

POWERCLUB

A MERALCO PUBLICATION | SPECIAL LUMINARIES EDITION | AUGUST 2017




LUMINARIES

**CELEBRATING
A FUTURE OF
POSSIBILITIES**

MESSAGES

LOOK BACK,
MOVE
FORWARD**ALFREDO S. PANLILIO**

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

Meralco launched its Luminaries program six years ago, when the Philippine economy was beginning to take off. Inspired by Meralco Chairman Manuel V. Pangilinan, our vision for the Luminaries is to showcase businesses that make a difference in the lives of Filipinos across the country.

Our pioneering Luminaries were already household names in the electronics, food manufacturing, and real-estate sectors; companies like Samsung Electro Mechanics Philippines, Universal Robina Corp., and Ayala Land Inc.

We had focused on Meralco's traditional services: early energization, right-sizing energy contracting, and assistance for customers shifting away from power self-generation. Over time, our featured partnerships grew more sophisticated.

Today, we offer long-term energy planning to support our customers' expansion projects. We help them make the most of energy retail competition

and open access to keep them competitive. We enable their pursuit of green initiatives with renewable energy sources or electric-vehicle and charging systems. And to serve them and their local communities, we build large-scale electric infrastructure for their real-estate projects.

As the economy continues to soar, we anticipate more positive changes. Small businesses become large enterprises. Established businesses diversify into non-core activities such as energy, water distribution, transport, and smart urban planning. Likewise, we aim to constantly innovate and better empower our customers with simpler, faster, and more convenient services.

Our Luminaries Awards are a recognition that good practices and close collaboration between Meralco and the country's leading businesses contribute to the betterment of the Philippines. We hope these stories will inspire others to aspire.

PURSUING A
LOW-CARBON
FUTURE**VICTOR S. GENUINO**

Vice President and Head,
Corporate Business Group

It matters little how rich you are, or how well your economy performs, when typhoons, floods, droughts and other regular calamities get progressively worse from global warming. These disasters affect everyone without discrimination.

This is what makes the Paris Accord on Climate Change so vital, even for the Philippines and other countries that are not major producers of greenhouse gases. The Accord underscores the problem and urges everyone to find effective solutions.

Meralco actively helps its customers seek answers to global warming through our subsidiaries: MSERV, providing energy-efficiency services; and Spectrum, delivering renewable-energy (RE) solutions. Our engineering-services subsidiary MSERV works to deliver lower operating costs for customers with power-hungry facilities such as air conditioning.

Achieving energy efficiency does

more than minimize our carbon footprint. Businesses obviously benefit from reduced energy overhead costs, which can translate into cost-competitive products. Savings can yield broader profit margins, investments into company expansion, and incentives to keep manufacturing here in the Philippines.

Reduced energy consumption also means more power can be made available to other users, reducing the risk of energy shortages that can disrupt the economy.

Granted, not all these energy efforts are easily implemented. Nor are RE or green energy technologies cheap. Nonoy Oplas, of Minimal Government Thinkers, says we cannot transform ourselves into a completely RE-dependent country overnight.

However, I believe that a balance must be struck if we want a future that everyone can look forward to. It's not an easy nor painless thing to do, but we must find a way to do it.

INSIDE



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ANALYSIS

BY BABE PAÑARES

Can We Afford to Save the CLIMATE?

As a Paris Climate Agreement signatory, the Philippines must make smart choices to power its economy.

'The Philippines is not a major emitter of greenhouse gases at only 0.38 percent. But we are the fifth most vulnerable country. The impact of climate change on us is so much more.'

Vernice Victorio
Commissioner
Climate Change Commission

To examine the issues surrounding the Philippines's participation in the Paris Agreement on Climate Change, Power Club's Joy Pañares speaks with Commissioner Vernice Victorio of the Climate Change Commission, Bienvenido Oplas Jr., president of the think tank Minimal Government Thinkers Inc., and Senator Loren Legarda, an environmental campaigner.

There's no question that many in the Philippines – government, business and individual citizens – are keen on reducing the country's carbon footprint, which contributes to global warming and climate change. The latter subject is very much in the national consciousness, after super typhoon Yolanda (international name: Haiyan) devastated parts of the Visayas in 2013.

Yet our efforts to blunt global warming cannot compare with those of wealthier, more technologically-advanced countries. Ranking only 36th globally in gross domestic product, the Philippines can't afford to make massive investments in renewable energy (RE), nor pass these on to consumers. Such a move can disrupt our economic growth and even bankrupt the nation. Even if we were to completely go RE, our country only accounts for 0.38 percent of global carbon emissions, according to Victorio.

For these reasons, the Philippines is constrained to pursue RE as part of a balanced energy mix that still requires cheaper, carbon-based fossil fuels like coal.

Commitments made

Despite the constraints, the country is committed to contribute to international efforts to reduce carbon emissions.

In 2015, 175 countries, including the Philippines, crafted the Paris Agreement on Climate Change. The Agreement seeks to slash carbon emissions and limit the global average temperature increase to below 2 degrees Celsius above pre-industrial levels, ideally at 1.5 degrees Celsius.

With the country averaging 20 typhoons annually, the Philippines remains one of the world's most at-risk nations to natural calamities.

"We are the fifth most vulnerable country," Victorio reveals. "Climate change may be a global issue, but it is very much felt on a local scale."

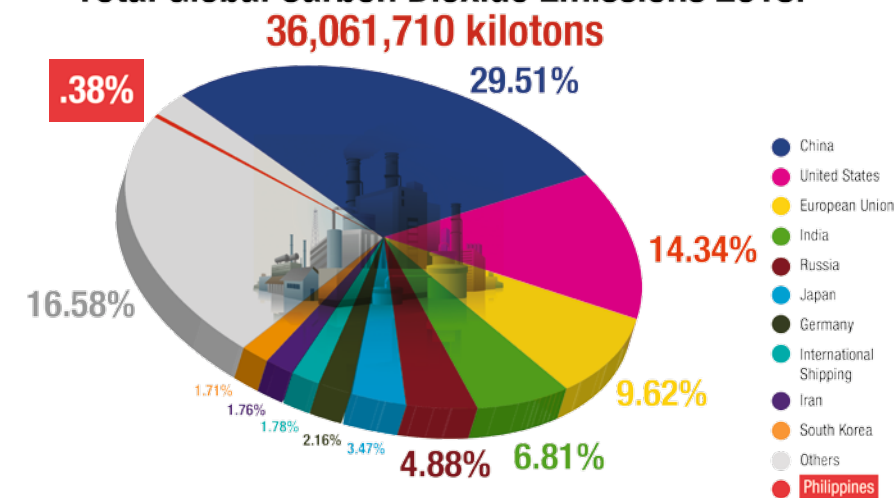
She reports the country initially pledged a 70 percent carbon-emission reduction for a share of the Green Climate Fund (GCF). Developed countries pledged to put up US\$100 million annually for the fund, to finance projects in the

developing world that address climate change.

"That 70 percent reduction," she qualifies, "is just an indication; we have since changed that. We want to be realistic, so we are hoping to encourage businesses to make their own commitment, instead of shoving a fixed number down their throats."

President Rodrigo R. Duterte initially labelled the agreement "unfair," but transmitted the Instrument of Accession

Total Global Carbon Dioxide Emissions 2015:



Photography by Jun Pinzon Grooming by Arlene Adto

to the Senate, which ratified the agreement unanimously. The Paris Agreement took effect in the country on April 22, Earth Day, the annual worldwide celebration for environmental protection.

Ants leading elephants

Legarda urges the Philippines and other member-countries of The Vulnerable Twenty Group (V20) to push for more resilient, efficient, inclusive, and sustainable economies. She is chairperson of the Senate Oversight Committee on the Paris Agreement.

"We are the ants leading the elephants," she declares. "But our nations bear the brunt of climate change. If the V20 cannot pull the world along with us, we will have no chance of keeping the global temperature increase limit within 1.5 degrees Celsius."

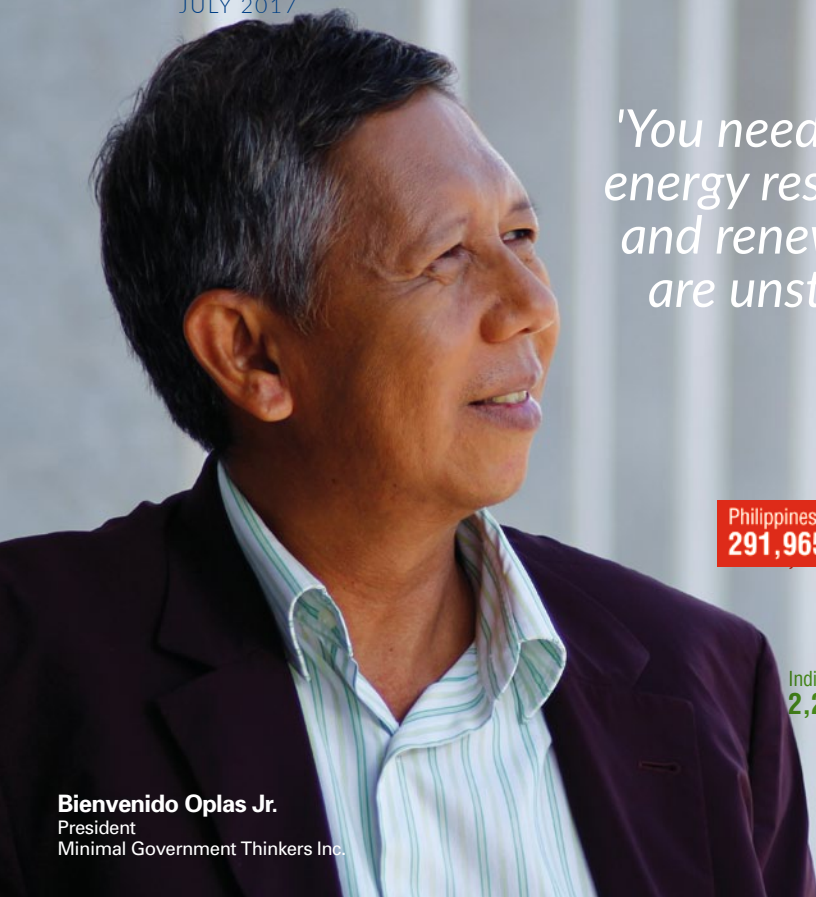
Businesses, she contends, must look at climate-change adaptation as programs that spur economic growth, and not just environmental-protection activities. Other industry players agree. (See "A Future Renewed," in the Q2 2017 issue.)

