

May 6, 2026

ATTY. JOHANNE DANIEL M. NEGRE

Head, Disclosure Department
Philippine Stock Exchange, Inc.
6th Floor, PSE Tower
5th Avenue corner 28th Street
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Dear Atty. Negre:

We reply to the correspondence sent by the Disclosure Department of the Philippine Stock Exchange at 8:26 a.m. today requesting confirmation of the information contained in the news article entitled “ERC clears Meralco’s P16.37-B capex plan filed nine years ago.” The news article was published in [bwnonline.com](#) today.

The article reported in part that:

“THE Energy Regulatory Commission (ERC) has approved Manila Electric Co.’s (Meralco) P16.37-billion capital expenditure (capex) program filed nine years ago, allowing the utility to proceed with projects to expand and rehabilitate its distribution system, subject to cost review and verification.

In a decision dated April 30, the regulator authorized the implementation of the proposed capex program, which covers 100 projects under regulatory year 2018 aimed at addressing customer demand, resolving operational deficiencies, and ensuring compliance with service performance standards.

‘After a thorough evaluation of all the evidence submitted, and appreciation of all the information gathered, the Commission finds that the implementation of the subject capex projects... will benefit its consumers, in accordance with its obligation to provide continuous, safe, reliable, secure, and efficient service for its consumers,’ the regulator said.

The ERC said the approved projects will be subject to review and adjustment based on actual usage and verified costs.



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Meralco withdrew its highest-cost project, a P2.43-billion advanced metering infrastructure expansion, in 2022.

....”

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With reference to the news article that is the subject of the Exchange’s request for clarification, we would like to confirm that the Energy Regulatory Commission (the “ERC”) approved the proposed Capital Expenditure (CAPEX) program of Manila Electric Company (the “Company”) amounting to PhP16.37 billion for Regulatory Year 2018, covering the period July 2017 to June 2018.

The approved CAPEX program covered 100 projects, consisting of 18 major projects and 82 residual projects. Aside from the withdrawal of the Expansion of the Advance Metering Infrastructure (AMI) Project, the proposed Expansion of the Parañaque Sector through the purchase of an adjacent lot was not pursued due to the lack of an available lot. Apart from these, the Company confirms that the CAPEX projects have already been implemented or are being implemented, with the Company regularly providing the ERC with updates on their status.

While the approval of the ERC only covers projects under the CAPEX program for Regulatory Year 2018, many of these projects serve as the foundation for future distribution network development and expansion. The Company does not expect the approval to have an impact on the current or planned capital expenditure projects.

The Company’s CAPEX program enables it to expand and improve its distribution system, meeting operational capacity requirements, reliability standards, safety standards, and regulatory compliance. These CAPEX projects address critical loading issues at multiple substations, improve power quality through OLTC installations, and enhance service efficiency through IT system upgrades. The immediate financial impact is the payment by the Company of PhP122.78 million in permit fees to the ERC.

Finally, the approved CAPEX projects that are already implemented or being implemented will form part of the Company’s Regulatory Asset Base (RAB) and the subsequent rate impact will occur during the regulatory reset process for the pertinent regulatory period following the principles under the Rationalized Rules for Setting Distribution Wheeling Rates (RRDWR).

We trust that you find the foregoing clarification in order.

Very truly yours,



WILLIAM S. PAMINTUAN
Senior Vice President
Assistant Corporate Secretary and
Information Disclosure Officer