

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
MICROGRID SYSTEM
PROVIDER SERVICE
CONTRACT (MSC)
BETWEEN MANILA
ELECTRIC COMPANY AND
THE NATIONAL POWER
CORPORATION (NPC) FOR
THE ELECTRIFICATION OF
CAGBALETE ISLAND,
MAUBAN, QUEZON, AND
AUTHORITY TO AVAIL
SUBSIDY FROM THE
UNIVERSAL CHARGE FOR
MISSIONARY
ELECTRIFICATION (UC-
ME), WITH MOTION FOR
CONFIDENTIAL
TREATMENT OF
INFORMATION**

Promulgated:
September 07, 2026

ERC CASE NO. 2026-120 RC

**MANILA ELECTRIC
COMPANY (MERALCO),**
Applicant.

X ----- X

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 14 August 2026, Manila Electric Company (MERALCO) filed an *Application*, dated 04 June 2026 seeking the Commission’s approval of its Microgrid System Provider Service Contract (MSC) with National Power Corporation (NPC) for the electrification of Cagbalete Island, Mauban, Quezon, and authority to avail subsidy from the Universal Charge for Missionary Electrification (UC-ME), with motion for confidential treatment of information.

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The docketed copy of the *Application*, excluding its annexes, is attached as Annex “A” hereof.

The Commission has set the *Application* for hearing, pursuant to the pertinent rules of the Commission, as follows:

Date and Time	Platform	Activity
14 OCTOBER 2026 (WEDNESDAY) at nine o’clock in the morning (9:00 A.M.)	Microsoft Teams	Determination of compliance with jurisdictional requirements and Expository Presentation
21 OCTOBER 2026 (WEDNESDAY) at nine o’clock in the morning (9:00 A.M.)		Pre-Trial Conference and Presentation of Evidence

Accordingly, Applicant is hereby directed to mirror the virtual hearings, to be hosted by the Commission, at **the MERALCO office(s) or such venue(s) accessible for consumers in the affected areas of Cagbalete Island, Municipality of Mauban, Province of Quezon**, as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, Applicant shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least **one (1) calendar day** prior to the scheduled initial virtual hearing, via e-mail at docket@erc.ph, copy furnished the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, any person who has an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph, a verified Petition to Intervene at least **five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case, and state the following:

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- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of the person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgement receipt e-mail sent by the Commission.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

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Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses, indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

WITNESS, the Honorable Chairperson and CEO **FRANCIS SATURNINO C. JUAN** and the Honorable Commissioners **FLORESINDA G. BALDO-DIGAL**, **MARKO ROMEO L. FUENTES**, **AMANTE A. LIBERATO** and **PARIS G. REAL**, Energy Regulatory Commission in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:

Maria Corazon C. Gines

ATTY. MARIA CORAZON C. GINES¹
Director III, Legal Service


LS: NRG/JGGW

¹ Authority granted per Office Order No. 71, Series of 2025 dated 20 August 2025, with the subject "Approving/Signing Authorities for Consumer Complaints Cases and Interlocutory Orders".

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Tower, Ortigas Center
Pasig City

IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF THE MICROGRID SYSTEM
PROVIDER SERVICE CONTRACT
(MSC) BETWEEN MANILA
ELECTRIC COMPANY AND THE
NATIONAL POWER
CORPORATION (NPC) FOR THE
ELECTRIFICATION OF
CAGBALETE ISLAND, MAUBAN,
QUEZON, AND AUTHORITY TO
AVAIL SUBSIDY FROM THE
UNIVERSAL CHARGE FOR
MISSIONARY ELECTRIFICATION
(UC-ME), WITH MOTION FOR
CONFIDENTIAL TREATMENT OF
INFORMATION,

ERC CASE NO. 2026-[120](#)RC

MANILA ELECTRIC COMPANY
(MERALCO),

[August 14, 2026](#)

Applicant.

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APPLICATION

Applicant MANILA ELECTRIC COMPANY ("MERALCO"), by
counsel, respectfully states:

1. MERALCO is a private corporation duly organized and
existing under the laws of the Republic of the Philippines, with principal
office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig
City. It may be served with notices and other processes of this Honorable
Commission through its undersigned counsel at the address indicated
below.

2. MERALCO holds a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209, as renewed by Republic Act No. 12146.

NATURE AND SCOPE OF THE APPLICATION

3. MERALCO files this *Application* pursuant to Section 23 of Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 (“EPIRA”), Section 1(f), Rule 7 of the Implementing Rules and Regulations of the EPIRA (“EPIRA IRR”), Section 11 of Republic Act No. 11646 or the Microgrid Systems Act (“Microgrid Law”), Section 26 of the Department of Energy’s (“DOE”) Department Circular No. DC2025-04-0007 or the Revised Implementing Rules and Regulations of the Microgrid Law (“Microgrid Law IRR”) and Article VI of the Rules Governing Microgrid Systems under the Honorable Commission’s Resolution No. 11, Series of 2026 (“ERC Microgrid Rules”) .

4. Under the EPIRA and its IRR, distribution utilities (“DUs”) “shall provide universal service within their franchise, over a reasonable time from the requirement thereof, including unviable areas, as part of their social obligations, in a manner that shall sustain the economic viability of the utility, subject to the approval by the [Honorable Commission] in the case of private or government-owned utilities.”

5. Accordingly, Section 6 of the Microgrid Law provides that “DUs and their subsidiaries who have demonstrated the capability and willingness to comply with the relevant technical financial, and other requirements, may be a [Microgrid System Provider (“MGSP”)]: *Provided*, That these entities shall not subsidize their respective MGSPs and shall maintain a separate account for such business undertaking pursuant to [Honorable Commission’s] applicable rules and guidelines on business separation and unbundling, whenever applicable.”

6. Under the Microgrid Law IRR, unserved and underserved areas may be electrified through the DU’s initiative to develop a microgrid in its identified unserved areas or through other electrification solutions as indicated in its Local Total Electrification Roadmap (“LTER”), following the procedure outlined in said rules.¹ In such cases,

¹ Section 11.1.2, DOE Department Circular No. DC2025-04-0007.

the ownership and operation of the microgrid system shall not be considered a public utility operation requiring a legislative franchise. Instead, it shall be a regulated business under the jurisdiction of the Honorable Commission for the approval of the Microgrid System Provider Service Contract (“MSC”) with the National Power Corporation (“NPC”) and the issuance of the Authority to Operate (“ATO”).²

7. Further, under the Revised Microgrid Law IRR³ and the ERC Microgrid Rules,⁴ the Honorable Commission may authorize an MGSP to impose and recover rates through the approved Full Cost Recovery Rate (“FCRR”) and applicable Subsidized Approved Retail Rate (“SARR”), and availment of the Universal Charge for Missionary Electrification (“UC-ME”) administered by NPC. In the case of a DU MGSP, it may impose a separate rate in its identified unserved area subject to the prohibition against any cross-subsidy between its end-users therein and its end-users in other service areas.⁵

8. Hence, in line with Article VI of the ERC Microgrid Rules and Section 1, Rule 20 (E) of the Revised Rules of Practice and Procedure of the Honorable Commission, MERALCO respectfully submits this *Application* seeking the Honorable Commission’s approval of the MSC with the NPC, together with its proposed FCRR and SARR, in relation to the operation of a DU-Operated Microgrid System (“DU MGS”) in its identified unserved area in Cagbalete Island, Municipality of Mauban, Province of Quezon (“Cagbalete Island”).