Senator Loren Legarda
Chairperson
Senate Oversight
Committee on the Paris
Agreement

By investing more in energy efficiency and renewable energy, we can create almost

70%

more jobs as early as 2030.

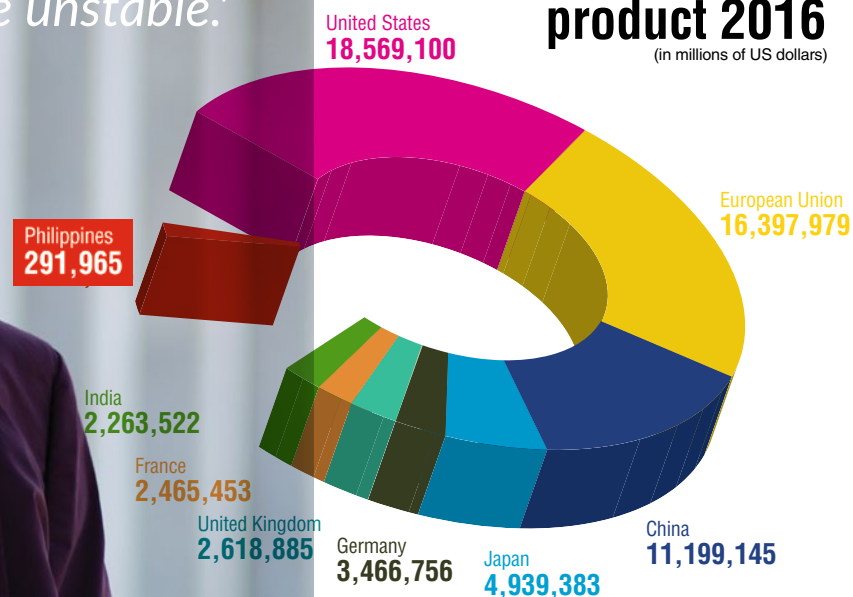


Bienvenido Oplas Jr.
President
Minimal Government Thinkers Inc.

'You need cheap energy resources, and renewables are unstable.'

Gross domestic product 2016

(in millions of US dollars)



Source: World Bank

"With greater investments in energy efficiency and renewable energy, we can create almost 70 percent more jobs by as early as 2030," Legarda points out. "Off-grid renewable energy solutions will be indispensable to V20 economies like ours, where a national grid system for over 7,000 islands is simply impossible."

But others caution against an abrupt shift to renewable energy simply to meet the country's climate-change commitments.

Economy or environment?

Oplas describes the climate pact as "a lousy agreement." "If you want to industrialize, you need stable and cheap energy resources," he argues. "You can have renewables, but those are unstable energy resources."

He warns against tying the hands of the Department of Energy by disallowing additional base load power plants that run on coal and fossil fuel. He sees the Philippines as having the second-highest electricity price in Asia, next to Japan, with a very low per-capita electricity output of 690 kilowatts per hour.

"Renewables are being forced upon us even if cheaper energy is available," Oplas asserts. "Those who demonize fossil fuels do not ride skateboards to work. It is plain hypocrisy: they still ride their cars and airplanes."

He notes factors such as the 20-year guaranteed feed-

in-tariffs for solar, wind, biomass, and hydroelectric power, and increases in generation and distribution charges, contribute to the significant price impact of renewable energy.

"The overriding concern for developing economies like ours," he insists, "is how to hasten and maintain economic growth in order to sustain job creation and poverty alleviation. Forcing expensive and unstable energy sources to 'fight climate change' contradicts this goal."

Balance of power

For Victorio, it is imperative to strike a balance between fossil-fuel energy resources and more climate-friendly renewables.

"The Paris Agreement allows us to determine our energy security," she clarifies. "It does not have to counter efforts toward poverty alleviation and social development. We are not saying that we should shut down our coal plants, but we need to see how much is too much."

She concedes that the administration must provide cheap energy, and fast, and expects renewable energy to become cheaper in the long run.

"We still need a base load of fossil-fuel energy, but we should still push for renewables," she underscores. "There should be awareness, but also a sense of urgency. The earth may survive climate change, but would the Philippines?" 🌱



ELECTRIC CAPITAL PROJECTS

BY MC SANTOS

There's a lot at stake each time the heads of the 10 member-states of the Association of Southeast Asian Nations (Asean) come together. There are economic matters, of course. Regional security. Territorial issues. Immigration. The environment.

As such, the Philippines was privileged to host the 30th Asean Summit, which also celebrates the regional bloc's 50th year of advancing "One Vision, One Identity, One Community."

Working with the theme, "Partnering for Change, Engaging the World," the summit, which ran from April 26 to 29 this year, was an opportunity for the host country to showcase its economic progress. It was also a rare privilege for the Manila Electric Co. (Meralco) to provide power and support for international events that contribute to nation-building.

The challenge was made less daunting thanks to Meralco's learnings from the visit of Pope Francis in January 2015 (see *"The Power Behind the Pope"* in *Power Club's* Q1 2015 issue). This is the view of Jojo Santiago, Meralco relationship manager for Government-Owned and Controlled Corporations (GOCCs) and a member of the National Organizing Committee of the 30th Asean Summit.

All the events were set for the Cultural Center of the Philippines complex. This made it easier to contain, Santiago asserts, because they already knew the tapping point of services for all the venues. Thanks to work done during the 2015 papal visit, he notes, the team was acquainted with the system of

underground cables.

"It was only a matter of coordination with the networks group to maintain the reliability of service throughout the entire Asean Summit," he recalls.

Santiago acted as the nexus between national government agencies, local government units, and several Meralco teams. The latter includes the Central and South Distribution Services (Manila, Pasig, and Parañaque sectors); the System Control Center, and the Substation Group.

The Asean Summit opening ceremony took place at the Philippine International Convention Center (PICC) and at the nearby Coconut Palace for the Leaders' Retreat. To ensure operations remained seamless for services and power supply, Santiago worked closely with the Meralco

sector heads of Manila, Pasig, and Parañaque city. Meralco assisted the PICC in the installation of new generators, providing advice on the ideal placement of the units, as well as the settings on the transfer switches.

Dedicated equipment and personnel were on standby around the clock before, during, and after the event. Santiago reveals updates were sent at every shift. Personnel and vehicles dedicated to the substations were made available.

Its advanced preparations and experience helped ensure a smooth run at the 30th Asean Summit, but it also makes Meralco better prepared to

manage the power needs of the upcoming Asean meetings in November, and even bigger events in the future. 🌱



'It was only a matter of coordination with the networks group to maintain the reliability of service throughout the entire Asean Summit.'

Jojo Santiago
Meralco relationship manager
for GOCCs

INDUSTRY TRENDS

COLD COMFORTS

Rising temperatures mean hotter opportunities for the country's manufacturers of home and office air conditioners

BY CAI ORDINARIO

Even those who deny global warming can't ignore Metro Manila's rising temperatures. On May 2017, the Philippine Atmospheric Geophysical and Astronomical Services Administration recorded Metro Manila's top heat index at 45.4 degrees Celsius. It was 43 degrees in April 2016, and 41 degrees in May 2015.

It's bad news for an economy that is taking off. Scorching days can adversely affect equipment, and hot evenings can mean sleepless nights and underslept, less-productive workers.

However, this also spells plenty of opportunities for the country's heating, ventilation and air conditioning (HVAC) industry.

A hot economy

"You would all be out of a job if you don't have air conditioning in this country," declares Concepcion Industrial Corp. (CIC) Chief Executive Officer Raul Joseph Concepcion. "Computers will not work,

so aircon is really a part of the development of any economy."

The administration projects a seven- to eight-percent annual growth rate. This growth is fueled by a young workforce, rapid urbanization, rising levels of household ownership, public infrastructure development, and strong consumption. It is also fed by remittances from about 10 million overseas Filipino workers, and by higher domestic incomes from jobs created by business process outsourcing firms and other locally based foreign companies.

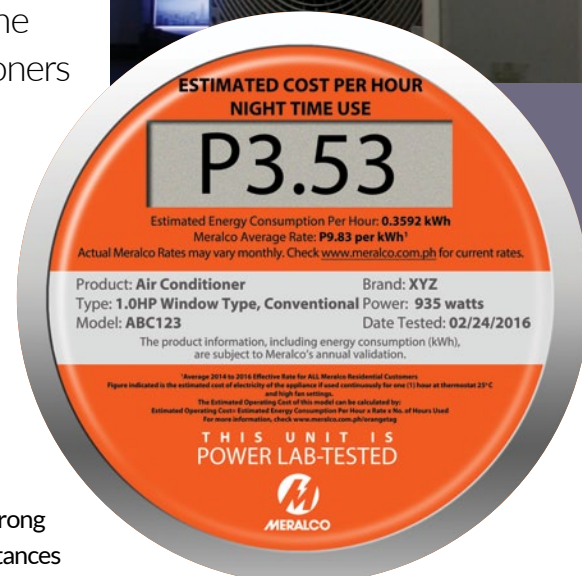
The fast-growing economy clearly puts more money in the pockets of Filipinos, according to a CIC-commissioned study. The nationwide income level vis-à-vis the country's gross domestic product was pegged at US\$2,947 (P149,044) in 2016.

Of the 23 million Philippine households in 2015, the study also shows, the annual income ranged from P100,000 to P250,000 for 45 percent of them, and exceeded P250,000 for 35 percent.

The earnings increase shows up in appliance purchases. From 2009 to 2013,



Inkwun Heo
President / Managing Director
LG Electronics Philippines Inc.



Meralco's Orange Tags on home appliances guide buyers by estimating average energy usage, along with the corresponding peso equivalent.

Filipino household ownership of TV sets rose to around 77 percent, and of washing machines, to 36 percent.

Purchases of so-called luxury goods also multiplied. In 2015, 12 percent of Philippine households, about 2.5 million out of 23 million families, have installed air conditioning (A/C) units.

According to CIC, that market was worth about P26 billion last year, comprising around 1.4 million A/C units. "Twelve-percent penetration sounds low," Concepcion acknowledges, "but it indicates the market's potential for growth."

Meralco works closely with HVAC manufacturers and their customers in the design, installation, and efficient operation of office and industrial A/C systems.

