Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE JOINT APPLICATION FOR THE POWER SUPPLY AGREEMENT BETWEEN MANILA ELECTRIC COMPANY AND SUAL POWER INC., WITH PRAYER FOR ISSUANCE OF PROVISIONAL AUTHORITY AND/OR INTERIM RELIEF WITH MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

ERC CASE NO. 2026-063 RC

Promulgated:
May 8, 2026

MANILA ELECTRIC COMPANY (MERALCO) AND SUAL POWER INC. (SPI),
Applicants.
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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 06 May 2026, Manila Electric Company (MERALCO) and Sual Power Inc. (SPI) filed a *Joint Application* dated 17 April 2026, seeking the Commission's approval of their Power Supply Agreement (PSA), with prayer for issuance of provisional authority and/or interim relief and motion for confidential treatment of information.

The docketed copy of the *Joint Application,* excluding its annexes, is attached as Annex "A" of the *Notice of Virtual Hearing*.

The Commission has set the instant *Joint Application* for hearing, pursuant to the pertinent rules of the Commission, as follows:

Date and Time	Platform	Activity
16 June 2026 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	**Microsoft Teams**	Determination of compliance with jurisdictional requirements and Expository Presentation
23 June 2026 (Tuesday) at nine o'clock in the morning (9:00 A.M.)		Pre-Trial Conference and Presentation of Evidence

Accordingly, Applicants are hereby directed to mirror the virtual hearings, to be hosted by the Commission, at **MERALCO's principal office at Lopez Building, Ortigas Avenue, Brgy. Ugong, Pasig City** as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, Applicants shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least **one (1) calendar day** prior to the scheduled initial virtual hearing, via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph, and copy furnishing the Legal Service through legal@erc.ph, a verified Petition to Intervene at least **five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case, and state the following:

1) The petitioner's name, mailing address, and e-mail address;

2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and

3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

1) The name, mailing address, and e-mail address of the person;

2) A concise statement of the Opposition or Comment; and

3) The grounds relied upon.

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail, or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgement receipt e-mail sent by the Commission.

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Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses, indicating therein the case number of the instant *Joint Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

WITNESS, the Honorable Chairperson and Chief Executive Officer **FRANCIS SATURNINO C. JUAN** and the Honorable Commissioners **FLORESINDA G. BALDO-DIGAL**, **MARKO ROMEO L. FUENTES**, **AMANTE A. LIBERATO** and **PARIS G. REAL**, Energy Regulatory Commission, in Pasig City.

FOR AND BY THE AUTHORITY OF
THE COMMISSION:

Maria Corazon C. Gines

ATTY. MARIA CORAZON C. GINES*
Director III, Legal Service

LS: DPED / RCD

* Authority granted during Commission Meeting on 20 August 2025.

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Tower
1 Jade Drive, Ortigas Center
Brgy. San Antonio, Pasig City

IN THE MATTER OF THE JOINT APPLICATION FOR THE APPROVAL OF THE POWER SUPPLY AGREEMENT BETWEEN MANILA ELECTRIC COMPANY AND SUAL POWER INC., WITH PRAYER FOR ISSUANCE OF PROVISIONAL AUTHORITY AND/OR INTERIM RELIEF WITH MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

ERC CASE NO. 2026-063 **RC**

May 06, 2026

MANILA ELECTRIC COMPANY AND SUAL POWER INC.,
*Applicant*s.
x----------x

JOINT APPLICATION
WITH PRAYER FOR ISSUANCE OF PROVISIONAL AUTHORITY AND/OR INTERIM RELIEF WITH MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

Applicants **MANILA ELECTRIC COMPANY ("MERALCO")** and **SUAL POWER INC. ("SPI")** (collectively, the **"Applicants"**), by undersigned counsel, and to this Honorable Commission, most respectfully state:

1. Applicant MERALCO is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Brgy. Ugong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.

2. MERALCO has a legislative franchise to operate and maintain a distribution system in the cities/municipalities of Metro Manila, Bulacan, Cavite and Rizal and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Acts No. 9209 and 12146, and is authorized to charge all its customers for their electric consumption at the rates approved by the Honorable Commission.

3. Applicant SPI is a private corporation duly organized and existing under the laws of the Philippines, with address at 5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave., C5 Road, Brgy. Ugong, Pasig City ,1604, Metro Manila. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.

4. SPI owns and operates the 1,294.040 MW Sual Coal-Fired thermal power plant located in Barangay Pangascasan, Sual, Pangasinan on the island of Luzon.

I. STATEMENT OF FACTS

5. In accordance with MERALCO's 2025 Distribution Development Plan ("**DDP**") and posted Power Supply Procurement Plan ("**PSPP**") approved by the Department of Energy ("**DOE**"), MERALCO foresees a baseload capacity deficit in its portfolio for the Renewable Portfolio Standards ("**RPS**") requirement covering 200 MW (net) beginning 26 January 2026 based on its power situation outlook for the first quarter of 2026.

