

December 20, 2024

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Gentlemen:

We reply to your correspondence dated today (received via email at 12:52 pm) requesting confirmation of the information contained in the news article entitled “Interconnection of gas pipelines for sharing of LNG imports proposed” published in MB.com.ph yesterday.

The article reported in part that:

“The key players in the country's gas-to-power industry are exploring interconnecting their pipeline facilities to share liquefied natural gas (LNG) imports, a lifeline designed to neutralize potential fuel supply disruptions and ensure steady electricity generation from gas-fed plants.

In an exclusive interview, Aboitiz Power President and CEO Danel C. Aboitiz revealed that he had proposed the concept of pipeline interconnection to First Gen Chairman and CEO Federico R. Lopez.

The proposal was met with a receptive response, signaling potential collaboration.

However, Aboitiz clarified that further discussions are needed, particularly with Aboitiz Power's strategic partners—SMC Global Power Holdings of the San Miguel Group and Meralco PowerGen Corp. (a subsidiary of Manila Electric Company).



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Their \$3.3 billion gas assets, including the integrated Ilijan gas-fired power plants and their LNG import facility, are critical to the proposed pipeline integration.

Aboitiz noted that the pipeline linkup might gain traction once the Philippine Competition Commission (PCC) approves the investment alliance of the three energy giants for the Ilijan gas facilities.

'There are pipelines that will allow us to interconnect our plants to each other (First Gen and Ilijan plants) – and you have Malampaya that lands in Tabangao (Batangas); and there's a pipeline that lands to Ilijan and another one to First Gen – and I was suggesting to him (Lopez) that we will interconnect our pipeline infrastructure together to interconnect their terminal and our terminal,' he stressed.

Aboitiz emphasized that interlinking their pipeline assets would safeguard against fuel supply issues, allowing gas plants to tap into a shared pool of resources. One player's LNG or indigenous gas shortfall could be offset by another's surplus.

'If they have a problem, the ship can dock at the Ilijan terminal and provide gas to First Gen., and in the event that we have a problem or the consortium has a problem, First Gen can then supply gas to Ilijan also,' he explained.

Aboitiz said the pipeline interconnection could be a decisive move for industry players, guaranteeing more reliable operation of the country's gas plants. This approach aligns with the country's energy transition roadmap, where gas is poised to be a flexible bridge fuel, filling generation gaps when renewable sources falter, until energy storage systems become cost-competitive.

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Please be informed that Meralco PowerGen Corporation does not have any information relevant to the subject news article and is therefore unable to comment on the same at this time.

With respect to the request of the Philippine Stock Exchange (the "Exchange") for updates on the transaction involving the Ilijan gas facilities among Aboitiz Power Corporation, San Miguel Global Power Holdings, and Meralco PowerGen Corporation, the transaction remains under review of the Philippine Competition Commission. We shall keep the Exchange apprised should there be any update on the transaction.

We trust that you find the foregoing clarification in order.

Very truly yours,



WILLIAM S. PAMINTUAN
Senior Vice President
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Information Disclosure Officer