Building on opportunities

Rising consumer affluence isn't the only bright spot for the HVAC industry. KMC Savills Research data indicates Metro Manila added about 162,200 square meters (sqm) of new office space within the first quarter of 2017; 781,800 sqm more are expected by year's end.

According to LG Electronics Phils. Inc.'s own projections for Metro Manila, 2.1 million square meters of new office space are being built between 2015 and 2017 and up to 25,000 condominium units are expected to be completed over the next two years.

The same projections also see at least 15,741 new hotel rooms in the pipeline between the last quarter of 2015 and 2020.

The LG report, says Inkwun Heo,

president & managing director of LG Electronics Phils. Inc., credits the solid growth of the Philippines's "packaged products" market to the thriving activity in private construction, particularly of high-rise condominiums, commercial offices, and shopping malls.

This building boom also leads both CIC and Daikin Airconditioning Philippines to expect the annual demand for A/C units to grow by around 20 percent.

HVAC manufacturers may do well to anticipate a sales boost, but they all recognize the need to provide greater value to their customers.

*'Clean your
A/C units regularly
and set your
thermostat one
degree higher
than usual.'*

Raul Joseph Concepcion
CEO
Concepcion Industrial Corporation

Cool innovations

To address concerns over carbon emissions due to higher power consumption (see *"Can We Afford to Save the Climate?"* on page 4), the HVAC industry engages in a never-ending race to introduce state-of-the-art products that deliver comfortable cooling while consuming less energy.

A key breakthrough in A/C systems is the introduction of inverter technology. Compressors in conventional A/C units run at full capacity to reach the desired room temperature, then shut off. As the room temperature rises, the compressor kicks in again at full speed. In contrast, inverter A/C compressors run at a high speed to cool the room quickly, then slow down to maintain a constant temperature. This low-speed compressor setting keeps inverter A/C units quieter and 50 to 60 percent more energy-efficient than conventional models.

Concepcion pegs the hourly cost of

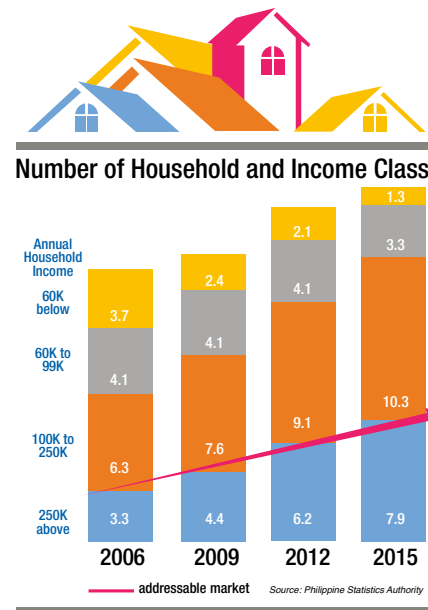
running a single-horsepower conventional A/C unit at about P25 if electricity is at P15 per kilowatt-hour. The Manila Electric Co.'s (Meralco) Power Lab tests show the use of an inverter A/C unit can cut this down to as low as P5.

In fact, Concepcion credits the growth in the use of inverter A/C units as a factor in helping the country avert an energy crisis a few years ago, by helping ease the energy demand.

The price of progress

Inverter technology does not come cheap, however. Daikin President Lee Wai Kok admits inverter A/C units are up to 20 percent more expensive than conventional models. The use of copper pipes and drain systems for inverter units, and the professional installation service it requires, further adds to the price tag.

"Most suppliers today offer installation services for their customers," Lee notes, insisting on proper installation to ensure



the inverter unit's maximum cooling and energy-savings potential. "If you buy a unit from us, we'll install it at a reduced cost."

The invisible cost of air conditioning is measured, not in pesos or kilowatts, but in carbon. An American Journal of Engineering research paper estimates the annual carbon footprint of a standard window A/C unit is about 1,400 kilograms.

Using a carbon calculator by the Center for Sustainable Systems, a passenger car ride from Manila to Baguio produces

'Proper inverter-A/C installation maximizes its cooling potential and energy savings.'

Lee Wai Kok
President
Daikin Airconditioning Philippines Inc.

roughly 78 kilograms of carbon.

Each instance of electricity use affects the environment through carbon emissions, since power plants utilize fossil fuels, coal and alternative energy sources such as nuclear, wind, water and solar energy. This creates a carbon impact. We must face facts: carbon footprint is the climate-change metric of our times.

Meanwhile, global sales of A/C units continue to surge in emerging economies, many of which, like the Philippines, India and Indonesia, are in warm climates. A recent Berkeley National Laboratory study estimates the world will have about 1.6 billion A/C units by 2030.

Even the operation of so many A/C units clustered in one location can have immediate effects.

"The more cooling you have, the more heat A/C systems release into the urban environment," declares Afshin Afshari, a professor with the Abu Dhabi research team at Masdar Institute. "This elevates the ambient temperature and further increases the cooling demand. It's a vicious cycle."

Smaller footprints

The environmental impact of A/C use is why CIC subsidiary, Concepcion-Carrier Air Conditioning Co., launched The Green Footprints Movement: to raise awareness on the environmental impact of lifestyle choices, explains Concepcion. It also offers easy and practical steps for consumers to shrink their carbon footprint.

The simplest tips? "Clean your A/C regularly," he advises, "and set the thermostat one degree higher than your normal setting.

These can reduce your household's energy consumption by as much as six percent."

The Green Footprints Movement also fosters cooperation between and among the private sector and the national government. Concepcion quotes studies that show buildings take up about 40 percent of the world's total power consumption, of which air conditioning accounts for 60 percent.

Through partnerships with companies like the Meralco and the Department of Energy, the movement is able to inform consumers regarding energy-efficiency ratings for various appliances. This is the objective of Meralco's Orange Tag program, which extensively tests for the estimated energy usage and cost per kilowatt-hour of home appliances like refrigerators, A/Cs and TVs. This

information is displayed on easy-to-read orange labels or orange tags and attached to the appliances of select manufacturers that are being sold in the market.

With said program, Meralco is not only able to generate awareness for energy-efficient innovations, but is also able to share practical tips to its customers on the efficient use of home appliances through social media, TVCs and flyer inserts in the monthly bills.

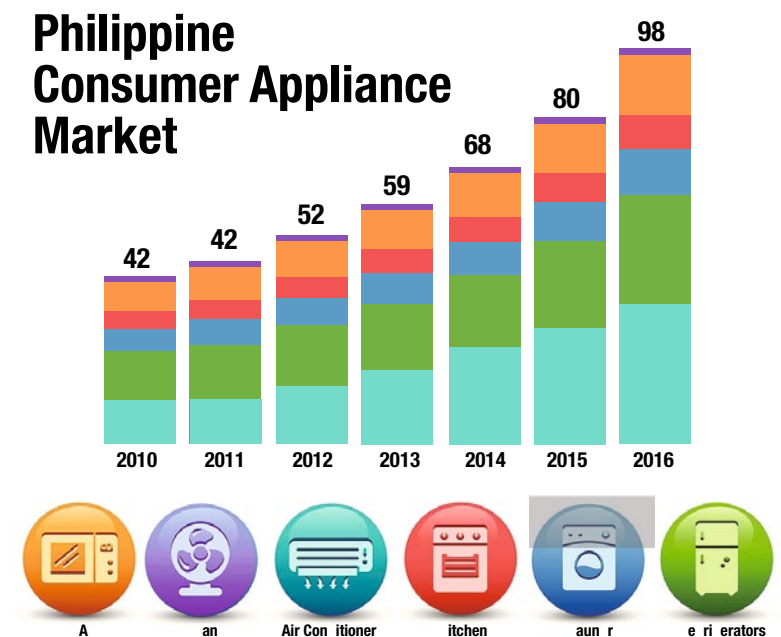
Meralco also works closely with HVAC manufacturers and their customers in the design, installation, and efficient operation of office and industrial A/C systems (see *"Hot Tech, Cool Services"* on page 34).

Other Green Footprints recommendations include the replacement of currently installed appliances to dispose of outdated HVAC units without harming the environment.

Concepcion expects some folks may find such advice a bitter pill to swallow: "The challenge in any green program is in convincing people to spend a little more, to pay a little premium, to be earth-friendly. Surveys show that people want to be green, but don't want to spend any green."

In any case, Metro Manila's soaring temperatures will only harden the resolve of a population, in an increasingly prosperous economy, to acquire more and better A/C systems. Thanks to smarter innovations from the HVAC industry, homeowners and businesses can feel good about keeping their carbon footprint down even as they save energy, and money. 🌱

Philippine Consumer Appliance Market



Source: Euromonitor International & Internal Estimates

EVENTS:
LLUMINARIES
AWARDS NIGHTLighting Up
the Night

At the 6th Luminaries Awards, innovation took the spotlight

BY LIO MANGUBAT

The NET Group CEO **CARLOS RUFINO** and co-president **RAYMOND RUFINO** flank Meralco president and CEO **OSCAR S. REYES**Meralco VP and Head, Corporate Business Group, **VICTOR S. GENUINO**; Saffron Phils. Inc. President **KENNAN LAO** with wife **MINERVIA**; Meralco Relationship Manager **ROLAN MERCADO**; Meralco Head, Private Sector Relationship Management **VICTOR RISMA IV**Swedish Match Phils. Inc., Managing Director **LEO OBIAS**D.M. Wenceslao and Associates, Inc. CEO **DELFIN WENCESLAO**; Solaire Resort and Casino, Board Director **DONATO ALMEDA**; Meralco Senior Vice President and Head, Customer Retail Services and Corporate Communications **ALFREDO S. PANLILIO**

The Meralco Luminaries is a program that honors customers who collaborate with Meralco for improved business efficiencies that drive the nation's development and progress.

Photos: Jun Pinzon, Dakila Angeles, Ryan Ong, Shampoo Padilla, Magic Liwanag, and Christian Bitoon for Foreveryday Photography
Makeup and Grooming: Arlene Adto Hairstyling: Corazon Lee Production Design: Coni TejadaMeralco **RM RICK PANES**, De La Salle University President Br. **RAYMUNDO SUPLIDO FSC**, Meralco Utilities Industry Team Lead-Private Sector CBG **JOY MENDOZA**Melco Crown Phils. Chairman and President **CLARENCE CHUNG** (second) and **VICTOR RISMA** (far right), with City of Dreams Manila officers: Vice President for Public Relations **CHARISSE CHUIDIAN**, Vice President for Legal Affairs **MARISSA TOMACRUZ-ACADEMIA**, and Director for Public Relations **ROMINA GERVACIO****OSCAR S. REYES**; Amkor Technology Phils. President **NORBERTO "BING" VIERA**; Saffron Phils. Inc. President **KENNAN LAO**; Swedish Match Phils. Inc. Managing Director **LEO OBIAS** and **AL PANLILIO****VICTOR GENUINO** with Midland Steel Corp. President **RICHARD LIN**

"A few years from now, children growing up today—even my kids—will recognize Meralco not as a logo on a paper bill, but as an app on their mobile phone," said Alfredo S. Panlilio, senior vice president and head, Customer Retail Services and Corporate Communications at the Manila Electric Co. (Meralco).