6. Thus, in order to ensure continuous and reliable electricity for MERALCO's customers, there is a need for MERALCO to source additional baseload capacity and accompanying Renewable Energy Certificates ("**RECs**") through bilateral power supply contracts.

7. Under Section 45(b) of Republic Act No. 9136, it is provided that "*Distribution Utilities may enter into bilateral power supply contracts subject to review by the ERC* xxx"

8. Accordingly, pursuant to Section 4, Article IV of the Energy Regulatory Commission's ("**ERC**") Resolution No. 16, Series of 2023 ("**ERC CSP Guidelines**")[1], MERALCO conducted a Competitive Selection Process ("**CSP**") for the procurement of 200 MW (net) renewable

[1] Entitled, "*Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements entered into by Distribution Utilities for the Supply of Electricity to their Captive Market*"

energy baseload supply requirement effective February 2026 ("**200 MW RE Baseload CSP**"). The conduct of CSP proceeded as follows:

8.1. On 30 April 2025, MERALCO provided a copy of the Invitation to Bid ("**ITB**")/Terms of Reference ("**TOR**") to the Philippine Competition Commission ("**PCC**") for its 200 MW RE Baseload CSP. On 07 May 2025, MERALCO submitted the ITB/TOR for its 200 MW RE Baseload CSP to the DOE and requested for the issuance of a Certificate of Conformity, as aligned with MERALCO's latest and duly accepted DDP and posted PSPP, pursuant to Section 4.3 of DOE Department Circular No. DC2023-06-0021[2] and Appendix B, Section 5 of the ERC CSP Guidelines.

8.2. On 04 December 2025, the DOE issued in favor of MERALCO a Certificate of Conformity No. DOE-EPIMB-COC-2025-11-010 dated 02 December 2025 (the "**DOE-COC**"), covering MERALCO's 200 MW baseload supply requirement, which MERALCO received on the same day, 04 December 2025, and endorsed to its Bids and Awards Committee for Power Supply Agreements ("**BAC-PSA**") for commencement of the 200 MW RE Baseload CSP.

8.3. On the following day, 05 December 2025, the BAC-PSA Secretariat furnished the ERC a copy of the DOE COC and formally notified the DOE (copy furnished the ERC) of the commencement of the 200 MW RE Baseload CSP in relation to the DOE COC.

8.4. On 12 December 2025 and 19 December 2025, the BAC-PSA caused the publication of the ITB/TOR in The Philippine Star, a newspaper of general circulation in the Philippines. The ITB contained the TOR, a summary of the process and timelines of the CSP, and an invitation to power generation companies to pay the Participation Fee and submit an Expression of Interest and set of documents on or before the deadline set out in said ITB. The ITB/TOR was likewise posted on MERALCO's website.

8.5. However, regarding the requirement to post the ITB/TOR on the DOE's E-based CSP Portal ("**DOE CSP ePortal**"), as directed by the DOE in its email to distribution utilities dated 19 July 2024 and in its Advisory 2024-07-001-SEC dated 31 July 2024 on the "*Temporary Shutdown of the Department of Energy (DOE) Competitive Selection Process (CSP) E-Based Portal for the Purpose of System Enhancement*", DUs shall post and make available the

[2] Entitled, "*Prescribing the Policy for the Mandatory Conduct of the Competitive Selection Process by the Distribution Utilities for the Procurement of Power Supply for their Captive Market*"

information on CSP activities on their respective websites and submit to the DOE proof of compliance on such postings. Pursuant to the DOE's directive, on 15 December 2025, the BAC-PSA Secretariat sent via email a copy of related bidding documents to the DOE and notified the DOE that MERALCO caused the posting of the ITB/TOR on MERALCO's website. On 12 January 2026, the DOE acknowledged MERALCO's proof of posting on its website.

8.6. On 12 December 2025, MERALCO posted on its website, an "*Invitation to Participate as CSP Observers*" which informed the public that the following entities or groups identified in Section 9 of the ERC CSP Guidelines are invited to signify to the BAC-PSA their interest to participate as observer. On 06 January 2026, three (3) Observers submitted their intent to (and were admitted by) the BAC-PSA as CSP Observers.

8.7. On 15 December 2025, MERALCO notified and invited the PCC of the schedules for the: (a) Pre-Bid Conference and (b) Bid Submission and Opening of the 200 MW RE Baseload CSP to enable PCC's representatives to attend and observe.

8.8. On 15 January 2026, a Pre-Bid Conference was held to allow interested bidders an opportunity to clarify any provisions, requirements, and/or terms and conditions of the bidding documents and/or any other matter that the interested bidders may raise. The Pre-Bid Conference was: (a) held at least thirty (30) calendar days before the 200 MW RE Baseload CSP's bid submission deadline; (b) attended by CSP Observers and PCC representatives; and (c) broadcasted livestream on MERALCO's YouTube page.