STATEMENT OF FACTS AND ANTECEDENT PROCEEDINGS

9. Cagbalete Island is a one thousand six hundred forty (1,640) hectare area composed of two (2) barangays, namely: Cagbalete I and Cagbalete II, located in the middle of Lamon Bay and within the territorial jurisdiction of the Municipality of Mauban in the Province of Quezon. It forms part of MERALCO’s franchise area under Republic Act No. 9209, as renewed by Republic Act No. 12146.

10. The provision of regular electric service to Cagbalete Island has been constrained by the lack of generation facilities on the island itself, given the absence of interested generation companies willing to establish power plants to supply the area’s energy requirements. Moreover, because of the strong currents around the water surrounding

² Section 8.3, DOE Department Circular No. DC2025-04-0007.

³ Section 8.5, *Id.*

⁴ Section 5, Article II and Section 1, Article IX Rules Governing Microgrid Systems

⁵ Section 8.8, DOE Department Circular No. DC2025-04-0007.

the area, as well as its considerable distance of approximately thirteen (13) kilometers from the port of the Municipality of Mauban, the installation of submarine cables and other facilities to connect Cagbalete Island to MERALCO's distribution system is currently not feasible and viable.

11. In May 2011, pursuant to Energy Regulation No. 1-94 or the Rules and Regulations Implementing Section 5(i) of Republic Act No. 7638, otherwise known as the Department of Energy Act of 1992, MERALCO facilitated the purchase and transfer of four (4) diesel power generator units — two (2) 13kVA, one (1) 15kVA, and one (1) 5kVA — to a cooperative formed to be responsible for the operation and maintenance of said generating facilities, including billing and collection activities, relative to the provision of electric service within Cagbalete Island, under the guidance of the then barangay council.

12. However, this arrangement proved to be unsustainable. By October 2015, all the generator units turned over to said community were already found to be defective.

13. MERALCO thereafter explored other possible options of energizing remote and unviable areas, including the use of a hybrid microgrid system. In 2016, through the Honorable Commission's *Decision* dated 12 April 2016 in ERC Case No. 2015-016 RC, MERALCO was able to implement a microgrid pilot project to energize a portion of Cagbalete Island, utilizing a hybrid generation system with solar photovoltaic panels, diesel generators, lithium-ion battery storage, and intelligent controller as main components.

14. The pilot project initially served one hundred thirty-seven (137) customers, consisting of several residential households and a barangay hall. The availability of 24/7 electricity and internet connectivity in these areas significantly improved the island's economic landscape by enhancing tourism, generating employment opportunities, and improving the residents' quality of life.

15. Building on the pilot's success and recognizing that continued infrastructure development was essential to meet the growing demand and fully unlock the economic potential of the island, MERALCO launched the second phase of the microgrid project in December 2021. This involved the expansion of the system on a fifty-two thousand three hundred square meter (52,300 sq.m.) site, designed to energize the remaining residents and commercial entities in the area. The key expansion components included the installation of a 1.4 MWp solar photovoltaic panels, a battery energy storage system ("BESS") with

capacity of 2.23 MWh or 1 MW and four (4) units of 0.25 MW diesel generators.

16. Notwithstanding the planned expansion under the second phase of the pilot project, MERALCO was unable to proceed with the full electrification of Cagbalete Island due to the absence of enabling legislation or regulatory guidelines specifically governing the establishment and operation of microgrid systems. This unintended gap created uncertainty around compliance, licensing, and operational standards, thereby delaying the project's advancement.

17. On 21 January 2022, the Microgrid Law was enacted. Following its passage, the DOE issued Department Circular No. DC2022-05-0017 which laid down the initial implementing rules and regulations for said law. Subsequently, on 08 April 2025, the DOE issued the Revised Microgrid Law IRR, introducing amendments thereto to further streamline and clarify the regulatory framework for microgrid systems.

18. Pursuant to Section 11.1.2 of the Revised Microgrid Law IRR, MERALCO, through a Letter dated 10 March 2025, submitted its LTER to the DOE and signified its intent to energize the unserved areas identified therein, including Cagbalete Island, as a DU MGSP.⁶

19. The DOE thereafter issued a Letter dated 24 March 2025⁷ acknowledging MERALCO's intent to serve as a DU MGSP for Cagbalete Island, affirming that the subject area is an underserved area within its franchise, and recognizing the proposed hybrid microgrid system as a DU MGS under the Microgrid Law, *viz*:

"Following the 26 February 2025 meeting, the DOE's Electric Power Industry Management Bureau (EPIMB), in consultation with its Legal Services, reviewed existing policies on microgrid operations by distribution utilities, including requirements for commercial operation and subsidy applications. As Cagbalete Island is an underserved area within MERALCO's franchise, the proposed microgrid system is recognized under the Microgrid Systems Act as DU operated microgrid system." (*Emphasis supplied.*)

20. In a Letter dated 13 May 2025, the DOE further directed MERALCO to submit its complete project development proposal for the DU MGS in Cagbalete Island.⁸ MERALCO subsequently complied by

⁶ Please see *Annex "D."*

⁷ Please see *Annex "D-1."*

⁸ Please see *Annex "D-3."*

submitting the required proposal and related documentation for the DU MGS initiative.