Panlilio's welcome remarks set off the 6th Luminaries Awards, held last March 9 at the Grand Ballroom in Shangri-La at the Fort in BGC, Taguig.



An all-star cast lights up the evening's performance

Classic met modern during the evening's inspiring opening number, featuring lead singers from popular reality shows *Voice of the Philippines*, *Pinoy Dream Academy*, and *Star in a Million*, with music from the Manila Symphony Orchestra, under the baton of no less than maestro Ryan Cayabyab.

Inspiration and resilience as drivers for world-class innovation was a major theme in this year's Luminaries Awards, which celebrate collaborations between top corporations and government agencies in business, energy, and public service.

The Meralco Luminaries is a program that honors customers that collaborate with Meralco for improved business efficiencies that drive the nation's development and progress.

Six outstanding corporate partners were honored: The NET Group, Century Properties Group Inc., and City of Dreams Manila for the commercial category; and Amkor Technology, Saffron Philippines Inc., and Swedish Match Philippines Inc. for the industrial category.



OSCAR S. REYES; The NET Group CEO **CARLOS RUFINO**; Melco Crown Phils. Chairman and President **CLARENCE CHUNG**; Century Properties Group Inc. Chairman and Special Envoy to the US **JOSE E.B. ANTONIO**; **AL PANLILIO**



Cyberzone Properties Inc. President **JOSEPH YAP**; Fillinvest Land Inc. Director, President and CEO **JOSEPHINE GOTIANUN-YAP**



Styrotech Corp. VP and COO **JIMMY TING** and wife **LYNN**



Amkor's **BING VIERA** and **VICTOR GENUINO**



Meralco VP and Head, Marketing, Customer Solutions and Product Development, **JOSE ANTONIO T. VALDEZ** and Ripple8 Managing Director, **TIMMY JAYME**



Zensho Holdings Co., Ltd. General Manager-Global Operations Division **NOBUYASU WATADA**; Fort Bonifacio Development Corp. Commercial Operations Head **MANNY BLAS**; Meralco RM **DARRYL FRANCISCO**



AL PANLILIO and Cemex Phils. President **PEDRO PALOMINO**; with Managing Director **ROBBIE ANTONIO** and Chairman **JOSE E.B. ANTONIO** of Century Properties Group, Inc.



Meralco Electronics and Automotive Industry Team Lead-Private Sector CBG **MARVIN JOVERO**; Integrated Microelectronics Inc. Deputy CFO and Group Controller **JAIME SANCHEZ**; Meralco Marketing-Corporate Business Group Head **NINA POSADAS**; Integrated Microelectronics Inc. VP and Head, Philippine Operations **MARIO BERNARDO SANTOS**



Meralco RM **JOY SENG**; Teresa Marble Corp. Assistant Manager **PAUL EDWARD DEE**; Ascott Makati General Manager **JOANNE GOMEZ**



Meralco Real Estate Industry Team Lead, Private Sector CBG **RENE SUA**; Cathay Pacific Steel Corp. President **DAVID CHUA**; **CARLOS RUFINO**; Capitol Steel Corp. President **ALVIN CHENG**



Social Security System Vice President, **NESTOR SACAYAN** with wife **OLIVE**; Meralco RM **GINA MAGNO**

Videos showcasing the challenges that faced each Luminary were also shown during the ceremonies, narrated by one of the hosts, David Celdran. The key takeaway? In an era marked by boundless innovations, it takes hard work, passion, and the determination of each person in the organization to achieve global success. 🌟

CORPORATE INDUSTRIAL LUMINARIES

Precision, People and Empowerment

Amkor Technology Philippines adds a personal element to new technologies

BY JING LEJANO

The smartphone in your pocket and the car in your driveway are each the agglomerations of thousands of components from dozens of countries. Glass and plastic. Iron and rubber. Copper and aluminum. All brought to light – and life – by square chips of silicon.

Contributing to this global chain is Amkor Technology, one of the world's leading providers of semiconductor assembly and test services. In 1989, it preferred the Philippines over other countries as the site for one of its biggest production facilities.

This, says Amkor Technology Philippines (ATP) President Norberto "Bing" Viera, is because of the country's abundance of resources and a pool of highly competent workers. Its strategic proximity to growing Asian markets also allows it to make deliveries within the shortest possible time.

Process and empowerment

The timing couldn't have been better. The semiconductor business was exploding in the late '80s, and Amkor reaped the benefits of being an industry pioneer, snagging various customers worldwide.

ATP enjoyed considerable growth. Expanding from its first production facility in Cupang, Muntinlupa, it established another in Laguna Technopark that produces close to a billion units a month, employing 9,000 workers in 1.3-million square feet of manufacturing space. Viera credits much of the organization's success to a culture that encourages proactive innovation. He explains, "We don't want our workers to come in, leave their brains at the door, and say, 'come back later.' We want them to be part of Amkor, to feel good when they do things differently."

This individual empowerment is balanced with a disciplined compliance to well-defined processes; he insists this is crucial. "Everybody knows what they're supposed to do, because every step is process-defined."

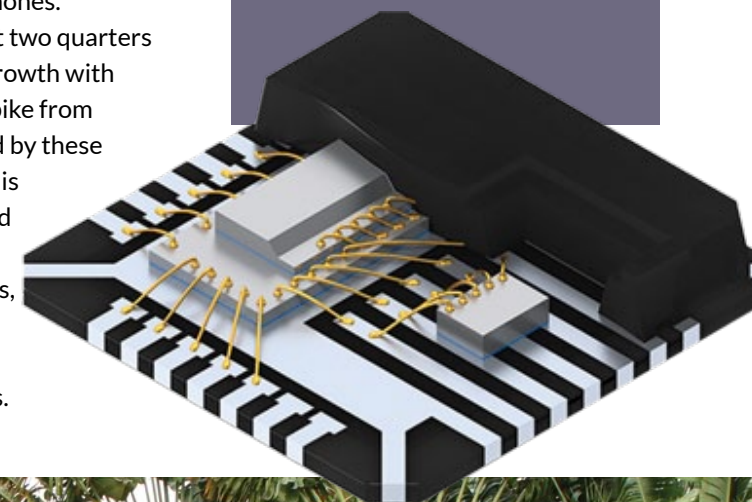
On the rebound

Staying focused on its core automotive and industrial applications, the company experienced a strong resurgence in 2016, when demand from the automotive industry rebounded. "A lot of our products are in the MEMs (Micro-Electro-Mechanical Systems)," Viera explains, "such as accelerometers, bracer sensors, and microphones."

As such, the last two quarters showed significant growth with a 10-percent sales spike from 2015 figures. Buoyed by these developments, Viera is confident this upward trend will continue for the next few years, and not just because orders are coming in for Amkor's products.

The Laguna Technopark facility produces close to a billion semiconductors monthly.

A microelectromechanical systems (MEMS) chip, used for communications and inertial sensing.



Photos: Jun Pinzon and Vincent Coscolluela

"We don't want our workers to come in, leave their brains at the door, and say, 'come back later.' We want them to be part of Amkor, to feel good when they do things differently."

Norberto Viera
President
Amkor Technology Philippines



"Amkor has all the offerings," he states, "while some of our competitors don't. We have the breadth when it comes to the kinds of products our customers require, and we have the resources to support them through 'continuity supply.'" He adds Amkor also provides the technical expertise for very specialized product requirements.

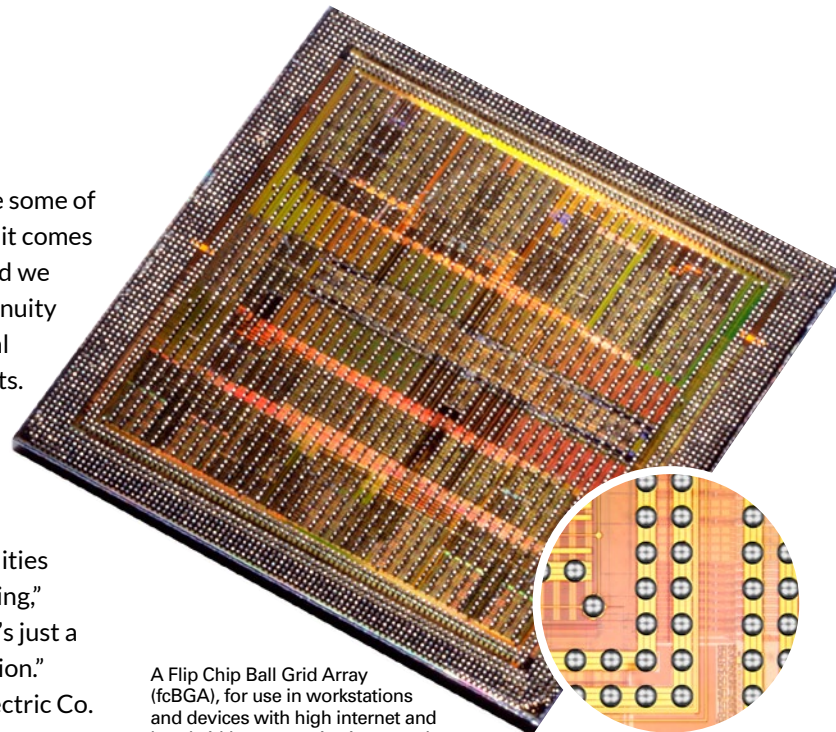
Expanding power

So confident is Amkor Technology of this uptrend that it seeks to expand its production facilities in the next five years. "We're just finalizing the timing," confides Viera. "The building design is complete; it's just a matter of pulling the trigger, to start the construction."

Helping ATP make it happen is the Manila Electric Co. (Meralco).