8.9. On 16 February 2026, the bidders submitted their bid documents in compliance with all the bidding instructions for the 200 MW RE Baseload CSP, and the bidders' respective submissions were opened by the BAC-PSA. The bid submission and bid opening were: (a) held at least forty-five (45) calendar days after the ITB/TOR's last publication; (b) attended by CSP Observers and PCC representatives; and (c) broadcasted livestream on MERALCO's YouTube page.

8.10. Following the BAC-PSA's evaluation of each of the bidders' bid submission, Applicant SPI emerged as the bidder with the lowest calculated responsive bid, with SPI offering the full/complete 200 MW (net) contract capacity for the said bidding.

8.11. On 20 February 2026, the BAC-PSA conducted the post-qualification of the document submissions of SPI and found the submissions to be compliant with, and are responsive to, all the requirements and conditions specified in the bidding documents, as amended, or clarified by pertinent bid bulletins, for the 200 MW RE Baseload CSP. The post-qualification was attended by CSP Observers, PCC representatives, and broadcasted via livestream on MERALCO's YouTube Page.

8.12. On 23 February 2026, the BAC-PSA submitted its recommendation and report to MERALCO's Board of Directors recommending SPI to be declared as the Winning Power Supplier and be awarded a power supply agreement for its offer of PhP 4.2955/kWh (total Delivered Headline Rate, VAT and Line Rental inclusive) for 200 MW (net).

8.13. On 25 February 2026, MERALCO's Board of Directors approved the BAC-PSA's recommendation and on 26 February 2026, a Notice of Award was issued by the BAC-PSA in favor of Applicant SPI.

8.14. On 18 March 2026, the Power Supply Agreement between MERALCO and SPI was executed ("**MERALCO-SPI PSA**"). On 19 March 2026, upon request of SPI and with conformity of MERALCO, the bid security that SPI issued and submitted during the 200 MW RE Baseload CSP was issued as a performance bond for the MERALCO-SPI PSA. On 24 March 2026, a Notice to Proceed was issued in SPI's favor.

A copy of the BAC-PSA Summary-Report and the DOE COC regarding the conduct of the 200 MW (net) RE Baseload CSP are attached hereto as **ANNEXES "H" and "L"**.

9. The said Joint Application together with its Annexes was pre-filed with the Honorable Commission starting on 06 April 2026. Hence, this Joint Application is timely filed within the period prescribed under the ERC CSP Guidelines.

II. SALIENT FEATURES OF THE MERALCO-SPI PSA

10. The MERALCO-SPI PSA, a copy of which is attached hereto as **ANNEX "1"**, contains the following salient provisions:

"**Article 1 Definitions and Interpretation**

xxx

Contract Capacity "or CC" shall be 200 MW_{AC} (net) sourced from the Plant, portfolio of plant/s, the WESM or any other source, as may be adjusted from time to time in accordance with Article 8 and Article 19.

xxx

Contract Year means:

(a) for the first (1st) Contract Year, the period consisting of the first (1st) Billing Period and the succeeding eleven (11) Billing Periods; and

(b) thereafter, each successive year consisting of twelve (12) Billing Periods until the final Contract Year, which shall end on the last Day of the Term.

xxx

Material Adverse Government Action means:

(a) any Law or Directive coming into effect after the signing of this Agreement, including the adoption or enactment, or any change or repeal with respect to the imposition of taxes, duties, levies, fees, charges and similar impositions, and the right to remit or convert currencies. This does not include any Legal Requirement or the application or interpretation thereof in existence at the date of the signing of this Agreement, but which by its explicit terms or due to any other circumstance, became effective or could be implemented only after the date of this Agreement; or

(b) the amendment, modification, repeal or withdrawal of any Law or Directive (including any official interpretation thereof which the Parties have relied upon in entering into this Agreement) in force at the date of this Agreement; or

(c) the modification in the application, enforcement, interpretation or implementation of any Law or Directive by a Governmental Instrumentality which the Parties have relied upon in entering into this Agreement, which modification occurred at any time after the date of this Agreement.

which causes or may cause serious damage to, or materially and adversely affects the financial condition of, any of the Parties. It is understood that there is serious damage to, or material and adverse effect on the financial condition of, a Party if the cost impact is more than ten percent (10%) of the product of (i) PhP 4.1955/kWh,[1] as may be approved by the ERC, and (ii) the Minimum Energy Off-Take for the relevant Contract Year affected by the Material Adverse Government Action.

