



April 29, 2020

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Gentlemen:

We reply to your letter dated April 29, 2020 (received thru EDGE Submission System at 8:23 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Meralco asks DOE to delay bidding for 1,800-MW supply” posted in Business Mirror (Online Edition) on April 28, 2020. The article reported in part that:

“THE Manila Electric Company (Meralco) is asking the Department of Energy (DOE) to delay the conduct of a competitive auction for 1,800 megawatts (MW) of power capacity requirement.

Meralco President Ray Espinosa said the DOE has approved the terms of reference (TOR) for the 1,800MW power supply agreement (PSA). The company wants to schedule the bidding at a still undetermined date amid the Enhanced Community Quarantine (ECQ).

He explained that Meralco’s biggest concern is the volatility of fuel prices and uncertainty of prices going forward.

‘While the DOE has cleared our terms of reference for the 1,800 MW CSP, we are in dialogue with DOE to discuss with them a possible push to a later date of this CSP given the volatile fuel prices in the market today.

....

The DOE has yet to act on Meralco's request. 'We are addressing the details with the DOE and we will just inform everyone on the decision of the DOE once we get it,' he said.

The 1,800MW PSA consists of the 1,200MW PSA that was supposed to undergo a second round of CSP combined with 'portions from 1,000MW and 500MW baseload CSPs that were supposed to be conducted this year.'

According to Meralco utility economics head Lawrence Fernandez, the company was supposed to conduct three CSPs this year. These are 1,000MW baseload for 2025, 500MW baseload for 2027 and 600MW mid-merit for 2023.

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With reference to the said news article, we would like to confirm the statements attributed to our President and CEO, Atty. Ray C. Espinosa and Vice President and Head, Utility Economics, Mr. Lawrence S. Fernandez.



WILLIAM S. PAMINTUAN

Senior Vice President

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