In 2014, Amkor Technology had to build a mirror of its Korean facility here in the Philippines, with no downtime. That it entailed a number of sensitive machines to be up and running in record time proved an extra challenge.

Close coordination between ATP and Meralco, along with proper and meticulous planning, allowed for the



A Flip Chip Ball Grid Array (fcBGA), for use in workstations and devices with high internet and bandwidth communications needs.

Amkor Technology built a mirror of its Korean facility in the Philippines, and its sensitive machinery went online in record time.

facility's early energization, and led to the seamless transfer of the entire assembly line. "Meralco also dedicated an operations and maintenance team to ensure the reliability and quality of power for our two plants," describes Viera. "They regularly patrolled and secured the electrical infrastructure from external elements that could affect our operations."

The facility went online last year, and Viera is confident Meralco will continue to provide the same kind of reliability when ATP embarks on another expansion.

"They have dedicated resources that support us," he shares. "As a matter of fact, last year, we moved our power source from a different supplier to MPower." MPower is Meralco's local retail supply arm, offering contestable customers secure, reliable and affordable power sources.

"We have a very good working relationship with Meralco," Viera affirms. "Their dedicated resources give us womb-to-tomb service. What we have is not a supplier-customer relationship, but a partnership." 🤝



Meralco Relationship Manager **Erwin Esteban** and **Norberto Viera**

CORPORATE INDUSTRIAL LUMINARIES

BY CHERRIE REGALADO

the color of success

A program of expansion keeps Saffron Philippines in the black

Picture major local apparel brands like Bench and Penshoppe offering strictly white garments. Or, imagine the world of Disney, Pixar and Marvel fashions without color.

What gives these brands the brilliant hues and shades that attract buyers and boost sales are the colors provided by Saffron Philippines Inc. Although hardly a household name, the Cavite-based textile dyeing and finishing manufacturer is the partner of choice to some of the country's biggest apparel brands.

A leader in the garment industry, Saffron offers textile dyeing and finishing, as well as washing and printing services. Founded in the 1990s, which might make it look like a latecomer in the textile-finishing business, Saffron is now regarded as the company to beat. Its 3.6-hectare (ha.) facility

in Carmona, Cavite can process up to 240,000 shirts a day.

Producing at capacity, admits Saffron President Kennan Lao, means simply sustaining the output. "We've been full since we expanded," he explains. Without new capital input, "We cannot accept new customers anymore."

A dyeing business

Today's successes belie the company's many struggles. "You could say we're in the 'dyeing' industry," Lao wryly recalls. "About 15 years ago, we were really dying."

The devastating Asian financial crisis of the late '90s forced the biggest local textile mills to close. "We wondered, how can we survive without the producers of the raw materials?"

INDUSTRIAL LUMINARIES

The influx of imported apparel at the turn of the century compounded their difficulties. “Ten years ago we were surviving,” Lao recollects, “but in 2006, we almost closed down.”

Rather than succumb to these pressures, Saffron decided to take a more proactive approach.

A quick turnaround

To avoid the fate of its competitors, in 2007 Saffron embarked on a program to upgrade its equipment and engineered a dramatic reversal of fortune within a year.

“It wasn’t about power consumption, but the energy to run our machines,” elaborates Lao. “We need steam, and we need to generate heat. Everyone was using diesel, which cost too much. But there’s coal technology. Shift to coal boilers, and you cut 60 to 70 percent of your energy costs.

“It was a big investment,” he admits. “When we decided not to sell the business, we immediately switched to coal boilers.”

The capital-intensive undertaking paid off. “We moved from losing money one year to making money the next,” Lao reveals. “That was the biggest turnaround.”

Saffron’s winning streak continued; annual sales growth over the past decade began to average 20 to 25 percent. With healthy bottom lines, the company opened a washing section in 2010, and added printing in 2012.

These expansions raised the firm’s ranking in the industry. “We became among the top three in 2010,” Lao declares. “We became number one in terms of size or volume of production. In 2014, we became the biggest in terms of capacity.”

Saffron didn’t stop there: in 2015, the company acquired an additional 1.1-ha. property adjacent to their 2.5-ha. facility in Carmona, Cavite. The dyeing house needed space to expand its washing division.

Competitive with stable power

The quality of power is crucial to the business, says Lao. Thanks to its confidence in its partnership with Manila Electric Co. (Meralco), Saffron has no qualms bringing in top-of-the-line and expensive machinery and equipment.

“Our capital expenditure in equipment is very high, and our machines are expensive and sensitive,” the Saffron chief points out. “We need reliable power, because there

Power quality affects the dyeing, finishing, washing and printing processes.



Tons of fabric can be spoilt from just a brief power outage.

can’t be any interruptions. A few minutes’ fluctuation would kill us.” Estimates place the cost of potential losses due to a power fluctuation at P500,000.

Lao describes how the company sought the assistance of Meralco before upgrading its machinery 10 years ago. “We used to experience frequent voltage fluctuations, then Meralco came in and did an extensive power quality audit.”

‘We need reliable power; A few minutes’

because there can’t be any interruptions. fluctuation would kill us!’

Heeding Meralco’s recommendations, Saffron rehabilitated its electrical facilities, which Lao says more than solved the company’s energy woes. “The result,” he underscores, “was improved reliability, lower cost of services, and increased sales.” He assures that their revenue figures are gratifyingly healthy.

Keeping costs down is particularly critical, he stresses. A majority of Saffron’s clients are local clothing manufacturers struggling against the influx of global

Kennan Lao
President
Saffron Phils. Inc.

clothing brands. “We had to offer them something that’s of better quality at lower cost.”

With this goal in mind, Saffron chose to partner with MPower, Meralco’s local retail supply arm, to meet and manage its energy needs. The firm depends on MPower for a reliable electricity supply and for services such as cost management and risk management consultancy.

Doing even better

The drive to provide “something better” prompted Saffron to upgrade its dyeing equipment in 2015. “These machines, the latest inverter-type models, are very sensitive,” Lao shares. “Even a brief outage will mean tons of fabric ruined, and money wasted. With reliable power from Meralco, we are able to pass on 5 to 10 percent of the cost savings to our clients.”

The year 2017 will be another big one for Saffron, as it expands its washing division by adding new washing machines for garments and denim. “We’ll be the first ones using machines like these here,” he says proudly. “We can do things others aren’t doing yet.”

While the world of fashion is notably fickle, its need for color and innovation never abates. With Meralco’s continued support, Saffron plans even further expansions to feed this appetite. This is why Lao continues to see growth and opportunities ahead: “We will become the biggest; that’s our goal.”



Meralco Technical Services Engineer **Dean Sempio** and Relationship Manager **Rolan Mercado** (third and fourth from left) are joined by Saffron Philippines Electrical Section Supervisor **Ricardo Pacomio** and Assistant Supervisor **Teodoro Macugay** (second and far left) as they inspect the plant’s electrical facilities.

CORPORATE INDUSTRIAL LUMINARIES

Clicking
with the Market

BY MA. MELIN C.Y. DORIA

Expanded home use drives Cricket sales

"Does anyone have a light?"

It's a question frequently raised at special occasions celebrated with cake – events such as weddings, birthdays, and anniversaries – and whenever brownouts strike. More often than not, the reply comes in the form of a Cricket lighter.

Decades since the launch of this popular brand, its disposable lighter continues to find its way into homes and pockets here and around the world, and much of it is made by Swedish Match Philippines Inc. (SMPI).

Based in the Laguna Technopark, SMPI produces about a million lighters everyday, 94 percent of which are exported

to 140 countries. This accounts for 60 percent of all Cricket lighters sold worldwide.

Production shows steady growth, especially in Asia, which brings in almost 70 percent of sales, says SMPI Managing Director Leo Obias. "Asians were very dependent on ordinary matches, but Cricket products have penetrated their market and changed their habits," he observes. "We converted match users to switch to lighters, and those using other lighters to switch to our high-quality lighters."

High quality, high utility

Product quality, durability, and reliability keep the brand reputable, says Obias, but broad utility makes Cricket lighters good value for money. A box of 48 matchsticks for P2 is very cheap, but a P30 lighter that can light up more than 2,000 times is a much more attractive proposition.

"Customers now see our product as a very useful item to have in their homes," Obias adds. "It's no longer just for lighting cigarettes; people use it to light candles, gas stoves, or the barbecue grill."

The product's broad usage keeps SMPI's production running at full tilt. The output is expected to meet requirements for the next three years, but the company keeps a close watch on shifting market trends in the Asia Pacific region.

This first Laguna Technopark facility to go solar could save nearly a million pesos annually with self-generated power.

Leo Obias
Managing Director
SMPI

The expanded market base came at no significant markup to the company's minimal advertising budget. "Media advertising is too expensive," chuckles Obias. "We just make sure we are visible where our customers are – supermarkets, grocery stores, convenience stores – and they find uses for our product!" (See "Light It Up!" in the Q3 2016 issue of the Meralco Power Club.)

Safety first

Of course, safety is key to the success of Cricket lighters worldwide. Obias says this is embedded in the very fabric of the company's culture and consciousness, and accounts for the emphasis on product quality.

That's because Cricket lighters use butane, a very combustible material. This requires extreme caution and painstaking thought in every step of its design and production.

A Cricket lighter, confides Obias, is deliberately over-built, using more nylon in its construction than is needed. This ensures there's zero chance of it exploding if left on a car dashboard under the heat of the sun.

Safety goes all the way back to the production floor;

SMPI is justly proud of the factory's safety record. In 2009, the facility achieved zero accidents for one million man-hours of work, a feat recently surpassed with zero accidents for two million man-hours.

Obias asserts the close participation of the Manila Electric Co. (Meralco) is crucial to maintain plant and production safety, keeping machines properly installed and facilities correctly earthed. "Meralco is here, every step of the way," he shares. "It sets up the right designs for our structure, and provides fixes to energy fluctuations that affect our highly sensitive equipment."

Efficient energy in each flame

Meralco and its various subsidiaries pitch in numerous contributions to keep SMPI's production costs down and its carbon footprint small, Obias notes.

"We always consult with Meralco, with their technology know-how, engineers, and experience," he states. "We recognize that we can always learn from them."

The distribution utility performed a power-quality audit by conducting a monitoring and electrical-systems survey. Meralco's recommendations called for replacing fluorescent

lights with more energy-efficient LED bulbs, and switching to inverter technology air-conditioning units.