[1] *Contract Price of Energy as defined in Schedule 1 of Appendix D of this Agreement.*

xxx

2.1. Term of Agreement

2.2.1 Subject to Article 3, this Agreement shall become effective on the Execution Date.

2.2.2 The term of this Agreement (the "**Term**") shall commence on the Operations Effective Date, and shall expire on January 25, 2030 unless terminated earlier in accordance with the terms of this Agreement and upon approval by the ERC, or extended by the application of Section 15.3.2.

xxx

3.1 **Operations Effective Date**

3.1.1 Subject to Section 3.2.2, the obligations of Power Supplier with respect to the Contract Capacity and Associated Energy shall commence on January 26, 2026 (the "**Operations Effective Date**).

xxx

Article 4. Sale and Purchase of Contract Capacity and Associated Energy

4.1 Supply of Power

Subject to the terms and conditions of this Agreement:

4.1.1 From the Operations Effective Date until the expiration of the Term or earlier termination of this Agreement:

(a) Power Supplier shall make available to Meralco during the Available Hours, the Contract Capacity to be sourced from the Plant, portfolio of plant/s, WESM or any other source, and deliver and sell to Meralco the Associated Energy, at the Contract Price determined in accordance with Appendix D; and

(b) Meralco shall purchase from Power Supplier, to the extent of Meralco's relevant day-ahead nominations, the MEOT at the Contract Price determined in accordance with Appendix D.

4.2 Contract Price

The Contract Price is PhP 4.1955[2] per kWh (subject to applicable value-added tax [VAT]),which shall be fixed throughout the Term and shall not be subject to escalation, as computed and shown in Appendix D, *provided,* that the Benefits to Host Communities Charges, if any, shall not form part of and is excluded from the computation of the Contract Price. For the avoidance of doubt, all taxes pertaining to Power Supplier, including but not limited to the Benefits to Host Communities Charges, shall be shouldered by, and be for the sole account of, Power Supplier. Any violation of this Section 4.2 shall constitute a Power Supplier Event of Default as provided for under Section 16.1.

[2] *Contract Price (Line Rental and VAT exclusive) within MEOT at one hundred percent (100%) plant capacity factor corresponding to the Contract Capacity.*

xxx

4.6 Compliance with RPS Rules

4.6.1 Subject to the rules on renewable portfolio standards pursuant to the Renewable Energy Law (the "**RPS Rules**"), the Parties acknowledge and agree that the Contract Capacity and Associated Energy under this Agreement shall be utilized by Meralco for the purpose of complying with RPS Rules requirements. The Parties shall agree on a mechanism by which to implement Section 4.6 within sixty (60) days from Operations Effective Date and as may be necessary upon promulgation of relevant regulations.

4.6.2 Power Supplier shall provide Meralco RECs equivalent to the Guaranteed RECs, reckoned, monitored, and accounted for on a monthly basis. Power Supplier shall ensure that all RECs that will be lodged, and transferred to the PREMS account of Meralco and accepted by Meralco, on a monthly basis (unless Meralco allows a longer period), shall have an expiry date no earlier than eighteen (18) months reckoned from date of lodging and transfer to the PREMS account of Meralco.

For clarity, (i) for the first Billing Period, Guaranteed RECs shall be reckoned based on Meralco's first day-ahead nomination until the 25th Day of such Billing Period; (ii) for the succeeding Billing Periods, Guaranteed RECs shall be reckoned monthly from each successive period ending on the twenty-fifth Day of each successive calendar month thereafter, and (iii) for the final Billing Period, Guaranteed RECs shall be reckoned from the period starting immediately after the end of the next to last Billing Period of the Term to the last Day of the Term, or, if this Agreement is terminated earlier in accordance with the terms hereof, from the twenty-sixth (26th) Day of the calendar month preceding the calendar month in which this Agreement is terminated until the Day of termination.

4.6.3 Notwithstanding Section 4.6.2 above, either Party may offer or request for RECs equivalent to a portion of Guaranteed RECs for the succeeding Contract Year/s in advance, subject to the other Party's written acceptance.

4.6.4 Power Supplier shall be responsible for any liability, fines and/or penalties that Meralco may incur for Power Supplier's failure to comply with Section 4.6.2.

xxx

Article 7. Outages

7.1 Power Supplier shall not be entitled to any Outage during the Term of this Agreement. For clarity, this means that notwithstanding Outage of the Plant, Power Supplier shall make available the Contract Capacity and deliver the Associated Energy to Meralco.

7.2 The preceding Section notwithstanding, Power Supplier shall furnish Meralco its proposed Major Maintenance Outage and Scheduled Outage, inclusive of the duration thereof and schedule of completion and start-up. From time to time, Power Supplier shall inform Meralco of any changes requested by Power Supplier from the System Operator in the schedule of its Major Maintenance Outage and Scheduled Outage including possible delays in the shut-down and completion of schedules or early completion of Major Maintenance Outage and Scheduled Outage. Should Power Supplier source the Contract Capacity, whether wholly or partially from the Plant, failure of Power Supplier to provide its Major Maintenance Outage and Scheduled Outage shall preclude Power Supplier from invoking Article 15.