21. After due evaluation and finding the project development proposal compliant with applicable specifications and requirements, the DOE issued a Letter to Proceed dated 23 September 2025⁹ (“DOE LTP”) authorizing it to commence with the development of the DU MGS in Cagbalete Island, to wit:

“This is to inform you that, based on the evaluation of your submitted Complete Proposal, the Department of Energy (DOE) hereby issues this LTP to MERALCO for the commencement of the development of the microgrid system in Barangay Cagbalete, Mauban, Quezon, within your franchise area, with details below:

SCOPE	Construction, Operations and Maintenance of the Generation & Distribution System and Billing & Collection of the Microgrid System in Cagbalete Island
DU MGSP PROJECT PERIOD	20 years
PROJECT AREA LOCATION	CAGBALETE ISLAND Municipality of Mauban, Province of Quezon
TYPE OF GENERATION PLANT	Hybrid Microgrid System (Solar + Diesel + Battery)
PLANT TECHNOLOGY AND CAPACITY	2.8 MWp Solar PV + 1 MW Diesel Generator + 6.69 MWh Battery
TOTAL HOUSEHOLDS FOR CONNECTION (YEAR 1)	1,192 Households
PROPOSED FULL COST RECOVERY RATE (FCRR)	Php 39.17/kWh

22. The DOE LTP further directed MERALCO to comply with the following terms and conditions, among others: (a) cause the execution of the Subsidy Agreement with NPC and immediately file the same, together with the application for the approval of the FCRR, with the Honorable Commission; and (b) secure and comply with all requirements necessary for the development of the microgrid system in Cagbalete Island and its operation as the MGSP.

23. In view of the foregoing, MERALCO and NPC executed the MSC, which authorizes MERALCO to undertake integrated power generation and distribution services in its identified unserved area in Cagbalete Island, and to receive the corresponding UC-ME subsidy from

⁹ Please see *Annex “B.”*

NPC. The MSC likewise outlines the proposed FCRR and SARR to be imposed upon MERALCO's end-users therein.¹⁰

SALIENT FEATURES OF THE MICROGRID SYSTEM PROVIDER SERVICE CONTRACT (MSC)

24. The MSC between MERALCO and NPC contains the terms and conditions that shall govern the grant of the UC-ME subsidy to MERALCO, as the DU MGSP, for the supply and delivery of Cagbalete Island's load requirement, within the agreed term and in accordance with the provisions set forth in the MSC and pertinent rules and regulations.

25. The relevant terms and conditions are set forth below:

"3 EFFECTIVE DATE AND TERM

3.1 Effective Date. The Effective Date hereof shall be the date of the signing of the Parties hereof. For the avoidance of doubt, notwithstanding the provisional ATO as specifically stated in Section 19 of DOE Department Circular No. DC2025-04-0007, the Parties' implementation hereof shall remain subject to the final resolution of the ERC.

3.2 Term. This Contract shall have a term of twenty (20) years commencing on the Actual COD hereof and expiring on the date on when the earlier of the following events occur:

3.2.1 On the (cooperation period anniversary) of the Actual Commercial Operations Date unless sooner terminated by the Parties in accordance with this Contract; or

3.2.2 Termination hereof pursuant to Section 9.6 herein.

4 COMMERCIAL OPERATIONS PERIOD

4.1 Commencement of Commercial Operations Period. The Parties agree to work together to commence operations at the Target Commercial Operations Date.

4.2 Conditions to Commencement of Commercial Operations Period. On or before the Target Commercial Operations Date or such other date as may be agreed in writing between the Parties, the following condition must be met:

4.2.1 Authority to Operate, Certificate of Compliance, and Government Consents. All necessary Government Consents and ATO / COC from the ERC for the MGSP operations in the MGSP Service Area as provided in Schedule 5 hereof and

¹⁰ Please see *Annex "A."*

Section 18 of the DOE Department Circular No. DC2025-04-0007 shall be secured;

4.2.2 Insurance. MGSP shall at its own expense keep the DPG and its associated facilities insured against accidental damage from normal risk and to a level normal for prudent operators of facilities similar to the DPG. In addition, MGSP shall secure adequate insurance cover for its employees as may be required by law.

4.2.3 Certification. Execution of a certification under oath that the Distribution System complies with the operating parameters in Schedule 2 and that the Guaranteed Dependable Capacity shall be available in accordance with Schedule 3.

4.2.4 UC-ME Subsidy Account. NPC shall have set up an ME Subsidy Account where the fund for the payment of the Subsidy Fee is maintained and fully funded by NPC.

4.2.5 Master Billing Meter. MGSP shall have provided and stalled an ERC-approved Master Billing Meter for the MGSP Service Area for the purpose of measuring the electric power supplied by its Generating Facilities. The meter shall be located after the main transformer and shall be of 0.2 accuracy class or equivalent and capable of measuring and locally displaying at least the kW, kWh, kVAR, kVARh, and cumulative demand, with time-of-use, maintenance recording and pulse output features.

4.3 Failure to Achieve Target Commercial Operations Date. In the event that the conditions in Section 4.2 hereof are not satisfied by the Target Commercial Operations Date, the following provisions shall apply, subject to the approval of the DOE:

4.3.1 Automatic Extension. If delay shall be due to an Event of Force Majeure not exceeding ninety (90) days, then the Target Commercial Operations Date shall be adjusted, without need of further agreement or consent, by a period equal to the period of delay, subject to compliance of the procedure set out in Section 7 by the Party invoking Force Majeure.

4.3.2 Extended Delay. In the event of any delay of more than ninety (90) days past the Target Commercial Operations Date, the Parties shall meet and consult each other regarding the terms by which this Contract may continue. If the Parties fail to reach an agreement within thirty (30) days from commencement of consultations, the respective Party may exercise its right to terminate this Contract pursuant to the provisions of Section 9.6 hereof.

4.3.3 MGSP Delay. If the delay shall be due to MGSP default, and not exceeding ninety (90) days, then the NPC, by notice to the MGSP, shall impose a penalty of 1/10th of 1% of the Total Contract Cost for every day of delay, provided that the total amount of penalties shall not exceed 5% of the total project cost.

4.3.4 Notwithstanding the Target Commercial Operations Date, if results of tests at a later date show that the Distribution System is incapable of meeting the Load Requirements and/or the Guaranteed Dependable Capacity is not available, then the MGSP shall have to remedy such non-compliance within the Cure Period provided in Section 9.4.1 hereof.

If the MGSP failed to resolve the issue within the Cure Period, it shall be considered a delay pursuant to Section 4.3.3.

4.4 Early Commercial Operations. Nothing in this Contract shall preclude the Parties from commencing with the Actual COD at a date earlier than the Target Commercial Operations Date, provided that all the conditions in Section 4.2 hereof have been satisfied.

5 OBLIGATIONS OF THE PARTIES

5.1 **Scope of Work.** MERALCO shall cover the design, construction, installation, operation and maintenance of the Microgrid System including associated services, such as customer billing and collections, to provide 24/7 electricity services for all existing and future households in Cagbalete Island, Mauban, Quezon and to operate in the least-cost manner.