Efficient usage notwithstanding, SMPI sources its reliable electricity supply from MPower, Meralco's local retail-supply arm, to further reduce its costs. As a contestable customer, SMPI turns to MPower to meet and manage its energy needs, and for good value in the retail-competition open-access market.

Generating its own renewable energy is SMPI's current objective, from a directive of its Stockholm

headquarters to shrink its carbon footprint. It took its partnership with Meralco to a higher level when it secured the services of Spectrum, the utility's subsidiary that provides solar-energy solutions. (See "The Sun Rises on Solar Power" in the Q2 2017 issue of the Meralco Power Club.)

SMPI is the first company within the Technopark to go solar. Spectrum

installed a 100-kilowatt-peak solar photovoltaic power system that became operational in July. SMPI is expected to generate 140MW of its own energy through this installation, thereby reducing its dependence on sourcing power from the grid.

This is projected to annually save the company P950,000 and reduce its carbon footprint by 80,000 kilograms.



Cricket lighters are over-built with more nylon than needed for safety purposes.

'A box of 48 matchsticks for P2 is very cheap, but a P30 lighter that can light up more than 2,000 times is a much more attractive proposition.'



With a burgeoning market and new technologies on the horizon, the opportunities for SMPI continue to grow, as do the challenges. Obias remains optimistic that with thoughtful planning, innovative new products and canny store displays, the prospects for his company will always be hot. 🍀

Meralco Relationship Manager **Rolan Mercado** shakes hands with SMPI Engineering Manager **Edgar Zulaybar** as SMPI Quality Assurance Manager **Nelson Solis** looks on.

CORPORATE COMMERCIAL LUMINARIES

World-Class Playtime

BY CHERRIE REGALADO

City of Dreams Manila gets serious with the business of fun

For decades, the standard paradigm to build up developing economies called for export processing zones and industrial parks, where row upon row of factories churn out cars, comestibles, TV screens, and T-shirts, and provide jobs for thousands in nearby towns.

Yet other paths to prosperity have opened up, very much evident in the glamorous, glittering buildings rising in the 44-hectare (ha.) Entertainment City, located in Parañaque City, and owned by the Philippine Amusement and Gaming Corp.

One of these, the 6.2-ha. City of Dreams Manila (COD Manila), is an integrated resort and casino complex that opened late in 2014. It is developed by Melco Crown Philippines Resorts Corp. (MCP), a subsidiary of the Hong Kong-based Melco Resorts and Entertainment (MRE), the company that owns and operates hotels, entertainment venues, and casinos in Macau, including City of Dreams Macau.

Something for everyone

"We've provided exceptional entertainment experiences for patrons in Macau," declares Clarence Chung, chairman and

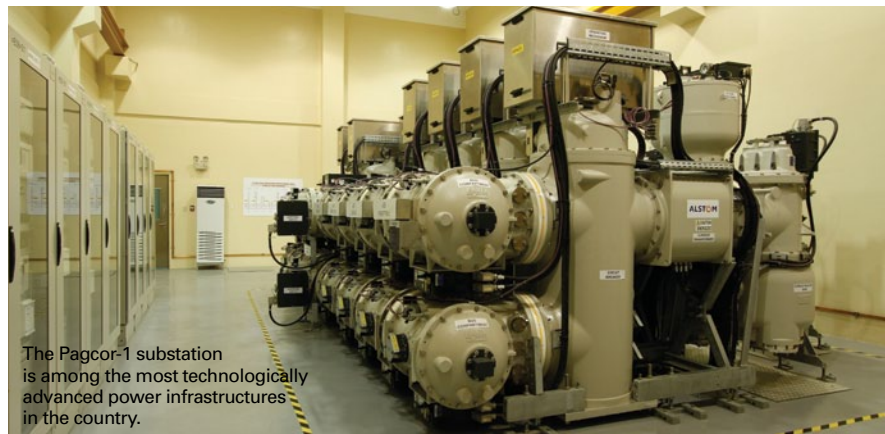
Photos: Toto Labrador and Vincent Coscolluela Grooming: Arlene Adto

CITY OF DREAMS

MANILA

president of Melco Crown Philippines. "We'd like for guests in Manila to also experience our incomparable brand of luxury and thrills."

The second casino complex to operate within the Entertainment City, City of Dreams Manila is MRE's first major foray outside Macau. It operates roughly 264 gaming tables, 1,535 slot machines and 114 electronic table games. By catering to high-rollers as well as the mass



The Pagcor-1 substation is among the most technologically advanced power infrastructures in the country.

market, it aims to seize a lion's share of the Philippine gaming and entertainment crowd.

The luxury complex also boasts of Crown Towers, a luxurious five-star hotel, alongside the upscale and modern Nobu Hotel, and Hyatt, a business hotel. Twenty eclectic dining outlets share space with the world's first Dreamworks-inspired interactive play space, DreamPlay.

"Our guests are out with family and friends, or spending some quality personal time," Chung explains. "There's always a variety of popular attractions for everyone."

A jackpot year

All these pieces play well together for COD Manila: international travel and lifestyle travel magazine *Town & Country* listed it among "The 23 Fanciest Casinos

Around the World."

The customers certainly agree; 2016 was a very profitable year. MCP's net revenues reached P23.4 billion, and casino sales shot up by 79 percent. Non-gaming revenues from the hotels, food and beverage outlets, and entertainment operations rose by 16 percent, adding P2.1 billion to the pot.

It's clear that Filipinos are spending more on entertainment (see "More Fun

'Our performances in gaming and non-gaming sectors were very positive, driving the high occupancies and revenues that support the growth in tourism.'

Clarence Chung,
Chairman and President
Melco Crown Philippines



'We operate 'round-the-clock, and our power requirements are substantial; obviously, our guests' pleasure and enjoyment are our topmost priority.'



Clarence Chung (third from left) with men from Meralco: Relationship Manager **Arnold de Guzman**; Meralco Leisure and Entertainment Industry Team Lead, Private Sector-CBG, **Joey Santos**; and Private Sector Relationship Management Head, **Victor Risma IV**

for Everyone" in the Q3 2016 issue of the *Meralco Power Club*). Along with the government's strong tourism program, this keeps Chung optimistic that COD Manila will keep earnings buoyant.

"Our performances in gaming and non-gaming sectors were very positive," Chung explains, "driving the high occupancies and revenues that support the growth in tourism."

Infrastructure is key

The management of COD Manila anticipates a sustained impressive performance, as continued infrastructure spending drives higher tourism growth. Take the new gridlock-busting expressway leading to and from the Ninoy Aquino International Airport (Naia).

"The Naia Expressway helped to dramatically improve travel time from the airport terminals to Entertainment City,"

Chung says, "boosting our visitor traffic."

He underscores the critical role of power to keep the luxury resort complex running at full tilt: "We operate 'round-the-clock, and our power requirements are substantial; obviously, our guests' pleasure and enjoyment are our topmost priority."

Key to ensuring this is COD Manila's partnership with the Manila Electric Co. (Meralco), which worked closely with the entertainment company even during its construction stage. Meralco's beyond-the-meter energy solutions subsidiary, MSERV, was brought in to make fundamental adjustments to the resort's power infrastructure and ensure that all its requirements were met.

Meralco also runs a dedicated state-of-the-art substation to service the energy requirements not only of COD Manila, but also of the entire Entertainment City. The new substation's design takes into

consideration the future needs of other gaming and luxury complexes like the nearby Solaire Resort and Casino, and Okada Manila, which opened in December 2016.

Chung doesn't consider competition from these casinos a threat. "New competition will definitely draw more tourists to Entertainment City," he guarantees, "and support robust growth in the industry."

With the country's stellar economic growth forecast and strong government support for tourism, he continues to see a promising future for City of Dreams Manila.

"Our economy is the fastest-growing in Asia," he believes, "and our brand of hospitality is world-renowned. Tourism arrivals from multiple markets are growing year-on-year. We intend to be in this market for a long time." 🍀

CORPORATE COMMERCIAL LUMINARIES

BY MA. MELIN C. Y. DORIA

Place yourself back in 1999: it's the second year of the Asian financial crisis, and a populist president in Malacañang struggles to quell fears from multiple hammer blows to the Philippine economy.

With few property developers having the stomach for risky ventures, the nascent Bonifacio Global City (BGC) remains mostly barren land.

This was the climate that greeted visionaries Jacques Dupasquier and Carlos Rufino, chairman and chief executive officer respectively of The NET Group (TNG).

But rather than succumb to the uncertainty, they bravely invested in BGC as a vast proving ground for testing their ideas about boutique office buildings.

Personal and premium

The family of French-Filipino Dupasquier owns a number of boutique hotels in Europe. He envisions the boutique office building as a work space where service is highly personalized, segmented according to individual needs. Each tenant is known to the staff by name, and treated as a special guest.

However, the boutique service is just a part of it. TNG also seeks to improve the total lifestyle experience for its tenants by creating environmentally sustainable workplaces.

Achieving this calls for taking the roads less traveled, admits lawyer Tina Samson, co-president of TNG. "We are not followers," she declares. "We are innovators, but not rebels."

For example, she reports that other industry players aspire to adopt Leadership in Energy Environmental Design (LEED) standards. These are a set of criteria developed by the United States Green Building Council to promote green and sustainable development.