7.3 In case Power Supplier fails to make available the Contract Capacity and deliver the Associated Energy to Meralco due to unavailability of supply from its Plant, portfolio of plant/s, WESM, and any other source, Power Supplier shall pay a fine equivalent to Nine Hundred Eight Philippine Peso (PhP 908.00) multiplied by each MWh during a Day, which shall be used to reduce the generation charge to the consumers. For the avoidance of doubt, in case Power Supplier fails or refuses to supply Contract Capacity and Associated Energy despite availability thereof, then Section 16.3.3. shall apply.

Article 8. Reduction in Contract Capacity and Associated Energy

8.1. Subject to the provisions of Section 8.2 below, Meralco shall, from time to time, be entitled to a reduction in the Contract Capacity and Associated Energy (the "**Reduction in Contract Capacity and Associated Energy**") equivalent to the reduction in the demand of its captive customers in order to avoid stranded contract capacities or costs, or by reason of a Government Instrumentality's enforcement of Retail Competition and Open Access (RCOA), Green Energy Option Program (GEOP), and/or Retail Aggregation Program (RAP), the Renewable Energy Law, Renewable Portfolio Standards (RPS), Net Metering program, and other similar government programs, Laws, and Legal Requirements.

8.2 Meralco shall give a written notice to Power Supplier of such reduction at least five (5) Days prior to the first Day of the next Billing Period to Power Supplier, specifying the Reduction in Contract Capacity and Associated Energy pursuant to Section 8.1, indicating when such reductions shall take place. Upon receipt by Power Supplier of such written notice, Meralco shall cease to have any rights and obligations under this Agreement in respect of such Reduction in Contract Capacity and Associated Energy. Any such reduction shall be limited to the extent of the Contract Capacity and Associated Energy that will allow Meralco to comply with its obligation to supply electricity in the least cost manner to its customers as of the date indicated in the notice when such Reduction in Contract Capacity and Associated Energy shall commence. Except for such Reduction in Contract Capacity and Associated Energy and the corresponding reduction in MEOT, all other terms and conditions of this Agreement, as approved by the ERC, shall remain in full force and effect. For this purpose, Parties shall execute an operations protocol and provide a copy thereof to the ERC.

xxx

12.1 ERC Approval

12.1.1 Subject to ERC Approval having been received on or prior to the Longstop Date, upon receipt of the ERC Approval, Meralco shall provide a copy of such ERC Approval to Power Supplier. Power Supplier shall have ten (10) Days from its receipt from ERC or from Meralco of such ERC Approval, whichever is earlier, to notify Meralco in writing that (a) it accepts such ERC Approval or (b) it does not accept the ERC Approval, stating the grounds for non-acceptance; *provided* that, if the ERC Approval does not contain any adjustment or modification, the ERC Approval shall be (i) deemed accepted by Power Supplier and (ii) implemented by the Parties immediately.

12.1.2 In case of Power Supplier's non-acceptance, it has the following options:

(i) Power Supplier shall be free to file a motion for reconsideration with the ERC. In case Power Supplier decides to file a motion for reconsideration, and pending resolution thereof by the ERC, the Parties shall implement the ERC Approval subject to any adjustment or amendment that the ERC may direct. Any order on a motion for reconsideration shall be treated as an ERC Approval for purposes of the processes under this Section 12.2. If the ERC Approval requires any amendment to or modification of any provision of this Agreement that is not acceptable to either Party, acting reasonably, then the Parties shall cooperate in good faith to resolve the required amendment, including seeking a reconsideration by the ERC. If the Parties are unable to agree on the required amendment within thirty (30) Days from receipt of the ERC Approval, or if the motion for reconsideration is not resolved by the ERC within one hundred twenty (120) days after its filing, or the amendment is disapproved by the ERC, or approved by the ERC but still contains any material term or condition that is not acceptable to either Party, acting reasonably, then either Party may terminate this Agreement, and the Bid Security or Performance Bond shall be returned to Power Supplier.

Meralco reserves the right to forfeit the Bid Security or Performance Bond in the event that Power Supplier fails to comply with any order or directive of the ERC or provide any document required by the ERC, resulting in non-performance of its obligations under this Agreement.

(ii) If Power Supplier does not file a motion for reconsideration with the ERC and/or notifies Meralco that it intends to terminate this Agreement, Meralco shall have the right to forfeit the Performance Bond to the extent of twenty-five percent (25%) thereof.

xxx

Appendix D
Calculation of Payment

B. MONTHLY POWER BILL UPON OPERATIONS EFFECTIVE DATE

The Monthly Power Bill ("MPB"), in PhP, upon Operations Effective Date ("OED") shall consist of MEOT Energy Payment (MEP), and Line Rental Adjustment Payment (LRAP). Thus, the MPB upon OED for each Billing Period shall be equal to:

$$\boldsymbol{MPB = MEP - LRAP}$$

The MPB is exclusive of the applicable Value Added Tax.