5.2 **Obligations of MGSP.** The MGSP shall supply the Load Requirement of Cagbalete Island as set forth in Schedule 2. MGSP shall likewise have the obligation to apply to the ERC for the approval of the Authority to Operate and Certificate of Compliance as indicated in Schedule 5. The MGSP further shall be obligated to perform the following, before, as applicable, and throughout the duration of the Term:

5.2.1 Build the Microgrid System and operate the same not later than the project completion period indicated in the DOE issued Letter to Proceed (LTP) to commence from the execution of this Contract and submit a monthly report on its progress until its commercial operation. Delays shall be subject to the provisions of this Contract and should there be delays beyond the MGSP's control, the MGSP can request extension on the said timeline for the approval of the DOE;

5.2.2 Comply with relevant provisions of the DOE issued LTP, applicable laws and rules, Good Industry Practice, and the

technical parameters set forth in Schedule 2 on the control and possession, operation and maintenance of the Generation and Distribution System. MGSP shall obtain all necessary Government Consents pursuant to pertinent statutes and regulations of respective agencies and entities;

5.2.3 Faithfully implement its electrification work program, and comply with all its obligations under this Contract;

5.2.4 Ensure the attainment of 100% household electrification in the area and shall maintain a minimum RE generation of fifty (50%) percent over the project term;

5.2.5 Ensure end-user safety and protection at all times;

5.2.6 Make available for dispatch the Guaranteed Dependable Capacity either through its own DPG or through third parties in accordance with the standards set forth in Schedule 3 hereof. Provided that even if the MGSP sources its generation requirements through third parties, the MGSP shall nonetheless remain primarily liable for the availability of the Guaranteed Dependable Capacity. This obligation shall also include making available and arranging for fuel requirements. MGSP shall retain ownership over any DPG;

5.2.7 Ensure the acquisition of rights over the land and rights of way by purchase, lease, or any other arrangement for the Distribution System and/or DPG entitling the MGSP to possession and occupation thereof until the termination of the commercial operations period;

5.2.8 At the Actual COD, the MGSP shall obtain and maintain the insurance policies required by Applicable Law and such other insurance covers under commercially reasonable terms, acceptable to NPC. In case of an insurable event affecting or causing damage to the Generation and/or Distribution System, all proceeds of insurance policies received by MGSP shall be used to reinstate the Generation and/or Distribution System;

5.2.9 Execute a certification under oath that the Distribution System complies with the operating parameters in Schedule 2 and that the Guaranteed Dependable Capacity shall be available in accordance with Schedule 3;

5.2.10 Secure and comply with all appurtenant requirements necessary for its development of the Microgrid System in Cagbalete Island, Mauban, Quezon and its operation as MGSP in the area as set forth in Schedule 5 and submit reportorial requirements required by the ERC and DOE pursuant to their powers under Sections 11 and 12 of the

Microgrid Systems Act, respectively, on a regular basis in accordance with current applicable laws and rules. Any reports submitted pursuant to this Section shall be copy furnished to NPC;

5.2.11 In the event that the actual load requirements trigger a forecast that will exceed the Load Requirements as set forth in Schedule 2, the MGSP shall review its requirement for additional generation and/or distribution assets and first request DOE to approve and issue a Certificate of Endorsement (COE) to apply for ERC approval of the adjusted FCRR. In the meantime, for increase of load requirements and to avoid power interruptions or load shedding in the MGSP service area, the MGSP shall supply the load requirements and recover the same approved FCRR for the additional supply within the capacity of the installed generation and/or distribution assets and endeavor its best effort to source additional supply within its capacity as MGSP;

5.2.12 Comply with all its accompanying obligations and responsibilities pursuant to applicable laws, rules and regulations, including but not limited to R.A. No. 11646 and its IRR and R.A. No. 9136 and its IRR, among others; and

5.2.13 Comply with the Energy Regulation No. 1-94 "Benefits to Host Communities," as may be applicable

The conditions, responsibilities and obligations stated herein apply to MGSP and jointly and severally, to the members thereof, and its assignees, and successors.

5.3 Obligations of NPC

5.3.1 When applicable, execute Phase-In Phase-Out (PIPO) Agreement with MGSP for the proper and smooth transition of power supply service in the MGSP Service Area prior to the Actual COD;

5.3.2 File a petition with the ERC regarding UC-ME collection, recovery, availment, and payment pursuant to relevant ERC Resolution;

5.3.3 Exclusively collect from the DUs, administer, and apply UC-ME;

5.3.4 Release the UC-ME subsidy within forty-five (45) calendar days pursuant to Section 6 hereof;

5.3.5 Conduct performance testing, at least once a year, to check compliance with the operating parameters in Schedule

2 and that the Guaranteed Dependable Capacity shall be available in accordance with Schedule 3; and

5.3.6 Subject to DOE's endorsement, take-over the operation of the MGSP in the event of termination as provided under Section 9.9 of this Contract.

6 PAYMENT OF SUBSIDY FEE TO MGSP

6.1 Payment of Subsidy Fee. Payment of the Subsidy Fee shall be made within forty-five (45) calendar days, from receipt of the complete supporting documents indicated in the Disbursement Procedure in Schedule 6. The ERC Approved rate will be used for the calculation of the Subsidy Fee.

6.2 Allocation of Subsidy Fee. In the event that the approval of the NPC application for adjustment of the ERC-approved UCME is not obtained on time and the remaining UCME allocated for MGSPs is no longer sufficient to cover for the subsidy obligations of all the MGSPs, NPC shall ensure equitable allocation of the remaining UCME to all of the MGSPs. NPC, with the assistance of the MGSP, shall endeavor to exert all efforts to secure the necessary ERC approval. NPC shall prioritize the UCME funds in accordance with ERC approval to promote and fulfill the obligations under the MGSP Act for the benefit of rural electrification.

Notwithstanding, the MGSP may be allowed to adjust their level of service to the energy that can be supplied by the existing RE system, subject to prior approval from the DOE.

6.3 Meter Reading and Fuel Inventory. A meter reading and fuel inventory shall be conducted at the end of each Billing Month (25th day of each calendar month) and shall be witnessed by the duly authorized representative/s of NPC. In the event that any or all of NPC representative/s is/are absent for reasons not due to the fault of the MGSP, the MGSP shall proceed with the meter reading and fuel inventory to prevent delay of MGSP's billing to NPC. However, MGSP shall provide NPC full documentation of the meter reading including a dated photograph of the meter readings and fuel inventory taken by the MGSP upon delivery of Subsidy Fee Invoice to NPC.

6.4 Billing to NPC. Within ten (10) business days from the end of each Billing Month, MGSP shall deliver to the appropriate NPC Area Manager ("Area Manager") the Subsidy Fee Invoice and its attached documents setting forth the amount of Subsidy Fee due from NPC computed in accordance with Schedule 4 hereof and ERC approval. For uniformity in the computation of the Subsidy Fee, the figures shall be adjusted to four decimals for rates (PhP/kWh) and two decimals for the amount in PhP and in the volume in liters for fuel.

