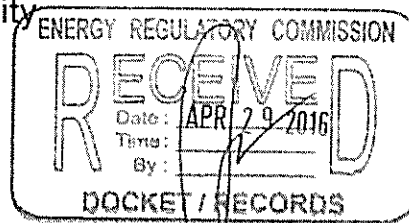


Republic of the Philippines
ENERGY REGULATORY COMMISSION
 San Miguel Avenue, Pasig City

IN THE MATTER OF THE
 APPLICATION FOR THE
 APPROVAL OF THE POWER
 SUPPLY AGREEMENT (PSA)
 BETWEEN MANILA ELECTRIC
 COMPANY (MERALCO) AND
 CENTRAL LUZON PREMIERE
 POWER CORP. (CLPPC),



2016 - 112

ERC CASE NO. 2016 - __ RC

MANILA ELECTRIC COMPANY
 (MERALCO) AND CENTRAL
 LUZON PREMIERE POWER
 CORP. (CLPPC),

Applicants.

X-----X

JOINT APPLICATION

Applicants **MANILA ELECTRIC COMPANY ("MERALCO")** and **CENTRAL LUZON PREMIERE POWER CORP. ("CLPPC")**, through their respective undersigned counsel, respectfully state:

1. Applicant MERALCO is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Ortigas Avenue, Barangay 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 and barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209, and is authorized to charge all its customers for their electric consumption at the rates approved by this Honorable Commission.

3. Applicant CLPPC is a corporation duly organized and existing under the laws of the Republic of the Philippines, with its office address at 19th Floor, San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City, Metro Manila. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.

4. CLPPC shall construct, own and operate a 4 x 150 MW (gross) Circulating Fluidized Bed Coal-Fired power generating facility in Pagbilao, Quezon, on the island of Luzon in the Philippines (the "**Plant**"), which is scheduled to become operational no later than Calendar Year 2021.

5. Based on MERALCO's Distribution Development Plan, "from 2015 to 2024, energy sales is forecasted to grow by a compounded average growth rate of 3.7%."

6. In order to ensure continuous and reliable electricity for MERALCO's customers with the expected continuous increase in demand and load growth, and mitigate exposure to the Wholesale Electricity Spot Market ("**WESM**"), there is a need for MERALCO to source additional capacity through bilateral power supply contracts.

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

8. Accordingly, following extensive negotiations, on 26 April 2016, MERALCO executed a Power Supply Agreement ("**PSA**") with CLPPC, for the purchase of up to 528 MW contract capacity and associated energy from the Plant.

9. The PSA, a copy of which is attached as **ANNEX "A"** and made an integral part hereof, contains the following salient features:

"Article 2 Purpose; Term

xxx

2.2 Term of Agreement

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

2.2.2 The term of this Agreement (the "**Term**") shall commence on the Operations Effective Date (Unit 1) and shall expire on the date falling twenty-one (21) years thereafter xxx

xxx

Article 3 Effective Date, Commencement Date, Operations Effective Date, and Commercial Operations Date

3.1 Effective Date

The Effective Date shall be the date the conditions precedent in Section 3.2 have been satisfied or waived by the relevant Party (the "**Effective Date**").

xxx

3.3 **Commencement Date**

The "**Commencement Date**" shall occur upon the satisfaction of the conditions below:

- (a) The conditions set out in Section 3.2 have been fulfilled;
- (b) Each Party has delivered to the other Party a certification dated no earlier than two (2) Days prior to the proposed Commencement Date to the effect that its representations and warranties contained herein shall be true and correct in all material respects on and as of the Commencement Date; and
- (c) On or before the Longstop Date, (i) the ERC shall have approved this Agreement in the ERC Final Approval, including the pricing structure as set out herein (or as otherwise acceptable to Power Supplier), and (ii) the Acceptance Date has occurred.

Within seven (7) Days after the satisfaction of the conditions referred to in this Section 3.3, Meralco and Power Supplier shall issue a joint certification confirming that the Commencement Date has occurred.

3.4 **Operations Effective Date**

Following the Operations Effective Date¹, the obligations of Power Supplier and Meralco under this Agreement with respect to sale and purchase of Contract Capacity and Associated Energy, and Replacement Energy, shall become effective.

3.5 **Commercial Operations Date**

¹ Article 1 of the PSA defines Operations Effective Date for Unit 1 of the Plant to be on December 26, 2022, or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of the PSA.

The Plant shall achieve Commercial Operations Date for each Unit of the Plant upon the delivery of the Power Supplier of the documents enumerated below, in form and substance, reasonably satisfactory to Meralco:²

xxx

3.7 Early Occurrence of the Commercial Operations Date

3.7.1 In the event that Power Supplier achieves Commercial Operations Date prior to the occurrence of the Operations Effective Date, Power Supplier shall promptly deliver to Meralco written notice thereof on or before the Commercial Operations Date. Upon receipt of such written notice, Meralco shall, by written notice to Power Supplier, choose between the following options:

- a) Consider that Operations Effective Date shall occur on the Commercial Operations Date or such other later date as provided under Section 3.7.2; or
- b) Require Power Supplier to deliver, for purchase by Meralco on a non-firm basis, such portion of the Contract Capacity and Associated Energy needed by Meralco from Commercial Operations Date to Operations Effective Date, which shall be paid at the Price. For the avoidance of doubt, Meralco shall have priority over the Contract Capacity and Associated Energy. If needed by Meralco, it shall communicate its binding day-ahead nominations of the Contract Capacity and Associated Energy (or a portion thereof) to Power Supplier.

xxx

Article 5 Sale and Purchase of Contract Capacity and Associated Energy

² With respect to the Commercial Operations Date of every Unit, CLPPC shall submit the following documents:

- (a) Capacity Test Certificate;
- (b) a Net Plant Heat Rate Test Certificate;
- (c) all permits, licenses, authorizations and other approvals from all Government Authorities and third parties needed for the supply of electricity by CLPPC to Meralco;
- (d) a Commercial Operations Date Certificate; and
- (e) Power Supplier certification that the insurances have been obtained.

5.1 **Supply of Power**

Subject to the terms and conditions of this Agreement:

5.1.1 From the Operations Effective Date until the expiration of the Term or earlier termination of this Agreement, Power Supplier shall:

- (a) make available to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Contract Capacity; and
- (b) sell to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Associated Energy, to the extent of Meralco's relevant day-ahead nominations.

The Dispatch of Contract Capacity and Associated Energy shall meet the requirements set out in Appendix B (*Technical Limits*).

5.1.2 Unless otherwise expressly permitted by this Agreement, Power Supplier shall not, without Meralco's prior written consent:

- (a) sell, divert, grant, transfer, dedicate, reserve or assign all or any portion of the Contract Capacity and Associated Energy to any Person other than Meralco; or
- (b) provide Meralco with capacity and/or electrical energy from any source other than the Plant.

5.1.3 The supply of the Contract Capacity and Associated Energy by Power Supplier to Meralco shall be in accordance with WESM Rules. Moreover, each Party shall, during the Term, always keep and maintain its registration as Direct WESM Member Trading Participant.

5.1.4 Power Supplier shall source its supply for Meralco from the Plant except during: (i) the period when the Operations Effective Date occurs prior to Commercial Operations Date; (ii) Outages; (iii) any curtailment due to Dispatch Instructions; (iv) ramping limitations; and (v) system frequency fluctuations.

xxx

Article 8 Outages

8.1 Outage Allowances and Replacement Energy

- 8.1.1 For Outages within the Full Load Equivalent Aggregate Outage Allowance³ for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCQ and shall be paid by Meralco at the Price in accordance with Appendix D.
- 8.1.2 During Outages within the Full Load Equivalent Cumulative Outage Allowance⁴ for the Contract Year, Meralco shall procure its own Replacement Energy from the WESM and Power Supplier shall not bill Meralco for these quantities. xxx
- 8.1.3 During Outages beyond the Full Load Equivalent Cumulative Outage Allowance up to an accumulated maximum of one hundred eighty (180) Full Load Equivalent Outage Days for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCQ; provided that Meralco shall pay such Replacement Energy at (i) PHP 5.00 per kWh or WESM price, whichever is lower, on an hourly basis, for the first five (5) Contract Years; and (ii) PHP 4.50 per kWh or WESM price, whichever is lower, on an hourly basis, for the succeeding Contract Years. For the avoidance of doubt, the minimum WESM price mentioned in (i) and (ii) above shall be Zero Pesos (PHP 0.00) per kWh on an hourly basis.

xxx

Article 9 Adjustments in Contract Capacity and Associated Energy

9.1 Implementation of Retail Competition and Open Access

³ As defined under Article I of the PSA, "**Full Load Equivalent Aggregate Outage Allowance** means: (i) the first thirty five (35) Full Load Equivalent Outage Days due to a Forced Outage or a Scheduled Outage for every Contract Year; or (ii) the first sixty five (65) Full Load Equivalent Outage Days during Major Maintenance, which shall occur not more frequent than every four (4) years."

⁴ As defined under Article I of the PSA, "**Full Load Equivalent Cumulative Outage Allowance** means the thirty (30) Full Load Equivalent Outage Days due to an Outage beyond the Full Load Equivalent Aggregate Outage Allowance for every Contract Year, for which Meralco shall procure its own Replacement Energy pursuant to Section 8.1.2.

The Parties acknowledge that Retail Competition and Open Access is being implemented in phases in accordance with the guidelines being issued by the ERC, and upon implementation of each phase, the amount of Contract Capacity may be adjusted in accordance with the terms hereof.

9.2 Assignment or Transfer of Contract Capacity Due to Retail Competition and Open Access

In connection with the implementation by the ERC of Retail Competition and Open Access, Meralco shall, also be entitled to assign, transfer, designate, delegate or allocate (collectively in this context, "**Transfer**") its rights and obligations to purchase a portion of Contract Capacity and Associated Energy that is no longer required by Meralco as a result of Retail Competition and Open Access (i) to any of its Affiliates or business segments, to the extent allowed by Law, without the prior consent of the Power Supplier; or (ii) to any other Person subject to the consent of Power Supplier, which consent shall not be unreasonably withheld.

xxx

9.3 Reduction in Contract Capacity and Associated Energy

- 9.3.1 Subject to the provisions of Section 9.3.2 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 by reason of the enforcement of RCOA, the Renewable Energy Law and other Laws and Legal Requirements.

xxx

Article 10 Billing and Payment

xxx

10.2 Payments

- 10.2.1 Meralco shall pay the entire amount indicated in the Final Invoice (subject to Appendix G) when due and payable, provided that Meralco shall not be required to make payment on any Invoice that is manifestly in error,

apparently invalid or not in the form or substance contemplated by this Agreement until the same has been corrected following prompt notice by Meralco to Power Supplier of such error, invalidity or absence of proper form or substance.

xxx

Article 11 Taxes, Fees and Costs

xxx

11.4 Charges Due to Change in Circumstances

- (a) If as a result of a Change in Circumstances, Meralco becomes liable to pay any new charges, fees, taxes, duties, assessments or other similar amounts ("**New Charges**"), or any increase in existing charges, fees, taxes, duties, assessments or other similar amounts ("**Increased Charges**") become payable with respect to this Agreement, the New Charges or Increased Charges shall form part of the price that Meralco will charge to its customers.
- (b) If as a result of a Change in Circumstances affecting Power Supplier, Power Supplier becomes liable to pay any New Charges or any Increased Charges or a Change in Circumstances materially and adversely affects the ability of Power Supplier to perform or materially increases the operating costs or capital expenditures associated with the Plant or materially and adversely affects its performance of its obligations under this Agreement, adversely affects the sale by Power Supplier of Contract Capacity and Associated Energy in accordance with this Agreement, makes the Power Supplier's administration or operational aspects of such performance materially more burdensome (whether made at the direction of any Governmental Instrumentality or otherwise) or causes serious damage to, or materially and adversely affects the financial condition of Power Supplier, Power Supplier shall send a notice to Meralco of the occurrence of such Change in Circumstances ("**Notice of Change in Circumstances**") together with an analysis of the cost impact of such Change in Circumstances. Within thirty (30) Days of such Notice of Change in Circumstances, Meralco and Power Supplier shall meet to discuss, in good faith, remedial measures to

mitigate the impact of such Change in Circumstances. Each Party shall cooperate in good faith to secure any Governmental Authorizations to implement any agreed remedial measures. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the Power Supplier shall be entitled to terminate this Agreement in accordance with the provisions of Section 17.6.6(a).

(c) In the event that, as a result of a Change in Circumstances and pursuant to a corresponding order of the ERC or any other Government Instrumentality:

(a) Meralco is prevented from making a pass through to its customers of any charges under this Agreement (as approved by the ERC in the ERC Final Approval as accepted by Power Supplier); or

(b) any portion of the Price that has been paid to Power Supplier is required to be refunded to Meralco or Meralco's customers in connection with the ERC Application or any petition, claim, case, proceeding or other action involving any of the Parties brought before any judicial, administrative or quasi-judicial body,

the Parties shall enter into good faith negotiations to agree on a satisfactory solution regarding the amendment of this Agreement to restore Meralco's commercial position prior to such Change in Circumstances, including an adjustment of the Price. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the provisions of Section 17.6.6(b) will apply.

xxx

13.2 ERC Approval

13.2.1 Subject to the non-occurrence of the Longstop Date, upon receipt of the ERC Final Approval, Meralco shall provide a copy of such ERC Final Approval to Power Supplier. Power Supplier shall have ten (10) Days from the date of receipt from Meralco of such ERC Final Approval to notify Meralco in writing that (i) it accepts

such ERC Final Approval or (ii) it does not accept the ERC Final Approval, stating the grounds for non-acceptance.

- 13.2.2 In case of Power Supplier's non-acceptance, Power Supplier shall be free to: (i) file with the ERC a motion for reconsideration or (ii) terminate this Agreement upon sixty (60) days prior written notice to Meralco; provided that, any order on a motion for reconsideration shall be treated as an ERC Final Approval for purposes of the processes under this Section 13.2; provided further that, if the motion for reconsideration is denied by the ERC, or approved by the ERC but still with any material term or condition that is not acceptable to Power Supplier, Power Supplier may terminate this agreement upon sixty (60) days prior written notice to Meralco.

xxx

Article 16 Force Majeure

xxx

16.4 Effect of Extended Force Majeure

If any Event of Force Majeure prevents Power Supplier from making Available the Contract Capacity or Associated Energy or Meralco from accepting Contract Capacity or Associated Energy, in each case for a continuous period of more than one hundred eighty (180) Days, then either Party may upon written notice, require the other Party to meet as soon as practicable to reasonably discuss any modification, change or amendment of this Agreement under such reasonable terms, to the extent necessary to resolve the issues arising from the Event of Force Majeure and maintain, to the extent feasible, the rights and obligations of the Parties under this Agreement.

If the Parties do not reach such satisfactory solution prior to the end of such one hundred eighty (180) Day period, or such other time as may be agreed upon, either Party may terminate this Agreement in accordance with Section 17.6.5.

xxx

17.3 Remedies in case of Event of Default

17.3.1 During the Curing Period with respect to a Power Supplier Event of Default, Meralco shall, for each time Power Supplier fails to make Available the Contract Capacity or to deliver the Associated Energy, be entitled to source energy from the WESM. In such case, and provided that Power Supplier is able to cure the Power Supplier Event of Default prior to the exercise by Meralco of its rights under Section 17.3.3, Power Supplier shall be liable to pay Meralco the difference between the amount Meralco actually paid for such energy and the Price.

17.3.2 During the Curing Period with respect to a Meralco Event of Default, Power Supplier shall, from the time of Meralco's failure to accept or pay for the Contract Capacity and Associated Energy, be entitled to sell the Contract Capacity and Associated Energy to the WESM. In such case, and provided that Meralco is able to cure the Meralco Event of Default prior to the exercise by Power Supplier of its rights under Section 17.3.4, Meralco shall be liable to pay Power Supplier the difference between the amount Power Supplier actually received from such sale to the WESM and the Price.

xxx"

10. The Payment Structure, as provided in Appendix D of the PSA shall be as follows:

"2. PAYMENT

The Monthly Power Bill (**MPB**) will be the payment to be made to the Power Supplier in each Billing Period for the Contract Capacity and Associated Energy. Each Unit of the Plant will have its own MPB during its Term. It shall consist of Capacity Payments and Energy Payments, and Other Payments. The Capacity Payments consist of Monthly Capital Recovery Payment (MCRP) and Monthly Fixed O&M Payment (MFOMP). The Energy Payments consist of Monthly Fuel Payment (MFP) and Monthly Variable O&M Payment (MVOMP). The Other Payments consist of Replacement Energy Payment (REP), Start-up Charge Payment (SCP), Supplemental Payment (SP) and the applicable Value Added Tax (VAT). Thus, the Monthly Power Bill of each Unit of the Plant will be:

$$\text{MPB} = \text{MCRP} + \text{MFOMP} + \text{MFP} + \text{MVOMP} + \text{REP} + \text{SCP} + \text{SP} + \text{VAT}"$$

11. Given the foregoing, a sample calculation of the base contract price under the PSA, given a certain set of assumptions, results in an annual effective rate of PhP3.5195 per kWh (at plant gate), as shown in the sample calculation below:

CLPPC PSA - Rate Impact (YEAR 2023)						
BILLING COMPONENT	UNIT	BASE RATE ^(a)	CPI Adj Factor ^(a)	BILLING DETERMINANT ^(a)		AMOUNT (PHP)
A. Capacity Payment (MCRP)						
Peso Portion	(Php/kW-mo)	1,022.8652		528,000	(kW)	6,304,789,497.60
B. Fixed O&M Payment (MFOMP)						
Peso Portion	(Php/kW-mo)	238.1533	1.000000	528,000	(kW)	1,508,939,308.80
C. Fuel Payment (MFP)						
US Dollar Portion	(USD/kWh) ^(b)	0.0246		3,700,224,000	(kWh)	4,190,005,919.45
D. Variable O&M Payment (MVOMP)						
Peso Portion	(Php/kWh)	0.2702		3,700,224,000	(kWh)	1,014,711,766.02
E. Other Payments ^(c)						
Replacement Energy Payment (REP)	(Php)					-
Start-up Charge Payment (SCP)	(Php)					-
Supplemental Payment (SP)	(Php)					4,625,280.00
VAT Payment (VAT)	(Php)					-
TOTAL PAYMENT	(Php)					13,023,071,771.87
Effective Rate at Plant Gate	(Php/kWh)					3.5195
WESM Line Rental Rate ^(d)	(Php/kWh)					0.3000
Delivered Rate	(Php/kWh)					3.8195
Effective Cost at WESM Price ^(e)	(Php/kWh)					8.4869
Increase / (Decrease) over WESM Price	(Php/kWh)					(4.6674)
Meralco Captive Energy Demand ^(f)	(kWh)					36,920,416,567
Increase / (Decrease) in Generation Cost	(Php)					(17,270,286,391.33)
Increase / (Decrease) in Generation Cost	(Php/kWh)					(0.4678)

NOTE:

^(a) Base Rates as set forth in Schedule 1 of Appendix D of the PSA

^(b) Fuel Payment calculated based on Guaranteed Net Plant Heat Rate at 87.16% plant load factor, Newcastle Index = USD 50.38/MT, Freight Price = USD 5.90/MT, and Forex rate at PhP 46.07/USD (current prices as of Mar 2016)

^(c) Other Payments (pass through costs) based on estimated taxes

^(d) Assumed estimated CLPPC line rental rate

^(e) Cost if equivalent volume of CLPPC was sourced from the WESM based on forecast average Jan - Dec 2023 hourly prices

^(f) Meralco Captive Energy Demand based on 2023 forecast

^(g) Assumed no CPI escalation

^(h) Energy Payments based on 80.00% plant capacity factor

12. As seen in the rate impact above, given the above assumptions, the simulated delivered price under the PSA would result in the reduction of MERALCO’s generation charge by about PhP0.4678 per kWh.

13. Notably, the Plant offers greater reliability compared to existing plants that are past their expected plant life, at a price competitively at par with the rates of the existing plants despite its newness.

14. It bears emphasis that there is an urgent need for the final approval of the PSA considering the requirement of lenders for the Honorable Commission’s final approval of the PSA prior to financial closure. Only thereafter can CLPPC commence construction of the Plant to meet the target Commercial Operations Date and allow for

delivery of MERALCO's needed capacity and associated energy by then.

15. Verily, this Honorable Commission's approval of the PSA will send strong signals to lenders of the viability of financing power generation projects in the Philippines, and thus, set the pace for infusion of similar investments by the private sector.

16. In support of this Joint Application, the Judicial Affidavit of **MR. CIPRINILO C. MENESES**, Head of MERALCO's Energy Sourcing Office, is attached as **ANNEX "B"** and made an integral part hereof.

17. Likewise, in support of this Application, the Applicants provide this Honorable Commission with the following documents, which underwent the pre-filing conference of this Honorable Commission, to wit:

DESCRIPTION OF DOCUMENT	ANNEX
Articles of Incorporation of CLPPC	C
Securities and Exchange Commission ("SEC") Certificate of Registration of the said Articles of Incorporation	D
List of Shareholders (Latest GIS of CLPPC – SEC Form)	E
Write-up on Board of Investment ("BOI") Certificate of Registration	F
Write-up on Environmental Compliance Certificate ("ECC")	G
Power Supply Agreement	H
Write up on details of the PSA: a) Executive Summary; b) Sources of Funds/Financial Plans; c) Purchased Power Rate; d) Cash Flow	I
Write-up on the Procurement Process of Fuel	J
Write-up on CLPPC's Related Agreements	K
Write-up on Certificate of Compliance ("COC") of CLPPC	L
Acknowledgement receipt by the City of Pasig & Affidavit of Publication	M
Publication in a newspaper of general circulation within the franchise area of the Application	N
Rate Impact on the overall rates of MERALCO upon approval of the PSA	O
Write up on Transition Supply Capacity	P

All relevant technical and economic characteristics of the generation capacity; installed capacity, mode of operation, dependable capacity	Q
Write up on the cost analysis related to the generation in support of the proposed pricing provisions of the PSA	R
Write up on the details on the procurement process used by MERALCO	S
Write up on the details regarding the transmission projects or grid connection projects	T
Write-up on consistencies and inconsistencies between the proposed generation capacity and the DOE Philippine Development Plant (PDP)	U
Distribution Development Plant (DDP) of MERALCO	V
Demand Side Management (DSM) Program	W
Write up on other documentation that may be needed by the ERC in the course of the evaluation, such as, but not limited to the following: a) Latest Audited Financial Statements of CLPPC; b) Bank Certification of Long-term Loans; c) Operating Expenses; d) Sworn Statement detailing how the fuel was competitively procured etc; e) Certification on the net heat rate f) Simulation of the no. of operating units necessary to meet the MEOT and/or additional energy/demand requirements of the DU. g) Potential Cost of Ancillary Services	X

PRAYER

WHEREFORE, premises considered, it is respectfully prayed that, after hearing on the merits, a Decision be rendered **APPROVING** the PSA between Applicants MERALCO and CLPPC.

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

Pasig City, 28 April 2016.

MANILA ELECTRIC COMPANY

Applicant

MERALCO Compound, Lopez Building,
Ortigas Avenue, Pasig City

By:



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IBP No. 1023724; 01/08/16; RSM
MCLE Compliance No. V-0004608; 6 November 2014



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MCLE Compliance No. V-0004620; 6 November 2014



KATHERINE MARI S. GARCIA-MORENO

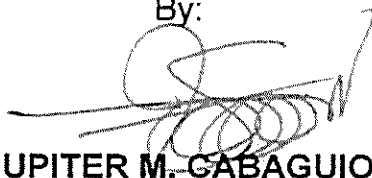
Roll of Attorneys No. 56002
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IBP No. 1023727; 01/08/16; RSM
MCLE Compliance No. V-0002588; 9 June 2014

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Tel no. 1622-2260; Fax No: 1622-3550

CENTRAL LUZON PREMIERE POWER CORPORATION (CLPPC)

Applicant

By:



JUPITER M. GABAGUIO

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PTR No. 2482698 /28th January 2016 / Mandaluyong
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Roll No. 47112



JULIE ANN B. DOMINO-PABLO

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IBP Lifetime Membership No. 971816
MCLE Compliance No. V – 001302
Roll No. 57163

REPUBLIC OF THE PHILIPPINES)
CITY OF PASIG)s.s.

VERIFICATION
AND CERTIFICATION OF NON-FORUM SHOPPING

I, **JOSE RONALD V. VALLES**, Filipino, of legal age, married, with office address at 7th Floor, Lopez Building, MERALCO Compound, Ortigas Avenue, Barangay Ugong, Pasig City, after being sworn in accordance with law, hereby depose and say that –

1. I am the Vice President and Head, Regulatory Affairs Office, of Applicant Manila Electric Company (“MERALCO”). In such capacity, I have caused the preparation and filing of the foregoing Application;

2. Moreover, I have been authorized by the Board of Directors of MERALCO to certify that Applicant has not heretofore filed any similar action, pleading or application involving the same issues before the Supreme Court, the Court of Appeals or any other lower courts or administrative bodies. A copy of the Secretary's Certificate authorizing me to cause the preparation of the instant Application and sign this Verification and Certification is attached hereto as **ANNEX “Y”**;

3. I have read and understood the allegations contained therein and the same are true and correct based on my personal knowledge and authentic records made available to me in the ordinary course of business of MERALCO;

4. To the best of my knowledge, no similar action or proceeding is pending before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies;

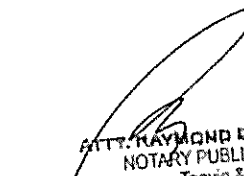
5. If I should hereafter learn that a similar action has been filed before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies, I undertake to report such fact to this Honorable Commission within five (5) days from notice of such fact.

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 27 2016 at Pasig City, Philippines.


JOSE RONALD V. VALLES
Affiant

SUBSCRIBED and SWORN to before me this APR 27 2016, affiant having exhibited to me his Social Security System ID bearing the number 33-10900088.

Doc. No. 327;
Page No. 08;
Book No. I;
Series of 2016.

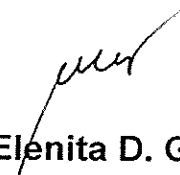

ATTY. RAYMOND B. YAP
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on April 6, 2015 at Pasig City
until December 31, 2016
Roll No. 55689; IBP No. 1023728; 01/08/16; Capiz
PTR No. 1473414; 01/21/16; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

VERIFICATION AND
CERTIFICATION OF NON-FORUM SHOPPING

I, Elenita D. Go, Filipino, of legal age, and with office address at the 19th Floor, San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City, after having been duly sworn to in accordance with law, depose and state, that:

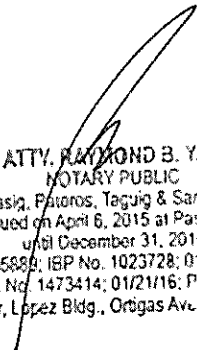
1. I am the General Manager of SMC Global Power Holdings Corporation, parent company of CENTRAL LUZON PREMIERE POWER CORPORATION (CLPPC), a co-applicant in the above-captioned case;
2. I have caused the preparation and filing of the Joint Application;
3. I have read the contents thereof and all the allegations contained therein are true and correct to the best of my knowledge; and
4. I further certify that I have not filed any action involving the same issues in the Supreme Court, Court of Appeals, or any other courts or tribunals. If ever there is a case pending before the said courts or tribunals involving the same issues, I undertake to inform the Honorable Commission of such fact within five (5) days from knowledge thereof.

AFFIANT FURTHER SAYETH NAUGHT.


Elenita D. Go
Affiant

SUBSCRIBED AND SWORN to before me this APR 26 day of April, 2016 in PASIG CITY. Affiant personally appeared and exhibited to me her **Philippine Passport** with No. **EB7372716** issued on **13 February 2013** at the **Department of Foreign Affairs (DFA), Manila** as her competent proof of identity.

Doc. No. 710 ;
Page No. 001 ;
Book No. I ;
Series of 2016.


ATTY. **RAYMOND B. YAP**
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on April 6, 2015 at Pasig City
until December 31, 2016
Rol No. 55889; IBP No. 1023728; 01/08/16; Capiz
PTR No. 1473414; 01/21/16; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

EXECUTION VERSION

ANNEX "A"

POWER SUPPLY AGREEMENT

Between

MANILA ELECTRIC COMPANY

and

CENTRAL LUZON PREMIERE POWER CORP.

April 26, 2016

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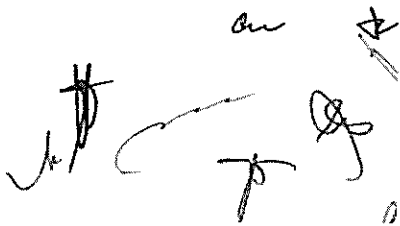
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POWER SUPPLY AGREEMENT

This Power Supply Agreement (the “**Agreement**”) is entered into as of April 26, 2016 by and between:

1. **Manila Electric Company** (hereinafter “**Meralco**”), a corporation duly organized and existing under the laws of the Republic of the Philippines, with its address at Ortigas Avenue, Pasig City, Metro Manila; and
2. **Central Luzon Premiere Power Corp.** (hereinafter “**Power Supplier**”), a corporation duly organized and existing under the laws of the Republic of the Philippines, with its address at 19th Floor, San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City, Metro Manila.

Each of the above-mentioned parties to this Agreement are referred to as a “**Party**,” and together, the “**Parties**”.

RECITALS

- A. Meralco is a distribution utility operating an electric power distribution system (as defined below) in Metro Manila and the surrounding provinces on the island of Luzon in the Philippines by virtue of its legislative franchise under Republic Act No. 9209 (the “**Franchise**”).
- B. Power Supplier shall construct, own and operate a 4 x 150 MW (gross) Circulating Fluidized Bed Coal-Fired power generating facility in Pagbilao, Quezon (“**Pagbilao Power Plant Project**”), on the island of Luzon in the Philippines, which is scheduled to become operational no later than Calendar Year 2021.
- C. Power Supplier desires to sell capacity and electrical output from Units 1, 2, 3 and 4 of the Pagbilao Power Plant Project (the “**Plant**”) to Meralco, under the terms and conditions specified in this Agreement.
- D. Meralco desires to purchase up to 528 MW of such capacity and associated energy from Power Supplier, under the terms and conditions specified in this Agreement.
- E. Meralco and Power Supplier desire to define in this Agreement their respective rights and obligations with respect to the sale and purchase of capacity and electrical output from the Plant and other related matters.

NOW, THEREFORE, in view of the foregoing and in consideration of the mutual covenants and agreements set out in this Agreement, the Parties hereby agree as follows:

Article 1 Definitions and Interpretation

1.1 Definitions

When used in this Agreement, the capitalized words, phrases and terms set out in this Article 1 shall have the following meanings:

Acceptable Bank has the meaning given to it in Section 4.1.

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Acceptance Date means the date of written acceptance by Power Supplier of the ERC Final Approval in accordance with Article 13.2.3.

Affiliate shall mean, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

Agreement means this Power Supply Agreement, including its appendices, attachments, and Schedules, as amended from time to time in accordance with this Agreement.

Annual Maintenance Plan has the meaning given to it in Section 8.2.1.

Arbitration Rules has the meaning given to it in Section 19.2.1.

Assessments has the meaning given to it in Section 11.3.

Associated Energy means energy generated by the Plant and declared at the WESM as BCQ by Power Supplier for Meralco.

Available or Availability means that the Plant is capable of generating electricity whether or not it is actually generating electricity.

Bilateral Contract Quantities or BCQ refers to the quantity of electrical energy as declared by Power Supplier at the WESM for Meralco for any Trading Interval/s.

Benefits to Host Communities Charges means the financial benefits due to the host local government unit as mandated by the DOE's Energy Regulations 1-94.

Billing Period means: (i) for the first Billing Period, the period commencing on the Operations Effective Date and ending on the immediately succeeding twenty-fifth (25th) Day of the month, (ii) each successive period commencing on the 26th Day of the Month and ending on the twenty-fifth (25th) Day of each successive calendar month thereafter, and (iii) for the final Billing Period, 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 until the Day of termination; provided that, if the Market Operator imposes a mandatory change to the billing cycle of WESM that cannot be reconciled with the foregoing schedule, the Parties agree to revise the Billing Period under this Agreement to conform with such changed WESM billing cycle, so long as such revised Billing Period is commercially reasonable.

Business Day means any Day from Monday to Friday on which banking institutions are open for the transaction of business, excluding national holidays in the Philippines and local holidays in Pasig City, as the context may require.

Buy-Back has the meaning given to it in Section 17.3.3.

Buy-Back Notice has the meaning given to it in Section 17.3.3.

Buy-Back Price has the meaning given to it in Section 17.3.3.

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Capacity Payment has the meaning given to it in Appendix D.

Capacity Test Certificate means a certificate attesting to the results of the NDC Test, signed by the Independent Engineer.

Change in Circumstances means:

- (a) any Law 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, but in all cases excluding any Legal Requirement or the application or interpretation thereof in existence at such date but which by its explicit terms became effective only after the date of this Agreement; or
- (b) the amendment, modification, repeal or withdrawal of any Law (including any official interpretation thereof which the Parties have relied upon in entering into this Agreement) in force at the date hereof; or
- (c) the amendment or modification in the application, enforcement, interpretation or implementation of any Law by a Governmental Instrumentality at any time after the date of this Agreement;

in each case, which causes or may cause serious damage to, or materially and adversely affects the financial condition, of any of the Parties.

For the avoidance of doubt, changes or variations over time of the costs of operation of Power Supplier or Meralco or variations over time of the market prices or the values of electricity shall not in themselves constitute a Change in Circumstances.

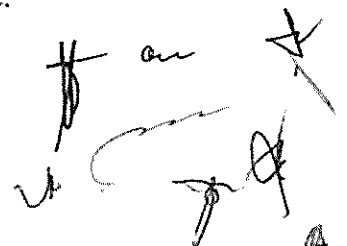
Change of Control means, with respect to Power Supplier, any direct or indirect sale and/or transfer of stock or membership interests, reorganization, merger, consolidation or other form of business transaction or series of business transactions, involving more than fifty percent (50%) of the voting interests of Power Supplier (or the reorganized, merged or consolidated entity's then outstanding voting interests) or any direct or indirect change in the power to direct or cause the direction of the management policies of Power Supplier.

Claim means, with respect to any Person, any and all suits, sanctions, legal proceedings, claims, assessments, judgments, damages, penalties, fines, liabilities, demands, reasonable out-of-pocket expenses of whatever kind and losses incurred or sustained by or against such Person.

Commencement Date has the meaning given to it in Section 3.3.

Commercial Operations Date means the Commercial Operations Date (Unit 1), Commercial Operations Date (Unit 2), Commercial Operations Date (Unit 3) and/or Commercial Operations Date (Unit 4), as appropriate.

Commercial Operations Date Certificate means a certificate of the Independent Engineer attesting to the occurrence of the Commercial Operations Date.

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Commercial Operations Date (Unit 1) means the date that the conditions set out in Section 3.5.1 (other than the Commercial Operations Date Certificate Unit 1) have been satisfied and Unit 1 of the Plant shall have consequently entered into commercial operation.

Commercial Operations Date (Unit 2) means the date that the conditions set out in Section 3.5.2 (other than the Commercial Operations Date Certificate Unit 2) have been satisfied and Unit 2 of the Plant shall have consequently entered into commercial operation.

Commercial Operations Date (Unit 3) means the date that the conditions set out in Section 3.5.3 (other than the Commercial Operations Date Certificate Unit 3) have been satisfied and Unit 3 of the Plant shall have consequently entered into commercial operation.

Commercial Operations Date (Unit 4) means the date that the conditions set out in Section 3.5.4 (other than the Commercial Operations Date Certificate Unit 4) have been satisfied and Unit 4 of the Plant shall have consequently entered into commercial operation.

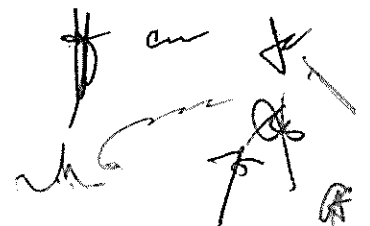
Commissioning means the act of putting the Plant into operation after the completion of the construction and erection works prior to the Commercial Operations Date.

Confidential Information has the meaning given to it in Section 21.3.1.

Connection Agreement means the Connection Agreement executed or to be executed and in effect from time to time between Power Supplier and NGCP in respect of the Plant.

Contract Capacity or CC shall be, subject to Sections 9.2, 9.3 and 17.6.2(d), the aggregate of the following capacities:

- (a) 132 MW for Unit 1 from Operations Effective Date (Unit 1) until twenty (20) years thereafter, provided that it shall not, in any case, go beyond the Term of this Agreement;
- (b) 132 MW for Unit 2 from Operations Effective Date (Unit 2) until twenty (20) years thereafter, provided that it shall not, in any case, go beyond the Term of this Agreement;
- (c) 132 MW for Unit 3 from Operations Effective Date (Unit 3) until twenty (20) years thereafter, provided that it shall not, in any case, go beyond the Term of this Agreement; and
- (d) 132 MW for Unit 4 from Operations Effective Date (Unit 4) until twenty (20) years thereafter, provided that it shall not, in any case, go beyond the Term of this Agreement.



Contract Year means:

- (a) for the first (1st) Contract Year, the period consisting of the first 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.

Control shall mean, in respect of any company or corporation, the ownership (whether directly or indirectly) of more than fifty percent (50%) of the total issued voting share capital of that company or corporation, or the ability to otherwise direct the business and affairs of that company or corporation or the ability to appoint a majority of the members of the board of directors or similar corporate body or bodies of that company or corporation through the ownership of securities with voting power or otherwise, and the terms Controls and Controlled shall have correlative meanings.

Coordinating Committee means the committee established pursuant to Section 7.1.

Curing Period means the meaning given to it in Sections 17.1 and 17.2.

Curtailement is as defined in the OATS Rules under ERC Case No. 2006-015RC.

Day means a 24-hour period beginning 0001H and ending at 2400H Philippine time. Unless expressly stated otherwise, a Day shall refer to a calendar day.

Delay Limit Date has the meaning given to it in Section 17.6.2 (d).

Delivery Point means the high side of the Plant's step-up transformer in the Plant switchyard.

Dispatch and **Dispatch Instructions** means the instructions issued by the System Operator to Power Supplier to schedule and control the generation of electricity by the Plant in order to increase or decrease the electrical energy generated by the Plant.

Dispute has the meaning given to it in Section 19.1.

Distribution Code means the Philippine Distribution Code adopted by the ERC under ERC Resolution No. 115, for the operation, maintenance and development of the Distribution Systems, including amendments, modifications, exclusions, replacements or re-enactments thereof, as the case may be, and all other sets of rules, requirements, procedures and standards governing distribution utilities in the Philippines.

Distribution Systems means the system of wires and associated facilities belonging to a franchised distribution utility extending between delivery points on the Philippine Grid or from the generator connection to the point of connection at the premises of the end-user.

DOE means the Department of Energy of the Philippines.

Downgrade Event has the meaning given to it in Section 4.4.

Effective Date has the meaning given to it in Section 3.1.

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Electrical Interconnection Facilities means the switchyard adjacent to the Plant and the associated protective relaying, metering, control, data acquisition and communications facilities required to integrate the operation and control of the Plant with that of the Luzon Grid.

Energy Imbalance Fees means the settlement fees, charges or other similar amounts assessed by the Market Operator on Power Supplier in relation to ex-ante and ex-post trading imbalances, in accordance with the WESM Rules.

Energy Payments has the meaning given to it in Appendix D.

Environmental Law means any applicable Legal Requirement or other Legal Requirement governing or relating to (i) the environment, (ii) releases or threatened releases of Hazardous Materials, including without limitation investigations, monitoring and abatement of such releases, and (iii) the manufacture, handling, transport, use, treatment, storage or disposal of Hazardous Materials or materials containing Hazardous Materials.

EOD Notice has the meaning given to it in Section 17.4(a).

EOD Notice Dispute has the meaning given to it in Section 17.4(c).

EPIRA means Republic Act No. 9136, otherwise known as "The Electric Power Industry Reform Act of 2001".

ERC means the Energy Regulatory Commission of the Philippines or any successor Governmental Instrumentality.

ERC Application has the meaning given to it in Section 13.1.

ERC Final Approval means the decision issued by the ERC on the application filed by Meralco seeking approval of this Agreement.

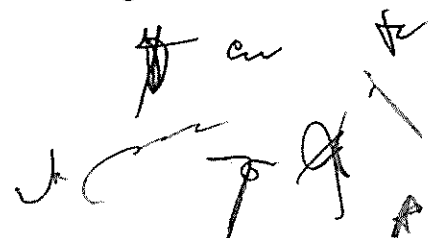
Event of Default means a Power Supplier Event of Default or a Meralco Event of Default, as the context may require.

Events of Force Majeure has the meaning given to it in Article 166.1.

Final Invoice has the meaning given to it in Appendix G.

Forced Outage means (a) any interruption of the Plant's generating capability resulting in an unplanned reduction or suspension of the electrical output from the Plant and/or unavailability of capacity in whole or in part from the Plant; (b) any automatic shutdown of any part of the Plant; and (c) any other unavailability of the Plant for operation, in whole or in part, for maintenance and/or repair, and in each of (a), (b) or (c), that is not a Scheduled Outage or a Major Maintenance and not the result of an Event of Force Majeure or the circumstances described in Section 17.5, and that affects the Plant's ability to generate and export all or any portion of the Contract Capacity or Associated Energy. Any interruption, reduction or suspension of the Plant's output as instructed by the System Operator shall not be considered as a Forced Outage.

Franchise shall have the meaning given to it in the Recitals.



Full Load Equivalent Aggregate Outage Allowance means: (i) the first thirty five (35) Full Load Equivalent Outage Days due to a Forced Outage or a Scheduled Outage for every Contract Year; or (ii) the first sixty five (65) Full Load Equivalent Outage Days during Major Maintenance, which shall occur not more frequent than every four (4) years.

Full Load Equivalent Cumulative Outage Allowance means the thirty (30) Full Load Equivalent Outage Days due to an Outage beyond the Full Load Equivalent Aggregate Outage Allowance for every Contract Year, for which Meralco shall procure its own Replacement Energy pursuant to Section 8.1.2.

Full Load Equivalent Outage Days is, by way of example, the equivalent of (i) the entire Contract Capacity being unavailable for one (1) Day, or (ii) one-half of the Contract Capacity being unavailable for two (2) Days.

Government means the government of the Philippines.

Governmental Authorizations means all authorizations, consents, decrees, permits, waivers, privileges and approvals from and filings with all Governmental Instrumentalities necessary for the execution and performance of this Agreement.

Governmental Instrumentality means the Government or any ministry, department, agency, bureau, commission, judicial, quasi-judicial or administrative body, or political subdivision thereof, the central bank, and any state-owned company, in each case within the Philippines.

Grid Code means the Philippine Grid Code adopted by the ERC under ERC Resolution No. 115 for the operation of the Philippine Grid, including amendments, modifications, exclusions, replacements or re-enactments thereof, as the case may be, and all other rules adopted by the ERC or other Governmental Instrumentality for the operation of the Philippine Grid.

Grid Management Committee or GMC means the committee established under the Grid Code.

Guaranteed Net Plant Heat Rate or GNPHR has the meaning given to it in Schedule 2 of Appendix D.

Hazardous Materials means any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, and transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyls and any other chemical, material, substance or any of their derivatives, which by its nature or concentration or quantity, either directly or indirectly, can pollute and/or harm the environment, health, the perpetuation of livelihood of human and other living creatures, and are now or hereafter become defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "toxic substances" or "toxic pollutants" under, or are regulated or become regulated as such, by Environmental Laws or in the regulations promulgated pursuant to said Laws, in any case which are not naturally occurring and present at levels in excess of those permitted by Environmental Laws.

Increased Charges has the meaning given to it in Section 11.4(a).

Independent Engineer has the meaning given to it in Section 21.16.

Invoice has the meaning given to it in Appendix G.

kWh means kiloWatt-hour.

Laws means any decree, resolution, law, statute, act, ordinance, rule, rulings, direction, order, treaty, code or regulation (including any of the foregoing relating to health or safety matters or any Environmental Law) or any interpretation of the foregoing, as enacted, issued or promulgated by any Governmental Instrumentality, including amendments, modifications, exclusions, replacements or re-enactments thereof.

Legal Requirements means all Laws, Governmental Authorizations and other licenses, permits, approvals and agreements and any injunction or final judgment directly applicable to the relevant Party of any Governmental Instrumentality having jurisdiction over the matter in question.

Liability Cap has the meaning given to it in Section 3.10.

Longstop Date means the date falling one (1) year after the filing at the ERC of the ERC Application.

Luzon Grid means the high voltage backbone system of interconnected transmission lines, substations, and related facilities located in Luzon, Philippines for the purpose of conveyance of bulk power forming part of the Philippine Grid.

Major Maintenance means a removal of the Plant or any portion thereof from service for major repair, replacement, improvement and/or overhaul of the turbine, generator and/or boiler of the Plant, including its auxiliary equipment, that has been scheduled in accordance with Section 8.2.

Pagbilao Power Plant Project has the meaning given to it in the recitals of this Agreement.

Market Operator means the person or entity in its role as such tasked with operating and administering the WESM in accordance with the WESM Rules.

Meralco has the meaning given to it in the first paragraph of this Agreement, and its permitted successors and assigns.

Meralco Event of Default has the meaning given to it in Section 17.2.

Meralco Parties has the meaning given to it in Section 15.1.

Metering Service Agreement means the Metering Service Agreement executed or to be executed and in effect from time to time between Power Supplier and the Metering Services Provider.

Metering Services Provider means the person or entity authorized by the ERC to provide metering services subject to compliance requirements under existing ERC regulations and WESM Rules.

Monthly Power Bill or MPB has the meaning given to it in Appendix D.

MW means MegaWatt.

MWh means MegaWatt-hour.

NDC Test has the meaning given to it in Section 7.4.1.

Net Book Value means the value of the Plant, net of (i) capitalized interest, (ii) depreciation, and (iii) outstanding principal amount of (and, if applicable, accrued interest on), loans incurred in relation to the financing of the development, construction, acquisition, ownership, operation and maintenance of the Plant.

Net Dependable Capacity or NDC means the capacity of the Plant net of the station service as determined during the most recent NDC Test.

Net Plant Heat Rate Test has the meaning given to it in Section 7.4.2.

Net Plant Heat Rate Test Certificate means a certificate attesting to the results of the Net Plant Heat Rate Test signed by the Independent Engineer.

New Charges has the meaning given to it in Section 11.4(a).

NGCP means National Grid Corporation of the Philippines (or its successor in interest as System Operator, Transmission Services Provider or Metering Services Provider).

Notice of Change of Circumstances has the meaning given to it in Section 11.4(b).

OATS Rules means the "Rules, Terms and Conditions for the Provision of Open Access Transmission Service", as adopted by the ERC pursuant to ERC Case No. 2006-015RC, including amendments, modifications, exclusions, replacements or re-enactments thereof, as the case may be.

Operating Procedures means the procedures set out in Appendix F.

Operations Effective Date means Operations Effective Date (Unit 1), Operations Effective Date (Unit 2), Operations Effective Date (Unit 3) and/or Operations Effective Date (Unit 4), as appropriate.

Operations Effective Date (Unit 1) means December 26, 2022 or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of this Agreement.

Operations Effective Date (Unit 2) means four (4) months from Operations Effective Date (Unit 1) or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of this Agreement.

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Operations Effective Date (Unit 3) means eight (8) months from Operations Effective Date (Unit 1) or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of this Agreement.

Operations Effective Date (Unit 4) means twelve (12) months from Operations Effective Date (Unit 1) or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of this Agreement.

Outage means a Forced Outage, Scheduled Outage or Major Maintenance.

Payment Date has the meaning given to it in Appendix G.

PDST-R2 means the Philippine Dealing System Treasury Reference Rate for a term equivalent to three months, or if there is no equivalent term, the next longest term closest to three months, as posted or displayed at 1700H (Manila time) on the relevant page of the website of the Philippine Dealing and Exchange Corp.; provided, that if the rate, page or website is not available on the relevant date, the applicable rate shall be the last rate posted or displayed on such page before the rate, page or website became unavailable; provided further, that if the page or website ceases to be available, the applicable rate shall be that rate posted or displayed on such page, website or other relevant service to be agreed upon by the Parties.

Performance Security has the meaning given to it in Section 4.1.

Person means any individual, corporation, partnership, association, joint stock company, unincorporated organization, joint venture or Governmental Instrumentality.

Pesos or PHP means the lawful currency of the Philippines.

Philippines means the Republic of the Philippines.

Philippine Grid means the high voltage backbone system of interconnected transmission lines, substations, and related facilities located in the Philippines for the purpose of conveyance of bulk power.

Plant has the meaning given to it in the recitals of this Agreement, as more particularly described in Appendix A.

Power Supplier has the meaning given to it in the first paragraph of this Agreement, and its permitted successors and assigns.

Power Supplier Event of Default has the meaning given to it in Section 17.1.

Power Supplier Parties has the meaning given to it in Section 15.1.

Price means the terms upon which the amounts to be paid by Meralco to Power Supplier for the purchase of Contract Capacity and Associated Energy (and Replacement Energy) pursuant to this Agreement as provided in Appendix D are calculated, including any indexation thereof and all adjustments and modifications thereto.

Prudent Operating Practices means, at a particular time, those practices, methods and acts that are in accordance with standards of prudence applicable to the international coal-fired electric utility industry which would have been expected to accomplish the desired result consistent with reliability, safety, environmental protection and expedition.

Reduction in Contract Capacity and Associated Energy has the meaning given to it in Section 9.3.1.

Relevant Operating Regulations means (i) EPIRA; (ii) the WESM Rules; (iii) the OATS Rules; (iv) the Grid Code; (v) the Distribution Code; and (vi) all ERC rules and regulations applicable to this Agreement.

Renewable Energy Law means Republic Act No. 9513 entitled “An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes”.

Replacement Energy means the electric power procured by the Power Supplier or Meralco, as the case may be, from the WESM or third parties not exceeding the Contract Capacity during any Trading Interval for delivery to Meralco under the terms and conditions of this Agreement.

Retail Competition and Open Access or RCOA means the system implemented by the ERC allowing qualified persons open and non-discriminatory use of Distribution Systems and the Luzon Grid, subject to the payment of transmission, distribution and wheeling charges and other fees approved by the ERC.

Scheduled Outage means a removal of the Plant or any portion thereof from service initiated by Power Supplier for regular scheduled inspection, testing, preventive maintenance, corrective maintenance, repairs, replacement or improvement that has been scheduled in accordance with Section 8.2.

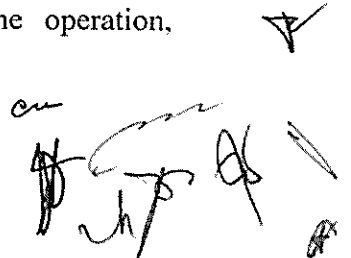
Security Amount means the amount referred to in Section 4.1, subject to the adjustment under Section 4.6 of this Agreement.

Site means the land on which the Plant is located, as described in Appendix A.

System Emergency refers to any unforeseeable condition affecting the System (as defined in the Grid Code), which may cause (i) the disconnection of the Plant from the Luzon grid or any disruption in the supply of electric energy from the Plant for reasons other than a Forced Outage, or (ii) suspension of electric energy off-take from Power Supplier in order to prevent or avoid significant disruption of service to Meralco or danger to life or property.

System Operator means the entity responsible under the WESM Rules in its role as such for generation dispatch, the provision of ancillary services, and the operation and control of the Philippine Grid to ensure its safety, power quality, stability, reliability and security.

Technical Limits means the limits and constraints relating to the operation, maintenance and dispatch of the Plant described in Appendix B.

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Term has the meaning given to it in Section 2.2.2.

Trading Interval has the meaning given to it in the WESM Rules.

Transfer has the meaning given to it in Section 9.2.

Transmission Failure means the outage of the component of the transmission system which results in the inability of that component to transmit power.

Transmission Service Agreement means the Transmission Service Agreement executed or to be executed and in effect from time to time between Power Supplier and NGCP in respect of the Plant.

Transmission Services Provider means NGCP in its role as operator of the Philippine Grid.

Tribunal has the meaning given to it in Section 19.2.1.

USD means the lawful currency of the United States of America.

WESM means the Wholesale Electricity Spot Market established by the DOE under DOE Circular No. 2006-06-008 pursuant to Section 30 of the EPIRA.

WESM Market Fees means the charges imposed on Power Supplier by the Market Operator, as approved by the ERC.

WESM Rules means the rules promulgated by the DOE under Department Circular No. 2002-006-003 pursuant to Section 30 of the EPIRA, including amendments, modifications, exclusions, replacements or re-enactments thereof, as the case may be, that establish the basic rules, requirements, procedures and standards that govern the operation of the Philippine electricity market.

1.2 Interpretation

In this Agreement, unless otherwise specified:

- 1.2.1 references to "Meralco" are to Meralco's distribution utility business segment and its successors and assigns;
- 1.2.2 any actions, occurrences, events and omissions (including without limitation any Events of Default and Events of Force Majeure) shall be considered as separate, distinct and independent of any actions, occurrences, events and omissions (including without limitation any Events of Default and Events of Force Majeure) under any other agreement for the supply of power between Meralco and Power Supplier;
- 1.2.3 the table of contents and the headings are inserted for convenience only and do not affect the interpretation of this Agreement;
- 1.2.4 references to Articles, Sections, sub-Sections, Appendices and Schedules are to Articles, Sections and sub-Sections of, and Appendices and Schedules to this Agreement, and references in an Appendix or a Schedule to a paragraph or an attachment are to a paragraph of or an attachment to that Appendix or Schedule;

- 1.2.5 references to this Agreement or any other document are to that document as from time to time amended, varied, added to, substituted, renewed, extended, restated, novated or replaced;
- 1.2.6 a reference to any agreement is to that agreement as amended;
- 1.2.7 references to any Law includes any subordinate legislation made under it;
- 1.2.8 a reference to any Law shall be construed as a reference to the Law as amended, modified, supplemented, consolidated or replaced from time to time;
- 1.2.9 references to time are to Philippine time;
- 1.2.10 references to "the date of this Agreement" is a reference to the date of this Agreement as shown in the Recitals of this Agreement.
- 1.2.11 if any amount payable under this Agreement falls due on a date that is not a Business Day, payment shall be made on the next succeeding Business Day;
- 1.2.12 the words "include" and "including" shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;
- 1.2.13 the singular includes the plural and vice versa, and without limiting the generality of the foregoing, any word or expression defined in the singular has the corresponding meaning used in the plural and vice versa;
- 1.2.14 a reference to writing includes printing, typing, lithography and other means of reproducing words in a visible form;
- 1.2.15 any reference to a person or entity includes such person or entity's permitted successors and assigns;
- 1.2.16 words not otherwise defined in this Agreement that have well known and generally accepted technical or trade meanings are used herein in accordance with such recognized meanings.

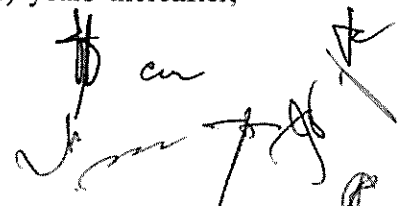
Article 2 Purpose; Term

2.1 Purpose

The purpose of this Agreement is to set out the rights and obligations of each Party with regard to the sale and purchase of Contract Capacity and Associated Energy of the Plant.

2.2 Term of Agreement

- 2.2.1 Subject to Article 3, this Agreement shall become effective on the Effective Date.
- 2.2.2 The term of this Agreement (the "**Term**") shall commence on the Operations Effective Date (Unit 1) and shall expire on the date falling twenty-one (21) years thereafter,



unless terminated earlier in accordance with the terms of this Agreement or extended by the application of Sections 2.2.3, 16.3.3 and 17.3.3.

- 2.2.3 The Term may be renewed for an additional period of up to five (5) years under the same terms and conditions, at the option of Meralco, by giving prior written notice to Power Supplier at least one hundred eighty (180) Days prior to the end of the Term.

Article 3 Effective Date, Commencement Date, Operations Effective Date, and Commercial Operations Date

3.1 Effective Date

The Effective Date shall be the date the conditions precedent in Section 3.2 have been satisfied or waived by the relevant Party (the “Effective Date”).

3.2 Conditions Precedent and Effective Date

Subject to Section 3.4, the Parties’ rights and obligations shall commence as of the Effective Date, upon the satisfaction of the following conditions:

- (a) Each of the Parties shall have received from the other Party evidence confirming the other Party’s corporate approvals for the execution, delivery and performance of this Agreement.
- (b) Power Supplier has received from Meralco the documents and evidence set forth in Part 2 of Appendix C.
- (c) Meralco has received from Power Supplier the documents and evidence set forth in Part 1 of Appendix C.

The representations and warranties of Power Supplier and Meralco contained herein shall be true and correct in all material respects on and as of date of the execution of this Agreement, the Effective Date, the Commencement Date, each of the Operations Effective Date and each of the Commercial Operations Date.

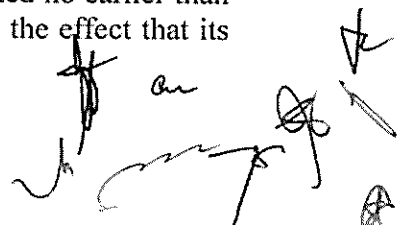
For the avoidance of doubt, notwithstanding the preceding sentences of this Section 3.2, the provisions of Section 13.1, Article 16, Section 17.6, Article 18, Article 19, Article 20, and Article 21 shall be effective from the date of execution of this Agreement.

Within seven (7) Days after the satisfaction of the conditions referred to in this Section 3.2, Meralco and Power Supplier shall issue a joint certification confirming that the Effective Date has occurred.

3.3 Commencement Date

The “Commencement Date” shall occur upon the satisfaction of the conditions below:

- (a) The conditions set out in Section 3.2 have been fulfilled;
- (b) Each Party has delivered to the other Party a certification dated no earlier than two (2) Days prior to the proposed Commencement Date to the effect that its



representations and warranties contained herein shall be true and correct in all material respects on and as of the Commencement Date; and

- (c) On or before the Longstop Date, (i) the ERC shall have approved this Agreement in the ERC Final Approval, including the pricing structure as set out herein (or as otherwise acceptable to Power Supplier), and (ii) the Acceptance Date has occurred.

Within seven (7) Days after the satisfaction of the conditions referred to in this Section 3.3, Meralco and Power Supplier shall issue a joint certification confirming that the Commencement Date has occurred.

3.4 Operations Effective Date

Following the Operations Effective Date, the obligations of Power Supplier and Meralco under this Agreement with respect to sale and purchase of Contract Capacity and Associated Energy, and Replacement Energy, shall become effective.

3.5 Commercial Operations Date

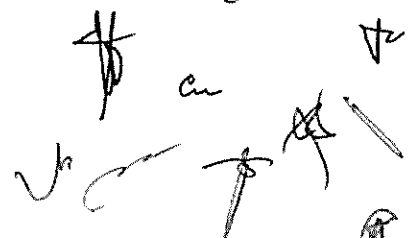
The Plant shall achieve Commercial Operations Date for each Unit of the Plant upon the delivery of the Power Supplier of the documents enumerated below, in form and substance, reasonably satisfactory to Meralco.

3.5.1 With respect to Commercial Operations Date of Unit 1:

- (a) Capacity Test Certificate for Unit 1 dated no earlier than fifteen (15) Days prior to the date of the Commercial Operations Date Certificate for Unit 1 confirming a value of the Net Dependable Capacity of Unit 1;
- (b) a Net Plant Heat Rate Test Certificate for Unit 1 dated no earlier than fifteen (15) Days prior to the date of the Commercial Operations Date Certificate for Unit 1;
- (c) all permits, licenses, authorizations and other approvals from all Government Authorities and third parties needed for the supply of electricity from Unit 1 by the Power Supplier to Meralco, including but not limited to, the certificate of compliance of the Power Supplier as a generation company issued by the ERC, its registration as a member of the WESM and evidence of its execution of a Market Participation Agreement with the Philippine Electricity Market Corporation, have been obtained as certified by Power Supplier;
- (d) a Commercial Operations Date Certificate for Unit 1; and
- (e) Power Supplier certification that the insurances required for Unit 1 in Article 14 relevant for at least the first Contract Year have been obtained.

3.5.2 With respect to Commercial Operations Date of Unit 2:

- (a) Capacity Test Certificate for Unit 2 dated no earlier than fifteen (15) Days prior to the date of the Commercial Operations Date Certificate for Unit 2 confirming a value of the Net Dependable Capacity of Unit 2;



- (b) a Net Plant Heat Rate Test Certificate for Unit 2 dated no earlier than fifteen (15) Days prior to the date of the Commercial Operations Date Certificate for Unit 2;
- (c) all permits, licenses, authorizations and other approvals from all Government Authorities and third parties needed for the supply of electricity from Unit 2 by the Power Supplier to Meralco, including but not limited to, the certificate of compliance of the Power Supplier as a generation company issued by the ERC, its registration as a member of the WESM and evidence of its execution of a Market Participation Agreement with the Philippine Electricity Market Corporation, have been obtained as certified by Power Supplier;
- (d) a Commercial Operations Date Certificate for Unit 2; and
- (e) Power Supplier certification that the insurances required for Unit 2 in Article 14 relevant for at least the first Contract Year have been obtained.

3.5.3 With respect to Commercial Operations Date of Unit 3:

- (a) Capacity Test Certificate for Unit 3 dated no earlier than fifteen (15) Days prior to the date of the Commercial Operations Date Certificate for Unit 3 confirming a value of the Net Dependable Capacity of Unit 3;
- (b) a Net Plant Heat Rate Test Certificate for Unit 3 dated no earlier than fifteen (15) Days prior to the date of the Commercial Operations Date Certificate for Unit 3;
- (c) all permits, licenses, authorizations and other approvals from all Government Authorities and third parties needed for the supply of electricity from Unit 3 by the Power Supplier to Meralco, including but not limited to, the certificate of compliance of the Power Supplier as a generation company issued by the ERC, its registration as a member of the WESM and evidence of its execution of a Market Participation Agreement with the Philippine Electricity Market Corporation, have been obtained as certified by Power Supplier;
- (d) a Commercial Operations Date Certificate for Unit 3; and
- (e) Power Supplier certification that the insurances required for Unit 3 in Article 14 relevant for at least the first Contract Year have been obtained.

3.5.4 With respect to Commercial Operations Date of Unit 4:

- (a) Capacity Test Certificate for Unit 4 dated no earlier than fifteen (15) Days prior to the date of the Commercial Operations Date Certificate for Unit 4 confirming a value of the Net Dependable Capacity of Unit 4;
- (b) a Net Plant Heat Rate Test Certificate for Unit 4 dated no earlier than fifteen (15) Days prior to the date of the Commercial Operations Date Certificate for Unit 4;
- (c) all permits, licenses, authorizations and other approvals from all Government Authorities and third parties needed for the supply of electricity from Unit 4 by the Power Supplier to Meralco, including but not limited to, the certificate of compliance of the Power Supplier as a generation company issued by the ERC, its registration as a member of the WESM and evidence of its execution of a

Market Participation Agreement with the Philippine Electricity Market Corporation, have been obtained as certified by Power Supplier;

- (d) a Commercial Operations Date Certificate for Unit 4; and
- (e) Power Supplier certification that the insurances required for Unit 4 in Article 14 relevant for at least the first Contract Year have been obtained.

3.6 Certificates in Relation to Commercial Operations Date

The initial Capacity Test Certificate, the Net Plant Heat Rate Test Certificate, and the Commercial Operations Date Certificate shall, upon issuance by the Independent Engineer, constitute conclusive evidence of the facts to be established by their respective contents, absent manifest error.

3.7 Early Occurrence of the Commercial Operations Date

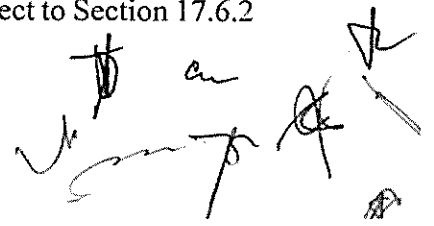
3.7.1 In the event that Power Supplier achieves Commercial Operations Date prior to the occurrence of the Operations Effective Date, Power Supplier shall promptly deliver to Meralco written notice thereof on or before the Commercial Operations Date. Upon receipt of such written notice, Meralco shall, by written notice to Power Supplier, choose between the following options:

- a) Consider that Operations Effective Date shall occur on the Commercial Operations Date or such other later date as provided under Section 3.7.2; or
- b) Require Power Supplier to deliver, for purchase by Meralco on a non-firm basis, such portion of the Contract Capacity and Associated Energy needed by Meralco from Commercial Operations Date to Operations Effective Date, which shall be paid at the Price. For the avoidance of doubt, Meralco shall have priority over the Contract Capacity and Associated Energy. If needed by Meralco, it shall communicate its binding day-ahead nominations of the Contract Capacity and Associated Energy (or a portion thereof) to Power Supplier.

3.7.2 Although Meralco has elected the option under Section 3.7.1 (b), Meralco shall be entitled to exercise the option under Section 3.7.1 (a) upon the giving of written notice to Power Supplier at least five Days prior to the intended Operations Effective Date.

3.8 Under the circumstances contemplated under Section 3.7.1 and in the event that Meralco exercises its rights under Section 3.7.1 (a) or Section 3.7.2, Operations Effective Date shall occur on the Commercial Operations Date for each Unit of the Plant (or such later date resulting from the application of Section 3.7.2), in which the obligations of Power Supplier and Meralco under this Agreement with respect to sale and purchase of Contract Capacity and Associated Energy, and Replacement Energy, shall become effective.

3.9 If the relevant Commercial Operations Date has not occurred by the corresponding Operations Effective Date, Power Supplier shall provide Replacement Energy at the Price until Commercial Operations Date (Unit 1), Commercial Operations Date (Unit 2), Commercial Operations Date (Unit 3), or the Delay Limit Date, subject to Section 17.6.2 (d), as may be applicable.



- 3.10 In the event that Power Supplier fails to provide Replacement Energy as contemplated in Section 3.9, Meralco shall have the right to draw on the Performance Security to the extent of the difference between (i) the price of Replacement Energy sourced from WESM or third parties and (ii) the Price; *provided that*, prior to the occurrence of Commercial Operations Date (Unit 1), the liability of Power Supplier under this Section 3.10 shall not exceed One Billion Five Hundred Twenty Million Pesos (PHP 1,520,000,000.00) (the “**Liability Cap**”); *provided, further*, that in the event that the liability of Power Supplier under this Section 3.10 in relation to the sale and purchase of Contract Capacity and Associated Energy following Operations Effective Date (Unit 1) exceeds the Liability Cap, either Party shall have the right to terminate this Agreement and, in such case, Meralco shall have the right to exercise its remedies at law or equity; and *provided, finally, that* the termination right under this Section 3.10 shall cease from and after the occurrence of Commercial Operations Date (Unit 1). For the avoidance of doubt, Meralco shall have no liability whatsoever to Power Supplier in case Power Supplier exercises its termination right under this Section 3.10.
- 3.11 From and after the occurrence of Commercial Operations Date (Unit 1), in the event that Power Supplier fails to provide Replacement Energy as contemplated in Section 3.9, Meralco shall have the right to draw on the Performance Security to the extent of the difference between (i) the price of Replacement Energy sourced from WESM or third parties and (ii) the Price. In case of any draw by Meralco against the Performance Security, Power Supplier shall, no later than three (3) Business Days after the amount falls below thirty percent (30%) of the then required Security Amount, immediately replenish the Performance Security such that it equals the then required Security Amount. In the event that Power Supplier fails to replenish the Performance Security as required under this Section 3.11, Meralco shall have the right to terminate this Agreement and, in such case, Meralco shall have the right to exercise its remedies at law or equity. The rights of Meralco under this Section 3.11 shall be without prejudice to the provisions of Section 17.6.2 (d).

Article 4 Performance Security

- 4.1 Power Supplier shall, within fifteen (15) Days from the Acceptance Date, deliver to Meralco one or more security (each, a “**Performance Security**”) in an aggregate amount equivalent to One Billion Five Hundred Twenty Million Pesos (PHP 1,520,000,000.00) (the “**Security Amount**”). Each Performance Security shall (i) be an irrevocable stand-by letter of credit or bank guarantee in the form customarily issued by an Acceptable Bank, (ii) at the time of issuance thereof, be issued by an Acceptable Bank, and (iii) have a face value, when aggregated with the other Performance Securities, equivalent to not less than the Security Amount.

As used herein, “**Acceptable Bank**” means a domestic bank included in the list of banks agreed between the Parties that is not an Affiliate of Power Supplier, provided that, as of the date of the execution of this Agreement, the initial list of Acceptable Banks shall be as follows: (i) Bank of the Philippine Islands, (ii) BDO Unibank Inc., (iii) China Banking Corporation, (iv) Metropolitan Bank and Trust Company, (v) Philippine National Bank, (vi) Rizal Commercial Banking Corporation, and (vii) Security Bank Corporation.

- 4.2 Within sixty (60) Days from each anniversary of the Acceptance Date, the Parties shall meet to review the list of Acceptable Banks and mutually agree on the list of Acceptable Banks from which any amended or replacement Performance Security shall be procured.
- 4.3 If a Performance Security is subject, pursuant to its terms, to a fixed expiry date, Power Supplier shall, not less than ten (10) Days prior to such expiry date, amend or replace the Performance Security with a duly-executed amended or replaced Performance Security, compliant with the requirements under Section 4.1 of this Agreement.
- 4.4 If, at any time, a Downgrade Event occurs in respect of the issuing bank of the Performance Security, or the issuing bank ceases to be an Acceptable Bank, Power Supplier shall procure a replacement Performance Security from another Acceptable Bank within thirty (30) Days from receipt of written notice from Meralco of the occurrence of the Downgrade Event. For this purpose, "**Downgrade Event**" means that the Acceptable Bank's total equity as reported in the latest quarterly published Balance Sheet/Statement of Condition submitted to the Bangko Sentral ng Pilipinas, falls below Forty Billion Pesos (PHP 40,000,000,000.00).
- 4.5 Subject to Section 4.6, each Performance Security shall stand as security for the faithful and proper compliance by Power Supplier of its obligations under this Agreement and shall be procured and maintained by Power Supplier until Commercial Operations Date (Unit 4) of the Plant or Operations Effective Date (Unit 4), whichever is later.
- 4.6 Upon the occurrence of the later of the Commercial Operations Date or Operations Effective Date in respect of each Unit, the Security Amount shall be reduced by the amount of Three Hundred Eighty Million Pesos (Php380,000,000.00).
- 4.7 Within thirty (30) Days after the later of the Commercial Operations Date (Unit 4) or the Operations Effective Date (Unit 4), Meralco shall return to Power Supplier the Performance Security less any amount properly due and owing from Power Supplier to Meralco under this Agreement.
- 4.8 Meralco may draw the entire amount of the Performance Security and hold the proceeds in trust as cash collateral if Power Supplier fails to procure a replacement Performance Security within the time required under Sections 3.11, 4.3 and 4.4 above.