1. MEOT Energy Payment (MEP)

The MEOT Energy Payment (MEP) for the relevant Billing Period is calculated as follows:

$$\boldsymbol{MEP = CP * MEOT_M}$$

Where:
MEP = the MEOT Energy Payment, in PhP, for the relevant Billing Period
CP = the Contract Price for Energy, in PhP/kWh, as set forth in Schedule 1 of this Appendix D.
$MEOT_M$ = as previously defined

III. GENERATION RATE IMPACT

11. Based on the foregoing, and given a certain set of assumptions, the effective rate under the MERALCO-SPI PSA is **PhP4.1955** per kWh (at plant gate, VAT exclusive), as shown in the **RATE IMPACT ANALYSIS** below:

[*Rate Impact Analysis provided in the next page*]

Sual Power Inc. (SPI) Rate Impact at 100% PCF
March 2026 Billing Period to February 2027 Billing Period

BILLING COMPONENT	UNIT	BASE RATE [a]	BILLING DETERMINANT [b]		AMOUNT (PHP)
A. Monthly Energy Payment (MEP)					
Peso Portion	(Php/kWh)	4.1955	1,752,000,000	(kWh)	7,350,516,000.00
Total Payment (VAT exclusive)	**(Php)**				**7,350,516,000.00**
Effective Rate at Plant Gate	**(Php/kWh)**				**4.1955**
WESM Line Rental Rate [c]	**(Php/kWh)**				**0.1000**
Delivered Rate (VAT exclusive)	**(Php/kWh)**				**4.2955**
Total Effective Cost if sourced from WESM inclusive of RECs	(Php/kWh)				4.6560
Effective Cost if sourced from WESM [d]	(Php/kWh)				4.4145
Effective Cost if RECs are sourced from REM [e]	(Php/kWh)				0.2416
Increase / (Decrease) over WESM Price inclusive of RECs	(Php/kWh)				(0.3605)
Meralco Captive Energy Demand [f]	(kWh)				41,222,106,058.46
Increase / (Decrease) in Generation Cost	**(Php)**				**(631,641,570.00)**
Increase / (Decrease) in Generation Cost	**(Php/kWh)**				**(0.0153)**

NOTES:

[a] Base Rate as set forth in Schedule 1 of the PSA.

[b] Energy billing determinant is based on 100% pcf with respect to the Contract Capacity.

[c] Line Rental rate for SPI is based on the maximum allowable value as stated in the PSA.

[d] Cost if equivalent volume of SPI was sourced from the WESM based on forecasted average hourly prices from March 2026 to February 2027.

[e] Maximum allowable price of RECs in the RE Market as stated in ERC Resolution No. 8, Series of 2024.

[f] Forecasted Meralco Captive Energy for March 2026 to February 2027 based on 2025 Power Supply Procurement Plan as submitted to DOE.

12. MERALCO notes that the delivered rate of **PhP 4.2955 kWh (VAT exclusive and line rental inclusive)** is **lower** by about **PhP 0.3605 per kWh** than the effective cost of **PhP 4.6560 per kWh**, if: (a) the equivalent capacity under the MERALCO-SPI PSA is to be sourced from the WESM and (b) the Renewable Energy Certificates ("**RECs**") are sourced from the Renewable Energy Market ("**REM**"). In fact, by sourcing the capacity and the RECs through the MERALCO-SPI PSA, MERALCO's average blended generation rate will be reduced by about **PhP 0.0153 per kWh** (as seen in the **RATE IMPACT ANALYSIS** above) resulting in savings to consumers of about **PhP 631 Million**.

IV. COMPLIANCE WITH DOCUMENTARY REQUIREMENTS

13. In support of this Joint Application, the Judicial Affidavit of **ENGR. CHRIS DAENIEL R. CALANOG**, Staff of MERALCO's Energy Sourcing Office, is attached hereto as **ANNEX "5C".**

14. Likewise, in support of the instant Joint Application, the Applicants provide the following documents, which underwent the pre-filing conference and pre-filing marking of annexes with the Honorable Commission:

Description of Document	Annex
MERALCO-SPI PSA	**"1"**

MERALCO's Articles of Incorporation and By-Laws (SEC-certified true copy)	**"2A"**
MERALCO's Latest General Information Sheet (SEC-certified true copy)	**"2B"**
SPI's Certified True Copies of Articles of Incorporation and By-laws, and latest General Information Sheet	**"2C"**
MERALCO's Supply and Demand Scenario and Average Daily Load Curves (PDF and Excel format)	**"3A"**
Details of MERALCO's Existing Suppliers	**"3B"**
Details of MERALCO's Power Supply Contract Utilization	**"3C"**
MERALCO's 2025 Distribution Development Plan ***(confidential)***	**"3E"**
MERALCO's 2025 Power Supply Procurement Plan	**"3F"**
Table showing matrix of comparison (Word format) showing the requirements in the DU Terms of Reference (TOR) and the relevant PSA provision	**"4"**
Generation Rate and Derivation a. Bid Form (PDF and Excel Format) submitted by the GenCo during the bidding b. Financial model containing the derivation of rates including the equivalent PhP/kWh (excel file of the financial model) (***confidential***)	**"5A" – Refer to Annex "S" and series** **"5B"**
Judicial Affidavit of MERALCO's witness, Engr. Chris Daeniel R. Calanog, Staff of MERALCO's Energy Sourcing Office, with attached Annex A – MERALCO-SPI Rate Impact Analysis (PDF and excel format) Sample Power Bill	**"5C"** **"5C1"**
SPI's Audited Financial Statement for CY 2024	**"8"**
Verified Certification of True Copies of MERALCO's Articles of Incorporation, By-Laws and GIS and of MERALCO's Ultimate Parent Company, all of its subsidiaries and affiliates	**"9A"**
Verified Certification of True Copies of SPI's Articles of Incorporation, By-Laws and GIS and of SPI's Ultimate Parent Company, all of its subsidiaries and affiliates	**"9B"**

SPI's notarized affidavit of non-applicability of Shareholder's Agreement	**"10"**
Estimation of the potential for a reduction in load supplied by MERALCO due to RCOA, GEOP, etc.	**"11"**
Write-up on consolidated items	**"12"**
Competitive Selection Process / MERALCO's 200 MW RE Baseload CSP-related documents (confidential)	**"H" to "V" and series**

ALLEGATIONS IN SUPPORT OF THE MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

15. Under Rule 4 of the ERC Revised Rules of Practice and Procedure ("**RRPP**"), a party to any proceeding before the Honorable Commission may request that certain information not be disclosed and be treated as confidential, by describing with particularity the information to be treated as confidential, specifying the ground for the claim of confidential treatment of the information and, if applicable, specifying the period during which the information must not be disclosed.

16. With respect to the documents marked and attached as **ANNEX 5B,** SPI respectfully moves that these be treated as confidential and not be disclosed to any party for the reason that these contain non-public, proprietary information, data and calculations involving the investments, financial calculations, and business operations of SPI. The data and information contained therein are part of the overall formula and process in arriving at the competitive rates of SPI. These formula and process are specifically developed for the use of SPI and are treated as trade secrets. If the information contained in these documents are unduly disclosed, it will seriously prejudice the competitiveness of SPI. These documents are neither generally available to the public nor already in the possession of the Honorable Commission on a non-confidential basis.

17. With respect to the documents marked and attached as **ANNEX "3E",** MERALCO's Distribution Development Plan contains detailed, non-public information on its network configuration, capacity expansion plans, capital investments, and system vulnerabilities, the disclosure of which could compromise MERALCO's distribution system security and public safety. It also embodies commercially sensitive strategies and projections that, if disclosed, could place MERALCO at a competitive disadvantage and materially prejudice its business interests. Accordingly, the document qualifies as confidential information as it is proprietary, security-sensitive, and submitted to the DOE and ERC with a reasonable expectation of restricted access.

18. With respect to the documents marked and attached as **ANNEXES "H" to "V" and series**, MERALCO respectfully moves that these be treated as confidential, as they were requested by its BAC-PSA in connection with and as part of the conduct of MERALCO's 200 MW RE Baseload CSP, and consist of the technical, commercial, and financial proposals submitted by various generation companies and participating bidders, including the winning bidder, which resulted in the subject PSA of the present case. The said technical, commercial, and financial proposals contain confidential and proprietary data and information, including pricing structures, cost assumptions, methodologies, and commercial strategies, that may be used by other generation companies in designing their offers, tariff structures, or rate designs to the detriment of fair and effective competition. The derivation of the winning bids, together with the assumptions used therein, are in fact trade secrets and commercially sensitive information entitled to protection from public disclosure.

19. In the case of *Air Philippines Corporation vs. Pennswell Inc,*[3] the Supreme Court defined "trade secret" as follows:

> "*A* ***trade secret*** *is defined as a* ***plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it.*** *The definition* ***also extends to a secret formula or process not patented, but known only to certain individuals using it in compounding some article of trade having commercial value.*** *A* ***trade secret*** *may consist of* ***any formula, pattern, device, or compilation of information that (1) is used in one's business;*** *and (2)* ***gives the employer an opportunity to obtain advantage over competitors who do not possess the information.*** *Generally, a* ***trade secret*** *is a* ***process or device intended for continuous operation of the business,*** *for example, a machine or formula, but can be a price list or catalogue or specialized customer list.* ***It is indubitable that trade secrets constitute proprietary rights."*** (Emphasis supplied.)

20. The protection of trade secrets is likewise recognized by the Honorable Commission in its Decision in ERC Case No. 2015-111 RC:

> "*In the case of PNOC RC, the documents sought to be protected from disclosure contains formula and pricing structures used*

[3] G. R. No. 172835, 13 December 2007.