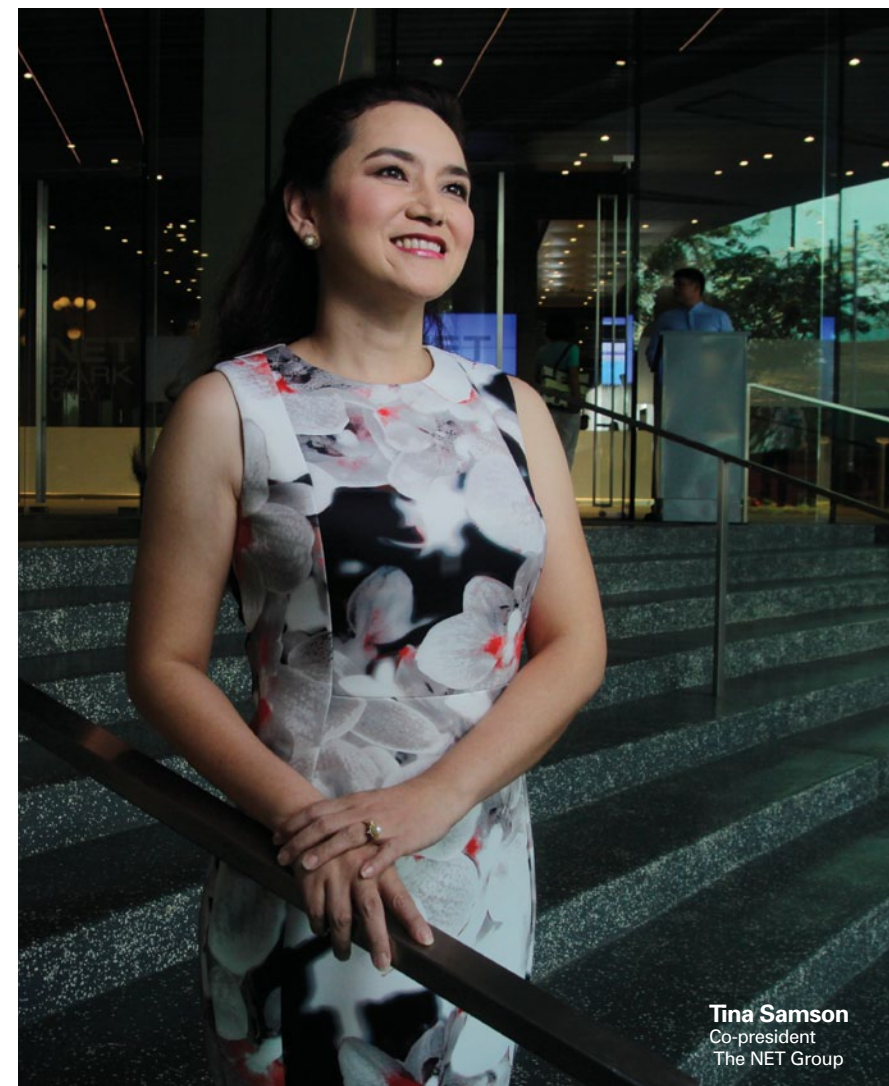
In contrast, TNG aligns its vision with that of the Philippine Green Building Council (PhilGBC), formed in 2007. The PhilGBC established its own rating system, Building for Ecologically Responsive Design Excellence (Berde), which is attuned to the Philippine environment because it takes into consideration local seasons, temperatures, and humidity.

"The Berde Program can be good for us," Samson adds, "even if the majority of other developers do not go for it."

What is more important, she continues, is that the public appreciates the organization's activities and projects to promote green and sustainable ideas.

Breathing spaces

The results are modern, intelligent buildings, with interiors flooded with natural light and offices that literally breathe. Technology that condenses water from air-conditioning units and harvests rain water used for landscape gardening lets TNG buildings feature spaces for greenery within the premises. Studies prove these elements improve worker productivity and well-being.



Tina Samson
Co-president
The NET Group

'For each building, we try to be creative. We try to see what is in the market.'

This concept is a clear winner. Other developers still focus on constructing bigger and bigger buildings, but TNG makes its boutique office buildings and properties attractive to more than 90 Fortune 500 companies and top corporations.

Today, TNG's seven edifices dot BGC: Net Lima, Net Plaza, Net Quad, Net Cube, Net Square, Net One Center, and Net Park. TNG is the district's leading office developer and a prime resource for eco-friendly office leasing. It offers over 270,000 square meters of gross leasable (GLA) office space, which accounts for 54.5 percent of BGC's total GLA.

Operating these buildings in a sustainable yet economical manner creates another set of challenges that

the company meets head-on.

Smart power usage is another hallmark of TNG's properties. It's not just about keeping energy costs down, Samson clarifies. "For each building, we try to be creative," she explains. "We try to see what is in the market."

For instance, there is a two-bay charging station for electric vehicles (EV) at Net Lima, the country's first five-star Berde-certified building. The charging station, the first of its kind in BGC, is built in cooperation with the Manila Electric Co. (Meralco). TNG aims to promote the use of EVs by offering free charging to the general public. (See "Going Green for Bluer Skies" in the Q1 2015 issue of the Meralco Power Club.)

"Initially, we thought of building it ourselves," recalls Samson. "But Meralco



Free charging, for now, aims to promote EV use within the community.

has the expertise, the experience and the capability to design and implement these facilities, so we left it to the experts.”

Greener possibilities

The charging station was designed and built by MSERV, a Meralco subsidiary that specializes in beyond-the-meter energy services. “For now,” Samson adds, “the Net Lima charging station’s service is free, to encourage everyone in our community to use electric vehicles.

“We’ve just completed the construction of our second charging station at Net Park; that one is coin-operated.”

She confirms that TNG’s collaboration with Meralco stretches out over several years. A 2013 strategic planning session with key Meralco executives helped TNG identify services that would “not only meet our growth targets, but further push our green agenda.

“Meralco helped us open our developments right on target through early energization. Its power-quality audits enabled our Net Quad building to increase efficiencies in its power operations, especially since most of our tenants operate 24/7.”



Meralco Utilities Industry Team Lead, Private Sector-CBG, Joy Mendoza; Tina Samson and Net Lima Building Manager Eric Nicholas



This plug-in hybrid Mitsubishi Outlander PHEV SUV is just one of many e-vehicles that can take advantage of the EV charging station at Net Lima.

Samson goes on to emphasize that TNG’s partnership with Meralco has become important to their operations, “and more so in developing ideas for energy consumption.” TNG not only pushes its green agenda with its Berde compliance, but enables the BGC community to participate in its own way with electric transport.

“We recognize that our cities need to be more sustainable,” she states.

Calling itself “an evolving revolutionary venture,” TNG’s position at the heart of the country’s new boom city places it squarely at the forefront of property development. Whether it is with personalized service, earth-friendly building design, or advanced technology, the company’s willingness to engage in innovation shows it has its finger on the market’s pulse, and its eye on the future. 🌱

CORPORATE COMMERCIAL LUMINARIES

BY JING LEJANO

Building the Next

Global City

Rising prosperity fuels a boom in luxury living spaces

A group on Facebook, called “Memories of Old Manila,” consists of members who post photos of Metro Manila as it used to be: less congested streets, smaller buildings. The page frequently reminds visitors of how much has changed over the years. What can’t be seen, however, are the changes the metropolis must still undergo.

Those images are reserved for the few leading property developers, in whose hands lie the future of the National Capital Region (NCR). One of these is the Century Properties Group. A trailblazer in the fields of design, architecture, and innovation, its roster of projects reads like a “Who’s Who” of prime real estate.

There’s Essensa East Forbes in BGC, the first ultra-luxury residential development in the country designed by internationally renowned architectural firm Pei, Cobb, and Freed.

Acqua Livingstone in Mandaluyong is the first property in the world designed by global design purveyor Missoni Home. In Makati, Trump Tower at Century City, one of the most recognizable brands in the world, stands to become the Philippines’s most amenitized residential high-rise.



"We firmly believe that it's high time we establish Metro Manila's place among the world's leading global cities," declares Jose E.B. Antonio, chairman of the Century Properties Group. He was also recently appointed by President Rodrigo R. Duterte as Special Envoy to the United States.

Changing the skyline

Referring to Century Properties' collaborations with international brands and architects, Antonio believes these serve to drive the organization towards the highest levels of quality. "These are creative, revolutionary thinkers," he notes. "Having them in the conceptualization stage enables us to not only elevate quality standards but introduce novel ideas and innovations to the residential property market as well."

These luxury projects certainly serve as veritable feathers to the cap of the property conglomerate, which celebrated its 30th year in the industry last year. The occasion, Antonio recalls, gave them the opportunity to show their appreciation for their stakeholders, investors, clients, and the media.

But rather than look back, Century Properties is excited to move forward in an industry that remains bullish across all segments in the market. For starters, Antonio reports, the low-interest regime continues to be attractive to the residential real-estate market.

"As far as the commercial and office segment is concerned, it continues to be very buoyant," he notes, "especially in the central business districts of Makati, Ortigas and BGC. The occupancy rates are as high as 90 to 92 percent. We forecast that this trend will continue, considering the strong fundamentals of the economy."

Places for innovation

Not one to embrace drab conformity, Century Properties is keen on seeking new markets and concepts. "We are going into tourism with two maiden projects," announces Antonio, "one in Batangas and the other one in San Vicente, Palawan. For these projects, we hope to attract both domestic and foreign tourists."

Given a housing backlog of roughly 5.7 million houses, "we are also expanding our platform to include affordable housing; the first project will be announced very soon."

The conglomerate's efforts at innovation are not restricted to creating physical spaces. It consistently seeks

new approaches to solving age-old problems, such as high power costs. Antonio notes: "We collaborate with progressive, forward thinkers, and our ties with Meralco (The Manila Electric Co.) is one such thriving partnership. We've continuously looked to Meralco when it comes to introducing new and creative energy solutions to power our growing number of properties."

One such energy solution is an upcoming substation for Acqua Residences, scheduled to be completed by 2020.

Antonio also points to the Azure Urban Resort Residences in Parañaque, which features the country's first man-made beach, as the pioneering urban-resort residences in the Philippines to subscribe to a Smart Metering set-up.

Smart Meters allow customers to monitor their

electricity consumption daily. Since Meralco's prepaid electricity service uses smart meters, customers are able to budget their expenses, to earn savings of up to 20 percent off their electric bill. (See "More and More Go Prepaid" in the Q2 2017 issue of the Meralco Power Club.)

"Smart technology is the future," Antonio muses. "But here and now with Smart Metering, our residents in Azure are not only able to keep track of and monitor their electricity consumption, but they're also empowered to make smarter decisions about electricity needs. It is the first of its kind in residential developments."

