

Such efforts empower children in these areas to aspire beyond the confines of their birthplaces and play a significant role in the country's progress for generations to come.

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Business Under a New Administration

BY CHERRIE REGALADO

Foreign investors are raising their expectations, five months into Rodrigo R. Duterte's presidency.

The Philippines posts one of the highest economic growth rates in Asia, with a 6.3-percent average gross domestic product (GDP) growth from 2010 to 2015. In the first half of 2016, the domestic economy expanded by 6.9 percent, making it among the fastest-growing emerging economies in the region, second only to India with its 7.5-percent growth rate in the period.

The Philippines also ranks eighth among the most attractive destinations for foreign investments for 2016 to 2018, according to the World Investment Report 2016 by the World United Nations Conference of Trade and Development (Unctad) released in June.

Can the country sustain its economic growth and bring in more foreign investments, given the recent change of administration?

A laundry list of reforms

President Rodrigo Roa Duterte was elected as the 16th Philippine president by more than 16.6 million voters. Outspoken and prone to using expletives in speeches and media appearances, the former Davao City mayor campaigned to fix the peace and order situation, eliminate illegal drugs, and eradicate government corruption.

In an unprecedented move, he met with businessmen before assuming office, to present his administration's 10-point economic agenda. He vowed to maintain the macroeconomic policies of the Aquino administration, reform the tax structure, increase infrastructure spending, and improve competitiveness and ease of doing business in the country.

Despite Unctad's recognition of its foreign-investments appeal, the Philippines still has a long way to go to acquire more foreign direct investments (FDI). The Bangko Sentral ng Pilipinas recorded some US$5.84 billion in net FDI in 2015, up 1.74 percent from 2014's inflows.

Increasing foreign ownership

In its report on the Asia-Pacific region, the Organization for Economic Cooperation and Development (OECD) notes the Philippines has one of the most restrictive FDI regimes, compared to OECD and non-OECD countries. It stresses that constitutional provisions, limiting foreign ownership to 40 percent in key industries and land ownership, remain a significant obstacle to attracting more foreign investors.

Japanese Chamber of Commerce and Industry of the Philippines President Yoshio Amano shares that Japanese investors consider foreign ownership restrictions a disincentive from

PHOTOGRAPHY BY JUN PINZON AND OCS ALVAREZ
GROOMING BY FENNIE TAN

putting their money here.

Japan was the Philippines's second biggest source of foreign investments, sinking in some US$394 million in 2015. However, Amano points out that the country only receives a tenth of Japanese investments poured into neighboring Association of Southeast Asian Nations (Asean) countries, particularly Indonesia, Thailand and Vietnam.

The situation is the same for most foreign investors. In the Asean region, the Philippines ranked sixth in terms of net FDI in 2015, after Singapore (US$61.3 billion), Indonesia (US$16.1 billion), Vietnam (US$11.8 billion), Malaysia (US$11.3 billion), and Thailand (US$8.1 billion), according to data from the regional organization's web site.

Economist Joseph Incalcaterra of HSBC thinks the Philippines must do what it can to attract more FDI, which could mean lifting Constitutional limits on investments by foreigners in certain industries. "Foreign direct investment in utilities is popular across the region, and there is scope for increased investment in the sector. Given the importance of lowering electricity costs in order to make Philippine manufacturing more competitive, we think the government should accelerate plans to attract foreign investment in this sector."

As things stand, power generation accounts for 50 percent of the total cost of electricity. Allowing more foreign investment into the energy sector will increase the energy supply and effect a more competitive energy market.

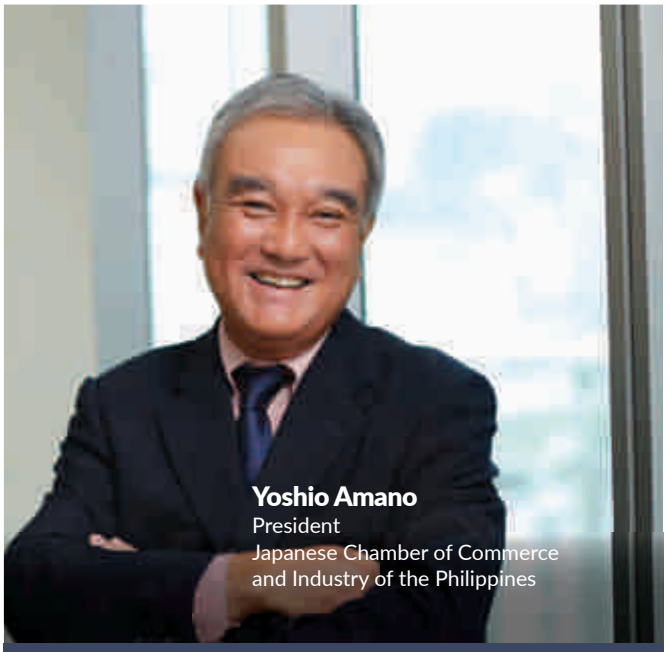
Duterte has said he favors a constitutional amendment to raise the foreign ownership of local businesses to 50 percent. This also entails granting businesses greater scope for land ownership. Charter change will require a constituent assembly or a constitutional convention, but Amano considers the sentiment a welcome development. "It means a better environment for investors," he adds. "We believe he is working towards that direction and that's why we have big expectations."

The European Chamber of Commerce of the Philippines (ECCP) has its reservations. "We are aware that land ownership for foreigners remains an emotional issue," admits Henry Schumacher, ECCP senior advocacy adviser. "In our view, it is unlikely that foreign ownership of land will be lifted unconditionally."

Tax reform on the table

To further attract FDIs, Incalcaterra also favors revising the corporate tax structure. "Corporate tax rates in the Philippines are among the highest in the region, which puts the country at a competitive disadvantage. Fortunately, the new government is planning to address both issues, and a comprehensive tax reform is currently being drafted."

The new administration proposes a comprehensive tax reform program to reduce corporate income tax rate from 30 percent to 25 percent, and the maximum personal income tax rate from 32 percent to 25 percent. For an additional P412 billion in revenues, it also aims to expand the value-added tax base, increase excise taxes, and rationalize fiscal incentives handed out to investors to offset tax cuts amounting to P174 billion. The government wants both tax reforms to be passed into law next year.



Yoshio Amano
President
Japanese Chamber of Commerce and Industry of the Philippines

'We believe [President Duterte is working towards] a better environment for investors; we have big expectations.'

Both upper and lower houses of Congress favor the cuts in personal and corporate taxes, but Schumacher cautions that the rationalization of fiscal incentives might somewhat weaken the country's appeal as an investment site.

"Changes in tax incentives will have to be done carefully," he notes. "Investors expect these tax incentives, given the higher cost of doing business in the Philippines compared to competing countries in the region."

Incalcaterra agrees. "Tax reform in the Philippines is important, but it must be coupled with efforts to increase tax compliance; this way, the revenue base can grow with the economy. Foreign investors are generally sensitive to tax policy, and it makes sense to maintain tax holidays."

Infrastructure and energy

Amano and Schumacher concur that the significant expansion of infrastructure such as roads, port facilities, telecommunications networks, and airports are needed to bring in more FDIs.

An Asean Perspectives report released by HSBC Global Research concludes that increased infrastructure spending is key to sustained growth. The report recommends "the not-so-scientific rule of thumb," for countries such as the

Philippines to spend at least 5 percent of GDP on infrastructure.

It's a rule Budget Secretary Benjamin Diokno seems keen to follow, having increased infrastructure spending to 5.2 percent of GDP in the proposed 2017 national government budget now pending congressional approval. Over the long term, the HSBC report says the Philippines should spend about US$376 billion (P17.88 trillion) on infrastructure until 2030.

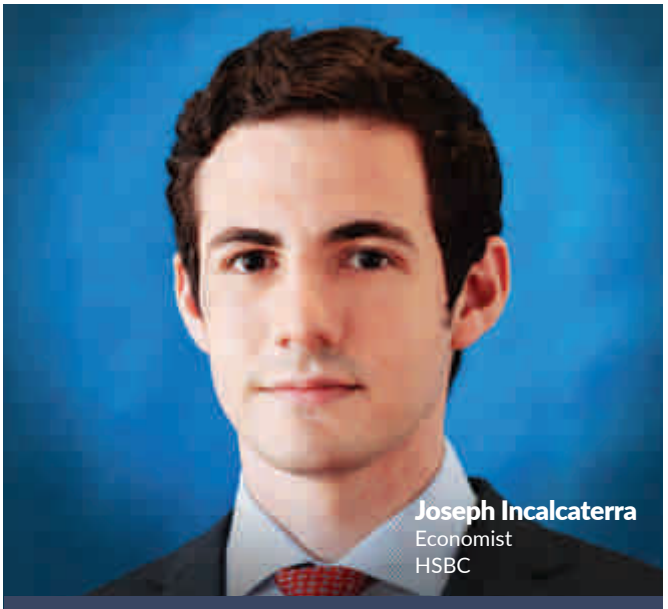
There are other carrots to dangle for the government to attract foreign investors. These include the fair application of the Implementing Rules and Regulations of the Philippines Competition Act, and the construction of more power plants to provide stable, affordable energy.

The ECCP, in particular, advocates an energy mix that demonstrates a greater reliance on natural gas and renewables to greatly benefit the country. "The Philippines is in a unique position to focus on clean and green energy," Schumacher declares, "without necessarily incurring a substantially higher cost of generation."