6.5 Payments. The amount stated in the Disbursement Voucher (DV) following validation of the Subsidy Fee Invoice under Section 6.4 shall be due and payable within forty-five (45) calendar days from receipt of the Invoice complete with billing attachments as determined by NPC, provided that all pertinent government auditorial requirements, as listed in Schedule 7, have been complied with and that the following terms shall be observed and/or complied with by the Parties at all times:

6.5.1 Manner of Payment. All sums indicated in the disbursement voucher shall be paid in Philippine Pesos.

6.5.2 MGSP Account. All payments in relation to this Contract shall be made by check, or by electronic fund transfer ("EFT") of cleared funds to a valid account of the payee, via any electronic payment system as allowed by the Bangko Sentral ng Pilipinas ("BSP").

6.5.3 Except those which are required by law to be withheld by NPC, all payments shall be free and clear of bank draft or delivery charges, set offs, and other similar fees and charges.

6.5.4 As part of NPC's obligation to endeavor to cover the subsidy requirements of MGSPs, a yearly projected generation shall be submitted by the MGSP on or before 10th of January of every calendar year as basis of calculation of subsidy requirement and for budget preparation of the following year. Should the budgeted UCME for the year be insufficient due to increase in generation not included in the projection, the payment of UCME shall be limited to the allocated amount for the MGSPs pending the availability of the UCME budget.

6.5.5 In compliance with Article V, Section 19 of ERC Resolution No. 17, Series of 2023, there shall be no subsidy payment pending the approval of the COC, unless a provisional authority is issued by the ERC allowing the MGSP to operate and allowing such payment. Provided however, that the MGSP shall be entitled to receive its subsidy, even without the COC, upon the issuance of the Notice/Acknowledgement or similar document issued by the ERC, pursuant to Section 5.3 of Annex C of the DOE Department Circular No. DC2025-04-0007.

6.5.6 Payment of Capacity and Fixed Fee for the recovery of project cost and fixed operating cost respectively, shall not exceed the billing determinant in kWh and/or absolute amount to be determined by ERC. However, this is without prejudice to the right of the MGSP to re-apply for adjustment of the rates before the ERC, should any instance warrant the same.

6.5.7 MGSP shall provide NPC annually of its Audited Financial Statements every second quarter of the following year until the end of the Term for reference.

6.5.8 In extreme cases when the FCRR is lower than the approved SARR, the MGSP shall collect the full SARR from its end-users and remit the said difference (SARR less FCRR) back to the UCME, through the NPC.

6.5.9 In case of different interpretation on the application of ERC rates, the MGSP shall seek clarification from ERC. Pending issuance of ERC clarification, NPC will pay the lowest applicable calculated rate or amount, subject to subsequent adjustment, remittance, and/or refund of any excess or deficiency once the correct rate or amount is determined by the ERC.

6.5.10 The MGSP is required to submit complete audit requirements/documents prior to any subsidy payments as provided in Schedule 7.

6.5.11 NPC shall only pay within the bounds of the provisional or final ERC Approval, as applicable. Thus, NPC is authorized to cease and/or adjust the payment of the subsidy when it will result to the overpayment beyond the amounts approved in the applicable approval of the ERC.

6.5.12 In case MGSP disputes the Subsidy Fee payment, it shall file the appropriate motion with the ERC. NPC shall only resume payment of the disputed subsidy payment upon the issuance of the appropriate Order specific to this case. Nevertheless, subsidy payments not covered by the disputed billing periods shall be continually paid in this case.

6.6 Issuance of the Final Approval by the ERC. This provision shall govern once the ERC has issued the final approval for the instant case.

6.6.1 If the final approval is higher than the rate approved in the provisional approval, NPC shall pay the difference.

6.6.2 If the final approval is lower than the rate approved in the provisional approval, the MGSP shall refund the same back to the NPC through the issuance of NPC Debit Memo.

6.6.3 In both instances, NPC and MGSP shall agree on the payment scheme for additional payment or refund of the subsidy. This is without prejudice to the right of the Parties to file a Motion for Reconsideration or Appeal to the final decision.

6.6.4 In the event that ERC approves an FCRR or imposes a SARR that would materially affect the commercial viability of the MGSP or hinder the social acceptance of SARR by the community, the MGSP shall have the right to either submit a motion for reconsideration, as permitted in the ERC's rules of procedure, and seek the DOE's approval for the adjustment of its operations based on the approved FCRR or SARR.

6.7 Billing Dispute. In the event the NPC, upon audit, disputes certain portions of the Subsidy Fee Invoice, as provided in the disbursement procedure under Schedule 6 hereof, the procedure shall be as follows:

6.7.1 Following the procedure in Schedule 6 hereof, the NPC shall disburse the undisputed portion of the Subsidy Fee Invoice to the MGSP.

6.7.2 For the Disputed Amounts, NPC Authorized Representative shall set forth the disputes in a written notice to MGSP, expressing in detail the reason for its dispute and requiring the submission of necessary documents as the case maybe. MGSP shall then have five (5) business days from receipt of written notice within which to submit its reply and/or the documents necessary and required to settle the dispute.

6.7.3 Upon submission of the reply and/or required documents, NPC shall have ten (10) business days to notify the MGSP if the reply or the submitted documents are satisfactory to settle the dispute. Within five (5) business days from the said notice, NPC shall issue the disbursement voucher for payment.

6.7.4 Should the NPC determine that the reply and/or the documents submitted are insufficient to resolve the dispute, NPC shall instead issue, within the same ten (10)-day period, a second notice following the procedure under Section 6.7.2 above. Should the dispute not be resolved within thirty (30) business days from the MGSP's receipt of the written notice from NPC, the matter shall be brought to ERC for dispute resolution under Section 11 herein.

6.7.5 Disputed amount shall not bear interest/penalties/surcharges pending its resolution and until the final resolution of the dispute.

6.7.6 Billing dispute shall not affect future billings which are compliant and bear no defect, thus NPC is obliged to process and pay the same.

6.8 Grounds for Dispute. The amount invoiced may be disputed in the event that:

6.8.1 The complete set of documentary requirements has not been submitted by the MGSP.

6.8.2 The Subsidy Fee as indicated in the Subsidy Fee Invoice has been incorrectly calculated based on the figures provided for in the supporting documents

6.8.3 There is an existing/pending request for clarification with the ERC concerning the propriety or corrections of the subsidy claims.

6.8.4 NPC determines that the amount invoiced by the MGSP after examining all the supporting documents submitted with the Subsidy Fee invoice against the terms, formulas, and other conditions stipulated in the ERC Order approving the same, is incorrect or improper.”