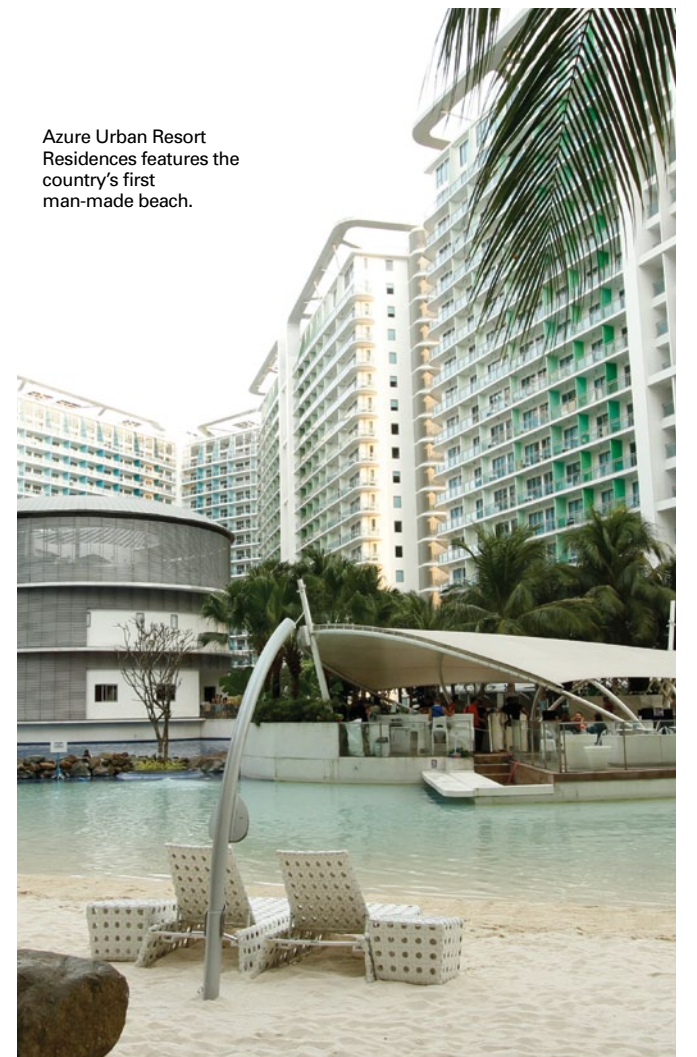
To further raise the bar in customer convenience, Azure has its own touch-pay machine provided by Meralco's Bayad Center. This means Azure residents can reload their prepaid



"We firmly believe that it's high time we establish Metro Manila's place among the world's leading global cities."

Jose E.B. Antonio
Chairman, Century Properties Group, Inc.
and Special Envoy to the US

Azure Urban Resort Residences features the country's first man-made beach.



accounts and take care of other utility bills onsite.

Also getting in on the act is MSERV, a Meralco subsidiary specializing in beyond-the-meter energy services. MSERV supplied and installed electrical equipment, and provided design value engineering for the company's flagship project, Century City, the location of Trump Tower Manila.

Confidence building

While the lack of roads, airports, and seaports may serve as stumbling blocks to the country's continued growth, Antonio has high hopes for the government's P8-trillion infrastructure program. "This bodes well for expansion," Antonio states, "not only for the real-estate industry, but also in helping people reach markets in a shorter time. That's why infrastructure development should be one of the biggest goals of this present administration."

His certainty, and the optimistic outlook for the Philippine economy in general, means Century Properties will continue reshaping the skyline of the NCR and other cities all over the country for many years to come. 🌀

SUBSIDIARY PROFILE

HOT tech, COOL services

BY VICTORIA VIZCARRA

Keeping temperatures—and costs—down open up more opportunities for MSERV

Those who think the summer of 2017 was the most insufferable in living memory may soon look back on this year with fond nostalgia. Trending data, from the US National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration, show that average global temperatures are predicted to continue rising right through to 2020.

That's not a comforting prospect to people in latitudes where global warming is a daily, not seasonal, experience. But it does augur brisk business for companies that design, manufacture, and service air conditioning and ventilation systems (see "Cold Comforts" on page 8).

Just as offices and businesses try

to keep their premises comfortable, they're also keen to keep overheads down.

Heating, ventilation and air conditioning (HVAC) systems can represent a major capital investment for building owners. Yet daily use means the system will continue to incur expenses, both through power consumption and replacement parts. This is where MSERV, the energy-solutions subsidiary of the Manila Electric Co. (Meralco), steps up to the plate.

Advice and understanding

"One of the things that we are actively trying to grow in MSERV is our HVAC services," says Dexter Lee, president and chief executive officer of MSERV.

MSERV's multi-level audit process begins with a walk-through of a

customer's facilities. The current HVAC system is first measured against an energy utilization index, a barometer of the building's consumption efficiency. For the next step, a Level 2 audit, MSERV thoroughly calculates the savings it can promise the customer and validate its recommendations. A Level 3 or Investment Grade audit features a combination of energy measurement, data gathering, and engineering calculation.

Even buildings still in the works can spring surprises, like an oversized HVAC system, or over-powered pumps and air-handling unit motors. Customers want to play it safe, Lee points out, by outfitting a building with a bigger air-conditioning system than needed. "This approach involves a lot of unnecessary costs. You're not only paying for a more expensive cooling system, you'll also be shelling out more for its maintenance and operation.

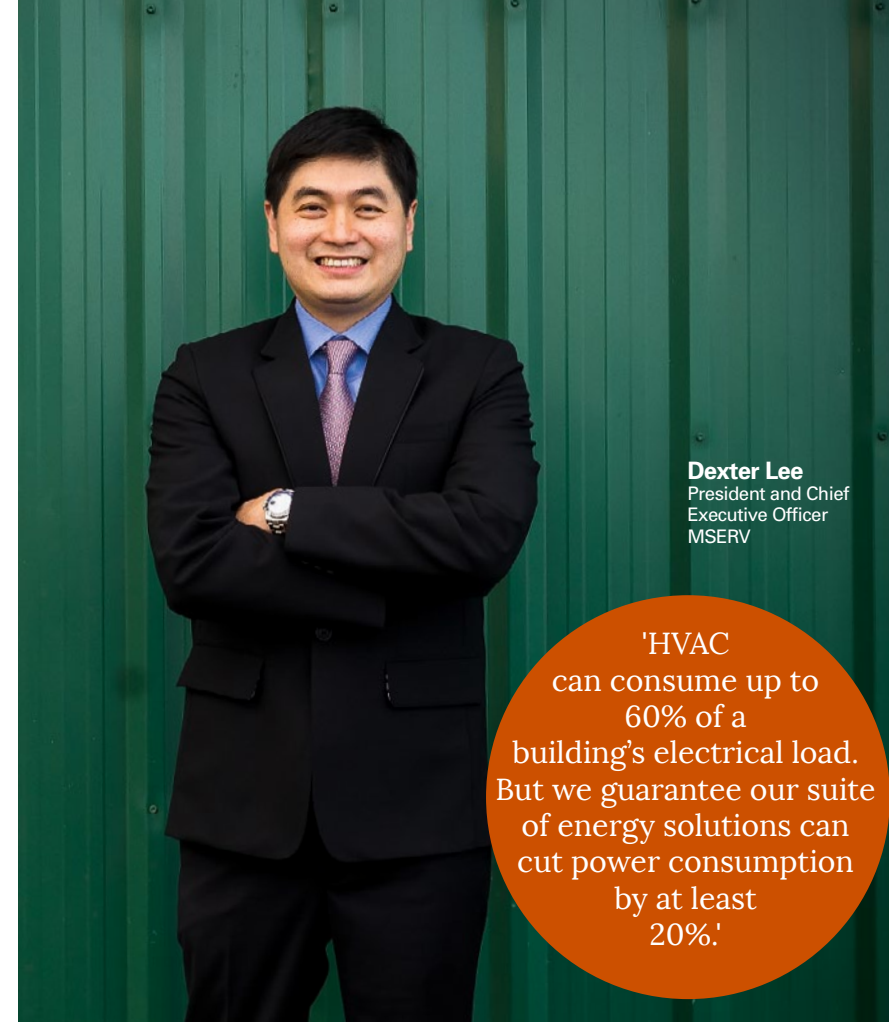
"HVAC can consume up to 60 percent of a building's electrical load," he continues. "But we guarantee our suite of energy



Engineer Mark John Custodio checks the control unit for the chiller performance data.



The chiller plant was installed in October 2014 on top of the Business Solutions Center at the Meralco Compound.



Dexter Lee
President and Chief
Executive Officer
MSERV

'HVAC can consume up to 60% of a building's electrical load. But we guarantee our suite of energy solutions can cut power consumption by at least 20%.'

solutions can cut power consumption by at least 20 percent."

Millions of pesos saved

MSERV's successful HVAC-related energy conservation measures and optimization audits helped Meralco customers save tens of millions of pesos in 2016 alone.

These savings include the P27 million for the towering Insular Life Corporate Center in Muntinlupa. The Robinson's Magnolia mall in Quezon City saved P7 million within 20 months of contracting MSERV.

Making the switch to oil-free magnetic chillers accounts for the bulk of these savings, explains Lee. Unlike its conventional counterparts, these next-gen chillers are more reliable and low-maintenance, free from issues like noise, vibration, and other electrical and physical constraints.

Meralco's own Lopez Building and its Business Solutions Center spent on

chiller replacements; the latter has since averaged an annual savings of P2.2 million, slashing its power consumption by a whopping 60 percent.

Each HVAC system eventually reaches its end-of-life phase, but this endpoint can be delayed for decades if the facilities are regularly serviced and future-proofed with up-to-date technology.

Out with the old

"We've had a lot of successes recently with our projects," Lee recounts, "and a lot of these have been retrofits or modifications."

Retrofitting is tricky and involves a bit of deduction, he reveals. "You need to work within the confines of the way the system was designed," he notes. "There's only so much modification you can do if it's not properly installed or designed." He says this is why it's best to have the HVAC system configured properly from the outset.

A well-planned HVAC system will

deliver more than operational savings. Energy-efficient real estate can command higher property values and, as a result, higher lease rates.

"Installing greener equipment, such as a magnetic chiller, can help you get Leadership in Energy and Environmental Design (LEED) certification for your building," advises Lee. "These buildings can charge a premium for their clients, because there's a market for that."

Apart from retrofits, the company also assists clients during the design phase of new construction projects. This can take more time to complete, since HVAC systems are installed in a later phase of a building's construction. "Clients call us directly to do it for them, or ask us for a second opinion."

Hot prospects

For 2017, MSERV plans to strengthen both its core business as well as its ties with its partner-contractors, Makati Development Corp. and Megawide Construction Corp. Since its acquisition of Torque Builders, MSERV has added low-voltage electrical services to its ever-growing range of offerings.

These additional services couldn't be made available sooner. With over 2.1 million square meters of new office space in Metro Manila's development pipeline from 2017 to 2020, the need for newer, bigger, and more extra-efficient HVAC systems can only increase.

Whether the mercury in the thermometer rises or falls, it's clear that things are definitely heating up for MSERV. "Meralco has never been afraid to be at the forefront of looking at and implementing energy-efficiency programs," Lee declares. 🌡️

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Kenneth Yang

President & CEO

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