Warning on the war on drugs

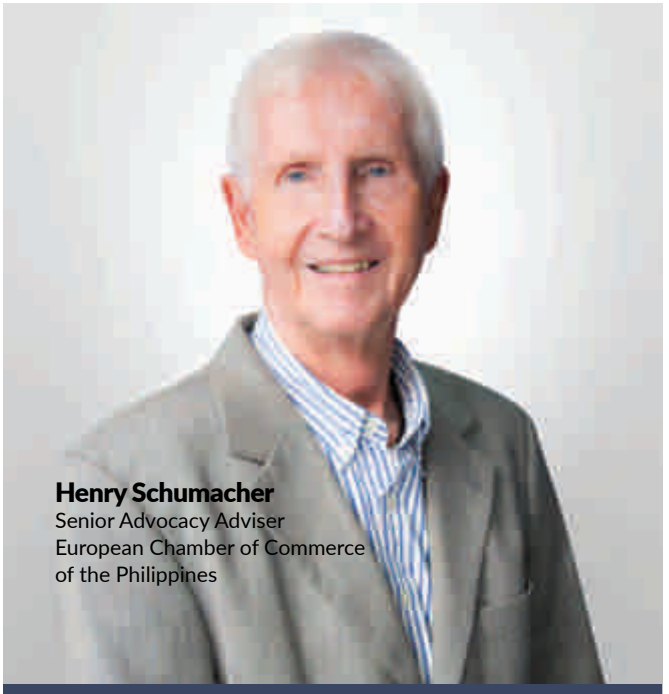
Economic policies aside, Amano praises the hard stance of the President in fighting criminality and the illegal drug trade. These, along with the country's peace and order situation and corruption, are major concerns among Japanese investors. Amano adds that such is their confidence in the administration's policies that, in the wake of the September 2 Davao City bombing that left 14 dead and 68 wounded, they remain optimistic over the country's peace and order situation.

Even the declaration of a state of national emergency on account of lawless violence in Mindanao, prompted by the Davao blast, barely affects the sentiment of Japanese investors. "The bombing is not uncommon and it's going on all over the world," Amano explains, "but if the state of lawlessness continues, then we worry it may affect investments heavily."



Joseph Incalcaterra
Economist
HSBC

'Tax reform must be coupled with efforts to increase tax compliance.'



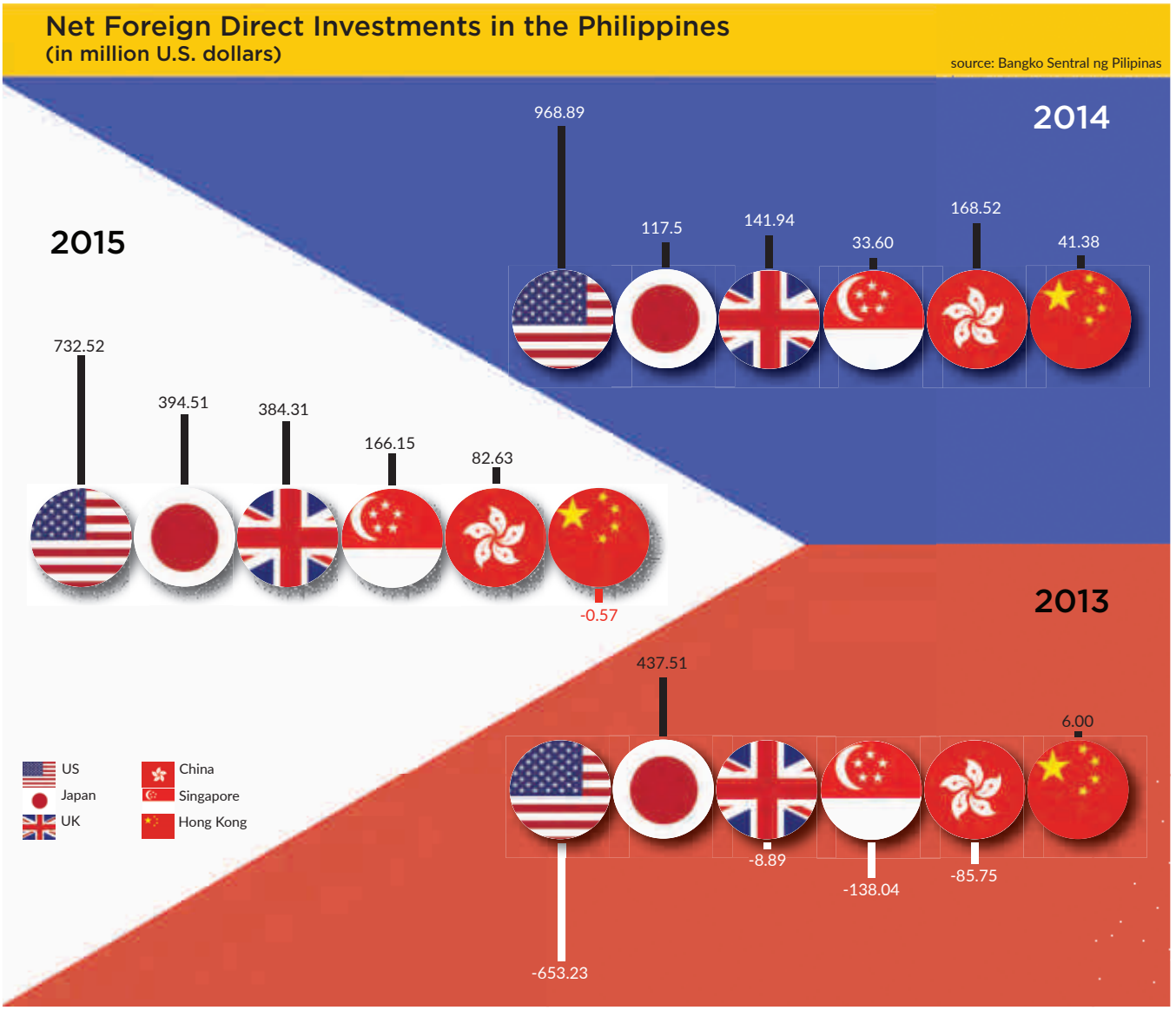
Henry Schumacher
Senior Advocacy Adviser
European Chamber of Commerce of the Philippines

'The Philippines is in a unique position to focus on clean and green energy.'

Premiere credit rating agency, Moody's Investors Service, echoes Amano's sentiments. In a statement released five days after the bombing incident, Moody's Senior Credit Officer Christian de Guzman insists the bombing has no impact on current economic and fiscal policies, and does not put the country's credit rating at risk. Nor will it slow down the economic momentum of the country. The agency rates the country as a notch above investment grade, Baa2.

However, De Guzman warns that the war on drugs could derail the administration's promised economic reforms. "The President has deployed his considerable political capital in defense of his campaign on drugs," he observes, "and has engaged key legislators in highly publicized disputes. If protracted, this could detract attention from the implementation of important economic reforms."

Another credit rating agency, Standard & Poor's, warned that the extrajudicial killings "could undermine respect for the rule of law and human rights," it said in a Sept. 21 press statement. This was just as the Philippine stock market eked its 20th day of losses. "Combined with the president's policy pronouncements elsewhere on foreign policy and national security, we believe that the stability and predictability of policymaking has diminished somewhat."



And foreign investors dislike nothing more than unpredictability.

Strained relationships

The American Chamber of Commerce of the Philippines (AmCham) echoes this view.

It declares in its September 8 statement that the killings under the anti-drug campaign, and the Davao bombing, hurt the country's image. With more than 2,000 accused drug users reported killed during police operations in the space of a few months, the AmCham expressed concern that the drug war diminishes the rule of law and spooks investors.

With the US as the country's biggest source of FDIs in 2015 at US$732.52 million, AmCham remains watchful over possible strains in US-Philippine relations. Duterte swore at US President Barack Obama in a press conference last September 6, hard on the heels of a speech in August where he insulted the US Ambassador, and recent pronouncements that the Philippines would seek a more independent foreign policy.

"Although statements of regret soon followed, such words and their international policy also create investor concern," the AmCham statement reads.

Optimism remains

Diplomatic upsets notwithstanding, the overall outlook for the Philippines remains upbeat, according to the Economics Asia report for the third quarter of 2016 by HSBC Global Research. It notes that Duterte's pledge to support the economic priorities of the outgoing Aquino administration, and his appointment of a solid, competent and credible economic team, sends the right signals to local as well as foreign investors.

Because of this and other favorable factors such as the infrastructure commitment, HSBC revised its 2016 and 2017 GDP growth forecasts, from 5.9 percent and 5.8 percent respectively, to 6.3 percent for both years. It's an indication that the Philippines will continue to remain among Asia's brightest performers and a magnet for further foreign investment.

Classrooms of Hope, North to South

BY ACRIT CARLOS

Angelo Valencia spreads the light of learning where it is most needed.

Students in Sulu celebrate another completed school building.

At a distance of about 960 kilometers from Manila, Patikul, Sulu is almost as far south as one can get from the capital. Remote and impoverished, Patikul is an enclave of the notorious Abu Sayyaf terror group.

This didn't stop lawyer Angelo Valencia from building classrooms there in 2013 for the Tausug children. "It's not because I'm fearless," he shrugs. He trusted the community to have his back, and do what it could to keep him safe. He knew the stakeholders – the parents, teachers, and the rest of the community – were united in keeping the kids in school.

Patikul is one of many project sites for Valencia's Klasrum ng Pag-asa (Classrooms of Hope) advocacy, which he set up in 2011 to build classrooms in far-flung communities. Klasrum ng Pag-asa has so far built more than 70 classrooms, including 14 in Benguet; two in Batangas; two in Negros Oriental; six across Palawan; one in North Cotabato; two in Compostela Valley, and 31 in Sulu.

Changing directions

Currently the chief operating officer of Mindanao Grains Processing, Inc., the post-harvest facility of the La Filipina Uy Gongco Group, Valencia had originally set out on a predictable career path. After earning a law degree from the Ateneo de Manila and working for a few reputable law firms, he was hired in 1998 by Basic Holdings Inc., the holding firm of the Lucio Tan Group.

A near-fatal diving accident in 2011 changed his view of life. "In the darkness we find the strength to see the clarity of it all," he recalls. "While the company gave me opportunities... I was no longer happy. I was looking to do something more." He quit his job, and took a 14-day journey from north to south of the country.

At a barangay on Mt. Pulag, Luzon's highest peak, a local family asked him to find work for their daughter, a fresh graduate. He suggested she remain at the day-care center where she was helping out, but offered to help build classrooms. And off he went on the road less traveled.