**PROPOSED RATES FOR THE DISTRIBUTION
UTILITY-OPERATED MICROGRID SYSTEM**

26. MERALCO’s proposed FCRR, SARR and the corresponding UC-ME subsidy to be recovered from NPC, as provided under Schedules 4 and 5 of the MSC, are as follows:

Table 1. Breakdown of Full Cost Recovery Rate

Cagbalete MGSP		Diesel	Solar-BESS	Blended FCRR*
Generation	Capital Recovery Fee	5.61	30.01	22.9
	Fixed Operation and Maintenance Fee	2.12	4.63	3.9
	Variable Operation and Maintenance Fee	1.53	0.41	0.7
	Diesel Fuel Cost	16.52		4.8
	Sub-total	25.78	35.05	32.4
Distribution	Capital Recovery Fee	5.86		5.86
	Operation and Maintenance Fee	0.95		0.95
	Sub-total	6.81		6.81
Blended FCRR				39.17

**Figures for the generation component are multiplied to the distribution mix split where Solar-BESS is 71% while Diesel is 29% for proper allocation.*

Table 2. Subsidized Approved Retail Rate and Equivalent UC-ME Subsidy Fee for Residential Customers at Typical Consumption Levels*

kWh	FCRR (PhP/kWh)	SARR (PhP/kWh)	FCRR Amount (PhP)	SARR Amount (PhP)	Estimated Amount Charged to UC-ME (PhP)	Estimated Rate Charged to UC-ME (PhP/kWh)
50	39.17	12.00	1,958.50	600.00	1,358.50	27.17
70	39.17	12.00	2,741.90	840.00	1,901.90	27.17
100	39.17	12.00	3,917.00	1,200.00	2,717.00	27.17
200	39.17	12.00	7,834.00	2,400.00	5,434.00	27.17
300	39.17	12.00	11,751.00	3,600.00	8,151.00	27.17
400	39.17	12.00	15,668.00	4,800.00	10,868.00	27.17
500	39.17	12.00	19,585.00	6,000.00	13,585.00	27.17
100	39.17	12.00	39,170.00	12,00.00	27,170.00	27.17

**The figures are exclusive of VAT and shall be subject to VAT where applicable.*

Table 3. Subsidized Approved Retail Rate and Equivalent UC-ME Subsidy Fee for Non-Residential Customers at Typical Consumption Levels*

kWh	FCRR (PhP/kWh)	SARR (PhP/kWh)	FCRR Amount (PhP)	SARR Amount (PhP)	Estimated Amount Charged to UC-ME (PhP)	Estimated Rate Charged to UC-ME (PhP/kWh)
50	39.17	15.00	1,958.50	750.00	1,208.50	24.17
70	39.17	15.00	2,741.90	1,050.00	1,691.90	24.17
100	39.17	15.00	3,917.00	1,500.00	2,417.00	24.17
200	39.17	15.00	7,834.00	3,000.00	4,834.00	24.17
300	39.17	15.00	11,751.00	4,500.00	7,251.00	24.17
400	39.17	15.00	15,668.00	6,000.00	9,668.00	24.17
500	39.17	15.00	19,585.00	7,500.00	12,085.00	24.17
1000	39.17	15.00	39,170.00	15,000.00	24,170.00	24.17
2000	39.17	15.00	78,340.00	30,000.00	48,340.00	24.17
3000	39.17	15.00	117,510.00	45,000.00	72,510.00	24.17
4000	39.17	15.00	156,680.00	60,000.00	96,680.00	24.17
5000	39.17	15.00	195,850.00	75,000.00	120,850.00	24.17

**The figures are exclusive of VAT and shall be subject to VAT where applicable.*

ENERGIZATION OF CAGBALETE ISLAND

27. Following the issuance of the DOE LTP and the execution of the MSC with NPC, with the support of the Honorable Commission, MERALCO proceeded to energize Cagbalete Island through the DU MGS on 18 December 2025. As a result, MERALCO was able to provide 24/7 electricity under the second phase to a total of ninety-five (95) customers as of May 2026.

28. However, pending the Honorable Commission’s approval of the MSC and issuance of the corresponding ATO, MERALCO has not billed said customers, and collected applicable UC-ME subsidy from NPC, since January 2026. As of May 2026, MERALCO has accumulated unbilled SARR and uncollected UC-ME subsidy as follows:

Months	January	February	March	April	May	Total
No. of SIN*	91	92	92	94	95	
Total Actual Consumption (kWh)	4,825	5,132	8,657	17,780	23,390	59,784
FCRR**	188,995.25	201,020.44	339,094.69	696,442.60	916,186.30	2,341,739.28
Unbilled SARR***	57,900.00	63,114.00	111,360.00	240,195.00	318,633.00	791,202.00
Uncollected UC-ME subsidy****	131,095.25	137,906.44	227,734.69	456,247.60	597,553.30	1,550,537.28

**Three (3) Non-Residential Customers as of May 2026*
***Actual Consumption (kWh) multiplied by proposed FCRR at PhP39.17, exclusive of VAT*
****Actual Consumption (kWh) multiplied by proposed SARR at PhP12.00 for Residential and PhP15.00 for Non-Residential Customers, exclusive of VAT*
*****FCRR less uncollected SARR*

29. Corollary to the foregoing, MERALCO respectfully petitions the Honorable Commission to authorize the billing of the concerned customers and the corresponding collection of the UC-ME subsidy from NPC, covering the period beginning January 2026 consistent with the energization of Cagbalete Island.

DOCUMENTS IN SUPPORT OF THE APPLICATION

30. In support of the allegations in the instant *Application*, MERALCO hereby submits the following documentary requirements:

DOCUMENT	ANNEX
Microgrid System Provider Service Contract (MSC) between MERALCO and NPC	"A"
MERALCO Secretary’s Certificate dated 06 March 2025	"A-1"
DOE’s Letter to Proceed dated 23 September 2025	"B"
MERALCO’s Cagbalete Island DU-MGSP Proposal submitted to the DOE*	"C"
MERALCO and DOE correspondences, namely: <ul style="list-style-type: none"> • MERALCO’s Letter to DOE dated 10 March 2025 • DOE’s Letter to MERALCO dated 24 March 2025 • MERALCO’s Letter to DOE dated 25 April 2025 • DOE’s Letter to MERALCO dated 13 May 2025 • DOE’S Letter to MERALCO dated 20 August 2025 • MERALCO’s Letter to DOE dated 04 September 2025* • DOE’s Letter to MERALCO dated 05 September 2025 	"D" "D-1" "D-2" "D-3" "D-4" "D-5" "D-6"