Article 5 Sale and Purchase of Contract Capacity and Associated Energy

5.1 Supply of Power

Subject to the terms and conditions of this Agreement:

- 5.1.1 From the Operations Effective Date until the expiration of the Term or earlier termination of this Agreement, Power Supplier shall:
- (a) make available to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Contract Capacity; and

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

The Dispatch of Contract Capacity and Associated Energy shall meet the requirements set out in Appendix B (*Technical Limits*).

- 5.1.2 Unless otherwise expressly permitted by this Agreement, Power Supplier shall not, without Meralco's prior written consent:

- (a) sell, divert, grant, transfer, dedicate, reserve or assign all or any portion of the Contract Capacity and Associated Energy to any Person other than Meralco; or
- (b) provide Meralco with capacity and/or electrical energy from any source other than the Plant.

- 5.1.3 The supply of the Contract Capacity and Associated Energy by Power Supplier to Meralco shall be in accordance with WESM Rules. Moreover, each Party shall, during the Term, always keep and maintain its registration as Direct WESM Member Trading Participant.

- 5.1.4 Power Supplier shall source its supply for Meralco from the Plant except during: (i) the period when the Operations Effective Date occurs prior to Commercial Operations Date; (ii) Outages; (iii) any curtailment due to Dispatch Instructions; (iv) ramping limitations; and (v) system frequency fluctuations.

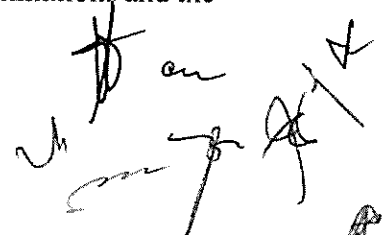
- 5.1.5 The Associated Energy shall have been delivered to Meralco upon its declaration in the WESM by Power Supplier as its Bilateral Contract Quantities at the Power Supplier's Trading Node, with Meralco as the counterparty, in accordance with the WESM Rules.

5.2 Title Transfer and Risk of Loss

Title and risk of loss over the Contract Capacity and Associated Energy shall transfer from Power Supplier to Meralco at the Delivery Point.

5.3 Nominations

- 5.3.1 Within five (5) Days after the Operations Effective Date, Power Supplier shall furnish Meralco with its non-binding year-ahead capacity availability for the first Contract Year. Within five (5) Days from receipt of such non-binding year-ahead capacity availability for the first Contract Year, Meralco shall furnish Power Supplier with its non-binding year-ahead energy nomination for the first Contract Year.
- 5.3.2 For administrative and planning purposes only, Power Supplier shall furnish Meralco with non-binding year-ahead, month-ahead and week-ahead capacity availability and Meralco shall furnish Power Supplier with non-binding year-ahead, month-ahead and week-ahead nominations of Contract Capacity, in accordance with the WESM Rules and the Operating Procedures. Such nominations shall reflect Meralco's good faith estimate of its projected capacity requirements for such period. Meralco shall furnish Power Supplier with the year-ahead nominations, the month-ahead nominations and the week-ahead nominations in accordance with Appendix F.



- 5.3.3 Power Supplier shall furnish Meralco with its day-ahead capacity availability and Meralco shall furnish Power Supplier with binding day-ahead nominations on an hour-by-hour basis, subject to the Contract Capacity and dispatch ramp rates, as specified in Appendix B, and in accordance with the WESM Rules and Operating Procedures.
- 5.3.4 Notwithstanding Section 5.3.3, Meralco shall have the option to increase or decrease its day-ahead nominations, subject to the Technical Limits and Operating Procedures.

5.4 WESM Declarations

- 5.4.1 Power Supplier shall ensure that its day-after daily declaration of BCQs reported to the Market Operator (as required by the WESM Rules) accurately reflects the nominations of Meralco. Any amounts assessed by the Market Operator on the Parties, including amounts for energy imbalances, as a result of an erroneous declaration by Power Supplier of BCQs shall be borne by Power Supplier, and Power Supplier shall indemnify and hold Meralco harmless from any loss, cost, expense or penalty incurred or paid by Meralco as a result of any such erroneous declaration. If the Market Operator invoices Meralco for any such amounts, Power Supplier shall reimburse Meralco within seven (7) Days from receipt of written demand therefore. Further, Power Supplier shall pay Meralco an administrative fee of Fifty Thousand Pesos (PHP50,000.00) for each incident of erroneous BCQ declaration due to the Power Supplier's fault.
- 5.4.2 On a daily basis, Power Supplier shall furnish Meralco with copies of the prior Day's hourly declaration of BCQs reported by Power Supplier to the Market Operator for the prior Day. Meralco shall have the right, but not the obligation, to review such reports and upon its review, shall inform Power Supplier of any discrepancies or exceptions it may find. Power Supplier shall immediately notify Market Operator of any corrections to its declaration of BCQs in accordance with the WESM Rules.

Article 6 Interconnection and Transmission

6.1 Connection Agreement, Transmission Service Agreement, and Metering Service Agreement

Power Supplier shall enter into a Connection Agreement, Transmission Service Agreement, and Metering Service Agreement with NGCP to connect the Plant to the Luzon Grid. Power Supplier shall be solely responsible for, and shall bear all costs of obtaining such services, including any applications, studies and approvals, and construction and installation of interconnection facilities and network upgrades, other than as expressly provided in this Agreement.

6.2 Copies of Documents; Amendments

Within five (5) Days from execution thereof, Power Supplier shall furnish Meralco with full and complete copies of the Connection Agreement, Transmission Service Agreement, and Metering Service Agreement. Power Supplier shall notify Meralco of any intention and/or proposal to amend the Connection Agreement, Transmission Service Agreement, and/or Metering Service Agreement and shall provide Meralco with a copy of any amendment of the Connection Agreement, Transmission Service

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Agreement, and/or Metering Service Agreement within five (5) Days after the effective date thereof. Power Supplier shall provide Meralco with thirty (30) Days' prior written notice of Power Supplier's intent to assign the Connection Agreement, Transmission Service Agreement, and/or Metering Service Agreement.

6.3 Interconnection and Transmission Undertaking

At all times from Commercial Operations Date, the Power Supplier shall ensure that all interconnection, transmission and other agreements necessary for it to perform its obligations hereunder (including the Connection Agreement, Transmission Service Agreement, and Metering Service Agreement) shall be in full force and effect.

Article 7 Operation and Maintenance of the Plant

7.1 Significant Incidents and Coordination

Power Supplier shall provide Meralco with significant incident reports on accidents and other occurrences at the Site, which result in injury to persons or damage to property that affect Plant operations, subject to Section 21.3.

The Parties shall maintain close coordination at all times in respect of all matters relating to the supply of electricity under this Agreement. Power Supplier shall keep Meralco sufficiently informed of all significant developments affecting the Plant. For this purpose, the Parties shall establish a Coordinating Committee comprised of six (6) members, three (3) appointed by each of Power Supplier and Meralco. The obligations and responsibilities of the Coordinating Committee and the rules governing meetings of the Coordinating Committee shall be as set out in Appendix F.

7.2 Coordination with Market Operator and System Operator

Power Supplier shall maintain operating communications between the Plant and each of Meralco, the Market Operator and the System Operator in accordance with the procedures to be developed by the Coordinating Committee consistent with the WESM Rules and the Grid Code.

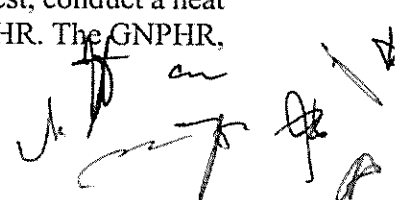
7.3 Operations Log

Power Supplier shall keep a daily operations log for the Plant and the Electrical Interconnection Facilities, which shall include information on the Plant Availability, Outages, circuit breaker trip operations requiring a manual reset and any significant events related to the operation of the Plant and the Electrical Interconnection Facilities. Meralco may request a report from Power Supplier, which request shall not be unreasonably denied, regarding any significant event or information relating to the operation of the Plant and the Electrical Interconnection Facilities.

7.4 Tests

7.4.1 Power Supplier shall, at its own cost, conduct in connection with achieving commercial operation a Net Dependable Capacity test ("NDC Test").

7.4.2 Power Supplier shall, at its own cost, in conjunction with the NDC Test, conduct a heat rate test ("Net Plant Heat Rate Test") in order to establish the GNPHR. The GNPHR,



as established in accordance with Appendix D, shall be factored in the computation of the Monthly Power Bill.

7.5 Emergency Planning

Power Supplier shall cooperate with Meralco in establishing agreed emergency plans for the Plant, including, without limitation, recovery from a local or widespread electrical blackout and voltage reduction in order to effect load curtailment, subject in each case to the Technical Limits and Prudent Operating Practices.

Article 8 Outages

8.1 Outage Allowances and Replacement Energy

- 8.1.1 For Outages within the Full Load Equivalent Aggregate Outage Allowance for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCQ and shall be paid by Meralco at the Price in accordance with Appendix D.
- 8.1.2 During Outages within the Full Load Equivalent Cumulative Outage Allowance for the Contract Year, Meralco shall procure its own Replacement Energy from the WESM and Power Supplier shall not bill Meralco for these quantities. For the avoidance of doubt and notwithstanding any other provision of this Agreement, Meralco shall not be required to make any Capacity Payment in respect of any Contract Capacity that is unavailable due to Outages within the Full Load Equivalent Cumulative Outage Allowance.
- 8.1.3 During Outages beyond the Full Load Equivalent Cumulative Outage Allowance up to an accumulated maximum of one hundred eighty (180) Full Load Equivalent Outage Days for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCQ; provided that Meralco shall pay such Replacement Energy at (i) PHP 5.00 per kWh or WESM price, whichever is lower, on an hourly basis, for the first five (5) Contract Years; and (ii) PHP 4.50 per kWh or WESM price, whichever is lower, on an hourly basis, for the succeeding Contract Years. For the avoidance of doubt, the minimum WESM price mentioned in (i) and (ii) above shall be Zero Pesos (PHP 0.00) per kWh on an hourly basis.
- 8.1.4 During any period in which an Event of Force Majeure affects Power Supplier or Meralco, Meralco shall procure its own Replacement Energy from the WESM to the extent supply or offtake is so affected.
- 8.1.5 For every instance that the Availability of the Plant is impaired for any reason such that Power Supplier is unable to make available all or a portion of the Contract Capacity, Power Supplier shall promptly notify Meralco in writing of such impairment.

8.2 Scheduling Outages

- 8.2.1 By no later than April 30 of every year, Power Supplier shall inform Meralco of the annual Scheduled Outages and/or Major Maintenance for the succeeding calendar year as submitted to the System Operator (the "**Annual Maintenance Plan**"). In case of any revisions to the Annual Maintenance Plan approved or initiated by the System Operator,

Power Supplier shall keep Meralco informed thereof immediately, but in no case less than thirty (30) Days prior to the start of such revised Scheduled Outage and/or Major Maintenance, and procure Meralco's favorable endorsement thereof.

8.2.2 In case of Scheduled Outages and/or Major Maintenance other than those in the Annual Maintenance Plan, Power Supplier shall (i) notify Meralco in writing at least three (3) Days prior to notifying the System Operator and (ii) comply with the requirements of the System Operator, including obtaining Meralco's favorable endorsement.

8.2.3 There shall be no simultaneous schedule of Scheduled Outages and/or Major Maintenance between or across Units of the Plant, unless otherwise agreed upon by the Parties.

8.3 Early Completion of a Scheduled Outage and/or Major Maintenance

If a Scheduled Outage and/or Major Maintenance is completed earlier than the date originally anticipated, Power Supplier shall immediately advise Meralco of such event and the availability of Contract Capacity, and submit to Meralco a revised month-ahead, week-ahead and day-ahead capacity availability schedule, as may be applicable, indicating the revised capacity availability of the Plant. In the same manner, Meralco shall submit to Power Supplier the revised month-ahead, week-ahead and day-ahead energy nomination schedule, as may be applicable, to avail of the Contract Capacity made available as a result of the early completion of the Scheduled Outage and/or Major Maintenance. In such case, subject to Sections 8.1.1 and 8.1.2, the number of maintenance, inspection and testing hours not used during the Scheduled Outage and/or Major Maintenance shall not be counted towards the Full Load Equivalent Aggregate Outage Allowance.

8.4 Notification of Forced Outages

Subject to Article 10 of Appendix F, when a Forced Outage occurs, Power Supplier shall notify Meralco of the existence, nature and expected duration of the Forced Outage as soon as practicable after such occurrence and in any event within one (1) hour from such occurrence. Power Supplier shall inform Meralco promptly of changes in the expected duration of a Forced Outage.

Article 9 Adjustments in Contract Capacity and Associated Energy

9.1 Implementation of Retail Competition and Open Access

The Parties acknowledge that Retail Competition and Open Access is being implemented in phases in accordance with the guidelines being issued by the ERC, and upon implementation of each phase, the amount of Contract Capacity may be adjusted in accordance with the terms hereof.

9.2 Assignment or Transfer of Contract Capacity Due to Retail Competition and Open Access

In connection with the implementation by the ERC of Retail Competition and Open Access, Meralco shall, also be entitled to assign, transfer, designate, delegate or

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allocate (collectively in this context, "**Transfer**") its rights and obligations to purchase a portion of Contract Capacity and Associated Energy that is no longer required by Meralco as a result of Retail Competition and Open Access (i) to any of its Affiliates or business segments, to the extent allowed by Law, without the prior consent of the Power Supplier; or (ii) to any other Person subject to the consent of Power Supplier, which consent shall not be unreasonably withheld.

In respect of Transfers not requiring Power Supplier's consent, Meralco shall give a written notice to the Power Supplier of such Transfer at least five (5) Days prior to the first Day of the next Billing Period or by such date as would be sufficient for timely notice to WESM of such change. In respect of Transfers requiring Power Supplier's consent, Meralco shall give a written notice to the Power Supplier of such Transfer at least sixty (60) Days prior to the first Day of the next Billing Period or by such date as would be sufficient for timely notice to WESM of such change.

Subject to the receipt of Meralco and the Power Supplier of the written acceptance of such Transfer by the transferee:

- (a) Meralco shall cease to have any rights and obligations under this Agreement, and
- (b) the transferee shall assume all rights and obligations of Meralco under this Agreement,

in respect of such portion of the Contract Capacity transferred under this Section 9.2, commencing from the first Day of the Billing Period immediately following the aforesaid notice, upon execution of acceptable documentation for such transferred Contract Capacity and Associated Energy.

9.3 Reduction in Contract Capacity and Associated Energy

9.3.1 Subject to the provisions of Section 9.3.2 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 by reason of the enforcement of RCOA, the Renewable Energy Law and other Laws and Legal Requirements.

9.3.2 Meralco shall give a written notice to the Power Supplier of such reduction at least five (5) Days prior to the first Day of the next Billing Period. 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.

Article 10 Billing and Payment

10.1 Billing

Power Supplier shall render to Meralco an itemized Invoice for each Billing Period in accordance with the provisions of this Agreement and Appendix G. Meralco shall pay Invoices when due and payable in accordance with this Agreement and Appendix G.

10.2 Payments

- 10.2.1 Meralco shall pay the entire amount indicated in the Final Invoice (subject to Appendix G) when due and payable, provided that Meralco shall not be required to make payment on any Invoice that is manifestly in error, apparently invalid or not in the form or substance contemplated by this Agreement until the same has been corrected following prompt notice by Meralco to Power Supplier of such error, invalidity or absence of proper form or substance.
- 10.2.2 If Meralco disputes all or any portion of an Invoice for a reason other than a manifest error in, or the apparent invalidity or incorrect form or substance of, such Final Invoice, Meralco shall nonetheless pay the full amount of such Invoice (subject to Appendix G). Any payment by Meralco under this Section 10.2.2 is without prejudice to Meralco's right at a later date within one (1) year following such payment to dispute, protest or question any amount so paid.
- 10.2.3 If applicable, Meralco will endeavor to dispute, protest or question a Final Invoice within fifteen (15) Days from the date of its receipt. In such a case, the dispute, protest or question shall be resolved within thirty (30) Days from the date of filing thereof. If the dispute, protest or question is not resolved, Meralco may at any time refer such dispute, protest or question for resolution in accordance with Article 19.
- 10.2.4 If any withheld amount under Section 10.2.1 is subject to objection or Dispute, or sum set forth in a Final Invoice or any other sum payable under this Agreement has been paid under protest or is subject to objection, or is the subject of a Dispute, then after agreement between the Parties or after settlement of the Dispute, any sum so agreed by the Parties or determined pursuant to Article 19 to be owing (including the refund of any amount so paid under protest or subject of a Dispute) shall be paid within the later of (a) the original due date of such payment and (b) seven (7) Days from such agreement or settlement, with interest accruing thereon from the original due date (or, if payment has been made under protest or Dispute, from the date the disputed amount was paid) until the award or settlement amount is paid. Interest shall be calculated on the actual number of days elapsed over a three hundred sixty-five (365) Day basis equivalent to the PDST-R2 plus two hundred (200) basis points in each month in which the sum was due and payable; provided however, that if the protest or Dispute is resolved by the Parties and payment is made, in each case within thirty (30) Days from the date of filing thereof, the Parties agree to waive payment of any interest due on the amount owing (or, if payment has been made under protest or Dispute, due on the amount to be refunded).
- 10.2.5 For the avoidance of doubt, if Meralco makes payment of a disputed Final Invoice and thereafter refers such Dispute for resolution in accordance with Article 19 and such Dispute is resolved in Meralco's favor, Power Supplier shall in addition to refunding the disputed amount, be liable, subject to the waiver under Section 10.2.4, for the payment of interest, which shall be calculated on the actual number of days elapsed over a three hundred sixty-five (365) Day basis equivalent to the PDST-R2 plus two hundred (200) basis points in each month in which the sum was due and payable accruing from the date the disputed Invoice amount was paid by Meralco until the time the award is paid.

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- 10.2.6 If any Party fails to make payment to another Party of any amount due under this Agreement, where such amount is not the subject of a Dispute, including but not limited to the award or settlement amount due under Section 10.2.5, interest thereon from the date when payment was originally due until payment thereof is received shall be calculated on the actual number of days elapsed over a three hundred sixty-five (365) Day basis equivalent to the PDST-R2 plus two hundred (200) basis points in each month in which the sum was due and payable.
- 10.2.7 Any reference to a “payment” required hereunder (including the consequences of any delay in such payment) shall also apply to any required reimbursement or “credit memo”, and the due date shall be the date required for such reimbursement or “credit memo” to be made.
- 10.3 Each Party reserves to itself all rights of counterclaim and other remedies and/or defenses that such Party is or may be entitled to assert arising from or out of this Agreement.

Article 11 Taxes, Fees and Costs

11.1 Responsibility for Taxes, Fees and Costs

Power Supplier shall make timely payment of the following amounts:

- (a) WESM Market Fees;
- (b) Energy Imbalance Fees;
- (c) Benefits to Host Communities Charges; and
- (d) Applicable value-added tax (“VAT”) on any of the foregoing amounts in accordance with Philippine Bureau of Internal Revenue and ERC regulations.

The following amounts that Meralco is responsible for paying to third parties shall form part of the price that Meralco will charge to its customers:

- (a) VAT on Contract Capacity and Associated Energy in accordance with Philippine tax Laws and regulations;
- (b) WESM line rental charges.

Each Party shall be liable for their respective income taxes.

11.2 Creditable Withholding Taxes

Meralco shall deduct and withhold from the amounts payable under a Final Invoice, the applicable creditable withholding tax and Meralco shall remit any amounts withheld for such tax to the relevant taxing authorities. If Power Supplier believes such withholding tax is not applicable to it, Power Supplier shall provide Meralco with such documents and evidence to demonstrate that payments to Power Supplier are not subject to such withholding tax, such as but not limited to the following:

- (a) Board of Investments (“BOI”) Certificate of Registration indicating Power Supplier’s entitlement to Income Tax Holiday (“ITH”);
- (b) BOI Certificate of ITH Entitlement indicating Power Supplier’s entitlement to ITH renewed annually; and
- (c) Such documents that the BIR may require to support Power Supplier’s claim for exemption from creditable withholding tax.

Meralco shall no longer deduct and withhold creditable withholding tax from the amounts payable under a Final Invoice upon its reliance on the documents and evidence submitted by Power Supplier.

Power Supplier shall indemnify Meralco for any final assessment, liability, surcharge, interests, penalties and other costs or fees arising from Meralco’s failure to withhold creditable withholding tax from payments due under this Agreement in accordance with applicable BIR rules and regulations, provided that such failure by Meralco to withhold is (a) upon Power Supplier’s request, or (b) due to any change, reversal or ruling affecting Power Supplier’s status or claim of exemption from withholding tax. The Parties agree that any outstanding obligations of Power Supplier in respect of its obligation to indemnify under this Section 11.2 shall not be considered a ground for termination.

11.3 Value Added Taxes

Meralco shall remit to Power Supplier the applicable VAT on Contract Capacity and Associated Energy, except in respect of any portion thereof that applies to VAT zero-rated/VAT-exempt customers of Meralco, in accordance with regulations, orders, circulars or other issuances applicable to a distribution utility issued by the relevant Governmental Instrumentality, including, but not limited to, BIR Revenue Memorandum Circular No. 61-2005 and ERC Resolution No. 20-2005. Meralco shall issue, for each Billing Period, a certification containing:

- (a) the amount of VAT related to the actual energy volume covered by this Agreement and allocated as sold to Meralco’s VAT zero-rated/VAT-exempt customers; and
- (b) the amount of VAT billed for energy covered by this Agreement that is uncollected from Meralco’s customers which are neither VAT zero-rated nor VAT-exempt.

With respect to any VAT billed to Meralco by Power Supplier pertaining to actual energy volume for Meralco’s VAT zero-rated and VAT-exempt customers, Power Supplier shall issue a credit memo reversing the corresponding amount of VAT billed to Meralco. Meralco shall indemnify Power Supplier for any final assessment, liability, surcharge, interests, penalties and other costs or fees (“Assessments”) arising from Meralco’s failure to remit the VAT collected from its customers. For purposes of this Article 11, Power Supplier shall notify Meralco of such Assessments, and the Parties shall meet and discuss within thirty (30) Days from such notification, in order to reconcile the amount of unremitted VAT. The Parties agree that any outstanding

obligations of Meralco in respect of its obligation to indemnify under this Article 11 shall not be considered a ground for termination.

In its monthly VAT remittance to Power Supplier, Meralco shall show the amount of VAT being remitted for the current and prior months' billings. Meralco shall provide Power Supplier an annual statement of its VAT balances with Power Supplier, including a certification indicating the VAT amount related to any receivables written off attributable to Power Supplier.

Within one hundred twenty (120) Days after the end of each calendar year, Meralco shall provide Power Supplier copies of the documents in this Section 11.3 as well as the following: i) for customers located within economic zones: a) BIR Form 2303-Certificate of Registration of a Business; b) when applicable – PEZA or BOI Certificate of Registration or Accreditation from an Export Organization; c) when applicable – Certification of VAT zero-rating issued by the PEZA, BOI or other export organization; and ii) for customers outside economic zones, the relevant BIR certifications. Unless extended by mutual agreement between the Parties, failure by Meralco to submit the documents shall obligate Meralco to remit VAT to Power Supplier on the energy volume of customers for which such VAT zero-rating or VAT-exempt status is not confirmed for the first one hundred twenty (120) Days and subsequent energy volumes sold to such customers without the pertinent documents thereafter until the documents are submitted.

11.4 Charges Due to Change in Circumstances

- (a) If as a result of a Change in Circumstances, Meralco becomes liable to pay any new charges, fees, taxes, duties, assessments or other similar amounts ("**New Charges**"), or any increase in existing charges, fees, taxes, duties, assessments or other similar amounts ("**Increased Charges**") become payable with respect to this Agreement, the New Charges or Increased Charges shall form part of the price that Meralco will charge to its customers.
- (b) If as a result of a Change in Circumstances affecting Power Supplier, Power Supplier becomes liable to pay any New Charges or any Increased Charges or a Change in Circumstances materially and adversely affects the ability of Power Supplier to perform or materially increases the operating costs or capital expenditures associated with the Plant or materially and adversely affects its performance of its obligations under this Agreement, adversely affects the sale by Power Supplier of Contract Capacity and Associated Energy in accordance with this Agreement, makes the Power Supplier's administration or operational aspects of such performance materially more burdensome (whether made at the direction of any Governmental Instrumentality or otherwise) or causes serious damage to, or materially and adversely affects the financial condition of Power Supplier, Power Supplier shall send a notice to Meralco of the occurrence of such Change in Circumstances ("**Notice of Change in Circumstances**") together with an analysis of the cost impact of such Change in Circumstances. Within thirty (30) Days of such Notice of Change in Circumstances, Meralco and Power Supplier shall meet to discuss, in good faith, remedial measures to mitigate the impact of such Change in Circumstances. Each Party shall cooperate in good faith to secure any Governmental Authorizations to implement any agreed remedial measures. If the Parties fail to reach a mutually

satisfactory resolution within sixty (60) Days from the commencement of negotiations, the Power Supplier shall be entitled to terminate this Agreement in accordance with the provisions of Section 17.6.6(a).

- (c) In the event that, as a result of a Change in Circumstances and pursuant to a corresponding order of the ERC or any other Government Instrumentality:
 - (a) Meralco is prevented from making a pass through to its customers of any charges under this Agreement (as approved by the ERC in the ERC Final Approval as accepted by Power Supplier); or
 - (b) any portion of the Price that has been paid to Power Supplier is required to be refunded to Meralco or Meralco's customers in connection with the ERC Application or any petition, claim, case, proceeding or other action involving any of the Parties brought before any judicial, administrative or quasi-judicial body,

the Parties shall enter into good faith negotiations to agree on a satisfactory solution regarding the amendment of this Agreement to restore Meralco's commercial position prior to such Change in Circumstances, including an adjustment of the Price. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the provisions of Section 17.6.6(b) will apply.

It is agreed that New Charges or Increased Charges for which Power Supplier sends a Notice of Change in Circumstances in accordance with this Section 11.4 shall not include charges, fees, taxes, duties, assessments or other similar amounts relating to taxes on the income of Power Supplier.

Article 12 Metering

Any metering required to implement this Agreement shall be in accordance with the requirements of the WESM Rules and the Grid Code.

Article 13 Covenants

13.1 ERC Application

13.1.1 Within five (5) Business Days after receipt from Power Supplier of the documents set forth in Part 3 of Appendix C (or such other period agreed upon by the Parties), the Parties shall jointly file with the ERC the necessary application for the approval of this Agreement ("**ERC Application**") and shall exert best efforts to obtain such approval as promptly as practicable following the submission of the ERC Application and to allow for the issuance of the ERC Final Approval and occurrence of the Acceptance Date on or before the Longstop Date.

13.1.2 Power Supplier shall fully cooperate with Meralco with respect to the ERC Application and shall furnish (i) all documents set forth in Part 3 of Appendix C, promptly after, and in any case, within ten (10) Business Days from, Effective Date; and (ii) those documents that the ERC may require in connection with the ERC Application and any other review or examination conducted by the ERC with respect to this Agreement

promptly upon request by Meralco, provided that Power Supplier shall submit directly to the ERC any information which it deems to be confidential and shall give written notice to Meralco of such direct filing.

13.2 ERC Approval

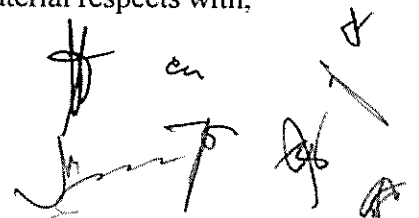
- 13.2.1 Subject to the non-occurrence of the Longstop Date, upon receipt of the ERC Final Approval, Meralco shall provide a copy of such ERC Final Approval to Power Supplier. Power Supplier shall have ten (10) Days from the date of receipt from Meralco of such ERC Final Approval to notify Meralco in writing that (i) it accepts such ERC Final Approval or (ii) it does not accept the ERC Final Approval, stating the grounds for non-acceptance.
- 13.2.2 In case of Power Supplier's non-acceptance, Power Supplier shall be free to: (i) file with the ERC a motion for reconsideration or (ii) terminate this Agreement upon sixty (60) days prior written notice to Meralco; provided that, any order on a motion for reconsideration shall be treated as an ERC Final Approval for purposes of the processes under this Section 13.2; provided further that, if the motion for reconsideration is denied by the ERC, or approved by the ERC but still with any material term or condition that is not acceptable to Power Supplier, Power Supplier may terminate this agreement upon sixty (60) days prior written notice to Meralco.
- 13.2.3 Following (i) a written notice of acceptance from Power Supplier with respect to the ERC Final Approval (including upon reconsideration under Section 13.2.2 above), or (ii) the lapse of the period referred to in Section 13.2.1 without Power Supplier communicating its acceptance or non-acceptance in writing, the Acceptance Date shall be considered as having occurred on the date of the written notice of acceptance or on the last Day of such period, as applicable ("Acceptance Date"), provided that, in each case, Meralco has not filed any motion for reconsideration or appeal subsequent to the Power Supplier's acceptance of such ERC Final Approval and the Longstop Date has not occurred.

13.3 Coal Supply

- 13.3.1 Power Supplier shall be responsible for the preparation and implementation of a plan for the safe, adequate and reliable supply and transportation of coal to the Plant throughout the Term.
- 13.3.2 Power Supplier shall ensure that at all times there is coal inventory at the Site sufficient to operate the Plant in accordance with this Agreement and in accordance with Prudent Operating Practices, taking into account all relevant factors such as seasonal and/or climatic factors, which inventory shall be good for at least a continuous thirty (30) Day period based on continuous operation of the Plant at average Associated Energy for the current Billing Period and the next two (2) Billing Periods based on the latest year-ahead or month-ahead nominations of Meralco.

13.4 Compliance with Laws

- 13.4.1 Power Supplier and Meralco agree that all applicable Legal Requirements shall govern their performance of this Agreement and each shall comply in all material respects with,



and shall keep in full force and effect, all Governmental Authorizations required to be in its name for the performance of its obligations under this Agreement.

- 13.4.2 Without limiting the application of Section 13.4.1, Power Supplier and Meralco agree to comply and perform their respective obligations under this Agreement in accordance with Legal Requirements and the Relevant Operating Regulations.

13.5 Other Covenants of the Power Supplier

- 13.5.1 The Power Supplier shall have obtained, by the Operations Effective Date, the necessary permits and licenses under Legal Requirements to enter into and to perform its obligations under this Agreement.
- 13.5.2 The Power Supplier shall, by the Operations Effective Date, become a bona fide direct trading member of the Luzon WESM.
- 13.5.3 The Plant shall be constructed, operated and maintained in accordance with Legal Requirements and Prudent Operating Practices.

Article 14 Insurance

14.1 Insurance Policies

Power Supplier shall, at its own expense, obtain insurances to protect its properties (construction, Plant, machineries, equipment), including other types of insurances required by the Government, such as but not limited to social security system benefit for its employees. For this purpose, Power Supplier shall provide Meralco copies of the Certificate of Cover and insurance policy of the following:

- (a) Builder's/Contractor's All-Risk Insurance in an amount not less than the full replacement or sound value of the Plant;
- (b) Marine Insurance for full replacement cost of imported equipment until completion of the Plant;
- (c) Property All-Risk Insurance in an amount not less than the full replacement or sound value of the Plant; and
- (d) Comprehensive General Liability, with limit of liability of Five Million Dollars (USD 5,000,000.00) (or PHP equivalent) per occurrence and in the aggregate.

14.2 Notification of Claims and Application of Proceeds

Power Supplier shall in relation to each property damage insurance policy for the Plant required by Section 14.1 promptly notify Meralco of any circumstances which give rise or might reasonably be foreseen to give rise to a claim under such policy or policies which exceeds Five Million Dollars (USD 5,000,000.00) (or PHP equivalent).

Power Supplier shall apply, to the extent required, any and all of the property damage insurance proceeds that it receives regarding any damage to the Plant toward the reinstatement of the Plant or resumption of the erection activities towards completion of the Plant.

Article 15 Indemnification and Liability

15.1 Indemnity by Power Supplier

Power Supplier shall indemnify, defend and hold harmless Meralco, from and against all Claims of third parties made against or suffered by Meralco for any physical loss of or damage to property or death or injury to persons, resulting from any negligent act or omission of Power Supplier or any of its contractors or their respective employees, directors, agents or shareholders ("**Power Supplier Parties**") that arises out of or is in any manner connected with the performance of this Agreement, except to the extent such loss, damage, injury or death is attributable to the negligence or misconduct of, or breach of this Agreement by, Meralco or any of its employees, directors, agents or shareholders ("**Meralco Parties**") or the failure of Meralco or any Meralco Parties to take reasonable steps in mitigation thereof.

This Section 15.1 shall not apply to any loss, damage, cost or expense to the extent that Meralco is otherwise compensated pursuant to the terms of this Agreement in respect of such loss, damage, cost or expense.

15.2 Indemnity by Meralco

15.2.1 Meralco shall indemnify, defend and hold harmless Power Supplier, from and against all Claims of third parties made against or suffered by Power Supplier for any physical loss of or damage to property or death or injury to persons, resulting from any negligent act or omission of Meralco or any Meralco Parties that arises out of or is in any manner connected with the performance of this Agreement except to the extent such loss, damage, injury or death is attributable to the negligence or misconduct of, or breach of this Agreement by, Power Supplier or any Power Supplier Parties or the failure of Power Supplier or any Power Supplier Parties to take reasonable steps in mitigation thereof.

15.2.2 This Section 15.2 shall not apply to any loss, damage, cost or expense to the extent that Power Supplier is otherwise compensated pursuant to the terms of this Agreement in respect of such loss, damage, cost or expense.

15.3 Notice of Proceedings

Each Party shall promptly notify the other Party of any Claim in respect of which it is entitled to be indemnified under this Article 15. Such notice shall be given as soon as reasonably practicable after the relevant Party becomes aware of such Claim.

15.4 Conduct of Proceedings

15.4.1 The indemnified Party shall have the right, but not the obligation, to contest, defend and litigate (and to retain legal advisers of its choice in connection therewith) any claim, action, suit or proceeding by any third party alleged or asserted against it arising out of any matter in respect of which it is entitled to be indemnified hereunder, and the reasonable costs and expenses thereof shall be subject to the said indemnity; provided that, the indemnifying Party shall be entitled, at its option, to assume and control the defense of such claim, action, suit or proceeding at its expense and through legal advisers of its choice if it (i) gives notice of its intention to do so to the indemnified

Party, (ii) acknowledges in writing its obligation to indemnify that Party to the full extent provided by this Article 15 and (iii) reimburses that Party for the reasonable costs and expenses previously incurred by it prior to the assumption of such defense by the indemnifying Party.

- 15.4.2 Neither Party shall settle or compromise any claim, action, suit or proceeding in respect of which it is entitled to be indemnified by the other Party without the prior written consent of that Party.

15.5 Consequential Losses

Without limiting any payments (or the calculations thereof) contemplated under this Agreement including, but not limited to Section 4.5, Section 17.3 or Appendix D, no Party shall in any circumstances be liable to the other Party in its performance of or failure to perform this Agreement or any provision hereof, whether in contract, tort or breach of statutory duty or otherwise for:

- (a) loss of or anticipated loss of profit, loss of use, business interruption, loss of use of any equipment, loss of any contract or other business opportunity or good will; and
- (b) indirect or consequential losses or damages,

whether or not such losses or damages are subject to the indemnities in Sections 15.1 and 15.2.

Article 16 Force Majeure

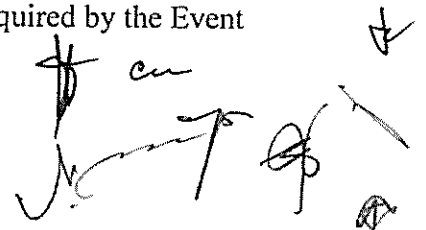
16.1 Events of Force Majeure

An Event of Force Majeure shall mean any circumstance not within the reasonable control, directly or indirectly, of the Party affected, but only if and to the extent that:

- (a) such circumstance, despite the exercise of reasonable diligence, cannot be prevented, avoided or removed by such Party; and
- (b) such event prevents such Party from performing its obligations under this Agreement;

and in each case:

- (a) such Party has taken all reasonable precautions, due care and reasonable alternative measures in order to avoid the effect of such event on such Party's ability to perform its obligations under this Agreement and to mitigate the consequences thereof;
- (b) such event is not the direct or indirect result of the failure of such Party to perform any of its obligations under this Agreement;
- (c) the suspension of a Party's performance of its obligations hereunder is of no greater scope and no longer duration than is required by the Event of Force Majeure;

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- (d) no obligation of either Party, which arose before the occurrence of the event that caused the suspension of performance of obligations hereunder, shall be excused as a result of an Event of Force Majeure (for the avoidance of doubt, day-ahead nominations by Meralco pursuant to Section 5.3.3 shall not be considered a pre-existing obligation for this purpose); and
- (e) such Party has given the other Party prompt notice in accordance with Section 16.5 describing such event, the effect thereof and the actions being taken in order to comply with this Section 16.1.

16.2 Instances of Force Majeure

Subject to Section 16.1, Events of Force Majeure shall include, but not be limited to:

- (a) acts of war or the public enemy whether war is declared or not;
- (b) public disorders, civil disturbance, insurrection, rebellion, acts or campaigns of terrorism, piracy, embargo, sabotage, blockade, revolution, riots or violent demonstrations;
- (c) explosions, fires, earthquakes, lightning, typhoon, tsunami, flood, cyclone, volcanic eruptions, landslide or other natural disasters, acts of God, epidemic, quarantine or plague;
- (d) any action or aggregation of actions or failure to act by any Governmental Instrumentality, including expropriation, requisition, confiscation, nationalization or other compulsory acquisition; export or import restriction or other restrictions, rationing or allocations imposed by any Governmental Authority (in each instance, occurring in the Philippines); the denial of or delay in the granting of any approval, consent, authorization or other requirement mandated by any Legal Requirement, the failure of any such approval, consent, authorization or other requirement (including the ERC Final Approval) once granted to remain in force and effect or to be renewed on substantially similar terms;
- (e) strikes, lockouts or other collective or industrial action by workers or employees other than non-manual personnel (in each instance, occurring in the Philippines); provided that any Party that seeks to invoke such a strike, lockout or other collective or industrial action as an Event of Force of Majeure must first utilize all reasonable efforts to continue performance of its obligations hereunder;
- (f) radioactive contamination or ionizing radiation;
- (g) any System Emergency or Transmission Failure that may affect the delivery by Power Supplier, or acceptance by Meralco, of power (except if due to the act or omission of the Party seeking to claim an Event of Force Majeure, unless otherwise due to an Event of Force Majeure). In case of disagreement as to the existence of a Transmission Failure, the Parties shall secure the necessary certification from the GMC, which certification shall bind both Parties;

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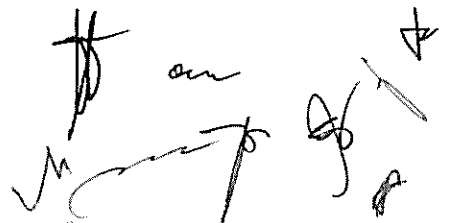
- (h) appropriate actions taken in response to any orders or instruction given by a Governmental Instrumentality or the System Operator for safety reasons to implement emergency shutdown (except if due to the act or omission of the Party seeking to claim an Event of Force Majeure, unless otherwise due to an Event of Force Majeure); and
- (i) an NGCP failure or a Curtailment of the Plant output by the Market Operator or System Operator.

For the avoidance of doubt, (i) the breakdown or failure of equipment or machinery of the Plant or the delay or inability to procure fuel for the Plant shall not in itself be considered as an Event of Force Majeure, unless otherwise due to an Event of Force Majeure; and (ii) any (x) interruption of the Plant's generating capability resulting in an unplanned reduction or suspension of the electrical output from the Plant and/or unavailability of capacity in whole or in part from the Plant, (y) automatic shutdown of any part of the Plant, and (z) other unavailability of the Plant for operation, that is due to an Event of Force Majeure, shall be treated for all purposes of this Agreement as an Event of Force Majeure and not as an Outage.

Further, Power Supplier shall not be entitled to claim any of its act or omission as Force Majeure.

16.3 Effect of Force Majeure

- 16.3.1 The affected Party shall be excused from performance to the extent affected and shall not be considered to be in default in respect of any obligation under this Agreement (including any obligation of Meralco to pay the Price) for so long as failure to perform such obligation shall be due to an Event of Force Majeure. For the avoidance of doubt and notwithstanding any other provision of this Agreement, Meralco shall not be required to make any Capacity Payment and Fixed O&M Payment in respect of (i) any Contract Capacity that is unavailable due to an Event of Force Majeure or (ii) any Contract Capacity that Meralco cannot accept due to an Event of Force Majeure. Similarly, in respect of (ii) in the foregoing sentence, Power Supplier shall not be required to supply to Meralco and may freely sell the Contract Capacity or a portion thereof to interested parties, including the WESM.
- 16.3.2 If an Event of Force Majeure prevents Power Supplier from making Available Contract Capacity and/or delivering capacity and/or energy to Meralco, Section 8.1.4 shall apply. If any Event of Force Majeure prevents Meralco from taking capacity and/or energy from Power Supplier, Power Supplier may sell such capacity and energy to third parties, on terms which permit Power Supplier to recommence sales to Meralco following the discontinuance of such Event of Force Majeure affecting Meralco upon twenty-four (24) hours' prior written notice.
- 16.3.3 Any extension of the Term by reason of Events of Force Majeure occurring shall be subject to the mutual agreement of the Parties.



16.4 Effect of Extended Force Majeure

If any Event of Force Majeure prevents Power Supplier from making Available the Contract Capacity or Associated Energy or Meralco from accepting Contract Capacity or Associated Energy, in each case for a continuous period of more than one hundred eighty (180) Days, then either Party may upon written notice, require the other Party to meet as soon as practicable to reasonably discuss any modification, change or amendment of this Agreement under such reasonable terms, to the extent necessary to resolve the issues arising from the Event of Force Majeure and maintain, to the extent feasible, the rights and obligations of the Parties under this Agreement.

If the Parties do not reach such satisfactory solution prior to the end of such one hundred eighty (180) Day period, or such other time as may be agreed upon, either Party may terminate this Agreement in accordance with Section 17.6.5.

16.5 Notice of Force Majeure; Procedure

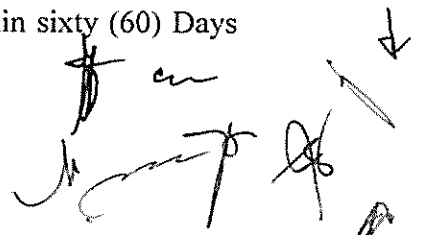
- 16.5.1 As soon as possible following the occurrence of any Event of Force Majeure (or, if known in advance of the Event of Force Majeure, promptly upon such knowledge), if either Party desires to invoke such Event of Force Majeure as a cause to excuse or delay performance of any obligation (other than the payment of money) hereunder, it shall advise the other Party in writing of the date, nature and expected duration of such Event of Force Majeure; provided that such notice must be sent (a) by Power Supplier to Meralco immediately and in any event within twenty-four (24) hours after Power Supplier becomes aware of such Event of Force Majeure and (b) by Meralco to Supplier as soon as reasonably possible and in any event within twenty-four (24) hours after Meralco becomes aware of such Event of Force Majeure.
- 16.5.2 As soon as practicable from time to time during the Event of Force Majeure, and also within five (5) Days following the termination of the then-known effects of such Event of Force Majeure, the Party having invoked such Event of Force Majeure shall submit to the other Party reasonable proof of such Event of Force Majeure and its effect upon such Party's performance of its obligations under this Agreement.
- 16.5.3 During the existence and continuance of any Event of Force Majeure (including the effects and consequences thereof), the Parties shall:
- (a) make all reasonable efforts to prevent and reduce to a minimum and mitigate the effect of any delay or non-performance occasioned by any Event of Force Majeure including recourse to alternate acceptable sources of services, equipment and materials;
 - (b) use their best efforts to ensure resumption of normal performance of this Agreement after the termination of any Event of Force Majeure and shall perform their obligations to the maximum extent practicable and agreed between the Parties; and
 - (c) continue to provide the other Party with weekly updated reports as to the nature of the delay and its effect upon the time of performance.

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Article 17 Events of Default and Termination**17.1 Power Supplier Events of Default**

Each of the events described below shall constitute a “**Power Supplier Event of Default**”; provided that such event (with the exception of Section 17.1 (e)) results in or is accompanied by an actual failure by Power Supplier to make available the Contract Capacity and/or deliver the Associated Energy to Meralco in accordance with this Agreement:

- (a) Power Supplier fails to perform any material obligation under this Agreement, including the delivery of Performance Security and the payment of reimbursements that are due, unless such failure is remedied within sixty (60) Days after receipt from Meralco of a written notice of Power Supplier Event of Default;
- (b) The appointment of a receiver or liquidator or trustee of Power Supplier or of any material property of Power Supplier, unless such appointment is discharged within sixty (60) Days; the bankruptcy, insolvency or corporate rehabilitation of Power Supplier or sequestration of any substantial part of the property of Power Supplier, unless such decree is discharged and stayed for sixty (60) Days after entry thereof; the filing of a petition to declare Power Supplier bankrupt or to reorganize Power Supplier pursuant to any of the provisions of any applicable bankruptcy or rehabilitation Law or any similar statute, unless such petition is dismissed within sixty (60) Days after such filing;
- (c) The voluntary passing of a resolution or filing of a petition for the bankruptcy, insolvency, corporate rehabilitation or winding up, liquidation of, or other similar proceeding relating to Power Supplier, unless such resolution or petition is rescinded, withdrawn or revoked within sixty (60) Days; or Power Supplier consents to the filing of any bankruptcy, corporate rehabilitation or reorganization petition against it, unless such consent is rescinded, withdrawn or revoked within sixty (60) Days;
- (d) Power Supplier files a petition or answer in a proceeding under any of the provisions of any applicable bankruptcy, insolvency or corporate rehabilitation Law or any other similar statute admitting the material allegations of a petition filed against it in such a proceeding, unless such petition or admission is rescinded, withdrawn or revoked within sixty (60) Days; makes a general assignment of its assets and rights for the benefit of its creditors, unless such assignment is rescinded or revoked within sixty (60) Days; or Power Supplier admits in writing its inability to pay its debts generally as they become due, unless such admission is withdrawn or revoked within sixty (60) Days;
- (e) It shall be illegal for Power Supplier to generate and supply all or a portion of Contract Capacity and Associated Energy due to Power Supplier’s fault, unless such illegality is removed, withdrawn or corrected within sixty (60) Days; or
- (f) Power Supplier breaches any of its material representations and warranties under this Agreement, unless such breach is remedied within sixty (60) Days



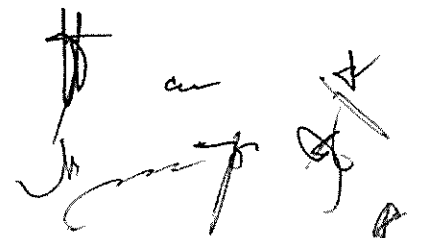
after written notice from Meralco to Power Supplier stating that such a breach has occurred.

Each of the periods indicated above during which the corresponding Power Supplier Event of Default may be cured or remedied shall be referred to as the “**Curing Period.**”

17.2 Meralco Events of Default

Each of the events described below shall constitute a “**Meralco Event of Default**”; provided that such event (with the exception of Section 17.2 (e)) results in or is accompanied by an actual failure by Meralco to receive, and pay for, the Contract Capacity and Associated Energy, in accordance with this Agreement:

- (a) Meralco fails to perform any material obligation under this Agreement, including failure by Meralco to make any payment of a Final Invoice when such invoice becomes due and payable in accordance with Article 10 of this Agreement, unless such failure is remedied within sixty (60) Days after receipt from Power Supplier of a written notice of Meralco Event of Default.
- (b) The appointment of a receiver or liquidator or trustee of Meralco or of any material property of Meralco, unless such appointment is discharged within sixty (60) Days; the bankruptcy, insolvency or corporate rehabilitation of Meralco or sequestration of any substantial part of the property of Meralco, unless such decree is discharged and stayed for sixty (60) Days after entry thereof; the filing of a petition to declare Meralco bankrupt or to reorganize Meralco pursuant to any of the provisions of any applicable bankruptcy or rehabilitation Law or any similar statute, unless such petition is not dismissed within sixty (60) Days after such filing;
- (c) The voluntary passing of a resolution or filing of a petition for the bankruptcy, insolvency, corporate rehabilitation or winding up, liquidation of, or other similar proceeding relating to Meralco, unless such resolution is rescinded, withdrawn or revoked within sixty (60) Days; or Meralco consents to the filing of any bankruptcy, corporate rehabilitation or reorganization petition against it, unless such consent is rescinded, withdrawn or revoked within sixty (60) Days;
- (d) Meralco files a petition or answer in a proceeding under any of the provisions of any applicable bankruptcy, insolvency or corporate rehabilitation law or any other similar statute admitting the material allegations of a petition filed against it in such a proceeding, unless such petition or admission is rescinded, withdrawn or revoked within sixty (60) Days; Meralco makes a general assignment of its assets and rights for the benefit of its creditors, unless such assignment is rescinded or revoked within sixty (60) Days; or Meralco admits in writing its inability to pay its debts generally as they become due, unless such admission is withdrawn or revoked within sixty (60) Days;
- (e) It shall be illegal for Meralco to accept the Contract Capacity and Associated Energy due to Meralco’s fault, unless such illegality is removed, withdrawn or corrected within sixty (60) Days; or

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- (f) Meralco breaches any of its material representations, warranties, covenants or obligations under this Agreement (other than a breach otherwise referred to in this Section 17.2), unless such breach is remedied within sixty (60) Days after written notice from Power Supplier to Meralco stating that such a breach has occurred.

For the avoidance of doubt, it is understood and agreed that, subject to Meralco exerting best efforts to procure the extension or renewal of its Franchise, the expiration and/or non-renewal of the Franchise shall not be considered a Meralco Event of Default.

Each of the periods indicated above during which the corresponding Meralco Event of Default may be cured or remedied shall be referred to as the "Curing Period."

17.3 Remedies in case of Event of Default

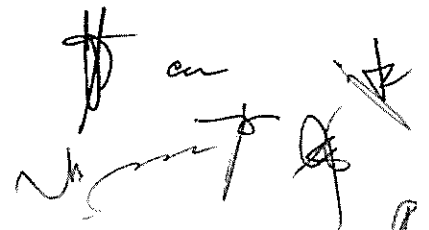
- 17.3.1 During the Curing Period with respect to a Power Supplier Event of Default, Meralco shall, for each time Power Supplier fails to make Available the Contract Capacity or to deliver the Associated Energy, be entitled to source energy from the WESM. In such case, and provided that Power Supplier is able to cure the Power Supplier Event of Default prior to the exercise by Meralco of its rights under Section 17.3.3, Power Supplier shall be liable to pay Meralco the difference between the amount Meralco actually paid for such energy and the Price.
- 17.3.2 During the Curing Period with respect to a Meralco Event of Default, Power Supplier shall, from the time of Meralco's failure to accept or pay for the Contract Capacity and Associated Energy, be entitled to sell the Contract Capacity and Associated Energy to the WESM. In such case, and provided that Meralco is able to cure the Meralco Event of Default prior to the exercise by Power Supplier of its rights under Section 17.3.4, Meralco shall be liable to pay Power Supplier the difference between the amount Power Supplier actually received from such sale to the WESM and the Price.
- 17.3.3 In the event that (i) a Power Supplier Event of Default continues unremedied upon the expiration of the relevant Curing Period; and (ii) where applicable, Power Supplier fails to make Available the Contract Capacity or to deliver the Associated Energy, Meralco shall be entitled to any of the following reliefs, at the option of Meralco, to be exercised, by written notice to Power Supplier in accordance with Section 17.4:
- (a) payment by Power Supplier of liquidated damages, which shall be in lieu of all other damages to which Meralco may be entitled, in the amount equivalent to the product of the Price (at the time of the occurrence of the Power Supplier Event of Default) multiplied by the Contract Capacity for two (2) years, provided that, in the event that Meralco elects this option, Meralco shall have the right (but not the obligation) to terminate this Agreement, by written notice to Power Supplier; or
 - (b) avail of remedies at law, subject to the restrictions and limitations under this Agreement (including Section 15.5); *provided that*, avilment of this option shall be understood as a waiver of all remedies that Meralco may have under this Agreement; *provided further that*, in the event that Meralco elects this

option, Meralco shall have the right (but not the obligation) to terminate this Agreement, by written notice to Power Supplier; or

- (c) require Power Supplier to sell the Plant at the price equivalent to the Net Book Value of the Plant at the time of occurrence of the Power Supplier Event of Default, it being understood that any tax and levies due on the acquisition of the Plant shall be paid by Power Supplier; provided that, in the event Meralco elects this option and following an acquisition by Meralco of the Plant under this Section 17.3.3(c), Meralco shall also have the right (but not the obligation) to suspend the performance by the Parties of their respective obligations in respect of the sale and purchase of Contract Capacity and Associated Energy. In case of such suspension, the Parties understand and agree that the period of suspension shall be counted against (and shall reduce) the Term of this Agreement.

Following the completion of Meralco's acquisition of the Plant:

- (a) Meralco shall have the option (but not the obligation) to operate, maintain, repair, and/or rehabilitate the Plant; and
- (b) Power Supplier shall have the right (but not the obligation), by written notice to Meralco (the "**Buy-Back Notice**"), exercisable only within a period of three (3) years reckoned from the later of the date of the execution of the sale or transfer documents in relation to Meralco's acquisition of the Plant pursuant to the exercise of its option under Section 17.3.3 (c) above and the completion of the repair or the rehabilitation of the Plant (if applicable), to reacquire the Plant ("**Buy-Back**"), at the price equivalent to the sum of (w) the Net Book Value of the Plant at the time of the reacquisition (which Net Book Value shall not be less than the Net Book Value paid by Meralco at the time of its acquisition of the Plant), (x) the amount provided by Meralco to finance the costs and expenses relating to the operation or maintenance, repair and/or rehabilitation of the Plant, (without double counting with amounts included in the Net Book Value), (y) the interest on (w) and (x) at the rate of eight percent (8%) *per annum*, reckoned from the time Meralco exercised its right under Section 17.3.3 (c), and calculated on a compounding basis, and (z) any loss suffered by Meralco, calculated as the difference between (i) the WESM price that Meralco paid for sourcing energy from the WESM due to the unavailability of the Plant; and (ii) the Energy Payments that Meralco would have paid under this Agreement, for the period from the occurrence of the Power Supplier Event of Default until the resumption of operations of the Plant (the "**Buy-Back Price**"). In computing component (x) of the Buy-Back Price, it is understood that (i) all indebtedness, fees, costs and expenses incurred by Meralco to finance the operation, maintenance, repair and/or rehabilitation of the Plant shall be included. Further, it is understood that the net margin from the Plant's operations, commencing from the resumption of operations of the Plant until the execution of the sale and transfer documents relating to the Buy-Back, shall accrue to Meralco, will not be in any form included in (x), and shall not be deducted from the Buy-Back Price. Furthermore, any tax and levies due on the Buy-Back shall be paid by the Power Supplier.



Following receipt by Meralco of the Buy-Back Notice, Meralco shall inform Power Supplier whether or not Meralco shall extend the Term for a period equivalent to the period of suspension referred to in Section 17.3.3(c).

17.3.4 In the event that (i) a Meralco Event of Default continues unremedied upon the expiration of the relevant Curing Period; and (ii) where applicable, Meralco fails to receive, and pay for, the Contract Capacity and Associated Energy, Power Supplier shall be entitled to terminate this Agreement in accordance with Section 17.4, and, as a consequence of such termination, Power Supplier shall have the right (but not the obligation), by written notice to Meralco, to choose among the following remedies:

- (a) require Meralco to buy the Plant at the price equivalent to Net Book Value of the Plant at the time of occurrence of the Meralco Event of Default, it being understood that any tax and levies due on the acquisition of the Plant shall be paid by Meralco; or
- (b) avail of remedies at law, subject to the restrictions and limitations under this Agreement (including Section 15.5); provided that availment of this option shall be understood as a waiver of all remedies that Power Supplier may have under this Agreement; or
- (c) require Meralco to pay liquidated damages, in lieu of all other damages to which it may be entitled, in the amount equivalent to the product of the Capital Recovery Fee multiplied by the Contract Capacity for two (2) years.

17.3.5 To be valid, a notice of the exercise by a Party of its rights under this Section 17.3 must be delivered no later than sixty (60) Days after the effective date of suspension of obligations or termination of this Agreement, as applicable.

The remedies in this Section 17.3 are exclusive remedies in cases of the occurrence of a Power Supplier Event of Default or Meralco Event of Default, as applicable.

17.4 Suspension or Termination upon Event of Default

Following the occurrence of an Event of Default, the following procedure shall apply:

- (a) The Party which is not the subject of such Event of Default may give a notice (an “**EOD Notice**”) to the other Party, specifying (1) in reasonable detail the Power Supplier Event of Default or Meralco Event of Default (as applicable) giving rise to such EOD Notice, and (2) the date on which the Party giving such EOD Notice proposes to exercise the remedies provided under Section 17.3.1 and Section 17.3.2 of this Agreement (including the contemplated suspension or termination date, if applicable), which date shall not be earlier than the date on which the Curing Period shall lapse. If, upon the date specified in the EOD Notice, the event giving rise to the EOD Notice is subsisting and the defaulting Party has failed to perform its obligations in respect of the sale and purchase of Contract Capacity and Associated Energy, then the suspension or termination contemplated under Section 17.3.3 or Section 17.3.4, as applicable, shall take effect on such date (or on such later date as the Parties may agree) and Sections 17.3 and 17.7 shall apply;

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- (b) During the period following the giving of such EOD Notice, the Parties shall consult as to what steps shall be taken with a view to mitigating or remedying the consequences of the relevant event having regard to all the circumstances;
- (c) If the Party receiving the EOD Notice intends to raise a Dispute regarding the right to give effect to the EOD Notice (the “**EOD Notice Dispute**”) and to refer such EOD Notice Dispute to resolution pursuant to Article 19 , such Party shall within fifteen (15) Days of receipt of the EOD Notice so inform the Party giving the EOD Notice and shall immediately thereafter refer the EOD Notice Dispute to resolution in accordance with Article 19; and
- (d) In circumstances where the Party in receipt of the EOD Notice has referred an EOD Notice Dispute for resolution in accordance with Section 17.4(c) above, if:
 - (a) at any time after the expiry of the period referred to in Section 17.4(a), the event giving rise to the EOD Notice has not been remedied and the defaulting Party has failed to perform its obligations in respect of the sale and purchase of Contract Capacity and Associated Energy; and
 - (b) the EOD Notice Dispute has been determined in favor of the Party who has issued the EOD Notice,

then the Party having given the EOD Notice may suspend the obligations under or terminate this Agreement (in each case as contemplated under Section 17.3.1 or Section 17.3.2, as applicable) by giving further written notice thereof to the other Party, whereupon the suspension or termination contemplated under Section 17.3.1 or Section 17.3.2, as applicable, shall take effect on the date specified for termination in such notice (which date shall be not less than fifteen (15) Days after the date of such notice) (or on such later date as the Parties shall have agreed) and Section 17.3 and Section 17.7 shall apply.

17.5 Exculpatory Provisions

17.5.1 Notwithstanding anything contained in this Agreement to the contrary, Meralco’s failure to accept any amounts of nominated quantities of Contract Capacity and Associated Energy shall not be considered a Meralco Event of Default and Power Supplier’s failure to make available Contract Capacity or deliver Associated Energy shall not be considered a Power Supplier Event of Default if each such failure was a direct result of:

- (a) Outages that occur within the Full Load Equivalent Cumulative Outage Allowance;
- (b) any act or omission of the System Operator (other than acts or omission of the System Operator resulting from acts or omissions of a Party that is not otherwise excused under this Agreement); and
- (c) maintenance or repair of the Luzon Grid that materially affects the generation and transmission of electricity, where such maintenance or repair is conducted

to ensure system stability and for safety reasons, in accordance with applicable Legal Requirements.

17.5.2 For the avoidance of doubt, Meralco shall not be obligated to make Capacity Payments and Energy Payments for interruptions in the supply of Contract Capacity and Associated Energy as a result of the occurrence of any of the events described in Section 17.5.1. Upon failure of Meralco to accept any amounts of nominated quantities of Contract Capacity and Associated Energy pursuant to this Section 17.5.1, Power Supplier shall also be relieved of its obligation to deliver such nominated quantities during the relevant period.

17.6 Termination other than upon Event of Default

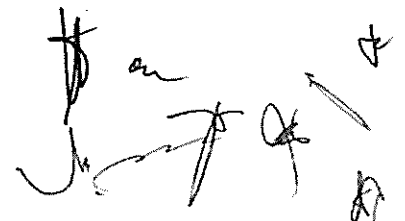
17.6.1 Non-Fulfilment of Conditions to Effective Date

If any condition precedent set out in Section 3.1 in respect of the Effective Date has not been fulfilled on or before the date falling thirty (30) Days after the date of execution of this Agreement, then either Party has the right to terminate this Agreement by giving written notice of such termination to the other Party, provided that the fulfilment of such condition is not within the control of the Party seeking to give such notice. Upon the giving of notice of termination, this Agreement shall terminate on the date specified for termination in such notice, which date shall not be earlier than fifteen (15) Days from the date of such notice.

Notwithstanding the foregoing, if any such conditions have not been fulfilled on or before the Effective Date, the Parties may agree in writing to (i) extend the Effective Date or (ii) waive the non-fulfilment of such condition to the Effective Date (provided that the intended receiving Party in respect of the documents referenced in Section 3.2 shall have the unilateral right to waive such condition).

17.6.2 Termination Upon Non-Occurrence of Commencement Date, or prior to Operations Effective Date or Commercial Operations Date

- (a) If the Acceptance Date has not occurred on or before the Longstop Date, then Power Supplier has the right to terminate this Agreement by giving written notice of such termination to the other Party. Upon the giving of notice of termination, this Agreement shall terminate on the date specified for termination in such notice, which date shall not be earlier than fifteen (15) Days from the date of such notice and neither Party shall be liable to the other by reason of such termination. Notwithstanding the foregoing, if any such conditions precedent under Section 3.3 have not been fulfilled on or before the Longstop Date, the Parties may agree in writing to extend such Longstop Date.
- (b) Under the circumstance provided for under Section 13.2.2, Power Supplier shall have the right to terminate this Agreement upon sixty (60) days prior written notice to Meralco.
- (c) If after Commencement Date but prior to Operations Effective Date, a Party terminates this Agreement unilaterally, the provisions of Section 17.3 shall apply.



- (d) If the Commercial Operations Date (Unit 4) does not occur within one hundred eighty (180) Days after Operations Effective Date (Unit 4) (the “**Delay Limit Date**”), the Parties shall meet for a period not exceeding sixty (60) Days from Delay Limit Date to confer about the terms on which the Agreement may be continued. During such discussions, Power Supplier shall procure Replacement Energy and Meralco shall be entitled to the remedies under Section 3.11 in respect of drawing against the Performance Security. If agreement is not reached within sixty (60) Days from the Delay Limit Date, or Power Supplier fails to provide Replacement Energy, Meralco shall be entitled, upon delivery of written notice of termination, to terminate this Agreement in respect of the Contract Capacity corresponding to Unit 4. In such instance, Power Supplier shall pay Meralco liquidated damages, which shall be in lieu of all other damages to which Meralco may be entitled under this Section 17.6.2(d), in the amount equivalent to the product of the Price (at the end of 60 days from Delay Limit Date or at the date on which the Power Supplier fails to supply Replacement Energy under this Section 17.6.2(d), whichever is applicable) multiplied by the Contract Capacity in respect of Unit 4 for two (2) years. Notwithstanding the foregoing, the Parties may agree in writing to extend the Delay Limit Date.

17.6.3 Termination on Expiry

This Agreement shall terminate on the last Day of the Term unless otherwise extended by the application of Section 2.2.2, or upon the mutual agreement of the Parties.

17.6.4 Termination Upon Mutual Agreement

☐his Agreement may be terminated at any time upon the mutual agreement of both Parties.

17.6.5 Termination in the Event of Certain Events of Force Majeure

If an Event of Force Majeure occurs under the circumstances and having the consequences described in Section 16.4, and the Parties have failed to agree on a solution satisfactory to each of the Parties prior to the lapse of the period of one hundred eighty (180) Days, then upon the lapse of such period, the Party not prevented from performing may terminate this Agreement upon sixty (60) Days' prior written notice thereof to the other Party.

17.6.6 Termination in the Event of Change in Circumstances

- (a) If a Change in Circumstances occurs under the circumstances and having the consequences described in Section 11.4 (b) and the Parties have failed to agree on a solution satisfactory to each of the Parties, then the Power Supplier may terminate this Agreement upon sixty (60) Days' prior written notice to the other Party. Until termination occurs, the Parties shall continue to perform their respective obligations under this Agreement.
- (b) If a Change in Circumstances occurs under the circumstances and having the consequences described in Section 11.4 (c) and the Parties have failed to agree on a solution satisfactory to each of the Parties, then the Party not affected by

the Change in Circumstances may terminate this Agreement upon sixty (60) Days' prior written notice to the other Party. Until termination occurs, the Parties shall continue to perform their respective obligations under this Agreement.

17.6.7 Consequences of Termination

Upon any termination of this Agreement and without prejudice to Section 17.3 and Section 16.4, each Party shall cease to have any further obligations, responsibilities or liabilities hereunder, other than for such obligations or liabilities that have accrued prior to the date of termination hereof and remain undischarged as of the date of termination. In any case of termination, the invoice for the last Billing Period shall be due and payable notwithstanding.

17.7 Other Rights and Remedies

17.7.1 Upon the breach by either Party of any representations, warranties, covenants or obligations hereunder, the Party damaged by any such breach may, in its sole discretion, in addition to exercising any other remedies provided for hereunder, proceed in accordance with Article 19 to protect and enforce its rights, to recover any damages to which it may be entitled (including all costs and expenses reasonably incurred in the exercise of its remedy, but subject to the limitations in Section 15.5 and Section 17.3) or to seek specific performance by the other Party of such other Party's obligations under this Agreement.

17.7.2 Upon the occurrence of any Power Supplier Event of Default or Meralco Event of Default (as the case may be), the Party not in breach hereunder (the "**Non-Defaulting Party**") shall have the right to suspend the performance of its obligations under this Agreement until such Power Supplier Event of Default or Meralco Event of Default shall have been remedied to the satisfaction of the Non-Defaulting Party. During the period of suspension for a Power Supplier Event of Default, Meralco may purchase all of its electricity requirements from third parties, including the WESM; provided, however, that after the Power Supplier Event of Default shall have been remedied, the Power Supplier shall reimburse Meralco for the incremental costs incurred in purchasing electricity from third parties, including the WESM.

Article 18 Representations and Warranties

18.1 Representations and Warranties of Power Supplier

Power Supplier represents and warrants as of the date of this Agreement that:

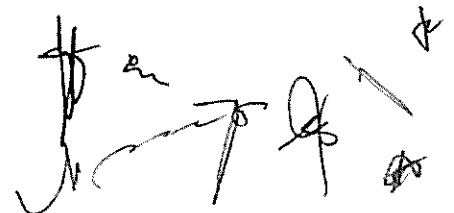
- 18.1.1 Power Supplier is a corporation duly organized and validly existing under the Laws of the Philippines and has all requisite legal power and authority to execute this Agreement and to carry out the terms, conditions and provisions of this Agreement;
- 18.1.2 All legislative, administrative or other governmental action required to authorize the execution and delivery by Power Supplier of this Agreement have been taken and are in full force and effect;

- 18.1.3 This Agreement constitutes the valid, legal and binding obligation of Power Supplier, enforceable in accordance with the terms thereof except as the enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights generally;
- 18.1.4 There are no actions, suits or proceedings pending or, to Power Supplier's knowledge, threatened, against or affecting Power Supplier before any court or administrative body or arbitral tribunal that might materially adversely affect (i) the validity, binding effect or enforceability of this Agreement, (ii) its ability to perform its obligations under this Agreement or (iii) the condition, financial or otherwise, business or operations of Power Supplier;
- 18.1.5 The execution, delivery and performance by Power Supplier of this Agreement have been duly authorized by all requisite corporate action, and will not contravene any provision of, or constitute a default under, any other agreement or instrument to which it is a party or by which it or its property may be bound;
- 18.1.6 Power Supplier is in compliance with all applicable Legal Requirements, except for any non-compliance that, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business and/or financial condition of Power Supplier and/or its ability to fulfil its commitments and obligations under this Agreement; and
- 18.1.7 Power Supplier has the qualifications, capacity and abilities to perform its obligations hereunder, pursuant to and in accordance with this Agreement.

18.2 Representations and Warranties of Meralco

Meralco represents and warrants as of the date of this Agreement that:

- 18.2.1 Meralco has all requisite legal power and authority to execute this Agreement and to carry out the terms, conditions and provisions of this Agreement;
- 18.2.2 All legislative, administrative or other governmental action required to authorize the execution and delivery by Meralco of this Agreement have been taken and are in full force and effect;
- 18.2.3 This Agreement constitutes the valid, legal and binding obligation of Meralco, enforceable in accordance with the terms thereof except as the enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally;
- 18.2.4 There are no actions, suits or proceedings pending or, to Meralco's knowledge, threatened, against or affecting Meralco before any court or administrative body or arbitral tribunal that might materially adversely affect the validity, binding effect or enforceability of this Agreement;
- 18.2.5 The execution, delivery and performance by Meralco of this Agreement have been duly authorized by all requisite corporate action, and will not contravene any provision of, or constitute a default under, any other agreement or instrument to which it is a party or by which it or its property may be bound;

Handwritten signatures and initials in black ink, including a large signature on the left and several smaller initials and marks on the right.

18.2.6 Meralco has the qualifications, capacity and abilities to perform its obligations hereunder, pursuant to and in accordance with this Agreement.

18.2.7 Meralco is or remains, by the Commercial Operations Date, a bona fide direct trading member of the Luzon WESM.

Article 19 Settlement of Disputes

19.1 Amicable Settlement

The Parties shall endeavour in the first instance to resolve any dispute, controversy, claim or difference of any kind whatsoever in connection with, or arising out of, this Agreement (including, without limitation, the breach, termination or validity of this Agreement) (a “**Dispute**”) for a period of thirty (30) Days after the receipt by one Party of a written notice from the other Party of the existence of the Dispute, by mutual discussions between the Parties. To this end, on or before seven (7) Days after receipt of written notification that a Dispute exists, each of Power Supplier and Meralco shall designate in writing to the other a representative who shall be tasked to seek to resolve by an agreement between them any Dispute.

19.2 ERC Proceedings/Arbitration

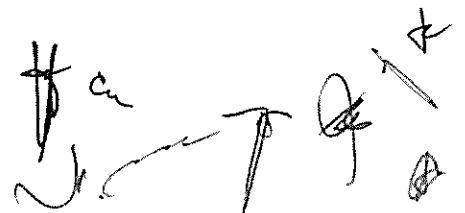
19.2.1 Provided that the ERC has jurisdiction over a Dispute, any Dispute that is not resolved under Section 19.1 shall be referred to and shall be heard and resolved by the ERC in accordance with its rules on practice and procedure. Otherwise, the Dispute shall be finally resolved by binding arbitration under the Rules of Arbitration of the Philippine Dispute Resolution Center, Inc. (“**Arbitration Rules**”) in force on the date of commencement of the arbitration, which Arbitration Rules are deemed to be incorporated by reference into this provision (save as otherwise provided for in this Article 19), by three (3) arbitrators (the “**Tribunal**”) appointed under Section 19.2.3. The place and seat of the arbitration shall be Pasig City, Philippines.