Becoming 'Kuya Pultak'

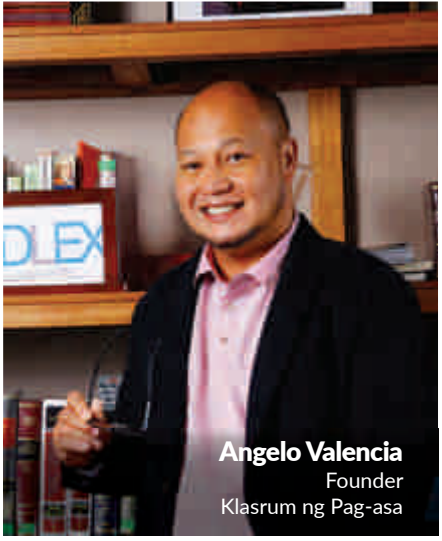
"It's very difficult to build at 7,748 feet above sea level," he recalls. "In those days, there were no roads or electricity" on Mt. Pulag.

His involvement was met with suspicion, particularly by skeptical townsfolk repeatedly disappointed in the failed promises of so-called "Manila boys."

He won over the community, explaining that he cared for the kids but was not about to give dole-outs. He urged the parents to work with him in building the classrooms.

"The community must want to be part of Klasrum ng Pag-asa," Valencia declares, "or we wouldn't be there." His bonds with the Pulag community earned him the affectionate monicker,

PHOTOGRAPHY BY JUN PINZON GROOMING BY FENNIE TAN



Angelo Valencia
Founder
Klasrum ng Pag-asa

Kuya Pultak poses with Mt. Pulag Elementary School students.

Kuya Pultak, or "bald big brother" in Kalanguya, the local dialect.

Klasrum ng Pag-asa eventually built 15 classrooms on Pulag, complete with computers energized by solar power.

Valencia also recognizes the need to provide livelihood, to ensure the townsfolk's kids stay in school. By addressing the community's economic needs, he believes, business growth and development will follow. So Klasrum ng Pag-asa set up a fund to provide microfinancing loans for Pulag farmers, with support from generous friends, businesses, and civil-society organizations.

Scoring successes

Klasrum ng Pag-asa visited Sulu at the invitation of students whose school was razed by a fire in 2012. "We asked the students of Sulu what they wanted," Valencia recounts. "They said (in Filipino), 'Kuya, we want to graduate here because this is where we are happy and able to study. This is the key to our future."

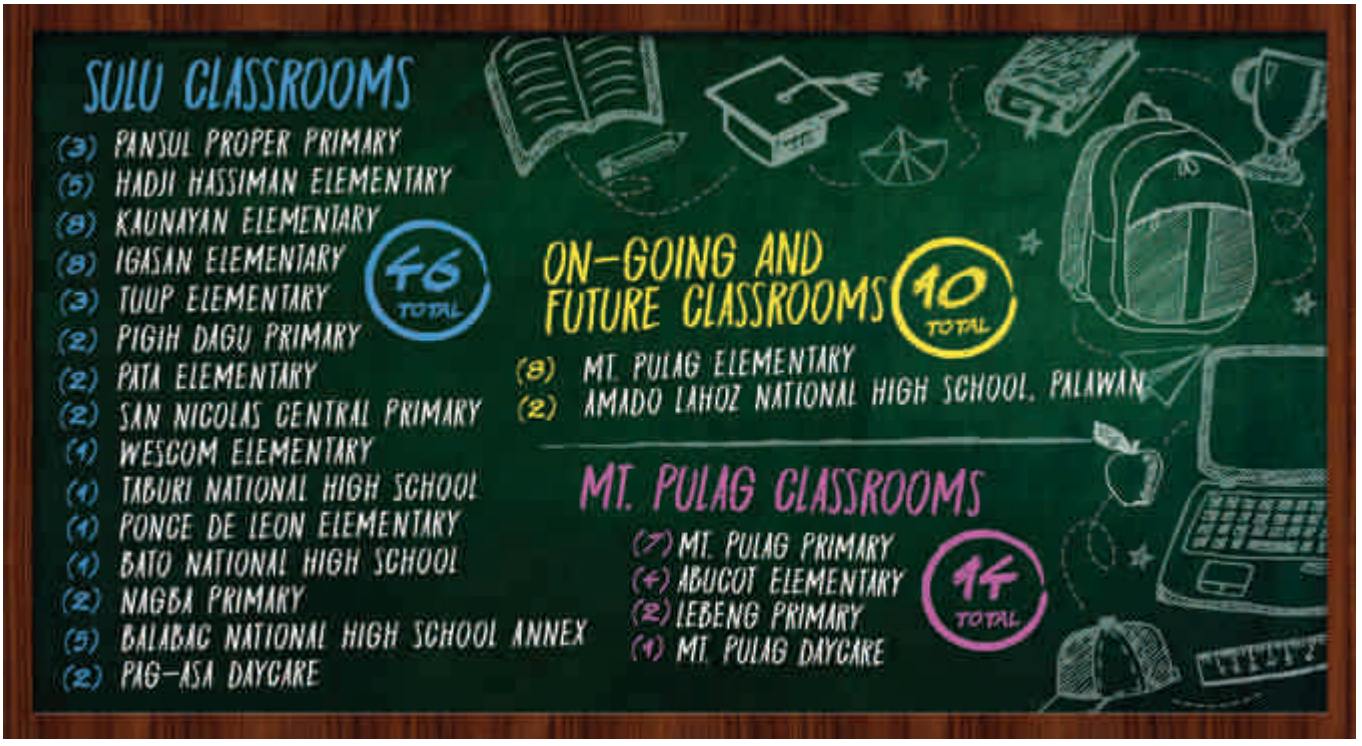
His organization had managed to help build five classrooms in Sulu, but was forced to suspend its activities after fighting broke out in 2015 between Abu Sayyaf insurgents and government forces. Not all was lost, however.

"Before we arrived, schools were being burned down," Valencia reports. "After we worked there, the schools were not touched up to this point."

He sees this as a sign that stakeholders are committed to keeping their kids in schools.

Five years since the launch of Klasrum ng Pag-asa, Valencia claims its success is reflected in the students' national achievement test (NAT) results. "You just don't build, and build, with nothing to show for it, so we look at the scores to see how the program is helping." He proudly notes that the average NAT score of 79.91 at Mount Pulag Elementary School is well above the national average.

"We're not just building classrooms," he enthuses. "It's nation building: one child at a time, a family each moment, a community at large, and the country for a lifetime." *(with Stella Arnaldo)*



Visitors thrill to the twisting moves of the Roller Skater at Enchanted Kingdom.

More Fun for Everyone

BY CAI ORDINARIO

Local and foreign players chase fantasy and technology to entertain and educate.

Screams of delight resound from a ship swinging in mid-air. Animated patter breaks out as freshly baked cookies roll out. Hushed wonder greets the massive replica skull of a long-dead creature.

Keeping children, and their parents, amused and entertained grows more challenging. They want more thrills. More laughs. More "awesome." This task pursues the amusements and attractions industry.

"Children are no longer satisfied with watching or seeing live shows or films," explains Mario O. Mamon, who in 2014 became the first Asian chairman of the board of the International Association of Amusement Parks and Attractions (IAAPA). He is also the founding president of the Philippine Association of Amusement Parks and Attractions (PhilAAPA).

"They prefer immersion, interactivity," he adds. "They want to experience 4D theaters with special effects." This is crucial to capture the youth market in the Philippines.

Based on a 2014 Association of Southeast Asian Nations insight report, the Philippines, Malaysia and Indonesia rank among the top members with a young population. In particular, the Philippines's low median age of 23 years makes its population among the youngest in the world, as the demographic that drives the business of family entertainment.

Spending for fun and knowledge

Small wonder that DreamWorks, which produces popular animated movies like Kung Fu Panda, Shrek, How to Train Your Dragon, and Madagascar, chose the Philippines for its first

PHOTOGRAPHY BY JUN PINZON
GROOMING BY ARLENE ADTO AND FENNIE TAN

interactive play space.

DreamPlay has welcomed over 400,000 guests since its May 2015 opening, and a combination of walk-in clients, school children on field trips, and corporate-group visitors continue to flock here. City of Dreams, Manila also accommodates orphans and underprivileged children from charitable institutions, as part of its Corporate Social Responsibility program.

"Children don't have to go to Hollywood to have an interactive experience with beloved characters," Lynch adds. "DreamWorks's movie-inspired interactive play and creativity play space stimulates the minds and challenges the creativity and problem-solving skills of children in a fun environment."

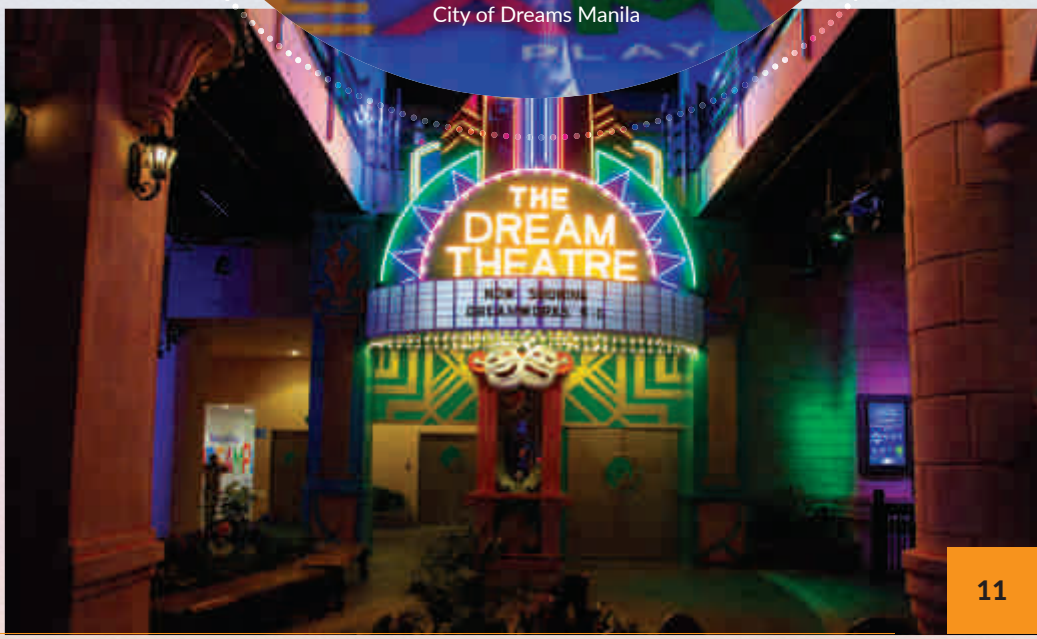
It's an environment for which families are willing to pay. The Philippine Statistics Authority's Family Income and Expenditure Survey of 2012 shows Filipinos spent some P56.6 billion on recreational and cultural expenditure, such as equipment and other durables, toys, reading material, packaged holidays, and recreational and cultural services. That total excludes the P1.4 billion spent on catered food in recreational and cultural venues.

