



November 9, 2020

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Gentlemen:

We reply to your letter dated November 9, 2020 (received thru EDGE Submission System at 09:11 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Meralco subsidiary to ramp up RE investments to 2,000MW” posted in mb.com.ph on November 6, 2020. The article reported in part that:

“The power generation investment subsidiary of Manila Electric Company (Meralco) will ramp up investments in renewable energy (RE) technologies, escalating its target to 2,000 megawatts for projects in the pipeline.

Meralco PowerGen Corporation President and CEO Rogelio L. Singson qualified that the previously cast target of 1,000MW for RE to reach commercial operations in five years is still the firm goal, yet he noted that there are other prospects they have been setting their sights on.

‘It’s 2,000MW in the pipeline, but we’re sticking to our target of commissioning 1,000 to 1,500MW,’ Singson said, with him emphasizing that the additional pipelined projects would be part of their investment leeway.’

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Nevertheless, Singson reported that in their 50-megawatt Powersource First Bulacan Solar Inc. (PFBS) project, construction has already been advanced to 74.31-percent completion despite the physical obstacles and restrictions posed by the pandemic.

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Singson said the solar facility is expected to reach commercial operations in the first quarter of 2021, instead of an earlier timeframe, 'due to delays brought about by the ECQ (enhanced community quarantine)' – which technically impeded work at the site from March to May this year. The engineering, procurement and construction (EPC) contract for the P4.25 billion solar facility was awarded in October last year.

At its completion, the facility will be supplying its generated electricity to Meralco – as underpinned by a 20-year power supply agreement (PSA) inked by the parties. The PSA was approved by the Energy Regulatory Commission (ERC) last year and it was allowed to pass on an applicable rate of P4.29 per kilowatt hour (kWh) and that comes with a provision for 2.0-percent escalation on a yearly basis.

As indicated by Meralco PowerGen, the Bulacan solar plant is a jump-off investment foray for the larger 1,000-2,000MW stream of renewable installations that the company is targeting in the next 5-7 years.

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With reference to the said news article, we would like to confirm the statements attributed to our Mr. Rogelio L. Singson, President and CEO of Meralco Powergen Corp. (MGEN), concerning the ongoing and pipeline projects of MGEN utilizing renewable energy technologies.

Thank you.



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