New loans show int'l confidence in Philippines

THE $208.5-million power project agreements signed during the two-day working visit of President Gloria Macapagal-Arroyo to Japan show the strong confidence and trust of the international banking community on the country's macro-economic fundamentals.

This was pointed out by Energy Secretary Vicente Perez, Jr., who, along with the President, witnessed the signing of the agreements between Kyosuke Shinozawa, governor of Japan Bank for International Cooperation (JBIC), and Philippine Ambassador to Japan Domingo Siazon, Jr.

Perez noted that the country's gross domestic product (GDP) grew by 4.4 percent and its gross national product (GNP) grew by 5.9 percent for the third quarter of the year.

He said the three agreements, which would boost the country's power supply, involve the establishment of the wholesale electricity sport market (WESM), the construction of the Leyte-Cebu interconnection project, and the construction of the 210-megawatt (MW) clean coal power plant in Northern Mindanao.

"The three projects are critical to address the country's power supply requirements," Perez said.

He said the Leyte-Cebu interconnection will allow additional 200-MW of cheaper and environment friendly energy source to be transmitted to the grid.

This vital transmission, according to Perez, will ensure stability of power in Cebu, Negros and Panay (CNP) islands.

Projections by the government show that the CNP grid's reserve margin will fall under a critical level by mid-2004 unless additional capacity will come on stream. A sufficient reserve of about 13.2 percent of the total existing capacity is needed to ensure reliable and secure supply of electricity, Perez said.

He said that the project involves the installation of a 33-km submarine cable from Talisay, Cebu to Tabangao, Leyte and the expansion of several substation facilities in Cebu and Leyte.

On the other hand, Perez said, the 210-MW Northern Mindanao power project, that will use state-of-the art clean coal technology, will meet the growing power requirements in the area.

The Mindanao region has been experiencing rapid economic growth indicated by the 10-percent increase in National Power Corporation's electricity sales for the first semester this year, he said.

Perez said that the Northern Mindanao coal-fired power plant will diversify the sources of energy in Mindanao region, consequently ensuring security of supply.

"Mindanao is highly dependent on hydro electric power which is susceptible to weather patterns," Perez said.

Construction of the 210-MW Northern Mindanao power plant would be completed within 36 months and its target commercial operation would start in 2006.

Perez said that it's all systems go for the establishment of the WESM, the market where the trading of wholesale electricity will be made.

The WESM, Perez said, is likened to a stock market where the short-term buying and selling of bulk electricity will be made under a competitive environment.

With the WESM in place, consumers will be empowered to choose their supplier of electricity. Initially, big users such as the industries, utilities and the electric cooperatives will directly benefit from this scheme, given their huge electricity needs, Perez said.

"Consumers are expected to benefit from competitively-priced electricity," Secretary Perez stressed, adding that the Philippines is the only other country in the region to adopt the WESM scheme, after Singapore.

PRESIDENT Gloria Macapagal-Arroyo witnesses the signing of loan agreements with the Japan Bank for International Cooperation for power projects in the Philippines and for the establishment of a social fund for the Autonomous Region in Muslim Mindanao in ceremonies held at the Imperial Hotel in Tokyo. The loan agreements were signed by Ambassador Domingo for the Philippines and Governor Kyosuwe Shinozawa for JBIC. Looking on are Energy Secretary Vicente Perez, Jr. (third from left), Foreign Affairs Secretary Blas Ople (fourth from left) and other JBIC officials.

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