Expect this kind of spending to increase, advises Mamon, who is also Enchanted Kingdom Inc. chairman and president. He admits that the entry of foreign players such as DreamPlay and Kidzania increases competition within the industry; yet it also creates a high-end niche for this market.

At Enchanted Kingdom's theme park in Sta. Rosa, Laguna, the entrance fee is P500 during weekdays and P600 for weekends and holidays. Over at DreamPlay, a full-day pass is P680 on weekdays and P880 on weekends.

The Mind Museum at BGC, Taguig charges up to P750 for a full-day pass, although public school students and teachers can get a three-hour pass for P190. Since it opened its doors to the public in 2012, the museum has welcomed almost a million guests. "It's

Jarlath Lynch
Senior Vice President
for Non-Gaming Operations
City of Dreams Manila



Kids, teens and adults demand immersive activities that they can tout on social media.

a sign," Managing Director Manny Blas II affirms. "There is a need for informal learning places to complement what schools offer."

Energized entertainment

Operating expenses include the cost of energy required to keep guests safe and comfortable, particularly at indoor museums and play spaces.

DreamPlay's 5,000-square-foot area of multilevel facilities hosts "1,500 guests at any one time," attests Lynch. Its single biggest use of electricity is air conditioning, constituting up to 50 percent of its daily consumption.

It is equally important at The Mind Museum, which sometimes hosts more than 600 visitors at a time, especially during school field trips. Blas credits the coordination between the Fort Bonifacio Development Corp. and the Manila Electric Co. (Meralco) for the museum's stable power supply. Meralco has two substations in BGC, providing facilities like The Mind Museum with stable and reliable energy.

DreamPlay has been hooked up with Meralco since day one, and connected to the P1.16-billion, 115-kilovolt Pagcor-1 substation, at the Entertainment City of state-owned Philippine Amusement and Gaming Corp. "It's nice to work with a business partner who's looking for a win-win solution," Lynch remarks.

Mario O. Mamon
Chairman and President
Enchanted Kingdom

Enchanted Kingdom has a maximum daily capacity of 12,000 visitors with a four-hour average stay. Roughly 1.7 million enjoyed the park's rides in 2015. Its outdoor attractions consume a whopping daily average of 18,000 kilowatt-hour (kWh).

Which carnival ride uses the most power? The Rio Grande Rapids, equipped with two giant pumps to circulate water, uses up to 550 kWh daily. Anchors Away accounts for 140 kWh, and Jungle Log Jam, the attraction with the highest ridership, consumes 105 kWh.

"Enchanted Kingdom cannot exist without Meralco power," Mamon states bluntly. "Most of our rides run on computers and PLCs (programmable logic controllers)." He appreciates Meralco's SMS-based power-outlook advisories, alerting Enchanted Kingdom to looming fluctuations or interruptions, such as those caused by electrical storms. This allows the park to switch to generator sets when needed. As more retail outlets and attractions are unveiled, Enchanted Kingdom's energy consumption will only increase.

"We are also open to alternative sources of energy," Mamon divulges. His company is exploring solar power generation through Meralco, which ensures that any photovol-

Enchanted Kingdom welcomed 1.7 million visitors in 2015.

Tyrannosaurus Rex rules at The Mind Museum.

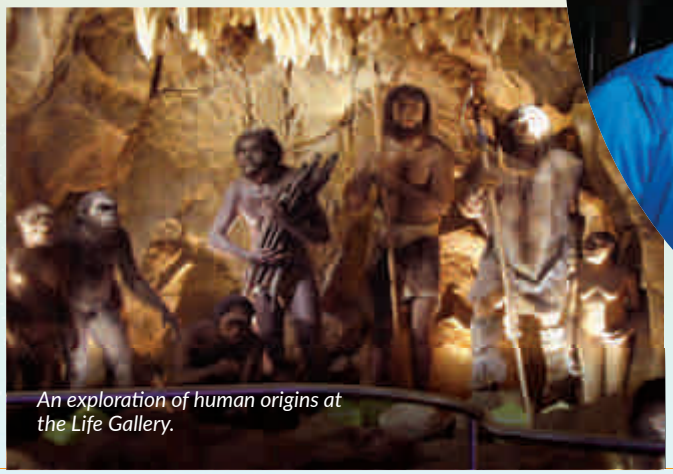
BELOW:
The Mind Museum Science Curator ***Maribel Garcia,*** *Managing Director* ***Manny Blas II*** *and Head of Operations* ***Chiqui Batac.***

taic installation meets the highest standards of reliability and safety.

More immersion

As expectations grow and entrance fees rise, competition for winning concepts also heats up. Blas sees the craving for novelty as a natural impulse that arises from "a human need" to keep learning and discovering something new. This pushes The Mind Museum to constantly change exhibits and add new experiences, such as one-of-a-kind overnight mystery and adventure activities for families and groups of friends to solve.

Mamon insists local players must implement bolder, more creative concepts, as today's park visitors are less patient than when Enchanted Kingdom first opened in 1995. Kids, teens, and adults demand immersive activities, and discuss their experiences on social media. He says the park uses Facebook



An exploration of human origins at the Life Gallery.

for updates on new attractions and upcoming events.

In his work with IAAPA and PhilAAPA, Mamon surveys amusements and attractions facilities worldwide. These include US theme parks like Disney, Universal, and Six Flags, family-run theme parks in Europe, aquariums and zoos, museums, and discovery/technology centers.

Thus inspired, he plans to open a new park zone for Enchanted Kingdom's favorite character, Eldar the Wizard. Mamon is even more fired up over the upcoming "Agila, The Eksperience" indoor feature "that will impart our Filipino traditions, history and culture."

Occupying more than 5,000 square meters, Agila offers a Philippine eagle's-eye aerial view of the country from Batanes to Jolo, projected on a 33-by-20-foot 2D screen.

"It's one-of-a-kind in Southeast Asia," envisions Mamon, "and the single biggest flying theater in the world."

The expansions are set to be in place well before Enchanted Kingdom's silver anniversary in 2020. "To increase our market share, we must redevelop and expand," Mamon underscores, "and become an integrated-attraction destination."

Interaction is the main concept behind DreamPlay, as children enter the imagined worlds of DreamWorks.

"We are a premium player in an industry where there are only a few competitors," states Lynch, "even within the region."

DreamPlay's integrated live and digital play spaces enable children and adults to engage in creative storytelling and innovative educational play. Popular attractions include Dream Studio, where children edit their very own digital animated films; 4D Theatre, which screens original DreamWorks features; and Gingy's Kitchen, where visitors whip up gingerbread cookies.

Mascots of King Julien, Alex the Lion, Po, and Shrek and Fiona engage with guests, while private birthday parties and other occasions can be celebrated in themed function rooms. These feature 4-by-8-foot interactive tables with touch screens for multiplayer kiddie games and personalized, printable greeting cards.

Long-term benefits

Worldwide studies prove that informal learning activities can create a positive, long-term impact on children, shares The Mind Museum Science Curator Maribel Garcia.

"Education is necessarily a mix of formal and informal learning, and the brain doesn't differentiate between the two," she asserts. "Learning in an informal, relaxed environment lets children make mistakes without certain negative consequences."

Much of the informal learning activities are collaborations with institutions such as the University of the Philippines College of Fine Arts. The Mind Museum showcases Filipino artistry; its exhibits are locally designed and made. Only a handful of the museum's exhibits, like the T. Rex display, are sourced from an overseas archeological facility.

That Filipinos spend so much on entertainment is no surprise in this vigorous economy. But more than mindless distraction, people want experiences that can enrich minds, young and old.

Lynch hopes this is what venues like DreamPlay can achieve: a place that can "inspire children to develop positive values, build their strength of character and confidence, and prepare them to become visionaries and leaders of tomorrow."

HERE TO STAY

Why international hospitality brands choose to make their home in the Philippines

BY MALOU ROSAL

Bernd Schneider
General Manager
Novotel Manila Araneta Center

It's a sunny Friday morning, and the Food Exchange Manila restaurant at the Novotel Manila Araneta Center is packed. Overflowing, actually, thanks to a pharmaceutical convention it is hosting; diners occupy tables set up at the secondary lobby and at the Gourmet Bar. Roaming about to help the throng of guests are a unique feature of Novotel: its Life Geniuses.

"Being a Novotel Life Genius," explains Bernd Schneider, general manager of Novotel Manila Araneta Center, "means we are trained to be our clients'

The bright, airy lobby at the Novotel Manila Araneta Center

partners as they seek to achieve their goals."

This singular philosophy drives all the hotel staff, whether they work at the front desk or discreetly change the bed sheets upstairs. "We are motivated to understand what is in the heart of our guests," he continues, "be it families coming here for a relaxing weekend, or businessmen visiting for an international conference, so that we anticipate and respond to their requests."

Whatever the composition of the guest list, it's clear from the Friday morning crowd that Novotel Manila Araneta Center is doing brisk business in a burgeoning hotels and restaurants market.

Hot investments

The influx of new hotels reflects the vigorous investor confidence enjoyed by the Philippines.