> *in arriving at their proposed tariff. The prices cited in the documents were components of the proposed tariff. In fact, all three (3) documents were used by the Commission in evaluating the reasonableness of the proposed rate. In electric power industry [where] prices is a major consideration in selecting one's supplier, it is apparent that the assumption used in arriving at one's proposed tariff is considered a competitive leverage by one player against its competitors.*
>
> *Thus, the Commission resolved to treat the said documents confidential and may not be publicly disclosed."*[4]

21. SPI hereby submits one (1) copy of the foregoing confidential documents in a sealed envelope, with the envelope and each page of the documents marked "Confidential."

22. The interest of the consumers of MERALCO is sufficiently protected by the review and evaluation of the rates under the PSA by the Honorable Commission, without the need to disclose the contents of **ANNEXES "3E", "5B", "H" to "V" and series**. The reasonableness and transparency of the prices of electricity is to be assured by the Honorable Commission through its own review and verification of the foregoing documents sought to be afforded confidential treatment in the evaluation and handling thereof.

23. Lastly and corollary to the foregoing, SPI would like to implore the discerning wisdom of the Honorable Commission to include in its issuance for this purpose the *"procedures for handling or returning the confidential information, as may be appropriate, upon the close of the proceedings..." (Sec. 2, Rule 4, ERC RRPP)*

24. This is guided by the fact that SPI will seek the return of these documents that are sought to be declared as confidential after its utilization as evidence in this case and/or at the close of the proceedings hereof, so as to relieve the Honorable Commission of the burden of safekeeping the trade secrets of SPI enclosed in the subject documents.

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY OR INTERIM RELIEF

25. Under Rule 14 of the ERC RRPP, the Honorable Commission is authorized to issue provisional authority or interim relief prior to a final

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[4] *In the Matter of the Application for the Approval of the Power Supply Agreement Between Nueva Ecija II Electric Cooperative, Inc. – Area 2 (NEECO II – Area 2) and PNOC Renewables Corporation (PNOC RC) with Prayer for Provisional Authority,* ERC Case No. 2015-111 RC, Decision dated 30 May 2017, p. 26.

decision, provided the facts and circumstances alleged warrant such remedy.

26. As earlier stated, in accordance with MERALCO's latest and duly accepted DDP and posted PSPP approved by the DOE, MERALCO foresees a baseload capacity deficit in its portfolio for the RPS covering 200 MW (net) **beginning 26 January 2026**. **Due to the delay in the review and approval of the said CSP's DOE-COC, the planned starting date of the resulting PSA of the said CSP is much delayed already.**

27. Due to this delay, if this deficiency is not addressed soon enough through the grant of provisional authority or interim relief, MERALCO's customers stand to be exposed to: (a) volatile prices of the WESM equivalent to the considerable volume of the capacity subject MERALCO-SPI PSA, and (b) higher prices if the equivalent RECs subject of the MERALCO-SPI PSA are to be sourced from the REM.

28. Moreover, if this deficiency is not addressed through the grant of provisional authority or interim relief, MERALCO stands to be at risk of fines and penalties for non-compliance with its RPS requirements mandated by the DOE.

29. As shown from the rate impact analysis, the MERALCO-SPI PSA shall result in reduction by about **PhP 0.0153 per kWh** in MERALCO's average blended generation rate, resulting in savings to consumers of about **PhP 631 Million**.

30. The implementation of the MERALCO-SPI PSA will afford MERALCO's end-users with a reliable supply of electricity at reasonable rates.

31. Pursuant to the ERC RRPP, this Honorable Commission may exercise its discretion by granting provisional authority and/or interim relief prior to a final decision.

32. Therefore, MERALCO and SPI request for the grant of provisional authority or interim relief for MERALCO and SPI to implement the MERALCO-SPI PSA, including the rates and tariff structure thereof under the subject PSA.

PRAYER

WHEREFORE, premises considered, Applicants respectfully pray that the Honorable Commission:

A. Issue an Order **TREATING ANNEXES "3E", "5B", "H" to "V" and series,** and all other information contained therein as **CONFIDENTIAL**, directing their non-disclosure to persons other than officers and staff of this Honorable Commission, continuously protecting the said information from public disclosure by maintaining the same separate and apart from the records of the case, and ensuring that these are not divulged to unauthorized persons, and that the same will be returned to Applicant SPI, pursuant to Rule 4 of the ERC RRPP;

B. Issue an Order **GRANTING PROVISIONAL AUTHORITY OR INTERIM RELIEF**, allowing the Applicants to immediately implement the MERALCO-SPI PSA in its entirety; and

C. After hearing on the merits, render a Decision **APPROVING** the **MERALCO-SPI PSA** and the terms and conditions thereunder, including the price.

Other reliefs, just and equitable under the circumstances, are likewise prayed for.

Pasig City, 17 April 2026.

[*Signature page follows.*]

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