19.2.2 The Parties agree that the Tribunal shall not have the power to award damages inconsistent with Section 15.5 and Section 17.3.

19.2.3 Each Party shall appoint an arbitrator within thirty (30) Days of the commencement of an arbitration, and the two Party-appointed arbitrators shall, within thirty (30) Days after the date of this appointment of the second Party-appointed arbitrator, jointly appoint a third arbitrator who shall act as Chairman of the Tribunal. Any arbitrator not appointed within the time limits set forth in this provision shall be promptly appointed by the Philippine Dispute Resolution Center, Inc.

19.2.4 The arbitration shall be conducted in the English language and all documents submitted in connection with such proceeding shall be in the English language.

19.2.5 During the pendency of the ERC proceedings or arbitration under Section 19.2, Power Supplier, shall continue so long as payments are current to perform its obligations hereunder to make available and deliver energy Contract Capacity and Associated Energy and Meralco shall continue to pay all amounts due hereunder in accordance with the provisions of this Agreement.



Article 20 Assignment and Change of Control**20.1 Assignment**

20.1.1 Neither Party may assign this Agreement, in whole or part, without the prior written consent of the other Party (which consent shall not be unreasonably withheld); *provided*, however, that:

- (a) Power Supplier may, with prior written consent of Meralco (which consent shall not be unreasonably withheld), transfer, sell, pledge, encumber or assign this Agreement, and its rights and interests hereunder, including, but not limited to, the accounts, revenues or proceeds under this Agreement to or for the benefit of the lenders in connection with any financing for the construction of the Project or permanent or term financing or refinancing of the Project;
- (b) Power Supplier may, with prior written consent of Meralco (which consent shall not be unreasonably withheld or delayed), transfer or assign this Agreement, and its rights and interests hereunder to (i) an Affiliate with creditworthiness equal to or higher than that of Power Supplier and (ii) any Person succeeding to all or substantially all of Power Supplier's assets with credit worthiness equal to or higher than that of Power Supplier. Power Supplier shall issue a written notice of such assignment within fifteen (15) days therefrom;
- (c) In the case of Meralco, Meralco may assign, transfer, designate, delegate or allocate (as determined by Meralco) such portion of Contract Capacity and Associated Energy in accordance with Section 9.2 of this Agreement.

Provided, further however, that for (a) and (b) above, any such assignee shall agree in writing to be bound by the terms and conditions of this Agreement, and upon any such assumption pursuant to paragraph (b) above, Power Supplier shall be relieved of any further liability hereunder.

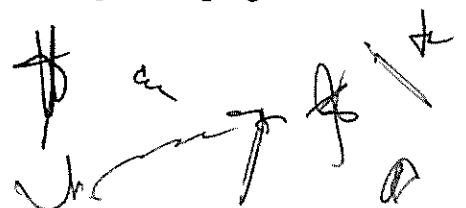
20.1.2 Any actual, attempted or purported sale, assignment, novation or other transfer by a Party of any of its rights or obligations or interests in, under or pursuant to this Agreement that does not comply with the terms of this Article 20 shall be null, void and of no force or effect.

20.2 Change of Control

A Party shall promptly notify the other Party in writing in the event of any Change of Control of such Party (whether voluntary or by operation of Law).

Article 21 Miscellaneous**21.1 Language**

All documents, notices, waivers and all other communications, written or otherwise, between the Parties in connection with this Agreement shall be in the English language.

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21.2 Notices

Any notice or other communication to be given hereunder, shall be in writing and shall be sufficiently given if delivered by registered mail, courier or hand-delivered against written receipt or if transmitted and clearly received by facsimile transmission addressed as follows:

21.2.1 In the case of Meralco, to:

MERALCO
Lopez Building
Ortigas Avenue
Pasig City, Metro Manila
Philippines 0300

Attention: Chief Executive Officer
Facsimile: (63-2) 631-5590
Telephone: (63-2) 16220

With copy to:

MERALCO
4/F Technical Services Building
Ortigas Avenue
Pasig City, Metro Manila
Philippines 0300

Attention: Head - Energy Management
Facsimile: (63-2) 632-8683
Telephone: (63-2) 16226483

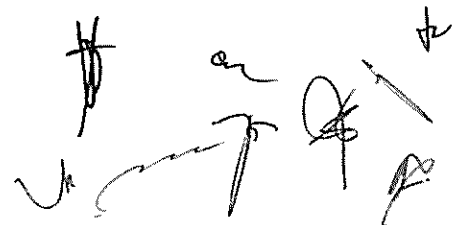
MERALCO
4/F Technical Services Building
Ortigas Avenue
Pasig City, Metro Manila
Philippines 0300

Attention: Head - Energy Sourcing
Facsimile: (63-2) 632-8643
Telephone: (63-2) 16226656

21.2.2 In the case of Power Supplier, to:

Central Luzon Premiere Power Corp.
19th Floor, San Miguel Properties Centre
No. 7 St. Francis Street
Mandaluyong City, Metro Manila

Attention: General Manager
Facsimile: (63-2) 702-4602
Telephone: (63-2) 702-4607

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With copy to:

Central Luzon Premiere Power Corp.
19th Floor, San Miguel Properties Centre
No. 7 St. Francis Street
Mandaluyong City, Metro Manila

Attention: Energy Sourcing & Trading Manager
Facsimile: (63-2) 702-4612
Telephone: (63-2) 702-4616

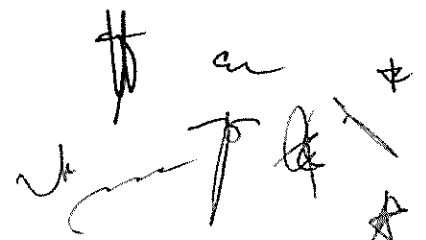
or sent to such other person by registered mail, courier or hand-delivery to such other address as any Party may designate for itself by notice given in accordance with this Section 21.2. Any such notice shall be deemed to have been received on the date of delivery.

21.3 Confidentiality

21.3.1 Each Party agrees that it will, and will ensure that its employees, officers and directors will, and will use best efforts to ensure that its agents will, hold in confidence this Agreement and all information, documentation, data or know-how disclosed to it by the other Party and designated in writing as confidential (the “**Confidential Information**”), and will not disclose to any third party or use Confidential Information or any part thereof without the other Party’s prior written approval, provided that Confidential Information may be disclosed to (i) a Governmental Instrumentality pursuant to Legal Requirements or a stock exchange when required by it, and (ii) financial institutions, bona fide potential purchasers, insurers and consultants and contractors whose duties reasonably require such disclosure; provided that, except for a bona fide disclosure to independent legal advisors and to the ERC in view of an ERC Application, such Party intending to make a disclosure of Confidential Information shall first have obtained an agreement in writing pursuant to which the person or entity to which Confidential Information is proposed to be disclosed agrees not to disclose the relevant Confidential Information to any other person for any purposes other than as contemplated in this Section 21.3.

21.3.2 The restrictions in this Section 21.3 shall not apply, or shall cease to apply, to any part of the Confidential Information that:

- (a) is in the public domain other than by reason of a breach of Section 21.3.1;
- (b) was in the rightful possession of the recipient Party at or prior to the time of the disclosure; or
- (c) was obtained by the recipient Party in good faith from a third party entitled to disclose it.

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21.4 Survival

The provisions of Article 15 shall survive termination of this Agreement. The restrictions contained in Section 21.3 shall survive for a period of two (2) years after the termination or expiry of this Agreement.

21.5 Severability of Provisions

Each provision of this Agreement is severable and distinct from the others. The Parties intend that every provision of it shall be and remain valid and enforceable to the fullest extent permitted by Law. If any provision of this Agreement is or at any time becomes to any extent invalid, illegal or unenforceable for any reason, such provision shall to that extent be deemed not to form part of this Agreement, but the validity, legality and enforceability of the remaining parts of this Agreement shall not be thereby affected or impaired.

21.6 Waiver

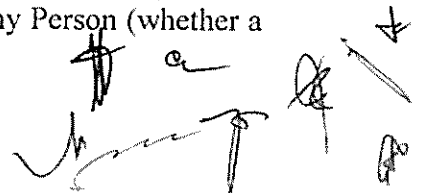
Neither Party shall be deemed to have waived any right under this Agreement, unless such Party shall have delivered to the other Party a written waiver signed by an authorized officer of such waiving Party. No delay or omission in the exercise of any power or remedy shall be construed to be a waiver of any default or acquiescence therein.

21.7 Amendment

This Agreement may be amended or modified only by a written instrument signed by each of the Parties.

21.8 Entire Agreement

- 21.8.1 This Agreement constitutes the entire agreement between Meralco and Power Supplier concerning the subject matter of this Agreement and supersedes any prior agreement, understanding, undertaking or arrangement between the Parties relating to the subject matter of this Agreement. All previous documents, undertakings and agreements, whether verbal, written or otherwise, between the Parties concerning the subject matter of this Agreement are hereby cancelled and shall not affect or modify any of the terms or obligations set out in this Agreement, except as the same may be made part of this Agreement in accordance with its terms, including the terms of any of the Appendices and/or the Schedules.
- 21.8.2 The Appendices and Schedules are hereby made an integral part of this Agreement and shall be fully binding upon the Parties.
- 21.8.3 In the event of any inconsistency between the text of the Articles of this Agreement, the Appendices and the Schedules hereto, the text of the Articles of this Agreement shall be controlling. If any such inconsistency shall become apparent, Meralco and Power Supplier shall consult to resolve the inconsistency in a manner consistent with the foregoing.
- 21.8.4 The Parties acknowledge and agree that by entering into this Agreement, they do not rely on any statement, representation, assurance or warranty of any Person (whether a



party to this Agreement or not and whether made in writing or not) other than as expressly set out in this Agreement.

21.9 Further Acts and Assurances

Each of the Parties agrees to execute and deliver all such further instruments, and to do and perform all such further acts and things, as shall be reasonably necessary or convenient to carry out the provisions of this Agreement.

21.10 Third Party Rights

This Agreement shall not confer any right, benefit or cause of action whatsoever in favor of any Person who is not a Party to this Agreement.

21.11 Expenses

Except as otherwise provided in this Agreement, each Party shall pay its own costs and expenses (including, without limitation, the fees and expenses of its agents, representatives, advisors, counsel and accountants) necessary for the negotiation, preparation, execution, delivery, performance of and compliance with this Agreement.

21.12 Warranty Against Corruption

Each Party represents and warrants to the other that it and authorized agents have complied with all Laws dealing with corrupt or illegal payments, gifts, or gratuities, including Republic Act No. 3019 (the Anti-Graft and Corrupt Practices Act). Each Party agrees not to (and to cause its authorized agents not to) in connection with the activities contemplated by this Agreement pay, promise to pay, seek, accept, or authorize the payment of any money or anything of value, directly or indirectly, to any person or entity (whether a governmental official or private individual) for the purpose of illegally or corruptly influencing any governmental employee or official, any political party or official thereof or any candidate for political office. Furthermore, each Party agrees that in connection with this Agreement and the activities contemplated hereby, it and its authorized agents will not take any action, or fail to take any action, which act or failure to act would subject the other Party to liability under the laws of the Philippines dealing with corrupt payments. Each Party agrees to indemnify the other Party from and against any loss, liability or damage (including reasonable attorney's fees) arising from or relating to such Party's breach of its representations, warranties, and obligations under this Section 21.12. Each Party represents and warrants to the other that prior to the date of this Agreement, it and its authorized agents have not taken any action in contravention of the foregoing in connection with the subject matter hereof.

21.13 Counterparts

This Agreement may be entered into in any number of counterparts and by the Parties to it on separate counterparts, and each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original, but taken together, they shall constitute one and the same instrument, provided that this Agreement shall be effective only on the date of the signature of the last signing Party.

Handwritten signatures of the parties, including a signature that appears to be 'an' and another that appears to be 'g' with a checkmark.

21.14 No Partnership

Nothing contained in this Agreement shall be construed to create an association, partnership or joint venture, or impose a trust or partnership duty, obligation or liability on or with regard to either Party, or to create any duty, standard of care or liability to any person or entity not a Party to this Agreement.

21.15 Governing Law

This Agreement shall be governed by, and construed in accordance with, the Laws of the Philippines.

21.16 Independent Engineer

The Parties agree that there shall be an independent firm of engineers of international reputation (the “**Independent Engineer**”) that shall act in an independent fashion to witness and evaluate testing and make other certifications based on its evaluations for purposes of establishing compliance with requirements under this Agreement. The Parties agree that the following independent firms of engineers (or their successors or Affiliates) qualify as capable engineers:

Bill White
Mott MacDonald
SAIC Energy, Environment & Infrastructure LLC
PB Power
Sargent & Lundy
Stone & Webster
Burns & Roe
Connell Wagner
GHD Pty Ltd.
Fichner GmbH
Sinclair Knight Merz

Within sixty (60) Days from Effective Date, Power Supplier shall appoint one or more of the above listed engineering firms to act in the capacity of Independent Engineer. Prior to the appointment of the Independent Engineer, Power Supplier shall send a written notice to Meralco indicating a short-list of the Independent Engineers it intends to appoint. Within ten (10) days from receipt of such notice, Meralco shall send a written reply (i) confirming that any of the short-listed Independent Engineers are acceptable to Meralco, or (ii) objecting to the appointment of any or all the short-listed Independent Engineers with a statement of the reason for such objection on grounds of conflict of interest stating the nature of the conflict. In the event of a valid objection under item (ii) above, the Power Supplier shall provide for Meralco’s consideration, a substitute short-list of Independent Engineers.

Except as otherwise provided in this Agreement, Power Supplier shall bear all costs and expenses associated with the Independent Engineer, provided that Power Supplier shall be entitled to review and approve any requests by Meralco for work by the Independent Engineer, such that it can control the budgeted cost of the Independent Engineer. If in the Power Supplier’s opinion, the firm acting as Independent Engineer should be



EXECUTION VERSION

replaced, the Power Supplier shall be free to appoint as the replacement Independent Engineer any firm from the above list.

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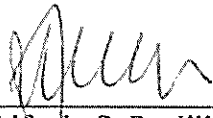
IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed as of the Day and year first above written.

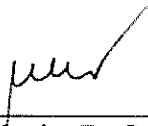
MANILA ELECTRIC COMPANY

CENTRAL LUZON PREMIERE POWER CORP.

By: 
Name: Ronnie L. Apercho
Title: First Vice President and Head, Networks

By: 
Name: Ferdinand K. Constantino
Title: Director

By: 
Name: Alfredo S. Panlilio
Title: Senior Vice President and Head, Customer Retail Service and Marketing

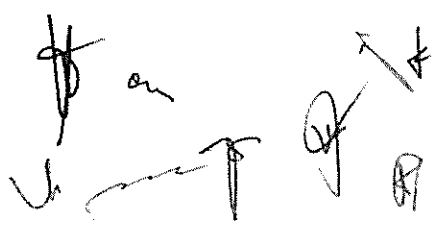
By: 
Name: Elenita D. Go
Title: General Manager

WITNESSED BY:

WITNESSED BY:

By: 
Name: Ciprinilo C. Meneses
Title: Head, Energy Sourcing Office

By: 
Name: Alberto B. Reyes III
Title: Manager, Utility Economics



ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) s.s.

BEFORE ME, a Notary Public for and in Pasig City, Philippines, this APR 27 2016, personally appeared:

Name	Personal Identification	Date/Place Issued
RONNIE L. APERCOCHO	PASSPORT ID #/ No. EB9627487	MANILA / EXP. NOV. 19, 2018
ALFREDO S. PANTILIO	PASSPORT ID #/ No. EB5654502	DFA MANILA / EXP. JUN. 14, 2017
FERDINAND K. CONSTANTINO	PASSPORT ID #/ No. EB5297021	DFA MANILA / EXP. MAY 3, 2017
ELLEN D. GO	PASSPORT ID #/ No. EB 7372716	DFA MANILA / EXP. FEB 12, 2018

all known to me and to me known to be the same persons who executed the foregoing instrument for and in behalf of their respective corporations, and they acknowledged before me that the same is their free and voluntary act and deed, as well as that of their respective corporations, and that they are duly authorized to sign, execute and deliver the same.

This instrument consists of 112 pages, including this page on which this Acknowledgment is written, and Appendices A to G, which are attached to this Power Supply Agreement, and all pages have been signed by the parties and their instrumental witnesses on each and every page hereof and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and the place first above-written.

Doc. No: 322 ;
Page No: 67 ;
Book No: I ;
Series of 2016.

ATTY. RAYMOND B. YAP
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on April 6, 2015 at Pasig City
until December 31, 2016
Roll No. 55899; IBP No. 1023728; 01/08/16; Capiz
PTR No. 1473414; 01/21/16; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

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Name	Personal Identification	Date/Place Issued

Appendix A PLANT DESCRIPTION and SITE LOCATION

1. PLANT DESCRIPTION

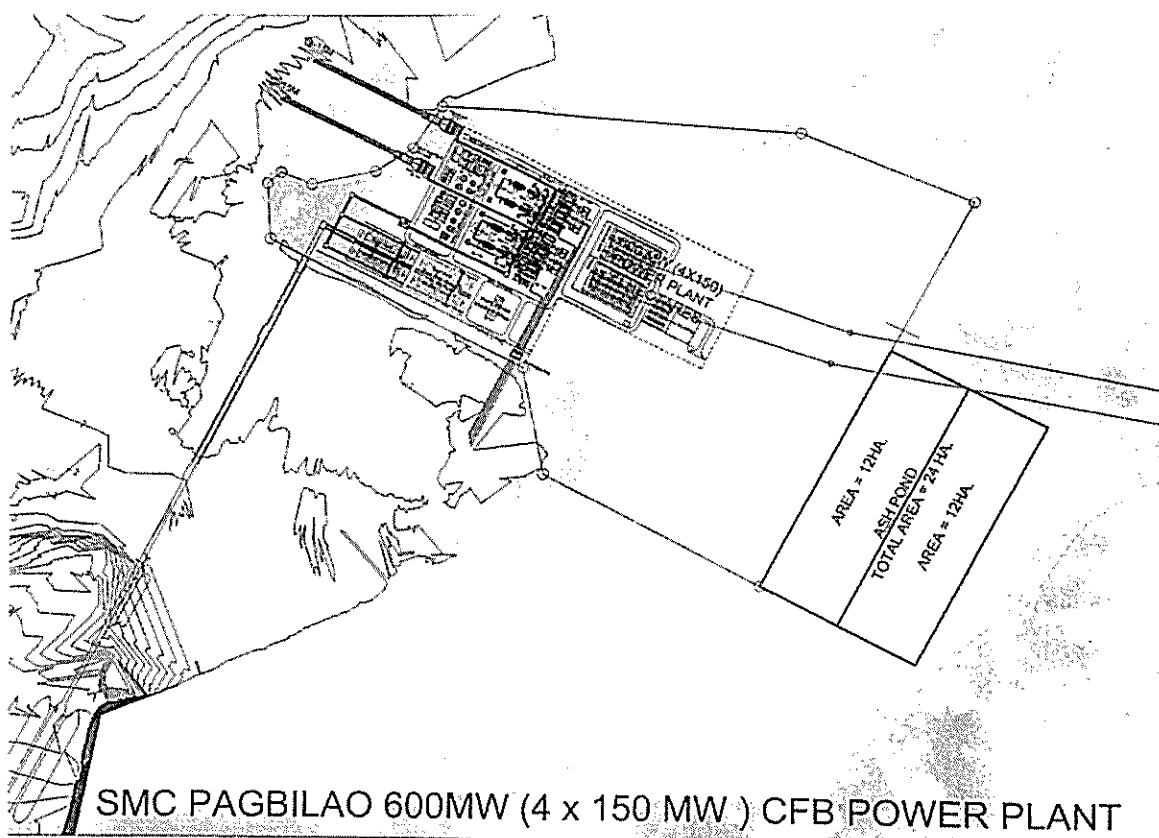
The Plant pertains to Units 1, 2, 3 and 4 with a total gross capacity of 600 MW of the Pagbilao Power Plant Project, more particularly described as follows:

Nameplate Capacity	:	150 MW for each of Units 1, 2, 3 and 4 (600 MW Gross)
Fuel Used	:	Coal – Normal Operation
		Diesel Oil – Start-up and Emergency
Type	:	Circulating Fluidized Bed (CFB)

2. SITE LOCATION

The Plant is located in Barangay Ibabang Polo, Pagbilao, Quezon.

3. SITE LAYOUT AREA



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Appendix B
TECHNICAL LIMITS

1 DEFINITIONS

All capitalized terms used herein shall have the meaning given to them in Article 1 of this Agreement, except as otherwise defined herein.

2 TECHNICAL LIMITS

Technical Parameter	Technical Limit
Design capacity / Name Plate Capacity (in MW)	150 MW for each of Units 1, 2 3 & 4 (total of 600 MW)
Net Dependable Capacity (in MW)	132 MW for each of Units 1, 2 3 & 4 (total of 528 MW)
Frequency Limits (Hertz)	59.7 – 60.3 Hertz
Voltage Limits (kV)	± 5% 0.95 p.u. – 1.05 p.u.
Reactive Power	67 MVar
Grid System Fault Level	To be determined later (c/o NGCP)
Critical Fault detection and Clearing Time Limits	To be determined later (c/o NGCP)
Start-up times (in minutes)* (Times from light off)	
a. Ambient Cold Start (time required for Boiler hot clean - up is not included)	902 minutes
b. Cold Start	902 minutes
c. Warm Start	413 minutes
d. Hot Starts	209 minutes
Dispatch Ramp Rates* (MW/min)	
a. 15% L – 40% L	Cold condition: Ramp rate, 0.2% / min = 300kW/min
	Hot condition: Ramp rate, 0.4% / min = 600kW/min
b. 40% L – 60% L	Cold condition: Ramp rate, 0.3% / min = 450kW/min
c. 40% L – 60% L	Cold condition: Ramp rate, 0.5% / min = 750kW/min
	Hot condition: Ramp rate, 0.7% / min = 1050kW/min
Pmin* (in MW gross)	4 x 45 MW (180 MW)

* To be confirmed at Commercial Operations Date

[Handwritten signatures and initials]

Appendix C
DOCUMENTS TO BE DELIVERED BY THE PARTIES

PART ONE: Documents to be delivered by Power Supplier to Meralco

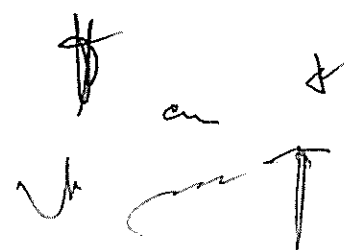
1. Latest Articles of Incorporation, By-Laws and Certificate of Incorporation (or other constitutional document) of Power Supplier.
2. Resolution of the board of directors of Power Supplier, approving the terms of, and authorizing the performance of the transactions contemplated by, this Agreement and resolving that it execute, sign and deliver this Agreement and all other documents in connection therewith.
3. Certificate from an authorized representative of the Power Supplier certifying that each copy document specified in this Part 1 of Appendix C relating to the Power Supplier is correct, complete, and in full force and effect as of Effective Date.
4. A certificate dated no earlier than two (2) Days prior to the Effective Date from Power Supplier in favour of Meralco that the representations and warranties of Power Supplier contained in this Agreement are true and correct and shall remain true and correct in all material respects on and as of the Effective Date.

PART TWO: Documents to be delivered by Meralco to Power Supplier

1. Latest Articles of Incorporation, By-Laws and Certificate of Incorporation (or other constitutional document) of Meralco.
2. Resolution of the board of directors of Meralco approving the terms of, and authorizing the performance of the transactions contemplated by, this Agreement and resolving that it execute, sign and deliver this Agreement and all other documents in connection therewith.
3. Certificate from an authorized representative of Meralco certifying that each copy document specified in this Part 2 of Appendix C relating to Meralco is correct, complete and in full force and effect as of the Effective Date.
4. A certificate dated no earlier than two (2) Days prior to the proposed Effective Date from Meralco in favor of Power Supplier that the representations and warranties of Meralco contained in this Agreement are true and correct and shall remain true and correct in all material respects on and as of the Effective Date.
5. Copy of Certificate of Public Convenience and Necessity.

PART THREE: Documents to be provided by Power Supplier to Support ERC Application

1. Latest Articles of Incorporation, By-Laws and Certificate of Incorporation (or other constitutional document)
2. SEC Certificate of Registration of the said Articles
3. Latest General Information Sheet of Power Supplier

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4. Certificate of Registration of Power Supplier with the BOI, if available.
5. Environmental Compliance Certificate issued by the DENR to Power Supplier [or Application to DENR]
6. Other Information required by ERC from Power Supplier:
 - a. Expectations of Sources of Funds/Financial Plans
 - (i) Debt/Equity Ratio
 - (ii) Project Cost
 - (iii) Annual Interest
 - (iv) Computation of ROI/WACC
 - (v) Bank/Lending Institution letter specifying the expected principal amortization, term and interest
 - b. Purchased Power Rate
 - (i) Breakdown of the base price expectations and assumptions of Operation and Maintenance, Capacity Fee, Fixed Operating Fee, Variable Operating Fee, and Energy Fee (provide computations)
 - (ii) Sample computation of power rates with the supporting documents on the assumptions taken
 - (iii) If applicable, basis/rationale of indexation and estimated levels of indexation
 - c. Cash Flow specifying estimates of the following:
 - (i) Initial costs and
 - (ii) Breakdown of Operating and Maintenance Expenses
 - (iii) Details on the procurement process of fuel including requests for proposals, proposals received, and ranking of proposal terms, etc.
7. Copy of agreements related to the construction, development, operation, and maintenance of the Plant (i.e. Transmission Service Agreement, Interconnection Agreement, Fuel Supply Agreement, etc., if available and, in any case, with commercially sensitive information redacted or omitted).

Appendix D
CALCULATION OF PAYMENT

1. DEFINITIONS

All capitalized terms used herein shall have the meanings given to them in Article 1 of this Agreement except as otherwise defined herein.

2. PAYMENT

The Monthly Power Bill (MPB) will be the payment to be made to the Power Supplier in each Billing Period for the Contract Capacity and Associated Energy. Each Unit of the Plant will have its own MPB during its Term. It shall consist of Capacity Payments and Energy Payments, and Other Payments. The Capacity Payments consist of Monthly Capital Recovery Payment (MCRP) and Monthly Fixed O&M Payment (MFOMP). The Energy Payments consist of Monthly Fuel Payment (MFP) and Monthly Variable O&M Payment (MVOMP). The Other Payments consist of Replacement Energy Payment (REP), Start-up Charge Payment (SCP), Supplemental Payment (SP) and the applicable Value Added Tax (VAT). Thus, the Monthly Power Bill of each Unit of the Plant will be:

$$\text{MPB} = \text{MCRP} + \text{MFOMP} + \text{MFP} + \text{MVOMP} + \text{REP} + \text{SCP} + \text{SP} + \text{VAT}$$

A sample calculation of the payment is set forth in Schedule 3 of this Appendix D.

Capacity Payments

A. Monthly Capital Recovery Payment

MCRP shall cover the Capital Recovery Payment of each Unit of the Plant in Philippine Pesos for each Billing Period and shall be calculated based on the following formula:

$$\text{MCRP} = \text{CC}_{\text{UNIT}} * \text{CRF}_{\text{DAY}} * \text{EDAM}_{\text{UNIT}}$$

Where:

MCRP = the Monthly Capital Recovery Payment for Contract Capacity of each Unit of the Plant in the Billing Period in Philippine Pesos.

CC_{UNIT} = Contract Capacity of each Unit of the Plant.

CRF_{DAY} = the Capital Recovery Fee in PHP/kW-day calculated as:

$$\text{CRF}_{\text{DAY}} = (\text{CRF}_{\text{ADJ}} * 12) / \text{TEDA}_{\text{UNIT}}$$

Where:

$$CRF_{ADJ} = CRF_{BASE} * (FX_{COD} / FX_{BASE})$$

CRF_{BASE} = the Monthly Capital Recovery Fee in
 PHP/kW-month,
 as specified in Schedule 1 of this Appendix D.

FX_{BASE} = the Peso - Dollar exchange rate (Forex Base) set forth
 in Schedule 1 of this Appendix D.

FX_{COD} = as determined in Schedule 5 of this Appendix D.

$TEDA_{UNIT}$ = the Target Full Load Equivalent Days of
 Availability

for the Contract Year of each Unit of the Plant as
 determined by the number of Days in the Contract
 Year (CYD), less Meralco's Annual Full Load
 Equivalent Cumulative Outage Allowance Days
 (COA_{UNIT}) of each Unit of the Plant as stated in
 Section 1.1 of this Agreement and by formula:

$$TEDA_{UNIT} = CYD - COA_{UNIT}$$

Where:

CYD = 365 Days (non-leap
 year).

= 366 Days (leap year).

COA_{UNIT} = 30 Days.

$EDAM_{UNIT}$ = the Full Load Equivalent Days of Availability achieved by each
 Unit of the Plant in the Billing Period during Days in the Billing
 Period, calculated as the Gross Full Load Equivalent Days of
 Availability ($GEDAM_{UNIT}$), less the adjustment in Days of
 availability due to unutilized outage allowances, whenever
 ($EDA_{A(M-1),UNIT} + GEDAM_{UNIT}$) exceeds ($TEDA_{UNIT} -$
 $FMOTA_{UNIT}$) calculated as follows:

$$EDAM_{UNIT} = GEDAM_{UNIT} - AADU_{UNIT}$$

Where:

$GEDAM_{UNIT}$ = the Gross Full Load Equivalent Days of
 Availability achieved in the relevant Billing
 Period during Days in the Billing Period,
 calculated as the number of Days in the Billing
 Period, less the Full Load Equivalent

Outage Days Taken ($COAM_{UNIT}$) by the Unit of

Cumulative

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the Plant during the Billing Period, less the Full Load Equivalent Force Majeure Outage Days Taken (FMOT_{M,UNIT}) by the Unit of the Plant during the Billing Period, calculated as follows:

$$GEDA_{M,UNIT} = BPD - COA_{M,UNIT} - OT_{X,UNIT} - FMOT_{M,UNIT}$$

Where:

BPD = the number of Days in the Billing Period.

COA_{M,UNIT} = Full Load Equivalent Cumulative Outage Days Taken by each Unit of the Plant during the Billing Period in excess of the Full Load Equivalent Aggregate Allowance Days.

OT_{X,UNIT} = Full Load Equivalent Outage Days Taken by each Unit of the Plant during the Billing Period in excess of the Full Load Equivalent Cumulative Allowance Days.

FMOT_{M,UNIT} = Full Load Equivalent Force Majeure Outage Days Taken by each Unit of the Plant during the Billing Period in accordance with Article 16 of this Agreement.

AADU_{UNIT} = the adjustment in Days of availability due to unutilized outage allowances whenever (EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) exceeds (TEDA_{UNIT} - FMOT_{A,UNIT}) calculated as follows:

If (EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) ≥ (TEDA_{UNIT} - FMOT_{A,UNIT}), then:

$$AADU_{UNIT} = (EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) - (TEDA_{UNIT} - FMOT_{A,UNIT})$$

If $(EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) < (TEDA_{UNIT} - FMOT_{A,UNIT})$, then:

$$AADU_{UNIT} = 0$$

Where:

$EDA_{A(M-1),UNIT}$ = the cumulative Full Load Equivalent Days of Availability for the Contract Year at the end of the previous Billing Period.

$GEDA_{M,UNIT}$ = as previously defined.

$FMOT_{A,UNIT}$ = the cumulative Full Load Equivalent Force Majeure Outage Days Taken for the Contract Year as of the relevant Billing Period.

For the avoidance of doubt, the computation of **Full Load Equivalent Outage Days Taken** ($OT_{M,UNIT}$) of each Unit is based on the Contract Capacity of each Unit.

The following example illustrates the computation of Full Load Equivalent Outage Days Taken of each Unit in cases of outages by Power Supplier. This applies also to Full Load Equivalent Force Majeure Days Taken by each Unit:

Example: A forced outage on Unit 1 reduced Unit 1's available capacity to 100 MW over the first hour, then to 80 MW over the next two hours. At the same time, a different forced outage on Unit 2 also reduced Unit 2's available capacity to 70 MW over the first hour, then to 50 MW over the next two hours.

Full Load Equivalent Outage Days Taken by each Unit:

$$\begin{aligned} OT_{M,UNIT1} &= \{[(132 - 100) * 1] / [132 * 24]\} + \{[(132 - 80) * 2] / [132 * 24]\} \\ &= 0.010101 + 0.032828 \\ &= 0.042929 \text{ Full Load Equivalent Outage Days Taken by Unit 1} \end{aligned}$$

$$\begin{aligned} OT_{M,UNIT2} &= \{[(132 - 70) * 1] / [132 * 24]\} + \{[(132 - 50) * 2] / [132 * 24]\} \\ &= 0.019571 + 0.051768 \\ &= 0.071338 \text{ Full Load Equivalent Outage Days Taken by Unit 2} \end{aligned}$$

B. Monthly Fixed O&M Payment

MFOMP shall cover the Fixed O&M Payment of each Unit of the Plant in Philippine Pesos for the Billing Period and shall be calculated based on the following formula:

$$\text{MFOMP} = \text{CC}_{\text{UNIT}} * [\text{FOM}_{\text{DAY}} * (\text{PCPI}_{\text{CURRENT}} / \text{PCPI}_{\text{BASE}})] * \text{EDAM}_{\text{UNIT}}$$

Where:

MFOMP = the Monthly Fixed O&M Payment of each Unit of the Plant for the Billing Period in Philippine Pesos.

CC_{UNIT} = as previously defined.

FOM_{DAY} = the Fixed O&M Fee in PHP/kW-day calculated as:

$$\text{FOM}_{\text{DAY}} = (\text{FOM}_{\text{BASE}} * 12) / \text{TEDA}_{\text{UNIT}}$$

Where:

FOM_{BASE} = the Monthly Fixed O&M Fee in PHP/kW-month, as agreed upon by Power Supplier and Meralco and set forth in Schedule I of this Appendix D.

TEDA_{UNIT} = as previously defined.

PCPI_{CURRENT} = the Philippine Consumer Price Index for All Income Households In the Philippines-All Items (2006=100) as posted by the Philippine National Statistics Office for the calendar month within which the start of the current Billing Period occurs.

PCPI_{BASE} = the Philippine Consumer Price Index for All Income Households In the Philippines-All Items (2006=100) as posted by the Philippine National Statistics Office for the calendar month of April 2015, as agreed upon by Power Supplier and Meralco and set forth in Schedule I of this Appendix D.

EDAM_{UNIT} = as previously defined.

Energy Payments**C. Monthly Fuel Payment**

MFP shall cover the Fuel Payment of each Unit of the Plant in Philippine Pesos for the Billing Period and shall be calculated based on the following formula:

$$\text{MFP} = [(\text{Fuel Cost}_{\text{UNIT}} + \text{Freight Cost}_{\text{UNIT}}) / 1,000] * \text{CR}_{\text{UNIT}} * \text{FX}_{\text{CURRENT}} * \text{AE}_{\text{UNIT}}$$

Where:

MFP = the Monthly Fuel Payment of each Unit of the Plant for the Billing Period in Philippine Pesos.

Fuel Cost_{UNIT} = the Fuel Cost in USD/MT of each Unit of the Plant calculated as:

$$\text{Fuel Cost}_{\text{UNIT}} = \text{Fuel Cost}_{\text{BASE}} * (\text{NEWC}_{\text{CURRENT}} / \text{NEWC}_{\text{BASE}})$$

Where:

Fuel Cost_{BASE} = the Base Blended Cost in USD/MT, as agreed upon by Power Supplier and Meralco and set forth in Schedule 1 of this Appendix D.

NEWC_{CURRENT} = the Monthly Newcastle Index in USD/MT as posted by globalCOAL on the website www.globalcoal.com for the calendar month in which the start of the Billing Period occurs.

NEWC_{BASE} = the Base Monthly Newcastle Index in USD/MT, as agreed upon by Power Supplier and Meralco and set forth in Schedule 1 of this Appendix D.

In the event that the Newcastle Index (a) becomes unavailable, (b) is replaced by a new benchmark rate as determined by Bloomberg, its successor-in-interest, (c) ceases to exist, or (d) in the reasonable determination of either Party, fails to reflect the real cost of the Fuel Cost and forming an integral part of this price

mechanism, the Parties shall agree to adopt a new index.

Freight Cost_{UNIT} = actual freight/transport costs in USD/MT associated to each Unit of the Plant which includes but not limited to port charges, fuel insurance, wharfage fees, excise tax, handling, customs brokerage fees, custom duties, stevedores and arrastre costs, tuggage costs, survey fee, towage, pilotage, light dues, mooring and unmooring, berthing and de-berthing, and tonnage dues and sundries on the coal used during the current Billing Period. Freight costs shall include all other existing and future taxes, fees, imposts and other charges that may be imposed on the transport of coal.

Power Supplier shall endeavor to procure coal from Indonesia. In the event any law shall prohibit the Indonesian Government to export coal outside Indonesia or the Philippine Government to prohibit importation of coal from Indonesia, the freight shall then be capped at cost of transport from Australia.

CR_{UNIT} = actual coal consumption rate of each Unit of the Plant, stated in kg/kWh calculated as follows:

CR_{UNIT} = **HR_{UNIT}** / **NCV_{UNIT}**

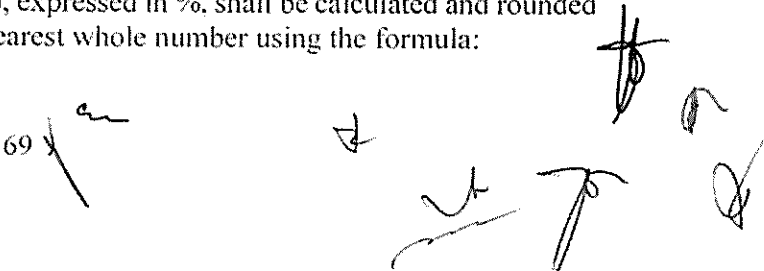
Where:

HR_{UNIT} = the applicable heat rate value of the Unit of the Plant, in kilocalories per kilowatt-hour (kCal/kWh), based on the initial annual Guaranteed Net Plant Heat Rate (**GNPHR_{INITIAL}**) and the final annual Guaranteed Net Plant Heat Rate (**GNPHR_{FINAL}**), as applicable

GNPHR_{INITIAL} = initial annual Guaranteed Net Plant Heat Rate test rate results of the first Unit applicable from the Operations Effective Date (Unit 1) until the Billing Period immediately prior to the Operations Effective Date (Unit 4)

GNPHR_{FINAL} = final annual Guaranteed Net Plant Heat Rate determined by taking the average of the net plant heat rate test results of all the four Units, applicable upon Operations Effective Date (Unit 4) and until the end of the Term of this Agreement.

GNPHR is the heat rate value of the Unit of the Plant corresponding to each Load Factor as provided in the Heat Rate Table shown in Schedule 2 of this Appendix D. Load Factor (**LF**), expressed in %, shall be calculated and rounded off to the nearest whole number using the formula:

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$$LF = AE_{UNIT} / [CC_{UNIT} * 24 * EDAM_{UNIT}]$$

Where:

AE_{UNIT} = as previously defined

CC_{UNIT} = as previously defined.

$EDAM_{UNIT}$ = as previously defined.

NCV_{UNIT} = weighted average net calorific value of coal consumed during

the Billing Period by the Unit of the Plant, stated in kCal/kg.

$FX_{CURRENT}$ = the average daily exchange rate of the Philippine Peso to the US Dollar as posted by the Bangko Sentral ng Pilipinas for the calendar month within which the start of the current Billing Period occurs.

AE_{UNIT} = as previously defined.

D. Monthly Variable O&M Payment

MVOMP shall cover the Variable O&M Payment of each Unit of the Plant in Philippine Pesos for the Billing Period and shall be calculated based on the following formula:

$$MVOMP = \{ [VOM_{BASE} * 0.40 * (USCPI_{CURRENT} / USCPI_{BASE}) * (FX_{CURRENT} / FX_{BASE})] + [VOM_{BASE} * 0.60 * (PCPI_{CURRENT} / PCPI_{BASE})] \} * AE_{UNIT}$$

Where:

$MVOMP$ = the Monthly VOM Payment of each Unit of the Plant for the Billing Period in Philippine Pesos.

VOM_{BASE} = the Variable Operation and Maintenance Fee in PHP/kWh, as agreed upon by Power Supplier and Meralco and set forth in Schedule L of this Appendix D.

$USCPI_{CURRENT}$ = US Consumer Price Index for All Urban Consumers– All Items (1982-84=100) as posted by the US Bureau of Labor Statistics for the calendar month within which the start of the current Billing Period occurs.

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USCPI_{BASE} = US Consumer Price Index for All Urban Consumers- All Items (1982-84=100) as posted by the US Bureau of Labor Statistics for the calendar month of April 2015, as agreed upon by Power Supplier and Meralco and set forth in Schedule 1 of this Appendix D.

FX_{CURRENT} = as previously defined.

FX_{BASE} = as previously defined.

PCPI_{CURRENT} = as previously defined.

PCPI_{BASE} = as previously defined.

AE_{UNIT} = as previously defined.

Other Payments

E. Replacement Energy Payment

REP shall cover the cost of Replacement Energy of each Unit of the Plant pursuant to Section 8.1.3. Such payment shall be in Philippine Pesos and shall be calculated based on the following formula:

$$REP = \sum_{i=1}^{BPD} \sum_{j=1}^{Interval} (RE_{ij} \cdot RC_{ij})$$

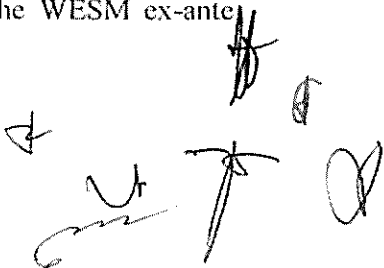
Where:

REP = the Monthly Replacement Energy Payment of each Unit of the Plant for the Billing Period in Philippine Pesos.

RE_{ij} = Replacement Energy delivered by each Unit of the Plant at interval i and Day j stated in kWh, subject to the conditions of Section 8.1.3 of this Agreement.

RC_{ij} = cost of Replacement Energy delivered at interval i and Day j, stated in PHP/kWh priced in accordance to Section 8.1.3 of this Agreement wherein WESM price is the WESM ex-ante price

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billed at the Plant Node at interval i and Day j as
by the WESM.

BPD = as previously defined.

F. Start-up Charge Payment

SCP shall cover the cost of warm start-ups (WSC) and the cost of cold start-ups (CSC) of each Unit of the Plant that were caused by reasons requested by Meralco and shall be separate from the MFP and MVOMP. It shall be in Philippine Pesos and shall be calculated based on the following formula:

$$SCP = WSC_{UNIT} + CSC_{UNIT}$$

Where:

SCP = the Monthly Start-up Charge Payment of each Unit of the
Plant, if applicable, for the Billing Period in Philippine Pesos.

WSC_{UNIT} = the cost of warm start-ups (downtime of less than 8 Hours, maximum of 4 warm start-ups per Contract Year for each Unit of the Plant) in Philippine Pesos calculated as:

$$WSC_{UNIT} = 36,000 * LFO_{CURRENT}$$

Where:

LFO_{CURRENT} = the actual price of diesel oil in
PHP/liter as billed by Power
Supplier's fuel supplier of diesel
oil
applicable for the Billing Period.

CSC_{UNIT} = the cost of cold start-ups (downtime of 8 Hours or more, maximum of 2 cold start-ups per Contract Year for each Unit of the Plant) in Philippine Pesos calculated as:

$$CSC_{UNIT} = 130,000 * LFO_{CURRENT}$$

Where:

LFO_{CURRENT} = as previously defined.

G. Supplemental Payment

SP shall represent the equivalent premium paid for the Performance Security and shall be equivalent to PHP 0.73/kW-month applied to Contract Capacity.

H. VAT Payment

VAT is any value-added tax imposed on Power Supplier for Contract Capacity and Associated Energy and Replacement Power in accordance with Philippine tax Laws.

SCHEDULE 1

BASE RATES

Base Capital Recovery Fee*	PHP/kW-month	1,022.8652
Base Fixed O&M Fee	PHP/kW-month	238.1533
Base Variable O&M Fee	PHP/kWh	0.2702
Base Fuel Cost	USD/MT	41.18
Base Newcastle	USD/MT	58.55
Base Forex	PHP/USD	44.4140
Base PH CPI (2006=100) (April 2015)		141.300
Base US CPI (1982-1984=100) (April 2015)		236.599

* To make allowance for changes in foreign exchange rates after the date of this Agreement, a one-time downward adjustment to the Base Capital Recovery Fee shall occur upon Commercial Operations Date of Unit 4 subject to the following formula:

$$CRF = [(CRF_{BASE} - 331.6865) * (FX_{COD} / FX_{BASE})] + 331.6865$$

Where:

CRF= the Capital Recovery Fee, in PHP/kW-month applicable throughout the Term of the Agreement.

FX_{con} = weighted average of the USD-PHP PDS closing rate at Invoice Payment date during the construction period until Commercial Operations Date (Unit 4). (See sample calculation in Schedule 5).

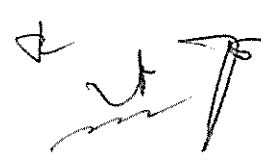
*FX_{cod} shall not exceed PHP 48.000 per USD.

SCHEDULE 2

+HEAT RATE TABLE

Note: Tabulated values are based on plant design parameters at High Heating Value and are subject for confirmation and or adjustment depending on the actual guarantee performance test results during the plant testing and commissioning.

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Contract Year	1	2	3	4	5	6	7	8	9	10
Plant Load	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh
100.00%	2,752	2,759	2,766	2,780	2,752	2,759	2,766	2,779	2,752	2,759
99.00%	2,754	2,760	2,767	2,781	2,753	2,760	2,767	2,781	2,753	2,760
98.00%	2,755	2,762	2,769	2,783	2,755	2,762	2,769	2,783	2,755	2,762
97.00%	2,757	2,764	2,771	2,785	2,757	2,764	2,771	2,785	2,757	2,764
96.00%	2,759	2,766	2,773	2,787	2,759	2,766	2,773	2,787	2,759	2,766
95.00%	2,761	2,768	2,775	2,789	2,761	2,768	2,775	2,789	2,761	2,768
94.00%	2,763	2,770	2,777	2,791	2,763	2,770	2,777	2,791	2,763	2,770
93.00%	2,766	2,773	2,779	2,793	2,765	2,772	2,779	2,793	2,765	2,772
92.00%	2,768	2,775	2,782	2,796	2,768	2,775	2,781	2,795	2,767	2,774
91.00%	2,770	2,777	2,784	2,798	2,770	2,777	2,784	2,798	2,770	2,777
90.00%	2,772	2,779	2,786	2,800	2,772	2,779	2,786	2,800	2,772	2,779
89.00%	2,775	2,782	2,789	2,803	2,775	2,782	2,789	2,802	2,774	2,781
88.00%	2,777	2,784	2,791	2,805	2,777	2,784	2,791	2,805	2,777	2,784
87.00%	2,780	2,787	2,794	2,808	2,780	2,787	2,793	2,807	2,779	2,786
86.00%	2,782	2,789	2,796	2,810	2,782	2,789	2,796	2,810	2,782	2,789
85.00%	2,785	2,792	2,799	2,813	2,785	2,792	2,799	2,813	2,785	2,792
84.00%	2,788	2,795	2,802	2,816	2,787	2,794	2,801	2,815	2,787	2,794
83.00%	2,790	2,797	2,804	2,818	2,790	2,797	2,804	2,818	2,790	2,797
82.00%	2,793	2,800	2,807	2,821	2,793	2,800	2,807	2,821	2,793	2,800
81.00%	2,796	2,803	2,810	2,824	2,796	2,803	2,810	2,824	2,796	2,803
80.00%	2,799	2,806	2,813	2,827	2,799	2,806	2,813	2,827	2,799	2,806
79.00%	2,802	2,809	2,816	2,830	2,802	2,809	2,816	2,830	2,802	2,809
78.00%	2,805	2,812	2,819	2,833	2,805	2,812	2,819	2,833	2,805	2,812
77.00%	2,808	2,815	2,822	2,836	2,808	2,815	2,822	2,836	2,808	2,815
76.00%	2,811	2,818	2,825	2,840	2,811	2,818	2,825	2,839	2,811	2,818
75.00%	2,815	2,822	2,829	2,843	2,814	2,821	2,828	2,843	2,814	2,821
74.00%	2,818	2,825	2,832	2,846	2,818	2,825	2,832	2,846	2,818	2,825
73.00%	2,821	2,828	2,835	2,850	2,821	2,828	2,835	2,849	2,821	2,828
72.00%	2,825	2,832	2,839	2,853	2,824	2,832	2,839	2,853	2,824	2,831
71.00%	2,828	2,835	2,842	2,857	2,828	2,835	2,842	2,856	2,828	2,835
70.00%	2,832	2,839	2,846	2,860	2,831	2,839	2,846	2,860	2,831	2,838
69.00%	2,835	2,842	2,849	2,864	2,835	2,842	2,849	2,864	2,835	2,842
68.00%	2,839	2,846	2,853	2,867	2,839	2,846	2,853	2,867	2,839	2,846
67.00%	2,843	2,850	2,857	2,871	2,842	2,850	2,857	2,871	2,842	2,849
66.00%	2,846	2,854	2,861	2,875	2,846	2,853	2,860	2,875	2,846	2,853
65.00%	2,850	2,857	2,865	2,879	2,850	2,857	2,864	2,879	2,850	2,857

EXECUTION VERSION

Contract Year	1	2	3	4	5	6	7	8	9	10
Plant Load	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh
64.00%	2,854	2,861	2,868	2,883	2,854	2,861	2,868	2,883	2,854	2,861
63.00%	2,858	2,865	2,872	2,887	2,858	2,865	2,872	2,887	2,858	2,865
62.00%	2,862	2,869	2,876	2,891	2,862	2,869	2,876	2,891	2,862	2,869
61.00%	2,866	2,873	2,881	2,895	2,866	2,873	2,880	2,895	2,866	2,873
60.00%	2,870	2,878	2,885	2,899	2,870	2,877	2,884	2,899	2,870	2,877
59.00%	2,875	2,882	2,889	2,903	2,874	2,882	2,889	2,903	2,874	2,881
58.00%	2,879	2,886	2,893	2,908	2,879	2,886	2,893	2,907	2,878	2,886
57.00%	2,883	2,890	2,898	2,912	2,883	2,890	2,897	2,912	2,883	2,890
56.00%	2,887	2,895	2,902	2,916	2,887	2,894	2,902	2,916	2,887	2,894
55.00%	2,892	2,899	2,906	2,921	2,892	2,899	2,906	2,921	2,892	2,899
54.00%	2,896	2,904	2,911	2,925	2,896	2,903	2,911	2,925	2,896	2,903
53.00%	2,901	2,908	2,915	2,930	2,901	2,908	2,915	2,930	2,901	2,908
52.00%	2,906	2,913	2,920	2,935	2,905	2,913	2,920	2,935	2,905	2,912
51.00%	2,910	2,918	2,925	2,939	2,910	2,917	2,925	2,939	2,910	2,917
50.00%	2,915	2,922	2,930	2,944	2,915	2,922	2,929	2,944	2,915	2,922
49.00%	2,920	2,927	2,934	2,949	2,920	2,927	2,934	2,949	2,919	2,927
48.00%	2,925	2,932	2,939	2,954	2,924	2,932	2,939	2,954	2,924	2,932
47.00%	2,930	2,937	2,944	2,959	2,929	2,937	2,944	2,959	2,929	2,937
46.00%	2,935	2,942	2,949	2,964	2,934	2,942	2,949	2,964	2,934	2,941
45.00%	2,940	2,947	2,954	2,969	2,939	2,947	2,954	2,969	2,939	2,947
44.00%	2,945	2,952	2,959	2,974	2,945	2,952	2,959	2,974	2,944	2,952
43.00%	2,950	2,957	2,965	2,979	2,950	2,957	2,964	2,979	2,949	2,957
42.00%	2,955	2,962	2,970	2,985	2,955	2,962	2,970	2,985	2,955	2,962
41.00%	2,960	2,968	2,975	2,990	2,960	2,968	2,975	2,990	2,960	2,967
40.00%	2,966	2,973	2,981	2,995	2,966	2,973	2,980	2,995	2,965	2,973
39.00%	2,971	2,979	2,986	3,001	2,971	2,978	2,986	3,001	2,971	2,978
38.00%	2,977	2,984	2,991	3,006	2,976	2,984	2,991	3,006	2,976	2,984
37.00%	2,982	2,990	2,997	3,012	2,982	2,989	2,997	3,012	2,982	2,989
36.00%	2,988	2,995	3,003	3,018	2,987	2,995	3,002	3,017	2,987	2,995
35.00%	2,993	3,001	3,008	3,023	2,993	3,001	3,008	3,023	2,993	3,000
34.00%	2,999	3,007	3,014	3,029	2,999	3,006	3,014	3,029	2,999	3,006
33.00%	3,005	3,012	3,020	3,035	3,005	3,012	3,020	3,035	3,004	3,012
32.00%	3,011	3,018	3,026	3,041	3,010	3,018	3,025	3,041	3,010	3,018
31.00%	3,016	3,024	3,032	3,047	3,016	3,024	3,031	3,047	3,016	3,024
30.00%	3,022	3,030	3,038	3,053	3,022	3,030	3,037	3,053	3,022	3,030

Contract Year	11	12	13	14	15	16	17	18	19	20	21
Plant Load	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh
100.00%	2,765	2,779	2,754	2,761	2,767	2,781	2,758	2,765	2,772	2,786	2,765
99.00%	2,767	2,781	2,755	2,762	2,769	2,783	2,760	2,767	2,773	2,787	2,766
98.00%	2,769	2,783	2,757	2,764	2,771	2,785	2,762	2,768	2,775	2,789	2,768
97.00%	2,771	2,785	2,759	2,766	2,773	2,787	2,763	2,770	2,777	2,791	2,770
96.00%	2,773	2,787	2,761	2,768	2,775	2,789	2,765	2,772	2,779	2,793	2,772
95.00%	2,775	2,789	2,763	2,770	2,777	2,791	2,767	2,774	2,781	2,795	2,774
94.00%	2,777	2,791	2,765	2,772	2,779	2,793	2,770	2,776	2,783	2,797	2,776
93.00%	2,779	2,793	2,767	2,774	2,781	2,795	2,772	2,779	2,786	2,800	2,778
92.00%	2,781	2,795	2,769	2,776	2,783	2,797	2,774	2,781	2,788	2,802	2,781
91.00%	2,784	2,797	2,772	2,779	2,786	2,800	2,776	2,783	2,790	2,804	2,783
90.00%	2,786	2,800	2,774	2,781	2,788	2,802	2,779	2,785	2,792	2,806	2,785
89.00%	2,788	2,802	2,776	2,783	2,790	2,804	2,781	2,788	2,795	2,809	2,788
88.00%	2,791	2,805	2,779	2,786	2,793	2,807	2,783	2,790	2,797	2,811	2,790
87.00%	2,793	2,807	2,781	2,788	2,795	2,809	2,786	2,793	2,800	2,814	2,793
86.00%	2,796	2,810	2,784	2,791	2,798	2,812	2,788	2,795	2,802	2,816	2,795
85.00%	2,799	2,813	2,787	2,794	2,801	2,815	2,791	2,798	2,805	2,819	2,798
84.00%	2,801	2,815	2,789	2,796	2,803	2,817	2,794	2,801	2,808	2,822	2,801
83.00%	2,804	2,818	2,792	2,799	2,806	2,820	2,797	2,804	2,811	2,825	2,803
82.00%	2,807	2,821	2,795	2,802	2,809	2,823	2,799	2,806	2,813	2,827	2,806
81.00%	2,810	2,824	2,798	2,805	2,812	2,826	2,802	2,809	2,816	2,830	2,809
80.00%	2,813	2,827	2,801	2,808	2,815	2,829	2,805	2,812	2,819	2,833	2,812
79.00%	2,816	2,830	2,804	2,811	2,818	2,832	2,808	2,815	2,822	2,836	2,815
78.00%	2,819	2,833	2,807	2,814	2,821	2,835	2,811	2,818	2,825	2,839	2,818
77.00%	2,822	2,836	2,810	2,817	2,824	2,838	2,814	2,821	2,828	2,843	2,821
76.00%	2,825	2,839	2,813	2,820	2,827	2,841	2,818	2,825	2,832	2,846	2,824
75.00%	2,828	2,842	2,816	2,823	2,830	2,845	2,821	2,828	2,835	2,849	2,828
74.00%	2,832	2,846	2,820	2,827	2,834	2,848	2,824	2,831	2,838	2,852	2,831
73.00%	2,835	2,849	2,823	2,830	2,837	2,851	2,827	2,835	2,842	2,856	2,834
72.00%	2,838	2,853	2,826	2,833	2,840	2,855	2,831	2,838	2,845	2,859	2,838
71.00%	2,842	2,856	2,830	2,837	2,844	2,858	2,834	2,841	2,849	2,863	2,841
70.00%	2,845	2,860	2,833	2,840	2,848	2,862	2,838	2,845	2,852	2,866	2,845
69.00%	2,849	2,863	2,837	2,844	2,851	2,865	2,842	2,849	2,856	2,870	2,848
68.00%	2,853	2,867	2,841	2,848	2,855	2,869	2,845	2,852	2,859	2,874	2,852
67.00%	2,856	2,871	2,844	2,851	2,859	2,873	2,849	2,856	2,863	2,877	2,856
66.00%	2,860	2,875	2,848	2,855	2,862	2,877	2,853	2,860	2,867	2,881	2,860
65.00%	2,864	2,878	2,852	2,859	2,866	2,881	2,857	2,864	2,871	2,885	2,863

Contract Year	11	12	13	14	15	16	17	18	19	20	21
Plant Load	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh	kCal/kWh
64.00%	2,868	2,882	2,856	2,863	2,870	2,884	2,860	2,868	2,875	2,889	2,867
63.00%	2,872	2,886	2,860	2,867	2,874	2,888	2,864	2,872	2,879	2,893	2,871
62.00%	2,876	2,890	2,864	2,871	2,878	2,893	2,868	2,876	2,883	2,897	2,875
61.00%	2,880	2,895	2,868	2,875	2,882	2,897	2,873	2,880	2,887	2,901	2,879
60.00%	2,884	2,899	2,872	2,879	2,886	2,901	2,877	2,884	2,891	2,906	2,884
59.00%	2,889	2,903	2,876	2,883	2,891	2,905	2,881	2,888	2,895	2,910	2,888
58.00%	2,893	2,907	2,880	2,888	2,895	2,909	2,885	2,892	2,900	2,914	2,892
57.00%	2,897	2,912	2,885	2,892	2,899	2,914	2,889	2,897	2,904	2,918	2,896
56.00%	2,902	2,916	2,889	2,896	2,904	2,918	2,894	2,901	2,908	2,923	2,901
55.00%	2,906	2,921	2,894	2,901	2,908	2,923	2,898	2,906	2,913	2,927	2,905
54.00%	2,911	2,925	2,898	2,905	2,913	2,927	2,903	2,910	2,917	2,932	2,910
53.00%	2,915	2,930	2,903	2,910	2,917	2,932	2,907	2,915	2,922	2,937	2,914
52.00%	2,920	2,934	2,907	2,915	2,922	2,936	2,912	2,919	2,927	2,941	2,919
51.00%	2,924	2,939	2,912	2,919	2,927	2,941	2,917	2,924	2,931	2,946	2,924
50.00%	2,929	2,944	2,917	2,924	2,931	2,946	2,921	2,929	2,936	2,951	2,928
49.00%	2,934	2,949	2,922	2,929	2,936	2,951	2,926	2,934	2,941	2,956	2,933
48.00%	2,939	2,954	2,926	2,934	2,941	2,956	2,931	2,938	2,946	2,961	2,938
47.00%	2,944	2,959	2,931	2,939	2,946	2,961	2,936	2,943	2,951	2,966	2,943
46.00%	2,949	2,964	2,936	2,944	2,951	2,966	2,941	2,948	2,956	2,971	2,948
45.00%	2,954	2,969	2,941	2,949	2,956	2,971	2,946	2,953	2,961	2,976	2,953
44.00%	2,959	2,974	2,946	2,954	2,961	2,976	2,951	2,959	2,966	2,981	2,958
43.00%	2,964	2,979	2,952	2,959	2,966	2,981	2,956	2,964	2,971	2,986	2,964
42.00%	2,969	2,984	2,957	2,964	2,972	2,986	2,962	2,969	2,976	2,991	2,969
41.00%	2,975	2,990	2,962	2,970	2,977	2,992	2,967	2,974	2,982	2,997	2,974
40.00%	2,980	2,995	2,967	2,975	2,982	2,997	2,972	2,980	2,987	3,002	2,979
39.00%	2,986	3,001	2,973	2,980	2,988	3,003	2,978	2,985	2,993	3,008	2,985
38.00%	2,991	3,006	2,978	2,986	2,993	3,008	2,983	2,991	2,998	3,013	2,990
37.00%	2,997	3,012	2,984	2,991	2,999	3,014	2,989	2,996	3,004	3,019	2,996
36.00%	3,002	3,017	2,989	2,997	3,004	3,019	2,994	3,002	3,009	3,024	3,001
35.00%	3,008	3,023	2,995	3,003	3,010	3,025	3,000	3,007	3,015	3,030	3,007
34.00%	3,014	3,029	3,001	3,008	3,016	3,031	3,006	3,013	3,021	3,036	3,013
33.00%	3,019	3,035	3,007	3,014	3,022	3,037	3,011	3,019	3,026	3,042	3,019
32.00%	3,025	3,040	3,012	3,020	3,027	3,043	3,017	3,025	3,032	3,048	3,025
31.00%	3,031	3,046	3,018	3,026	3,033	3,049	3,023	3,031	3,038	3,053	3,030
30.00%	3,037	3,052	3,024	3,032	3,039	3,055	3,029	3,037	3,044	3,059	3,036

SCHEDULE 3
SAMPLE CALCULATION

Agreed Values

Contract Capacity of the Unit (CC _{UNIT})	kW	132,000
Base Monthly Capacity Fee (CRF _{BASE})	PHP/kW-month	1,022.8652
Adjusted Monthly Capacity Fee (CRF)	PHP/kW-month	1,015.6654
Base Monthly Fixed O&M Fee (FOM _{BASE})	PHP/kW-month	238.1533
Full Load Equivalent Aggregate Outage Allowance (AOA _{UNIT})	Days	35
Full Load Equivalent Cumulative Outage Allowance (COA _{UNIT})	Days	30
Base Variable O&M Fee (VOM _{BASE})	PHP/kWh	0.2702
Base Fuel Cost (Fuel Cost _{BASE})	USD/MT	41.18
Base Newcastle Index (NEWC _{BASE})	USD/MT	58.55
Base PH CPI (PCPI _{BASE})	(2006=100)	141.300
Base US CPI (USCPI _{BASE})	(1982-1984=100)	236.599
Base Forex (FX _{BASE})	PHP/USD	44.414

Assumed Values

Contract Year		2023
Days in the Contract Year		365
Contract Effectivity		December 26, 2022
Billing Period		Dec 26, 2022 - Jan 25, 2023
Billing Period Days (BPD)	Days	31
Associated Energy (AE _{UNIT})	kWh	78,566.400
Aggregate Outage Days Taken during the Billing Period (AOA _{M,UNIT})	Days	0.00
Cumulative Outage Days Taken during the Billing Period (COA _{M,UNIT})	Days	0.00
Outage Days Taken in excess of COA _{UNIT} during the Billing Period (OT _{X,UNIT})	Days	0.00
Force Majeure Outage Days Taken during the Billing Period (FMOT _{M,UNIT})	Days	0.00
PCPI _{CURRENT}	(2006=100)	145.000
USCPI _{CURRENT}	(1982-1984=100)	240.000
NEWC _{CURRENT}	USD/MT	50.38
Freight Cost	USD/MT	5.90
Heat Rate (GNPHR) @ 80%LF (HR _{UNIT})	kCal/kWh	2,799.03
Net Caloric Value (NCV _{UNIT})	kCal/kg	4,675.00
FX _{COD}	PHP/USD	47.50
FX _{CURRENT}	PHP/USD	47.50

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MONTHLY CAPITAL RECOVERY PAYMENT

$$MCRP = CC_{UNIT} * CRF_{DAY} * EDA_{M,UNIT}$$

1. Calculation of $TEDA_{UNIT}$

$$\begin{aligned} TEDA_{UNIT} &= CYD - COA_{UNIT} \\ &= 365 - 30 \\ &= 335 \end{aligned}$$

2. Calculation of CRF_{DAY}

$$\begin{aligned} CRF_{DAY} &= (CRF_{ADJ} * 12) / TEDA_{UNIT} \\ &= (1,015.6654 * 12) / 335 \\ &= 36,3820 \text{ PHP/kW-day} \end{aligned}$$

3. Calculation of $EDA_{M,UNIT}$

$$EDA_M = 30 \text{ Days (See Schedule 4 of this Appendix D, No Outage)}$$

4. Calculation of MCRP

$$\begin{aligned} MCRP &= CC_{UNIT} * CRF_{DAY} * EDA_{M,UNIT} \\ &= 132,000 * 36,3820 * 31 \\ MCRP &= \text{PHP } 148,875,324.78 \end{aligned}$$

MONTHLY FIXED O&M PAYMENT

$$MFOMP = CC_{UNIT} * [FOM_{DAY} * (PCPI_{CURRENT} / PCPI_{BASE})] * EDA_{M,UNIT}$$

1. Calculation of FOM_{DAY}

$$\begin{aligned} FOM_{DAY} &= (FOM_{BASE} * 12) / TEDA_{UNIT} \\ &= (238.1533 * 12) / 335 \\ &= 8,5309 \text{ PHP/kW-day} \end{aligned}$$

2. Calculation of $EDA_{M,UNIT}$

$$EDA_M = 30 \text{ Days (See Schedule 4 of this Appendix D, No Outage)}$$

3. Calculation of MFOMP

$$\begin{aligned} MFOMP &= CC_{UNIT} * [FOM_{DAY} * (PCPI_{CURRENT} / PCPI_{BASE})] * EDA_{M,UNIT} \\ &= 132,000 * [8,5309 * (145,000 / 141,300)] * 31 \\ MFOMP &= \text{PHP } 35,822,385.91 \end{aligned}$$

MONTHLY FUEL PAYMENT

$$MFP = [(Fuel\ Cost_{UNIT} + Freight\ Cost_{UNIT}) / 1,000] * CR_{UNIT} * FX_{CURRENT} * AE_{UNIT}$$

1. Calculation of $Fuel\ Cost_{UNIT}$

$$\begin{aligned} Fuel\ Cost_{UNIT} &= Fuel\ Cost_{BASE} * (NEWC_{CURRENT} / NEWC_{BASE}) \\ &= 41.18 * (50.38 / 58.55) \\ &= 35.43 \text{ USD/MT} \end{aligned}$$

2. Calculation of CR_{UNIT}

$$\begin{aligned} CR_{UNIT} &= HR_{UNIT} / NCV_{UNIT} \\ &= (2,799.03 / 4,675.00) \\ &= 0.5987 \text{ kg/kWh} \end{aligned}$$

3. Calculation of MFP

$$\begin{aligned} MFP &= [(Fuel\ Cost_{UNIT} + Freight\ Cost_{UNIT}) / 1,000] * CR_{UNIT} * FX_{CURRENT} * AE_{UNIT} \\ &= [(35.43 + 5.90) / 1,000] * 0.5987 * 47.50 * 78,566,400 \\ MFP &= \text{PHP } 92,355,192.73 \end{aligned}$$

MONTHLY VARIABLE O&M PAYMENT

$$MVOMP = [(0.4 \cdot VOM_{BASE} \cdot (USCPI_{CURRENT} / USCPI_{BASE}) \cdot (FX_{CURRENT} / FX_{BASE}) + (0.6 \cdot VOM_{BASE} \cdot PCPI_{CURRENT} / PCPI_{BASE})] \cdot AE_L$$

1 Calculation of Monthly VOM Payment

$$MVOMP = [(0.4 \cdot VOM_{BASE} \cdot (USCPI_{CURRENT} / USCPI_{BASE}) \cdot (FX_{CURRENT} / FX_{BASE}) + (0.6 \cdot VOM_{BASE} \cdot PCPI_{CURRENT} / PCPI_{BASE})] \cdot AE_{UNIT}$$

$$= [(0.4 \cdot 0.2702 \cdot (240.0000 / 236.5990) \cdot (47.50 / 44.41) + (0.6 \cdot 0.2702 \cdot (145.00 / 141.30))] \cdot 78.566.400$$

$$MVOMP = \text{PHP } 22,282,720.08$$

REPLACEMENT ENERGY PAYMENT

$$REP = \sum_{i=1}^{SPD} \sum_{j=1}^{Interval} (RE_{ij} \cdot RC_{ij})$$

$$REP = \text{PHP } 0.00 \text{ (No Replacement Energy)}$$

START-UP CHARGE PAYMENT

$$SCP = WSC_{UNIT} + CSC_{UNIT}$$

$$SCP = \text{PHP } 0.00 \text{ (No shutdowns requested by Meralco)}$$

SUPPLEMENTAL PAYMENT

$$SP = 0.73 \cdot CC_{UNIT}$$

$$SP = 0.73 \cdot 132,000$$

$$SP = \text{PHP } 96,360.00$$

Total Monthly Power Bill for Unit 1

$$MPB = MCRP + MFOMP + MFP + MVOMP + REP + SCP + SP$$

$$= 148,875,324.78 + 35,822,385.91 + 92,355,192.73 + 22,282,720.08 + 0.00 + 0.00 + 96,360.00$$

$$MPB = \text{PHP } 299,431,983.50$$

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SCHEDULE 4

SAMPLE CALCULATION OF EDA_{M,UNIT}

Note: Sample calculations done on a per Unit of the Plant basis.