"International brands like Shangri-La, Hilton, Accor, Sheraton, Holiday Inn, Hyatt, Days Inn, and recently, Radisson Blu, Jockey Club, and Best Western," enumerates Board of Investments (BOI) Director Rafaelito Taruc, "have chosen the Philippines because Manila, Cebu, Baguio, and Davao have been – and still are – famous tourism gateways, and are therefore *de rigeur* locations to be in."

This preference is attributed to several factors. The Philippines has among the highest literacy rates in Asia, at 94.6 percent, and is the world's third largest English-speaking country. Located in the heart of the fastest-growing region, it also serves as a gateway to a market of over 500 million people in the Association of Southeast Asian Nations.

To encourage further investments, Taruc adds: "Government provides an income-tax holiday for four years to qualified investment priorities, plan-listed hotel or tourist accommodation facilities, and some capital equipment, duty-free."

Small wonder, then, that some P64.5 billion in investments in hotels and restaurants were registered with the BOI from 2010 to 2016. Aside from previously mentioned hotels, these include prestigious international hotel chains managing locally owned establishments such as Conrad, Raffles, Nobu, New World, Sofitel, and Mövenpick. Set to launch are other brands like Okada Manila, Genting Grand Manila, and Westin Manila.

Reigning at the hub

Aside from being the Philippines's first Novotel, the Araneta Group's first hotel venture also holds the distinction of having Quezon City's largest room inventory to date: 401 rooms and suites. Among these is a special accommodation unofficially referred to as "The Pia Wurtzbach Suite," after the current Miss Universe, who frequently stays here. This spacious suite

PHOTOGRAPHY BY JUN PINZON STYLING BY CONI TEJADA
GROOMING BY FENNIE TAN

allows her to entertain guests or host media reporters for interviews, without sacrificing comfort or privacy.

Novotel's high standards of service stretch back to 1967, when the hotel chain was founded in Lille, France. With over 430 hotels worldwide, Novotel is the founding brand of the AccorHotels group.

Renowned as the world's largest hotel-management company, AccorHotels owns, operates, and franchises 4,000 hotels, resorts and residences, as well as over 2,500 of the finest private homes in 95 countries.

Its portfolio includes luxury brands Raffles, Fairmont, Sofitel Legend, SO Sofitel, Sofitel, onefinestay, MGallery by Sofitel, Pullman, and Swissôtel. AccorHotels also offers popular midscale and boutique brands such as Novotel, Mercure, Mama Shelter and Adagio; economy brands including ibis, ibis Styles, ibis budget; and the regional brands Grand Mercure, The Sebel, and hotelF1.

AccorHotels took over management of the Philippine Plaza in 2006, and with a US$10-million (P500-million) renovation, gave the landmark luxury hotel an elegant French update with chic Filipino touches. And despite the crop of new hotels along the bay, the 609-room Sofitel Philippine Plaza continues to be a popular choice among foreign tourists and Filipino staycationists.

By October, the French brand will have opened a Mercure hotel in partnership with the Wynsum Leisure Group at the Ortigas central business district with 150 rooms. Over the next two years, three new properties will open in Metro Manila: Mercure Manila in Ermita, M Gallery Manila (the former Admiral Hotel), and Novotel Suites Manila at the Acqua Private Residences in Mandaluyong.

Cozy and comfy: a suite bedroom on the 22nd floor

Work and play

With its extensive business and leisure facilities, Novotel Manila Araneta Center is ideal for corporate functions like conferences and exhibitions because of its proximity to major thoroughfares, according to Schneider. He also notes its easy access to events spaces like the massive SMART Araneta Center, the award-winning Gateway Mall and the Kia Theatre (formerly the New Frontier Theater).

"Quezon City is Metro Manila's largest municipality," he adds, "with Araneta Center being the hub of lifestyle, commerce, and culture in the area."

Keeping Novotel humming smoothly and its guests happy means having stable, regular power; to run its systems and equipment, and provide amenities associated with a luxury business hotel, like air conditioning, hot running water, and WiFi. It worked closely with the Manila Electric Co. (Meralco), even before its doors first opened, to ensure its energy requirements are met.

Meralco's involvement stretches back long before construction of Novotel began. Five years ago, the distribution

The stylish Gourmet Bar

utility began collaborating with the Araneta Group to revitalize the 35-hectare Araneta Center. Meralco upgraded power facilities in the area to support the refurbishment of iconic landmarks such as SMART Araneta Coliseum, Ali Mall, and Gateway Mall. It also provided speedy energization of new commercial and residential high-rises, and of Novotel.

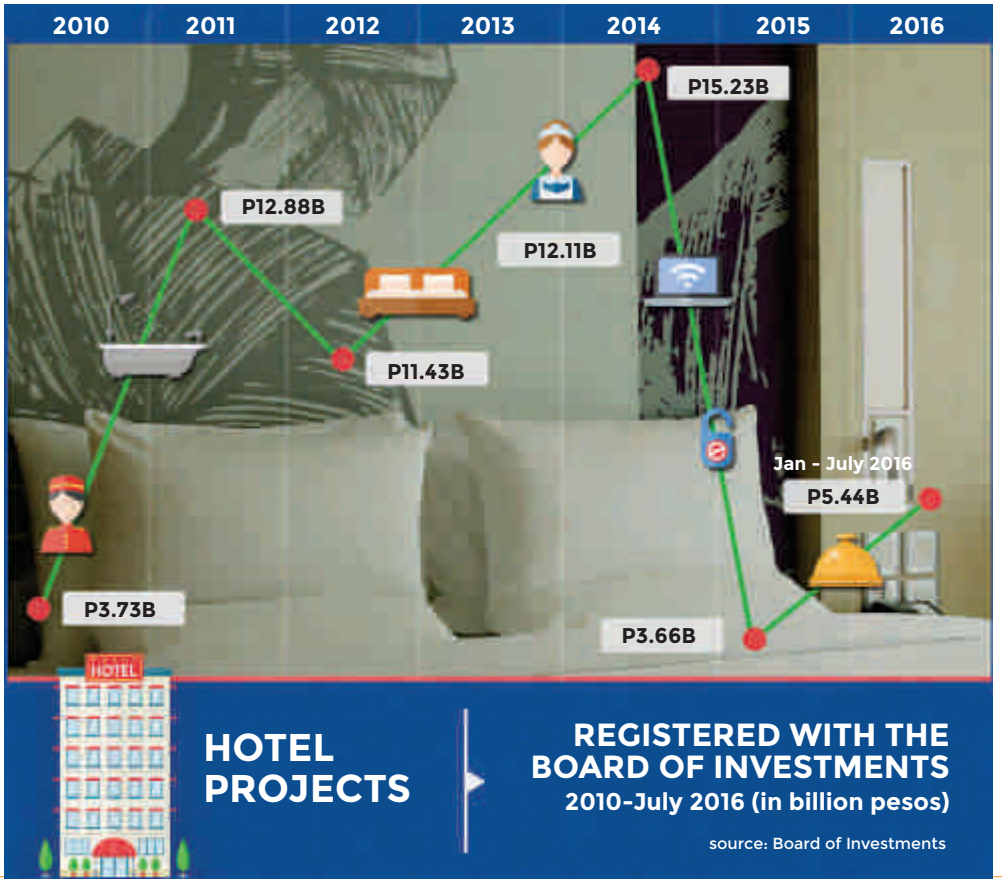
Meralco also responded quickly to the hotel's electrical tripping problems that the previous electrical contractor was unable to resolve. A single walk-though audit by Mserv, Meralco's beyond-the-meter engineering services subsidiary, immediately identified the problem, and Novotel quickly received a checklist of recommendations.

"Meralco is a valued partner in ensuring the hotel's smooth and consistent operations," notes Schneider. "With Meralco's support, we are able to deliver what our guests expect: consistent and reliable services that ensure comfort and convenience so they can truly enjoy their stay, whether visiting for a city break with their loved ones, or attending an important business function."

Opening more doors

Riding on the country's positive investment climate, two other hotels opened their doors to the public this year: the Shangri-La at the Fort in Taguig, and the Conrad Manila in Pasay.

Shangri-La Hotels and Resorts of Hong Kong owns and manages 98 five-star deluxe hotels worldwide, with a room inventory that exceeds 40,000. Its first property in the Philippines was the



'The Philippines is an emerging market, and has always been an exciting and important destination.'

- Harald Feurstein, general manager, Conrad Manila

Edsa Shangri-La Manila in 1992. This was followed by the Makati Shangri-La, the Shangri-La Mactan Resort and Spa in Cebu, Shangri-La Boracay Resort and Spa in Aklan, and Shangri-La at The Fort in Taguig. Hotel Jen on Roxas Blvd., Pasay is also part of the Shangri-La group.

At the launch of Shangri-La at The Fort, the hotel group's top executives arrived in full force, signalling their confidence in the country's tourism and economic outlook.

"It's been an exciting journey, from conceptualization to opening a new landmark at the Bonifacio Global City," declared John Rice, general manager of Shangri-La at The Fort. "Our hotel clearly reflects the uniqueness of the energetic community we have settled in, and we look forward to welcoming guests with our distinctive warmth and caring hospitality."