<ul style="list-style-type: none"> • MERALCO's Letter to DOE dated 15 October 2025 • DOE's Letter to MERALCO (received on 03 November 2025) 	"D-7" "D-8"
Cagbalete Island DU MGS Project Status Report	"E"
Cagbalete Island DU MGS Plan for Compliance with the Philippine Small Grid Guidelines (PSGG), Microgrid Rules and Renewable Portfolio Standard (RPS) Guidelines of Off-grid Area*	"F"
Technical Details of the Cagbalete Island DU MGS*	"G"
Financial Details of the Cagbalete Island DU MGS*	"H and series"
Proposed Customer Bill Format	"I"
Fuel Procurement Plan*	"J"
MERALCO's Certificate of Incorporation, SEC-issued Articles of Incorporation and By-Laws	"K"
MERALCO's Latest General Information Sheet (containing the list of its shareholders, subsidiaries and all its affiliates)	"L"
MERALCO's Latest Audited Financial Statement	"M"
Certificate of Energy Project of National Significance (CEPNS) dated 11 November 2025	"N"
Business Permit dated 22 January 2026 issued by the City of Pasig	"O"
Permit to Operate (PTO) dated 19 November 2026	"P"
Wastewater Discharge Permit (WDP) dated 25 February 2026	"Q"
Certificate of Non-Overlap (CNO) dated 24 February 2026	"R"
Proposed Fuel and Lube Consumption Cap and Manufacturer's Certification dated 12 March 2026	"S"
Proof of Application for the Environmental Compliance Certificate (ECC) with the Department of Environment and Natural Resources (DENR)	"T"
Proof of Application for the Solar Energy Operating Contract (SEOC) with the DOE	"U"
Proof of Application for the Business Permit with the Municipality of Mauban, Quezon	"V"
Proof of Application for the Water Permit with the National Water Resources Board (NWRB)	"W"
MERALCO's Sworn Statement with Undertaking dated 04 June 2026	"X"

**Subject of a Motion for Confidential Treatment of Information*

ALLEGATIONS IN SUPPORT OF THE MOTION FOR CONFIDENTIAL TREATMENT OF INFORMATION

31. Under Rule 4 of the Honorable Commission’s *Revised Rules of Practice and Procedure*, a party to any proceeding before the Honorable Commission may request that certain information not be disclosed and be treated as confidential, by describing with particularity the information to be treated as confidential, specifying the ground for the claim of confidential treatment of the information and, if applicable, specifying the period during which the information must not be disclosed.

32. With respect to *Annexes "C," "D-5," "F," "G," "H" and series, and "J"*, MERALCO respectfully moves that these be treated as confidential and not be disclosed to any party for the reason that these contain non-public, commercially sensitive and proprietary information, data and calculations involving the investments, financial calculations and business operations of MERALCO. The data and information contained therein are part of the overall formula and process in arriving at the DU MGS rates of MERALCO for Cagbalete Island. If the information contained in these documents is unduly disclosed, it will seriously prejudice the competitiveness of MERALCO as an MGSP. Accordingly, these documents contain "trade secrets" and should be accorded strict confidentiality.

33. The Supreme Court, in the case of *Air Philippines Corporation v. Pennswell, Inc.*,¹¹ had the opportunity to discuss the definition of "trade secrets" and the great extent to which the same are protected under our laws, viz:

"A trade secret is defined as a plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it. The definition also extends to a secret formula or process not patented, but known only to certain individuals using it in compounding some article of trade having a commercial value. **A trade secret may consist of any formula, pattern, device, or compilation of information that: (1) is used in one's business; and (2) gives the employer an opportunity to obtain an advantage over competitors who do not possess the information. Generally, a trade secret is a process or device intended for continuous use in the operation of the business, for example, a machine or formula, but can be a price list or catalogue or specialized customer list. It is indubitable that trade secrets constitute proprietary rights.**" *(Emphasis supplied.)*

34. MERALCO hereby submits one (1) copy of the foregoing confidential documents in a sealed envelope, with the envelope and each page of the documents marked "Confidential."

35. It is respectfully submitted that the interest of the consumers of MERALCO is sufficiently protected by the review and evaluation of the rates under the MSC by the Honorable Commission, without the need

¹¹ G.R. No. 172835, 13 December 2007.

to disclose the contents of *Annexes "C," "D-5," "F," "G," "H" and series, and "J."* Such reasonableness and transparency is to be assured by the Honorable Commission through its own review and verification of the foregoing documents sought to be afforded confidential treatment in the evaluation and handling thereof.

PRAYER

WHEREFORE, applicant MERALCO respectfully prays that the Honorable Commission:

1. **ISSUE** an *Order* treating *Annexes "C," "D-5," "F," "G," "H" and series and "J,"* and all other information contained therein, as confidential, directing their non-disclosure to persons other than officers and staff of this Honorable Commission, continuously protecting the said information from public disclosure by maintaining the same separate and apart from the records of the case, and ensuring that these are not divulged to unauthorized persons, and that the same will be returned to MERALCO, pursuant to Rule 4 of the *Revised Rules of Practice and Procedure* of the Honorable Commission;
2. After hearing on the merits, **RENDER** a *Decision*:
 - a. **APPROVING** the Microgrid Service Contract between MERALCO and NPC for the electrification of Cagbalete Island, through a Distribution Utility Operated Microgrid System;
 - b. **APPROVING** the proposed Full Cost Recovery Rate and the corresponding Subsidized Approved Retail Rate to be imposed by MERALCO on the end-users of Cagbalete Island; and
 - c. **AUTHORIZING** MERALCO to implement billing of unbilled end-users of Cagbalete Island at the approved Subsidized Approved Retail Rate and to avail of the corresponding UC-ME subsidy from NPC, beginning January 2026 consistent with the energization of Cagbalete Island.

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

Pasig City, 04 June 2026.

MANILA ELECTRIC COMPANY

Applicant

7th Floor, Lopez Building,
Ortigas Avenue, Barangay Ugong, Pasig City
Tel no. 1622-2260; Fax No: 1622-3550
Email: regaffairs@meralco.com.ph

By:

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MCLE Compliance No. VIII-0008456; Valid until 14 April 2028

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MCLE Compliance No. VIII-0029855; Valid until 14 April 2028

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IBP No. 575266; 12/29/2025; RSM
MCLE Compliance No. VIII-0019060; Valid until 14 April 2028

**VERIFICATION AND
CERTIFICATION AGAINST FORUM SHOPPING**

I, **JOSE S. REYES, JR.**, Filipino, of legal age, married and with office address at 4th Floor, Technical Services Building, MERALCO Center, Ortigas Avenue, Pasig City, after being sworn to in accordance with law, hereby depose and say, that:

1. I am the Vice President and Head, Networks Technology Management Office, of Manila Electric Company ("MERALCO"). In such capacity, I have caused the preparation of the foregoing *Application*. A copy of the *Secretary's Certificate* authorizing me to cause the preparation of said *Application* and sign this *Verification and Certification* is attached hereto as *Annex "A,"* and

2. I have read and understood the foregoing *Application*, the allegations of which are true and correct based on my own personal knowledge and/or on authentic records;

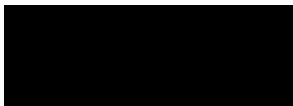
3. The *Application* is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

4. The factual allegations in the *Application* have evidentiary support, or if specifically so identified, will likewise have evidentiary support;

5. I certify that I have not commenced any other action involving the same issues in this case with this Honorable Commission, or any tribunal or quasi-judicial agency and to the best of my knowledge, no such action or proceeding is pending in this Honorable Court or any tribunal or quasi-judicial agency.