Agreed Values

Full Load Equivalent Aggregate Outage Allowance Days	=	35 Days
Full Load Equivalent Cumulative Outage Allowance Days	=	30 Days
Contract Year Days	=	365 Days
Contract Effectivity	=	April 26, 20YY-1

Case 1: No Outage

		BPD	OT _{M,UNIT}	COA _{M,UNIT}	OT _{X,UNIT}	FMOT _{M,UNIT}	EDA _{M,UNIT}
Previous Months	May	30	0	0	0	0	30
	Jun	31	0	0	0	0	31
	Jul	30	0	0	0	0	30
	Aug	31	0	0	0	0	31
	Sep	31	0	0	0	0	31
	Oct	30	0	0	0	0	30
Current Month:	Nov	31	0	0	0	0	

1. Calculation of GEDA_{M,UNIT}

GEDA_{M,UNIT} = BPD - COA_{M,UNIT} - OT_{X,UNIT} - FMOT_{M,UNIT}
= 31 - 0 - 0 - 0
= 31 Days

2. Calculation of AADU_{UNIT}

AADU_{UNIT} = Maximum ((EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) - (TEDA_{UNIT} - FMOT_{A,UNIT}), 0)
= Maximum ((183 + 31) - (335 - 0), 0)
= Maximum (-121, 0)
= 0 Day

Where:

EDA_{A(M-1),UNIT} = EDA_{MAY} + EDA_{JUN} + EDA_{JUL} + EDA_{AUG} + EDA_{SEP} +
EDA_{OCT}
= 30 + 31 + 30 + 31 + 31 + 30
= 183 Days

FMOT_{A,UNIT} = FMOT_{MAY} + FMOT_{JUN} + FMOT_{JUL} + FMOT_{AUG} + FMOT_{SEP}
+ FMOT_{OCT} + FMOT_{NOV}
= 0 + 0 + 0 + 0 + 0 + 0
= 0 Day

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$TEDA_{UNIT} = 335 \text{ Days}$

$EDA_{M,UNIT} = GEDA_{M,UNIT} - AADU_{UNIT}$
 $= 31 - 0$
 $= 31 \text{ Days}$

Case 2: Outage is within Aggregate Outage Allowance Days

		BPD	$OT_{M,UNIT}$	$COA_{M,UNIT}$	$OT_{X,UNIT}$	$FMOT_{M,UNIT}$	$EDA_{M,UNIT}$
Previous Months	May	30	0	0	0	0	30
	Jun	31	10	0	0	0	31
	Jul	30	0	0	0	0	30
	Aug	31	0	0	0	0	31
	Sep	31	6	0	0	0	31
	Oct	30	7	0	0	0	30
Current Month:	Nov	31	8	0	0	0	

1. Calculation of $GEDA_{M,UNIT}$

$GEDA_{M,UNIT} = BPD - COA_{M,UNIT} - OT_{X,UNIT} - FMOT_{M,UNIT}$
 $= 31 - 0 - 0 - 0$
 $= 31 \text{ Days}$

2. Calculation of $AADU_{UNIT}$

$AADU_{UNIT} = \text{Maximum} ((EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) - (TEDA_{UNIT} - FMOT_{A,UNIT}), 0)$
 $= \text{Maximum} ((183 + 31) - (335 - 0), 0)$
 $= \text{Maximum} (-121, 0)$
 $= 0 \text{ Day}$

Where:

$EDA_{A(M-1),UNIT} = EDA_{MAY} + EDA_{JUN} + EDA_{JUL} + EDA_{AUG} + EDA_{SEP} + EDA_{OCT}$
 $= 30 + 31 + 30 + 31 + 31 + 30$
 $= 183 \text{ Days}$

$FMOT_{A,UNIT} = FMOT_{MAY} + FMOT_{JUN} + FMOT_{JUL} + FMOT_{AUG} + FMOT_{SEP} + FMOT_{OCT} + FMOT_{NOV}$
 $= 0 + 0 + 0 + 0 + 0 + 0 + 0$
 $= 0 \text{ Day}$

$TEDA_{UNIT} = 335 \text{ Days}$

$EDA_{M,UNIT} = GEDA_{M,UNIT} - AADU_{UNIT}$
 $= 31 - 0$

= 31 Days

Case 3: Outage exceeds Aggregate Outage Allowance Days but within Cumulative Outage Allowance Days

		BPD	OT _{M,UNIT}	COA _{M,UNIT}	OT _{X,UNIT}	FMOT _{M,UNIT}	EDA _{M,UNIT}
Previous Months	May	30	0	0	0	0	30
	Jun	31	8	0	0	0	31
	Jul	30	11	0	0	0	30
	Aug	31	12	0	0	0	31
	Sep	31	9	5	0	0	26
	Oct	30	7	7	0	0	23
Current Month:	Nov	31	5	5	0	0	

1. Calculation of GEDA_{M,UNIT}

GEDA_{M,UNIT} = BPD – COA_{M,UNIT} – OT_{X,UNIT} – FMOT_{M,UNIT}
= 31 - 5 - 0 - 0
= 26 Days

2. Calculation of AADU_{UNIT}

AADU_{UNIT} = Maximum ((EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) - (TEDA_{UNIT} - FMOT_{A,UNIT}), 0)
= Maximum ((171 + 26) – (335 – 0), 0)
= Maximum (-138, 0)
= 0 Day

Where:

EDA_{A(M-1),UNIT} = EDA_{MAY} + EDA_{JUN} + EDA_{JUL} + EDA_{AUG} + EDA_{SEP} + EDA_{OCT}
= 30 + 31 + 30 + 31 + 26 + 23
= 171 Days

FMOT_{A,UNIT} = FMOT_{MAY} + FMOT_{JUN} + FMOT_{JUL} + FMOT_{AUG} + FMOT_{SEP} + FMOT_{OCT} + FMOT_{NOV}
= 0 + 0 + 0 + 0 + 0 + 0 + 0
= 0 Day

TEDA_{UNIT} = 335 Days

EDA_{M,UNIT} = GEDA_{M,UNIT} – AADU_{UNIT}
= 26 – 0
= 26 Days

Case 4: Outage exceeds Cumulative Outage Allowance Days but within 180 Days

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		BPD	OT _{M,UNIT}	COA _{M,UNIT}	OT _{X,UNIT}	FMOT _{M,UNIT}	EDA _{M,UNIT}
Previous Months	May	30	10	0	0	0	30
	Jun	31	10	0	0	0	31
	Jul	30	15	0	0	0	30
	Aug	31	10	10	0	0	21
	Sep	31	10	10	0	0	21
	Oct	30	5	5	0	0	25
Current Month:	Nov	31	10	5	5	0	

1. Calculation of GEDA_{M,UNIT}

$$\begin{aligned} \text{GEDA}_{M,UNIT} &= \text{BPD} - \text{COA}_{M,UNIT} - \text{OT}_{X,UNIT} - \text{FMOT}_{M,UNIT} \\ &= 31 - 5 - 5 - 0 \\ &= 21 \text{ Days} \end{aligned}$$

2. Calculation of AADU_{UNIT}

$$\begin{aligned} \text{AADU}_{UNIT} &= \text{Maximum} ((\text{EDA}_{A(M-1),UNIT} + \text{GEDA}_{M,UNIT}) - (\text{TEDA}_{UNIT} - \text{FMOT}_{A,UNIT}), 0) \\ &= \text{Maximum} ((158 + 21) - (335 - 0), 0) \\ &= \text{Maximum} (-156, 0) \\ &= 0 \text{ Day} \end{aligned}$$

Where:

$$\begin{aligned} \text{EDA}_{A(M-1),UNIT} &= \text{EDAMAY} + \text{EDAJUN} + \text{EDAJUL} + \text{EDAAUG} + \text{EDASEP} + \\ \text{EDA}_{OCT} &= 30 + 31 + 30 + 21 + 21 + 25 \\ &= 158 \text{ Days} \end{aligned}$$

$$\begin{aligned} \text{FMOT}_{A,UNIT} &= \text{FMOT}_{MAY} + \text{FMOT}_{JUN} + \text{FMOT}_{JUL} + \text{FMOT}_{AUG} + \text{FMOT}_{SEP} \\ &\quad + \text{FMOT}_{OCT} + \text{FMOT}_{NOV} \\ &= 0 + 0 + 0 + 0 + 0 + 0 \\ &= 0 \text{ Day} \end{aligned}$$

$$\text{TEDA}_{UNIT} = 335 \text{ Days}$$

$$\begin{aligned} \text{EDA}_{M,UNIT} &= \text{GEDA}_{M,UNIT} - \text{AADU}_{UNIT} \\ &= 21 - 0 \\ &= 21 \text{ Days} \end{aligned}$$

Case 5: No Outage during Billing Period: With Unutilized Cumulative Outage Allowance Days

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		BPD	OT _{M,UNIT}	COA _{M,UNIT}	OT _{X,UNIT}	FMOT _{M,UNIT}	EDA _{M,UNIT}
Previous Months	May	30	0	0	0	0	30
	Jun	31	0	0	0	0	31
	Jul	30	0	0	0	0	30
	Aug	31	0	0	0	0	31
	Sep	31	10	0	0	0	31
	Oct	30	10	0	0	0	30
	Nov	31	10	0	0	0	31
	Dec	30	0	0	0	0	30
	Jan	31	0	0	0	0	31
	Feb	31	0	0	0	0	31
	Mar	28	0	0	0	0	28
Current Month:	Apr	31	0	0	0	0	

1. Calculation of GEDAM,UNIT

GEDAM,UNIT = BPD - COAM,UNIT - OTX,UNIT - FMOTM,UNIT
= 31 - 0 - 0 - 0
= 31 Days

2. Calculation of AADUUNIT

AADUUNIT = Maximum ((EDAA(M-1),UNIT + GEDAM,UNIT) - (TEDAUNIT - FMOTA,UNIT), 0)
= Maximum ((334 + 31) - (335 - 0), 0)
= Maximum (30, 0)
= 30 Days

Where:

EDAA(M-1),UNIT = EDAMAY + EDAJUN + + EDAFEB + EDAMAR
= 30 + 31 + + 31 + 28
= 334 Days

FMOTA,UNIT = FMOTMAY + FMOTJUN + FMOTJUL + FMOTAUG + FMOTSEP
+ FMOTOCOT + FMOTNOV
= 0 + 0 + 0 + 0 + 0 + 0
= 0 Day

TEDAUNIT = 335 Days

EDAM,UNIT = GEDAM,UNIT - AADUUNIT
= 31 - 30
= 1 Day

Case 6: With Outage during Billing Period; With Unutilized Cumulative Outage Allowance Days

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		BPD	OT _{M,UNIT}	COA _{M,UNIT}	OT _{X,UNIT}	FMOT _{M,UNIT}	EDA _{M,UNIT}
Previous Months	May	30	0	0	0	0	30
	Jun	31	0	0	0	0	31
	Jul	30	0	0	0	0	30
	Aug	31	0	0	0	0	31
	Sep	31	10	0	0	0	31
	Oct	30	10	0	0	0	30
	Nov	31	10	0	0	0	31
	Dec	30	0	0	0	0	30
	Jan	31	0	0	0	0	31
	Feb	31	0	0	0	0	31
	Mar	28	0	0	0	0	28
Current Month:	Apr	31	10	5	0	0	

1. Calculation of GEDA_{M,UNIT}

GEDA_{M,UNIT} = BPD – COA_{M,UNIT} – OT_{X,UNIT} – FMOT_{M,UNIT}
= 31 - 5 - 0 - 0
= 26 Days

2. Calculation of AADU_{UNIT}

AADU_{UNIT} = Maximum ((EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) - (TEDA_{UNIT} - FMOT_{A,UNIT}), 0)
= Maximum ((334 + 26) – (335 – 0), 0)
= Maximum (25, 0)
= 25 Days

Where:

EDA_{A(M-1),UNIT} = EDA_{MAY} + EDA_{JUN} + + EDA_{FEB} + EDA_{MAR}
= 30 + 31 + + 31 + 28
= 334 Days

FMOT_{A,UNIT} = FMOT_{MAY} + FMOT_{JUN} + FMOT_{JUL} + FMOT_{AUG} + FMOT_{SEP}
+ FMOT_{OCT} + FMOT_{NOV}
= 0 + 0 + 0 + 0 + 0 + 0
= 0 Day

TEDA_{UNIT} = 335 Days

EDA_{M,UNIT} = GEDA_{M,UNIT} – AADU_{UNIT}
= 25 – 24
= 1 Day

Case 7: Outage due to Force Majeure

		BPD	OT _{M,UNIT}	COA _{M,UNIT}	OT _{X,UNIT}	FMOT _{M,UNIT}	EDA _{M,UNIT}
Previous Months	May	30	0	0	0	3	27
	Jun	31	0	0	0	2	29
	Jul	30	0	0	0	0	30
	Aug	31	0	0	0	0	31
	Sep	31	0	0	0	0	31
	Oct	30	0	0	0	0	30
	Nov	31	0	0	0	0	31
	Dec	30	0	0	0	0	30
	Jan	31	0	0	0	0	31
	Feb	31	0	0	0	0	31
	Mar	28	0	0	0	0	28
Current Month:	Apr	31	0	0	0	0	

3. Calculation of GEDA_{M,UNIT}

GEDA_{M,UNIT} = BPD - COA_{M,UNIT} - OT_{X,UNIT} - FMOT_{M,UNIT}
= 31 - 0 - 0 - 0
= 31 Days

4. Calculation of AADU_{UNIT}

AADU_{UNIT} = Maximum ((EDA_{A(M-1),UNIT} + GEDA_{M,UNIT}) - (TEDA_{UNIT} - FMOT_{A,UNIT}), 0)
= Maximum ((329 + 31) - (335 - 5), 0)
= Maximum (30, 0)
= 30 Days

Where:

EDA_{A(M-1),UNIT} = EDA_{MAY} + EDA_{JUN} + + EDA_{FEB} + EDA_{MAR}
= 27 + 29 + + 31 + 28
= 329 Days

FMOT_{A,UNIT} = FMOT_{MAY} + FMOT_{JUN} + + FMOT_{FEB} + FMOT_{MAR}
= 3 + 2 + + 0 + 0
= 5 Days

TEDA_{UNIT} = 335 Days

EDA_{M,UNIT} = GEDA_{M,UNIT} - AADU_{UNIT}
= 31 - 30
= 1 Day

SCHEDULE 5
FOREX_{COD} SAMPLE CALCULATION

	Invoice Payment	Project Cost (amt in US\$)	Forex* (Php:US\$)	Amount (Php)
Unit 1	1st	10,000	44.00	440,000
	2nd	20,000	46.00	920,000
Unit 2	3rd	15,000	45.00	675,000
	4th	8,000	48.00	384,000
Unit 3	5th	11,000	48.00	528,000
	6th	40,000	50.00	2,000,000
Unit 4	7th	13,000	45.00	585,000
		117,000		5,532,000
Weighted Average (Php:US\$)**				47.28

Remarks:

* - PDS closing during the time of invoice payment

** - capped at 48, if higher than 48, then use the forex = 48

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Appendix E
SAMPLE CALCULATION (Agreed Damages)
[INTENTIONALLY OMITTED]

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Appendix F
OPERATING PROCEDURES

1 DEFINITIONS

All capitalized terms used herein shall have the meanings given to them in Article 1 of this Agreement, except as otherwise defined herein.

Billing Period BCQ Summary has the meaning given to it in Section 7.1 below.

Daily BCQ Nomination means the BCQ in accordance with Sections 6.1 and 6.2 below.

Incident Report has the meaning given to it in Section 10.1 below.

Trading Office means in the case of Power Supplier, the department responsible for coordinating the scheduling of Plant dispatch with Meralco's nomination, and in the case of Meralco, the department responsible for coordinating the scheduling of its contractual nomination with Power Supplier.

WEP means the WESM Ex-Ante Price at Power Supplier's Trading Node.

2 GENERAL

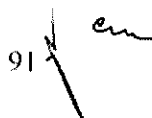
The purpose of this Appendix is to prescribe the procedures for coordinating (a) the nomination and WESM declaration of BCQs, and (b) Scheduled Outages and Major Maintenance. Nothing in this Agreement (including in this Appendix) shall be construed, by virtue of the absence of a specific reference, as relieving either Party of the responsibility to communicate with the other Party in a manner that will allow both Parties to operate their respective facilities in a safe manner consistent with Dispatch Instructions, Prudent Operating Practices and Relevant Operating Regulations.

3 COORDINATING COMMITTEE

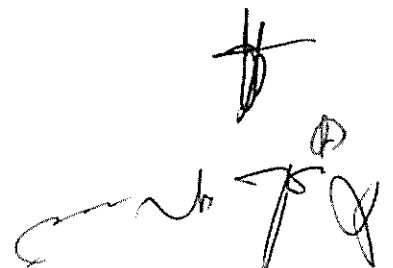
3.1 Establishment of the Coordinating Committee

3.1.1 No later than fifteen (15) Days after Commissioning of the Plant or fifteen (15) Days prior to Operations Effective Date, whichever occurs earlier, the Parties shall establish the Coordinating Committee as contemplated by this Agreement. During the time prior to the Commercial Operations Date, or the Operations Effective Date if it occurs earlier, the Coordinating Committee shall work towards putting into place the scheduling arrangements so that the nominations and other matters handled by the Coordinating Committee can proceed seamlessly on and after the occurrence of the Commercial Operations Date or the Operations Effective Date, as applicable.

3.1.2 The Coordinating Committee shall consist of four (4) members, two (2) members appointed by Meralco and two (2) members appointed by Power Supplier.

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- 3.1.3 Either Party, upon written notice to the other, may from time to time remove or replace any Coordinating Committee member appointed by it. Any vacancies that occur within the membership of the Coordinating Committee shall be immediately filled by the appropriate Party.
- 3.1.4 Meralco and Power Supplier shall each pay the expenses of its respective Coordinating Committee members.
- 3.1.5 All other expenses incurred by the Coordinating Committee and approved by the Parties shall be shared equally by Power Supplier and Meralco, or as determined by the Coordinating Committee.

3.2 Duties of the Coordinating Committee

- 3.2.1 The duties of the Coordinating Committee shall include the following:
 - 3.2.1.1 in case of disputes on the Provisional Invoice, reconciliation of nomination and Delivery of BCQs and allowed Outages prior to issuance of a Final Invoice and payment;
 - 3.2.1.2 coordination of maintenance schedules;
 - 3.2.1.3 coordination of short range and long range forecasts of load and capabilities; and
 - 3.2.1.4 consideration of such other Plant operational matters as may be referred to the Coordinating Committee by the mutual agreement of Power Supplier and Meralco.

3.3 Decisions of the Coordinating Committee

- 3.3.1 Decisions of the Coordinating Committee must be unanimous.
- 3.3.2 If the Coordinating Committee is unable to reach a unanimous decision on any matter within seven (7) Business Days after the matter is first raised to the Coordinating Committee, such disputed matter shall, at the request of a Party, be referred to the senior management of Power Supplier and the senior management of Meralco for immediate review. If Power Supplier and Meralco do not reach a mutual agreement concerning the disputed matter within fifteen (15) Days after it has been referred to the review by senior management, the dispute shall be resolved in accordance with Article 19.

3.4 Communications

Power Supplier shall maintain multi-communication systems between Power Supplier's Trading Office and Meralco's Trading Office, which shall consist of, but not be limited to, (a) telephone, (b) facsimile, (c) email or other agreed electronic communication and (d) cellular phone. Each Party shall notify the other Party in writing of its point of contact fifteen (15) Days after the Effective Date, and prior to changing any previously established point(s) of contact. The Parties shall maintain communications in accordance with Prudent Operating Practices and, as necessary, shall (without prejudice to the other provisions of this Agreement) inform the other Party with respect to the operating conditions and requirements of their respective facilities that may affect the other Party's operating requirements.

Communication Channels

Power Supplier

Contact Person:	Ellen D. Go	Jose Ferlino P. Raymundo
Designation:	General Manager	Energy Sourcing & Trading Manager
Address:	19 th Flr. SMPC Bldg, Mandaluyong City	19 th Flr. SMPC Bldg, Mandaluyong City
Telephone:	(632) 702-4607	(632) 702-4616
Facsimile:	(632) 702-4602	(632) 702-4612
Email:	ego@smg.sanmiguel.com.ph	jraymundo@smg.sanmiguel.com.ph

Meralco

Contact Person:	Rolando M. Cagampan	Ciprinilo C. Meneses
Designation:	Head, Energy Management	Head Energy Sourcing Office
Address:	Meralco Center, Ortigas Avenue, Pasig City	Meralco Center, Ortigas Avenue, Pasig City
Telephone:	1622-6483	1622-6656
Facsimile:	(632) 632-8683	(632) 632-8643
Email:	rmcagampan@meralco.com.ph	ccmeneses@meralco.com.ph

4 Annual, Monthly and Weekly Nomination Schedule

In accordance with Section 5.3.2, Meralco shall furnish Power Supplier with non-binding year-ahead energy nomination schedules, month-ahead nomination schedules, and week-ahead nomination schedules. Such nomination schedules shall reflect Meralco's good faith estimate of its projected requirements for each of the hours during such periods.

4.1 Year-ahead Energy Nomination Schedule

When establishing the year-ahead energy nomination schedule, the Parties shall observe the following:

- (a) Power Supplier shall furnish Meralco the year-ahead capacity Availability schedule of the Plant for a relevant Contract Year (in the form prescribed in Schedule 1 of this Appendix) at least one hundred and fifty (150) Days prior to start of the next Contract Year. Meralco shall furnish Power Supplier with the year-ahead energy nomination schedule (in the form prescribed in Schedule 2 to this Appendix) at least one hundred and twenty (120) Days prior to the start of the next Contract Year. When establishing the year-ahead energy nomination schedule, Meralco shall provide an hourly estimate of energy nomination to Power Supplier. The year-ahead energy nomination schedule shall be based upon Meralco's good faith estimates of its energy requirements to serve its customers' aggregate demand, as such estimates may be revised during the course of the Contract Year (as shown in the month-ahead, week-ahead and day-ahead nominations) to reflect the actual variation in customer demand. In the case of the first Contract Year, Meralco shall furnish Power Supplier with the year-ahead energy nomination schedule within five (5) Days after Commercial Operations Date or Operations Effective Date, whichever occurs earlier.

- (b) Upon receipt of the year-ahead energy nomination schedule submitted by Meralco, Power Supplier shall confirm in writing receipt of such schedule within twenty-four (24) hours.

4.2 Month-ahead and Week-ahead Nomination Schedules

When establishing the month-ahead and week-ahead nomination schedules, the Parties shall observe the following:

- (a) Power Supplier shall furnish Meralco the month-ahead capacity Availability schedule of the Plant for a Billing Period (in the form prescribed in Schedule 3 of this Appendix) on or before 1200H of every first (1st) Day of the calendar month in which such Billing Period starts, and for the week-ahead capacity Availability schedule (in the form prescribed in Schedule 4 of this Appendix) on or before 1200H of every Thursday of the preceding week.
- (b) The month-ahead capacity Availability schedule shall indicate the hourly estimate of capacity Availability (in MW) of the Plant in accordance with the Contract Capacity for each of the hours of the Billing Period (e.g., 720 hours for a 30-Day month) and the Scheduled Outages and Major Maintenance calendared for the Billing Period as approved by the System Operator, if any, and changes thereat in the annual capacity Availability schedule submitted for the Contract Year.
- (c) The week-ahead capacity Availability schedule shall indicate the hourly estimate of capacity Availability (in MW) of the Plant in accordance with the Contract Capacity for each of the hours of the week (e.g., 168 hours) and the Scheduled Outages and Major Maintenance calendared for the week as approved by the System Operator, if any, and changes thereat in the month-ahead capacity Availability schedule submitted for the Billing Period.
- (d) Upon receipt of the month-ahead and week-ahead capacity Availability schedules submitted by Power Supplier, Meralco shall send written confirmation of receipt of such schedules by facsimile and e-mail not later than 1500H of the same Day of receipt.
- (e) Meralco shall furnish Power Supplier with the month-ahead nomination schedule (in the form prescribed in Schedule 5 of this Appendix) on or before 1200H of the 19th of the calendar month in which such Billing Period starts, and for the week-ahead nomination schedule (in the form prescribed in Schedule 6 of this Appendix) on or before 1200H of every Friday of the preceding week.
- (f) The month-ahead and week-ahead nomination schedules shall contain the hourly quantity offers of Meralco for each hour of the Billing Period or week, taking into account any Scheduled Outages and Major Maintenance of the Plant submitted by Power Supplier in accordance with the WESM Rules and the Grid Code.
- (g) Upon receipt of the month-ahead and week-ahead nomination schedules submitted by Meralco, Power Supplier shall send written confirmation of receipt of such schedules by facsimile and e-mail not later than 1500H of the same Day of receipt.

5 Day-Ahead Nomination Schedule

Meralco shall furnish Power Supplier with binding day-ahead 24-hour energy quantity nominations subject to the Technical Limits. The following guidelines shall be followed:

- 5.1 Power Supplier shall furnish Meralco the Plant's day-ahead capacity Availability schedule (in the form prescribed in Schedule 7 of this Appendix) on or before 1000H of the preceding day. The day-ahead capacity Availability schedule shall indicate the binding 24-hourly capacity Availability (in MW) of the Plant in accordance with the Contract Capacity and the Scheduled Outages or Major Maintenance scheduled for the succeeding day, if any, and changes thereat in the week-ahead capacity Availability schedule submitted for the week. If Power Supplier does not furnish Meralco the Plant's day-ahead capacity Availability schedule, the capacity for the same Day in the week-ahead capacity Availability schedule shall be deemed the available capacity for the Day.
- 5.2 Upon receipt of the day-ahead capacity Availability schedule submitted by Power Supplier, Meralco shall send to Power Supplier written confirmation of receipt of such schedule by facsimile and e-mail within two (2) hours of receipt.
- 5.3 Meralco shall furnish Power Supplier with the day-ahead 24-hour energy quantity nomination (in the form prescribed in Schedule 8 of this Appendix) on or before 1400H of the preceding day, which shall be consistent with the Plant Technical Limits. If Meralco does not furnish Power Supplier with its day-ahead nomination, the nomination for the same Day in the week-ahead nomination shall be deemed the nominated price and quantity offers for the Day.
- 5.4 Upon receipt of the day-ahead binding 24-hour energy nomination schedule submitted by Meralco, Power Supplier shall send to Meralco written confirmation of receipt of such schedule by facsimile and e-mail within two (2) hours of receipt.
- 5.5 Power Supplier shall be responsible for submitting its price and quantity offers to WESM for the Dispatch schedule of the Plant in accordance with the WESM Rules. If necessary, Power Supplier shall coordinate with the System Operator the Dispatch schedule of the Plant in accordance with the Grid Code. Energy Imbalance Fees resulting from the actual Dispatch of the Plant shall be for the account of Power Supplier.
- 5.6 Subject to Section 5 of this Appendix and the Technical Limits, Meralco may, during the Day, revise the nominations stated in its day-ahead nominations up to a maximum of two (2) times, provided that any revision shall be submitted by Meralco to Power Supplier at least three and a half (3.5) hours (or such other period as may be allowed by the WESM Rules) before gate closure of the first affected Trading Interval, as provided in the WESM Rules.

6 BCQ Declaration with Market Operator

- 6.1 Power Supplier shall be responsible for declaring BCQ with the Market Operator at least four (4) hours before the deadline set under the WESM Rules. Power Supplier shall ensure that such BCQ declaration is as nominated by Meralco in its day-ahead nomination, except for the quantities affected by the Full Load Equivalent Cumulative Outage Allowance.

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- 6.2 In the event of Full Load Equivalent Aggregate Outage Allowance and outages beyond the Full Load Cumulative Outage Allowance up to a maximum of one hundred eighty (180) days, Power Supplier shall declare the quantities stated in the day-ahead nomination of Meralco as BCQ for all Trading Intervals. In case of an Event of Force Majeure, Power Supplier shall have no obligation to declare BCQ to Meralco during the affected trading intervals.
- 6.3 On a daily basis, Power Supplier shall furnish Meralco a copy of its day-after BCQ declaration with the Market Operator within one (1) hour of its declaration. Meralco shall have the right, but not the obligation, to review such reports and upon its review, shall inform Power Supplier of any discrepancies or exceptions it may find. Power Supplier shall immediately notify Market Operator of any corrections to its BCQ declarations in accordance with the WESM Rules.

7 Confirmation After the Billing Month

- 7.1 At every twenty-eighth (28th) of the month before 1200H, Power Supplier will provide Meralco, by fax or email, a summary of the BCQs nominated for Meralco in the immediately preceding Billing Period (the "**Billing Period BCQ Summary**"). The Billing Period BCQ Summary shall contain the BCQs in each of the WESM trading intervals based on the nominations that Meralco made in the immediately preceding Billing Period, in accordance with Schedule 8 of this Appendix. It shall likewise contain any adjustments or re-declaration of lower BCQs due to Events of Force Majeure affecting Meralco's ability to receive electricity at the Delivery Point.
- 7.2 Meralco shall forthwith review the Billing Period BCQ Summary and shall endeavor to notify Power Supplier, by fax or email, by not later than 1700H of the same Day the BCQ Nomination for the Billing Period is received, if there is any mathematical error in or discrepancy between the Billing Period BCQ Summary and the nominations that Meralco made in the immediately preceding Billing Period in accordance with Schedule 8 of this Appendix. Upon receipt of notice by Power Supplier of any mathematical error or discrepancy, the Parties shall immediately take steps to resolve such error or discrepancy.
- 7.3 If Meralco fails to notify Power Supplier of any mathematical error or discrepancy, the Billing Period BCQ Summary as sent to Meralco is deemed to be correct. The failure of Meralco to notify Power Supplier of any error or discrepancy in accordance with Section 7.2 above, shall constitute a waiver by Meralco of any claim for the adjustment or correction of the Associated Energy for the Billing Period.

8 3-Year and Annual Scheduled Maintenance Outages

- 8.1 In accordance with Section 8.2 of this Agreement, Power Supplier shall furnish Meralco its proposed scheduled maintenance outages including 3-year provisional maintenance and annual maintenance programs (in the form prescribed in Schedule 9 of this Appendix). Power Supplier shall submit to Meralco said maintenance programs at least thirty (30) Days prior to submitting such program to the System Operator in compliance with the Grid Code. Such maintenance programs shall indicate the dates and duration of each proposed scheduled outage for the relevant Contract Years. Within five (5) Days after the Commercial Operations Date, Power Supplier shall submit to Meralco its 3-year maintenance and annual maintenance program.

- 8.2 Power Supplier shall furnish Meralco a copy of the 3-year and annual maintenance programs approved by the System Operator within three (3) Days of receipt from the System Operator.

9 Implementation of Scheduled Maintenance Outage

- 9.1 Power Supplier shall confirm to Meralco seven (7) Days prior to the implementation of a scheduled maintenance outage the schedule of activities leading to the implementation of such maintenance outage, including the schedule of shut-down, duration of maintenance outage, and schedule of completion and start-up.
- 9.2 From time-to-time, Power Supplier shall inform Meralco of any changes requested by Power Supplier in the schedule of maintenance outage including possible delays in the shut-down and completion schedules or early completion of scheduled outage.
- 9.3 Power Supplier shall continue to submit its month-ahead, week-ahead and day-ahead capacity availability schedule indicating the capacity availability of the Plant and the schedule of maintenance outage to Meralco in accordance with the procedure above. In the same manner, Meralco shall continue to submit its month-ahead, week-ahead and day-ahead energy nomination schedule indicating the appropriate energy nomination during the hours of scheduled maintenance outage.
- 9.4 In case of delay in the completion of scheduled outage, Power Supplier shall immediately inform Meralco and advise new schedule of completion. Power Supplier shall submit revised month-ahead, week-ahead and day-ahead capacity availability schedules indicating the revised capacity availability of the Plant and the revised schedule of maintenance outage to Meralco in accordance with the procedure above. In the same manner, Meralco shall revise its month-ahead, week-ahead and day-ahead energy nomination schedules indicating the appropriate energy nomination during the hours of the revised scheduled maintenance outage. If the revised scheduled maintenance outage may cause Power Supplier to exceed its Aggregate Outage Allowance, the provisions of Section 8.1 of the Agreement shall apply.
- 9.5 In case of early completion, Power Supplier shall immediately inform Meralco of such event and advise Meralco of resumption of Delivery of Contract Capacity and Associated Energy at a time earlier than that originally scheduled for completion of the scheduled outage. Power Supplier shall submit revised month-ahead, week-ahead and day-ahead capacity availability schedules indicating the revised capacity availability of the Plant and the revised scheduled completion of maintenance outage to Meralco in accordance with the procedure above. In the same manner, Meralco shall revise its month-ahead, week-ahead and day-ahead energy nomination schedules indicating its revised energy nominations during the hours of the revised completion of the scheduled maintenance outage.

10 Forced Outages

If in the course of operation of the Plant, a Forced Outage occurs, the following procedures shall be followed:

- 10.1 Power Supplier shall inform Meralco in accordance with Article 8 of the Agreement of such outage occurrence, nature and expected duration of the Forced Outage, informally at first

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(such as by telephone, cellular phone, email, or text message) and thereafter, Power Supplier shall promptly furnish Meralco with a copy of the report with the best estimate of the probable duration of such outage ("**Incident Report**").

- 10.2 As soon as possible after a Forced Outage has occurred, Power Supplier shall submit a revised day-ahead capacity schedule to Meralco and shall revise, as necessary, the price and quantity offers to the WESM in accordance with the WESM Rules. The hourly energy amounts in Meralco's day-ahead nomination shall be appropriately accounted as either within the (i) Full Load Equivalent Aggregate Outage Allowance, (ii) Full Load Equivalent Aggregate Cumulative Outage Allowance, or (iii) one hundred eighty (180) days beyond the Full Load Equivalent Aggregate Cumulative Outage Allowance.
- 10.3 Upon receipt by Meralco of the revised day-ahead capacity schedule, Meralco shall have twelve (12) hours to submit to Power Supplier a correspondingly-revised day-ahead energy nomination, as may be applicable.
- 10.4 If the Forced Outage was of a short duration such that the twenty-four (24) hourly capacity nominations to Meralco for the succeeding day can be met by the Plant, Power Supplier need not submit a revised Day-Ahead Capacity Nomination to Meralco, but Power Supplier shall still submit an Incident Report to Meralco in accordance with Section 10.1 of this Appendix F.
- 10.5 Any Energy Imbalance Fees (Power Supplier) imposed by the WESM as a result of the Forced Outage shall be for the account of Power Supplier.
- 10.6 Following the occurrence of a Forced Outage, Power Supplier shall endeavour to immediately restore the Plant to its normal operating condition. Once the Plant is restored, Power Supplier shall immediately inform Meralco and submit a revised day-ahead capacity Availability schedule to reflect the restored available Contract Capacity of the Plant.
- 10.7 Power Supplier shall keep track of the remaining Full Load Equivalent Aggregate Outage Allowance days and the Full Load Cumulative Outage Allowance days and shall submit to Meralco such figure in a written report for Meralco's validation. If after the validation, Meralco's figure does not match that of Power Supplier, representatives from both Parties shall meet and discuss the issue at the soonest time to resolve the discrepancy in the figures.

SCHEDULE 1
FORM OF POWER SUPPLIER'S YEAR-AHEAD CAPACITY AVAILABILITY SCHEDULE

[NAME OF POWER SUPPLIER]
Nomination of Year-Ahead Available Capacity for MERALCO (in MW)
[Month] 26, 20____ to [Month] 26, 20____

Hour	26-Month	27-Month	28-Month	29-Month	30-Month	31-Month	1-Month	2-Month	3-Month	4-Month	5-Month	6-Month	7-Month	8-Month	9-Month
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
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18															
19															
20															
21															
22															
23															
24															
Chksum															

NOMINATED BY
Firstname M. Surname
[Title]
[Name of Power Supplier]

ACKNOWLEDGED BY
Firstname M. Surname
[Title]
MERALCO

10-Month

11-Month

12-Month

13-Month

14-Month

15-Month

16-Month

17-Month

18-Month

19-Month

20-Month

21-Month

22-Month

23-Month

24-Month

25-Month

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2															
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20															
21															
22															
23															
24															
Chksum															

Check Sum:

Remark:

SCHEDULE 2
FORM OF MERALCO'S YEAR-AHEAD NOMINATION SCHEDULE

MANILA ELECTRIC COMPANY (MERALCO)

Nomination of Year-Ahead Energy for [Name of Power Supplier] (in MWh)

[Month] 26, 20____ to [Month] 26, 20____

Hour

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

Total

26 Month

27 Month

28 Month

29 Month

30 Month

31 Month

1 Month

2 Month

3 Month

4 Month

5 Month

6 Month

7 Month

8 Month

9 Month

Hour

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

Total

10 Month

11 Month

12 Month

13 Month

14 Month

15 Month

16 Month

17 Month

18 Month

19 Month

20 Month

21 Month

22 Month

23 Month

24 Month

25 Month

Total for the month

-

Remark

HONORARIED BY

Firstname M. Surname
[Title]
MERALCO

APPROVED BY

Firstname M. Surname
[Title]
[Name of Power Supplier]

SCHEDULE 3
FORM OF POWER SUPPLIER'S MONTH-AHEAD CAPACITY AVAILABILITY SCHEDULE

[NAME OF POWER SUPPLIER]
Nomination of Month-Ahead Available Capacity for MERALCO (in MW)
[Month] 26, 20__ to [Month] 25, 20__

Hour	26-Month	27-Month	28-Month	29-Month	30-Month	31-Month	1-Month	2-Month	3-Month	4-Month	5-Month	6-Month	7-Month	8-Month	9-Month
1															
2															
3															
4															
5															
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8															
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17															
18															
19															
20															
21															
22															
23															
24															
Checksum															

Hour	10-Month	11-Month	12-Month	13-Month	14-Month	15-Month	16-Month	17-Month	18-Month	19-Month	20-Month	21-Month	22-Month	23-Month	24-Month	25-Month
1																
2																
3																
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20																
21																
22																
23																
24																
Checksum																

(Check Sum:)

Remark

NOMINATED BY

Firstname M. Surname
[Title]
[Name of Power Supplier]

ACKNOWLEDGED BY

Firstname M. Surname
[Title]
MERALCO

SCHEDULE 4
FORM OF POWER SUPPLIER'S WEEK-AHEAD CAPACITY AVAILABILITY SCHEDULE

[NAME OF POWER SUPPLIER]
Nomination of Week-Ahead Available Capacity for MERALCO (in MW)

For the week of _____, 20____

Time	[Day of Week]	[Day of Week]	[Day of Week]	[Day of Week]	[Day of Week]	[Day of Week]
0000H-0100H						
0100H-0200H						
0200H-0300H						
0300H-0400H						
0400H-0500H						
0500H-0600H						
0600H-0700H						
0700H-0800H						
0800H-0900H						
0900H-1000H						
1000H-1100H						
1100H-1200H						
1200H-1300H						
1300H-1400H						
1400H-1500H						
1500H-1600H						
1600H-1700H						
1700H-1800H						
1800H-1900H						
1900H-2000H						
2000H-2100H						
2100H-2200H						

SCHEDULE 5
FORM OF MERALCO'S MONTH-AHEAD NOMINATION SCHEDULE

MANILA ELECTRIC COMPANY (MERALCO)
Nomination of Month-Ahead Energy for [Name of Power Supplier] (in MWh)
[Month] 26, 20__ to [Month] 26, 20__

Hour 26-Month

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

Total

27-Month

1-Month

2-Month

3-Month

4-Month

5-Month

6-Month

7-Month

8-Month

9-Month

10-Month

11-Month

12-Month

13-Month

14-Month

15-Month

16-Month

17-Month

18-Month

19-Month

20-Month

21-Month

22-Month

23-Month

24-Month

25-Month

Total for the month

Remark

ACKNOWLEDGED BY

Firstname M. Surname
[Title]
MERALCO

Firstname M. Surname
[Title]
[Name of Power Supplier]

SCHEDULE 6
FORM OF MERALCO'S WEEK-AHEAD NOMINATION SCHEDULE
MANILA ELECTRIC COMPANY (MERALCO)



Nomination of Week-Ahead Energy for [Name of Power Supplier] (in MWh)

For the week of _____, 20____

Time	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7
0000H-0100H							
0100H-0200H							
0200H-0300H							
0300H-0400H							
0400H-0500H							
0500H-0600H							
0600H-0700H							
0700H-0800H							
0800H-0900H							
0900H-1000H							
1000H-1100H							
1100H-1200H							
1200H-1300H							
1300H-1400H							
1400H-1500H							
1500H-1600H							
1600H-1700H							
1700H-1800H							
1800H-1900H							
1900H-2000H							
2000H-2100H							
2100H-2200H							

SCHEDULE 7
FORM OF POWER SUPPLIER'S DAY-AHEAD CAPACITY AVAILABILITY SCHEDULE

[NAME OF POWER SUPPLIER]
Nomination of Day-Ahead Available Capacity for MERALCO

For _____, 20__ ([Day of Week])

Time	Available Capacity
0000H-0100H	
0100H-0200H	
0200H-0300H	
0300H-0400H	
0400H-0500H	
0500H-0600H	
0600H-0700H	
0700H-0800H	
0800H-0900H	
0900H-1000H	
1000H-1100H	
1100H-1200H	
1200H-1300H	
1300H-1400H	
1400H-1500H	
1500H-1600H	
1600H-1700H	
1700H-1800H	
1800H-1900H	
1900H-2000H	
2000H-2100H	
2100H-2200H	

2200H-2300H	
2300H-2400H	
Check Sum	

Remark:

NOMINATED BY:

ACKNOWLEDGED BY:

Firstname M. Surname
[Title]
[Name of Power Supplier]

Firstname M. Surname
[Title]
MERALCO

SCHEDULE 8
FORM OF MERALCO'S DAY-AHEAD NOMINATION SCHEDULE



MANILA ELECTRIC COMPANY (MERALCO)

Day-Ahead Nominations for [Name of Power Supplier]
For _____, 20__ ([Day of Week])

Time	Day-Ahead Nomination (MWh)
0000H-0100H	
0100H-0200H	
0200H-0300H	
0300H-0400H	
0400H-0500H	
0500H-0600H	
0600H-0700H	
0700H-0800H	
0800H-0900H	
0900H-1000H	
1000H-1100H	
1100H-1200H	
1200H-1300H	
1300H-1400H	
1400H-1500H	
1500H-1600H	
1600H-1700H	
1700H-1800H	
1800H-1900H	
1900H-2000H	
2000H-2100H	
2100H-2200H	
2200H-2300H	

[Handwritten signatures and initials]

2300H-2400H	
Check Sum	

Remark:

NOMINATED BY:

ACKNOWLEDGED BY:

Firstname M. Surname

Firstname M. Surname

[Title]
MERALCO

[Title]
[Name of Power Supplier]

Appendix G
INVOICING AND PAYMENT PROCEDURES

1 Definitions

All capitalized terms used herein shall have the meanings given to them in Article 1 of this Agreement, except as otherwise defined herein.

Invoice means any Invoice rendered according to Appendix D

Final Invoice means any Final Invoice rendered according to Section 2. below.

Payment Date shall have the meaning given to it in Section 3. below.

Provisional Invoice means any Provisional Invoice rendered according to Section 1.1 below.

Receipt means any Receipt issued according to Section 6. below.

1 Provisional Invoice

1.1 Any Invoice rendered by Power Supplier to Meralco pursuant to Article 10 of the Agreement shall be rendered in the first instance in the form of a provisional invoice (the "**Provisional Invoice**"). Power Supplier shall deliver the Provisional Invoice to Meralco no later than the last Day of the calendar month of the Billing Period.

1.2 Within ten (10) Days after receipt of the Provisional Invoice, Meralco shall notify Power Supplier in writing of any questions or exceptions it may have with respect to the Provisional Invoice. Meralco and Power Supplier shall confer within three (3) Days thereafter to discuss and seek to resolve any discrepancies or disputes in the Provisional Invoice prior to the issuance of the Final Invoice.

2 Final Invoice

On the fifteenth (15th) day of the immediately succeeding month after the end of the Billing Period, Power Supplier shall provide Meralco with a Final Invoice for such Billing Period, in the same format as the Provisional Invoice (the "**Final Invoice**"); provided that the Final Invoice shall reflect any corrections or adjustments agreed to by the Parties.

111 






3 **Payment Date**

Provided that Meralco receives the Final Invoice within the time set forth in Section 2 of this Appendix, each Final Invoice shall be due and payable on the 25th Day of the immediately succeeding month after the end of the month of the Billing Period, provided that if the 25th Day is not a Business Day then the payment shall be due and payable on the immediately next Business Day ("Payment Date").

4 **Withholding Tax**

Meralco shall deduct and withhold from the amounts payable under a Final Invoice, the applicable creditable withholding tax and Meralco shall remit any amounts withheld for such tax to the relevant taxing authorities and the corresponding documentation due to the prevailing regulation of such withholding to Power Supplier. If Power Supplier believes such withholding tax is not applicable to it, Power Supplier shall provide Meralco with such documents and evidence acceptable to Meralco to demonstrate that payments to Power Supplier are not subject to such withholding tax. Power Supplier shall indemnify Meralco for any assessment, liability, surcharge, interests, penalties and other costs or fees arising from Meralco's non-withholding or failure to withhold creditable withholding tax if Meralco does not withhold such tax upon Power Supplier's request, including any change, reversal or ruling affecting Power Supplier's status or claim of not being subject to a creditable or withholding tax.

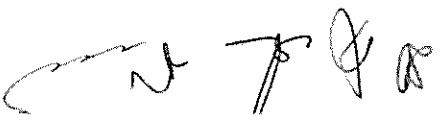
5 **Method of Payment**

All payments by Meralco pursuant to this Appendix shall be made by wire transfer of cleared funds to the following accounts:

[account numbers/names]

6 **Receipt**

Power Supplier shall issue a value-added tax-qualified official receipt to Meralco acknowledging receipt of any payment hereunder on the date of such payment.

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Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

ANNEX " 8 "

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE POWER
SUPPLY AGREEMENT (PSA)
BETWEEN MANILA ELECTRIC
COMPANY (MERALCO) AND
CENTRAL LUZON PREMIERE
POWER CORP. (CLPPC),**

ERC CASE NO. 2016 - ____ RC

**MANILA ELECTRIC COMPANY
(MERALCO) AND CENTRAL
LUZON PREMIERE POWER
CORP. (CLPPC),**

Applicants.

X-----X

JUDICIAL AFFIDAVIT OF CIPRINILO C. MENESES

The following examination of witness Mr. Ciprinilo C. Meneses, of legal age, with office address at 4th Floor, Technical Services Building, MERALCO Compound, Ortigas Avenue, Pasig City, who is employed at the Manila Electric Company ("MERALCO") as Head of the Energy Sourcing Office, was conducted by Atty. Adrian Rex C. Dimalanta, counsel for Applicant MERALCO, at the 7th Floor, Lopez Building, Ortigas Avenue, Pasig City, this 27th day of April 2016.

The testimony of Mr. Ciprinilo C. Meneses is being offered to show and prove:

1. The existence and details of the Power Supply Agreement ("PSA") executed between MERALCO and Central Luzon Premiere Power Corp. ("CLPPC");
2. The necessity for the approval of the PSA to allow MERALCO to meet customer demand requirements and to afford MERALCO's customers the full benefits thereof;
3. The reasonableness and fairness of the provisions of the PSA, including the contract price thereunder;

4. Identification of documents in the course of the hearing;
and
5. Other matters relevant to the Joint Application.

I, **CIPRINILO C. MENESES**, Filipino, of legal age, married, with office address at 4th Floor, Technical Services Building, MERALCO Compound, Ortigas Avenue, Pasig City, after being sworn in in accordance with law, hereby depose and state:

QUESTION 1: What are your educational and professional qualifications?

ANSWER 1: I have obtained a Bachelor's degree in Electrical Engineering and in Computer Engineering from the Mapua Institute of Technology and a Master's degree in Electrical Engineering from the University of the Philippines-Diliman. Also, I am a Registered Electrical Engineer.

Q2: Where are you presently employed?

A2: At present, I am employed at the Manila Electric Company ("MERALCO") as Head of the Energy Sourcing Office.

Q3: Since when have you been employed at MERALCO?

A3: I have been employed at MERALCO since 5 May 1982. On 20 January 2011, I became the Head of the Energy Sourcing Office.

Q4: What are some of your duties and responsibilities as the Head of the Energy Sourcing Office?

A4: My duties and responsibilities include, among others, planning for the sourcing of MERALCO's capacity and energy requirements, managing MERALCO's energy sourcing operations, overseeing the energy accounting and power supplier bill validations, and participating in the negotiations for power supply agreements and contracts.

Q5: Are you familiar with the case entitled: *"In the Matter of the Application for the Approval of the Power Supply Agreement (PSA) between Manila Electric Company (MERALCO) and Central Luzon Premiere Power Corp. (CLPPC)"* jointly filed by Applicants MERALCO and Central Luzon Premiere Power Corp. ("CLPPC")? If so, why?

A5: Yes, I am familiar with the same as I was directly involved in the preparation of the Joint Application and its Annexes, for submission to the Energy Regulatory Commission ("ERC") for approval. Also, as a member of the power supply agreement working team of MERALCO, I am cognizant of the Power Supply Agreement ("PSA") that was executed between MERALCO and CLPPC.

Q6: For what purpose is your Judicial Affidavit being taken?

A6: My Judicial Affidavit is being taken in support of the aforesaid Joint Application for the Approval of the PSA between MERALCO and CLPPC.

Q7: What are the salient provisions of the PSA?

A7: The salient provisions of the PSA are as follows:

"Article 2 Purpose; Term

2.2 Term of Agreement

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

2.2.2 The term of this Agreement (the "Term") shall commence on the Operations Effective Date (Unit 1) and shall expire on the date falling twenty-one (21) years thereafter xxx

xxx

Article 3 Effective Date, Commencement Date, Operations Effective Date, and Commercial Operations Date

3.1 Effective Date

The Effective Date shall be the date the conditions precedent in Section 3.2 have been satisfied or waived by the relevant Party (the "Effective Date").

xxx

3.3 Commencement Date

The "Commencement Date" shall occur upon the satisfaction of the conditions below:

- (a) The conditions set out in Section 3.2 have been fulfilled;

- (b) Each Party has delivered to the other Party a certification dated no earlier than two (2) Days prior to the proposed Commencement Date to the effect that its representations and warranties contained herein shall be true and correct in all material respects on and as of the Commencement Date; and
- (c) On or before the Longstop Date, (i) the ERC shall have approved this Agreement in the ERC Final Approval, including the pricing structure as set out herein (or as otherwise acceptable to Power Supplier), and (ii) the Acceptance Date has occurred.

Within seven (7) Days after the satisfaction of the conditions referred to in this Section 3.3, Meralco and Power Supplier shall issue a joint certification confirming that the Commencement Date has occurred.

3.4 Operations Effective Date

Following the Operations Effective Date¹, the obligations of Power Supplier and Meralco under this Agreement with respect to sale and purchase of Contract Capacity and Associated Energy, and Replacement Energy, shall become effective.

3.5 Commercial Operations Date

The Plant shall achieve Commercial Operations Date for each Unit of the Plant upon the delivery of the Power Supplier of the documents enumerated below, in form and substance, reasonably satisfactory to Meralco:²

xxx

3.7 Early Occurrence of the Commercial Operations Date

¹ Article 1 of the PSA defines Operations Effective Date for Unit 1 of the Plant to be on December 26, 2022, or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of the PSA.

² With respect to the Commercial Operations Date of every Unit, CLPPC shall submit the following documents:

- (a) Capacity Test Certificate;
- (b) a Net Plant Heat Rate Test Certificate;
- (c) all permits, licenses, authorizations and other approvals from all Government Authorities and third parties needed for the supply of electricity by CLPPC to Meralco;
- (d) a Commercial Operations Date Certificate; and
- (e) Power Supplier certification that the insurances have been obtained.

3.7.1 In the event that Power Supplier achieves Commercial Operations Date prior to the occurrence of the Operations Effective Date, Power Supplier shall promptly deliver to Meralco written notice thereof on or before the Commercial Operations Date. Upon receipt of such written notice, Meralco shall, by written notice to Power Supplier, choose between the following options:

- a) Consider that Operations Effective Date shall occur on the Commercial Operations Date or such other later date as provided under Section 3.7.2; or
- b) Require Power Supplier to deliver, for purchase by Meralco on a non-firm basis, such portion of the Contract Capacity and Associated Energy needed by Meralco from Commercial Operations Date to Operations Effective Date, which shall be paid at the Price. For the avoidance of doubt, Meralco shall have priority over the Contract Capacity and Associated Energy. If needed by Meralco, it shall communicate its binding day-ahead nominations of the Contract Capacity and Associated Energy (or a portion thereof) to Power Supplier.

xxx

Article 5 Sale and Purchase of Contract Capacity and Associated Energy

5.1 Supply of Power

Subject to the terms and conditions of this Agreement:

5.1.1 From the Operations Effective Date until the expiration of the Term or earlier termination of this Agreement, Power Supplier shall:

- (a) make available to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Contract Capacity; and
- (b) sell to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Associated Energy, to the extent of Meralco's relevant day-ahead nominations.

The Dispatch of Contract Capacity and Associated Energy shall meet the requirements set out in Appendix B (*Technical Limits*).

5.1.2 Unless otherwise expressly permitted by this Agreement, Power Supplier shall not, without Meralco's prior written consent:

(a) sell, divert, grant, transfer, dedicate, reserve or assign all or any portion of the Contract Capacity and Associated Energy to any Person other than Meralco; or

(b) provide Meralco with capacity and/or electrical energy from any source other than the Plant.

5.1.3 The supply of the Contract Capacity and Associated Energy by Power Supplier to Meralco shall be in accordance with WESM Rules. Moreover, each Party shall, during the Term, always keep and maintain its registration as Direct WESM Member Trading Participant.

5.1.4 Power Supplier shall source its supply for Meralco from the Plant except during: (i) the period when the Operations Effective Date occurs prior to Commercial Operations Date; (ii) Outages; (iii) any curtailment due to Dispatch Instructions; (iv) ramping limitations; and (v) system frequency fluctuations.

xxx

Article 8 Outages

8.1 Outage Allowances and Replacement Energy

8.1.1 For Outages within the Full Load Equivalent Aggregate Outage Allowance³ for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCQ and shall be paid by Meralco at the Price in accordance with Appendix D.

³ As defined under Article I of the PSA, "Full Load Equivalent Aggregate Outage Allowance means: (i) the first thirty five (35) Full Load Equivalent Outage Days due to a Forced Outage or a Scheduled Outage for every Contract Year; or (ii) the first sixty five (65) Full Load Equivalent Outage Days during Major Maintenance, which shall occur not more frequent than every four (4) years."

- 8.1.2 During Outages within the Full Load Equivalent Cumulative Outage Allowance⁴ for the Contract Year, Meralco shall procure its own Replacement Energy from the WESM and Power Supplier shall not bill Meralco for these quantities. xxx
- 8.1.3 During Outages beyond the Full Load Equivalent Cumulative Outage Allowance up to an accumulated maximum of one hundred eighty (180) Full Load Equivalent Outage Days for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCQ; provided that Meralco shall pay such Replacement Energy at (i) PHP 5.00 per kWh or WESM price, whichever is lower, on an hourly basis, for the first five (5) Contract Years; and (ii) PHP 4.50 per kWh or WESM price, whichever is lower, on an hourly basis, for the succeeding Contract Years. For the avoidance of doubt, the minimum WESM price mentioned in (i) and (ii) above shall be Zero Pesos (PHP 0.00) per kWh on an hourly basis.

xxx

Article 9 Adjustments in Contract Capacity and Associated Energy

9.1 Implementation of Retail Competition and Open Access

The Parties acknowledge that Retail Competition and Open Access is being implemented in phases in accordance with the guidelines being issued by the ERC, and upon implementation of each phase, the amount of Contract Capacity may be adjusted in accordance with the terms hereof.

9.2 Assignment or Transfer of Contract Capacity Due to Retail Competition and Open Access

In connection with the implementation by the ERC of Retail Competition and Open Access, Meralco shall, also be entitled to assign, transfer, designate, delegate or allocate (collectively in this context, "**Transfer**") its rights and obligations to purchase a portion of Contract Capacity and Associated Energy that is no longer

⁴ As defined under Article I of the PSA, "**Full Load Equivalent Cumulative Outage Allowance** means the thirty (30) Full Load Equivalent Outage Days due to an Outage beyond the Full Load Equivalent Aggregate Outage Allowance for every Contract Year, for which Meralco shall procure its own Replacement Energy pursuant to Section 8.1.2.

required by Meralco as a result of Retail Competition and Open Access (i) to any of its Affiliates or business segments, to the extent allowed by Law, without the prior consent of the Power Supplier; or (ii) to any other Person subject to the consent of Power Supplier, which consent shall not be unreasonably withheld.

xxx

9.3 Reduction in Contract Capacity and Associated Energy

- 9.3.1 Subject to the provisions of Section 9.3.2 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 by reason of the enforcement of RCOA, the Renewable Energy Law and other Laws and Legal Requirements.

xxx

Article 10 Billing and Payment

xxx

10.2 Payments

- 10.2.1 Meralco shall pay the entire amount indicated in the Final Invoice (subject to Appendix G) when due and payable, provided that Meralco shall not be required to make payment on any Invoice that is manifestly in error, apparently invalid or not in the form or substance contemplated by this Agreement until the same has been corrected following prompt notice by Meralco to Power Supplier of such error, invalidity or absence of proper form or substance.

xxx

Article 11 Taxes, Fees and Costs

xxx

11.4 Charges Due to Change in Circumstances

- (i) If as a result of a Change in Circumstances, Meralco becomes liable to pay any new charges, fees, taxes,

duties, assessments or other similar amounts ("**New Charges**"), or any increase in existing charges, fees, taxes, duties, assessments or other similar amounts ("**Increased Charges**") become payable with respect to this Agreement, the New Charges or Increased Charges shall form part of the price that Meralco will charge to its customers.

- (ii) If as a result of a Change in Circumstances affecting Power Supplier, Power Supplier becomes liable to pay any New Charges or any Increased Charges or a Change in Circumstances materially and adversely affects the ability of Power Supplier to perform or materially increases the operating costs or capital expenditures associated with the Plant or materially and adversely affects its performance of its obligations under this Agreement, adversely affects the sale by Power Supplier of Contract Capacity and Associated Energy in accordance with this Agreement, makes the Power Supplier's administration or operational aspects of such performance materially more burdensome (whether made at the direction of any Governmental Instrumentality or otherwise) or causes serious damage to, or materially and adversely affects the financial condition of Power Supplier, Power Supplier shall send a notice to Meralco of the occurrence of such Change in Circumstances ("**Notice of Change in Circumstances**") together with an analysis of the cost impact of such Change in Circumstances. Within thirty (30) Days of such Notice of Change in Circumstances, Meralco and Power Supplier shall meet to discuss, in good faith, remedial measures to mitigate the impact of such Change in Circumstances. Each Party shall cooperate in good faith to secure any Governmental Authorizations to implement any agreed remedial measures. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the Power Supplier shall be entitled to terminate this Agreement in accordance with the provisions of Section 17.6.6(a).
- (iii) In the event that, as a result of a Change in Circumstances and pursuant to a corresponding order of the ERC or any other Government Instrumentality:
 - (a) Meralco is prevented from making a pass through to its customers of any charges under this Agreement (as approved by the ERC in the ERC Final Approval as accepted by Power Supplier); or

- (b) any portion of the Price that has been paid to Power Supplier is required to be refunded to Meralco or Meralco's customers in connection with the ERC Application or any petition, claim, case, proceeding or other action involving any of the Parties brought before any judicial, administrative or quasi-judicial body,

the Parties shall enter into good faith negotiations to agree on a satisfactory solution regarding the amendment of this Agreement to restore Meralco's commercial position prior to such Change in Circumstances, including an adjustment of the Price. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the provisions of Section 17.6.6(b) will apply.

xxx

13.2 ERC Approval

13.2.1 Subject to the non-occurrence of the Longstop Date, upon receipt of the ERC Final Approval, Meralco shall provide a copy of such ERC Final Approval to Power Supplier. Power Supplier shall have ten (10) Days from the date of receipt from Meralco of such ERC Final Approval to notify Meralco in writing that (i) it accepts such ERC Final Approval or (ii) it does not accept the ERC Final Approval, stating the grounds for non-acceptance.

13.2.2 In case of Power Supplier's non-acceptance, Power Supplier shall be free to: (i) file with the ERC a motion for reconsideration or (ii) terminate this Agreement upon sixty (60) days prior written notice to Meralco; provided that, any order on a motion for reconsideration shall be treated as an ERC Final Approval for purposes of the processes under this Section 13.2; provided further that, if the motion for reconsideration is denied by the ERC, or approved by the ERC but still with any material term or condition that is not acceptable to Power Supplier, Power Supplier may terminate this agreement upon sixty (60) days prior written notice to Meralco.

xxx

Article 16 Force Majeure

xxx

16.4 Effect of Extended Force Majeure

If any Event of Force Majeure prevents Power Supplier from making Available the Contract Capacity or Associated Energy or Meralco from accepting Contract Capacity or Associated Energy, in each case for a continuous period of more than one hundred eighty (180) Days, then either Party may upon written notice, require the other Party to meet as soon as practicable to reasonably discuss any modification, change or amendment of this Agreement under such reasonable terms, to the extent necessary to resolve the issues arising from the Event of Force Majeure and maintain, to the extent feasible, the rights and obligations of the Parties under this Agreement.

If the Parties do not reach such satisfactory solution prior to the end of such one hundred eighty (180) Day period, or such other time as may be agreed upon, either Party may terminate this Agreement in accordance with Section 17.6.5.

xxx

17.3 Remedies in case of Event of Default

17.3.1 During the Curing Period with respect to a Power Supplier Event of Default, Meralco shall, for each time Power Supplier fails to make Available the Contract Capacity or to deliver the Associated Energy, be entitled to source energy from the WESM. In such case, and provided that Power Supplier is able to cure the Power Supplier Event of Default prior to the exercise by Meralco of its rights under Section 17.3.3, Power Supplier shall be liable to pay Meralco the difference between the amount Meralco actually paid for such energy and the Price.

17.3.2 During the Curing Period with respect to a Meralco Event of Default, Power Supplier shall, from the time of Meralco's failure to accept or pay for the Contract Capacity and Associated Energy, be entitled to sell the Contract Capacity and Associated Energy to the WESM. In such case, and provided that Meralco is able to cure the Meralco Event of Default prior to the exercise by Power Supplier of its rights under Section 17.3.4, Meralco shall be liable to pay Power Supplier the difference

between the amount Power Supplier actually received from such sale to the WESM and the Price.

xxx”

A copy of the PSA, including its attachments, is attached to the Joint Application as Annex “A”.

Q8: What is the contract capacity and associated energy contracted under the PSA?

A8: The PSA is for the purchase of up to 528 MW contract capacity and associated energy.

Q9: What is the effective rate under the PSA?

A9: Given a certain set of assumptions, the annual effective rate under the PSA is PhP3.5195 per kWh. A copy of the CLPPC PSA – Rate Impact is attached to the Joint Application as Annex “O”.

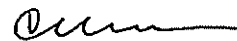
Q10: If approved, how much will be the simulated delivered price under the PSA?

A10: Given the assumptions provided in Annex “O”, the simulated delivered price under the PSA would result in the reduction of MERALCO’s generation charge by about PhP0.4678 per kWh.

Q11: Do you affirm and confirm the truthfulness and veracity of your answers to the questions asked?

A11: Yes.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 27th day of April 2016, at Pasig City, Philippines.



CIPRINILO C. MENESES
Affiant

ATTESTATION

I, **ATTY. ADRIAN REX C. DIMALANTA**, of legal age, Filipino, with office address at 7th Floor, Lopez Building, MERALCO Compound, Ortigas Avenue, Pasig City attest to the following that:

1. I am the lawyer who conducted the examination of witness, Mr. Ciprinilo C. Meneses;

2. I have faithfully recorded or caused to be recorded the

questions I asked and the answers given by the witness;

3. Neither I nor any other person coached the witness regarding his answers.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 27th day of April 2016, at Pasig City, Philippines.


ATTY. ADRIAN REX C. DIMALANTA
Affiant

SUBSCRIBED AND SWORN TO before me this 27th day of April 2016 by Engr. Ciprinilo C. Meneses and Atty. Adrian Rex C. Dimalanta exhibiting their SSS IDs with Nos. 03-6515286-8 and 34-0968670-5, respectively, as proof of their identities.

Doc. No.: 194;
Page No.: 40;
Book No.: IV;
Series of 2016.


ATTY. CARMEN GRACE S. RAMOS
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on July 13, 2015 at Pasig City
until December 31, 2016
Roll No. 55945; IBP No. 1023723; 01/05/16; RSM Chapter
PTR No. 1473409; 01/21/16; Pasig City
7th Floor, Lopez Bldg., Origas Ave., Pasig City

ARTICLES OF INCORPORATION
OF

CENTRAL LUZON PREMIERE POWER CORP.

KNOW ALL MEN BY THESE PRESENTS:

The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntarily agreed to form a stock corporation under the laws of the Republic of the Philippines

AND WE HEREBY CERTIFY THAT:

FIRST - The name of said corporation shall be:

CENTRAL LUZON PREMIERE POWER CORP.

SECOND - A. The primary purpose of this corporation is to carry on the business of producing and generating electricity and processing fuels alternative for power generation, including expanded operation of energy supply base and the generation and cogeneration of electric power, as well as the supply and consolidation of the electric power demand of end-users, and to carry on all services incident and/or ancillary to the above, including, without limitation, the, construction, assembly, testing, commissioning, operation, maintenance, rehabilitation and management of power generating plants, substations and related facilities and equipment, to engage in the promoting, marketing and sale of such electric power and to engage in all other businesses incidental to the foregoing, including, but not limited to, the sale of the by-products of power generation.

B. The corporation shall have all the express powers of a corporation as provided for under Section 36 of the Corporation Code of the Philippines.

THIRD - The place where the principal office of the corporation is to be established is at 40 San Miguel Avenue, Mandaluyong City.

FOURTH - The term for which the corporation is to exist is fifty (50) years from and after the date of issuance of the certificate of incorporation.

FIFTH - The names, nationalities, and residences of the incorporators are as follows:

COVER SHEET

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

S. E. C. Registration Number

C	E	N	T	R	A	L		L	U	Z	O	N							
P	R	E	M	I	E	R	E		P	O	W	E	R						
C	O	R	P	.															

(Company's Full Name)

40		S	A	N		M	I	G	U	E	L								
A	V	E	N	U	E		M	A	N	D	A	L	U	Y	O	N	G		
C	I	T	Y																

(Business Address: No. Street City/Town/Province)

Avelino G. Cedo III										667-5203											
Contact Person										Company Telephone Number											
				AOI & By-Laws										0		5					
Month		Day		FORM TYPE										Month		Day		Annual Meeting			

--

Secondary License Type, if Applicable

Dept. Requiring this Doc.			Amended Articles Number/Section																
										Total Amount of Borrowings									
Total No. of Stockholders										Domestic					Foreign				

To be accomplished by SEC Personnel concerned

File Number										LCU									
Document I. D.										Cashier									

STAMPS

Remarks = Pls. Use black ink for scanning purposes

<i>Name</i>	<i>Nationality</i>	<i>Residence</i>
Ramon S. Ang	Filipino	671 Notre Dame St., Wack-Wack Subdivision, Mandaluyong City
Ferdinand K. Constantino	Filipino	No. 95 Celery Drive, Valle Verde 5 Pasig City
Aurora T. Calderon	Filipino	No. 27 Carrot St., Valle Verde 5 Pasig City
Joseph N. Pineda	Filipino	No. 166, Lauan St., Ayala Alabang Village, Muntinlupa City
Bella O. Navarra	Filipino	No. 32 Jose Ma. Hugo Street Project 4, Quezon City

SIXTH - The number of directors of said corporation shall be FIVE (5) and the names, nationalities and residences of the first directors who are to serve until their successors are elected and qualified as provided by the by-laws are as follows:

<i>Name</i>	<i>Nationality</i>	<i>Residence</i>
Ramon S. Ang	Filipino	671 Notre Dame St., Wack-Wack Subdivision, Mandaluyong City
Ferdinand K. Constantino	Filipino	No. 95 Celery Drive, Valle Verde 5, Pasig City
Aurora T. Calderon	Filipino	No. 27 Carrot St., Valle Verde5 Pasig City
Joseph N. Pineda	Filipino	No. 166 Lauan St., Ayala Alabang Village, Muntinlupa City
Bella O. Navarra	Filipino	No. 32 Jose Ma. Hugo Street Project 4, Quezon City

SEVENTH - The authorized capital stock of the corporation is FIVE HUNDRED MILLION PESOS (P500,000,000.00), in lawful money of the Philippines, divided into FIVE MILLION (5,000,000) shares with a par value of ONE HUNDRED PESOS (P100.00) per share.

EIGHTH - At least twenty five percent (25%) of the authorized capital stock has been subscribed and at least twenty five percent (25%) of the total subscription has been paid as follows:

<i>Name</i>	<i>Citizenship</i>	<i>No. of Shares Subscribed</i>	<i>Amount Subscribed</i>	<i>Amount Paid</i>
SMC Global Power Holdings Corp. TIN: 006-960-000-000.	Filipino	1,249,995	P124,999,500.00	P31,249,500.00
Ramon S. Ang	Filipino	1	100.00	100.00
Ferdinand K. Constantino	Filipino	1	100.00	100.00
Aurora T. Calderon	Filipino	1	100.00	100.00
Joseph N. Pineda	Filipino	1	100.00	100.00
Bella O. Navarra	Filipino	1	100.00	100.00
Total		1,250,000	P125,000,000.00	P31,250,000.00

NINTH - No transfer of stock or interest which would reduce the stock ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of corporation and this restriction shall be indicated in the stocks certificates issued by the corporation.

TENTH - FERDINAND K. CONSTANTINO has been elected by the subscribers as Treasurer of the corporation to act as such until his successor is duly elected and qualified in accordance with the by-laws; and that as such Treasurer, he has been authorized to receive for and in the name and for the benefit of the corporation, all subscriptions paid in by the subscribers.

ELEVENTH - The incorporators undertake to change its corporate name as herein provided or as amended thereafter, immediately upon receipt of notice or directive from the Securities and Exchange Commission that another corporation, partnership or person has acquired a prior right to the use of that name or that the name has been declared as misleading, deceptive, confusingly similar to a registered name, or contrary to public morals, good customs or public policy.

IN WITNESS WHEREOF, we have set our hands this
DEC 17 2014 at Mandaluyong City.


RAMON S. ANG
TIN: 118-247-725


FERDINAND K. CONSTANTINO
TIN: 119-123-901


AURORA T. CALDERON
TIN: 133-973-725


JOSEPH N. PINEDA
TIN: 106-985-782


BELLA O. NAVARRA
TIN: 123-372-994

WITNESSES:

ACKNOWLEDGMENT

Republic of the Philippines)
Mandaluyong City) S.S.

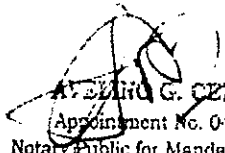
DEC 17 2014 BEFORE ME, a Notary Public in and for Mandaluyong City, this
at Mandaluyong City personally appeared:

<u>Name</u>	<u>Competent I.D. No.</u>	<u>Date & Place Issued</u>
Ramon S. Ang	Passport XX0492943	02.22.2013; Manila
Ferdinand K. Constantino	Passport EB5297621	05.04.2012; Manila
Aurora T. Calderon	Passport EB2460139	05.16.2011; Manila
Joseph N. Pineda	Passport XX5712007	03.09.2010; Manila
Bella O. Navarra	Passport EB6339121	09.14.2012; Manila

all personally known to me and to me known to be the same persons who
executed the foregoing Articles of Incorporation and they acknowledged to me
that the same is their free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
my notarial seal on the date and at the place first above written.

Doc. No.: 251 ;
Page No.: 52 ;
Book No.: 1 ;
Series of 2014.


ARNELINO G. CERNI
Appointment No. 0418-14
Notary Public for Mandaluyong City
Until December 31, 2015
No. 40 San Miguel Avenue, Mandaluyong City
Roll No. 54500
PTR No. 9844278 / 01-09-14 / Pasig City
Lifetime IBP No. 880330 / 01-06-12 / PPLM

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY) SS.