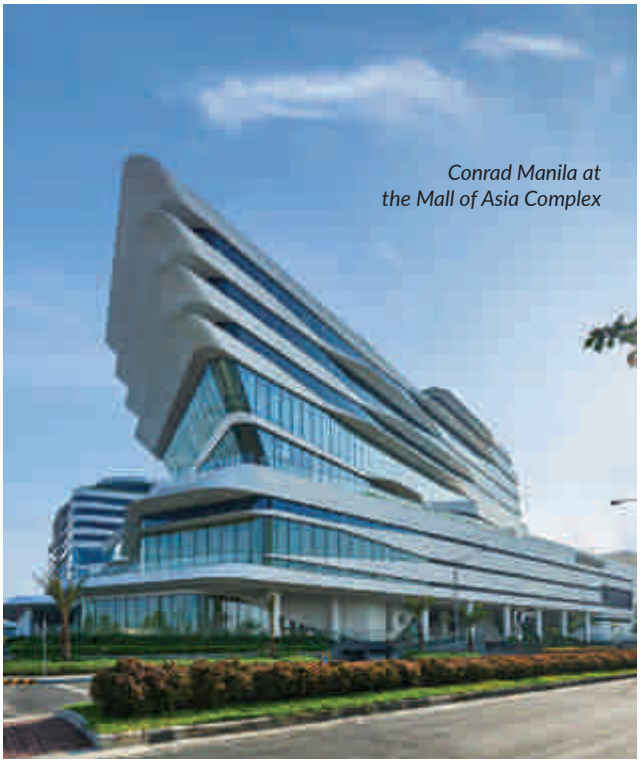
Over by the Manila Bay, the US-based Hilton Worldwide marks its return to the Philippines after a five-year hiatus, with the opening of Conrad Manila.

Located within the Mall of Asia (MoA) Complex, Conrad Manila is adjacent to the Mall of Asia, the SMX Convention Center, the MoA Arena, and readily accessible to clusters of BPOs and residential buildings. The new hotel caters to the upscale business and leisure markets, with an emphasis on lifestyle and entertainment, and its distinctive prow-like design makes it an iconic structure by the bay.

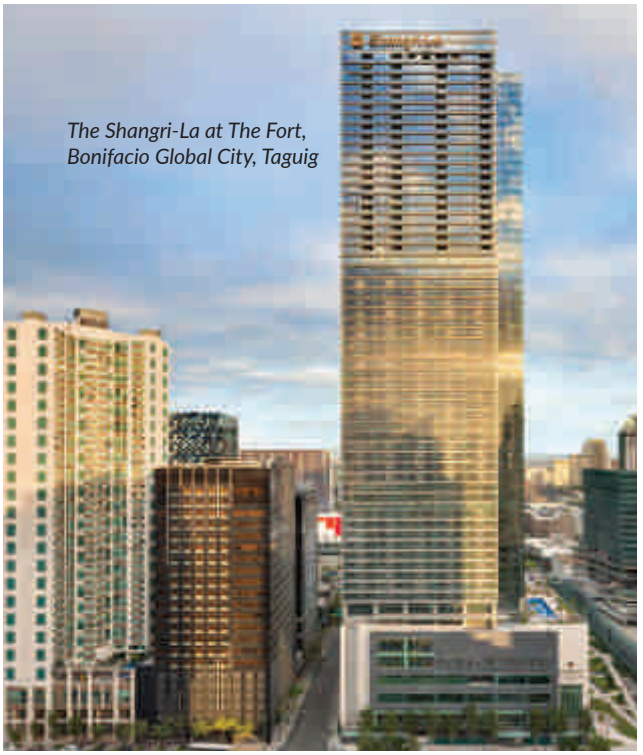
This comeback is a clear expression of the Hilton group's belief in the country's prospects. "The Philippines is an emerging market, and has always been an exciting and important destination," asserts Harald Feurstein, general manager of Conrad Manila. "The country will continue to strengthen its foothold as a choice destination for leisure and business travelers alike."

He adds that this growth and strong performance are significant differentiators among its Asian neighbors. "We hope to contribute positively to the country's progress," he says. "We are committed to grow the Conrad brand further."

As Schneider observes his Life Geniuses bustling at Novotel Manila Araneta Center, he muses: "This is indeed a great time for the Araneta Center and the Philippine hospitality industry as a whole. More eyes are turning to the Philippines as a key market for meetings, events, incentive trips, and conferences (MICE), as well as leisure. These are exciting times for the country's economy."



Conrad Manila at the Mall of Asia Complex



The Shangri-La at The Fort, Bonifacio Global City, Taguig

Leo Obias
Managing Director
Swedish Match Philippines, Inc.

LIGHT IT UP!

Swedish Match gives people around the world a spark of convenience.

BY JING LEJANO

For thousands of years, making fire was such a chore that, across many cultures, most households simply never put their fires out.

Practical matches invented in the 19th century made it quicker to kindle a flame, but safety and reliability issues kept inventors looking for better alternatives.

The earliest lighters, alarmingly fueled by gunpowder, undoubtedly failed the safety criterion. The invention of a tiny flint mechanism, coupled with the use of naptha as a fuel, led to the creation of the first true pocket lighters.

However, it was the shift to odorless butane fuel that enabled the development of the first disposable Cricket lighters in 1961, bringing convenience not just to smokers but to housewives, campers, and backyard barbecue chefs worldwide.

From matches to Crickets

Making a reliable lighter, however, is anything but simple. That's why Swedish Match Philippines Inc. (SMPI), the makers of Cricket disposable lighters, takes every care and consideration to make sure consumers get world-class products that always click with every flick.

SMPI has been in the country since 1973; as its name suggests, it initially produced matches. This business was eventually sold off so the company could focus on making disposable lighters for the global market.

And what a market it is. Every year, some 450 million Cricket lighters are sold in more than 140 countries.

To feed this demand, says SMPI Managing Director Leo Obias, the company relocated its production facilities

PHOTOGRAPHY BY JUN PINZON
GROOMING BY FENNIE TAN

from Sta. Ana, Manila to the Laguna Technopark in Biñan, Laguna in 2008. He explains the move was necessary not only to increase capacity, but also to modernize operations.

SMPI's principals originally considered other locations as a base of operations in Asia. The Philippines prevailed, Obias asserts, because of its key advantages: a talented and trainable workforce, cost-competitive and sustainable operations, and effective and skillful management.

Since its transfer to Laguna, SMPI's production capacity has grown tremendously. From 180 million units in 2008, it now churns out about a million disposable lighters every day, over 360 million disposable lighters a year. Ninety-four percent of the company's output is for export, of which 70 percent are sold in Asia and 30 percent in Europe.

"If the demand requires it, we can go 24/7," discloses Obias.

A light for every purpose

Despite its roaring success, SMPI can still do better. It continually fine-tunes operations to consistently come up with the best products at affordable prices. Apart from making efficient use of its production space, it vigorously pursues energy-conservation measures to keep costs down. In this area, it collaborates with the Manila Electric Co. (Meralco) to become more energy-efficient.

Meralco conducts monitoring and electrical systems surveys to recommend cost-effective power quality interventions. As a result, SMPI implemented power-saving measures, replacing fluorescent lights with LED bulbs and switching to air-conditioning units that employ inverter technology and ozone-friendly R410A freon. The company recently awarded Spectrum, Meralco's solar energy solutions subsidiary, a contract to install a 100kW solar-power system.

Obias praises Meralco for being instrumental in the swift and speedy transfer of SMPI to the Laguna Technopark, considered one of the most successful factory transfers in the multinational's history. A critical issue to SMPI's operations is the safe handling of the butane fuel used to fill every Cricket lighter. To ensure a spark-free environment, Meralco oversaw the Laguna plant's retrofitting, solving problems like the erratic operations of fast line assembly machines and injection molding machines through grounding system improvements.

It isn't just safety and efficiency that the company pursues; Obias wants Cricket's consumer base to grow beyond smokers. "We want to broaden the market," he declares, "to make disposable lighters a household need."

To this end, SMPI is undertaking several courses of action to do exactly that here and abroad.

Pursuing innovation

Obias points out that the solution lies in constant innovation. Following the invention of its first disposable Cricket lighter, the company launched the first fixed-flame lighter and the first self-extinguishing nylon-body lighter in 1977. Then it introduced the first child-resistant lighter in 1992.

Cricket lighters are designed to be

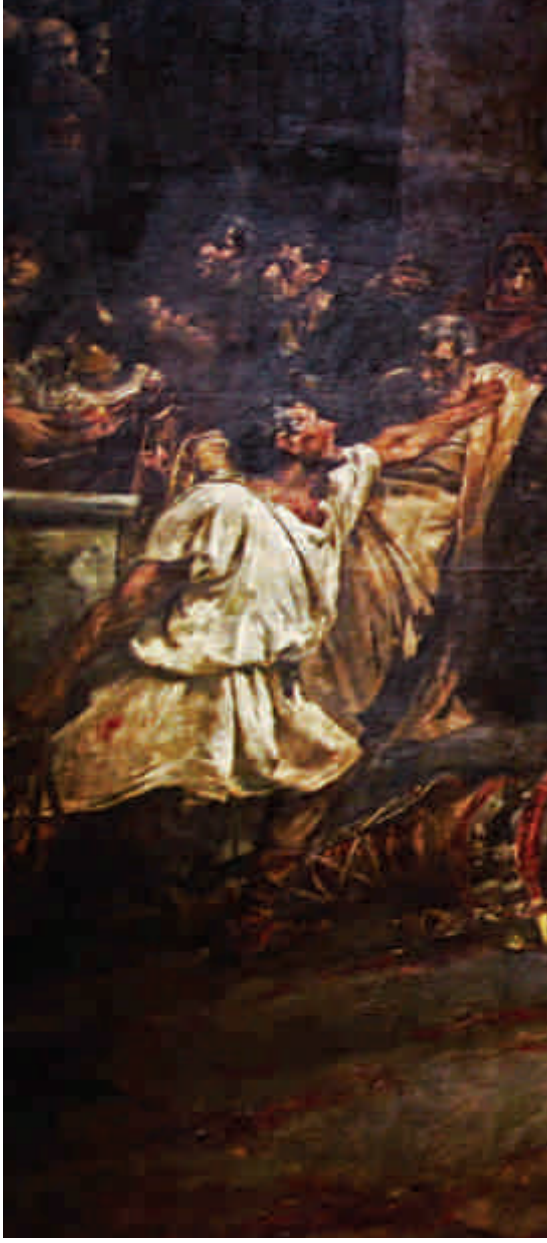
rugged and virtually unbreakable, resistant to both high and low temperatures.

Today, Cricket produces lighters explicitly designed for utility use, with extended and flexible nozzles to make it easier and safer to light candles, stoves, and grills. A wind-resistant utility lighter for outdoor use is already in the pipeline.