6. Should I hereafter learn that a similar action or proceeding has been filed or is pending before this Honorable Commission or any tribunal or quasi-judicial agency, I undertake to promptly inform this Honorable Commission and other tribunal or agency thereof within five (5) calendar days therefrom.

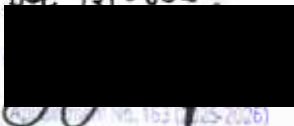
IN WITNESS WHEREOF, I have hereunto affixed my signature this JUN 04 2026 at Pasig City, Philippines.


JOSE S. REYES, JR.
Affiant

SUBSCRIBED and SWORN to before me this AUG 05 2026, affiant exhibited to me his ID  which expires on Dec. 12, 2032.

Doc. No. 27;
Page No. 7;
Book No. 11;
Series of 2020.




City of Pasig and Municipality of Pateros
Issued on 24 February 2025, until December 31, 2025.
Roll No. 64977; IBP No. 568342; 12/19/2025; RSM
PTR No. 4035314; 01/07/2025; Pasig City
MCLE Compliance No. VIII-0038475; valid until 14 April 2027
7th Floor | Legaspi Street | Corrales Drive | Pasig City

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

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:

1. At the regular meeting of the Board of Directors of the Company duly convened and held on June 26, 2023, at which meeting a quorum was present, acted throughout and voted, the following resolutions amending the resolutions of the Board on July 25, 2022 on the same subject, was approved and that said amendatory resolution is in full force and effect on the date hereof:

“RESOLVED, that until otherwise specified by this Board, the Company is hereby authorized, empowered and directed:

- (1) to enter into such transactions for the acquisition, sale, lease or sub-lease, donation, exchange, assignment, transfer, conveyance or disposition of any real or personal property, including rights and interests therein, of the Company;
- (2) to enter into contracts or agreements (including joint venture agreement) for the use, management, or administration of the properties of the Company;
- (3) to negotiate, enter into, agree, and execute any agreement, contract, or transaction for the management, operation, or pursuit of the business of the Company;
- (4) to negotiate, agree, and execute any agreement, contract or transaction pertaining to the purchase of raw materials, spare parts, machinery, equipment and other like items;
- (5) to contract services necessary for the operations of the Company;
- (6) to apply for permits, licenses, and authorizations with the proper government agencies or instrumentalities relative to, and in respect of, constructions, renovations and alterations or lands, buildings and other improvements thereon, as well as, for the installation and maintenance of public utilities, such as, among others, power, light, water, telephone, and communication, and such other permits, licenses or authorizations required, necessary, and/or incidental to the business of the Company;

- (7) to acquire Tax Credit Certificates (TCCs) from customers and other entities under reasonable terms and conditions;
- (8) to accept donation of cash, land and property, including title, rights and interests therein, on behalf of the Company;

“RESOLVED, that for the purpose of implementing the foregoing acts, the following officers (who should not be a Comptroller or Assistant Comptroller) are hereby authorized to act as representatives and signatories of the Company under the Group appearing before their names:

GROUP A

President & Chief Executive Officer
Chief Operating Officer
All Vice Presidents
Chief Finance Officer
Treasurer
Corporate Secretary

GROUP B

Assistant Vice Presidents
Assistant Treasurer

“RESOLVED, FURTHER, that the following threshold amounts or values involved in any transactions shall be determinative of the appropriate representative or signatory of the Company:

AMOUNT	SIGNING AUTHORITY
₱100,000 and below or its equivalent in any foreign currency	Any two (2) signatories from Group A and/or Group B
₱100,001 to ₱10,000,000 or its equivalent in any foreign currency	Any two (2) signatories from Group A or one (1) signatory each from Group A and Group B
₱10,000,001 and above or its equivalent in any foreign currency	Any two (2) signatories from Group A

PROVIDED, that when the transaction requires at least two (2) signatories, the Chief Finance Officer, Treasurer cannot, at the same time, be the signatories to any of the foregoing transactions;

“RESOLVED, FURTHER, that the above officers shall have the authority to determine such terms and conditions that are reasonable, necessary, proper, convenient, or appropriate in the premises (such determination to be conclusively evidenced by the action and documents executed and delivered by the said officers), except subscription agreements for the purchase of preferred shares, which can be signed and executed by the Corporate Secretary or any Assistant Corporate Secretary;

"RESOLVED, FURTHER, that the above signatories shall have the authority to execute, sign, issue, and deliver in the name and on behalf of the Company any and all agreements, contracts, instruments, powers of attorney, authorizations, certifications, and other documents necessary to implement and carry into effect the authority herein granted;

"RESOLVED, FURTHERMORE, that the Corporate Secretary or any Assistant Corporate Secretary of this Company be, as he is hereby, authorized and directed to furnish under the seal of this Company certified copies of the foregoing resolution to any person, firm, corporation, or government office or agency who may desire or require the same in connection with the execution or implementation of the foregoing resolution;

"RESOLVED, FINALLY, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked."

2. Pursuant to the above resolutions, Mr. Jose S. Reyes Jr., Vice President and Head, Networks Technology Management, is hereby designated as duly authorized representative and signatory of the Company to act and on its behalf in all business transactions, including but not limited to the application for permits, licenses and certifications, and any documents or transactions with the proper government agencies in connection with its Cagbalete Island Microgrid Project.

WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this 6th day of March 2025.

WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 7th of March 2025, affiant exhibited to me his Taxpayer Identification Number (TIN) [REDACTED] issued by the Bureau of Internal Revenue (BIR) as his competent evidence of identity.

Doc. No. 274;
Page No. 16;
Book No. XXV/113
Series of 2025.

DST #20785024

WILLIAM S. PAMINTUAN, C.P.A.
Notary Public
Issued on March 25, 2025
Appointment No. 172
Roll No. 45053 iBP Lifetime Member No. 19740/ RSM Chapter
PTR No. 2831093 01/02/2025 Pasig City
MCLE No. VIII - 0006616 04/14/2028
9th Floor, Lopez Bldg., Ortigas Avenue, Pasig City