TREASURER'S AFFIDAVIT

I, **FERDINAND K. CONSTANTINO**, of legal age, Filipino, with office address at No. 40 San Miguel Avenue, Mandaluyong City, after being duly sworn in accordance with law, hereby depose and state that:

1. I have been duly sworn by the subscribers of **CENTRAL LUZON PREMIERE POWER CORP.** (the "Corporation") as the Treasurer of the Corporation, to act as such until my successor has been duly elected and qualified in accordance with the By-Laws of the Corporation.

2. As such Treasurer, I have been authorized by the subscribers to receive for the Corporation all subscriptions paid-in by them for the capital stock.

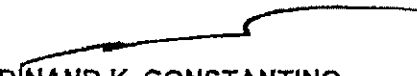
3. I hereby certify under oath that out of the authorized capital stock of FIVE HUNDRED MILLION PESOS (P500,000,000.00), Philippine currency, ONE HUNDRED TWENTY FIVE MILLION PESOS (P125,000,000.00), Philippine currency, worth of shares have actually been subscribed and of this amount, THIRTY ONE MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P31,250,000.00), Philippine currency, has been fully paid in cash paid and received by me for the benefit and to the credit of the Corporation, and henceforth, at least twenty-five percent (25%) of the entire authorized capital stock has been actually subscribed and at least twenty-five percent (25%) of the total subscription has actually been paid to me, in accordance with the Corporation Code.

4. This is also to authorize the Securities and Exchange Commission and the Bangko Sentral ng Pilipinas to examine and verify the deposit in the Bank of Commerce, San Miguel Properties Centre Branch, in the amount of THIRTY ONE MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P31,250,000.00), Philippine currency, representing the paid-up capital of the said corporation which is in the process of incorporation. This authority is valid and inspection of said deposit may be made even after the issuance of the Certificate of Incorporation to the Corporation. Should the deposit be transferred to another bank prior to or after incorporation, this will also serve as authority to verify and examine the same. The representative of the Securities and Exchange Commission is also authorized to examine the pertinent books and records of accounts of the Corporation as well as all supporting papers to determine the utilization and disbursement of the said paid-up capital.

5. In case the said paid-up capital is not deposited or withdrawn prior to the approval of the articles of incorporation, I, in behalf of the above

name corporation, waived our right to a notice and hearing in the revocation of our Certificate of Incorporation.

JAN 12 2015 IN WITNESS WHEREOF, I have hereunto set my hand on
at Mandaluyong City.


FERDINAND K. CONSTANTINO
Treasurer

SUBSCRIBED AND SWORN to before me this JAN 12 2015
at Mandaluyong City, affiant exhibiting to me his Philippine Passport with No.
EB5297621 issued on 04 May 2012 at Manila.

Doc. No.: 344 ;
Page No.: 70 ;
Book No.: I ;
Series of 2015.


AVELINO G. CEDO III
Appointment No. 0418-14
Notary Public for Mandaluyong City
Until December 31, 2015
No. 40 San Miguel Avenue, Mandaluyong City
Roll No. 54500
PTR No. 984479 / 01-09-14 / Pasig City
Lifetime IBF No. 860300 / 01-06-12 / PPLM

BY-LAWS
OF
CENTRAL LUZON PREMIERE POWER CORP.

ARTICLE I
SUBSCRIPTION, ISSUANCE AND TRANSFER OF SHARES

Section 1. Subscriptions – Subscribers to the capital stock of the corporation shall pay the value of the stock in accordance with the terms and conditions prescribed by the Board of Directors. Unpaid subscriptions shall not earn interest unless determined by the Board of Directors.

Section 2. Certificate – The stockholder shall be entitled to one or more certificates for fully paid stock subscription in his name in the books of the corporation. The certificates shall contain the matters required by law and the Articles of Incorporation. They shall be in such form and design as may be determined by the Board of Directors and numbered consecutively. The certificate shall be signed by the signed by the President, countersigned by the Secretary or the Assistant Secretary, and sealed with the corporate seal.

Section 3. Transfer of Shares – Subject to the restrictions, terms and conditions contained in the Articles of Incorporation, shares may be transferred, sold, assigned or pledged by delivery of the certificates duly indorsed by the stockholder, his attorney-in-fact, or other legally authorized person. The transfer shall be valid and binding on the corporation only upon record thereof in the books of the corporation. The Secretary shall cancel the stock certificates and issue new certificates to the transferee.

No share of stock against which the corporation holds unpaid claim shall be transferable in the books of the corporation.

All certificates surrendered for transfer shall be stamped "Cancelled" on the face thereof, together with the date of cancellation, and attached to the corresponding stub with the certificate book.

Section 4. Lost Certificates – In case any stock certificate is lost, stolen, or destroyed, a new certificate may be issued in lieu thereof in accordance with the procedure prescribed under Section 73 of the Corporation Code.

ARTICLE II MEETINGS OF STOCKHOLDERS

Section 1. Annual / Regular Meetings – The annual / regular meetings of stockholders shall be held at the principal office every first Tuesday of May of each year, if a legal holiday, then on the day following.

Section 2. Special Meeting – The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, (b) President.

Section 3. Place of Meeting – Stockholders meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors.

Section 4. Notice of Meeting – Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery, telegram, mail, facsimile transmission, or electronic mail, at least ten (10) business days prior to the date of the meeting to each stockholder of record at his last known address or contact details. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 5. Quorum – Unless otherwise provided by law, in all regular or special meeting of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be presented.

Section 6. Conduct of Meeting – Meeting of the stockholders shall be presided over by the Chairman of the Board, or in his absence, by the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary or Assistant Secretary shall act as secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting.

Section 7. Manner of Voting – At all meetings of stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the

proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary before the time set for the meeting. Proxies filed with the Secretary may be revoked by the stockholders, either in an instrument in writing duly presented and recorded with the Secretary, prior to a scheduled meeting or by their personal presence at the meeting.

Section 8. Closing of Transfer Books or Fixing of Record Date – For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend, the Board of Directors may provide that the stock and transfer books be closed for ten (10) working days immediately preceding such meeting.

ARTICLE III BOARD OF DIRECTORS

Section 1. Powers of the Board – Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of Directors to be elected by and from among the stockholders. Without prejudice to such powers as may be granted by law, the Board of Directors shall also have the following powers:

- a. From time to time, to make and change rules and regulations and inconsistent with these by-laws for the management of the corporation's business and affairs;
- b. To purchase, receive, take or otherwise acquire for and in the name of the corporation, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;
- c. To invest the funds of the corporation in other corporations or for purposes other than those for which the corporation was organized, subject to such stockholders' approval as may be required by law;
- d. To incur such indebtedness as the Board may deem necessary, to issue evidence of indebtedness including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the corporation;

e. To establish pension, retirement, bonus, or other types of incentive or compensation plans for the employees, including officers and directors of the corporation;

f. To prosecute, maintain, defend, compromise or abandon any lawsuit in which the corporation or its officers are either plaintiffs or defendants in connection with the business of the corporation;

g. To delegate, from time to time, any of the powers of the Board which may lawfully be delegated in the course of the current business of the corporation to any standing or special committee or to any officer or agent and to appoint any person to be agent of the corporation with such powers and upon such terms as may be deemed fit;

h. To implement these by-laws and to act on any manner not covered by these by-laws, provided such matter does not require the approval or consent of the stockholders under the Corporation Code.

Section 2. Election and Term – The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

Section 3. Vacancies – Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these by-laws.

Section 4. Meetings – Regular meetings of the Board of Directors shall be held at least four (4) times a year, on such dates and at places as may be called by the Chairman of the Board, or upon the request of a majority of the Directors.

Section 5. Notice – Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, by telephone, telegram, mail, facsimile transmission, electronic mail (e-mail), or by written message. A director may waive this requirement, either expressly or impliedly.

Section 6. Quorum – A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

Section 7. Conduct of the Meetings - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by the President, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Secretary or the Assistant Secretary shall act as secretary of every meeting, if not present, the chairman of the meeting, shall appoint a secretary of the meeting.

ARTICLE IV OFFICERS

Section 1. Election/Appointment – Immediately after their election, the Board of Directors shall formally organize by electing the Chairman of the Board, the President, the Treasurer, the Secretary, and Assistant Secretary at said meeting.

The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more compatible positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

Section 2. Chairman of the Board – The Chairman of the Board of Directors shall preside at the meetings of the directors and the stockholders. He shall also exercise such powers and perform such duties as the Board of Directors may assign to him.

Section 3. President - The President shall be the Chief Executive Officer of the Corporation and shall also have administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:

- a. To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman of the Board of Directors;
- b. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of

the Board of Directors, including those for executive training, development and compensation;

- c. To supervise and manage the business affairs of the corporation upon the direction of the Board of Directors;
- d. To implement the administrative and operational policies of the corporation under his supervision and control;
- e. To appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;
- f. To oversee the preparation of the budgets and the statements of accounts of the corporation;
- g. To represent the corporation at all functions and proceedings;
- h. To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors;
- i. To make reports to the Board of Directors and stockholders;
- j. To sign certificates of stock; and
- k. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 4. The Treasurer – The Treasurer of the corporation shall have the following duties:

- a. To keep full and accurate accounts of receipts and disbursements in the books of the corporation;
- b. To have custody of, and be responsible for, all the funds, securities and bonds of the corporation;
- c. To deposit in the name and to the credit of the corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the corporation which may come under his control;
- d. To render an annual statements showing the financial condition of the corporation and such other financial reports as the Board of Directors, or the President may, from time to time require;

e. To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies; and

f. To exercise such powers and perform such duties and functions as may be assigned to him by the President.

Section 5. The Secretary – The Secretary must be a resident and a citizen of the Philippines. He shall have the following specific powers and duties:

a. To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;

b. To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;

c. To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;

d. To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

e. To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;

f. To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stocks represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election; and

g. To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

Section 6. The Assistant Secretary - He shall assist the Secretary and perform the functions of the Secretary in the absence of the latter.

Section 7. Term of Office – The term of office of all officers shall be one (1) year and until their successors are duly elected and qualified.

Section 8. Vacancies – If any position of the officers becomes vacant by reason of death, resignation, disqualification or for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.

Section 9. Compensation – The officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

ARTICLE V OFFICES

Section 1. The principal office of the corporation shall be located at the place stated in Article III of the Articles of Incorporation. The corporation may have such other branch offices, either within or outside the Philippines as the Board of Directors may designate.

ARTICLE VI AUDIT OF BOOKS, FISCAL YEAR AND DIVIDENDS

Section 1. External Auditor – At the regular stockholders' meeting, the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation.

Section 2. Fiscal Year – The fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

Section 3. Dividends – Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

**ARTICLE VII
AMENDMENTS**

Section 1. These by-laws may be amended or repealed or new by-laws adopted by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

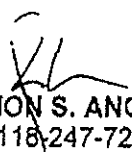
**ARTICLE VIII
SEAL**

Section 1. Form and Inscriptions - The corporate seal shall be determined by the Board of Directors.

**ARTICLE IX
ADOPTION CLAUSE**

The foregoing by-laws were adopted by all the stockholders of the corporation on DEC 17 2014 at the principal office of the Corporation.

IN WITNESS WHEREOF, we, the undersigned stockholders present at said meeting and voting in favor of the adoption of said by-laws, have hereunto subscribed our names this Dec 1, 2014 at Mandaluyong City.


RAMON S. ANG
TIN: 118-247-725


FERDINAND K. CONSTANTINO
TIN: 119-123-901


AURORA T. CALDERON
TIN: 133-973-725


JOSEPH N. PINEDA
TIN: 106-985-782


BELLA O. NAVARRA
TIN: 123-372-994



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

ANNEX " D "

COMPANY REG. NO. CS201500973
COMPANY TIN 008-941-110

CERTIFICATE OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the Articles of Incorporation and By-Laws of

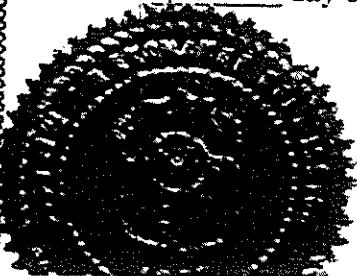
CENTRAL LUZON PREMIERE POWER CORP.

were duly approved by the Commission on this date upon the issuance of this Certificate of Incorporation in accordance with the Corporation Code of the Philippines (Batas Pambansa Blg.68), and copies of said Articles and By-Laws are hereto attached.

This Certificate grants juridical personality to the corporation but does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

As a registered corporation, it shall submit annually to this Commission the reports indicated at the back of this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 22nd day of January, Twenty Fifteen.




FERDINAND B. SALES
Director
Company Registration and Monitoring Department

ARTICLES OF INCORPORATION
OF

CENTRAL LUZON PREMIERE POWER CORP.

KNOW ALL MEN BY THESE PRESENTS:

The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntarily agreed to form a stock corporation under the laws of the Republic of the Philippines

AND WE HEREBY CERTIFY THAT:

FIRST - The name of said corporation shall be:

CENTRAL LUZON PREMIERE POWER CORP.

SECOND - A. The primary purpose of this corporation is to carry on the business of producing and generating electricity and processing fuels alternative for power generation, including expanded operation of energy supply base and the generation and cogeneration of electric power, as well as the supply and consolidation of the electric power demand of end-users, and to carry on all services incident and/or ancillary to the above, including, without limitation, the, construction, assembly, testing, commissioning, operation, maintenance, rehabilitation and management of power generating plants, substations and related facilities and equipment, to engage in the promoting, marketing and sale of such electric power and to engage in all other businesses incidental to the foregoing, including, but not limited to, the sale of the by-products of power generation.

B. The corporation shall have all the express powers of a corporation as provided for under Section 36 of the Corporation Code of the Philippines.

THIRD - The place where the principal office of the corporation is to be established is at 40 San Miguel Avenue, Mandaluyong City.

FOURTH - The term for which the corporation is to exist is fifty (50) years from and after the date of issuance of the certificate of incorporation.

FIFTH - The names, nationalities, and residences of the incorporators are as follows:

COVER SHEET

S. E. C. Registration Number

(Company's Full Name)

(Business Address: No. Street City/Town/Province)

Contact PersonCompany Telephone Number

First Tuesday of

0	5		
Month		Day	
Annual Meeting			

AOI & By-Laws

FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCUDocument 1. D.

Cashier

STAMPS

Remarks = Pls. Use black ink for scanning purposes

<i>Name</i>	<i>Nationality</i>	<i>Residence</i>
Ramon S. Ang	Filipino	671 Notre Dame St., Wack-Wack Subdivision, Mandaluyong City
Ferdinand K. Constantino	Filipino	No. 95 Celery Drive, Valle Verde 5 Pasig City
Aurora T. Calderon	Filipino	No. 27 Carrot St., Valle Verde 5 Pasig City
Joseph N. Pineda	Filipino	No. 166, Lauan St., Ayala Alabang Village, Muntinlupa City
Bella O. Navarra	Filipino	No. 32 Jose Ma. Hugo Street Project 4, Quezon City

SIXTH - The number of directors of said corporation shall be FIVE (5) and the names, nationalities and residences of the first directors who are to serve until their successors are elected and qualified as provided by the by-laws are as follows:

<i>Name</i>	<i>Nationality</i>	<i>Residence</i>
Ramon S. Ang	Filipino	671 Notre Dame St., Wack-Wack Subdivision, Mandaluyong City
Ferdinand K. Constantino	Filipino	No. 95 Celery Drive, Valle Verde 5, Pasig City
Aurora T. Calderon	Filipino	No. 27 Carrot St., Valle Verde5 Pasig City
Joseph N. Pineda	Filipino	No. 166 Lauan St., Ayala Alabang Village, Muntinlupa City
Bella O. Navarra	Filipino	No. 32 Jose Ma. Hugo Street Project 4, Quezon City

SEVENTH - The authorized capital stock of the corporation is FIVE HUNDRED MILLION PESOS (P500,000,000.00), in lawful money of the Philippines, divided into FIVE MILLION (5,000,000) shares with a par value of ONE HUNDRED PESOS (P100.00) per share.

EIGHTH - At least twenty five percent (25%) of the authorized capital stock has been subscribed and at least twenty five percent (25%) of the total subscription has been paid as follows:

<i>Name</i>	<i>Citizenship</i>	<i>No. of Shares Subscribed</i>	<i>Amount Subscribed</i>	<i>Amount Paid</i>
SMC Global Power Holdings Corp. TIN: 006-960-000-000.	Filipino	1,249,995	P124,999,500.00	P31,249,500.00
Ramon S. Ang	Filipino	1	100.00	100.00
Ferdinand K. Constantino	Filipino	1	100.00	100.00
Aurora T. Calderon	Filipino	1	100.00	100.00
Joseph N. Pineda	Filipino	1	100.00	100.00
Bella O. Navarra	Filipino	1	100.00	100.00
Total		1,250,000	P125,000,000.00	P31,250,000.00

NINTH - No transfer of stock or interest which would reduce the stock ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of corporation and this restriction shall be indicated in the stocks certificates issued by the corporation.

TENTH - FERDINAND K. CONSTANTINO has been elected by the subscribers as Treasurer of the corporation to act as such until his successor is duly elected and qualified in accordance with the by-laws; and that as such Treasurer, he has been authorized to receive for and in the name and for the benefit of the corporation, all subscriptions paid in by the subscribers.

ELEVENTH - The incorporators undertake to change its corporate name as herein provided or as amended thereafter, immediately upon receipt of notice or directive from the Securities and Exchange Commission that another corporation, partnership or person has acquired a prior right to the use of that name or that the name has been declared as misleading, deceptive, confusingly similar to a registered name, or contrary to public morals, good customs or public policy.

IN WITNESS WHEREOF, we have set our hands this
DEC 17 2014 at Mandaluyong City.


RAMON S. ANG
TIN: 118-247-725


FERDINAND K. CONSTANTINO
TIN: 119-123-901


AURORA T. CALDERON
TIN: 133-973-725


JOSEPH N. PINEDA
TIN: 106-985-782


BELLA D. NAVARRA
TIN: 123-372-994

WITNESSES:

ACKNOWLEDGMENT

Republic of the Philippines)
Mandaluyong City } S.S.

DEC 17 2014 BEFORE ME, a Notary Public in and for Mandaluyong City, this
at Mandaluyong City personally appeared:

<u>Name</u>	<u>Competent I.D. No.</u>	<u>Date & Place Issued</u>
Ramon S. Ang	Passport XX0492943	02.22.2013; Manila
Ferdinand K. Constantino	Passport EB5297621	05.04.2012; Manila
Aurora T. Calderon	Passport EB2460139	05.16.2011; Manila
Joseph N. Pineda	Passport XX5712007	03.09.2010; Manila
Bella O. Navarra	Passport EB6339121	09.14.2012; Manila

all personally known to me and to me known to be the same persons who
executed the foregoing Articles of Incorporation and they acknowledged to me
that the same is their free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed
my notarial seal on the date and at the place first above written.

Doc. No.: 251 ;
Page No.: 52 ;
Book No.: I ;
Series of 2014.


ARSENIO G. OCAMPO
Appointment No. 0418-14
Notary Public for Mandaluyong City
Until December 31, 2015
No. 40 San Miguel Avenue, Mandaluyong City
Roll No. 54500
PTR No. 9844272 / 01-09-14 / Pasig City
Lifetime IBP No. 860330 / 01-06-12 / PPLM

REPUBLIC OF THE PHILIPPINES)
MANDALUYONG CITY) SS.

TREASURER'S AFFIDAVIT

I, **FERDINAND K. CONSTANTINO**, of legal age, Filipino, with office address at No. 40 San Miguel Avenue, Mandaluyong City, after being duly sworn in accordance with law, hereby depose and state that:

1. I have been duly sworn by the subscribers of **CENTRAL LUZON PREMIERE POWER CORP.** (the "Corporation") as the Treasurer of the Corporation, to act as such until my successor has been duly elected and qualified in accordance with the By-Laws of the Corporation.

2. As such Treasurer, I have been authorized by the subscribers to receive for the Corporation all subscriptions paid-in by them for the capital stock.

3. I hereby certify under oath that out of the authorized capital stock of FIVE HUNDRED MILLION PESOS (P500,000,000.00), Philippine currency, ONE HUNDRED TWENTY FIVE MILLION PESOS (P125,000,000.00), Philippine currency, worth of shares have actually been subscribed and of this amount, THIRTY ONE MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P31,250,000.00), Philippine currency, has been fully paid in cash paid and received by me for the benefit and to the credit of the Corporation, and henceforth, at least twenty-five percent (25%) of the entire authorized capital stock has been actually subscribed and at least twenty-five percent (25%) of the total subscription has actually been paid to me, in accordance with the Corporation Code.

4. This is also to authorize the Securities and Exchange Commission and the Bangko Sentral ng Pilipinas to examine and verify the deposit in the Bank of Commerce, San Miguel Properties Centre Branch, in the amount of THIRTY ONE MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P31,250,000.00), Philippine currency, representing the paid-up capital of the said corporation which is in the process of incorporation. This authority is valid and inspection of said deposit may be made even after the issuance of the Certificate of Incorporation to the Corporation. Should the deposit be transferred to another bank prior to or after incorporation, this will also serve as authority to verify and examine the same. The representative of the Securities and Exchange Commission is also authorized to examine the pertinent books and records of accounts of the Corporation as well as all supporting papers to determine the utilization and disbursement of the said paid-up capital.

5. In case the said paid-up capital is not deposited or withdrawn prior to the approval of the articles of incorporation, I, in behalf of the above

name corporation, waived our right to a notice and hearing in the revocation of our Certificate of Incorporation.

JAN 12 2015 **IN WITNESS WHEREOF**, I have hereunto set my hand on _____ at Mandaluyong City.

FERDINAND K. CONSTANTINO
Treasurer

SUBSCRIBED AND SWORN to before me this JAN 12 2015
at Mandaluyong City, affiant exhibiting to me his Philippine Passport with No. EB5297621 issued on 04 May 2012 at Manila.

Doc. No.: 344;
Page No.: 70;
Book No.: I;
Series of 2018.


AVELINO G. CEDO III
Appointment No. 0418-14
Notary Public for Mandaluyong City
Until December 31, 2015
No. 40 San Miguel Avenue, Mandaluyong City
Roll No. 54500
PTR No. 9844779 / 01-09-14 / Pasig City
Lifetime IBP No. 880300 / 01-06-12 / PPLM

BY-LAWS
OF
CENTRAL LUZON PREMIERE POWER CORP.

ARTICLE I
SUBSCRIPTION, ISSUANCE AND TRANSFER OF SHARES

Section 1. Subscriptions – Subscribers to the capital stock of the corporation shall pay the value of the stock in accordance with the terms and conditions prescribed by the Board of Directors. Unpaid subscriptions shall not earn interest unless determined by the Board of Directors.

Section 2. Certificate – The stockholder shall be entitled to one or more certificates for fully paid stock subscription in his name in the books of the corporation. The certificates shall contain the matters required by law and the Articles of Incorporation. They shall be in such form and design as may be determined by the Board of Directors and numbered consecutively. The certificate shall be signed by the signed by the President, countersigned by the Secretary or the Assistant Secretary, and sealed with the corporate seal.

Section 3. Transfer of Shares – Subject to the restrictions, terms and conditions contained in the Articles of Incorporation, shares may be transferred, sold, assigned or pledged by delivery of the certificates duly indorsed by the stockholder, his attorney-in-fact, or other legally authorized person. The transfer shall be valid and binding on the corporation only upon record thereof in the books of the corporation. The Secretary shall cancel the stock certificates and issue new certificates to the transferee.

No share of stock against which the corporation holds unpaid claim shall be transferable in the books of the corporation.

All certificates surrendered for transfer shall be stamped "Cancelled" on the face thereof, together with the date of cancellation, and attached to the corresponding stub with the certificate book.

Section 4. Lost Certificates – In case any stock certificate is lost, stolen, or destroyed, a new certificate may be issued in lieu thereof in accordance with the procedure prescribed under Section 73 of the Corporation Code.

ARTICLE II MEETINGS OF STOCKHOLDERS

Section 1. Annual / Regular Meetings – The annual / regular meetings of stockholders shall be held at the principal office every first Tuesday of May of each year, if a legal holiday, then on the day following.

Section 2. Special Meeting – The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, (b) President.

Section 3. Place of Meeting – Stockholders meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors.

Section 4. Notice of Meeting – Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery, telegram, mail, facsimile transmission, or electronic mail, at least ten (10) business days prior to the date of the meeting to each stockholder of record at his last known address or contact details. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 5. Quorum – Unless otherwise provided by law, in all regular or special meeting of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be presented.

Section 6. Conduct of Meeting – Meeting of the stockholders shall be presided over by the Chairman of the Board, or in his absence, by the President, or if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary or Assistant Secretary shall act as secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting.

Section 7. Manner of Voting – At all meetings of stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the

proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary before the time set for the meeting. Proxies filed with the Secretary may be revoked by the stockholders, either in an instrument in writing duly presented and recorded with the Secretary, prior to a scheduled meeting or by their personal presence at the meeting.

Section 8. Closing of Transfer Books or Fixing of Record Date – For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend, the Board of Directors may provide that the stock and transfer books be closed for ten (10) working days immediately preceding such meeting.

ARTICLE III BOARD OF DIRECTORS

Section 1. Powers of the Board – Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of Directors to be elected by and from among the stockholders. Without prejudice to such powers as may be granted by law, the Board of Directors shall also have the following powers:

- a. From time to time, to make and change rules and regulations and inconsistent with these by-laws for the management of the corporation's business and affairs;
- b. To purchase, receive, take or otherwise acquire for and in the name of the corporation, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;
- c. To invest the funds of the corporation in other corporations or for purposes other than those for which the corporation was organized, subject to such stockholders' approval as may be required by law;
- d. To incur such indebtedness as the Board may deem necessary, to issue evidence of indebtedness including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the corporation;

e. To establish pension, retirement, bonus, or other types of incentive or compensation plans for the employees, including officers and directors of the corporation;

f. To prosecute, maintain, defend, compromise or abandon any lawsuit in which the corporation or its officers are either plaintiffs or defendants in connection with the business of the corporation;

g. To delegate, from time to time, any of the powers of the Board which may lawfully be delegated in the course of the current business of the corporation to any standing or special committee or to any officer or agent and to appoint any person to be agent of the corporation with such powers and upon such terms as may be deemed fit;

h. To implement these by-laws and to act on any manner not covered by these by-laws, provided such matter does not require the approval or consent of the stockholders under the Corporation Code.

Section 2. Election and Term – The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

Section 3. Vacancies – Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these by-laws.

Section 4. Meetings – Regular meetings of the Board of Directors shall be held at least four (4) times a year, on such dates and at places as may be called by the Chairman of the Board, or upon the request of a majority of the Directors.

Section 5. Notice – Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, by telephone, telegram, mail, facsimile transmission, electronic mail (e-mail), or by written message. A director may waive this requirement, either expressly or impliedly.

Section 6. Quorum – A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

Section 7. Conduct of the Meetings - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by the President, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Secretary or the Assistant Secretary shall act as secretary of every meeting, if not present, the chairman of the meeting, shall appoint a secretary of the meeting.

ARTICLE IV OFFICERS

Section 1. Election/Appointment – Immediately after their election, the Board of Directors shall formally organize by electing the Chairman of the Board, the President, the Treasurer, the Secretary, and Assistant Secretary at said meeting.

The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more compatible positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

Section 2. Chairman of the Board – The Chairman of the Board of Directors shall preside at the meetings of the directors and the stockholders. He shall also exercise such powers and perform such duties as the Board of Directors may assign to him.

Section 3. President - The President shall be the Chief Executive Officer of the Corporation and shall also have administration and direction of the day-to-day business affairs of the corporation. He shall exercise the following functions:

- a. To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman of the Board of Directors;
- b. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of

the Board of Directors, including those for executive training, development and compensation;

- c. To supervise and manage the business affairs of the corporation upon the direction of the Board of Directors;
- d. To implement the administrative and operational policies of the corporation under his supervision and control;
- e. To appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;
- f. To oversee the preparation of the budgets and the statements of accounts of the corporation;
- g. To represent the corporation at all functions and proceedings;
- h. To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors;
- i. To make reports to the Board of Directors and stockholders;
- j. To sign certificates of stock; and
- k. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 4. The Treasurer – The Treasurer of the corporation shall have the following duties:

- a. To keep full and accurate accounts of receipts and disbursements in the books of the corporation;
- b. To have custody of, and be responsible for, all the funds, securities and bonds of the corporation;
- c. To deposit in the name and to the credit of the corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the corporation which may come under his control;
- d. To render an annual statements showing the financial condition of the corporation and such other financial reports as the Board of Directors, or the President may, from time to time require;

e. To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies; and

f. To exercise such powers and perform such duties and functions as may be assigned to him by the President.

Section 5. The Secretary – The Secretary must be a resident and a citizen of the Philippines. He shall have the following specific powers and duties:

a. To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;

b. To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;

c. To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;

d. To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

e. To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;

f. To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stocks represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election; and

g. To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

Section 6. The Assistant Secretary - He shall assist the Secretary and perform the functions of the Secretary in the absence of the latter.

Section 7. Term of Office – The term of office of all officers shall be one (1) year and until their successors are duly elected and qualified.

Section 8. Vacancies – If any position of the officers becomes vacant by reason of death, resignation, disqualification or for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.

Section 9. Compensation – The officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

ARTICLE V OFFICES

Section 1. The principal office of the corporation shall be located at the place stated in Article III of the Articles of Incorporation. The corporation may have such other branch offices, either within or outside the Philippines as the Board of Directors may designate.

ARTICLE VI AUDIT OF BOOKS, FISCAL YEAR AND DIVIDENDS

Section 1. External Auditor – At the regular stockholders' meeting, the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation.

Section 2. Fiscal Year – The fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

Section 3. Dividends – Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

ARTICLE VII AMENDMENTS

Section 1. These by-laws may be amended or repealed or new by-laws adopted by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

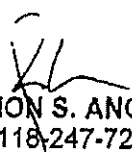
ARTICLE VIII SEAL

Section 1. Form and Inscriptions - The corporate seal shall be determined by the Board of Directors.

ARTICLE IX ADOPTION CLAUSE

The foregoing by-laws were adopted by all the stockholders of the corporation on DEC 17 2014 at the principal office of the Corporation.

IN WITNESS WHEREOF, we, the undersigned stockholders present at said meeting and voting in favor of the adoption of said by-laws, have hereunto subscribed our names this Dec 1, 2014 at Mandaluyong City.


RAMON S. ANG
TIN: 118-247-725


FERDINAND K. CONSTANTINO
TIN: 119-123-901


AURORA T. CALDERON
TIN: 133-973-725


JOSEPH N. PINEDA
TIN: 106-985-782


BELLA C. NAVARRA
TIN: 123-372-994

GENERAL INFORMATION SHEET (GIS)
FOR THE YEAR 2015
STOCK CORPORATION

ANNEX " E "

SEC

GENERAL INSTRUCTIONS:

1. FOR USER CORPORATION, THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. DO NOT LEAVE ANY ITEM BLANK. WRITE "N/A" IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE ACTUAL DATE OF THE ANNUAL STOCKHOLDERS' MEETING.
2. IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED.
3. THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE CORPORATE SECRETARY OF THE CORPORATION.
4. THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT ONLY THE AFFECTED PAGE OF THE GIS THAT RELATES TO THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED BY THE CORPORATE SECRETARY OF THE CORPORATION. THE PAGE OF THE GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURRED OR BECAME EFFECTIVE.
5. SUBMIT FOUR (4) COPIES OF THE GIS TO THE CENTRAL RECEIVING SECTION, GROUND FLOOR, SEC BLDG., EDSA, MANDALUYONG CITY. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER WITH A STANDARD COVER PAGE. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE. CORPORATIONS SUBMITTING A COPY OF THEIR GIS ONLINE OR VIA INTERNET SHALL SUBMIT ONE (1) HARD COPY OF THE GIS, TOGETHER WITH A CERTIFICATION UNDER OATH BY ITS CORPORATE SECRETARY THAT THE COPY SUBMITTED ONLINE CONTAINS THE EXACT DATA IN THE HARD COPY.
6. ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.
7. THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS.

***** PLEASE PRINT LEGIBLY *****

CORPORATE NAME: CENTRAL LUZON PREMIERE POWER CORP.		DATE REGISTERED: 22-Jan-15
BUSINESS/TRADE NAME: CENTRAL LUZON PREMIERE POWER CORP.		FISCAL YEAR END: 31 DECEMBER
SEC REGISTRATION NUMBER: CS201500973		CORPORATE TAX IDENTIFICATION NUMBER (TIN) 008-941-110
DATE OF ANNUAL MEETING PER BY-LAWS: First Tuesday of May		WEBSITE/URL ADDRESS:
ACTUAL DATE OF ANNUAL MEETING: April 20, 2015 (Organizational meeting for Election of Officers)		E-MAIL ADDRESS:
COMPLETE PRINCIPAL OFFICE ADDRESS: 40 San Miguel Avenue, Mandaluyong City		FAX NUMBER: 667-5188
COMPLETE BUSINESS ADDRESS: 40 San Miguel Avenue, Mandaluyong City		TELEPHONE NUMBER(S): 667-5203
NAME OF EXTERNAL AUDITOR & ITS SIGNING PARTNER: R. G. MANABAT & CO. / JOHN MOLINA		SEC ACCREDITATION NUMBER (if applicable): 1101-AR-1, Group A, valid until March 25, 2017
PRIMARY PURPOSE/ACTIVITY/INDUSTRY PRESENTLY ENGAGED IN: The primary purpose of this corporation is to carry on the business of producing and generating electricity and processing fuels alternative for power generation, including expanded operation of energy supply base and the generation and cogeneration of electric power, as well as the supply and consolidation of the electric power demand of end-users, and to carry on all services incident and/or ancillary to the above, including, without limitation, the construction, assembly, testing, commissioning, operation, maintenance, rehabilitation and management of power generating plants, substations and related facilities and equipment, to engage in the promoting, marketing and sale of such electric power and to engage in all other businesses incidental to the foregoing, including, but not limited to, the sale of the by-products of power generation		INDUSTRY CLASSIFICATION: N/A
		GEOGRAPHICAL CODE:

***** INTERCOMPANY AFFILIATIONS *****

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
SMC GLOBAL POWER HOLDINGS CORP.	CS201500975	155 EDSA, Bgy. Wack-wack, Mandaluyong City
SUBSIDIARY/AFFILIATE	SEC REGISTRATION NO.	ADDRESS

NOTE: USE ADDITIONAL SHEET IF NECESSARY

GIS_STOCK(V.2013)

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

Corporate Name: **CENTRAL LUZON PREMIERE POWER CORP.**

A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9194/10167/10365)

Yes ☐ No ☒ X

Please check the appropriate box:

1.

- ☐ a. Banks
- ☐ b. Offshore Banking Units
- ☐ c. Quasi-Banks
- ☐ d. Trust Entities
- ☐ e. Non-Stock Savings and Loan Associations
- ☐ f. Pawnshops
- ☐ g. Foreign Exchange Dealers
- ☐ h. Money Changers
- ☐ i. Remittance Agents
- ☐ j. Electronic Money Issuers
- ☐ k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

2.

- ☐ a. Insurance Companies
- ☐ b. Insurance Agents
- ☐ c. Insurance Brokers
- ☐ d. Professional Reinsurers
- ☐ e. Reinsurance Brokers
- ☐ f. Holding Companies
- ☐ g. Holding Company Systems
- ☐ h. Pre-need Companies
- ☐ i. Mutual Benefit Association
- ☐ j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)

3.

- ☐ a. Securities Dealers
- ☐ b. Securities Brokers
- ☐ c. Securities Salesman
- ☐ d. Investment Houses
- ☐ e. Investment Agents and Consultants
- ☐ f. Trading Advisors
- ☐ g. Other entities managing Securities or rendering similar services
- ☐ h. Mutual Funds or Open-end Investment Companies
- ☐ i. Close-end Investment Companies
- ☐ j. Common Trust Funds or Issuers and other similar entities
- ☐ k. Transfer Companies and other similar entities
- ☐ l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on
- ☐ m. Entities administering of otherwise dealing in valuable objects
- ☐ n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)

4. ☐ Jewelry dealers in precious metals, who, as a business, trade in precious metals

5. ☐ Jewelry dealers in precious stones, who, as a business, trade in precious stone

6. Company service providers which, as a business, provide any of the following services to third parties:

- ☐ a. acting as a formation agent of juridical persons
- ☐ b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons
- ☐ c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
- ☐ d. acting as (or arranging for another person to act as) a nominee shareholder for another person

7. Persons who provide any of the following services:

- ☐ a. managing of client money, securities or other assets
- ☐ b. management of bank, savings or securities accounts
- ☐ c. organization of contributions for the creation, operation or management of companies
- ☐ d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities

8. ☒ * None of the above

Describe nature of business: Please refer to page 1

B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its

Yes ☐ No ☐ N/A

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME: CENTRAL LUZON PREMIERE POWER CORP.

CAPITAL STRUCTURE

AUTHORIZED CAPITAL STOCK

	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (Php) (No. of shares X Par/Stated Value)
	COMMON	5,000,000	100.00	500,000,000.00
TOTAL		5,000,000	TOTAL P	500,000,000.00

SUBSCRIBED CAPITAL

FILIPINO	NO. OF STOCK- HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (Php)	% OF OWNERSHIP
	6	COMMON	1,250,000		100.00	125,000,000.00	100%
TOTAL			1,250,000	TOTAL	TOTAL P	125,000,000.00	

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK- HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (Php)	% OF OWNERSHIP
N/A							

Percentage of Foreign Equity :	TOTAL	TOTAL	TOTAL P	TOTAL SUBSCRIBED P	125,000,000.00
--------------------------------	-------	-------	---------	--------------------	----------------

PAID-UP CAPITAL

FILIPINO	NO. OF STOCK- HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (Php)	% OF OWNERSHIP
	6	COMMON	312,500	100.00	31,250,000.00	100%
TOTAL			312,500	TOTAL P	31,250,000.00	

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK- HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (Php)	% OF OWNERSHIP
N/A						

0.00 %	TOTAL	TOTAL P	TOTAL PAID-UP P
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NOTE: USE ADDITIONAL SHEET IF NECESSARY

* Common, Preferred or other classification

** Other than Directors, Officers, Shareholders owning 10% of outstanding shares.

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME: CENTRAL LUZON PREMIERE POWER CORP.

DIRECTORS / OFFICERS

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	INC'R	BOARD	SEX	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NO. (TIN) FOR FILIPINOS AND FOREIGNERS
1. Ramon S. Ang 671 Notre Dame St., Wack-wack Subdivision, Mandaluyong City	Y	C	M	Y	Chairman & President	N/A	118-247-725 Filipino
2. Ferdinand K. Constantino No. 95 Celery Drive, Valle Verde 5, Pasig City	Y	M	M	Y	Treasurer	N/A	119-123-901 Filipino
3. Aurora T. Calderon No. 27 Carrot St., Valle Verde 5, Pasig City	Y	M	F	Y		N/A	133-973-725 Filipino
4. Joseph N. Pineda No. 166 Lauan St., Ayala Alabang Village, Muntinlupa City	Y	M	M	Y		N/A	106-985-782 Filipino
5. Bella O. Navarra No. 32 Jose Ma. Hugo Street Project 4, Quezon City	Y	M	F	Y		N/A	123-372-994 Filipino
6. Virgilio S. Jacinto 51 Cauliflower St., Valle Verde 5, Pasig City	N	N	M	N	Corporate Secretary	N/A	106-914-180 Filipino
7. Avelino G. Cedo III 50 R. Palma St., PDP Executive, BF Homes, Parañaque City	N	M	M	N	Asst Corporate Secretary	N/A	237-385-395 Filipino
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							

INSTRUCTIONS:

FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE.

FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR.

FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT

FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT.

FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER, FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON.

FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE, "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME: CENTRAL LUZON PREMIERE POWER CORP.

TOTAL NUMBER OF STOCKHOLDERS: 6

NO. OF STOCKHOLDERS WITH 100 OR MORE SHARE 1

TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS: N/A

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (Php)	TAX IDENTIFICATION NO. (TIN) FOR FILIPINOS AND FOREIGNERS
	TYPE	NUMBER	AMOUNT (Php)	% OF OWNER- SHIP		
1 SMC Global Power Holdings Corp. 155 EDSA, Brgy Wack-wack, Mandaluyong City		1,249,995	124,999,500.00		31,249,500.00	006-960-000
	TOTAL	1,249,995	124,999,500.00			
2. Ramon S. Ang 671 Notre Dame St., Wack-wack Subdivision, Mandaluyong City	Common	1	100.00		100.00	118-247-725 FILIPINO
	TOTAL	1	100.00			
3. Ferdinand K. Constantino No. 95 Celery Drive, Valle Verde 5, Pasig City	Common	1	100.00		100.00	119-123-901 FILIPINO
	TOTAL	1	100.00			
4 Aurora T. Calderon No 27 Carrol St., Valle Verde 5, Pasig City	Common	1	100.00		100.00	133-973-725 FILIPINO
	TOTAL	1	100.00			
5. Joseph N. Pineda No. 166 Luan St., Ayala Alabang Village, Muntinlupa City	Common	1	100.00		100.00	106-985-782 FILIPINO
	TOTAL	1	100.00			
6. Bella O. Navarra No 32 Jose Ma. Hugo Street, Project 4, Quezon City	Common	1	100.00		100.00	123-372-994 FILIPINO
	TOTAL	1	100.00			
7.						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL			125,000,000.00			
TOTAL AMOUNT OF PAID-UP CAPITAL					31,250,000.00	

Common

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

CORPORATE NAME: CENTRAL LUZON PREMIERE POWER CORP.	
TOTAL NUMBER OF STOCKHOLDERS: 6	NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH: 1
TOTAL ASSETS BASED ON LATEST AUDITED FS: N/A	

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NO. (TIN) FOR FILIPINOS AND FOREIGNERS
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER- SHIP		
8.						
	TOTAL					
9.						
	TOTAL					
10.						
	TOTAL					
11.						
	TOTAL					
12.						
	TOTAL					
13.						
	TOTAL					
14.						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL			125,000,000.00			
TOTAL AMOUNT OF PAID-UP CAPITAL					31,250,000.00	
INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS						
Note: For PDTC Nominee Included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.						

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME: CENTRAL LUZON PREMIERE POWER CORP.

TOTAL NUMBER OF STOCKHOLDERS: 6

NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH: 1

TOTAL ASSETS BASED ON LATEST AUDITED FS: N/A

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NO. (TIN) FOR FILIPINOS AND FOREIGNERS
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER- SHIP		
15.						
	TOTAL					
16.						
	TOTAL					
17.						
	TOTAL					
18.						
	TOTAL					
19.						
	TOTAL					
20.						
	TOTAL					
21. OTHERS (Indicate the number of the remaining stockholders)						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL			125,000,000.00			
TOTAL AMOUNT OF PAID-UP CAPITAL					31,250,000.00	

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee Included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GIS_STOCK (v.2013)

Page 6

GENERAL INFORMATION SHEET

STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====			
CORPORATE NAME: CENTRAL LUZON PREMIERE POWER CORP.			
1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION	AMOUNT (PhP)	DATE OF BOARD RESOLUTION	
1.1 STOCKS	N/A		
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)	N/A		
1.3 LOANS/ CREDITS/ ADVANCES	N/A		
1.4 GOVERNMENT TREASURY BILLS	N/A		
1.5 OTHERS	N/A		
2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:) N/A	DATE OF BOARD RESOLUTION	DATE OF STOCKHOLDERS RATIFICATION	
3. TREASURY SHARES N/A	NO. OF SHARES	% AS TO THE TOTAL NO. OF SHARES ISSUED	
4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR N/A			
5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR:			
TYPE OF DIVIDEND	AMOUNT (PhP)	DATE DECLARED	
5.1 CASH	N/A		
5.2 STOCK	N/A		
5.3 PROPERTY	N/A		
TOTAL	P		
6. ADDITIONAL SHARES ISSUED DURING THE PERIOD:			
DATE	NO. OF SHARES	AMOUNT	
SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY:			
NAME OF AGENCY:	SEC	BSP	IC
TYPE OF LICENSE/REGN.			
DATE ISSUED:			
DATE STARTED OPERATIONS:			
TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (In PhP)	TOTAL NO. OF OFFICERS	TOTAL NO. OF RANK & FILE EMPLOYEES	TOTAL MANPOWER COMPLEMENT

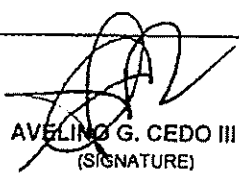
NOTE: USE ADDITIONAL SHEET IF NECESSARY

I,	<u>AVELINO G. CEDO III</u> (NAME)	<u>Assistant Corporate Secretary</u> OF THE ABOVE- (POSITION)
----	--------------------------------------	--

CORPORATION DECLARE UNDER THE PENALTY OF PERJURY. THAT ALL MATTERS SET FORTH IN THIS GENERAL INFORMATION SHEET WHICH CONSISTS OF (8) PAGES HAVE BEEN MADE IN GOOD FAITH, DULY VERIFIED BY ME AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, ARE TRUE AND CORRECT.

I UNDERSTAND THAT THE FAILURE OF THE CORPORATION TO FILE THIS GIS FOR FIVE (5) CONSECUTIVE YEARS SHALL BE CONSTRUED AS NON-OPERATION OF THE CORPORATION AND A GROUND FOR THE REVOCATION OF THE CORPORATIONS CERTIFICATE OF INCORPORATION. IN THIS EVENTUALITY, THE CORPORATION HEREBY WAIVES ITS RIGHT TO A HEARING FOR THE SAID REVOCATION.

DONE THIS _____ DAY OF _____, 20 _____ IN _____


AVELINO G. CEDO III
(SIGNATURE)

SUBSCRIBED AND SWORN TO BEFORE ME IN PASIG CITY CITY, PHILIPPINES ON MAY 18 2015 AFFIANT
PERSONALLY APPEARED BEFORE ME AND EXHIBITED TO ME HIS SOCIAL SECURITY SYSTEM ID NO. 33-4040954-6.

DOC. NO: 247 :
PAGE NO. 50 :
BOOK NO. 1 :
SERIES OF 2015


LORENZ R. DEFENSOR
Commission No. 148 (2014-2015)
Notary Public for Pasig City
Until December 31, 2015
2/F, 808 Bldg., Meralco Ave., cor. Gen. Lim St.
San Antonio Village, Pasig City
Roll No. 50548
PTR No. 0395658 / 01-12-15 / Pasig City
Lifetime IBP No. 738373 / 01-09-08 / Pasig

Annex “ H “

Power Supply Agreement

Between

Manila Electric Company
(MERALCO)

And

Central Luzon Premiere Power Corp.
(CLPPC)



SMC GLOBAL POWER

ANNEX "F"

April 29, 2016

DR. CEFERINO S. RODOLFO
DTI Undersecretary and BOI Managing Head
BOARD OF INVESTMENTS
DEPARTMENT OF TRADE AND INDUSTRY
4th Floor, Industry and Investment Building
385 Sen. Gil J. Puyat Avenue
Makati City

Subject: Intention to Register Under the 2017-2019 Investments Priorities Plan (IPP)
of the Board of Investments under Preferred Activities (Energy)

Dear Dr. Rodolfo,

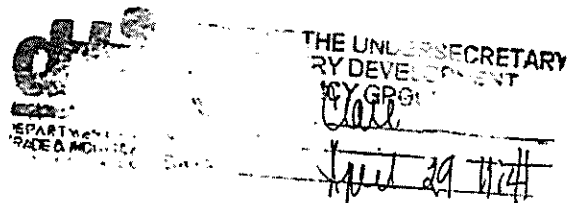
We would like to signify our intention to register under the 2017-2019 Investments Priorities Plan ("IPP") of the Board of Investments under Energy Projects. SMC Global Power Holdings Corp. ("SMC Global"), through its subsidiary Central Luzon Premiere Power Corp. ("CLPPC") will construct a 600MW (4 x 150 MW) Coal-Fired Power Plant project in Barangay Ibabang Polo, Pagbilao, Quezon with target commissioning in the year 2022.

CLPPC, through its consultant APERCU Consultants, Inc., is currently in the early stages of securing its Environmental Clearance Certificate ("ECC") with the Department of Environment and Natural Resources ("DENR").

Thank you very much and please feel free to contact us for any clarifications and/or queries.

Very truly yours,


ELENITA D. GO
General Manager





SMC GLOBAL POWER

April 28, 2016

ANNEX " **G** "

2/F, 808 Building, Meralco Avenue
Corner General Lim Street, Pasig City
1603 Metro Manila, Philippines
[632] 667 5000 Fax [632] 667 5188
www.sanmiguel.com.ph

ATTY. MICHAEL DRAKE P. MATIAS
Chief, Environmental Impact Assessment Division
Environmental Management Bureau
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DENR Compound, Visayas Avenue
Diliman, Quezon City

APR 23 2016

Subject: **APPLICATION FOR ENVIRONMENTAL COMPLIANCE CERTIFICATE**
Re: Proposed 600MW Circulating Fluidized Bed Coal Power Plant Project
of Central Luzon Premiere Power Corporation

Dear Atty. Matias:

Our company, Central Luzon Premiere Power Corporation ("CLPPC"), a wholly-owned subsidiary of SMC Global Power Holdings Corp. ("SMC Global") intends to submit an application for the issuance by your office of an Environmental Compliance Certificate ("ECC") for its proposed 600MW Circulating Fluidized Bed Coal Power Plant Project to be located at Barangay Ibabang Polo, Pagbilao, Quezon. . .

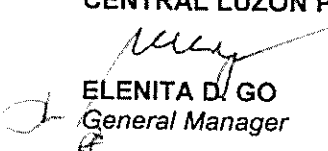
CLPPC through its consultant APERCU Consultant Inc., is currently conducting the Environmental Impact Assessment Study and will submit the Environmental Impact Statement Report for submission on or before **October 2016**. We also commit to submit the Project Description and other relevant information for the conduct of Technical Scoping by the first week of June 2016.

Thank you very much and we look forward to the issuance by our office of the ECC in favor of CLPPC upon submission of all the necessary documentary requirements.

Please feel free to contact us for any clarifications and/or queries.

Very truly yours,

CENTRAL LUZON PREMIERE POWER CORPORATION


ELENITA D. GO
General Manager

29 April 2016

Energy Regulatory Commission
Pacific Center Building,
San Miguel Avenue, Pasig City

**Re: Joint Application of Central Luzon Premiere Power Corp. ("CLPPC") and
Manila Electric Company ("Meralco")**

Gentlemen:

Attached for the consideration of the Honorable Commission is a document containing CLPPC's comments/write-ups to its pre-filing checklist in relation to the above-mentioned Joint Application. The said comments are made on the documents for submission by CLPPC.

Also attached is an envelope containing documents which are confidential in nature and to be viewed only by this Honorable Commission.

Respectfully submitted,


ELENITA D. GO
General Manager

COMMENTS TO THE PRE-FILING CHECKLIST

*Joint Application of Central Luzon Premiere Power Corp.
and Manila Electric Company*

Document	Remarks/Comments
1. Board of Investment (BOI) Certificate of Registration	<ul style="list-style-type: none">Annex "F", CLPPC ApplicationAs the power plant is in its initial stages, CLPPC is applying for a BOI Certification and will submit the same as soon as available. As proof of said application, please see attached transmittal addressed to the BOI.
2. Environmental Compliance Certificate issued by the DENR.	<ul style="list-style-type: none">Annex "G", CLPPC ApplicationThe processing of the ECC application is currently ongoing and will be immediately submitted as soon as the same is released. Proof of the on-going processing of CLPPC's application is attached herein. Moreover, the commitment to submit the same is included in the Letter of Undertaking.
3. Sources of Funds/Financial Plans; <ul style="list-style-type: none">Debt/Equity Ratio;Project Cost; andComputation of Return on Investment WACC;Certification from the Bank/Lending Institution specifying the principal amortization, term and interest during the cooperation period of the loan agreement.	<ul style="list-style-type: none">Annex "I", CLPPC ApplicationDetails requested are contained in the sealed confidential envelope.
4. Purchased Power Rate: <ul style="list-style-type: none">Breakdown of the base prices of Operation and Maintenance; Capacity Fee; Fixed Operation Fee; and Energy Fee; if applicable;	<ul style="list-style-type: none">Annex "I", CLPPC ApplicationDetails requested are contained in the sealed confidential envelope. Note however that the rate calculations are projections based on current data.

F
G

<ul style="list-style-type: none"> ▪ Sample Computation of Power Rates with the supporting documents on the assumptions taken. ▪ If applicable, basis/rationale of indexation and level of indexation 	
5. Cash Flow specifying the following: <ul style="list-style-type: none"> ▪ Initial Costs; ▪ Breakdown of Operating and Maintenance expenses; and ▪ Minimum Energy Off-take (MEOT) 	<ul style="list-style-type: none"> • Annex "I", CLPPC Application • Details requested are contained in the sealed confidential envelope.
6. All details on the procurement process of fuel including requests, proposals received, tender offers, etc.;	<ul style="list-style-type: none"> • Annex "J", CLPPC Application • We shall submit the details as soon as available as the plant is yet to be completed.
7. Copy of Related Agreements (i.e. Transmission Wheeling Contract, Fuel Supply Agreements, etc.);	<ul style="list-style-type: none"> • Annex "K", CLPPC Application • We shall submit the details as soon as available as the plant is yet to be completed.
8. Certificate of Compliance (COC) issued by the Energy Regulatory Commission pursuant to the Guidelines for the issuance of COC for Generation Companies/Facilities;	<ul style="list-style-type: none"> • Annex "L", CLPPC Application • We shall submit as soon as available.
9. All costs analysis related to the generation in support of the proposed pricing provisions of the contract;	<ul style="list-style-type: none"> • Details requested are contained in the sealed confidential envelope. <p><i>Annex "R"</i></p>
10. Details regarding transmission projects or grid connection projects necessary to complement the proposed generation capacity; Identification of the parties that will develop and/or own such facilities; any cost related to such project; and specification of the parties responsible for recovery of any costs related to such projects;	<ul style="list-style-type: none"> • Annex "T", CLPPC Application • We shall submit as soon as available.

ANNEX "J"
 ANNEX "K"
 ANNEX "L"
 ANNEX "R"
 ANNEX "T"

ANNEX "U"

<p>11. Certification that states the consistencies and inconsistencies between the proposed generation capacity and the Department of Energy's (DOE) Philippine Development Plan (PDP). Any inconsistencies shall be supported by relevant analysis including but not limited to, forecasts and assessment of available generation capacity and technology mix;</p>	<ul style="list-style-type: none">• Annex "U", CLPPC Application• We shall submit as soon as available.
<p>12. Other documentation that may be needed by the ERC in the course of the evaluation, such as, but not limited to the following:</p> <p>a. Latest and Complete Set of Audited Financial Statements of the Generation Company (Balance Sheet, Income Statement, and Statement of cash flows)</p> <p>b. Bank Certification of Long-term Loans, including, to wit:</p> <p>i. Schedule of Original Loan (Principal amount, interest payable, term of the loan)</p> <p>ii. Updated Balances (Principal amount, interest payable, penalties (if any), remaining term of the loan)</p> <p>c. Operating Expenses for the ff.:</p> <p>1. Power Plant</p> <p>2. General and Administrative Expense</p> <p>To submit both in absolute peso amounts & PhP/kWh indicate kWh used to derive the PhP/kWh; and segregate each type of discount given to the DU in absolute amounts in PhP/kWh, the conditions governing the giving of the discount/s</p>	<ul style="list-style-type: none">• Annex "I", CLPPC Application• Please see attached latest Audited FS. • Annex "X"• The document is not yet available. Please refer to the sealed confidential document on the details.• Details requested are contained in the sealed confidential envelope.• This is not applicable as no discounts have been agreed upon by the parties to the Power Supply Agreement.

<p>a. <i>Sworn Statement detailing how the fuel was competitively procured, contract terms, unbundled price components (product cost, transshipment, delivery, container, etc), if applicable.</i></p> <p>b. <i>Certification (from the engine manufacturer or IPP) of the net heat rate (initial and every after major maintenance schedule) in liters per kWh, if applicable.</i></p> <p>c. <i>Potential Cost (absolute amounts and PhP/kWh) of Ancillary Services as and when the IPP or the DU is connected to the main grid</i></p>	<ul style="list-style-type: none">• This document is not yet applicable but we will submit the same as soon as applicable and available.• This document is not applicable as our power plant project is coal-fired. Nevertheless we shall submit the Net Heat Rate Certificate in its applicable unit of measurement.• This is not applicable because the power plant's dependable capacity is fully contracted.
--	--

ANNEX " I "

MANILA ELECTRIC COMPANY – CENTRAL LUZON PREMIERE POWER CORP. ("CLPPC") POWER SUPPLY AGREEMENT

EXECUTIVE SUMMARY

Salient Features of the PSA

❖ **Term**

The term of the PSA shall commence on the Operations Effective Date (Unit 1) and expires on the date falling twenty-one (21) years thereafter.

❖ **Contract Capacity**

The Contract Capacity shall, subject to Sections 9.2, 9.3 and 17.6.2(d), be the aggregate of the following capacities:

- 132 MW for Unit 1 from Operations Effective Date (Unit 1) until twenty (20) years thereafter, provided that it shall not, in any case, go beyond the term of the PSA;
- 132 MW for Unit 2 from Operations Effective Date (Unit 2) until twenty (20) years thereafter, provided that it shall not, in any case, go beyond the term of the PSA;
- 132 MW for Unit 3 from Operations Effective Date (Unit 3) until twenty (20) years thereafter, provided that it shall not, in any case, go beyond the term of the PSA;
- 132 MW for Unit 4 from Operations Effective Date (Unit 4) until twenty (20) years thereafter, provided that it shall not, in any case, go beyond the term of the PSA;

❖ **Operations Effective Date**

- Operations Effective Date (Unit 1) means December 26, 2022 or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of the PSA;
- Operations Effective Date (Unit 2) means 4 months from Operations Effective Date (Unit 1) or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of the PSA;
- Operations Effective Date (Unit 3) means 8 months from Operations Effective Date (Unit 1) or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of the PSA;
- Operations Effective Date (Unit 4) means 12 months from Operations Effective Date (Unit 1) or such earlier date that may be agreed to by Meralco in accordance with Section 3.7 of the PSA;

❖ **Outage Allowances and Replacement Energy**

- For Outages within the Full Load Equivalent Aggregate Outage Allowance¹ for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCQ and shall be paid by Meralco at the Price in accordance with Appendix D.
- During Outages within the Full Load Equivalent Cumulative Outage Allowance for the Contract Year, Meralco shall procure its own Replacement Energy from the WESM and Power Supplier shall not bill Meralco for these quantities. xxx

¹ As defined under Article I of the PSA, "Full Load Equivalent Aggregate Outage Allowance means: (i) the first thirty five (35) Full Load Equivalent Outage Days due to a Forced Outage or a Scheduled Outage for every Contract Year; or (ii) the first sixty five (65) Full Load Equivalent Outage Days during Major Maintenance, which shall occur not more frequent than every four (4) years."

During Outages beyond the Full Load Equivalent Cumulative Outage Allowance up to an accumulated maximum of one hundred eighty (180) Full Load Equivalent Outage Days for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCQ; provided that Meralco shall pay such Replacement Energy at (i) PHP 5.00 per kWh or WESM price, whichever is lower, on an hourly basis, for the first five (5) Contract Years; and (ii) PHP 4.50 per kWh or WESM price, whichever is lower, on an hourly basis, for the succeeding Contract Years. For the avoidance of doubt, the minimum WESM price mentioned in (i) and (ii) above shall be Zero Pesos (PHP 0.00) per kWh on an hourly basis.

❖ **Billing and Payment**

Meralco shall pay the entire amount indicated in the Final Invoice (subject to Appendix G) when due and payable, provided that Meralco shall not be required to make payment on any Invoice that is manifestly in error, apparently invalid or not in the form or substance contemplated by this Agreement until the same has been corrected following prompt notice by Meralco to Power Supplier of such error, invalidity or absence of proper form or substance.

❖ **Assignment or Transfer of Contract Capacity**

In connection with the implementation by the ERC of Retail Competition and Open Access, Meralco shall, also be entitled to assign, transfer, designate, delegate or allocate (collectively in this context, "Transfer") its rights and obligations to purchase a portion of Contract Capacity and Associated Energy that is no longer required by Meralco as a result of Retail Competition and Open Access (i) to any of its Affiliates or business segments, to the extent allowed by Law, without the prior consent of the Power Supplier; or (ii) to any other Person subject to the consent of Power Supplier, which consent shall not be unreasonably withheld.

❖ **Reduction in Contract Capacity and Associated Energy**

Subject to the provisions of Section 9.3.2 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 by reason of the enforcement of RCOA, the Renewable Energy Law and other Laws and Legal Requirements.

❖ **Payment Structure, as provided in Appendix D of the PSA:**

"2. PAYMENT

The Monthly Power Bill (MPB) will be the payment to be made to the Power Supplier in each Billing Period for the Contract Capacity and Associated Energy. Each Unit of the Plant will have its own MPB during its Term. It shall consist of Capacity Payments and Energy Payments, and Other Payments. The Capacity Payments consist of Monthly Capital Recovery Payment (MCRP) and Monthly Fixed O&M Payment (MFOMP). The Energy Payments consist of Monthly Fuel Payment (MFP) and Monthly Variable O&M Payment (MVOMP). The Other Payments consist of Replacement Energy Payment (REP), Start-up Charge Payment (SCP), Supplemental Payment (SP) and the applicable Value Added Tax (VAT). Thus, the Monthly Power Bill of each Unit of the Plant will be:

$$\text{MPB} = \text{MCRP} + \text{MFOMP} + \text{MFP} + \text{MVOMP} + \text{REP} + \text{SCP} + \text{SP} + \text{VAT}"$$



Republic of the Philippines
SANGGUNIANG PANLUNGSOD
City Government of Pasig

ANNEX " M "

ACKNOWLEDGMENT

This is to acknowledge the receipt of a copy of Manila Electric Company (MERALCO) and Central Luzon Premiere Power Corp.'s (CLPPC) verified Joint Application entitled "IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE POWER SUPPLY AGREEMENT (PSA) BETWEEN MANILA ELECTRIC COMPANY (MERALCO) AND CENTRAL LUZON PREMIERE POWER CORP. (CLPPC)," *with attached Annexes*, served by MERALCO, prior to its filing with the Energy Regulatory Commission (ERC).

This acknowledgment is being issued upon the request of MERALCO for whatever legal intents and purposes it may served.

Issued this 29th day of April 2016 at Pasig City.


LOIDA U. VILLANUEVA
Acting City Council Secretary

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) s.s.

AFFIDAVIT OF PUBLICATION

I, **EDWIN L. MONFORTE**, of legal age, married, Filipino and with office address at c/o **BusinessWorld Publishing Corporation (BWPC)**, 95 Balete Drive Ext., New Manila, Quezon City, after being duly sworn to in accordance with law, depose and state:

That I am the **BILLING & COLLECTION MANAGER** of the **BusinessWorld Publishing Corporation (BWPC)** a domestic corporation duly organized and existing under by virtue of Philippine laws with office and business address at 95 Balete Drive Ext., New Manila, Quezon City.

That the said corporation publishes **BusinessWorld**, a weekday broadsheet newspaper published in English and of general circulation.

That the order of MANILA ELECTRIC COMPANY

captioned as follows: JOINT APPLICATION
(MERALCO and CLPPC)

(Please see attached printed text) had been
published in **BusinessWorld** in its issues of:
APRIL 29, 2016

FURTHER AFFIANT SAYETH NAUGHT.
Manila, Philippines


EDWIN L. MONFORTE
Affiant

SUBSCRIBED AND SWORN to before me this 29th day of April 2016
_____ affiant exhibited to me his Driver's License No. NO4-94-315947 issued by LTO
on March. 08, 2016 which expiry date is March 09, 2019

Doc. No. 77
Page No. 16
Book No. 7
Series of 2016


ATTY. AGUSTIN B. CABREDO
Notary Public for Manila
Notarial Commission No. 2015-036
Until December 31, 2018
Rm. 400, First United Bldg. Co.
Escalante, Manila
Roll No. 26047
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COMPLIMENTARY



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STOCK MARKET				ASIAN MARKETS				WORLD MARKETS				PESO-DOLLAR RATES				ASIAN CURRENCIES				WORLD CURRENCIES			
INDEX				APRIL 28, 2016				APRIL 27, 2016				FX:				APRIL 28, 2016				APRIL 28, 2016			
OPEN:	7199.98			Close	7199.98	Net	-524.44	Dow Jones	18,041.550	Close	51,230	Open	P46.780			Latest Bid (0900GMT)	106.50	Previous	111.250	Close	1,458	Previous	1,450
HIGH:	7,220.66			High	7,220.66	Low	6,666.05	HASDAQ	4,863.141	Close	25,342	High	P46.720			Japan (Yen)	7.257	Previous	7.257	S/UK Pound	1.1358	Previous	1.1305
LOW:	7,158.63			Low	7,158.63	High	8,473.87	S&P 500	2,093.350	Close	3,430	Low	P46.830			Hong Kong (HK Dollar)	7.257	Previous	7.257	S/Euro	1.1358	Previous	1.1305
COMPOSITE	7,162.56			Volume	1,399.51	Change	-11.93	FTSE 100	6,319.910	Close	35,390	Close	P46.770			Taiwan (NT Dollar)	32.275	Previous	32.275	S/Aust Dollar	0.7625	Previous	0.7612
30 DAYS TO APRIL 28, 2016	6.685 B			Value	2,000.93	Change	-14.47	Euro Stoxx 50	2,977.370	Close	4,340	Weighted AVE. W. AVE.	P46.773			Thailand (Baht)	34.990	Previous	35.350	Canada Dollar/US\$	1.2584	Previous	1.2595
				Vol:	1,269 B	Change	-12.42					Vol	\$740.00 N			S. Korea (Won)	1,139.230	Previous	1,148.370	Swiss Franc/US\$	0.9668	Previous	0.9723
				Vol(P):	6.685 B	Change	-0.73									Singapore (Dollar)	1.344	Previous	1.349				
							-11.58									Indonesia (Rupiah)	13,165	Previous	13,192				
							-1.04									Malaysia (Ringgit)	3.890	Previous	3.910				

VOL. XXIX • ISSUE 193

FRIDAY-SATURDAY • APRIL 29-30, 2016 • www.bworldonline.com

51/1-12 • 4 SECTIONS

Outlook tempered for PHL, much of Asia

By Keith Richard D. Mariano

THE ECONOMIC and Social Commission for Asia and the Pacific (ESCAP) slashed its growth forecast for the Philippines this year, as the weak recovery of developed markets and moderating expansion of China continue to

dampen global trade prospects. In its *Economic and Social Survey of Asia and the Pacific 2016* released yesterday, the regional development arm of the United Nations (UN) projected a 6% expansion in the Philippines' gross domestic product (GDP). ESCAP previously tipped a faster 6.3% expansion for the Philippine economy in mid-January,

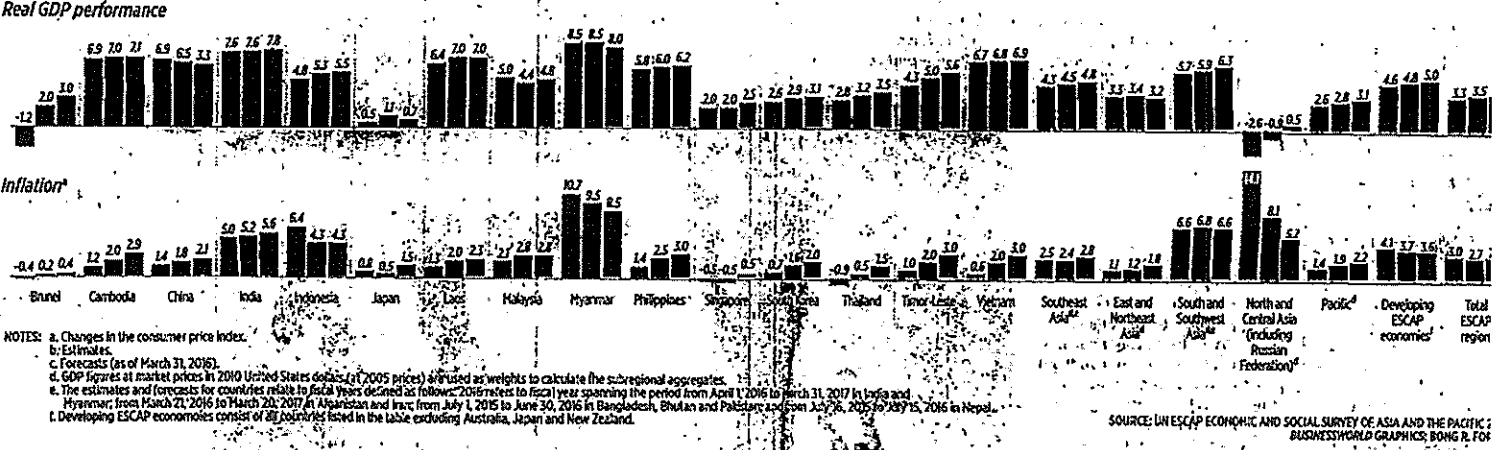
when it released the year-end update to the 2015 edition of the survey. Actual Philippine GDP growth was 5.8% last year. "I think it's been more of a broad-based trend not just in the Philippines," ESCAP Economic Affairs Officer Heather Lynn Taylor said during the report's Philippine launch in Mandaluyong City, when asked what

prompted the downward revision. "[I]t's largely related to externalities especially related to China, depreciation of Chinese currency, that's had a significant impact on growth outlook for many of Asian economies since our year-end update in 2015." ESCAP expects the Asia and the Pacific region to expand

slower than previously thought, revising its regional forecast this year down to 3.5% from 3.6%. The UN agency likewise cut to 4.8% from 5% the projected growth of developing Asia-Pacific, which includes all economies in the region except Australia, Japan and New Zealand. "One important factor hindering faster economic growth of

developing economies in the Pacific is the fragile situation in the advanced economies CAP noted. "With the outlook European Union and Japan tending to remain weak side somewhat stronger performance expected United States, the prospects for the region are still

ECONOMIC PERFORMANCE, INFLATION RATES IN SELECT ESCAP ECONOMIES



Stock market prospects secure from poll risk

By Krista A. M. Montealegre

Stock market prospects are secure from poll risk in the



Increase in price of basic goods seen still muted

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE APPLICATION FOR
THE APPROVAL OF THE POWER SUPPLY
AGREEMENT (PSA) BETWEEN MANILA
ELECTRIC COMPANY (MERALCO) AND
CENTRAL LUZON PREMIERE POWER CORP.
(CLPPC).

MANILA ELECTRIC COMPANY (MERALCO)
AND CENTRAL LUZON PREMIERE POWER
CORP. (CLPPC).

Applicants.