SMPI also works to enhance its product presence and visibility in the Philippine market. Cricket disposable lighters come in a rainbow of colors and enticing designs. Where once available only in 24-hour convenience stores, distribution has now expanded to supermarkets and groceries. The SMPI team is also making a move on neighborhood *sari-sari* stores, providing retailers with low-investment options to add Cricket to their product inventory.

By simultaneously following all these initiatives, Obias hopes to nurture a bigger market for his company's products worldwide, enabling SMPI to create more employment opportunities for Filipinos and contribute to the blazing growth of the Philippine economy.

Jeremy Barns
Director
National Museum



PRESERVING A PEOPLE'S TREASURES

The National Museum gathers up the heritage of the Filipino for all the world to see.

BY DONDI LIMGENCO

The United States military did not invent "shock and awe."

Juan Luna employed it overwhelmingly when he painted *Spoliarium* in 1884. A metaphor for the cruelty of Spanish colonial rule, the central image is a massive, muscular gladiator being dragged into oblivion. Even in death, Luna makes clear the power and vitality of the man that was.

To ensure the *oeuvre* captured attention, the artist upsized his canvas: over 4 meters high and more than 7 meters wide. Surely, the judges at the *Exposición Nacional de Bellas Artes* in Madrid, Spain

Spoliarium
Oil on canvas
Juan Luna
1884

didn't just award Luna the gold medal for this painting; they surrendered it.

Art, history, and science for the masses

Spoliarium continues to shock and awe hundreds of people every day. It's the first major artwork encountered at the National Museum of Fine Arts at the Old Legislative Building, dominating the former House of Representatives Session Hall in a way no politician ever could.

In his office at the Fine Arts Museum, part of the National Museum Complex in Rizal Park, Manila, National Museum Director Jeremy Barns declares: "The National Museum is eager to provide visitors with a transformative experience, by sharing all that is significant, unique, and emblematic of Philippine culture and history."

The Museum's mission rests on the principle that national unity and development is anchored on a people's sense of pride in their identity, cultural heritage, and natural patrimony.

"We're not just about works of art," says Barns, "but also about science: the archaeological and ethnographic artifacts, and our specimens of flora and fauna, rocks, minerals, and fossils."

Nationwide, the National Museum operates 14 regional museums from Ilocos Norte to Jolo, and more are in the pipeline. A museum will open in Batanes this year; while the Natural History Museum will open next year, along with museums in Iloilo and Bohol. Work has begun on a new museum in Albay's Cagsawa Ruins. A new site museum at Palawan's Tabon Cave Complex, along with the Negros Island Regional Museum in Dumaguete, also received the go-ahead.

Powerful networks

Given the scope of its mandate, the Museum regularly engages with governments and national institutions across the US, the UK, the EU, Russia, the Middle East, Southeast Asia, China, South Korea, Japan, and Australia.

'Sometimes it's really crowded, but it's the 'new normal' now.'

It hosts scholars from institutes like Harvard, the Smithsonian, the Muséum National d'Histoire Naturelle in Paris, and the British Museum, among many others. "We also hope to establish a new relationship with the Museo Nacional del Prado in Madrid and other Spanish institutions soon," Barns adds.

As part of the Department of Education, the National Museum works with local institutions such as the University of the Philippines; agencies such as the National Commission for Culture and the Arts, the Department of Environment and Natural Resources and the Department of Tourism; local governments, dioceses, foundations, and NGOs. Barns is particularly delighted to work with the Manila Electric Co. (Meralco), whose assistance is vital to help the Museum achieve its goals.

Air conditioning is particularly critical to the Museum's operations, and not just for visitor comfort. "We've substantially improved the environmental conditions in our galleries and public spaces, and, significantly, our storage," shares Barns. "Some of our repository rooms are climate-controlled, 24/7."

Meralco's Energy Solutions team conducted a walk-through audit of the Museum's electrical facilities. It recommended LED replacements to halogen lighting, and tighter door alignments and regular filter cleaning for greater air-conditioning efficiency.

The National Museum of Natural History structure – formerly the Department of Tourism building – was retrofitted from its foundations and completely renovated. The contractors fast-tracked the project, and Meralco worked quickly to energize the building.

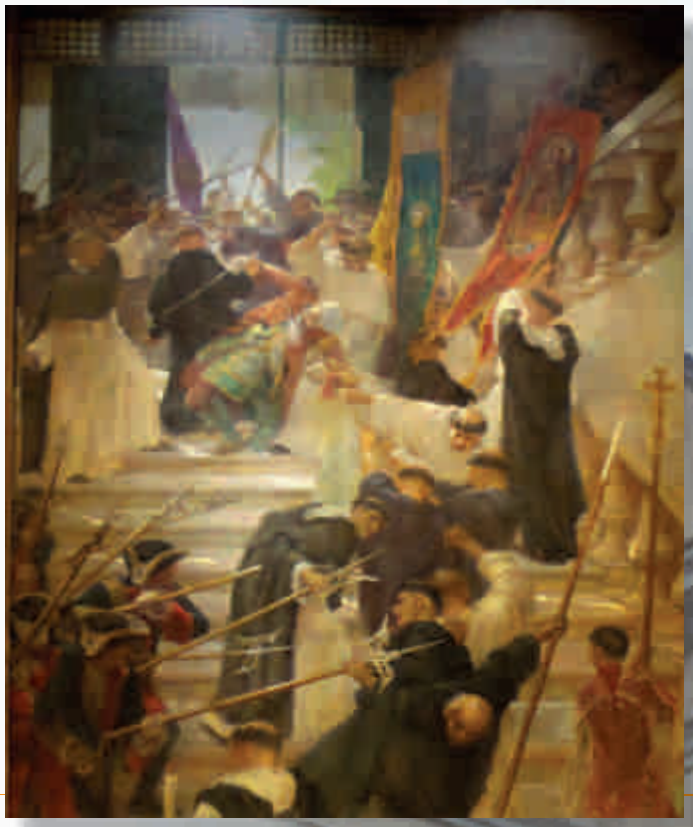
"We're grateful to Meralco for being a reliable provider," adds Barns. "We don't often get brownouts and we feel that Meralco gives priority to institutions such as ours."

Head of a Lady
Concrete architectural cartouche
Vidal A. Tampinco
ca 1950 - 1960

Gallery XII at the National Museum of Fine Arts is dedicated to sculpture.

Something for everyone

Felix Resurreccion Hidalgo could certainly use more appreciation; his dramatic painting, *The Assassination of Governor Bustamante*, hangs across from *Spoliarium*. Both works are declared National Cultural Treasures, yet Hidalgo's masterpiece gets



The Assassination of Governor Bustamante
Oil on canvas
Felix Resurreccion Hidalgo
ca. 1884

PHOTOGRAPHY BY JUN PINZON GROOMING BY FENNIE TAN

fewer selfies with the sizable Thursday afternoon crowd.

"It's the same in places like the Louvre, which is famous for the *Mona Lisa*," Barns observes.

The Museum features galleries devoted to modern art, to sculpture, and to National Artists like Fernando Amorsolo, Vicente Manasala, Ang Kiukok, HR Ocampo (Hernando Ruiz Ocampo), and BenCab (Benedicto Cabrera). "We've built up our fine-arts galleries because our National Collection, which is owned by the Filipino people, is second to none," the director notes.

"We are better known, especially in Manila, for being an art museum, and that's been deliberate," he explains. "Visual arts seem to be most accessible to people, especially the youth, and lets us introduce visitors to our archeological, ethnographic and natural-history exhibits."

The strategy seems to work, judging from the rising visitor numbers.

Free for all

"Sometimes it's really crowded, but it's the 'new normal' now," Barns observes. "People come in droves and interact with the Museum, just as others do in similar institutions across the world."

Visitor traffic rose from 229,394 in 2013 and 261,680 in 2014, to an astounding 534,820 in 2015. Hitting a million by 2017 would rank the Museum well among its regional peers.

The Museum's new free-entrance policy might account for the growing traffic, but Barns believes the number, quality and variety of the exhibits encourage people to return. Marketing is minimal, relying mostly on word-of-mouth and social media.

"People feel more relaxed," Barns claims, "and try not to see everything at once. They see something they like, and come back with friends, family, or guests from abroad."

Barns remains confident that the National Museum has a place in the lifestyle of today's Filipino: "It's just not true that Filipinos don't like museums. Filipinos love interesting places they can go to with their friends and family, to have experiences that are comfortable, convenient, memorable, and meaningful. We still have some ways to go, but I think we're very much on the right track."

The First Mass in Limasawa
Oil on canvas
Carlos V. Francisco
1965

Resurrección
Oil on canvas
Hernando P. Ocampo
1978

Sarimanok
Pounded brass
Abdulmari Asia Imao
2009

Artist's sketch of the SBPL power plant

A LONG PATH TO POWER

BY MC SANTOS

MGen's first power plant breaks records and gets a nod from *PFI* magazine.

The summer of 2016 is on record as having been the hottest thus far. Temperatures ranged from 37 to 40 degrees Celsius and strained air conditioners, which in turn placed available power supplies under stress. Last April 15, the National Grid Corp. of the Philippines placed the Luzon grid under red alert.

Heat-addled urbanites seeking relief flocked to the beaches, including those along the coastal municipality of Mauban, Quezon province. Located some 157 kilometers (km) southeast of Manila and 52 km east of Lucena City, Mauban is popular for its beach resorts and as a jump-off point for nearby Cagbalete island. This municipality of less than 70,000 residents will soon be providing a different form of relief, thanks to the San Buenaventura Power Ltd. Co. (SBPL) power plant.

Back in generation

In 2010, the Manila Electric Co. (Meralco) established a subsidiary, Meralco PowerGen Corp. (MGen), that puts the distribution utility back in the power-generation game. "We were already in talks with [Egco Senior Vice President for International Development] John Palumbo at the first small office of MGen," recalls MGen Chief Operating Officer and SBPL President Aaron Domingo.

Three years later, MGen partnered with New Growth B.V., a wholly owned subsidiary of Thailand's Electricity Generating Public Co. Ltd. (Egco), to form SBPL. MGen holds a 51-percent stake in the venture, and New Growth B.V., 49 percent. The venture contracts SBPL to sell its entire net capacity to Meralco under a 20-year

PHOTOGRAPHY BY JUN PINZON GROOMING BY FENNIE TAN

*Partners in power: MGen Assistant Vice President **David Evangelista**, MGen Chief Operating Officer and SBPL President **Aaron Domingo**, SBPL General Manager **Frank Thiel**, and MGen Senior Vice President **Marc Yorobe** eagerly anticipate the completion of the 460-megawatt SBPL coal-fired power plant (facing page).*

power-supply agreement.

SBPL General Manager Frank Thiel says, "We turned to MGen as a very viable partner. MGen brings along the power supply agreement, Egco brings its expertise: it is a very good marriage."

It takes time, however, to build a power plant. Domingo explains: "Once you establish policy and strategy, you set in motion decisions that lock down your options. You need to see it through if it is already under construction or else you lose a lot of money. You cannot just change your mind."

"Developing a large-scale power station anywhere in the world can require 10 to 12 years," Thiel details.

"In the Philippines, it takes 165 permits to get a power plant underway. You need to satisfy a lot of people; LGUs (local government units), the Church. You have to have the government permits in place. It takes a lot of effort, a lot of patience."

An award-winning deal

Construction on the SBPL plant began in December 2015. When it comes on-line in 2019, it will generate 460 megawatts (MW) of electricity. This is 36 percent of the 1,294 MW combined capacity of the Sual Power Station in Pangasinan, currently the country's largest power plant owned by Japan's TeaM Energy Corp.

The SBPL plant will provide a substantial increase in the reserve supply available to the Luzon grid and enable Meralco to provide its customers with more stable and reliable power. It will also allow more competitive pricing, since generation costs comprise 50 percent of each electric bill.

The SBPL coal-fired power project's scope prompted the prestigious Thomson Reuters finance journal, *PFI* (Project Finance International), to name it "Asia-Pacific Power Deal of the Year" for 2015. The award primarily recognizes the achievement of raising P42.15 billion for the project, negotiated from a consortium of Philippine financial institutions.

Marc Yorobe, senior vice president of MGen, exults over how the award acknowledges "a lot of innovations in financing. For one, it's the biggest all-Philippine peso project finance facility to date."

The SBPL power project attracted the country's top banks to source and manage the necessary funds: from BDO Unibank Inc., China Banking Corp., Metropolitan Bank and Trust Co., Philippine National Bank, and the Rizal Commercial Banking Corp.

Korea's Daelim Industrial Co., Ltd and Japan's Mitsubishi Corp. are the project's engineering, procurement, and construction contractors.

Clean and plentiful power

PFI also notes the importance of the supercritical boiler technology utilized by SBPL, given the environmental concerns regarding coal. Supercritical coal-fired power plants, which operate at higher pressures and temperatures, yield higher efficiencies, and offer significant reductions in overall emissions over the projected life of the plant. Given that there are over 250 years' worth of supply, Thiel asserts that coal remains an economically viable fuel of choice.

Domingo underscores how this dovetails with MGen's vision of developing sustainable and efficient power plants, anchored on environmental stewardship, while producing competitively priced and reliable power.

It also means that Mauban's other industry – tourism – can remain vibrant long after the SBPL plant begins operations. By then, the plant will provide a reliable and stable power supply to industrial and residential customers throughout Luzon, boost productivity and, hopefully, help make summers more bearable.

Solar power, school kits, and student lamps

BY ESMI BARRERA

OMF's Makabayan Volunteerism Program spreads back-to-school cheer

In pre-Hispanic times, travelers sailing to the island at the doorstep of Malaysia would refer to it as "jaui-jaui," Malay for "far away." Over time, the word evolved into "Tawi-Tawi," which eventually became the official name of the Philippines's southernmost province.

Yet even in this century, Tawi-Tawi continues to be "far away." The sea, which has long served as a highway and a source of livelihood, is also a barrier to the entry of modern infrastructure like electricity, hampering both economic development and education.

There is, however, no barrier to ingenuity, determination, nor compassion.

This year, Manila Electric Co. (Meralco) Chairman Manuel V. Pangilinan chose a school in Sitangkai, Tawi-Tawi to become the 170th off-grid school to be energized via solar technology. A mere 217 kilometers from Sandakan, Sabah, in Malaysia's Borneo, Sitangkai truly illustrates the word "remote."

Previously, the school used a generator set to provide power for the administrative office, a small computer laboratory, and seven classrooms for 922 students. The generator operated on funds donated by the parent-teacher association, which school principal Hadji Nadsi Malik says could be used "to address problems such as overcrowding." The school also lacks a canteen, gym, library, and clinic.

Together with Meralco President and Chief Executive Officer Oscar S. Reyes and One Meralco Foundation (OMF) President Jeffrey Tarayao, Pangilinan met with the Laud Sitangkai Annex beneficiaries at a turnover ceremony of the school's 1-kilowatt solar photovoltaic system. The system will power classroom lights, laptops and multimedia equipment.

The Sitangkai project is one of many ongoing education advocacy efforts supported by Pangilinan and OMF, Meralco's social-development arm. To mark his birthday last July 14, OMF held a week-long volunteerism drive by employees of Meralco and its subsidiaries. Using the chairman's initials, OMF cheekily named the campaign "7 Days of MVP" (Makabayan Volunteerism Program).

In the first and second weeks of July, more than 1,000 employees tirelessly visited 70 public schools within the Meralco franchise areas, handing out back-to-school kits to overjoyed kindergarten students. A fund-raising campaign back in May raised about P1.3 million from the employees to fund these kits, which consist of school supplies packed inside colorful

school bags.

Also distributed to students, this time in 70 remote primary schools with no access to electricity, are 7,000 much-needed solar-powered lamps. This sustains OMF's response, kick-started last December, to the "One Child, One Lamp" (Ocol) campaign initiated by the Department of Education. Ocol provides students in off-grid areas with solar-powered lamps for home use *(see "A Beacon to Dispel the Gloom" in the Power Club's Q1 2016 issue).*

These efforts reaffirm Meralco's commitment to inclusive growth and its outreach to Filipinos beyond its franchise areas.

Enrica Escada Elementary School students receive school kits from OMF, consisting of a school bag, pencils, notebooks, pad paper, crayons and scissors (facing page). This page, from top: Clark Electric Distribution Corp. President and CEO **Ricardo V. Buencamino** *reads to students; Laud Sitangkai school students show their eagerness to learn; Meralco President and CEO* **Oscar S. Reyes** *readies to distribute kits at San Perfecto school.*

The Best-Shared Secrets

Meralco Corporate Partners conducts the first of its Power Up Finance Forum series

BY MC SANTOS

Businesses exist to make a profit and to drive the economy, yet competition demands more of corporations, including registering savings.

In response to the ever-evolving business landscape, the Manila Electric Co. (Meralco) demonstrated its responsiveness to its customers' needs with its re-engineered Meralco Corporate Partners Power Up Forum series. The distribution utility regularly conducts the forum to share information and best practices with its partners on power quality and efficiency solutions, product innovations, pricing programs, energy-industry updates, and clarifications on regulatory policies that directly impact business.

Held at the Makati Shangri-La last July 22, the Power Up Forum placed finance on center stage for the first time. It was well attended by company presidents as well as finance officers. This was followed by another Power Up Forum at Fairmont Makati on September 2.

Meralco Vice President and Head of the Corporate Business Group, Victor S. Genuino, welcomed the participants and set out mutual goals to increase competitiveness, enhance ease of doing business between Meralco and its business partners, and promote an environment of efficiency and progress in the long run. "Meralco strives to be your ally in the enhancement of growth, profit, and productivity for your enterprise," he remarked. "We are here to complement whatever you are doing to obtain your bottom-line goals."

The Forum kicked off with a presentation that outlined payments and refunds to better orient the audience on the various stages of their journey with Meralco, and clarify the purpose of service deposits and processes to apply for a refund.

Other topics discussed were Meralco's energy-efficiency programs, like the long-running Peak/Off-Peak Rate, the Customer Renewable Energy (RE) Compatibility Assessment, and the Customer RE Asset Study, which calculates the resources needed to connect that installation to the distribution system. The applicability of the extended value-added tax (eVAT) and the expanded withholding tax on power payments were clarified, as were the payment options available under the Automatic Debit Arrangement.

The Forum wound up with a question and answer portion, which stimulated interesting discussions and the sharing of real-world experiences.

PHOTOGRAPHY BY JUN PINZON

1 Meralco Electronics and Automotive Team Leader **Marvin Jovero** and Cathay Pacific Steel Corp. Manager for Business Development **Ed Santibanez,** with Meralco VP and Head, Corporate Business Group **Victor S. Genuino** and Meralco RM **Ver Arevalo** **2** Meralco RM **Khristian Valdez** with San Miguel Pure Foods Co. Finance Manager **Florence Pavon** and Meralco Food and Beverage Team Leader **Gabriel Delfin** **3** Meralco Head, Private Sector Relationship Management, **Victor Risma**, Texicon Group VP for Finance and Comptroller **Pablito Bermudo**, and Meralco RM **Rick Panes** **4** Bloomberg Philippines Host **Quintin Pastrana** with **Victor S. Genuino**

5 Philippine Diamond Hotel CFO **Winada Effendi** **6** Guru Property Development Corp. VP and Operations Head, Victory Malls Group **Roque Sendin** and Meralco Construction Team Leader **Rene Sua** **7** Meralco RM **Mico Cornejo** with Morning Star Milling Corp. and Vita Realty Corp VP for Operations **Wellington Lim** **8** **Victor Risma** with Meralco VP and Head, Marketing, Customer Solutions and Product Development, **Tony Valdez**, Atlanta Industries Division Head **Robert Chan Jr.**, and **Victor S. Genuino**

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SVP & Head of Asia-Pacific Region
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