JOINT APPLICATION

Applicants MANILA ELECTRIC COMPANY (MERALCO) and CENTRAL LUZON PREMIERE POWER CORP. (CLPPC), through their respective undersigned counsel, respectfully state:

- Applicant MERALCO is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Ortigas Avenue, Barangay Ulong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.
- 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 and barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9299, and is authorized to change all its customers for their electric consumption at the rates approved by this Honorable Commission.
- Applicant CLPPC is a corporation duly organized and existing under the laws of the Republic of the Philippines, with its office address at 19F Floor, San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City, Metro Manila. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.
- CLPPC shall construct, own and operate a 4 x 150 MW (gross) Circulating Fluidized Bed Coal-Fired power generating facility in Pagbilao, Quezon, on the Island of Luzon in the Philippines (the "Plant"), which is scheduled to become operational no later than Calendar Year 2021.
- Based on MERALCO's Distribution Development Plan, from 2015 to 2024, energy sales are forecasted to grow by a compounded average growth rate of 3.7%.
- In order to ensure continuous and reliable electricity for MERALCO's customers with the expected continuous increase in demand and load growth, and mitigate exposure to the Wholesale Electricity Spot Market ("WESM"), there is a need for MERALCO to source additional capacity through bilateral power supply contracts.
- Under Section 45(b) of Republic Act No. 9136 ("EPRA"), it is provided that "Distribution utilities may enter into bilateral power supply contracts subject to review by the ERC.".
- Accordingly, following extensive negotiations, on 28 April 2016, MERALCO executed a Power Supply Agreement ("PSA") with CLPPC, for the purchase of up to 528 MW contract capacity and associated energy from the Plant.
- The PSA, a copy of which is attached as ANNEX "A" and made an integral part hereof, contains the following salient features:

*Article 2 Purpose/Term

2.2 Term of Agreement

- Subject to Article 3, this Agreement shall become effective on the Effective Date.
- The term of this Agreement (the "Term") shall commence on the Operations Effective Date (Unit 1) and shall expire on the date falling twenty-one (21) years thereafter.

Article 3 Effective Date, Commencement Date, Operations Effective Date, and Commercial Operations Date

- Effective Date**
The Effective Date shall be the date the conditions precedent in Section 3.2 have been satisfied or waived by the relevant Party (the "Effective Date").

3.3 Commencement Date

The "Commencement Date" shall occur upon the satisfaction of the conditions below:

- The conditions set out in Section 3.2 have been fulfilled;
- Each Party has delivered to the other Party a certification dated no earlier than two (2) days prior to the proposed Commencement Date to the effect that its representations and warranties contained herein shall be true and correct in all material respects on and as of the Commencement Date; and
- On or before the Longstop Date, (i) the ERC shall have approved this Agreement in the ERC Final Approval, including the pricing structure as set out herein (or as otherwise acceptable to Power Supplier); and (ii) the Acceptance Date has occurred.

- Within seven (7) days after the satisfaction of the conditions referred to in this Section 3.3, Meralco and Power Supplier shall issue a joint certification confirming that the Commencement Date has occurred.

3.4 Operations Effective Date

Following the Operations Effective Date, the obligations of Power Supplier and Meralco under this Agreement with respect to sale and purchase of Contract Capacity and Associated Energy, and Replacement Energy, shall become effective.

3.5 Commercial Operations Date

The Plant shall achieve Commercial Operations Date for each Unit of the Plant upon the delivery of the Power Supplier of the documents enumerated below, in form and substance, reasonably satisfactory to Meralco:

3.7 Early Occurrence of the Commercial Operations Date

- In the event that Power Supplier achieves Commercial Operations Date prior to the occurrence of the Operations Effective Date, Power Supplier shall promptly deliver to Meralco written notice thereof on or before the Commercial Operations Date. Upon receipt of such written notice, Meralco shall, by written notice to Power Supplier, choose between the following options:

- Consider that Operations Effective Date shall occur on the Commercial Operations Date or such other later date as provided under Section 3.7.2; or
- Require Power Supplier to deliver, for purchase by Meralco on a non-firm basis, such portion of the Contract Capacity and Associated Energy needed by Meralco from Commercial Operations Date to the Operations Effective Date, which shall be paid at the Price. For the avoidance of doubt, Meralco shall have priority over the Contract Capacity and Associated Energy. If needed by Meralco, it shall communicate its binding day-ahead nominations of the Contract Capacity and Associated Energy (or a portion thereof) to Power Supplier.

Article 6 Sale and Purchase of Contract Capacity and Associated Energy

6.1 Supply of Power

Subject to the terms and conditions of this Agreement:

- From the Operations Effective Date until the expiration of the Term or earlier termination of this Agreement, Power Supplier shall:

- make available to Meralco, and Meralco shall purchase from Power Supplier, all the Price determined in accordance with Appendix D, the Contract Capacity; and
- sell to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Associated Energy, to the extent of Meralco's relevant day-ahead nominations.

The Dispatch of Contract Capacity and Associated Energy shall meet the requirements set out in Appendix B (Technical Units).

- Unless otherwise expressly permitted by this Agreement, Power Supplier shall not, without Meralco's prior written consent:

- sell, divert, grant, transfer, dedicate, reserve or assign all or any portion of the Contract Capacity and Associated Energy to any Person other than Meralco; or
- provide Meralco with capacity and/or electrical energy from any source other than the Plant.

- The supply of the Contract Capacity and Associated Energy by Power Supplier to Meralco shall be in accordance with WESM Rules. Moreover, each Party shall, during the Term, always keep and maintain its registration as Direct WESM Member/Trading Participant.

- Power Supplier shall source its supply for Meralco from the Plant except during: (i) the period when the Operations Effective Date occurs prior to Commercial Operations Date; (ii) Outages; (iii) any curtailment due to Dispatch Instructions; (iv) ramping limitations; and (v) system frequency fluctuations.

XXXX

Article 8 Covenants

purchase a portion of Contract Capacity and Associated Energy that is no longer required by Meralco as a result of Retail Competition and Open Access (i) to any of its Affiliates or business separately, to the extent allowed by Law, without the prior consent of the Power Supplier; or (ii) to any other Person subject to the consent of Power Supplier, which consent shall not be unreasonably withheld.

9.3 Reduction in Contract Capacity and Associated Energy

- Subject to the provisions of Section 9.3.2 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 by reason of the enforcement of ROA, the Renewable Energy Law and other Laws and Legal Requirements.

Article 10 Billing and Payment

10.2 Payments

- Meralco shall pay the entire amount indicated in the Final Invoice (subject to Appendix G) when due and payable, provided that Meralco shall not be required to make payment on any Invoice that is manifestly in error, apparently invalid or not in the form or substance contemplated by this Agreement and the same has been corrected following prompt notice by Meralco to Power Supplier of such error, invalidity or absence of proper form or substance.

Article 11 Taxes, Fees and Costs

11.4 Charges Due to Change in Circumstances

- If as a result of a Change in Circumstances, Meralco becomes liable to pay any new charges, fees, taxes, duties, assessments or other similar amounts ("New Charges"), or any increase in existing charges, fees, taxes, duties, assessments or other similar amounts ("Increased Charges") become payable with respect to this Agreement, the New Charges or Increased Charges shall form part of the price that Meralco will charge to its customers.

- If as a result of a Change in Circumstances affecting Power Supplier, Power Supplier becomes liable to pay any New Charges or any Increased Charges or a Change in Circumstances materially and adversely affects the ability of Power Supplier to perform or materially increases the operating costs or capital expenditures associated with the Plant or materially and adversely affects its performance of its obligations under this Agreement, adversely affecting the sale by Power Supplier of Contract Capacity and Associated Energy in accordance with this Agreement, Meralco shall be responsible for the administrative or operational aspects of such performance materially more burdensome (whether made at the discretion of any Governmental instrumentality or otherwise) or causes serious damage to, or materially and adversely affects the financial condition of Power Supplier, Power Supplier shall send a notice to Meralco of the occurrence of such Change in Circumstances ("Notice of Change in Circumstances") together with an analysis of the cost impact of such Change in Circumstances. Within thirty (30) days of such Notice of Change in Circumstances, Meralco and Power Supplier shall meet to discuss, in good faith, remedial measures to mitigate the impact of such Change in Circumstances. Each Party shall cooperate in good faith to secure any Governmental Authorizations to implement any agreed remedial measures. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) days from the commencement of negotiations, the Power Supplier shall be entitled to terminate this Agreement in accordance with the provisions of Section 17.8.6(i).

- In the event that, as a result of a Change in Circumstances and pursuant to a corresponding order of the ERC or any other Government instrumentality:

- Meralco is prevented from making a pass through to its customers of any charges under this Agreement (as approved by the ERC in the ERC Final Approval as accepted by Power Supplier); or

- any portion of the Price that has been paid to Power Supplier is required to be refunded to Meralco or Meralco's customers in connection with the ERC Application or any petition, claim, case, proceeding or other action involving any of the Parties brought before any judicial, administrative or quasi-judicial body,

the Parties shall enter into good faith negotiations to agree on a satisfactory solution regarding the amendment of this Agreement to restore Meralco's commercial position prior to such Change in Circumstances, including an adjustment of the Price. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) days from the commencement of negotiations, the provisions of Section 17.8.6(i) will apply.

13.2 ERC Approval

- Subject to the non-occurrence of the Longstop Date, upon receipt of the ERC Final Approval, Meralco shall provide a copy of such ERC Final Approval to Power Supplier. Power Supplier shall have ten (10) days from the date of receipt from Meralco of such ERC Final Approval to notify Meralco in writing that (i) it accepts such ERC Final Approval or (ii) it does not accept the ERC Final Approval, stating the grounds for non-acceptance.

- In case of Power Supplier's non-acceptance, Power Supplier shall be free to: (i) file with the ERC a motion for reconsideration or (ii) terminate this Agreement upon sixty (60) days prior written notice to Meralco; provided that, any order on a motion for reconsideration shall be treated as an ERC Final Approval for purposes of the processes under this Section 13.2; provided further that, if the motion for reconsideration is denied by the ERC, or approved by the ERC but still with any material term or condition that is not acceptable to Power Supplier, Power Supplier may terminate this agreement upon sixty (60) days prior written notice to Meralco.

Article 15 Force Majeure

15.4 Effect of Extended Force Majeure

If, by reason of Force Majeure, Power Supplier is unable to deliver the Contract Capacity or Associated Energy to Meralco from the Contract Capacity or Associated Energy, in each case for a continuous period of more than one hundred eighty (180) days, then either Party may upon written notice, require the other Party to meet as soon as practicable to reasonably discuss any modification, change or amendment of the Agreement under such reasonable terms, to the extent necessary to resolve the issues arising from the Event of Force Majeure and maintain, to the extent feasible, the rights and obligations of the Parties under this Agreement.

If the Parties do not reach such satisfactory solution prior to the end of such one hundred eighty (180) day period, or such other time as may be agreed upon, either Party may terminate this Agreement in accordance with Section 17.8.5.

17.3 Remedies in Case of Event of Default

- During the Curing Period with respect to a Power Supplier Event of Default, Meralco shall, for each time Power Supplier fails to make Available the Contract Capacity or to deliver the Associated Energy, be entitled to source energy from the WESM. In such case, and provided that Power Supplier is able to cure the Power Supplier Event of Default prior to the exercise by Meralco of its rights under Section 17.3.3, Power Supplier shall be liable to pay Meralco the difference between the amount Meralco actually paid for such energy and the Price.

- During the Curing Period with respect to a Meralco Event of Default, Power Supplier shall, from the time of Meralco's failure to accept or pay for the Contract Capacity and Associated Energy, be entitled to sell the Contract Capacity and Associated Energy to the WESM. In such case, and provided that Meralco is able to cure the Meralco Event of Default prior to the exercise by Power Supplier of its rights under Section 17.3.4, Meralco shall be liable to pay Power Supplier the difference between the amount Power Supplier actually received from such sale to the WESM and the Price.

10. The Payment Structure, as provided in Appendix D of the PSA shall be as follows:

*2. PAYMENT

The Monthly Power Bill (MPB) will be the payment to be made to the Power Supplier in each Billing Period for the Contract Capacity and Associated Energy. Each Unit of the Plant will have its own MPB during its Term. It shall consist of Capacity Payments and Energy Payments, and Other Payments. The Capacity Payments consist of Monthly Capital Recovery Payment (MCRP) and Monthly Fixed O&M Payment (MFOMP). The Energy Payments consist of Monthly Fuel Payment (MFP) and Monthly Variable O&M Payment (MVOMP). The Other Payments consist of Replacement Energy Payment (REP), Start-up Charge Payment (SCP), Supplemental Payment (SP) and the applicable Value Added Tax (VAT). Thus, the Monthly Power Bill of each Unit of the Plant will be:

$$MPB = MCRP + MFOMP + MFP + MVOMP + REP + SCP + SP + VAT$$

- Given the foregoing, a sample calculation of the base contract price under the PSA, given a certain set of assumptions, results in an annual effective rate of PHP3.5193 per kWh (at plant gate), as shown in the sample calculation below.

APPENDIX E - Sample Calculation

PSA Price

Item	Unit	Value	Weight	Weighted Value
1. Capacity Payment (MCRP)	\$/kW	1,000.00	0.0000	0.00
2. Capacity Payment (MFOMP)	\$/kW	200.00	0.0000	0.00
3. Fuel Payment (MFP)	\$/kWh	2.50	0.0000	0.00
4. Variable O&M Payment (MVOMP)	\$/kWh	0.00	0.0000	0.00
5. Replacement Energy Payment (REP)	\$/kWh	0.00	0.0000	0.00
6. Start-up Charge Payment (SCP)	\$/kWh	0.00	0.0000	0.00
7. Supplemental Payment (SP)	\$/kWh	0.00	0.0000	0.00
8. Value Added Tax (VAT)	\$/kWh	0.00	0.0000	0.00
Total	\$/kWh	3.5193	1.0000	3.5193

DESCRIPTION OF DOCUMENT
Articles of Incorporation of CLPPC
Securities and Exchange Commission ("SEC") Certificate of Registration of the Articles of Incorporation
List of Shareholders (Latest GS of CLPPC - SEC Form)
Write-up on Board of Investment ("BOI") Certificate of Registration
Write-up on Environmental Compliance Certificate ("ECC")
Power Supply Agreement
Write-up on details of the PSA:
a) Executive Summary;
b) Sources of Funds/Financial Plans;
c) Purchased Power Rate;
d) Cash Flow
Write-up on the Procurement Process of Fuel
Write-up on CLPPC's Related Agreements
Write-up on Certificate of Compliance ("COC") of CLPPC
Acknowledgment receipt by the City of Pasig Affidavit of Publication
Publication in a newspaper of general circulation within the franchise area of its Application
Rate Impact on the overall rates of MERALCO upon approval of the PSA
Write-up on Transition Supply Capacity
All relevant technical and economic characteristics of the generation capacity; install capacity, mode of operation, dependable capacity
Write-up on the cost analysis related to the generation in support of the proposed pricing provisions of the PSA
Write-up on the details on the procurement process used by MERALCO
Write-up on the details regarding the transmission projects or grid connection project
Write-up on the studies and interconnections between the proposed generation capacity and the DOE Philippine Development Plan (PDP)
Distribution Development Plan (DDP) of MERALCO
Demand Side Management (DSM) Program
Write up on other documentation that may be needed by the ERC in the course of its evaluation, such as, but not limited to the following:
a) Latest Audited Financial Statements of CLPPC;
b) Bank Certification of Long-term Loans;
c) Operating Expenses;
d) Sworn Statement detailing how the fuel was competitively procured etc;
e) Certification on the net heat rate
f) Simulation of the no. of operating units necessary to meet the MEOT and/or addition energy-demand requirements of the DU.
g) Potential Cost of Ancillary Services

PRAYER

WHEREFORE, premises considered, I respectfully prayed that, after hearing a Decision be rendered APPROVING the PSA between Applicants Meralco and CLPPC. Other relief just and equitable under the circumstances are likewise prayed for. Pasig City, 28 April 2018.

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CENTRAL LUZON PREMIERE POWER CORP.
Applicant

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REPUBLIC OF THE PHILIPPINES)
CITY OF PASIG) ss.

VERIFICATION AND CERTIFICATION OF NON-FORM SHOPPING

I, JOSE RONALD V. VALLES, Filipino, of legal age, married, with office address Lopez Building, MERALCO Compound, Ortigas Avenue, Barangay Ulong, Pasig City sworn in accordance with law, hereby depose and say that -

- I am the Vice President and Head, Regulatory Affairs Office, of Applicant City Company (MERALCO). In such capacity, I have caused the preparation and foregoing Application;

- Moreover, I have been authorized by the Board of Directors of MERALCO to Applicant has not heretofore filed any similar action, pleading or application in same issues before the Supreme Court, the Court of Appeals or any other administrative bodies. A copy of the Secretary's Certificate authorizing the preparation of the Instant Application and sign this Verification and Certificate attached as ANNEX "C";

- I have read and understood the allegations contained therein and the same is correct based on my personal knowledge and authentic records made available the ordinary course of business of MERALCO;

- To the best of my knowledge, no similar action or proceeding is pending Supreme Court, the Court of Appeals, the lower courts or administrative body

- If I should heretofore learn that a similar action has been filed before the Supreme Court of Appeals, the lower courts or administrative bodies, I undertake to fact to this Honorable Commission within five (5) days from notice of such fact.

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 28 2018, City, Philippines.

in the Philippines (the "Plant"), which is scheduled to become operational no later than Calendar Year 2021.

5. Based on Meralco's Distribution Development Plan, from 2015 to 2024, energy sales is forecasted to grow by a compounded average growth rate of 3.7%.

6. In order to ensure continuous and reliable electricity for Meralco's customers, the expected continuous increase in demand and load growth, and mitigate the risk of Wholesale Electricity Spot Market (WESM), there is a need for Meralco to source additional capacity through bilateral power supply contracts.

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

8. Accordingly, following extensive negotiations, on 25 April 2018, Meralco executed a Power Supply Agreement (PSA) with CLUPC for the purchase of up to 528 MW contract capacity and associated energy from the Plant.

9. The PSA, a copy of which is attached as ANNEX "A" and made an integral part hereof, contains the following salient features:

"Article 2 Purpose: Term

2.2 Term of Agreement

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

2.2.2 The term of this Agreement (the "Term") shall commence on the Operations Effective Date (Unit 1) and shall expire on the date falling twenty-one (21) years thereafter.

Article 3 Effective Date, Commencement Date, Operations Effective Date, and Commercial Operations Date

3.1 Effective Date

The Effective Date shall be the date the conditions precedent in Section 3.2 have been satisfied or waived by the relevant Party (the "Effective Date").

3.2 Commencement Date

The "Commencement Date" shall occur upon the satisfaction of the conditions below:

(a) The conditions set out in Section 3.2 have been fulfilled;

(b) Each Party has delivered to the other Party a certification dated no earlier than two (2) Days prior to the proposed Commencement Date to the effect that its representations and warranties contained herein shall be true and correct in all material respects on and as of the Commencement Date; and

(c) On or before the Longstop Date, (i) the ERC shall have approved this Agreement in the ERC Final Approval, including the pricing structure as set out herein (or as otherwise acceptable to Power Supplier), and (ii) the Acceptance Date has occurred.

(d) Within seven (7) Days after the satisfaction of the conditions referred to in this Section 3.2, Meralco and Power Supplier shall issue a joint certification confirming that the Commencement Date has occurred.

3.3 Operations Effective Date

Following the Operations Effective Date, the obligations of Power Supplier and Meralco under this Agreement with respect to sale and purchase of Contract Capacity and Associated Energy, and Replacement Energy, shall become effective.

3.4 Commercial Operations Date

The Plant shall achieve Commercial Operations Date for each Unit of the Plant upon the delivery of the Power Supplier of the documents enumerated below, in form and substance, reasonably satisfactory to Meralco:

3.5 Early Occurrence of the Commercial Operations Date

3.5.1 In the event that Power Supplier achieves Commercial Operations Date prior to the occurrence of the Operations Effective Date, Power Supplier shall promptly deliver to Meralco written notice thereof on or before the Commercial Operations Date. Upon receipt of such written notice, Meralco shall, by written notice to Power Supplier, choose between the following options:

(a) Consider that Operations Effective Date shall occur on the Commercial Operations Date or such other later date as provided under Section 3.7.2; or

(b) Require Power Supplier to deliver, for purchase by Meralco on a non-firm basis, such portion of the Contract Capacity and Associated Energy needed by Meralco from Commercial Operations Date to Operations Effective Date, which shall be paid at the Price. For the avoidance of doubt, Meralco shall have priority over the Contract Capacity and Associated Energy. If needed by Meralco, it shall commensurate its binding day-ahead nominations of the Contract Capacity and Associated Energy (or a portion thereof) to Power Supplier.

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, Power Supplier shall:

(a) make available to Meralco, and Meralco shall purchase from Power Supplier, at the Price determined in accordance with Appendix D, the Contract Capacity; and

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

The Dispatch of Contract Capacity and Associated Energy shall meet the requirements set out in Appendix B (Technical Limits).

4.1.2 Unless otherwise expressly provided by this Agreement, Power Supplier shall not, without Meralco's prior written consent:

(a) sell, divert, grant, transfer, dedicate, reserve or assign all or any portion of the Contract Capacity and Associated Energy to any Person other than Meralco; or

(b) provide Meralco with capacity and/or electrical energy from any source other than the Plant.

4.1.3 The supply of the Contract Capacity and Associated Energy by Power Supplier to Meralco shall be in accordance with WESM Rules. Moreover, each Party shall, during the Term, always keep and maintain its registration as Direct WESM Member Trading Participant.

4.1.4 Power Supplier shall source its supply for Meralco from the Plant except during: (i) the period when the Operations Effective Date occurs prior to Commercial Operations Date; (ii) Outages; (iii) any curtailment due to Dispatch Instructions; (iv) ramping limitations; and (v) system frequency fluctuations.

Article 5 Outages

5.1 Outage Allowances and Replacement Energy

5.1.1 For Outages within the Full Load Equivalent Aggregate Outage Allowance for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCO and shall be paid by Meralco at the Price in accordance with Appendix D.

5.1.2 During Outages within the Full Load Equivalent Cumulative Outage Allowance for the Contract Year, Meralco shall procure its own Replacement Energy from the WESM and Power Supplier shall not bill Meralco for these quantities.

5.1.3 During Outages beyond the Full Load Equivalent Cumulative Outage Allowance up to an accumulated maximum of one hundred eighty (180) Full Load Equivalent Outage Days for the Contract Year, Power Supplier shall supply Meralco with Replacement Energy that shall be declared as BCO; provided that Meralco shall pay such Replacement Energy at (i) PHP 5.00 per kWh of WESM price, whichever is lower, on an hourly basis, for the first five (5) Contract Years; and (ii) PHP 4.50 per kWh of WESM price, whichever is lower, on an hourly basis, for the succeeding Contract Years. For the avoidance of doubt, the minimum WESM price mentioned in (i) and (ii) above shall be Zero Price (PHP 0.00) per kWh on an hourly basis.

Article 6 Adjustments in Contract Capacity and Associated Energy

6.1 Implementation of Retail Competition and Open Access

The Parties acknowledge that Retail Competition and Open Access is being implemented in phases in accordance with the guidelines being issued by the ERC, and upon implementation of each phase, the amount of Contract Capacity may be adjusted in accordance with the terms hereof.

6.2 Assignment or Transfer of Contract Capacity Due to Retail Competition and Open Access

In connection with the implementation by the ERC of Retail Competition and Open Access, Meralco shall, as entitled to assign, transfer, dedicate, delegate or allocate (collectively in this context, "Transfer") its rights and obligations to

Power Supplier to perform or materially increases the operating costs or capital expenditures associated with the Plant or materially and adversely affects its performance of its obligations under this Agreement, adversely affects the sale by Power Supplier of Contract Capacity and Associated Energy in accordance with this Agreement, makes the Power Supplier's administration of its financial aspects of such performance materially more burdensome (whether at the direction of any Governmental instrumentality or otherwise) or causes serious damage to, or materially and adversely affects the financial condition of Power Supplier. Power Supplier shall send a notice to Meralco of the occurrence of such Change in Circumstances (Notice of Change in Circumstances) together with an analysis of the cost impact of such Change in Circumstances. Within thirty (30) Days of such Notice of Change in Circumstances, Meralco and Power Supplier shall meet to discuss, in good faith, remedial measures to mitigate the impact of such Change in Circumstances. Each Party shall cooperate in good faith to secure any Governmental Authorizations to implement any agreed remedial measures. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the Power Supplier shall be entitled to terminate this Agreement in accordance with the provisions of Section 17.6 (e).

(c) In the event that, as a result of a Change in Circumstances and pursuant to a corresponding order of the ERC or any other Government instrumentality:

(a) Meralco is prevented from making a pass through to its customers of any charges under this Agreement (as approved by the ERC in the ERC Final Approval as accepted by Power Supplier); or

(b) any portion of the Price that has been paid to Power Supplier is required to be refunded to Meralco or Meralco's customers in connection with the ERC Application or any petition, claim, proceeding or other action involving any of the Parties brought before any judicial, administrative or quasi-judicial body,

the Parties shall enter into good faith negotiations to agree on a satisfactory solution regarding the amendment of this Agreement to restore Meralco's commercial position prior to such Change in Circumstances, including an adjustment of the Price. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the provisions of Section 17.6 (b) will apply.

13.2 ERC Approval

13.2.1 Subject to the non-occurrence of the Longstop Date, upon receipt of the ERC Final Approval, Meralco shall provide a copy of such ERC Final Approval to Power Supplier. Power Supplier shall have ten (10) Days from the date of receipt from Meralco of such ERC Final Approval to notify Meralco in writing that (a) it accepts such ERC Final Approval or (b) it does not accept the ERC Final Approval, stating the grounds for non-acceptance.

13.2.2 In case of Power Supplier's non-acceptance, Power Supplier shall be free to: (i) file with the ERC a motion for reconsideration or (ii) terminate this Agreement upon sixty (60) days prior written notice to Meralco; provided that, any order on a motion for reconsideration shall be treated as an ERC Final Approval for purposes of the processes under this Section 13.2; provided further that, if the motion for reconsideration is decided by the ERC, or approved by the ERC but not yet implemented, Meralco may terminate this Agreement upon sixty (60) days prior written notice to Meralco.

Article 16 Force Majeure

16.1 Effect of Extended Force Majeure

If any Event of Force Majeure prevents Power Supplier from fulfilling its obligations under the Contract Capacity or Associated Energy of Meralco from accepting Contract Capacity or Associated Energy, in each case for a continuous period of more than one hundred eighty (180) Days, then either Party may upon written notice, require the other Party to meet as soon as practicable to reasonably discuss any modification, change or amendment of this Agreement under such reasonable terms, to the extent necessary to resolve the issues arising from the Event of Force Majeure and maintain, to the extent feasible, the rights and obligations of the Parties under this Agreement.

If the Parties do not reach such satisfactory solution prior to the end of such one hundred eighty (180) Day period, or such other time as may be agreed upon, either Party may terminate this Agreement in accordance with Section 17.6.5.

17. Remedies in case of Event of Default

17.1 During the Curing Period with respect to a Power Supplier Event of Default, Meralco shall, for each time Power Supplier fails to make Available the Contract Capacity or Associated Energy, be entitled to source energy from the WESM. In such case, and provided that Power Supplier is able to cure the Power Supplier Event of Default prior to the exercise by Meralco of its rights under Section 17.3.3, Power Supplier shall be liable to pay Meralco the difference between the amount Meralco actually paid for such energy and the Price.

17.2 During the Curing Period with respect to a Meralco Event of Default, Power Supplier shall, for each time Meralco fails to accept or pay for the Contract Capacity and Associated Energy, be entitled to sell the Contract Capacity and Associated Energy to the WESM. In such case, and provided that Meralco is able to cure the Meralco Event of Default prior to the exercise by Power Supplier of its rights under Section 17.3.4, Meralco shall be liable to pay Power Supplier the difference between the amount Power Supplier actually received from such sale to the WESM and the Price.

18. The Payment Structure, as provided in Appendix D of the PSA shall be as follows:

"2. PAYMENT

The Monthly Power Bill (MPB) will be the payment to be made to the Power Supplier in each Billing Period for the Contract Capacity and Associated Energy. Each Unit of the Plant will have its own MPB during its Term. It shall consist of Capacity Payments and Energy Payments, and Other Payments. The Capacity Payments consist of Monthly Capacity Recovery Payment (MCRP) and Monthly Fixed O&M Payment (MFOPM). The Energy Payments consist of Monthly Fuel Payment (MFP) and Monthly Variable O&M Payment (MVOPM). The Other Payments consist of Replacement Energy Payment (REP), Startup Charge Payment (SCP), Supplemental Payment (SP) and the applicable Value Added Tax (VAT). Thus, the Monthly Power Bill of each Unit of the Plant will be:

MPB = MCRP + MFOPM + MFP + MVOPM + REP + SCP + SP + VAT

(i). Given the foregoing, a sample calculation of the base contract price under the PSA, given a certain set of assumptions, results in an annual effective rate of PHP3,5195 per kWh (all plant gate), as shown in the sample calculation below:

ERC PSA - Sample Calculations

Item	Unit	Value	Value	Value	Value	Value
1. Capacity Payments (MCRP + MFOPM)	PHP/kWh	0.000000	0.000000	0.000000	0.000000	0.000000
2. Energy Payments (MFP + MVOPM)	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
3. Other Payments (REP + SCP + SP + VAT)	PHP/kWh	0.000000	0.000000	0.000000	0.000000	0.000000
4. Total	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
5. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
6. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
7. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
8. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
9. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
10. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
11. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
12. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
13. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
14. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
15. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
16. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
17. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
18. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
19. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
20. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
21. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
22. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
23. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
24. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
25. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
26. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
27. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
28. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
29. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
30. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
31. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
32. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
33. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
34. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
35. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
36. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
37. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
38. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
39. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
40. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
41. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
42. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
43. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
44. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
45. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
46. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
47. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
48. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
49. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
50. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
51. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
52. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
53. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
54. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
55. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
56. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
57. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
58. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
59. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
60. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
61. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
62. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
63. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
64. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
65. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
66. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
67. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
68. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
69. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
70. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
71. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
72. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
73. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
74. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
75. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
76. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
77. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
78. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
79. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
80. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
81. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
82. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
83. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
84. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
85. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
86. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
87. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
88. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
89. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
90. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
91. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
92. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
93. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
94. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
95. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
96. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
97. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
98. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
99. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000
100. Annualized	PHP/kWh	2.241111	1.000000	1.000000	1.000000	1.000000

While up on other documentation that may be needed by the ERC in the course of the evaluation, such as, but not limited to the following:

a) Latest Audited Financial Statements of CLUPC;

b) Bank Certification of Long-term Loans;

c) Operating Expenses;

d) Sworn Statement

BILLING COMPONENT		UNIT	BASE RATE ^(a)	CPI Adj Factor ^(a)	BILLING DETERMINANT ^(b)		AMOUNT (PHP)
A. Capacity Payment (MCRP)	Peto Portion	(Php/kW-mo)	1,022.8652		528,000	(kW)	6,304,789,497.60
B. Fixed O&M Payment (MFOAMP)	Peto Portion	(Php/kW-mo)	238.1533	1.000000	528,000	(kW)	1,508,939,308.80
C. Fuel Payment (MFP)	US Dollar Portion	(USD/kWh) ^(b)	0.0246		3,700,224,000	(kWh)	4,190,005,919.45
D. Variable O&M Payment (MVOAMP)	Peto Portion	(Php/kWh)	0.2702	1.000000	3,700,224,000	(kWh)	1,014,711,766.02
E. Other Payments ^(c)	Replacement Energy Payment (REP)	(Php)					-
	Start-up Charge Payment (SCP)	(Php)					-
	Supplemental Payment (SP)	(Php)					-
	VAT Payment (VAT)	(Php)					4,625,280.00
TOTAL PAYMENT		(Php)					13,023,071,771.87
Effective Rate at Plant Gate		(Php/kWh)					3.5195
WESM line Rental Rate ^(d)		(Php/kWh)					0.3000
Delivered Rate		(Php/kWh)					3.8195
Effective Cost at WESM Price ^(e)		(Php/kWh)					8.4869
Increase / (Decrease) over WESM Price		(Php/kWh)					(4.6674)
Meralco Captive Energy Demand ^(f)		(kWh)					36,920,416,567
Increase / (Decrease) in Generation Cost		(Php)					(17,270,286,391.33)
Increase / (Decrease) in Generation Cost		(Php/kWh)					(0.4678)

NOTE:

^(a) Base Rates as set forth in Schedule 1 of Appendix D of the PSA

^(b) Fuel Payment calculated based on Guaranteed Net Plant Heat Rate at 87.16% plant load factor, Newcastle index = USD 50.38/MT, Freight Price = USD 5.90/MT, and Forex rate at Php 46.07/USD (current prices as of Mar 2016)

^(c) Other Payments (pass through costs) based on estimated taxes

^(d) Assumed estimated CLIPC line rental rate

^(e) Cost if equivalent volume of CLIPC was sourced from the WESM based on forecast average Jan - Dec 2023 hourly prices

^(f) Meralco Captive Energy Demand based on 2023 forecast

^(g) Assumed no CPI escalation

^(h) Energy Payments based on 80.00% plant capacity factor

Prepared by: Ryan S. Morales

Reviewed by: Ciprinillo C. Meneses

ANNEX " P "

The Certification by NPC regarding availability of Transition Supply Capacity (TSC) is NOT APPLICABLE.

Appendix B
TECHNICAL LIMITS

1 DEFINITIONS

All capitalized terms used herein shall have the meaning given to them in Article 1 of this Agreement, except as otherwise defined herein.

2 TECHNICAL LIMITS

Technical Parameter	Technical Limit
Design capacity / Name Plate Capacity (in MW)	150 MW for each of Units 1, 2 3 & 4 (total of 600 MW)
Net Dependable Capacity (in MW)	132 MW for each of Units 1, 2 3 & 4 (total of 528 MW)
Frequency Limits (Hertz)	59.7 – 60.3 Hertz
Voltage Limits (kV)	± 5% 0.95 p.u. – 1.05 p.u.
Reactive Power	67 MVar
Grid System Fault Level	To be determined later (c/o NGCP)
Critical Fault detection and Clearing Time Limits	To be determined later (c/o NGCP)
Start-up times (in minutes)* (Times from light off)	
a. Ambient Cold Start (time required for Boiler hot clean - up is not included)	902 minutes
b. Cold Start	902 minutes
c. Warm Start	413 minutes
d. Hot Starts	209 minutes
Dispatch Ramp Rates* (MW/min)	
a. 15% L – 40% L	Cold condition: Ramp rate, 0.2% / min = 300kW/min
	Hot condition: Ramp rate, 0.4% / min = 600kW/min
b. 40% L – 60% L	Cold condition: Ramp rate, 0.3% / min = 450kW/min
c. 40% L – 60% L	Cold condition: Ramp rate, 0.5% / min = 750kW/min
	Hot condition: Ramp rate, 0.7% / min = 1050kW/min
Pmin* (in MW gross)	4 x 45 MW (180 MW)

* To be confirmed at Commercial Operations Date

[Handwritten signatures and initials]

**PROCUREMENT PROCESS
LEADING TO THE EXECUTION OF THE POWER SUPPLY AGREEMENT (PSA)
BETWEEN MANILA ELECTRIC COMPANY (MERALCO)
AND CENTRAL LUZON PREMIERE POWER CORP. (CLPPC)**

In a letter dated March 18, 2015, Central Luzon Premiere Power Corp. (CLPPC), submitted its proposed term sheet to Manila Electric Company (MERALCO) for the execution of a Power Supply Agreement (PSA).

Thereafter, a series of meetings transpired between the Parties as they negotiated the terms and conditions of the PSA, including the contract price.

Following extensive negotiations, on April 26, 2016, the Parties executed the PSA for the purchase of Contract Capacity and Associated Energy from the 4 x 150 MW (gross) Circulating Fluidized Bed Coal-Fired power generating facility located in Pagbilao, Quezon.

123

1. Name of the person: John Doe
 2. Address: 123 Main St, Anytown, USA
 3. Phone Number: 555-1234
 4. Date of Birth: 01/01/1980
 5. Gender: Male
 6. Marital Status: Single
 7. Education: High School Graduate
 8. Occupation: Software Engineer
 9. Annual Income: \$75,000
 10. Credit Score: 720
 11. Social Security Number: 123-45-6789
 12. Signature: [Signature]
 13. Date: 10/27/2023

[illegible]

This also includes the following:

- (1) Contestable Customers who have already switched to their respective Retail Electricity Supplier (RES)
- (2) Contestable Customers with forecasted monthly peak of 3MW average and above
- (3) Eligible Contestable Customers with forecasted monthly peak demand of at least 1MW for 3 consecutive months
- (4) Eligible Contestable Customers with historical monthly peak demand of at least 1MW for 3 consecutive months

Units	Forecast										
	2016	2017	2018	2019	2020	2021	2022	2023	2024		
10. ENERGY REQUIREMENT											
10a. Electricity Consumption (On-grid)											
Direct Sales To Customers											
Residential	9,335,342	9,340,048	9,774,589	10,231,421	10,360,432	10,637,717	10,896,053	11,172,197	11,440,512	11,714,927	12,043,013
Commercial	11,682,531	11,885,362	12,601,798	13,147,740	13,645,610	14,253,670	14,900,218	15,485,197	16,138,719	16,821,259	17,556,373
Industrial	8,616,118	8,947,369	9,964,351	10,196,554	10,513,134	10,916,182	11,316,163	11,717,305	12,152,956	12,612,958	13,133,353
Others	142,173	140,111	130,363	128,312	130,211	131,228	132,759	134,249	135,948	137,843	140,097
Public Bldgs											
Street Lights	142,173	140,111	130,363	128,312	130,211	131,228	132,759	134,249	135,948	137,843	140,097
Company Use: Company/Office/Housing											
Company Use: Utility's Station use											
Others (Direct sale or Large Load)											
On-Grid: Direct Sales To Customers	28,876,164	30,313,920	32,671,112	33,704,037	34,649,437	35,938,597	37,243,194	38,509,103	39,868,205	41,287,002	42,883,337
10b. Electricity Consumption (Off-Grid)											
Direct Sales To Customers											
Residential											
Commercial											
Industrial											
Others											
Public Bldgs											
Street Lights											
Company Use: Company/Office/Housing											
Company Use: Utility's Station use											
Others (Direct sale or Large Load)											
Off-Grid: Direct Sales To Customers											
10c. Electricity Consumption (Franchise)											
Direct Sales To Customers											
Residential	9,335,342	9,340,048	9,774,589	10,231,421	10,360,432	10,637,717	10,896,053	11,172,197	11,440,512	11,714,927	12,043,013
Commercial	11,682,531	11,885,362	12,601,798	13,147,740	13,645,610	14,253,670	14,900,218	15,485,197	16,138,719	16,821,259	17,556,373
Industrial	8,616,118	8,947,369	9,964,351	10,196,554	10,513,134	10,916,182	11,316,163	11,717,305	12,152,956	12,612,958	13,133,353
Others	142,173	140,111	130,363	128,312	130,211	131,228	132,759	134,249	135,948	137,843	140,097
Public Bldgs											
Street Lights	142,173	140,111	130,363	128,312	130,211	131,228	132,759	134,249	135,948	137,843	140,097
Company Use: Company/Office/Housing											
Company Use: Utility's Station use											
Others (Direct sale or Large Load)											
Total: Direct Sales To Customers	28,876,164	30,313,920	32,671,112	33,704,037	34,649,437	35,938,597	37,243,194	38,509,103	39,868,205	41,287,002	42,883,337
10d. Utility's Energy Consumption											
Company/Office/Housing											
On-grid											
Off-grid											
Pumped Storage Requirement											
On-grid											
Off-grid											
Utility's Station use: Distribution											
On-grid	74,317	68,078	51,513	57,661	36,656	62,458	64,522	66,711	69,066	71,523	74,188
Off-grid											
Utility's System Losses											
On-grid	2,575,955	2,410,042	2,463,681	2,508,944	2,407,812	2,502,747	2,593,724	2,681,741	2,776,388	2,875,192	2,966,559
Off-grid											
Subtotal: Utility's Energy Consumption											

Forecast/Planning Results									
10a. Total Electricity Purchased or Generated									
Supplied by Utility Owned Generator									
Units	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
On-grid	MWh								
Off-grid	MWh								
Electricity Purchased	MWh	32,626.633	32,790.050	34,992.326	37,113.945	39,503.803	39,903.439	41,257.561	42,715.882
On-grid	MWh								
Off-grid	MWh	32,626.633	32,790.050	34,992.326	37,113.945	39,503.803	39,903.439	41,257.561	42,715.882
Local Private Supply	MWh								
On-grid	MWh								
Off-grid	MWh								
TOTAL Electricity Purchased or Generated	MWh	32,626.633	32,790.050	34,992.326	37,113.945	39,503.803	39,903.439	41,257.561	42,715.882
Note: (i) plus (j) must equal to (i)		0.00%	0	0	0	0	0	0	0
Total									
10f. Percent System Loss	%	7.80%	7.35%	7.04%	6.82%	6.50%	6.50%	6.50%	6.50%

11. PEAK DEMAND REQUIREMENT									
11a. Peak Demand (On-grid)									
Customers Demand Requirement									
(1a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Residential	KW								
Commercial	KW								
Industrial	KW								
Others	KW								
Public Bldgs	KW								
Street Lights	KW								
Company Use: Company/Office/ Housing	KW								
Company Use: Utility's Station use	KW								
Others (Direct sale or Large Load)	KW								
On-Grid: Demand Requirement	KW								

11b. Peak Demand (Off-Grid)									
Customers Demand Requirement									
(1b)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Residential	KW								
Industrial	KW								
Commercial	KW								
Others	KW								
Public Bldgs	KW								
Street Lights	KW								
Company Use: Company/Office/ Housing	KW								
Company Use: Utility's Station use	KW								
Others (Direct sale or Large Load)	KW								
Off-grid: Demand Requirement	KW								

11c. Peak Demand (Franchise)									
Customers Demand Requirement									
(1c)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Residential	KW								
Commercial	KW								
Industrial	KW								

Forecast/Planning Results									
Units	kw	kw	kw	kw	kw	kw	kw	kw	kw
Others									
Public Bldgs									
Street Lights									
Company Use									
Company Use Utility's Station use									
Others (Direct sale or Large Load)									
Total: Customer Demand Requirement									
11d. Utility's Demand Requirement									
Company/Office/Housing									
On-grid									
Off-grid									
Pumped Storage Requirement									
On-grid									
Off-grid									
Utility's Station use: Distribution									
On-grid									
Off-grid									
Utility's System Losses									
On-grid									
Off-grid									
Subtotal: Utility's Total Demand Requirement									
11c. Total Peak Demand Requirement									
Supplied by Utility Owned Generation									
On-grid									
Off-grid									
Electricity Purchased									
On-grid									
Off-grid									
Local Private Supply									
On-grid									
Off-grid									
TOTAL Peak Demand Requirement (Coincident)									
11f. Time of Utility's Peak									
11g. Month of Utility's Peak									
11h. Demand Side Management Programs (Please attach details of DSM Programs)									
12. SYSTEM LOAD FACTOR									

13. MONTHLY LOAD DATA

13a. Actual Monthly Load Data											
Year:	2014										
Utility's Actual Monthly Coincident Peak Demand	5,032,400	5,376,900	5,405,400	5,834,400	6,121,300	6,070,500	5,809,300	5,841,100	5,669,300	5,636,600	5,618,000
Utility's Monthly Contracted Demand from Power Suppliers:											
Quizon Power Philippines Ltd.	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
First Gas Power, Sta. Rita	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
First Gas Power, San Lorenzo	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
SEM-CALACA Power Corporation	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
AES Corp. (Masinloc Power Partners Co., Ltd.)	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Therma Luxon Inc.-Pagbilao Plant	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
San Miguel Energy Corp.-Sual Plant	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
South Premiere Power Corp.-Iligan Plant	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,065,000	1,065,000
Therma Mobile Inc.	100,000	150,000	150,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Global Business Power Corp. - Pansy Plant*				27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Global Business Power Corp. - Toledo Plant*				37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
1590 Energy Corp. -Bauang Plant*				140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Embedded Generation**	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890
Utility's Actual Monthly Withdrawn Capacity from Power Suppliers:	4,274,890	4,374,890	4,374,890	4,374,890	4,374,890	4,374,890	4,374,890	4,374,890	4,374,890	4,374,890	4,374,890
Quizon Power Philippines Ltd.	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
First Gas Power, Sta. Rita	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
First Gas Power, San Lorenzo	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
SEM-CALACA Power Corporation	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
AES Corp. (Masinloc Power Partners Co., Ltd.)	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Therma Luxon Inc.-Pagbilao Plant	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
San Miguel Energy Corp.-Sual Plant	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
South Premiere Power Corp.-Iligan Plant	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,065,000	1,065,000
Therma Mobile Inc.	100,000	150,000	150,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Global Business Power Corp. - Pansy Plant*				27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Global Business Power Corp. - Toledo Plant*				37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
1590 Energy Corp. -Bauang Plant*				140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Embedded Generation**	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890
Variance (Excess/Deficit)											

Utility's Actual Monthly Energy Consumption	MWh	2,707,693	2,898,287	2,761,773	3,180,837	3,371,501	3,444,100.634	3,007,838	3,200,783	3,205,510	3,145,424	Nov	Dec
Utility's Monthly Contracted Energy from Power Suppliers:	MWh	2,554,988	2,278,830	2,176,367	2,560,039	2,703,078	2,762,802	2,397,662	2,526,838	2,519,034	2,488,636	2,515,553	2,340,700
Quenson Power Philippines Ltd.	MWh	194,059	139,074	273,203	297,624	291,167	280,263	248,677	281,015	281,715	280,493	262,996	219,873
First Gas Power, Sta. Rita	MWh	533,336	533,883	417,430	450,480	503,136	539,290	445,618	606,510	562,485	570,671	565,479	569,311
First Gas Power, San Lorenzo	MWh	278,097	297,917	294,858	282,982	315,304	324,092	272,010	291,546	304,901	305,782	250,724	264,994
SEM-CALACA Power Corporation	MWh	94,677	83,792	59,845	142,226	165,874	200,880	166,884	194,919	184,383	179,845	185,642	176,005
AES Corp. (Masinloc Power Partners Co., Ltd.)	MWh	120,109	183,968	171,680	200,371	194,400	200,766	194,400	176,267	177,359	175,425	167,481	152,993
Therma Luzon Inc.-Pagbilao Plant	MWh	151,787	161,845	161,343	180,092	151,812	84,546,809	11,033	163,878	174,720	173,837	176,063	155,397
San Miguel Energy Corp.-Sual Plant	MWh	194,966	190,812	210,668	223,214	214,836	188,877	211,748	176,767	203,548	7,522	184,023	168,994
South Premiere Power Corp.-Ilijan Plant	MWh	548,551	582,139	482,761	618,352	659,119	660,123.21	577,934	596,174	575,625	643,876	621,834	555,214
Therma Mobile Inc.	MWh	3,943	1,921	25,897	57,610	51,732	56,401,861	70,465	14,147	21,191	15,868	7,387	3,349
Global Business Power Corp. - Pansy Plant*	MWh				3,159	7,695	6,966	5,751	0	0	0	0	0
Global Business Power Corp. - Toledo Plant*	MWh				4,699	10,770	8,076	6,359	0	0	0	0	0
1590 Energy Corp. -Bauang Plant*	MWh					13,623	31,031,994	34,110	2,623	8,445	9,208	1,400	0
Embedded Generation**	MWh	3,028	2,604	2,322	2,709	2,561	3,179,832	2,236	2,224	2,041	1,792	1,891	1,843
Wholesale Electricity Spot Market	MWh	25,436	100,860	76,360	96,522	93,046	177,745,281	149,837	19,788	22,642	124,318	90,633	72,728
Utility's Actual Monthly Energy Withdrawn from Power Suppliers:	MWh	2,554,988	2,278,830	2,176,367	2,560,039	2,703,078	2,762,802	2,397,662	2,526,838	2,519,034	2,488,636	2,515,553	2,340,700
Quenson Power Philippines Ltd.	MWh	194,059	139,074	273,203	297,624	291,167	280,263	248,677	281,015	281,715	280,493	262,996	219,873
First Gas Power, Sta. Rita	MWh	533,336	533,883	417,430	450,480	503,136	539,290	445,618	606,510	562,485	570,671	565,479	569,311
First Gas Power, San Lorenzo	MWh	278,097	297,917	294,858	282,982	315,304	324,092	272,010	291,546	304,901	305,782	250,724	264,994
SEM-CALACA Power Corporation	MWh	94,677	83,792	59,845	142,226	165,874	200,880	166,884	194,919	184,383	179,845	185,642	176,005
AES Corp. (Masinloc Power Partners Co., Ltd.)	MWh	120,109	183,968	171,680	200,371	194,400	200,766	194,400	176,267	177,359	175,425	167,481	152,993
Therma Luzon Inc.-Pagbilao Plant	MWh	151,787	161,845	161,343	180,092	151,812	84,546,809	11,033	163,878	174,720	173,837	176,063	155,397
San Miguel Energy Corp.-Sual Plant	MWh	194,966	190,812	210,668	223,214	214,836	188,877	211,748	176,767	203,548	7,522	184,023	168,994
South Premiere Power Corp.-Ilijan Plant	MWh	548,551	582,139	482,761	618,352	659,119	660,123.21	577,934	596,174	575,625	643,876	621,834	555,214
Therma Mobile Inc.	MWh	3,943	1,921	25,897	57,610	51,732	56,401,861	70,465	14,147	21,191	15,868	7,387	3,349
Global Business Power Corp. - Pansy Plant*	MWh				3,159	7,695	6,966	5,751	0	0	0	0	0
Global Business Power Corp. - Toledo Plant*	MWh				4,699	10,770	8,076	6,359	0	0	0	0	0
1590 Energy Corp. -Bauang Plant*	MWh					13,623	31,031,994	34,110	2,623	8,445	9,208	1,400	0
Embedded Generation**	MWh	3,028	2,604	2,322	2,709	2,561	3,179,832	2,236	2,224	2,041	1,792	1,891	1,843
Wholesale Electricity Spot Market	MWh	25,436	100,860	76,360	96,522	93,046	177,745,281	149,837	19,788	22,642	124,318	90,633	72,728
Variance (Excess/Deficit)	MWh												
Utility Load Factor	%												

13b. Projected Monthly Load Data											
2015											
Year:											
Utility's Projected Monthly Coincident Peak Demand	KW	5,248,800	5,297,400	5,356,747	6,216,293	6,337,442	6,264,733,915	6,172,728	6,077,101	6,120,812	6,068,671
Utility's Monthly Contracted Demand	KW	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000
from Power Suppliers:											
Quezon Power Philippines Ltd.	KW	460,000	480,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
First Gas Power, Sta. Rita	KW	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
First Gas Power, San Lorenzo	KW	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
SEM-CALACA Power Corporation	KW	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
AES Corp. (Masinloc Power Partners Co., Ltd.)	KW	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000
Therma Luzon Inc.-Pagbilao Plant	KW	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
San Miguel Energy Corp.-Sual Plant	KW	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
South Premiere Power Corp.-Ilijan Plant	KW	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000
Therma Mobile Inc.	KW	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
1590 Energy Corp.-Bauang Plant*	KW	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Embedded Generation**	KW	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890	14,890
Utility's Projected Monthly Energy Consumption	MWh	2,715,852	3,001,937	2,849,564	3,271,986	3,391,732	3,432,832	3,328,043	3,364,399	3,339,556	3,202,651
Utility's Monthly Contracted Energy from Power Suppliers:	MWh	2,103,198	2,103,198	2,103,198	2,103,198	2,103,198	2,103,198	2,103,198	2,103,198	2,103,198	2,103,198
Quezon Power Philippines Ltd.	MWh	161,632	0	231,231	284,207	286,635	289,059,6232	264,654	263,551	259,989	270,352
First Gas Power, Sta. Rita	MWh	543,235	633,867	518,941	644,162	603,818	628,679,7531	561,270	588,159	617,280	577,418
First Gas Power, San Lorenzo	MWh	289,295	298,067	262,184	338,709	317,352	311,994,7953	311,721	293,327	319,896	267,240
SEM-CALACA Power Corporation	MWh	136,477	164,764	154,909	161,495	158,933	165,127.5	160,138	152,901	164,751	133,496
AES Corp. (Masinloc Power Partners Co., Ltd.)	MWh	129,987	163,188	143,055	157,637	161,631	166,725,564	160,231	160,849	170,805	160,842
Therma Luzon Inc.-Pagbilao Plant	MWh	147,472	144,645	152,582	169,186	170,478	231,38,88475	151,142	165,960	170,805	168,613
San Miguel Energy Corp.-Sual Plant	MWh	172,494	203,675	184,321	214,941	215,632	234,731,2942	213,735	210,297	205,391	118,036
South Premiere Power Corp.-Ilijan Plant	MWh	423,862	533,667	417,159	374,669	608,597	663,519,7363	609,144	608,831	611,016	618,198
Therma Mobile Inc.	MWh	13,704	23,841	21,000	30,124	38,585	418,87,87676	13,328	25,068	29,198	29,320
1590 Energy Corp.-Bauang Plant*	MWh	3,772	18,012	19,940	35,613	38,704	332,26,31627	28,014	25,068	29,198	29,320
Embedded Generation**	MWh	1,971									
Wholesale Electricity Spot Market	MWh	81,298	59,128	64,023	157,149	95,619	106,548,8439	92,936	103,691	75,309	151,428
Utility Load Factor	%	68.55%	76.17%	71.50%	76.75%	71.93%	73.55%	72.47%	74.41%	73.33%	71.43%

* Interim Power Supply Agreement
 ** Embedded Generation consists of supply from Montalban Methane, Bacavalley, Pangea and Philipdeco. (Montalban Methane terminated on Jan 26, 2015)
 Note: NSI used for System Loss computation includes energy purchased by customers directly from suppliers.

Supply Expansion Plan											
Name of Supplier		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Installed Capacity		KW	1,278,000	1,278,000	1,278,000	1,278,000	1,278,000	1,278,000	1,278,000	1,278,000	1,278,000
Contracted Demand		KW	1,180,000	1,080,000	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000	1,065,000
Contracted Energy		MWh	6,189,749	7,121,701.51	6,604,700	5,763,912	6,036,576	4,999,249	1,602,684		
Therma Mobile Int.											
Name of Supplier		KW	234,000	245,000.00	243,000	242,000	242,000	242,000	242,000	242,000	242,000
Installed Capacity		KW	100,000	200,000.00	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Contracted Demand		KW	54,351	129,911.03	292,137	245,076	176,296				
Contracted Energy		MWh									
Global Business Power Corp. (Pasay)											
Name of Supplier		KW		72,000.00							
Installed Capacity		KW		72,000.00							
Contracted Demand		KW		27,000.00							
Contracted Energy		MWh		23,171.00							
Global Business Power Corp. (Pasay)											
Name of Supplier		KW		40,000.00							
Installed Capacity		KW		37,000.00							
Contracted Demand		KW		29,904.00							
Contracted Energy		MWh									
1500 Energy Corp.											
Name of Supplier		KW		215,100.00	235,200						
Installed Capacity		KW		140,000.00	49,000						
Contracted Demand		KW		100,412.49	169,211						
Contracted Energy		MWh									
San Buenaventura Power Ltd.											
Name of Supplier		KW									
Installed Capacity		KW									
Contracted Demand		KW									
Contracted Energy		MWh									
Total (Re-based generating facility)											
Name of Supplier		KW									
Installed Capacity		KW									
Contracted Demand		KW									
Contracted Energy		MWh									
Total (Utility Firm Contract Supply)											
Name of Supplier		KW	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000
Installed Capacity		KW	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000
Contracted Demand		KW	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000
Contracted Energy		MWh	15,747,912	715,495,098	815,729,901	823,954,613	823,954,613	823,954,613	823,954,613	823,954,613	823,954,613
* PSA Capacity starting June 26, 2011 (start of initial OASG) not of assigned capacity to Miraflores Local RES											
14c. Local Private Supply (Embedded Generation)											
Name of Supplier		KW	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Installed Capacity		KW	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Contracted Demand		KW	3,159	3,651	3,651	3,651	3,651	3,651	3,651	3,651	3,651
Contracted Energy		MWh									
Miraflores Methane											
Name of Supplier		KW	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100
Installed Capacity		KW	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100
Contracted Demand		KW	13,119	31,840	20,561	14,642	19,348.06				
Contracted Energy		MWh									
Bacanal											
Name of Supplier		KW	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215
Installed Capacity		KW	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215
Contracted Demand		KW	8,354	6,334	4,559	2,042.16	6,988				
Contracted Energy		MWh									
Pasaga											
Name of Supplier		KW		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Installed Capacity		KW		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Contracted Demand		KW									
Contracted Energy		MWh									

Supply Expiration Plan									
Sub Total (Embedded RE-based generating facility)									
Installed Capacity	KW	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Firm Contracted Capacity	KW	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Energy Supply	MWH	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total (All Embedded)									
Installed Capacity	KW	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Firm Contracted Capacity	KW	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Energy Supply	MWH	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
14c. TOTAL SUPPLY									
Total Supply from RE-Based Generation Facilities only									
Capacity	KW	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Energy	MWH	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total Supply from All Generation Facilities									
Capacity	KW	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Energy	MWH	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
14d. Supply-Demand Surplus (Deficit)									
Capacity	KW	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Energy	MWH	2,250,000	1,100,000	1,150,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000

14d. Owned Production Facilities (See Item 14c)						
Plant Name	Operator	Plant Type	Year Installed	Fuel Type	Contract Effective	Contract Expiration
1						
2						
3						
14f. Supply from other sources (See Item 14d, and 14e)						
Plant Name	Operator	Plant Type	Year Installed	Fuel Type	Contract Effective	Contract Expiration
1	Quezon Power Philippines Ltd.	Coal		Coal	May 2000	May 2023
2	First Gas Power, S.R.L.	Natural Gas		Natural Gas	October 2002	October 2025
3	First Gas Power, S.R.L.	Natural Gas		Natural Gas	August 2000	August 2027
4	SEM-CALAGA Power Corporation	Coal		Coal	December 2011	December 2011
5	AES Corp. (Madison Power Partners Co., Ltd.)	Coal		Coal	December 2012	December 2019
6	Therma Luxon Inc.-Pabligo Plant	Coal		Coal	December 2012	December 2019
7	San Miguel Energy Corp.-Sual Plant	Coal		Coal	December 2012	December 2019
8	South Premier Power Corp.-Liljan Plant	Natural Gas		Natural Gas	December 2012	December 2019
9	Therma Mobile Inc.	Diesel		Diesel	November 2013	June 25, 2017
10	Global Business Power Corp. - Panay Plant	Bunker Oil		Bunker Oil	November 14, 2014	July 25, 2015
11	Global Business Power Corp. - Toledo Plant	Bunker Oil		Bunker Oil	November 14, 2014	July 25, 2015
12	1590 Energy Corp. - Buang Plant	Diesel		Diesel	May 12, 2014	July 25, 2015
13	Philadeco	Hydro		Hydro	May 16, 2014	May 16, 2019
14	Montalban Methane*	Biomass		Biomass	June 2009	September 2016*
15	Bacvalley	Biomass		Biomass	March 16, 2012	March 16, 2016
16	Panay	Biomass		Biomass	March 15, 2013	February 29, 2016

14e. Do you wheel power for other users? (Yes/No)									
14f. If yes in Item 14e, please answer the following, site go to Item 14f.									
Name of Customer									
Complete Address of Customer									
Capacity to be wheeled									
Energy to be wheeled									
Contract Term in years									

*Note: Contract terminated on January 16, 2015

Supply Expansion Plan

Supply Forecast

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

13a. Utility Owned Power generating Facilities

Name:
 Status:
 Fuel Requirement (liters, tons, etc)
 Installed Capacity KW
 Net Dependable Capacity KW
 Net Production MWH

Sub Total (Utility-Owned RE-based Generating Facility only)			
Installed Capacity	KW		
Net Dependable Capacity	KW		
Net Production	MWH		
Total (Utility Owned Power Generating Facilities)			
Installed Capacity	KW		
Net Dependable Capacity	KW		
Net Production	MWH		

13b. Supply from NPC:

Name of Plant	KW
Contracted Demand	%
Load Factor	
Contracted Energy	MWH

Total (NPC):

Contracted Demand	KW
Load Factor	%
Contracted Energy	MWH

13c. Supply from NPC's Transition Supply Contract

Name of Plant	KW
Contracted Demand	%
Load Factor	
Contracted Energy	MWH

Total (NPC's TSC):

Contracted Demand	KW
Load Factor	%
Contracted Energy	MWH

Supply Expansion Plan		Supply Forecast									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
13d. Utility Firm Contract Supply from others. (Pls. use additional sheet for other power suppliers.)											
Power Supply Agreement Extensions											
Name of Supplier	KW										
Installed Capacity	KW										
Contracted Demand	MWH										
Contracted Energy											
New Power Supply Agreements											
Name of Supplier	KW										
Installed Capacity	KW										
Contracted Demand	MWH										
Contracted Energy											
Sub Total (RE-based generating facility)											
Installed Capacity	KW										
Contracted Demand	MWH										
Contracted Energy											
Total											
Installed Capacity	KW										
Contracted Demand	MWH										
Contracted Energy											
13e. Local Private Supply (Embedded Generation)											
Name of Supplier	KW										
Installed Capacity	KW										
Capacity Used for Own Load	MWH										
Energy Used for Own Load	MWH										
Contracted Demand	MWH										
Contracted Energy (Surplus of embedded Generators)											
Sub Total (Embedded RE-based generating facility)											
Installed Capacity	KW										
Firm Contracted Capacity	KW										
Energy Supply	MWH										
Total (All Embedded)											
Installed Capacity	KW										
Firm Contracted Capacity	KW										
Energy Supply	MWH										

Supply Expansion Plan				Supply Forecast									
				2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
13i. TOTAL SUPPLY													
Total Supply from RE-Based Generation Facilities only													
Capacity				-	-	-	-	-	-	-	-	-	-
Energy				-	-	-	-	-	-	-	-	-	-
Total Supply from All Generation Facilities													
Capacity				-	450,000	550,000	550,000	720,000	2,430,000	2,730,000	2,880,000	3,180,000	3,430,000
Energy				-	654,899	818,624	2,203,548	4,895,314	12,686,329	13,021,634	13,631,531	14,317,236	14,947,762
13j. Supply-Demand Surplus/(Deficit)													
Capacity				(6,277,871)	(6,056,076)	(6,176,859)	(6,414,269)	(6,492,108)	(5,060,960)	(5,047,457)	(5,200,735)	(5,221,731)	(5,311,445)
Capacity Margin				-100%	-93%	-92%	-92%	-90%	-68%	-65%	-64%	-62%	-61%
Energy				(38,503,803)	(39,248,540)	(40,438,937)	(40,510,110)	(39,338,403)	(33,257,656)	(34,679,515)	(35,929,700)	(37,212,743)	(38,665,772)

13h. Owned Production Facilities (See Item 13a.)				Operator				Plant Type				Year Installed				Fuel Type			
Plant Name																			
1.																			
2.																			
3.																			

13i. Supply from other sources (See Item 13d. and 13e.)				Operator				Plant Type				Year Installed				Fuel Type			
Plant Name																			
1.																			
2.																			
3.																			

13j. Do you wheel power for other users/producers? (YES/NO)

13k. If yes in Item (above question), please answer the following, else go to Item (next).

Name of Customer

Complete Address of Customer

Capacity to be wheeled

Energy to be wheeled

Contract Terms in years

kW

MWH

Forecast/Planning Results	Units	Forecast														
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Subtransmission Facilities: (Acquisition and Expansion)																
(CUMULATIVE TOTAL)																
15a. Subtransmission Lines		2,700	2,700													
Voltage, 230kV	ckt-km															
Voltage, 138kV and less than 230kV	ckt-km	717,887	728,955	786,310	791,251	793,040	34,700	60,508	42,600	18,700	47,000	49,400	16,000	21,400	50,900	48,500
Voltage, 115kV and less than 138kV	ckt-km	92,299	92,299	50,846	105,294	106,169	25,200	9,500	2,000	0,300	2,000	0,000	0,000	5,000	0,000	0,000
Voltage, 69kV and less than 115kV	ckt-km	813	824	837	897	899	60	70	45	19	49	49	16	26	51	49
(ANNUAL)																
Subtransmission Facilities: (Replacement and Rehabilitation)																
(CUMULATIVE TOTAL)																
15b. Subtransmission Lines																
Voltage, 230kV	ckt-km															
Voltage, 138kV and less than 230kV	ckt-km	717,900	723,900	725,300	735,600	755,000	21,810	19,000	14,500	46,600	8,700	34,900	16,300	26,400	28,800	13,000
Voltage, 115kV and less than 138kV	ckt-km	92,300	92,800	92,900	94,500	96,300	1,800	1,000	1,100	1,400	4,800	2,000	2,100	2,300	2,500	2,500
Voltage, 69kV and less than 115kV	ckt-km	810	817	818	830	851	24	20	16	48	14	37	18	29	31	16
(ANNUAL)																
Distribution Facilities: (Acquisition and Expansion)																
(CUMULATIVE TOTAL)																
15c. Distribution Lines																
Voltage, 34.5kV and less than 69kV	ckt-km	11,144.40	11,576.68	12,079.99	12,255.66	12,507.72	222.40	161.05	203.77	260.50	248.84	252.24	283.48	116.70	92.40	46.30
Voltage, 13.8kV and less than 34.5kV	ckt-km	3,535.01	3,615.27	3,593.47	3,583.65	3,601.79	-20.15	-19.30	-62.00	-101.90	-86.50	-105.60	-168.10	-32.10	8.10	0.00
Voltage, 6.2kV and less than 13.8kV (3 Phase)	ckt-km	544.36	504.72	490.40	438.58	400.43	-45.85	-50.77	-46.99	-52.06	-86.40	-50.24	-29.28	-28.90	0.00	-6.10
(V Phase)	ckt-km															
(1 Phase)	ckt-km	15,234	15,697	16,164	16,278	16,510	156	91	95	107	76	96	86	56	101	40
(ANNUAL)																
Distribution Facilities: (Replacement and Rehabilitation)																
(CUMULATIVE TOTAL)																
15d. Distribution Lines																
Voltage, 34.5kV and less than 69kV	ckt-km	2,293.00	2,438.22	2,606.24	2,847.95	3,116.17	270.86	607.18	760.73	927.88	1,000.23	713.38	801.88	840.82	856.84	842.63
Voltage, 13.8kV and less than 34.5kV	ckt-km	903.00	926.29	960.50	1,014.43	1,065.52	77.27	173.83	217.53	265.17	285.86	203.93	229.26	240.35	244.91	240.85
Voltage, 6.2kV and less than 13.8kV (3 Phase)	ckt-km	217.00	220.36	234.12	243.40	252.19										
(V Phase)	ckt-km															
(1 Phase)	ckt-km	3,413	3,585	3,801	4,106	4,434	348	781	978	1,193	1,286	917	1,031	1,081	1,102	1,083

Forecast/Planning Results			Units	Historical										Forecast								
				2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024				
16a. Substation Capacity, MVA (Additional)				(CUMULATIVE TOTAL)																		
Transformer Capacity, 100 and up				MVA	196.97	200.00	212.12	215.94	215.94	300.00	300.00	300.00	300.00	300.00	250.00	150.00	300.00	300.00				
No. of Units					22	21	22	23	23	3	3	3	3	2	3	2	4	2				
Transformer Capacity, 50 and less than 100				MVA	82.68	82.40	82.16	82.20	82.49	83.00	83.00	83.00	83.00	83.00	83.00	83.00	83.00	83.00				
No. of Units					103	108	114	118	120	8	4	4	4	4	7	6	5	6				
Transformer Capacity, 25 and less than 50				MVA	33.33	33.26	33.26	33.19	33.26	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00				
No. of Units					18	18	18	19	19	1	1	1	1	2	1	1	1	1				
Transformer Capacity, 10 and less than 25				MVA	15.38	15.35	15.35	15.47	15.56													
No. of Units					61	56	56	50	51													
Transformer Capacity, less than 10				MVA	5.29	5.29	4.99	3.99	3.99													
No. of Units					17	17	14	10	10													
Total Capacity				MVA	14,478	14,647	15,361	16,110	16,331	664	1,265	1,265	365	998	1,331	498	748	1,098				
16b. Substation Capacity, MVA (Uprating)				(ANNUAL)																		
Transformer Capacity, 100 and up				MVA																		
No. of Units																						
Transformer Capacity, 50 and less than 100				MVA	66.67	83.33	83.33	83.33	50.00					83.00								
No. of Units					2	1	1	1	1					1								
Transformer Capacity, 25 and less than 50				MVA			32.00			33.00							33.00					
No. of Units							1			1						1						
Transformer Capacity, 10 and less than 25				MVA				20.00														
No. of Units							1															
Transformer Capacity, less than 10				MVA																		
No. of Units																						
Total Uprating				MVA	133	83	115	103	50	0	33	0	0	0	83	0	0	33	0			
16c. Substation Capacity, MVA (Retirement/Stanby)				(ANNUAL)																		
Transformer Capacity, 100 and up				MVA		133.33	133.33	150.00														
No. of Units						1	1	1														
Transformer Capacity, 50 and less than 100				MVA		83.33	83.33	83.33														
No. of Units						2	3	1														
Transformer Capacity, 25 and less than 50				MVA	32.00	33.33	33.33		32.00					33.00	33.00							
No. of Units					1	1	1		1					1	1							
Transformer Capacity, 10 and less than 25				MVA	12.50	15.80	14.31			15.63	12.50	16.50	12.50	12.50	16.17	15.80	16.25					
No. of Units					2	5	6			8	1	6	2	2	9	5	8					
Transformer Capacity, less than 10				MVA	0.83	6.67	6.46		0.83		4.00			5.00	7.00							
No. of Units					3	1	3		1		1			1	2							
Total Retirement				MVA	259	259	259		259		89	89	89	89	160	160	160	160	0			

Forecast/Planning Results										Forecast														
Units										2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
										(CUMULATIVE TOTAL)					(ANNUAL)									
										2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
17. Reactive Power Compensation Plan																								
17a. Reactive Power Compensation Plan: Substation																								
Reactive Capacity										64.80	86.40	115.20	158.40	172.80	115.20	64.80	54.00	39.60	57.60	79.20	64.80	61.20	57.60	50.40
Rated Voltage										34.5	34.5	34.5	34.5	34.5	34.5	13.8/34.5	13.8/34.5	13.8/34.5	13.8/34.5	34.5	34.5	13.8/34.5	13.8/34.5	34.5
Type of Equipment																								
Shunt Inductor										2 - 14.4	1 - 14.4	2 - 14.4	1 - 14.4	1 - 14.4	6 - 14.4	3 - 14.4	3 - 14.4	1 - 14.4	2 - 14.4	4 - 14.4	3 - 14.4	3 - 14.4	2 - 14.4	1 - 14.4
Shunt Capacitor										5 - 7.2	1 - 7.2	4 - 7.2	2 - 7.2	2 - 7.2	4 - 7.2	2 - 7.2	1 - 7.2	3 - 7.2	3 - 7.2	3 - 7.2	2 - 7.2	2 - 7.2	3 - 7.2	5 - 7.2
Operation Control																								
Fixed																								
Variable																								
Automatic																								
Manual																								
17b. Reactive Power Compensation Plan: Distribution Line																								
Reactive Capacity										13.20	19.20	23.40	79.80	81.00	129.00	170.40	135.00	130.20	107.40	106.80	100.80	115.20	111.60	108.60
Rated Voltage										20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5	20/34.5
Type of Equipment																								
Shunt Inductor										7 - 1.8	3 - 1.8	2 - 1.8	31 - 1.8	1 - 1.2	71 - 1.8	94 - 1.8	74 - 1.8	72 - 1.8	59 - 1.8	59 - 1.8	55 - 1.8	64 - 1.8	61 - 1.8	60 - 1.8
Shunt Capacitor										1 - 0.6	1 - 0.6	1 - 0.6	1 - 0.6	1 - 1.2	1 - 1.2	1 - 1.2	1 - 1.2	1 - 0.6	1 - 1.2	1 - 0.6	1 - 0.6	1 - 0.6	1 - 0.6	
Operation Control																								
Fixed																								
Variable																								
Automatic																								
Manual																								

Forecast/Planning Results																Units
18. Capital Expenditures																
18a. Network Projects																
Subtransmission (Acquisition/Expansion)																
Local (in Million)	Peso						692.61	1,670.23	700.94	795.30	1,495.91	617.67	624.67	515.22	515.22	1,042.55
Foreign (in Million)	Peso															
Subtransmission (Rehabilitation/Upgrading)																
Local (in Million)	Peso						74.67	234.01	102.87	508.29	37.43	487.73	85.42	313.60	341.37	79.62
Foreign (in Million)	Peso															
Distribution (Expansion)																
Local (in Million)	Peso						4,239.27	4,898.10	4,723.65	4,372.28	4,391.20	4,097.77	4,158.61	3,999.71	3,838.21	3,828.04
Foreign (in Million)	Peso															
Distribution (Rehabilitation/Upgrading)																
Local (in Million)	Peso						2,794.99	6,449.22	4,849.07	5,230.87	5,537.49	4,313.31	4,673.14	4,838.61	4,850.98	4,811.30
Foreign (in Million)	Peso															
Substation (Additional)																
Local (in Million)	Peso						3,222.88	2,909.54	2,889.07	1,480.52	2,221.81	4,297.37	2,082.58	2,224.39	4,575.67	2,410.53
Foreign (in Million)	Peso															
Substation (Upgrading)																
Local (in Million)	Peso															
Foreign (in Million)	Peso															
Substation (Retirement/Standby)																
Local (in Million)	Peso															
Foreign (in Million)	Peso															
Electrification																
Local (in Million)	Peso															
Foreign (in Million)	Peso															
Other Network Assets																
Local (in Million)	Peso						1,566.45	2,839.31	2,650.40	1,748.81	2,211.43	1,299.00	1,634.37	1,476.91	1,572.28	1,769.78
Foreign (in Million)	Peso															
18b. Non-network Projects																
Property/Equipment/Other																
Local (in Million)	Peso						2,360.72	4,249.37	3,561.97	3,312.11	4,075.28	4,119.85	3,770.26	4,102.37	4,353.77	3,513.35
Foreign (in Million)	Peso															
Grand Total: (18a+18b)																
Local (in Million)	Peso						9,263.66	20,078.37	19,477.97	17,523.59	20,219.53	19,779.14	17,029.25	17,470.82	20,111.74	17,455.16
Foreign (in Million)	Peso															

Note: Breakdown of 2014 CAPEX per RDNR Asset Category can be found in Appendix 2.

19. Information on Distribution Impact Study Made

Therma Mobile, Inc. (TMO) - 242 MW Diesel Power Plant - Jan 2012 - Navotas Fish Port Complex, North Harbor, Navotes, Metro Manila
Maibara Geothermal, Inc. (MGI) - 40 MW Steam Turbine - Sep 2012 - Brgy. San Rafael, Sto. Tomas, Batangas
Altermy Wind One Corporation (AWOC) - 67.5 MW Wind Turbine - Aug 2011 - Sitio Bugarin, Brgy. Hala-hayin, Pililla, Rizal
Calamba Aero Power Corporation (CAPC) - 172 MW Diesel Power Plant - July 2011 - Carmelray Industrial Park II (CIP II), Brgy. Punta, Calamba, Laguna
United Pulp and Paper Co., Inc. (UPPC) - 30 MW Combined Heat & Power PP - April 2011 - km 48 Iba Este, Calumpit, Bulacan
JG Sunnit Petrochemical Corporation (JGSPC) - 81.75 MW Diesel Power Plant - May 2013 - Brgy. Simlong, Batangas City, Batangas
Nestlé Cabuyao - 15.34 MW - April 2013 - Brgy. Niugan, Cabuyao, Calamba, Laguna
San Miguel Yamamura Asia Corp. - 8.2 MW - Oct 2012 - km 27 Aguinaldo Highway, Anabu II, Imus, Cavite
Air Liquide Pipeline Utilities Services, Inc. - 13 MW - May 2012 - Calamba Premiere Industrial Park (CPIP), Calamba, Laguna
Pag-Asa Steel Works, Inc. - 22 MW - March 2012 - Sandoval Ave., Nagpayong, Brgy. Pinagbuhayan, Pasig City
Trusty Steel Plant - 55 MW - Feb 2012 - Mountview Industrial Complex, Carmona, Cavite
Midland Steel Corporation - 20.3 MW - Dec 2012 - St. Anthony Subdivision, Brgy. San Juan, Cainta, Rizal
Metrodragon Steel Corporation - 40 MW - Dec 2011 - MGM Industrial Compound, Caloocan City
Solid Cement - 15.9 MW - Jun 2013 - Teresa, Rizal
Eagle Cement (Part 1) - 6.1 MW - Jul 2013 - Brgy. Akle, San Ildefonso, Bulacan
Eagle Cement (Part 2) - 60 MW - Nov 2013 - Brgy. Akle, San Ildefonso, Bulacan
Pilipinas Shell Petroleum Corporation - 44.3 MW Diesel Power Plant - Dec 2013 - Ambulong, Tabangao, Batangas City, Batangas
LNG Batangas Early Power - 120 MW - Feb 2014 - Bgy. Tabangao, Batangas City, Batangas
Alienergy Sembrano Wind Corporation - 72 MW - May 2014 - Bgy. Niogan, Pililla, Rizal
Metrodragon Steel Corporation (MSC) and ANK Steel Corporation - 60 MW - May 2014 - Sitio Gima, Kaybiga, Caloocan City
LNG Batangas Early Power (Addendum) - 72 MW - Sep 2014 - Bgy. Tabangao, Batangas City, Batangas
Calamba Aero Power Corporation (CAPC) (Re-study) - 144 MW Diesel Power Plant - Oct 2014 - Carmelray Industrial Park II (CIP II), Brgy. Punta, Calamba, Laguna
Millennium Energy, Inc. - 310 MW Diesel Power Plant - Nov 2014 - Navotas Fishport Complex
Solar Philippines Commercial Rooftop Projects, Inc. - 21 MW Solar Power Plant - Nov 2014 - Asia Brewery, Cabuyao, Laguna
Asia Brewery, Inc. - 24 MW Diesel Power Plant - Dec 2014 - Asia Brewery, Cabuyao, Laguna
Daelkyung Energetech, Inc. - 125 MW Combined Heat Power Plant - Feb 2015 - San Pascual, Batangas
Montalban Methane Power Corporation - Montalban Methane Recovery and Electricity Generation CDM Project - May 21, 2007 - Rodriguez, Rizal
IFR Cement Corporation - Synchronization of Priority Loads
CIP II Power Corporation - 21 MW Diesel Power Plant - June 23, 2009
Bacavalley Energy Inc. - 4 MW San Pedro Landfill Methane Recovery and Electricity Generation Project - April 7, 2010 - Brgy. San Antonio, San Pedro, Laguna
Transnational Renewable Energy Corporation - 200 kW NYK - TDG Maritime Academy Solar Power Plant - October 25, 2011 - Canlubang, Calamba City, Laguna
First Philec Solar Solutions - 2 MW PV Power Plant (PV Depot) - August 1, 2011 - Brgy. Maguyam, Silang, Cavite
Pangea Green Energy - 1 MW Waste-to-Energy Power Plant - January 24, 2012 - Brgy. Payatas, Quezon City
First Philec Solar Solutions - 3 MW PV System in First Philec Solar Corp. - August 1, 2012
Solid Cement Corporation - 34.5 kV Interconnection Parallel Operation of a 6MW Waste Heat Recovery System - January 29, 2014 - Sitio, Tagbak, Brgy. San Jose, Antipolo City, Rizal
ATN Philippines Solar Energy Group Inc. (ATN) - 34.5 kV Interconnection 30 MW Solar PV Project - December 26, 2013 - Barangay Macabud, Rodriguez, Rizal
Solar Philippines Commercial Rooftop Projects, Inc. - 700.47 kW Central Mall Binar (Load Displacement) Solar Generator Project - July 1, 2014 - Malvar St., Corner National Highway, Binar City, Laguna
Solar Philippines Commercial Rooftop Projects, Inc. - 1.22 MW SM North EDSA Solar Project - July 14, 2014 - SM City North EDSA, Quezon City
Royal Cargo Combined Logistics, Inc. - 205 kW Solar PV Project (Load Displacement) - October 2014 - Star Avenue, Laguna International Industrial Park, Mamplasan, Binar City, Laguna
Solar Philippines Commercial Rooftop Projects, Inc. - 800 kW SM Dasmariñas Solar Generator Project - December 3, 2014 - SM Dasmariñas, Cavite

Solar Philippines Commercial Rooftop Projects, Inc. - 9,720 kW Asia Brewery Inc. Solar Project - February 5, 2015 - Km 43 National Highway, Brgy. Sala, Cabuyao, Laguna
 Solar Philippines Commercial Rooftop Projects, Inc. - 6,080 kW Yazaki-Torres Manufacturing Inc. Solar Project - March 4, 2015 - Brgy. Makiling, Calamba, Laguna
 Solar Philippines Commercial Rooftop Projects, Inc. - 2,215 kW SM Mall of Asia Solar Project - March 4, 2015 - March 4, 2015 - SM Mall of Asia, Pasay City
 Majayjay Hydropower Company, Inc. - 2,760 kW Majayjay Hydropower Project - March 16, 2015 - Brgy. Ilayang Banga, Majayjay, Laguna

20. Supply Demand Highlights

Total energy sales for 2014 reached 33,649 GWh, 2.8% higher than 2013 levels. The main growth driver was the commercial segment. Consumption growth was hampered by lower average temperature in the first quarter of the year, and the weather disturbances that affected the franchise area, specially typhoon Glenda in July. The said typhoon destroyed distribution and transmission facilities that led to extended period of load dropping. The number of Meralco customers increased by 3.9% in 2014. With regards to forecasted sales, average growth rate from 2015 to 2024 is projected at 3.7%, while customers count is forecasted to increase at an average of 3.0%. The supply outlook for MERALCO during the long-term 2015-2024 is the result of its franchise demand growth rate, load contestability implementation by ERC and expiration of its existing PSAs and PPAs power supply contracts. Reduction in MERALCO's contracted capacities starts at around 2017 when its PSA with TMO expires, followed by the termination of its PSA with SEM-Calaca by end of 2018. The remaining PSAs with AES-Masinloc, SMEC-Sual, SPPC-Ilijan and TLI-Pagbilao will all expire by end of 2019, while its PPAs with FGPC-Sia Rita and QPPL will terminate on 2025 and that with FGP-San Lorenzo on 2027. Note that the said PSAs may be extended up to additional term of 3 years upon mutual agreement by parties, otherwise, the supply requirement of MERALCO is expected to increase starting 2017.

21a. Prepared by:

Name: Roberto D. Isip, Jr.
 Position: Manager, Network Asset Planning
 Date: March 20, 2015

21b. Approved by:

Name: Ronnie L. Aperocho
 Position: FVP and Head, Networks
 Date: April 6, 2015

22. Contact Person:

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Note: Please address your submission to:
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 Energy Center, Mendi Road, Fort Bonifacio
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ANNEX 1: CAPEX PROJECTS
NERALCO
YEAR 2015 - 2024

PROJECT TYPE	PROJECT CATEGORY	PROJECT NAME	PROJECT DESCRIPTION	COMPLETION DATE	TIMELINE										TOTAL PROJECT COST
					2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Capacity	Substation (Additional)	Expansion of Tuburan 115 kV - 34.5 kV GIS Substation (2nd Bank)	Installation of 143 MVA power transformer with associated SCADA and protective equipment as well as support equipment, distribution lines.	2015	337,132,874										
Capacity	Substation (Additional)	Development of Dita 115 kV - 34.5 kV Substation	Installation of 143 MVA power transformer with associated SCADA, communication and protective equipment as well as support equipment, substation and distribution lines.	2015	316,910,664										
Capacity	Substation (Additional)	Development of PAGOBA 115 kV - 34.5 kV GIS Substation (1st and 2nd bank)	Installation of 243 MVA power transformer with associated SCADA, communication and protective equipment as well as support equipment, substation and distribution lines.	2015	1,156,533,717										
Capacity	Substation (Additional)	Expansion of ERICA 115 kV - 34.5 kV GIS Substation (2nd Bank)	Installation of 143 MVA power transformer with associated SCADA, communication and protective equipment as well as support equipment, substation and distribution lines.	2015	253,529,267										
Capacity	Substation (Additional)	Development of Banaue 115 kV - 34.5 kV GIS Substation	Installation of 143 MVA power transformer with associated SCADA, communication and protective equipment as well as support equipment, substation and distribution lines.	2015	577,155,420										
Capacity	Substation (Additional)	Installation of 34.5 kV Metal-enclosed Switchgear at Dumaligan 34.5 kV Transformer owned by Manila	Installation of 34.5 kV metal-enclosed switchgear, 7.2 MVAR capacitor bank with associated SCADA and protective equipment as well as construction of two (2) additional feeders.	2015	68,161,035										
Capacity	Substation (Additional)	Installation of 34.5 kV Metal-enclosed Switchgear at LUP 3rd and 4th Bank Power Transformer	Installation of 34.5 kV metal-enclosed switchgear, 7.2 MVAR capacitor bank with associated SCADA and protective equipment as well as construction of two (2) additional feeders.	2015	48,045,691										
Capacity	Substation (Additional)	Expansion of Marikina 115 kV - 34.5 kV Substation (2nd Bank)	Installation of 143 MVA power transformer with associated SCADA and protective equipment as well as support equipment, distribution lines.	2015	214,626,971										
Capacity	Substation (Additional)	Expansion of Baguio 115 kV - 34.5 kV Substation (2nd Bank)	Installation of 143 MVA power transformer with associated SCADA and protective equipment as well as support equipment, distribution lines.	2015	187,560,219										
Capacity	Substation (Additional)	Development of SCS Cima 115 kV Switching Station	Installation of 115 kV substation with associated SCADA and protective equipment.	2015	154,091,344										
Capacity	Substation (Additional)	Development of Malubog 115 kV - 34.5 kV GIS Substation	Installation of 143 MVA power transformer with associated SCADA, communication and protective equipment as well as support equipment, substation and distribution lines.	2016	435,768,503	435,768,503									
Capacity	Substation (Additional)	Installation of 34.5 kV Metal-enclosed Switchgear at HCCP San Jose 34.5 kV Power Transformer	Installation of 34.5 kV metal-enclosed switchgear, 7.2 MVAR capacitor bank with associated SCADA and protective equipment as well as construction of two (2) additional feeders.	2016	63,122,533	63,122,533									
Capacity	Substation (Additional)	Expansion of Tazung 115 kV - 34.5 kV Substation (2nd Bank)	Installation of 143 MVA power transformer with associated SCADA and protective equipment as well as support equipment, distribution lines.	2016	102,092,948	102,092,948									
Capacity	Substation (Additional)	Development of Luma 115 kV - 34.5 kV Substation	Installation of 143 MVA power transformer with associated SCADA, communication and protective equipment as well as support equipment, substation and distribution lines.	2016	478,611,544	478,611,544									
Capacity	Substation (Additional)	Expansion of San Jose 20 kV - 34.5 kV Transformer	Installation of 143 MVA power transformer with associated SCADA and protective equipment.	2016	59,245,603	59,245,603									

ANNEX

" W "

Demand-Side Management Plan

submitted to

*Energy Regulatory Board
Philippines*

by

MERALCO

PASIG CITY, MANILA

with assistance from

Resource Management International

and

SRC International Pty Ltd

December 1997

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EXECUTIVE SUMMARY

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Introduction

In December 1996, the Energy Regulatory Board (ERB) approved the Framework for Demand Side Management (DSM) in the Philippines, in compliance with Section III of the Department of Energy (DOE) Circular No: 95-08-007 as amended per ERB Case No: 96-25. Under the framework, each distribution utility was required to submit a DSM Plan within one year from the effective date. This DSM Plan by Manila Electric Company (MERALCO) is in compliance with the requirements of the DSM framework.

MERALCO was one of the four utilities selected, under the USAID funded Philippines Demand Side Management Project, for case study DSM Plans with external assistance. This DSM Plan was prepared by MERALCO with assistance from the consultants appointed for the task, SRC International (SRCI) from Melbourne, Australia as sub-consultants to Resource Management International (RMI).

Utility Overview

MERALCO is the largest electricity distribution company in the Philippines. Its sales account for approximately 60% of national electricity consumption. It has a franchise area covering 9 328 km², including 14 cities and 97 municipalities in Metro Manila, Bulacan, Rizal, and Cavite, parts of Laguna, Quezon, and Batangas, and 14 barangays in Pampanga. This franchise area is responsible for 50% of the national Gross Domestic Product (GDP), 30% coming solely from Metro Manila. It has approximately 8 000 employees spread throughout its 35 branches and operating centers.

At present, MERALCO has just over 3 million customers, growing at a compounded annual rate of 6%. The residential sector is by far the largest accounting for 90.5% in 1996. The remaining 10% consists of commercial, industrial and street lighting customers. Of MERALCO's total energy sales, industrial customers, even though small in number, account for one-third of total sales. The remaining two thirds are shared almost equally by commercial and residential customers. Electrification level in the franchise area is 92 percent.

In February, 1995, the Energy Regulatory Board (ERB) authorized the National Power Corporation (NPC) to implement a new power rate schedule in the Luzon grid. This Order also directed all NPC utility customers to restructure their rates based on NPC's approved rate schedule. MERALCO's application for rate restructuring was granted a provisional approval in March, 1997. The subsequent effect on its customers' billings were made starting April 1, 1997. The new rate structure now provides an incentive for more efficient energy

utilization not only on the bulk sale or generation level but as well as on the retail level.

The new rate structure provides incentives for customers to improve load factor. Only those with demand meters, namely, the Industrial and Non-Industrial customers which accounted for more than 60% of total sales felt the impact of the restructuring. A customer with a load factor higher than 36.6% will experience a decline in the average rate while a customer with a load factor lower than 36.6% will be adversely affected with an increase in its rate. Demand-Side Management programs directed to this group of customers will also help cushion the impact of the restructuring.

DSM Objectives

The proposed Omnibus Electric Industry Bill will create fundamental changes in regulation of electric utilities as well as the industry structure itself. Initially, there will be competition in the wholesale market and will eventually move towards retail competition.

In order to face the challenges and new market conditions, MERALCO will focus on the needs of its customers. Our mission is to serve our customers by providing efficient, adequate and reliable electric service at reasonable cost. Improving customer service is considered to be MERALCO's primary objective of Demand Side Management (DSM).

It has established the "account management" approach and taken more aggressive DSM activities with its customers. It is within this environment that DSM can be offered to customers as a package of services aimed at providing solutions to customers' needs.

MERALCO has undertaken a program of continuous system upgrading to improve the quality and reliability of the electricity delivered to the customers. It believes that through efficiencies and productivity gains, lower price of electricity can also be achieved.

Programs and Activities Selected

A total of eight programs and supporting activities were selected for implementation over the first two years of the Plan. Most programs will be undertaken initially on a pilot scale and cover all the customer sectors. The following programs have been selected:

1. Compact Fluorescent Lighting Program — promotion of CFLs through trade allies and offering incentives for repayment in instalments through electricity bills;
2. Green Buildings Program — pilot energy efficiency audit in a shopping mall and an office building to determine energy saving opportunities;
3. Industrial Efficiency Program — energy audit for industrial customers through an E&O to encourage energy conservation.

4. Industrial Demonstration Program - demonstration of high efficiency motors, variable speed drives and efficient lighting;
5. Power Factor Correction Program - installation of capacitor banks to improve power factor;
6. Load Factor Improvement Program - promotion of cost-effective opportunities for load management and energy efficiency improvement, regardless of the end use; and
7. Streetlight Conversion Program - replacement of Mercury Vapor (MV) lamps with High Pressure Sodium (HPS) vapour lamps.

In addition, the following supporting activity was selected:

8. Load Research - to develop an end-use load shape database for estimating end-use demand and designing and evaluating DSM programs.

Several programs have already been commenced by MERALCO, namely the Green Buildings, Industrial Efficiency and Street Lighting Programs.

Cost Effectiveness

Proposal for Cost Recovery

Implementation

Considering the available resources, of the eight programs that have initially been identified, MERALCO proposes to undertake seven DSM programs in the first year (1998) and the remaining program will commence in the second year (1999). The second year (1999) would also include continuation of some of the programs undertaken in 1998.

The following programs have been scheduled to be implemented in 1998:-

- Compact Fluorescent Lighting Program
- Green Buildings Program
- Industrial Efficiency Program
- Industrial Demonstration Program
- Power Factor Correction Program
- Load Factor Improvement Program
- Streetlight Conversion Program

The Green Buildings and Industrial Efficiency Programs will be

ESCO has been included in the schedule. The programs will be subject to an evaluation at the end of the year and based on the outcomes, a decision to cease, modify or continue the programs will be made.

In addition to programs from 1998 that continue, the following activities are scheduled to be implemented in 1999 :-

- . Load Research
- . Major Program Review

The major program review would include all nine programs and the outcomes will be included in the revised plan to be filed for 2000 onwards.

Monitoring and Evaluation

All programs will be monitored throughout and evaluated upon completion, except in the case of the CFL Program which would be also evaluated midway when any revisions to program delivery would be made. As required by the DSM Framework the programs will also be subject to an annual evaluation.

The outcome of the major program review will be included in the revised plan for 2000 onwards.

1. UTILITY SITUATION / BACKGROUND

1.1 Overview of the Company

History

The Manila Electric Railroad and Light Company, forming the acronym "MERALCO", was established in 1903. That year, the Municipal Board of Manila granted to Charles M. Swift of Detroit a franchise "to operate an electric street railway service and to furnish electric current for light, heat and power in the city and its suburbs for a period of fifty years." The MERALCO tranvia or electric streetcar was inaugurated in 1905.

Although better known in earlier years for its transportation service, MERALCO also established its electric service. It bought the La Electricista in 1904. In 1919, the Manila Electric Railroad and Light Company and its affiliate, the Manila Electric Suburban Railways Company, merged to form the Manila Electric Company. Although the acronym MECO was more accurate, MERALCO was what the Company was called and continues to be called to this day.

When MERALCO became part of the US-based giant Associated Gas and Electric System in 1925, the Company expanded services to municipalities in Rizal and other parts of Luzon mainly by purchasing the franchises and plants of the small provincial electric companies.

The Botocan hydrostation in Majayjay, Laguna was built by MERALCO and added to the generating system in 1930 to meet the growing demand. It was the country's first hydroelectric plant and was probably the largest construction project in the country of its time. The 55-mile long 115 000-volt transmission line linked the new plant with the equally new substation in Sta. Mesa.

MERALCO's electric service area eventually covered, aside from Manila, 94 municipalities in 13 provinces in Luzon: Rizal, Bulacan, Laguna, Cavite, Tayabas, Pangasinan, Tarlac, Nueva Ecija, La Union, Batangas, Camarines Sur, Albay and Sorsogon. Except for the towns in the first five provinces which were linked to the integrated "Manila system" fed by Blandell and Botocan stations, the provincial areas were served by separate relatively small diesel plants.

In October 1945, just after the war, the 10 000 kW unit at the Caliraya hydroelectric station was in operation and connected to the Manila system. On November 1, 1945, MERALCO resumed operations after the US Army returned all its property. Over the next few years, the

the provincial areas served by isolated diesel generating plants and concentrating on the integrated Manila system. This system over the next few years included 40 cities and municipalities from as far north as Malolos to as far south as Lucena in Quezon province.

In May 1948, the Company sold its 122 buses to Fortunato Halili. This brought to a close four decades of MERALCO's transportation service.

MERALCO's efforts at rebuilding and expanding its electric system made the country's postwar and post-independence industrialization efforts possible. In 1959, MERALCO was supplying all its customers with more than four times as much electric energy as 1949. Residential and commercial customers were consuming about three times as much, but the industrial sector was consuming about 13 times as much.

During the Martial Law regime, Presidential Decree No. 40 declared it an ultimate objective of the state that the government-owned NPC should own and operate a single integrated system of all generating facilities supplying power to the entire area embraced by any grid set up by NPC. Eventually by 1979, MERALCO sold all its generating plants to NAPOCOR, with the exception of Rockwell Station. From then on, MERALCO became mainly a distributor of electricity purchased in bulk from NAPOCOR. A newly established MERALCO Foundation eventually became the sole owner of MERALCO common stock in 1977.

A revival of the MERALCO tranvia took place in 1984 when Manila's elevated Light Rail Transit (LRT) began plying its first route from Caloocan City to Baclaran.

After the Edsa Revolution, control of the company was regained by the Lopezos. Mr. Manuel Lopez, son of Don Eugenio was appointed president of the company and remains in that position up to the present.

MERALCO Today

Today, MERALCO is the largest electricity distribution company in the Philippines. Its sales account for about 60% of national electricity consumption. It has a franchise area covering 9 328 km², including 14 cities and 97 municipalities in Metro Manila, Bulacan, Rizal, and Cavite, parts of Laguna, Quezon, and Batangas, and 14 barangays in Pampanga. This franchise area is responsible for 50% of the national Gross Domestic Product (GDP), 30% coming solely from Metro Manila.

At present, MERALCO has 3 million customers growing at a compounded rate of 6% annually. About 90% of these customers belong to the residential sector. The remaining 10% consists of commercial and business establishments, industries and other customers. Of MERALCO's total energy sales, industrial customers, even though small in number, account for approximately 10% of the total.

remaining two thirds are shared almost equally by commercial and residential customers. Electrification level in the franchise is 92 percent.

In 1996, MERALCO ranked as the second biggest company in the country, next only to the National Power Corporation, in terms of gross revenues. During this year, it was also awarded as the Best Managed Company in the Philippines by the Asiamoney Magazine.

Through strategic alliances and subsidiaries, the Company has diversified into power generation, business reengineering and information technology consultancy, and real estate development. Its core business, however, remains to be electric distribution. It has approximately 8 000 employees spread throughout its 35 branches and operating centers.

1.2 Overview of Operational Issues

Rate Restructuring

In an order dated February 27, 1995, the Energy Regulatory Board authorized the National Power Corporation to implement a new power rate schedule in the Luzon grid. This Order also directed all NPC utility customers to restructure their rates based on NPC's approved rate schedule.

MERALCO's application for rate restructuring followed NPC's restructuring and was granted a provisional approval in March 26, 1997. The subsequent effect on its customers' billings were made starting April 1, 1997.

Prior to the implementation of the new rate structure, NPC's billing to MERALCO was on a straight energy basis which did not provide any signal on the expensive nature of generation capacity nor any incentive for higher capacity utilization. Consequently, MERALCO's Generation Charge, that component of the bill which recovers purchased power cost, was also purely energy charge. Thus, MERALCO's previous generation charge hardly provided any incentive towards economic efficiency through the promotion of high load factor.

With the rate restructuring, MERALCO's bill also shifted to a simpler format consisting of the following components: Basic Charge, Currency Exchange Rate Adjustment and the Purchased Power Adjustment (PPA). The Basic Charge incorporates the Generation and Distribution Charges, the portion of the bill which recovers MERALCO's cost of operating and maintaining its distribution system. The PPA will capture any change in the purchased power cost incorporated in the basic charge.

The impact of MERALCO's rate restructuring differed depending on the customer's load factor. However, customers with no demand meters were not affected by the restructuring. Only those with demand meters, namely, the Industrial and Non-Industrial customers which accounted for more than 60% of total sales felt the impact of the restructuring. A customer with a load factor higher than 36.6% will experience a decline in his average rate while a customer with a load factor lower than 36.6% will be adversely affected with an increase in its rate.

Taking note of the implication of the restructuring on low load factor customers, the restructuring was undertaken in three steps over a period of 18 months, with the full impact to be felt on April 1, 1998. Demand-Side Management programs directed to these group of customers will also help cushion the impact of the restructuring.

The new rate structure now provides an incentive for more efficient capacity utilization not only on the bulk sale or generation level but as well as on the retail level.

1.3 Customer Mix

In 1996, MERALCO had a total of 2 869 532 consumers. The consumers are categorized into six customer segments, namely, Residential, Commercial, Industrial, Government Hospitals & Metered Streetlighting and Flat Streetlighting Service. The Residential segment is by far the largest segment and account for 90.5% of the total consumers. The Commercial category is the second largest accounting for 8.9% of the total consumers, followed by Industrial consumers (0.5%) and Other (0.1%). Shown below in Table 1 is the actual number of connections per customer classification and its corresponding kWh consumption for 1996.

Customer Classification	No. of Connections	% of Total	MWh Consumption	% of Total
Residential Customer	2 595 637	90.5%	5 975 800	33.8%
Commercial Customer	255 640	8.9%	5 805 100	32.6%
Industrial Customer	13 073	0.5%	5 909 200	33.2%
Others	4 132	0.1%	120 400	0.7%
TOTAL	2 869 532		17 810 400	

Table 1 Customer Numbers and Consumption by Customer Class

1.4 Trends

1.4.1 Customers

The number of MERALCO customers has increased steadily over the past ten years at an averaging rate of 6% per year. This reflects aggressive franchise acquisitions as well as customer growth in the other franchise areas. Residential customers remained the fastest growing customer segment followed by the commercial segment. In 1996, the number of residential customers was 2 595 637, or 90.5% of the total customers.

from commercial to industrial service was made, thus the 137.8% increase in industrial customers in that year. Figure 1 below shows the trend in customer numbers since 1987.

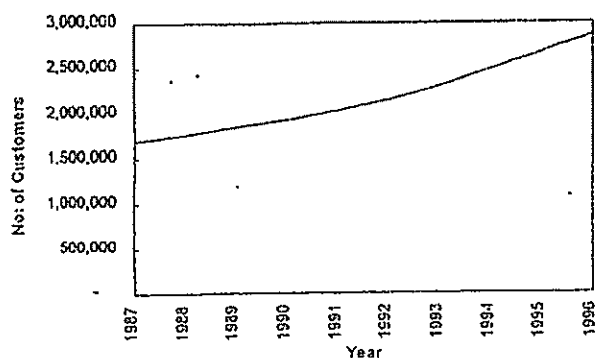


Figure 1 Historical Growth in Customer Numbers

1.4.2 Energy Sales

Energy sales have grown consistently at an average rate of 3.1% per year for the past ten years. However, growth in earlier years was only minimal, and exceptional growth had been registered only during the past three years. In 1994, total sales exhibited a high growth rate of 18.8%, due to recovery from the 1993 power crisis. The trends in historical sales is shown in Figure 2.

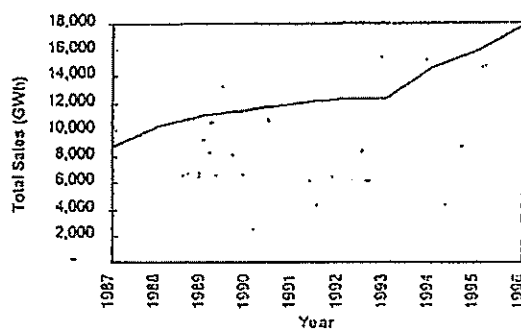


Figure 2 Historical Energy Sales

1.4.3 Peak Load

Peak load grew at an average of 6% every year. However, an exceptional increase of 12.4% was noted in 1994 again because of the recovery from the power crisis. In 1996, another 2% increase, this time 1%, was noted, reflecting the bullish economy experienced in 1996.

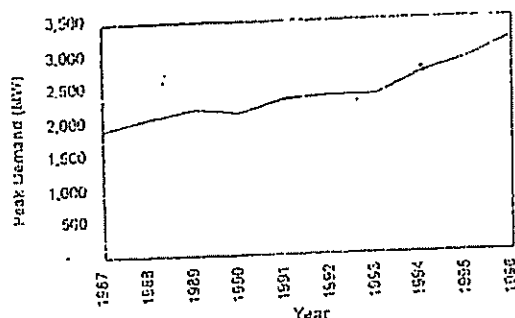


Figure 3 Historical
Peak Load

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2. LOAD FORECAST

Number of customers is forecast to increase by 8.3% in 1997, but after this, the customer count will slow down significantly to average about 1.7% per year growth rate. The slump is attributed to the end of the DAEP/REP² program of the company, which was actually the main source of significant growth rates in customer count in the past years. Consequently, the residential customer class will only grow by around 1.6% after 1997. Commercial customers are projected to show a tapered growth rate averaging 2.6% per year, while industrial customers are expected to increase by 3.9% per year as a result of the intensive campaign to industrial customers. The sales and demand forecasts are based on these customer growth projections.

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2.1 Energy Sales and Demand

Energy sales is forecast to grow at an average of 8.5% every year for the next 15 years. As a consequence of the restructured rates, the industrial customer class is expected to grow faster compared to previous years. Commercial sales is also expected to grow faster at an average of 8.7% per year. In contrast, residential sales will only achieve minimal growth due to the poor incentives accorded by the restructured rates. As a result of these major developments, the share of residential sales to total sales is expected to decline to slightly below 30%, the excess being picked up mostly by industrial sales whose share is expected to increase to close to 40%.

Details of forecast energy sales in each customer class are given in the Appendixes (Section S.1) and shown in Figure 4 below.

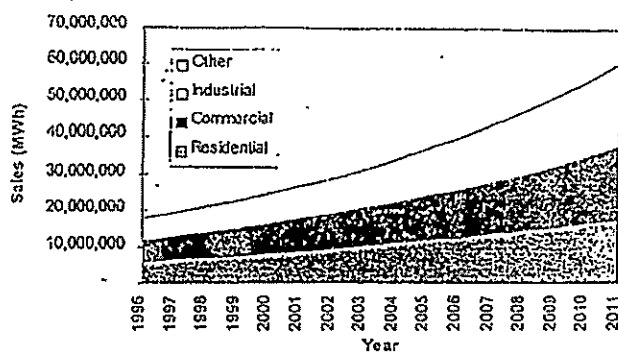


Figure 4 Electricity Sales Forecast (SJW2)

Peak demand is projected to grow by an average of 3.2% per year. Hopefully, with load management efforts, the 10% growth rate in 1997 will slowly taper off to about 8% growth per year. In the year 2011, peak demand is projected to reach 10 554 MW.

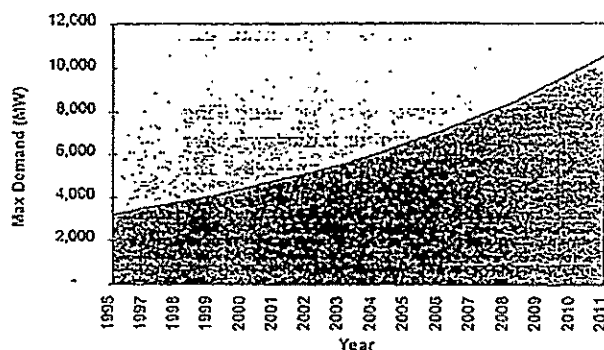


Figure 5 Electricity Demand Forecast

2.2 Overview of Alternative Forecasts_(SJW3)

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This document proposes a set of pilot DSM programs before full-scale implementation, which is consistent with the DSM framework. Future loads which differ from the load forecast will have no effect on the pilot stage of the DSM programs. The main effect of future loads being different from those forecast is in the total magnitude of energy and demand savings available. Provided a DSM program can achieve a high enough level of participation to cover its fixed costs, variation of future loads from those forecast is not likely to be a significant problem. Alternative forecasts have therefore not been considered in this document.

3. OBJECTIVES

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3.1 Corporate Objectives

Company Philosophy

Service With Integrity

Company Vision

MERALCO aims to be a world class electric utility firm by year 2000 and to be among the best, if not the best, in the Asian region.

MERALCO is undergoing a self-initiated complete transformation of business processes, organization, corporate culture, information technology, telecommunications and facilities to be more customer-focused.

For its investors and shareholders, MERALCO will remain a blue-chip company of viable, long term investment. For employees, it will continue to be the best employer where opportunities for personal and professional growth thrive.

For customers, MERALCO is changing to serve best by delighting consumers. For the country, MERALCO will remain an industry leader and a responsible corporate citizen that fuels progress as the Philippines emerges as Asia's newest tiger economy.

Changes in Utility Regulation

The proposed Omnibus Electric Industry Bill pending in both Houses of Congress will create fundamental changes in regulation of electric utilities as well as the industry structure itself. Initially, there will be competition in the wholesale market, meaning competition among various sources of generation. This means distributors will have a choice of where to source their power requirements. The market will eventually move towards retail competition, which basically means that customers will have a choice of which provider they wish to source their power.

The basic directions of tariff regulations will be toward cost-reflective rates which will eliminate cross-subsidies. Charges will be unbundled. Meanwhile, wire charges and other charges for captive customers will continue to be regulated.

Being aware of the challenges and new opportunities available in the electric environment, MERALCO is determined to continue to be a leader in the industry and to provide the best service to its customers.

The focus is evident in the strategies the Company has been taking in all these years. First, is the continuous system upgrading to improve the quality and reliability of the electricity delivered to the customers. It is believed that through efficiencies and productivity gains, lower price of electricity can also be achieved.

The Company has been taking not only a very proactive stance but also a most innovative approach to this emerging market conditions. Aside from the system upgrading, it has established the "account management" approach and taken more aggressive demand-side management activities with its customers. It is within this environment that Demand-Side Management programs can be offered to customers as a package of services aimed at providing solutions to customers' needs. Through these value-added services, MERALCO is moving towards its vision of becoming a electric utility of the future: focused on service rather than the commodity or kWh, solutions-focused and dynamic in the development of new products and services.

Company Mission

Our mission is to serve our customers by providing efficient, adequate and reliable electric service at reasonable cost

Company Objectives

In fulfilment of this mission and guided by the Company philosophy, we shall pursue the following objectives:

1. We shall provide a quality of service within standards acceptable internationally.
2. We shall strive to bring the benefits of electrification to the greatest possible number of people and businesses within our franchise area.
3. We shall strive to seek and adopt a reasonable rate structure that would truly reflect the cost of providing the desired level of electric service.
4. We shall maintain adequate return to ensure our financial viability and standing in the business community.
5. We shall remain steadfast in our commitment to enhance the productivity of our resources.
6. We shall provide our employees with opportunities for professional growth and advancement in the form of performance, integrity and loyalty to the Company.

7. We shall provide our employees with just and reasonable compensation and benefits and attend to their personal well-being.
8. We shall uphold and maintain at all times high standards of business ethics. In our endeavors, we shall be guided primarily by the basic principle that the Company's interests and those of the public are complementary and inseparable.
9. We shall fulfil with dedication and commitment our social responsibilities.
10. We shall undertake, by ourselves and through subsidiaries, activities which support and complement our operations, enhance the use of our resources and contribute to the economic and social development of our country.

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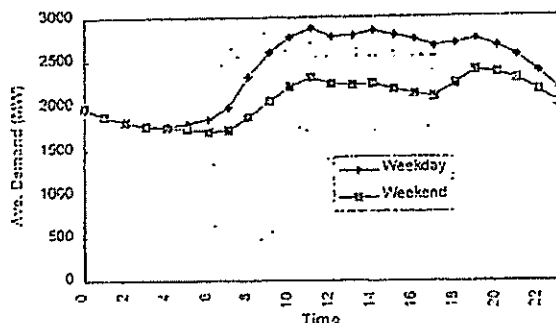
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3.2 DSM Objectives

3.2.1 Load-Shape Related Objectives

Typical system daily load profiles for the year 1996 is shown in Figure 6 below. The profile indicates a base load of around 1 600 MW and a peak period starting around 10 am and extending to around 9 pm.

Figure 6 Typical Daily Load Profiles in 1996



There are several DSM options that address specific load shape objectives. These include:

- peak clipping - the reduction of utility load primarily during periods of peak demand;
- valley-filling - the improvement of system load by increasing building load in off peak periods;
- load shifting - the reduction in demand during peak periods and the increase in demand during off peak periods.

periods. Load shifting typically does not substantially alter total electricity sales;

- conservation — the reduction of utility loads, more or less equally, during all or most hours of the day;
- load building — the increase of utility loads, more or less equally, during all or most hours of the day; and
- provision of a more flexible utility load shape — programs that set up utility options to alter customer energy consumption on an as-needed basis, as in interruptible / curtailable arrangements.

The DSM load shape objectives that are most appropriate for MERALCO in the short term are peak clipping and strategic conservation. Valley filling, load shifting, and flexible utility load shape may also be applicable to MERALCO as DSM load shape objectives in the medium term.

3.2.2 Non-Load-Shape Related Objectives(SMW-1)

MERALCO's non-load-shape related objectives for DSM are consistent with the general corporate objectives. They include improving customer satisfaction by improving the quality of service to customers and improving the value for money that customers receive from their electricity service. In addition, DSM will help meet the objective of reducing the impact that electricity services have on the environment.

MERALCO's DSM strategies focus on the enhancement of customer service to manifest the Company's concern by providing service beyond the customers' electricity meter. Activities include visits to customers' sites to educate them on basic energy management and energy efficiency. The customer contact is also used to reach out to meet customers' needs and solve their problems. Eventually, DSM can be transformed into the provision of energy services tailored to customers' needs. MERALCO will be able to use Demand-Side Management programs to develop customer loyalty and thereby help the Company retain valuable customers as competition is introduced to the power industry. By showing genuine customer care, the Company is able to foster better relationships and consequently customer loyalty.

As an alternative to supply-side resources, DSM measures promoting energy efficiency have great potential for the reduction of greenhouse gas emissions. By helping customers to be more efficient in their energy use, less power generation is needed, leading to decreased or avoided emissions of carbon dioxide and other environmental externalities. In this way, MERALCO is able to contribute its share to preserving the natural environment and promoting sustainable development.

4. RECOMMENDED DSM OPTIONS, PROGRAMS & PLAN

4.1 Options / Technologies

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The system load profile indicates three peaks - two during daytime (11am and 2pm) caused by industrial / commercial sector activity and an evening peak with the residential sector being the main contributor. The daytime peak could be attributed primarily to the air conditioning load while the evening peak primarily due to lighting.

4.2 Rationale for selection of customer groups targeted

In order to achieve the DSM objectives, programs in all customer segments have to be targeted as their contribution to the system peak are at different periods. At present, there is only about 5% difference between the two peaks with the daytime peak being the greater in the weekdays and the evening peak being greater in the weekends. The large industrial customers appear to be the major contributors to the system base load considering their relatively flat load profile and 24 hour operation. Programs in this sector, primarily in efficient end use technologies, would also make a major contribution towards achieving the DSM objectives.

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4.3 Programs

4.3.1 Overview

The following programs and activities have been selected and included in the Plan:

1. Compact Fluorescent Lighting Program
2. Green Buildings Program
3. Industrial Efficiency Program
4. Industrial Demonstration Program
5. Power Factor Correction Program
6. Load Factor Improvement Program
7. Streetlight Conversion Program
8. Load Research

Overview of Load Shape Objectives

The load shape objective/s of each of the proposed programs are outlined in Table 2. The detailed program descriptions in subsequent sections

Program	Load Shape Objectives	Comments
Compact Fluorescent Lighting Program	Peak Clipping	The residential lighting end use load shape is highly coincident with the utility system peak, so improving the efficiency of this particular end use tends to reduce the system peak
Green Buildings Program	Peak Clipping & Strategic Conservation	Most commercial end uses are highly coincident with the daytime peak, so improving the efficiency of primarily air conditioning and lighting tends to reduce the system peak
Industrial Efficiency Program	Peak Clipping, Load Shifting & Strategic Conservation	Most Industrial customers operate 2 or 3 shifts and are major contributors to the system base load.. Improving the efficiency of end uses primarily motors and drives, and load management will assist in reducing system peak.
Industrial Demonstration Program	Peak Clipping & Strategic Conservation	The end uses demonstrated are motors and lighting which contribute to the system peak
Power Factor Correction Program	Peak Clipping (kVA)	This program reduces apparent power (kVA) therefore reducing transformer capacity requirements and hence network capital costs for the same real power (kW) and therefore level of energy service.
Load Factor Improvement Program	Peak Clipping and Load Shifting	The introduction of more cost-reflective pricing will provide customers with low load factors to improve them. This program will help provide those customers with ways to respond to the price signal by decreasing their peak demand or increasing loads at other times or both.
Streetlight Conversion Program	Strategic Conservation	The street lighting end use load shape is highly coincident with the utility system peak, so improving the efficiency of this particular end use tends to reduce the system peak

Table 2 Customer Segments Targeted by the Programs

Overview of End Use Technologies

The end use technologies promoted by the programs are outlined in Table 3.

Program	End Use	"Dumb" Technology	"Smart" Technology	Table 3 Customer Segments Targeted by the Programs
Compact Fluorescent Lighting Program	Lighting	incandescent lamp	compact fluorescent lamp	
Green Buildings Program	All considered -- site specific	Standard technologies and practices	Energy efficient technologies and improved practices	
Industrial Efficiency Program	All considered -- site specific	Standard technologies and practices	Energy efficient technologies and improved practices	
Industrial Demonstration Program	Motors and lighting	Standard motors and Mercury Vapor lamps	High efficiency motors, variable speed drives and HP Sodium lamps	
Power Factor Correction Program	All	Financial penalties for low power factor	Capacitor banks to improve power factor	
Load Factor Improvement Program	All considered -- site specific	Standard operation practices	Improved operation practices	
Streetlight Conversion Program	Lighting	High Pressure Mercury lamps	High Pressure Sodium lamps	

Overview of Customer Segments

The programs apply to the customer segments as indicated in Table 4.

Program	Residential	Commercial	Industrial	Other	Table 4 Customer Segments Targeted by the Programs
Compact Fluorescent Lighting Program	✓				
Green Buildings Program		✓			
Industrial Efficiency Program			✓		
Industrial Demonstration Program			✓		
Power Factor Correction Program		✓	✓		
Load Factor Improvement Program		✓	✓		
Streetlight Conversion Program				✓	
Lead Research	✓	✓	✓		

4.3.2 Compact Fluorescent Lighting Program

Customer Segment Targeted

This program will be offered to residential and commercial customers

End Use and Technology

This program targets the lighting end use, which is a significant contributor to the MERALCO system peak during the evening. Compact Fluorescent lamps (CFLs) are able to provide the same light output as an incandescent lamp with considerably less energy input.

Key Barrier/s

In the medium term the energy savings from using a CFL in place of an incandescent lamp are greater than the higher cost of the incandescent lamp. However, not all residential customers who could use CFLs in place of incandescent lamps do so. Perhaps the main barrier to the use of CFLs is their high cost compared with the cost of a standard incandescent lamp. Other barriers may include:

- lack of customer awareness of the energy- and money-saving potential of CFLs;
- mistrust of the energy-saving and extended life information on the lamp packaging; and
- not "getting around to" purchasing a lamp.

Program Objective

This program aims to encourage customers to install compact fluorescent lamps (CFLs) to replace existing incandescent lamps, by providing customers with the lamp(s) and the opportunity to pay in instalments. One of the main barriers to the installation of CFLs is their high cost, compared with the cost of a standard incandescent lamp. Allowing customers to pay for the lamp in instalments, will help to overcome this barrier.

Program Description

A CFL uses approximately one-quarter the energy of a standard incandescent lamp, while providing equivalent lighting output. In addition, the life expectancy of a CFL is about eight times as that of a standard incandescent lamp. CFLs come in two types of ballasts - electro-magnetic and electronic. The electro-magnetic lamps are heavier but more robust and can withstand voltage fluctuations than the electronic lamps. This is an important consideration in the Philippines where power quality is an issue in most utilities.

There are several brands of electro-magnetic CFLs available in the Philippines, the most common being the Philips SL2000 series (13 W, 18 W, 21 W and 25 W) which are manufactured locally. In fact, the 21 W lamp is designed for a wide voltage tolerance (180 V to 260 V).

This program has been modelled on the basis that the customers purchase the CFLs from approved retailers in a 12-month period.

a period of 18 months. MERALCO will reimburse the retailers at regular intervals.

The main features of the program are as follows:

- Lamp manufacturers will be requested to provide details of their range of CFLs - technical specifications, program price and warranty periods.
- MERALCO will prepare a list of CFLs that they wish to promote - based on power factor, suitability under supply conditions, cost and warranty provided. The warranty period need to be at least the duration of the repayment period.
- MERALCO will call for registration of interest from retailers wishing to participate in the program and select the retailers. Advice from the lamp manufacturers will be sought during this process.
- Agreement is reached with the retailers on the selling price of the selected CFLs - the aim will be to have the same selling price for all the CFLs under the program. The selling price would include MERALCO's administration and finance costs.
- The participating retailers will be briefed on the program elements - responsibilities, program duration, reimbursement procedures etc.
- Program details will be publicised in the media and formally launched. Co-financing of advertising by the lamp manufacturers will be considered.
- Customers will purchase CFLs from the approved retailers and sign an agreement to pay in instalments. Customers will be required to produce a copy of their electricity bill at the time of purchase for verification and inclusion of account details in the agreement. There will be a limit of 3 lamps per customer.
- The retailers will send the details of sales and copies of the customer agreements to MERALCO at regular intervals (once a month) for processing.
- MERALCO will send a letter of confirmation to the customer of the purchase and the date of inclusion of the first instalment in the customer's electricity bill.
- MERALCO will reimburse the retailers on the basis of sales under the MERALCO Retailer Agreement.

- The program will initially run for a period of 3 months and evaluated. The program will then continue for another 3 months following any revisions to the original approach.

The costs associated with this program include:

- Set-Up Costs - Financing costs, Billing system modifications, retail staff training.
- Advertising - posters, media advertising
- Administration - coordination with lamp manufacturers and retailers, processing payments, monitoring, evaluation

4.3.3 Green Buildings Program

Customer Segment Targeted

This program targets large commercial buildings, including office buildings, retail shopping malls, hotels, hospitals and university campuses.

End Use and Technology

The program is aimed at all cost-effective opportunities for energy efficiency improvement, regardless of the end use.

Key Barrier/s

Opportunities for energy efficiency improvement exist because:

- customers are not aware of the opportunities;
- customers are too busy with the day-to-day business to make changes;
- customers do not have available capital for non-core business investments;
- customers do not have the resources to project manage energy efficiency improvement projects through the long process from the identification of opportunities through obtaining finance to installing the equipment and measuring the results; and
- customers are not prepared to take the risk of savings not eventuating.

ESCO services are designed to overcome all of these barriers to energy efficiency improvements by providing a full service from identification of opportunities to arranging off-balance sheet financing, managing the installation of equipment and bearing the risk by a performance guarantee on the savings.

Program Objective

The program is designed to implement energy efficiency measures in large commercial buildings.

called Green Malls, will involve a shopping mall and is aimed at demonstrating high efficiency, mainly lighting and air conditioning, technologies in the shopping malls of Metro Manila

Program Description

In 1996, the commercial sector accounted for 33% of the total sales and offer significant potential for cost effective energy conservation. Shopping Malls because of its sheer size are one of the most energy intensive segments in the commercial sector. Since 1985 the power demand of the shopping malls sub-sector in Metro Manila alone has increased by 15% per year and accounted for 7.5% of the entire commercial sector's consumption in 1996. It was on this basis that a shopping mall was selected for the first pilot project.

The pilot project (Green Malls) will be implemented in association with the International Institute for Energy Conservation (IIEC). Preparatory work on this project commenced in April 1997 and the following milestones have been achieved to date:

- . Completion of preliminary energy surveys in three shopping malls
- . A five day Green Malls Seminar conducted for shopping mall management/owners.
- . Selection of the site for the pilot project and a letter of intent for participation obtained from the owners.

The next step would be the selection of an ESCO to undertake the implementation of the project and finalising the financing and implementation agreements. Upon finalization of this project it is proposed to implement a similar project in an office building for evaluation. The MERALCO Headquarters building has been earmarked for this project.

Following the completion of the two pilot projects and upon establishment of a credible ESCO(s), the program will be promoted on a large scale (Green Buildings Program) to the relevant segments in the commercial sector.

4.3.4 Industrial Efficiency Program

Customer Segment Targeted

This program targets large industrial customers of more than 1 MW peak demand.

End Use and Technology

The program is aimed at all cost-effective technologies that can be applied in the industrial sector.

Key Barrier/s

In the industrial sector it is normal to focus efficiency gains on process related improvements rather than energy. In most cases, the cost of energy is only a minor component of the overall costs. As a result there is a tendency to divert scarce capital resources towards process improvements rather than on energy.

In addition, most industries have limited technical resources who are normally preoccupied in plant operation and maintenance that they have little time spend on improvements outside the core business.

Program Objective

The objective of this program is to provide value added services to large industrial and commercial customers to ensure that they are operating at maximum cost-effective efficiency levels. The main objective is to minimize electricity costs. However, opportunities to improve quality and reliability of supply will also be considered. The value added services would include load management, energy audits, power quality / reliability audits and assistance with implementation through ESCOs.

Program Description

This program aims to increase the level of services to MERALCO's customers. A recent survey amongst the large industrial and commercial customers has identified several key areas where the services could be improved. The three main areas were :

- electricity costs;
- reliability.

MERALCO proposes to take a customized approach with its customers in addressing these issues because the priorities and requirements vary from one customer to another.

MERALCO proposes to conduct load management studies and energy audits in order to minimize the customer's energy costs through the implementation of energy efficiency measures. In addition, it is proposed to conduct interviews with selected customers to determine their level of satisfaction with MERALCO's service and identify areas where they think the service could be improved. This would be followed up with an in depth technical evaluation to determine the causes, the solutions and costs to rectify any service problems such as power quality and reliability.

It is proposed that the improvements be made under an ESCO arrangement which would address the key barrier to energy efficiency. Internal staff resources to undertake projects outside the company will be

4.3.5 Industrial Demonstration Program

Customer Segment Targeted

This program is focused on four customers in the Industrial sector

End Use and Technology

The end uses are motor drives and lighting. The technologies to be demonstrated are High Efficiency Motors (HEM), Variable Speed Drives (VSD) and High Pressure Sodium (HPS) lamps.

Key Barrier/s

The hardware is funded by the Philippines DSM Project and it is the responsibility of the Companies to meet the installation costs. The only barrier appears to be the agreement by the recipients to meet the installation costs.

Program Objective

Under the Philippine Demand Side Management Project, several demonstration projects have been identified for implementation in 1998. The objective of this program is to monitor the performance of the technologies following implementation. The results of this program will be used in the promotion of HEMs and VSDs in 1999 / 2000.

Program Description

The following projects have been identified in NERALCO's service territory:

1. Vitarich Corporation : Installation of Variable Speed Drives in the hammer mill and the pellet mill to regulate the speed of a 125 hp and 220 hp motors respectively. In addition, the installation of a central air plant with station control to operate 3 base load units, 1 swing load and 1 stand-by unit during periods of high load.
2. AZKON Group of Companies : Replacement of an existing rewound motor with an high efficiency motor; installation of pressure control device in the air compressor plant to provide effective load control and discharge pressure; an retrofit of the hot face of an electric oven with ceramic fiber blanket to reduce heat-up time.
3. Filix Manufacturing Corporation : Installation of a Variable Speed Drive for a circulation pump and also replace the 100 hp motor with a high efficiency motor of a water supply system and installation of an Oxygen pump for efficient processing.

4. Continental Steel Corporation : Replacement of existing Mercury Vapour (MV) lamps with High Pressure Sodium (HPS) lamps.

MERALCO is intending to install equipment for pre installation monitoring. The monitoring will be continued for at least six months after installation prior to evaluating the results.

The costs associated with this program are as follows:

- . Equipment - monitoring equipment
- . Administration - co-ordination, monitoring and evaluation

4.3.6 Power Factor Correction Program

Customer Segment Targeted

This program is focused on MERALCO's large industrial and commercial customers

End Use and Technology

Power factor is improved through the installation of capacitor banks at customer's load sides.

Key Barrier

Although MERALCO is initially intending to meet the up front costs of 20 pilot projects which would be repaid by the customer by twelve monthly instalments, there is still likely to be customer doubt if savings can be realized. The other barriers include:

- . Lack of technical information
- . Lack of customer resources to undertake or manage installation.

Program Objective

The program objectives are:

- . to improve the average power factor of Industrial Service (IS) and Non-Industrial Service (NIS) accounts to 96%;
- . provide for a rapid implementation of the capacitor installation program to reduce MERALCO's capital requirement in the upgrading of its distribution facilities; and
- . to improve customer service and customer relations through better utility-facility owners co-operation.

Program Description

The program is directed at power factor metered customers whose billing demand is in excess of 100 kW. In August 1997, 1368 customers registered power factors of less than 85%. MERALCO's tariff structure levies a surcharge on accounts with registered average monthly power factors of less than 85% while discounts are given to those accounts with registered demands of more than 85%.

The regional Sales offices of MERALCO are already advising customers of the merits of improving their power factors to more than 85%. In 1996, out of a total of 924 accounts that were advised only 16% of the accounts were convinced to install capacitors on their load sides. The installation was carried out by contractors on a performance contract for improvement of power factor to 96%.

The program will be implemented in two phases. Phase 1 will be a pilot program which would include two seminars for representatives of 200 accounts. The participants for the seminars will be selected on the basis of the lowest power factor but with high registered demands. Twenty participating companies will be selected for a pilot capacitor installation program. The supply and installation will be carried out by performance contractors who will be compensated on the basis of the measured results. The customers will pay for the installations in twelve monthly instalments through their electricity bills.

Phase 2 will be a full scale program based on the results of the pilot program and will cover the rest of the targeted customers.

4.3.7 Load Factor Improvement Program

Customer Segment Targeted

Industrial and commercial customer segments -- particularly those with load factors less than 37% who will experience a bill increase under the restructured rates explained below if they do not improve their load factor -- are targeted in this program.

End Use and Technology

The program is aimed at all cost-effective opportunities for load management and energy efficiency improvement, regardless of the end use.

Key Barrier/s

The main barrier appears to be the capital cost of energy efficiency improvements. The program is designed to address this barrier by providing a performance contract for the installation of energy efficiency measures. The program will also provide technical assistance to help customers identify and implement energy efficiency opportunities.

source capital resources towards process improvements rather than on energy.

In addition, most industries have limited technical resources who are normally preoccupied in plant operation and maintenance that they have little time spend on improvements outside the core business.

Load Management most often involve changes to plant operation procedures that have been used for a long period and convincing the employees requires a lot of effort.

Program Objective

The program is aimed at assisting customers with low load factors to better manage electrical loads to benefit from the rate restructure incentives.

Program Description

Last March 26, 1997, the Energy Regulatory Board (ERB) provisionally approved MERALCO's petition to restructure its rates. MERALCO is restructuring its rates to take into account changes in the National Power Corporation's (NPC) Luzon Grid rate structure. Before April 1995, NPC billings to MERALCO were computed using a straight energy charge of ₱ 1.8435 /kWh. Starting April 1995, the NPC billed MERALCO on a demand and energy rate system, charging ₱ 290.14 /kW of maximum demand and ₱ 1.2829 /kWh of energy consumption. Consequently, the ERB ordered "all NPC utility customers (in Luzon) to cause the restructuring of their rates based on NPC's approved (Luzon Grid) rate structure".

Complying with the ERB order, MERALCO proposed to restructure its Generation Charge, from a straight energy rate of ₱ 2.33 /kWh to a demand and energy rate of ₱ 195.00 /kW and ₱ 1.60 /kWh, respectively.

With ERB's approval, there will be an increase in the demand charge of non-residential customers with monthly demand greater than 5 kW, from the previous ₱ 25.00 /kW in the Distribution Charge to ₱ 220.00 /kW (₱ 25.00 + ₱ 195.00) in the Basic Charge. In turn, there will be a corresponding reduction in the energy charge of these customers. This new rate structure is intended to give customers a better appreciation of the costs associated with providing electrical power for the end-user by providing: (1) a price signal at least partly reflecting the cost of generating capacity, and (2) an incentive to improve their electricity utilization rates, as measured through their load factors.

The rate restructuring will have its impact specifically on MERALCO's Non-Industrial Service (NIS) and Industrial Service (IS) rate classes. The IS rate class is designed to be revenue neutral for

customers. However, depending on their load factors, these customers may be adversely affected by or benefit from the rate restructuring. Load factor refers to the ratio of the average demand within a specific period to the highest demand registered within the same period. Since connection capacity is usually based on the peak demand of a facility, it describes the efficiency of capacity use. If the customers load factor is below 37%, then under the rate restructuring they will experience an increase in average electricity rates (P/kWh). Conversely, if their load factor is above 37%, they will experience a decline in electricity rates.

Because MERALCO recognizes the potentially adverse effect of the rate restructuring on its low load factor MIS and IS customers, MERALCO will phase-in the new rate structure to these customers over a period of twelve months. The first phase began last April 1997, the second on October 1997, and the final phase on April 1998, with the demand charge increasing to 90 P/kW, 155 P/kW, and 220 P/kW, respectively.

Among MERALCO's customers, manufactures of food, beverages, textiles, paper, plastics, cement, glass and electronics; private hospitals and hotels will benefit from the restructuring because of their typically high load factors. On the other hand, low load factor customers will have to manage their electrical consumption to avail themselves of the new incentives (SJWS) that are provided in the restructured rates. For its part, MERALCO will direct Demand Side Management (DSM) programs to these customers to help cushion the impact of the restructuring. With DSM, all customers have the potential to improve their energy efficiencies and bring up their load factors. (SJWS)

The program will initially include a pilot program covering about 40 customers in various industrial and commercial segments with load factors below 37% and would include workshops, seminars, replacement of existing kWh meters with digital meters, walk-through audits and assistance with implementation. A full scale program will be designed based on the lessons learnt from the pilot project.

4.3.8 Streetlight Conversion Program

Customer Segment Targeted

The customer group targeted is local government units.

End Use and Technology

The program would replace existing MERALCO-owned high pressure mercury vapour street lights with high pressure sodium street lights, and develop a standard design for street lighting in the franchise area applicable to replacement and new installation.

Key Barrier/s

The street lights are owned by MERALCO. The lighting is paid for by local governments on a flat fee basis. This is known as a "chaufage" arrangement; the customer is buying an energy service from the utility — which provides both the energy and the equipment — rather than buying units of energy. Under this program MERALCO will provide the same (or better) energy service with high capital cost, low energy consumption lamps rather than low capital cost, high energy consumption lamps.

Program Objective

The program aims to:

- optimise the energy efficiency of street lighting,
- to contribute to a reduction of the evening peak;
- to minimise the cost of street lighting inventory and installation costs (via use of a standard design); and
- to provide a standard level of lighting service (via use of a standard design).

Program Description

There are currently around 178 000 high pressure mercury (HPM) street light installations in MERALCO's franchise area. The program proposes to replace these lamps with energy efficient high pressure sodium (HPS) lamps over a 10 year period. For the first seven years of the program priority will be given to streetlights within Metro Manila covering 97 142 installations.

The cost of installation per streetlight varies depending on the road classification, type of construction and lamp wattage. The maintenance costs of the HPS lamps are higher than the existing HPM lamps primarily due to higher costs of some parts of the HPS fixture. The effectiveness of the program will be monitored and evaluated during the program period.

In addition to the demand and energy savings the program offers other non quantifiable benefits to society, primarily in reduction of night time road accidents and crime.

A pilot program was implemented from 1993 to 1995 covering a total of 3 925 70 W HPS fixtures.

MERALCO also intends to standardise the design for street lighting for both existing and new installations.

The costs associated with this program are as follows:

- monitoring and evaluation

4.3.9 Load Research

Customer Segment Targeted

All customer segments will be targeted

End Use and Technology

Most end uses especially lighting, air conditioning and motor drives.

Key Barrier/s

This is not a DSM program as such, it is a research activity to support DSM programs.

Research Objective

To develop an end-use load shape database for estimating end-use demand and designing and evaluating DSM programs.

Research Description

Load research is the measurement and evaluation of the utility's electric load characteristics. Data used to characterize loads can be gathered by metering, conducting energy-use surveys and reviewing billing information. Load research parameters that are determined usually include system peak and average loads, customer's coincident and non-coincident demand and the simultaneous demand of a customer group. Factors that characterize loads can then be derived for a system or specified subsystem.

The main objective of a load research project is to produce cost-effective, statistically sound, detailed databases necessary for resource planning, DSM program design and evaluation, cost allocation and tariff design, and load forecasting. Specifically, from the load research results, load profiles will be created and broken down into identifiable end-uses. This is essential for determining the patterns of energy usage and maximum demand of individual customer groups. Load research data also aid in the development of a daily, weekly or monthly pattern of consumption which will be able to pinpoint how specific end-uses contribute to this pattern. Thus, the vital information collected from load research becomes a valuable input not only in the planning, designing and evaluation of DSM programs but in the forecasting of customer's load as well.

Load research can be a complex and expensive undertaking because of the costly equipment, large sample sizes, extensive data processing, and intense analysis effort it requires. The steps in load research are:

1. Determination of data requirements

- preparation of sampling and metering plan;
- field installation and data collection;
- database development and analysis of researched data;
- development of end-use forecasting model/s and
- preparation of demand projections; and documentation.

The methodology may employ a combination of statistical and engineering techniques using customer billing data and the more expensive metered end-use data. Another option is to consider a combination of whole building metering and simple end-use techniques using end-use loggers. This can provide levels of confidence and precision without complicated and intrusive comprehensive end-use metering methods.

Initial activities of MERALCO will be mostly in support of load research efforts of organizations such as the APEC Inter-Utility DSM Liaison Working Group and the National Load Research Association of the Philippines which is being organized under the leadership of National Power Corporation. In the medium-to-long term, MERALCO may consider adopting a phased approach and to hire a competent consulting firm to ensure effective project planning and implementation. Under this approach, load research will be first conducted on a specific customer group. Preliminary results shall serve as reference in proceeding with a class-wide (industrial, commercial, residential classes of customers) to a franchise-wide load research. In essence, experience gained from the initial phase will be leveraged for the succeeding load research activities on the rest of the customers.

4.4 Avoidable Costs and Externalities

Energy and Demand Avoidable Costs

NPC is MERALCO's marginal supplier.^(SJM7) This means that if MERALCO's customers reduce energy consumption, then MERALCO reduces its purchases from NPC.

The analysis in this submission uses the NPC contract charges to MERALCO as a proxy for the true total resource or societal avoidable costs of energy and generation capacity. The true values would be the energy and generation costs that would be avoided by NPC due to marginal reductions in energy and demand at the MERALCO bulk supply points. These numbers were not available to MERALCO within the time and resource constraints of this submission.

The 'avoidable costs' used in this DSM analysis represent the value of those costs that would be avoided by MERALCO due to energy and demand savings from the equipment and behaviour measures implemented in the proposed DSM programs. Energy and demand savings are

MERALCO makes to the National Power Corporation (NPC) under its This is subject to regular adjustments to reflect changes in transmission costs based on ERC Resolution 16, Series of 2009 or the take-or-pay contract demand threshold for energy and/or demand. The current MERALCO contract with NPC is structured to: (a) avoid paying for unused supply via a margin for demand and energy being below what is projected; and to avoid penalty maximum demand payments. For the meantime that the NGCP meter has not yet been transferred to the delivery point, the transmission charge will be only projected, the NGCP bill for the corresponding month.

- provide some flexibility by allowing two alterations to the "contracted demand" level in each calendar year.

2) System Loss Charge

The analysis in this document assumes that DSM impacts will not take MERALCO below the take-or-pay contracted threshold. In other words, it is assumed that adjustments to the contract demand could always be made in the generation and transmission cost of electricity to system losses through ERC Resolution 16, Series of 2009 or the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities, or based on any such rules as may be promulgated to amend or replace existing Guidelines.

Type	Avoidable Cost	Units
Energy	1.2829	P/kWh ⁻¹
Demand	12.29012	P/kVA ⁻¹

Table 5 MERALCO's NPC Contract Charges used as Avoidable Costs in the Analysis (SRW)

For the meantime that the NGCP meter has not yet been transferred to the delivery point, the system loss charge will be zero.

3) Lifeline Rate Subsidy

Table 3 shows the marginal energy charge from NPC. Note that it is a value, as it does not include the "Fuel and Purchased Power Adjustment" (FPCA) nor does it include the "Foreign Exchange Adjustment" (ForEx). (SRW)

4) Senior Citizen Subsidy

This is subject to regular adjustments to reflect changes in the cost of subsidizing lifeline end-user in accordance with ERC Resolution 16, Series of 2009 or the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities, or based on any such rules as may be promulgated to amend or replace existing Guidelines. The analysis does not assign any avoidable cost values to the sub-transmission and distribution network. This would require very detailed, time-consuming and costly work bearing down on small local area separately and is not appropriate for first-time pilot DSM programs as compared with the avoidable costs of energy and generation capacity. Moreover, experience elsewhere suggests that the avoidable costs available in the local network are usually small.

5) Local Franchise Tax

This analysis does not use avoidable externality costs. A collaborative process is underway to determine a set of avoidable externality costs for DSM planning in the Philippines, but it has not yet produced a set of avoidable externality cost data to the analysis would only make the proposed DSM programs more costly. The prevailing local franchise tax rate (in the locality where the service is located) multiplied by the total charges excluding Universal Charge and Taxes, until subsequently modified through a relevant ERC Order.

6) Value Added Tax (VAT)

The application of the VAT is in accordance with ERC Resolution No. 20, Series of 2005. The tax is applicable to all charges except Universal Charges and Energy Tax for Residential consumption.

7) Universal Charges

- Missionary Electrification – the rates may change based on new approvals by the ERC of any rate change application filed by the NPC.
- Environmental Fund for the Rehabilitation and Management of Watershed Areas – the rate is set to one-fourth of one centavo per kWh (P0.0025/kWh) in accordance with Sec. 34 of R.A. 9136.
- NPC Stranded Contract Costs – the rate is set to P 0.1938/kWh in accordance with ERC Case No. 2011-091 RC.
- The following charges may be included under the Universal Charge in accordance with Sec. 34 of R.A. 9136 (EPIRA) and Rule 18 of its IRR.
 - NPC Stranded Debts
 - Equalization of Taxes and Royalties

The rates set are based on an average monthly power factor of 85% which the customer agrees to maintain. Should the average monthly power factor of medium, large, very large and extra large customers be less or more than 85%, the total distribution charges (excluding discounts) should be adjusted by the following:

- 1.4% surcharge for every percentage point lower than 85%
- 0.7% discount for every percentage point higher than 85%

The DSM technology. This comparison is essentially the application of the societal test or (if reduced externality costs are used in the comparison) the societal test at the individual technology or individual market unit level without including program costs.

A 3% discount on the sum of Distribution, Supply and Metering Charges will be allowed to Educational Institutions duly registered and certified by the Department of Education (DepEd), and to Private Hospitals duly registered and certified by the Department of Health (DOH) for the same by the same calculation approach to the technology level cost-effectiveness analysis. For both energy and demand, the process involves subtracting the DSM technology data from the base technology data; allowing for marginal system losses and multiplying by the avoidable costs (from the power purchase contracts). This provides the benefits, which can then be compared with the incremental technology costs to determine the overall cost-effectiveness.

OTHER CHARGES:

H. LIFELINE RATE SUBSIDY (Please see Note 3)

Table 6 shows that the substitution of two 21 W compact fluorescent lamps for two (average) 50 W incandescent lamps that are used for three hours each evening every night of the year will deliver benefits of P xxx (SW12) to the customer as a whole at an incremental technology cost of P yyy (SW13) for a net benefit of P zzz (SW14) at a benefit/cost ratio of P zzz/yyy.

I. SENIOR CITIZEN SUBSIDY (Please see Note 4)
Applicable senior citizen subsidy rate per kWh for the billing month.

J. LOCAL FRANCHISE TAX (Please see Note 5)
With such a high benefit / cost ratio, the net benefit from the program as a whole should easily be large enough to cover the costs of running the program and still have a pool of benefits significantly larger than the total Local Franchise Tax for the billing month.

K. VALUE ADDED TAX (VAT) (Please see Note 6)

Applicable VAT rates per unbundled component for the billing month.

L. UNIVERSAL CHARGES (Please see Note 7)

- | | | |
|----|---|------------------|
| 1) | Missionary Electrification
(ERC Case No. 2002 -165) | P 0.1163 per kWh |
| 2) | Environmental Fund for the Rehabilitation and
and Management of Watershed Areas
(ERC Case No. 2002-194) | P 0.0025 per kWh |
| 3) | NPC Stranded Contract Costs
(ERC Case No. 2011-091 RC) | P 0.1938 per kWh |

M. INCREMENTAL CONSUMPTION RIDER (IC-RIDER)

(For Regular Extra Large Industrial Customers with a billing demand of at least 10 MW)
(ERB Case No. 2000-168)

Discount Rate:

P0.20 for every kWh above Customer's Baseline Consumption

Where: Customer's Baseline Consumption is his average monthly kWh consumption for the 12-month period of July 1999 to June 2000.

Computation of Discounts:

Table 6 Technology

Cost-Effectiveness of Compact Fluorescent Lighting Program

Technology	
Base Technology	2 x 50W Incandescent Lamp
DSM Technology	2 x 21W Compact Fluorescent Lamp
Service Life	6 years
Energy	
Base Annual Energy ¹	kWh
DSM Annual Energy ²	kWh
Delta Annual Energy	kWh
Marginal System Losses ³	
System Annual Energy Impact	kWh
Present Value Avoidable Energy Costs ⁴	\$/kWh
Present Value Reduced Energy Supply Costs	\$
Demand	
Base Peak-Coincident Demand ⁵	kW
DSM Peak-Coincident Demand	kW
Delta Peak-Coincident Demand	kW
System Losses	
System Peak-Coincident Demand Impact	kW
Present Value Avoidable Demand Costs ⁵	\$/kW
Present Value Reduced Demand Supply Costs	\$
Equipment Cost	
DSM Equipment Cost ⁶	\$
Base Equipment Cost ⁶	\$
Net Participant Costs	\$
Total	
Present Value Reduced Supply Costs	\$
Present Value Net Participant Costs	\$
Present Value Net Benefit	\$
Benefit / Cost Ratio	

Notes:

1. Assuming 2 lamps * 0.05 kW * 3 hours * 365 days. (SJV16)
2. Assuming 2 lamps * 0.021 kW * 3 hours * 365 days. (SJV17)
3. The average system energy losses as a percent of consumption are x%(SJV18). The marginal losses are equal to twice the average losses, and are therefore 2x%(SJV19)
4. The MERIALCO avoidable energy cost is 1.2829 \$/kWh. Avoiding 1 kWh for six years (the life of the CFL) delivers MERIALCO a stream of savings with a present value P (SJV20) when discounted at the total resource cost discount rate of 4%.
5. The peak-coincident demand figures are calculated as the wattage for two lamps with a 90% simultaneous factor (assuming that 10% of the lamps are off during the peak). (SJV21)

6. The MERALCO avoidable demand cost is 230.14 P/kW.month or 2,761.68 P/kW.yr. Reducing the system peak by 1 kW throughout the year for six years (the life of the CFL) saves MERALCO P. [SJW22]
7. Based on [SJW23]
8. This assumes the purchase of 6 incandescent lamps at P 15 over a period of 6 years, discounted at 10%pa. [SJW24]

4.5.2 Green Buildings Program

As described above, this program is about ESCO implementation of energy saving measures in commercial buildings. An ESCO will only implement a package of measures that are cost-effective to the building operator. In other words, the value of savings from installing an energy efficiency measure must be sufficiently greater than the cost of the measure to justify the investment.

Now, allowing that the avoidable costs of energy and demand are slightly less than the tariff levels and assuming that the fixed / capacity / energy structure of the avoidable costs is not greatly different from the fixed / demand / energy structure of the tariff; any measure that passes the financial test applied by the ESCO will also pass the societal economic test as required by the Philippine DSM Framework.

4.5.3 Industrial Efficiency Program

This program will be implemented by an ESCO mechanism, so the same logic as to the cost-effectiveness applies as in the case of the Green Buildings Program.

4.5.4 Industrial Demonstration Program

The cost-effectiveness analysis for these demonstration projects has been conducted under the USAID Philippine Demand-Side Management project. The analyses are attached as appendices to this document. [SJW25]

4.5.5 Power Factor Correction Program

Technology cost-effectiveness analysis will be conducted on a site-by-site basis. Power factor correction equipment will only be installed in customers facilities where it avoids greater transformer costs in the MERALCO network. [SJW26]

4.5.6 Load Factor Improvement Program

As noted in the general program description above in compliance with an order from ERB, MERALCO has restructured its generation charges from a straight energy rate of P 2.33 /kWh to a demand and energy rate of P 2.33 /kW each month and P 1.00 /kWh.

There are an average of 730 hours per month. Under the old rate structure, a customer who operated a 1 kW load constantly for 730 hours throughout a month so that it consumed 730 kWh would pay the same as a customer who operated a 730 kW load for one hour.

Using this example of 730 kWh of consumption, equivalent to a 1 kW load operated constantly for a month or a 730 kW load operated for one hour, Figure 7 shows that the load factor break-even point above which customers will experience a reduced bill under the new system and below which they will experience an increased bill is 37%.

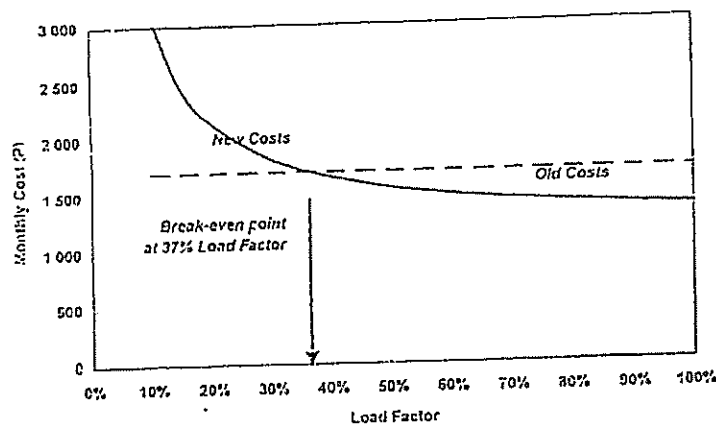


Figure 7 Comparison of New with Old Costs for as a Function of Load Factor

The pilot program will look for opportunities in each specific site to shift or peak clip loads where the cost of doing so is less than the value of the stream of bill savings that it provides. The results of the pilot activities will be used to develop the full program design.

4.5.7 Streetlight Conversion Program(SJW27)

4.5.8 Load Research

Technology cost-effectiveness analysis does not apply to this particular research activity.

4.6 Market Size and Participation Projections

4.6.1 Compact Fluorescent Lighting Program

[S.W36]

4.6.2 Green Buildings Program

ESCO projects have relatively high transaction costs and therefore require fairly large sites to be viable. As a rough guide, customers spending more than about P 12.5 million per year may be candidates for ESCO projects. There are around 150 MERALCO commercial accounts of this magnitude. They consume in total about 1 500 GWh per year, which is just over one quarter of all commercial consumption.

The pilot program will first demonstrate large building energy efficiency retrofits in the MERALCO head office and will pilot an actual ESCO project in a major shopping mall.

A more detailed market potential assessment study will be conducted prior to the establishment of full-scale commitment to ESCO projects and submitted to ERB at that time.

4.6.3 Industrial Efficiency Program

[S.W37] This program is for the group of industrial customers with greater than 1 MW demand. There are ___ of these customers. The pilot phase of this program aims to implement ___ projects in these large industrial facilities.

4.6.4 Industrial Demonstration Program

Four companies have already been selected for this program. They are:

- Vitarich Corporation;
- AZKON Group of Companies;
- Filtrix Manufacturing Corporation;
- Continental Steel Corporation.

4.6.5 Power Factor Correction Program

The pilot phase of this program will target twenty customers. The full market potential will be assessed during this period.

4.6.6 Load Factor Improvement Program

The program will initially include a pilot program covering about 10 customers in various industrial and commercial segments with load factors below 37%. Full scale market potential estimates will be based on the lessons learnt from the pilot project in conjunction with customer data. [SNW:18]

4.6.7 Streetlight Conversion Program

[SNW:21]

4.6.8 Load Research

This is a research activity, rather than a program, so there is no market potential as such. Results from the load research will be used to identify areas of further market potential for DSM.

4.7 Energy and Demand Effects

5 (i) 1 i & j
6 e (iii)

4.7.1 Compact Fluorescent Lighting Program

Table 5 shows the projected annual energy and demand savings for this program under the following assumptions:

- the program acceptance numbers are as indicated above; and
- the end use energy and demand savings and the utility losses are as described in Table 6.

[SNW:10]

Year	End Use	Peak-Coincident
	Energy Saving	Demand Saving
	kWh	kW
	Pilot	Pilot
1998		
1999		
2000		
2001		
2002		
2003		
2004		
2005		
2006		
2007		
2008		
2009		

Table 8 Projected Energy and Demand Savings

4.7.2 Green Buildings Program

The energy and demand results for the full program implementation will be based on the monitored results from the pilot stage of the program.

4.7.3 Industrial Efficiency Program

The industrial customers over 1 MW collectively consume MWh annually. ESCO efficiency improvements can typically achieve 10% to 20% energy savings. If we assume that 15% savings are actually achievable, then the total potential for energy savings is as shown in Table 9.

Year	Projected Energy Consumption	Estimated Potential Energy Savings (15%)	Target ESCO Energy Savings
	MWh	MWh	MWh
1998		Pilot	Pilot
1999			
2000			
2001			
2002			
2003			
2004			
2005			
2006			
2007			
2008			
2009			

Table 9 Projected Industrial Efficiency Energy and Demand Savings

4.7.4 Industrial Demonstration Program

The projected energy and demand effects for these demonstration projects has been conducted under the USAID Philippine Demand-Side Management project. The analyses are attached as appendices to this document.[SNV43]

4.7.5 Power Factor Correction Program

This program will not save any energy, nor will it reduce demand measured in kW. This program is designed to reduce apparent power[SNV44] (measured kVA), therefore reducing transformer capacity requirements and hence reducing capital costs for the distribution system (SNV) and therefore the same level of energy service.

4.7.6 Load Factor Improvement Program

This program is a load shifting and peak clipping program. It is primarily designed to reduce the peak load of customers so that they save on their newly increased demand charges. Customer demand savings that are coincident with the Meralco peak will save on Meralco's peak demand. If customers reduce their peak demand by making end-uses that are in operation during their peak more efficient, then some energy savings will result.

The monitored results from the approximately 40 customers that participate in the pilot stage of the program will be used to develop estimates of the energy and demand savings from the full program of implementation.

4.7.7 Streetlight Conversion Program

[S]W15]

4.7.8 Load Research

This is a research activity, rather than a program, so there will be no energy and demand effects as a direct result of the load research. Results from the load research will be used to identify areas where DSM can make energy and demand savings.

5 (i) 1 i & j
 6 e (iii)

4.8 Externalities

This submission does not place monetary values on reduced external costs, for the reasons discussed under *Avoidable Environmental Externality Costs* on page 28. Nevertheless, Table 10 briefly summarises the externality effects of the proposed programs. Programs that reduce total energy consumption will also reduce those marginal external costs associated with each units of energy generated. The residential compact fluorescent lighting program is indicated as producing "some reduction" in peak demand because the end use is only partly coincident with the MERALCO peak.

Program	Peak Demand	Total Energy	Environmental Costs
Compact Fluorescent Lighting	Some kW Reduction	Reduced	Reduced
Green Buildings	kW Reduced	Reduced	Reduced
Industrial Efficiency	kW Reduced	Reduced	Reduced
Industrial Demonstration	kW Reduced	Reduced	Reduced
Power Factor Correction	kVA Reduced	No change	No change
Load Factor Improvement	kW Reduced	No change	No change
Streetlight Conversion	No change	Reduced	Reduced
Load Research	No change	No change	No change

Table 10 Externality Effects of Proposed Programs

4.9 Expected Costs

5 (i) 1 g & j
 6 e (ii) & (iii)

The costs outlined in this Section are the estimated costs associated with the implementation of the eight programs over a two year period (1998 and 1999). However, it does not include costs associated with programs that are implemented in 1998, which after initial evaluation, is continued in 1999. These costs will be incorporated in the revised Plan that will be submitted at the end of 1999

4.9.1 Program Costs

Table 11 summarises the estimates of program costs for each of the programs. A detailed breakdown of the cost estimates is given in Section 5.2.5.

Program / Cost Type	Staff Time	@ Unit Cost	= Staff Costs	+ Direct Costs	= Total P
SCM Program					
Set up costs	2 345 h	116	272 925	40 720	313 645
Advertise / promote	1 000 h	100	100 000	500 000	600 000
Implementation	33 577 h	24	796 406	396 590	1 192 996
Monitoring	1 050 h	70	74 000	114 659	188 659
Total					2 295 300
Green Buildings Program					
Seminars	1 600 h	38	60 800	200 000	260 800
Promotion	1 743 h	100	174 300	2 645 000	2 819 300
Project Management	2 976 h	100	297 600	622 760	920 360
Total					4 000 460
Industrial Efficiency Program					
Workshops / Seminars				256 625	256 625
Implement	3 200 h	145	464 000	1 020 824	1 484 824
Contingency				87 072	87 072
Total					1 828 521
Industrial Demonstration Program					
Implement	256 h	145	37 120	36 073	73 193
Monitor & Evaluate	96 h	102	9 744	31 398	41 142
Reporting	144 h	121	17 400		17 400
Miscellaneous				5 000	5 000
Contingency				13 673	13 673
Total					150 408
Power Factor Correction Program					
<i>Pilot :</i>					
Implement	1 776 h	97	171 636	7 680	179 316
Monitor & Evaluate	528 h	142	75 000		75 000
Contingency				29 152	29 152
<i>Full Scale :</i>					
Workshops				225 000	225 000
Implement	22 464 h	103	2 315 438	139 240	2 453 679
Monitor & Evaluate	2 376 h	379	900 000		900 000
Contingency				357 356	357 356
Total					4 257 214

Table 11 Estimated Program Costs

4.9.1 Program Costs

This is subject to regular adjustments to reflect changes in transmission costs based on ERC Resolution 16, Series of 2009 or the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities or on any such rules as may be promulgated to amend or replace existing Guidelines.

For the meantime that the NGCP meter has not yet been transferred to the delivery point, the transmission charge will be equivalent to the NGCP bill for the corresponding month.

2)

System Loss Charge

Program / Cost Type	Staff Time	@ Unit Cost	= Staff Costs	+ Direct Costs	= Total Program Costs
Set up costs	2 345 h	116	272 925	40 720	313 645
Addressing	1 000 h	100	100 000	500 000	600 000
Implementation	33 577 h	24	796 406	396 590	1 192 996
Monitoring	1 050 h	70	74 000	114 659	188 659
Total					2 295 300

This is subject to regular adjustments to reflect changes in the generation and transmission cost of allowable customer load through ERC Resolution 16, Series of 2009 or the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities or on any such rules as may be promulgated to amend or replace existing Guidelines.

3)

Lifeline Rate Subsidy

Program / Cost Type	Staff Time	@ Unit Cost	= Staff Costs	+ Direct Costs	= Total Program Costs
Monitor & Evaluate	96 h	102	9 744	31 398	41 142
Reporting	144 h	121	17 400	17 400	34 800
Implementation					
Total					150 408

4)

Senior Citizen Subsidy

Program / Cost Type	Staff Time	@ Unit Cost	= Staff Costs	+ Direct Costs	= Total Program Costs
Implement	1 776 h	97	171 636	7 680	179 316
Monitor & Evaluate	528 h	102	53 856	15 000	68 856
Reporting					
Implementation					
Total					248 172

5)

Local Franchise Tax (where applicable)

Program / Cost Type	Staff Time	@ Unit Cost	= Staff Costs	+ Direct Costs	= Total Program Costs
Monitor & Evaluate	2 376 h	379	900 000		900 000
Reporting					
Implementation					
Total					900 000

The prevailing local franchise tax rate (in the locality where the service is located) multiplied by the total charges excluding Universal Charge and Taxes, until subsequently modified through a relevant ERC Order.

6)

Value Added Tax (VAT)

The application of the VAT is in accordance with ERC Resolution No. 20, Series of 2005. The tax is applicable to all charges except Universal Charges and Energy Tax for Residential consumption.

7)

Universal Charges

- Missionary Electrification – the rates may change based on new approvals by the ERC of any rate change application filed by the NPC.
- Environmental Fund for the Rehabilitation and Management of Watershed Areas – the rate is set to one-fourth of one centavo per kWh (P0.0025/kWh) in accordance with Sec. 34 of R.A. 9136.
- NPC Stranded Contract Costs – the rate is set to P 0.1938/kWh in accordance with ERC Case No. 2011-091 RC.
- The following charges may be included under the Universal Charge in accordance with Sec. 34 of R.A. 9136 (EPIRA) and Rule 18 of its IRR.
 - NPC Stranded Debts
 - Equalization of Taxes and Royalties

The rates set are based on an average monthly power factor of 85% which the customer agrees to maintain. Should the average monthly power factor of medium, large, very large and extra large customers be less or more than 85%, the total distribution charges (excluding discounts) should be adjusted by the following:

	259 500	259 500
- 1.4% surcharge for every percentage point lower than 85%	837 829	837 829
- 0.7% discount for every percentage point higher than 85%	249 733	249 733

G. SPECIAL DISCOUNT

Other GP		
Research	500 000	1 360 000
Workshops	100 000	1 337 000
Implement	13 200	1 395 000
Monitor & Evaluate	2 640	375 000
Consultant		271 136
Contingency		
Total		10 845 295

OTHER CHARGES:

4.9.2 Other Costs

H. LIFELINE RATE SUBSIDY (Please see Note 3)
Aside from the costs directly associated with programs, there are a number of other costs associated with

Program	Staff	Units	Staff	Direct	Total
Cost Type	Time		Costs	Costs	P

Table 12 Other (Non-Program-Specific) Costs

I. SENIOR CITIZEN SUBSIDY

Applicable Senior Citizen Subsidy rate per kWh for the billing month.

J. LOCAL FRANCHISE TAX

Applicable Local Franchise Tax for the billing month.

K. VALUE ADDED TAX (VAT)

Applicable VAT rates per unbundled component for the billing month.

L. UNIVERSAL CHARGES

- 1) Missionary Electrification (ERC Case No. 2002 -165) P 0.1163 per kWh
- 2) Environmental Fund for the Rehabilitation and Management of Watershed Areas (ERC Case No. 2002-194) P 0.0025 per kWh
- 3) NPC Stranded Contract Costs (ERC Case No. 2011-091 RC) P 0.1938 per kWh

M. INCREMENTAL CONSUMPTION RIDER (IC-RIDER)

(For Regular Extra Large Industrial Customers with a billing demand of at least 10 MW)
(ERB Case No. 2000-168)

Discount Rate:

P0.20 for every kWh above Customer's Baseline Consumption

Where: Customer's Baseline Consumption is his average monthly kWh consumption for the 12-month period of July 1999 to June 2000.

Computation of Discounts:

4.11 Bills/Rates

5 (i) 1 k & j
6 a (ii)

Implementation of the compact fluorescent lighting program for five years, with the energy and demand savings described, at the current level of NPC charges to MERALCO, and using a discount rate of 7% would save the utility P xx,(\$JW49) but would incur program costs and reduced revenue totaling P yy,(\$JW47) resulting in a net loss to MERALCO of P zz,(\$JW49). Using a utility discount rate of d%,(\$JW49) a once-off residential tariff adjustment of adj P/kWh(\$JW50) would recover these losses over the life of the projected program effects. This is indicated in Table 13. The effect on the average annual residential bill of imp kWh(\$JW51) would be just under P imp(\$JW52) per year.

Year	Projected Consumption MWh	- Calculated Savings MWh	= Projected Consumption With Program MWh	Recovered Revenue P
Once-off Tariff Adjustment (P/kWh ⁻¹)				
Recovered Revenue Loss 1998 present value discounted at d%(\$JW53)				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006				
2007				
2008				

Table 13 Revenue and Tariff Effects

(\$JW54)

- Green Buildings Program
- Industrial Efficiency Program
- Industrial Demonstration Program
- Power Factor Correction Program
- Load Factor Improvement Program
- Streetlight Conversion Program

4.12 Sensitivity Analysis Results

5 (i) 1 m
6 j

The programs proposed will be implemented at a pilot level in 1998. Some are still in the feasibility stage. So detailed sensitivity calculations were not considered appropriate for this submission. Nevertheless, the following observations on the sensitivity of the results to several variables can be made.

4.12.1 Avoidable Costs

As discussed in the section on avoidable costs, the avoidable cost analysis is based on NPC charges to MERALCO. These charges represent the costs in the generation system to the extent that MERALCO's load shape represents the NPC load shape and to the extent that the energy and demand charges represent the NPC avoidable costs of energy and demand. MERALCO loads represent a large portion of all loads in Luzon, so the MERALCO load shape is, in fact, quite coincident with the NPC load shape for the Luzon grid.

The most likely future change in the NPC charges is that the demand charges will increase and the energy charges will decrease. The more closely the NPC charges represent the true NPC avoidable costs the more closely will the results resemble those that would come from an analysis using the actual NPC avoidable costs of energy and demand.

4.12.2 Discount Rates

Adjustment of the discount rates in the program analysis spreadsheet and in SRC/COMPASS® show that the results are not particularly sensitive to changes in the discount rates. The spreadsheet and SRC/COMPASS® data files are available for examination by ERB upon request.

4.12.3 Participation Rates

On the key cost-effectiveness test -- the societal test -- the programs are not particularly sensitive to changes in participation levels. This is because the fixed program costs are small relative to the aggregate cost of the DSM equipment, so the results scale quite readily over large ranges in participation level. [SNW33]

5. FINANCIAL PLAN

5.1 Proposal for DSM Financial Incentives

The following table shows the estimated financial impact of the proposed DSM financial incentives on the net present value of the programs.

for lamps from retailers and pay them off on their MERALCO electricity bill from the energy savings delivered by the lamps.

The proposed program delivery mechanism for both the green buildings and industrial efficiency programs is an ESCO. ESCOs provide a financial incentive to customers in the form of performance-guaranteed shared-savings.

The industrial demonstration program has third-party incentives from USAID in the form of funding of high efficiency demonstration equipment.

The power factor improvement program will provide financial incentives to customers in the form of a loan to be repaid in instalments on the customers' monthly MERALCO bill.

Financial incentives for the load factor improvement program will be considered. The pilot program indicates that they are required by customers to improve their load factor.

The streetlight conversion program is an internal MERALCO program, so financial incentives are not required. The load research is not a program with customers, so financial incentives are not relevant.

5.2 Proposal for Cost and Revenue Recovery

MERALCO proposes to recover program costs and net revenue losses through small adjustments to the tariff of the customer group to whom the programs are offered. The advantages of this approach are that:

- customers who participate in the program experience significant bill savings offset by an insignificant increase due to the tariff increase; and
- customers who don't participate in the program experience insignificant increases in their bills; and
- if this bothers them, they are free to participate in the program and achieve the savings.

MERALCO proposes a provisional residential automatic tariff adjustment of $\text{xx P/kWh}[\text{\$0.00}]$ to recover net losses over the life of the projected residential CFL program effects with a present value of $\text{P } \text{xxx,xxx}[\text{\$}]$ when discounted at $d\%[\text{\$0.00}]$. This could be reviewed when the program goes into full implementation.

It is proposed that pilot results be used to:

- adjust cost recovery for the pilot; and
- adjust the tariff.

for lamps from retailers and pay them off on their MERALCO electricity bill from the energy savings delivered by the lamps.

The proposed program delivery mechanism for both the green buildings and industrial efficiency programs is an ESCO. ESCOs provide a financial incentive to customers in the form of performance-guaranteed shared-savings.

The industrial demonstration program has third-party incentives from USAID in the form of funding of high efficiency demonstration equipment.

The power factor improvement program will provide financial incentives to customers in the form of a loan to be repaid in instalments on the customers' monthly MERALCO bill.

Financial incentives for the load factor improvement program will be considered in the pilot program indicates that they are required by customers to improve their load factor.

The streetlight conversion program is an internal MERALCO program, so financial incentives are not required. The load research is not a program with customers, so financial incentives are not relevant.

5.2 Proposal for Cost and Revenue Recovery

MERALCO proposes to recover program costs and net revenue losses through small adjustments to the tariff of the customer group to whom the programs are offered. The advantages of this approach are that:

- customers who participate in the program experience significant bill savings offset by an insignificant increase due to the tariff increase; and
- customers who don't participate in the program experience insignificant increases in their bills; and
- if this bothers them, they are free to participate in the program and achieve the savings.

MERALCO proposes a provisional residential automatic tariff adjustment of xx P/kWh(SJWS) to recover net losses over the life of the projected residential CFL program effects with a present value of P 225,000,000 discounted at d%(SJWS). This could be reviewed when the program is in full implementation.

It is proposed that pilot results be used to:

- adjust cost recovery for the pilot in:
- adjust cost recovery for the pilot in:

It is suggested that adjustment of the cost recovery rate be made no more frequently than every six months and no less frequently than every year. More frequent adjustments would be an inefficient use of MERRALCO and ERB resources. Less frequent adjustments could cause actual and recovered costs to diverge.

6. IMPLEMENTATION PLAN

6.1 Proposed Implementation Process

Considering the available resources, of the eight programs that have initially been identified, it is proposed to undertake seven DSM programs in the first year (1998) and the remaining program will commence in the second year (1999). The second year (1999) would also include continuation of some of the programs undertaken in 1998. During these two years it is intended to develop a comprehensive customer database which would be used as a resource in designing other programs for future years.

6.1.1 Programs for 1998

The following programs have been scheduled to be implemented in 1998:-

- . Compact Fluorescent Lighting Program
- . Green Buildings Program
- . Industrial Efficiency Program
- . Industrial Demonstration Program
- . Power Factor Correction Program
- . Load Factor Improvement Program
- . Streetlight Conversion Program

The Green Buildings and Industrial Efficiency Programs will be implemented through an ESCO. The steps involved in setting up an ESCO has been included in the schedule. The programs will be subject to an evaluation at the end of the year and based on the outcomes, a decision to cease, modify or continue the programs will be made.

6.1.2 Programs for 1999

In addition to programs from 1998 that continue, the following programs and activities are scheduled to be implemented in 1999:

- . Load Research
- . Program Review

The program review would include all DSM programs in 1999.

6.1.3 Programs for 2000 to 2002

The programs to be undertaken during this period would be dependent on the load shape and corporate objectives achieved during 1998 and 1999. It is likely to include the continuation of all or some of the initial programs. In addition, the following programs will be considered:

- Promotion of efficient air conditioners and other appliances
- Promotion of high efficiency fluorescent lamps
- Promotion of high efficiency motors and variable speed drives.

6.2 Timeline Chart of Activities and Milestones

The Gantt Charts covering tasks and milestones for each of the five programs for 1998 and 1999 are detailed in the following sheets. The schedules are based on obtaining Energy Regulatory Board approval by the end of February 1998.

7. MEASURING DSM PROGRAM RESULTS

5 (f) 1 e & j
6 b

7.1 Monitoring

5 (f) 2 c

The following monitoring procedures will be adopted for each of the programs:

7.1.1 Compact Fluorescent Lighting Program

The procedure to be adopted for this program involves the setting up of a database of relevant information from each of the participating customers. The database would include the following information:

- Customer name, address and electricity account number
- Date and number of CFLs purchased
- Date of first and last payments
- Customer estimate of hours of usage/day per CFL
- Calculation of energy and demand savings
- Details of CFLs returned and reasons

In addition, the database would assist in tracking and identifying the maximum number of fixtures

7.1.2 Green Buildings Program

This program is implemented through ESCOs on performance based contracts. The saving forecasts made in the detailed energy audits for each site will be compared with the actual savings that are achieved after implementation.

7.1.3 Industrial Efficiency Program

The impacts of the program will be measured directly from the billing information of the specific industrial sites where energy saving measures have been implemented. In addition, the load profiles of the sites will be monitored continuously before and after implementation of the measures.

7.1.4 Industrial Demonstration Program

The effectiveness of the energy saving measures undertaken at the three sites will be measured using the monitoring equipment already installed at the sites and the subsequent billing information.

7.1.5 Power Factor Correction Program

This program is implemented through contractors on performance based contracts and will be compensated based on measured results. The saving forecasts made in the assessments for each site will be compared with the actual savings that are achieved after installation of capacitor banks.

7.1.6 Load Factor Improvement Program

The status of the adopted load factor improvement measures will be monitored through regular telephone interviews and site visits of program participants. In addition, monitoring of monthly energy and demand data from meter and billing records will be undertaken. Participants will be requested to submit reports on adopted measures.

7.1.7 Streetlight Conversion Program

This program has already commenced and the number of retrofits undertaken each month will be recorded.

7.1.8 Load Research

7.2 Evaluation

All proposed programs will be evaluated upon completion, except in the case of the CFL Program which would be also evaluated midway when any revisions to program delivery would be made. As required by the DSM Framework the programs will be subject to an annual evaluation based on the methodology outlined in Section 4.

8. APPENDICES

8.1 Forecast

5 (i) 1 c
5 (i) 2 a & b

8.1.1 Historical and Projected Data

Year	Residential	Commercial	Industrial	Streetlight	Total
1987	1 528 095	159 407	3 972	3 174	1 695 248
1988	1 584 020	169 320	4 003	3 265	1 760 616
1989	1 651 183	180 538	4 390	3 448	1 839 559
1990	1 728 820	185 245	10 439	3 395	1 927 899
1991	1 818 553	192 525	11 144	3 097	2 025 319
1992	1 935 736	201 384	11 099	3 362	2 151 581
1993	2 072 642	209 159	11 719	3 552	2 297 082
1994	2 234 052	226 889	12 246	3 789	2 476 976
1995	2 406 959	237 576	12 936	4 044	2 661 515
1996 (base)	2 596 637	255 640	13 073	4 132	2 869 532
1997	2 822 007	263 849	13 387	4 303	3 106 526
1998	2 877 716	276 228	13 769	4 396	3 172 109
1999	2 932 596	282 201	14 214	4 487	3 233 498
2000	2 987 251	289 150	14 702	4 572	3 295 681
2001	3 040 966	296 253	15 217	4 657	3 357 103
2002	3 093 737	304 191	15 765	4 755	3 418 448
2003	3 145 542	312 310	16 342	4 841	3 479 035
2004	3 196 308	320 675	16 958	4 925	3 538 864
2005	3 246 054	329 313	17 610	5 003	3 597 985
2006	3 294 458	338 225	18 311	5 083	3 656 082
2007	3 342 013	347 475	19 059	5 167	3 713 715
2008	3 388 153	357 055	19 859	5 244	3 770 321
2009	3 432 953	366 999	20 713	5 313	3 825 972
2010	3 476 271	377 332	21 629	5 384	3 880 522
2011	3 518 493	387 898	22 604	5 457	3 934 452
2012	3 559 400	398 696	23 639	5 532	3 987 267
2013	3 599 000	409 728	24 734	5 609	4 038 471
2014	3 637 300	420 995	25 889	5 688	4 089 872
2015	3 674 300	432 499	27 104	5 769	4 141 672
2016	3 710 000	444 249	28 379	5 852	4 194 480
2017	3 744 400	456 249	29 714	5 937	4 246 300
2018	3 777 500	468 499	31 109	6 024	4 295 132
2019	3 809 300	480 999	32 564	6 113	4 345 076
2020	3 839 800	493 749	34 079	6 204	4 393 832
2021	3 869 000	506 749	35 654	6 297	4 441 700
2022	3 897 800	519 999	37 289	6 392	4 489 480
2023	3 926 200	533 499	38 984	6 489	4 536 172
2024	3 954 200	547 249	40 739	6 588	4 582 776
2025	3 981 800	561 249	42 554	6 689	4 629 992
2026	4 009 000	575 499	44 429	6 792	4 676 720
2027	4 035 800	589 999	46 364	6 897	4 723 060
2028	4 062 200	604 749	48 359	6 994	4 769 002
2029	4 088 200	619 749	50 414	7 093	4 814 656
2030	4 113 800	634 999	52 529	7 194	4 860 522
2031	4 139 000	650 499	54 704	7 297	4 906 500
2032	4 163 800	666 249	56 939	7 402	4 952 680
2033	4 188 200	682 249	59 234	7 509	4 999 092
2034	4 212 200	698 499	61 589	7 618	5 045 706
2035	4 235 800	714 999	64 004	7 729	5 092 532
2036	4 259 000	731 749	66 479	7 842	5 139 570
2037	4 281 800	748 749	69 014	7 957	5 186 820
2038	4 304 200	765 999	71 609	8 074	5 234 282
2039	4 326 200	783 499	74 264	8 193	5 281 956
2040	4 347 800	801 249	76 979	8 314	5 329 842
2041	4 369 000	819 249	79 754	8 437	5 377 940
2042	4 389 800	837 499	82 589	8 562	5 426 250
2043	4 410 200	855 999	85 484	8 689	5 474 772
2044	4 430 200	874 749	88 439	8 818	5 523 506
2045	4 449 800	893 749	91 454	8 949	5 572 452
2046	4 469 000	912 999	94 529	9 082	5 621 610
2047	4 487 800	932 499	97 664	9 217	5 671 180
2048	4 506 200	952 249	100 859	9 354	5 720 962
2049	4 524 200	972 249	104 114	9 493	5 770 956
2050	4 541 800	992 499	107 429	9 634	5 821 162
2051	4 559 000	1 012 999	110 804	9 777	5 871 580
2052	4 575 800	1 033 749	114 239	9 922	5 922 210
2053	4 592 200	1 054 749	117 734	10 069	5 973 052
2054	4 608 200	1 075 999	121 289	10 218	6 024 106
2055	4 623 800	1 097 499	124 904	10 369	6 075 372
2056	4 639 000	1 119 249	128 579	10 522	6 126 850
2057	4 653 800	1 141 249	132 314	10 677	6 178 540
2058	4 668 200	1 163 499	136 109	10 834	6 230 442
2059	4 682 200	1 185 999	140 064	10 993	6 282 556
2060	4 695 800	1 208 749	144 089	11 154	6 334 892
2061	4 709 000	1 231 749	148 184	11 317	6 387 452
2062	4 721 800	1 254 999	152 349	11 482	6 440 230
2063	4 734 200	1 278 499	156 584	11 649	6 493 232
2064	4 746 200	1 302 249	160 889	11 818	6 546 456
2065	4 757 800	1 326 249	165 264	11 989	6 600 308
2066	4 769 000	1 350 499	169 709	12 162	6 654 870
2067	4 779 800	1 374 999	174 224	12 337	6 709 156
2068	4 790 200	1 399 749	178 809	12 514	6 764 162
2069	4 800 200	1 424 749	183 464	12 693	6 818 906
2070	4 809 800	1 449 999	188 189	12 874	6 874 362
2071	4 819 000	1 475 499	193 084	13 057	6 929 530
2072	4 827 800	1 501 249	198 049	13 242	6 985 340
2073	4 836 200	1 527 249	203 084	13 429	7 041 862
2074	4 844 200	1 553 499	208 189	13 618	7 099 108
2075	4 851 800	1 579 999	213 364	13 809	7 156 970
2076	4 859 000	1 606 749	218 609	13 992	7 215 550
2077	4 865 800	1 633 749	223 924	14 177	7 274 856
2078	4 872 200	1 660 999	229 309	14 364	7 334 872
2079	4 878 200	1 688 499	234 764	14 553	7 395 616
2080	4 883 800	1 716 249	240 289	14 744	7 457 142
2081	4 889 000	1 744 249	245 884	14 937	7 519 370
2082	4 893 800	1 772 499	251 549	15 132	7 582 380
2083	4 898 200	1 800 999	257 284	15 329	7 646 112
2084	4 902 200	1 829 749	263 089	15 528	7 710 568
2085	4 905 800	1 858 749	268 964	15 729	7 775 740
2086	4 909 000	1 887 999	274 909	15 932	7 841 640
2087	4 911 800	1 917 499	280 924	16 137	7 908 366
2088	4 914 200	1 947 249	287 009	16 344	7 975 808
2089	4 916 200	1 977 249	293 164	16 553	8 043 966
2090	4 917 800	2 007 499	299 389	16 764	8 112 858
2091	4 919 000	2 037 999	305 684	16 977	8 182 480
2092	4 919 800	2 068 749	312 049	17 192	8 252 830
2093	4 920 200	2 099 749	318 484	17 409	8 323 942
2094	4 920 200	2 130 999	325 089	17 628	8 395 816
2095	4 920 200	2 162 499	331 764	17 849	8 468 312
2096	4 920 200	2 194 249	338 509	18 072	8 541 530
2097	4 920 200	2 226 249	345 324	18 297	8 615 476
2098	4 920 200	2 258 499	352 209	18 524	8 690 132
2099	4 920 200	2 290 999	359 164	18 753	8 765 508
2100	4 920 200	2 323 749	366 189	18 984	8 841 622

Table 14 Historical
and Projected
Customer Counts

Year	Residential	Commercial	Industrial	Streetlight	Total
1987	3 044.9	2 931.8	2 768.6	82.6	8 827.8
1988	3 326.5	3 356.7	3 553.4	85.9	10 322.5
1989	3 415.0	3 658.7	3 890.4	88.0	11 052.1
1990	3 593.1	3 813.3	4 069.0	90.0	11 565.4
1991	3 753.6	3 750.8	4 335.1	91.9	11 931.4
1992	3 940.8	3 815.8	4 430.4	92.4	12 279.4
1993	4 029.1	3 781.8	4 333.0	106.8	12 250.7
1994	4 652.4	4 747.0	5 046.2	107.4	14 555.1
1995	5 293.6	5 140.3	5 327.2	115.3	15 876.4
1996 (base)	5 975.8	5 805.1	5 909.2	120.4	17 810.4
1997	6 484.9	6 335.1	6 179.6	122.8	19 122.4
1998	6 956.7	6 835.4	6 798.2	125.0	20 715.3
1999	7 537.4	7 408.9	7 392.3	127.2	22 465.8
2000	8 188.7	8 058.4	8 026.8	129.4	24 403.3
2001	8 885.7	8 738.4	8 731.7	131.6	26 487.4
2002	9 636.2	9 468.4	9 513.3	133.7	28 751.6
2003	10 330.1	10 240.7	10 521.1	135.7	31 227.6
2004	11 051.2	11 100.5	11 620.9	137.8	33 910.4
2005	11 808.5	12 059.1	12 824.7	139.8	36 832.1
2006	12 611.5	13 113.8	14 146.4	141.7	40 013.4
2007	13 465.1	14 276.8	15 593.0	143.6	43 478.5
2008	14 370.4	15 559.0	17 176.1	145.4	47 250.9
2009	15 330.4	16 972.1	18 908.5	147.2	51 358.2
2010	16 364.0	18 507.7	20 808.9	149.0	55 829.6
2011	17 449.1	20 201.3	22 887.7	150.5	60 688.6

Table 15 Historical and Projected Energy Sales (GWh)

Year	Peak Load (MW)	Growth rate
1987	1 923	
1988	2 072	7.7%
1989	2 225	7.4%
1990	2 159	-3.0%
1991	2 350	8.8%
1992	2 386	1.5%
1993	2 398	0.5%
1994	2 695	12.4%
1995	2 901	7.6%
1996 (base)	3 222	11.1%
1997	3 546	10.1%
1998	3 924	10.7%
1999	4 142	5.6%
2000	4 443	7.3%
2001	4 736	6.6%
2002	5 172	9.2%
2003	5 611	8.5%

Table 16 Historical and Projected Peak Load

2004	6 053	8.3%
2005	6 556	8.3%
2006	7 100	8.3%
2007	7 688	8.3%
2008	8 324	8.3%
2009	9 011	8.3%
2010	9 753	8.3%
2011	10 551	8.2%

Year	Sales Growth Rate by Customer Class (%/yr)				Total Sales	Max Demand (MW)
	Residential	Commercial	Industrial	Other		
1996						
1997	8.5%	9.2%	4.6%	2.0%	7.4%	10.1%
1998	7.3%	7.9%	10.0%	1.6%	8.3%	7.8%
1999	8.3%	8.4%	8.7%	1.8%	8.5%	7.8%
2000	8.6%	8.8%	8.6%	1.7%	8.6%	7.9%
2001	8.5%	8.4%	8.8%	1.7%	8.5%	7.8%
2002	8.4%	8.4%	9.0%	1.6%	8.5%	7.9%
2003	7.2%	8.2%	10.6%	1.5%	8.6%	8.0%
2004	7.0%	8.4%	10.5%	1.5%	8.6%	8.3%
2005	6.9%	8.6%	10.4%	1.5%	8.6%	8.3%
2006	6.8%	8.7%	10.3%	1.4%	8.6%	8.3%
2007	6.8%	8.9%	10.2%	1.3%	8.7%	8.3%
2008	6.7%	9.0%	10.2%	1.3%	8.7%	8.3%
2009	6.7%	9.1%	10.1%	1.2%	8.7%	8.3%
2010	6.7%	9.0%	10.1%	1.2%	8.7%	8.3%
2011	6.6%	9.2%	10.0%	1.0%	8.7%	8.3%

Table 17 - Forecast Sales and Demand Growth Rate

Year	Growth Rate (%)				Total
	Residential	Commercial	Industrial	Other	
1996					
1997	8.7%	4.4%	2.2%	4.1%	8.3%
1998	2.0%	3.6%	3.0%	2.2%	2.1%
1999	1.9%	2.2%	3.2%	2.1%	1.9%
2000	1.9%	2.5%	3.4%	2.0%	1.9%
2001	1.8%	2.5%	3.5%	1.9%	1.9%
2002	1.7%	2.7%	3.6%	1.9%	1.8%
2003	1.7%	2.7%	3.7%	1.8%	1.8%
2004	1.6%	2.7%	3.8%	1.7%	1.7%
2005	1.6%	2.7%	3.9%	1.7%	1.7%
2006	1.5%	2.7%	4.0%	1.6%	1.6%
2007	1.4%	2.7%	4.1%	1.5%	1.5%
2008	1.4%	2.8%	4.2%	1.5%	1.5%
2009	1.3%	2.8%	4.3%	1.4%	1.5%
2010	1.3%	2.8%	4.4%	1.4%	1.5%
2011	1.1%	2.8%	4.5%	1.4%	1.5%

Table 18 - Forecast Customer Growth Rate by Customer Class

8.1.2 Forecast Models

8.1.3 Forecast Methodologies

8.1.4 Forecast Assumptions

8.1.5 Alternative Forecasts

6 d (ii)-(v)

8.2 DSM Options

[SJW39]

8.2.1 Data and Assumptions used in Option Analysis

5 (i) 2 e
6 e (i)-(iii)
6 f

8.2.2 Options rejected

5 (i) 2 d

8.2.3 Model Used in Analysis

5 (i) 2 g
6 g

8.2.4 Optimisation by the Cost Effectiveness Test Perspectives

6 (i)

8.2.5 Breakdown of Program Costs

Page: 2
(SJW1) Perhaps we could use a positive expression here, such as "encourage customer loyalty" rather than the negative expression "discourage self generation".

Page: 7
(SJW2) Include 10 year historical data on the graph to give context. Will energy sales really grow exponentially for ever? I assume that this is the official MERA LCO forecast, so use it, but be prepared to defend it under questioning from ERD!

Page: 7
(SJW3) We have used this generic paragraph in all of the four case study submissions. Are you happy with it?

Page: 11
(SJW4) I wrote an introductory paragraph, and edited the text to tighten it up a little bit. Please check over it!

Page: 21
(SJW5) This is perhaps a bit disingenuous! You can think of the new rate structure as providing everyone with "incentives" for a low load factor, but in reality the customers that we are talking about here -- whose bills WILL GO UP if they do nothing -- will first be trying to avoid a penalty rather than to avail themselves of an incentive!

Page: 24
(SJW6) You have listed the customer groups who do not need the program. It would be a good idea to list those that DO need the program. Put them in priority order starting with the lowest load factor groups.

Page: 27
(SJW7) Do you want to mention the IPP?

Page: 28
(SJW8) Make sure that this is correct!

Page: 28
(SJW9) Check that these NPC avoidable costs are correct.

Page: 28
(SJW10) Make sure that this note is right.

Page: 29
(SJW11) JOSEPH: summarise the results of the SRC/COMPASS* technology analysis here. I have included the numbers from one of the other case study utilities. CHANGE these numbers to the ones that you are using and CHECK that the result matches the SRC/COMPASS* technology analysis!!

Page: 40
(SJW12) Insert the correct result here.

Page:		29
	[SJW13] Insert the correct result here.	
Page:		29
	[SJW14] Insert the correct result here.	
Page:		29
	[SJW15] Insert the correct result here.	
Page:		30
	[SJW16] CHECK that these numbers match yours. CHANGE if necessary.	
Page:		30
	[SJW17] CHECK that these numbers match yours. CHANGE if necessary.	
Page:		30
	[SJW18] Insert the value here for (MERALCO purchases minus MERALCO consumption) divided by MERALCO consumption.	
Page:		30
	[SJW19] Insert the value here.	
Page:		30
	[SJW20] Insert the calculated value here.	
Page:		30
	[SJW21] CHANGE this if you used a different assumption.	
Page:		31
	[SJW22] ... and here.	
Page:		31
	[SJW23] Say what the price is based on.	
Page:		31
	[SJW24] Need to make the discount rates consistent.	
Page:		31
	[SJW25] Make sure you attach them!	
Page:		31
	[SJW26] If you have any sort of technology-level cost-effectiveness analysis, include it here. or example, if you have the full installed cost of capacity banks per kW of load, and the savings associated with an increment of improvement in power factor, you may be able to indicate the range of power factors where capacitor banks would be cost-effective.	
Page:		32
	[SJW27] JOSEPH, ANNIE, can you drop the cost-effectiveness analysis for this program in this form here? Include a summary write-up at the front.	
Page:		33
	[SJW28] Put the values in here	

Page:	[SJW29]	Put the values in here.	33
Page:	[SJW30]	Insert the value here for (MERALCO purchases minus MERALCO consumption) divided by MERALCO consumption.	33
Page:	[SJW31]	Insert the value here.	33
Page:	[SJW32]	Insert the number of years life of the lamps here.	33
Page:	[SJW33]	Insert the calculated value here.	33
Page:	[SJW34]	Say what the price is based on.	33
Page:	[SJW35]	Say what the price is based on.	33
Page:	[SJW36]	JOSEPH to find eligible market using residential survey results as discussed.	34
Page:	[SJW37]	I have made a start. Can you finish a paragraph about the number of customers in the target group (>1MW) and how many are projected to participate in the pilot (and in the full program if possible).	34
Page:	[SJW38]	RON: paste in the table from your document DSM_277:\load_\Nolfprog.doc. I don't think that we have an electronic copy of this. Our print out is labelled 11/26/97.	35
Page:	[SJW39]	ANNIE I think we have the numbers for this, but I don't think we have them electronically. Could you paste the numbers for total number of street lights to be converted in here please?	35
Page:	[SJW40]	JOSEPH, fill in this table with the SRC/COMPASS* results.	35
Page:	[SJW41]	EARL: is this OK? Or have you developed detailed estimates of participation and energy and demand savings?	36
Page:	[SJW42]	EARL: complete the numbers in this paragraph and in the table.	36

Page: 37
 [SJW43] RON: Perhaps summarize the results here. Is this data included in the RMI / USAID documents? Make sure you attach them!

Page: 37
 [SJW44] Help out a poor mechanical engineer: Is "apparent power" the correct term for the vector sum of active and reactive power, i.e. the hypotenuse of the power triangle?

Page: 38
 [SJW45] ANNIE I think we have the numbers for this, but I don't think we have them electronically. Could you paste the numbers for total energy savings in here please?

Page: 41
 [SJW46] The reduced supply costs value goes here -- it is equal to the present value of the energy and demand savings with the allowance for losses multiplied by the avoidable cost.

Page: 41
 [SJW47] The present value of the gross revenue loss plus the program costs goes here.

Page: 41
 [SJW48] xx minus yy goes here.

Page: 41
 [SJW49] Put the discount rate you are using here.

Page: 41
 [SJW50] Put the SRC/COMPASS⁴ tariff impact here.

Page: 41
 [SJW51] Put the average MERALCO bill in kWh here.

Page: 41
 [SJW52] Multiply the average residential MERALCO bill by the tariff impact and put it here.

Page: 41
 [SJW53] Put the utility discount rate here.

Page: 41
 [SJW54] I think we should say here that these programs are either:

- pilot programs (green buildings, industrial efficiency, industrial demonstration and power factor correction programs) which will have a negligible impact on rates and that the full program impact on rates will be assessed and submitted to ERB using the pilot program results; or
- have a positive effect on bills and rates -- I think that this is this correct for the lead factor improvement program because a customer who reduces a MERALCO peak coincident kW saves P 195 but MERALCO saves P 290 on their NPC bill.

Page:		42
	(SJW33) Joseph, my back-of-the envelope analysis shows this, but we should perhaps check this in SRC/COMPASS.	
Page:		43
	(SJW56) Put the tariff impact value in here.	
Page:		43
	(SJW37) put the net revenue loss value in here.	
Page:		43
	(SJW35) Put the correct discount rate in here.	
Page:		50
	(SJW59) Put the long list, the screening process and the results here.	

ANNEX "X"

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	5	0	0	9	7	3
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COMPANY NAME

C	E	N	T	R	A	L		L	U	Z	O	N		P	R	E	M	I	E	R	E		P	O	W	E	R		
C	O	R	P	.																									
(	A		W	H	O	L	L	Y	-	O	W	N	E	D		S	U	B	S	I	D	I	A	R	Y		O	F	
S	M	C		G	L	O	B	A	L		P	O	W	E	R		H	O	L	D	I	N	G	S					
C	O	R	P	.	)																								

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

4	0		S	A	N		M	I	G	U	E	L		A	V	E	N	U	E										
M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y														

Form Type

A A F S

Department requiring the report

--

Secondary License Type, If Applicable

--

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	702-4500	
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	First Tuesday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Avelino G. Cedo III		702-4509	

CONTACT PERSON'S ADDRESS

--

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

CENTRAL LUZON PREMIERE POWER CORP.
(A Wholly-owned Subsidiary of SMC Global Power Holdings Corp.)

FINANCIAL STATEMENTS
December 31, 2015



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Central Luzon Premiere Power Corp.
No. 40 San Miguel Avenue
Mandaluyong City

Report on the Financial Statements

We have audited the accompanying financial statements of Central Luzon Premiere Power Corp. (a wholly-owned subsidiary of SMC Global Power Holdings Corp.), which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from January 22 to December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

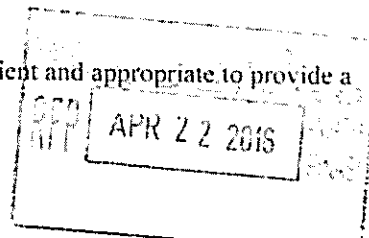
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no client

PRC BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004 FR-4, Group A, valid until November 10, 2017
IC Accreditation No. F0014614 R, valid until August 31, 2015

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Luzon Premiere Power Corp., as at December 31, 2015, and its financial performance and its cash flows for the period from January 22 to December 31, 2015, in accordance with Philippine Financial Reporting Standards.

**Report on the Supplementary Information Required Under Revenue Regulations
No. 15-2010 of the Bureau of Internal Revenue**

The supplementary information required for purposes of filing with the Bureau of Internal Revenue is presented by the management of Central Luzon Premiere Power Corp., in a separate schedule. Such supplementary information is not a required part of the basic financial statements. Our opinion on the basic financial statements is not affected by the presentation of the supplementary information in a separate schedule.

R. G. MANABAT & CO.

John Molina

JOHN MOLINA

Partner

CPA License No. 0092632

SEC Accreditation No. 1101-AR-1, Group A, valid until March 25, 2017

Tax Identification No. 109-916-107

BIR Accreditation No. 08-001987-23-2014

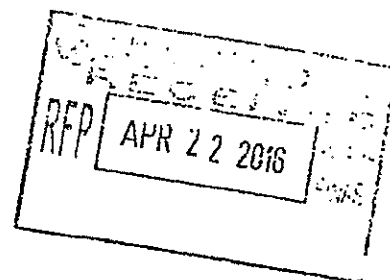
Issued January 22, 2014; valid until January 21, 2017

PTR No. 5321506MD

Issued January 4, 2016 at Makati City

March 17, 2016

Makati City, Metro Manila





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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
Central Luzon Premiere Power Corp.
No. 40 San Miguel Avenue
Mandaluyong City

We have audited the accompanying financial statements of Central Luzon Premiere Power Corp. (the Company), a wholly-owned subsidiary of SMC Global Power Holdings Corp., as at and for the period from January 22 to December 31, 2015, on which we have rendered our report dated March 17, 2016.

In compliance with Securities Regulation Code Rule 68, As Amended, we are stating that the said Company has one (1) stockholder owning one hundred (100) or more shares.

R. G. MANABAT & CO.

JOHN MOLINA
Partner
CPA License No. 0092632
SEC Accreditation No. 1101-AR-1, Group A, valid until March 25, 2017
Tax Identification No. 109-916-107
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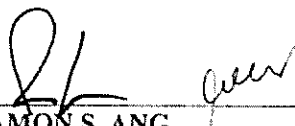
CENTRAL LUZON PREMIERE POWER CORP.

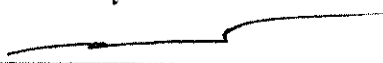
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Central Luzon Premiere Power Corp. (the "Company"), is responsible for the preparation and fair presentation of the financial statements as at and for the year ended December 31, 2015, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

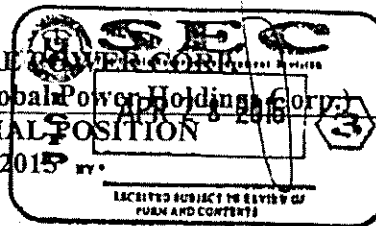


RAMON S. ANG
Chairman of the Board & President

FERDINAND K. CONSTANTINO
Treasurer

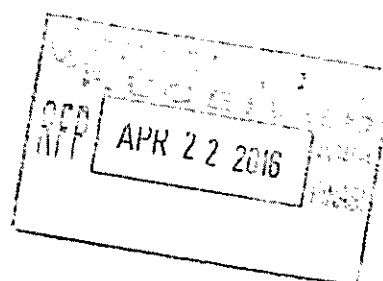
Signed this 17th day of March 2016

CENTRAL LUZON PREMIERE POWER CORP.
 (A Wholly-owned Subsidiary of SMC Global Power Holding Corp.)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015



	<i>Note</i>	
ASSETS		
Current Assets		
Cash and cash equivalents	4, 8, 9	P31,299,747
Receivables	4, 8, 9	17,306
Other current asset		106
		P31,317,159
LIABILITY AND EQUITY		
Current Liability		
Accrued expense		P114
Equity		
Capital stock	5	32,885,510
Deficit		(1,568,465)
Total Equity		31,317,045
		P31,317,159

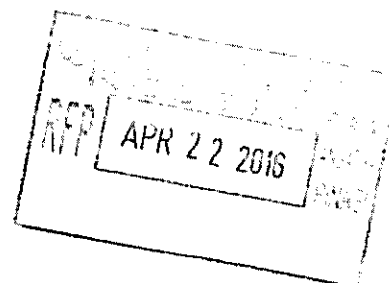
See Notes to the Financial Statements.



CENTRAL LUZON PREMIERE POWER CORP.
(A Wholly-owned Subsidiary of SMC Global Power Holdings Corp.)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JANUARY 22 TO DECEMBER 31, 2015*

	<i>Note</i>	
INTEREST INCOME - Net of final tax	4	P190,473
EXPENSES		
Taxes and licenses		1,751,190
Supplies		6,935
		1,758,125
		(1,567,652)
FINANCE COST		813
NET LOSS/TOTAL COMPREHENSIVE LOSS		(P1,568,465)

*The Company was incorporated and registered with the Philippine Securities and Exchange Commission on January 22, 2015 and has not yet started commercial operations as of December 31, 2015.
See Notes to the Financial Statements.



CENTRAL LUZON PREMIERE POWER CORP.
(A Wholly-owned Subsidiary of SMC Global Power Holdings Corp.)
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM JANUARY 22 TO DECEMBER 31, 2015*

	Capital Stock (Note 5)	Deficit	Total Equity
Subscription to capital stock	P32,885,510	P -	P32,885,510
Net loss/total comprehensive loss for the period	-	(1,568,465)	(1,568,465)
Balance as of December 31, 2015	P32,885,510	(P1,568,465)	P31,317,045

*The Company was incorporated and registered with the Philippine Securities and Exchange Commission on January 22, 2015 and has not yet started commercial operations as of December 31, 2015.
See Notes to the Financial Statements.

CENTRAL LUZON PREMIERE POWER CORP.
(A Wholly-owned Subsidiary of SMC Global Power Holdings Corp.)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 22 TO DECEMBER 31, 2015*

	<i>Note</i>	
CASH FLOWS FROM PRE-OPERATING ACTIVITIES		
Net loss for the period		(P1,568,465)
Adjustments for:		
Interest income	4	(190,473)
Finance cost		813
Pre-operating loss before working capital changes		(1,758,125)
Increase in other current asset		(106)
Increase in accrued expense		114
Cash absorbed by pre-operating activities		(1,758,117)
Interest income received		173,167
Finance cost paid		(813)
Net cash flows used in pre-operating activities		(1,585,763)
CASH FLOWS FROM A FINANCING ACTIVITY		
Proceeds from capital stock subscription	5	32,885,510
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
		P31,299,747

*The Company was incorporated and registered with the Philippine Securities and Exchange Commission on January 22, 2015 and has not yet started commercial operations as of December 31, 2015.

See Notes to the Financial Statements.

CENTRAL LUZON PREMIERE POWER CORP.
(A Wholly-owned Subsidiary of SMC Global Power Holdings Corp.)

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Central Luzon Premiere Power Corp. (the Company), a wholly-owned subsidiary of SMC Global Power Holdings Corp. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 22, 2015 primarily to carry on the business of producing and generating electricity and processing fuels alternative for power generation, including expanded operation of energy supply base and the generation and cogeneration of electric power, as well as the supply and consolidation of the electric demand of end-users, and to carry on all services incident and/or ancillary to the above, including, without limitation, the, construction, assembly, testing, commissioning, operation, maintenance, rehabilitation and management of power generating plants, substations and related facilities and equipment, to engage in the promoting, marketing and sale of such electric power and to engage in all other businesses incidental to the foregoing, including, but not limited to, the sale of the by-products of power generation. The Company's registered office address is located at No. 40 San Miguel Avenue, Mandaluyong City.

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC). The ultimate parent company is Top Frontier Investment Holdings, Inc. (Top Frontier). SMC and Top Frontier are public companies under Section 17.2 of the Securities Regulation Code and whose shares are listed on The Philippine Stock Exchange, Inc.

The Company has not yet started commercial operations as of December 31, 2015.

2. Basis of Preparation

Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council.

The Company qualifies as a Small and Medium-sized Entity (SME) based on the criteria set by SEC. However, as provided under the Securities Regulation Code Rule 68, As Amended, the Company availed of the exemption from the mandatory adoption of PFRS for Small and Medium-Sized Entities on the basis that the Parent Company is reporting under full PFRS.

The financial statements were authorized for issue by the Board of Directors (BOD) on March 17, 2016.

Basis of Measurement

The financial statements of the Company have been prepared on a historical cost basis of accounting.

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information are rounded off to the nearest peso, except when otherwise indicated.

3. Significant Accounting Policies

New or Revised Standards and Amendments to Standards Effective 2015

Annual Improvements to PFRS Cycles 2010-2012 and 2011-2013 contain 11 changes to nine standards with consequential amendments to other standards and interpretations, of which only the following are applicable to the Company:

- **Scope of Portfolio Exception (*Amendment to PFRS 13, Fair Value Measurement*).**
The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis (portfolio exception) applies to contracts within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* and PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities under PAS 32, *Financial Instruments: Presentation* e.g., certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument. The adoption of the amendment did not have an effect on the financial statements.
- **Definition of 'Related Party' (*Amendments to PAS 24, Related Party Disclosures*).**
The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g., loans. The adoption of the amendments did not have an effect on the financial statements.

Additional disclosures required by the amended standards were included in the financial statements, where applicable.

New and Amended Standards and Interpretation Not Yet Adopted

A number of new and amended standards and interpretation are effective for annual periods beginning after January 1, 2015 and have not been applied in preparing these financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the financial statements.

The Company will adopt the following new and amended standards and interpretation on the respective effective dates:

- *Disclosure Initiative (Amendments to PAS 1, Presentation of Financial Statements).* The amendments clarify the following: (i) the materiality requirements in PAS 1; (ii) that specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated; (iii) that entities have flexibility as to the order in which they present the notes to the financial statements; and (iv) that share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and statement of comprehensive income. The amendments are required to be applied for annual periods beginning on or after January 1, 2016. Early adoption is permitted.
- *PFRS 9 (2014) replaces PAS 39 and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment of all financial assets that are not measured at fair value through profit or loss (FVPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset, and supplements the new general hedge accounting requirements published in 2013. The new model on hedge accounting requirements provides significant improvements by aligning hedge accounting more closely with risk management. The new standard is required to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted.*

Financial Assets and Financial Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as at FVPL, includes transaction costs.

'Day 1' Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as available-for-sale financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment in value. Any interest earned on loans and receivables is recognized as part of "Interest income - net of final tax" account in the statement of comprehensive income on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The Company's cash and cash equivalents, and receivables are included under this category (Note 4, 8, 9).

Financial Liabilities

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

As of December 31, 2015, the Company has no financial liabilities accounted for under this category.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Company assesses, at the reporting date, whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Assets Carried at Amortized Cost. For financial assets carried at amortized cost such as loans and receivables, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss for the period is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Capital Stock

Common shares are measured at par and are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Deficit

Deficit represent the accumulated net income or losses, net of any dividend, distributions and other capital adjustments.

Interest Income

Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of NOLCO can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

In determining the amount of current tax and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current asset" account in the statement of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	<i>Note</i>	2015
Cash in banks and on hand		P149,681
Short-term investments		31,150,066
	8, 9	P31,299,747

Cash in banks earn interest at the respective bank deposit rates. Short-term investments include demand deposits which can be withdrawn at anytime depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates. Interest income, net of final tax, amounted to P190,473 for the period ending December 31, 2015. Interest receivable from short-term investments amounted to P17,306.

5. Equity

Capital Stock

As of December 31, 2015, the Company's authorized capital stock is P500,000,000, divided into 5,000,000 common shares at P100 par value per share, and the number of subscribed capital stock is 1,250,000.

The movements in the balance of capital stock are as follows:

	Shares	Amount
Subscribed capital stock	1,250,000	P125,000,000
Less subscription receivable	-	92,114,490
	1,250,000	P32,885,510

6. Income Taxes

The Company has no taxable income for the period ended December 31, 2015.

Deferred tax asset on NOLCO amounting to P526,682 as of December 31, 2015, has not been recognized as the management believes that it is not probable that sufficient taxable income will be available to allow the deferred tax asset to be utilized within the prescription period.

As of December 31, 2015, the NOLCO that the Company can claim until December 31, 2018 as deduction from future taxable income amounted to P1,755,608.

7. Related Party Disclosures

There is no key management compensation as the Company's finance and administrative functions are being handled by the Parent Company without any charge.

8. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Company has exposure to credit risk from its use of financial instruments:

This note presents information about the exposure to credit risk, the objectives, policies and processes for measuring and managing this risk, and for management of capital.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Company. The BOD has established the Risk Management Committee, which is responsible for developing and monitoring the risk management policies. The committee reports regularly to the BOD on its activities.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD oversees how management monitors compliance with SMC's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The BOD is assisted in its oversight role by SMC's Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the BOD.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. At reporting date, there were no significant concentration of credit risk. Moreover, the Company's receivables pertain to interest earned on short-term investments as of December 31, 2015.

Financial information on the Company's maximum exposure to credit risk as at December 31, without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	<i>Note</i>	2015
Cash and cash equivalents	<i>4</i>	P31,299,747
Receivables		17,306
		P31,317,053

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Company defines capital as capital stock and deficit.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operation and industry.

The Company is not subject to externally-imposed capital requirements.

9. Financial Assets

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments as of December 31, 2015:

	Carrying Amount	Fair Value
Financial Assets		
Cash and cash equivalents	P31,299,747	P31,299,747
Receivables	17,306	17,306
	P31,317,053	P31,317,053

The following method and assumption are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents and Receivables. The carrying amounts of these financial assets approximate fair values primarily due to the relatively short-term nature/maturities of these financial instruments.

10. Supplementary Information Required under Revenue Regulations (RR) No. 15-2010

The Bureau of Internal Revenue has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

ANNEX "Y"

SECRETARY'S CERTIFICATE

I, WILLIAM S. PAMINTUAN, a duly elected, qualified and incumbent Assistant Corporate Secretary of the Manila Electric Company (MERALCO), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that:

At the regular meeting of the Board of Directors of the Company duly convened and held on April 26, 2016, at which meeting a quorum was present, acted throughout and voted, the following resolutions were approved and said resolutions are in full force and effect on the date hereof:

"RESOLVED, that the Board of Directors of the Manila Electric Company Electric Company (MERALCO) hereby authorizes MERALCO to enter into a Power Supply Agreement with Central Luzon Premiere Power Corp.;

"RESOLVED, FURTHER, that the following officers, namely Messrs. MANUEL V. PANGILINAN, Chairman of the Board, OSCAR S. REYES, President & Chief Executive Officer, ALFREDO S. PANLILIO, Senior Vice President, Head, Customer Retail Services and Corporate Communication and RONNIE L. APEROCHO, First Vice President & Head, Networks, are hereby directed and empowered, for and in behalf of the Company, to sign, execute and deliver any contract, agreement, instrument, and other documents which may be deemed necessary or appropriate for the purpose, and to perform or execute all other acts and deeds as may be necessary or appropriate to carry out or accomplish the said purpose;

"RESOLVED, FURTHERMORE, that the Board of Directors authorize, as it hereby authorizes, MERALCO, through Ms. IVANNA G. DELA PEÑA, First Vice President & Head, Regulatory Management Office and Atty. JOSE RONALD V. VALLES, Vice President and Head, Regulatory Affairs, or any lawyer or employee of MERALCO that any of them may designate, name or appoint:

- (1) To file the appropriate application with the Energy Regulatory Commission (ERC) for the approval of the Power Supply Agreement between MERALCO and Central Luzon Premiere Power Corp., for the supply and delivery of electric power to MERALCO;
- (2) to sign, execute, and deliver in connection therewith the necessary pleadings, motions, verification, affidavit of merit, certificate of non-forum shopping, powers of attorney, and other instruments as may be necessary or proper; and
- (3) To designate, name, and appoint, a representative or an attorney-in-fact in behalf of the Company during the preliminary conference, pre-trial, trial, execution and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, make admissions or stipulations of fact and/or documents; and to perform and execute any and all actions and such other matters

as may aid in the prompt disposition of such case,
proceeding or action."

WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its
corporate seal hereunto affixed on this _____ day of April 2016.

APR 27 2016


WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 27 2016 day of April 2016, affiant exhibited
to me his Taxpayer Identification Number (TIN) 146-473-562, issued by the Bureau of Internal
Revenue (BIR) as his competent evidence of identity.

Doc. No. 328 ;
Page No. 67 ;
Book No. III ;
Series of 2016.


ATTY. MONICA M. MARTIN
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on July 12, 2015 at Pasig City
until December 31, 2016
Roll No. 55693; BP No. 1023726; 01/08/16; RSM Chapter
PTR No. 1473411; 01/21/16; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

REPUBLIC OF THE PHILIPPINES)
PASIG CITY)SS.

SECRETARY'S CERTIFICATE

I, **AVELINO G. CEDO III**, of legal age, married, Filipino, with office address at 23rd Floor, San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City, Metro Manila, after having been sworn in accordance with law, do hereby depose and state that:

1. I am the Assistant Corporate Secretary of **CENTRAL LUZON PREMIERE POWER CORP.** (the "Corporation"), a corporation duly organized and registered in accordance with the laws of the Republic of the Philippines, with principal office at 19th Floor, San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City, Metro Manila.
2. As Assistant Corporate Secretary of said Corporation, I have under my supervision and control the Minutes Book wherein all minutes of the meetings of the Board of Directors are recorded.
3. At the Organizational Meeting of the Board of Directors held on April 25, 2016, at which meeting a quorum was present for valid transaction of business, the Board unanimously approved the following resolutions:

"**RESOLVED**, that the Board of Directors of Central Luzon Premiere Power Corp. (the "Corporation") hereby approve, confirm and ratify the authority of Mr. Ferdinand K. Constantino and Ms. Elenita D. Go to sign, execute and deliver, for and on behalf of the Corporation, the Power Supply Agreement between the Corporation and Manila Electric Company and other documents related thereto."

4. The foregoing are in accordance with the records of the Corporation.

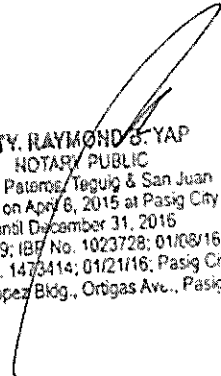
IN WITNESS WHEREOF, I have hereunto signed these presents this 25th day of April 2016 at PASIG CITY


AVELINO G. CEDO III
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me on APR 25 2016 at PASIG CITY, affiant exhibiting to me his Driver's License ID No. N02-93-221376 issued on September 17, 2015 at East Avenue, Quezon City.

Doc. No. 718;
Page No. 100;
Book No. I;
Series of 2016.

R29-SG(PSA)jgc


ATTY. RAYMOND S. YAP
NOTARY PUBLIC
Pasig, Paterno/Tegui & San Juan
Issued on April 6, 2015 at Pasig City
until December 31, 2016
Rol No. 55889; IBF No. 1023728; 01/08/16; Capiz
PTR No. 1473414; 01/21/16; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City