PRESS RELEASE

HIGHER GENERATION CHARGE TRIGGERS INCREASE IN OCTOBER POWER RATES

MANILA, PHILIPPINES, 13 OCTOBER 2026– Following back-to-back rate reductions, the Manila Electric Company (Meralco) announced today an upward adjustment of P0.3191 per kWh in the electricity rate for the month of October. This brings the overall rate for a typical household to P15.0615 from P14.7424 per kWh in September.

For residential customers of Meralco who are consuming 200 kWh, this adjustment translates to an increase of around P64 in the total electricity bill.

Higher generation charge drives overall rate increase

Driving this month's overall rate increase was the generation charge which went up by P0.4973 per kWh.

Charges from First Gas/Prime CoreGen went up by P3.2206 per kWh due to higher fuel costs as a result of its utilization of liquefied natural gas for September supply, the price of which remains elevated with the ongoing Middle East conflict; as well as the weakening of the Peso against the US Dollar that affected around 89% of First Gas/Prime CoreGen costs that were dollar-denominated.

Charges from the Wholesale Electricity Spot Market (WESM) also increased by P3.5167 per kWh owing to the increase in WESM bill adjustments and tighter supply conditions in the Luzon grid in the September supply month.

Meanwhile, charges from Power Supply Agreements (PSAs) went down by P0.7567 per kWh. Fuel cost of South Premier Power Corp. (SPPC) was lower this month due to its utilization of Malampaya natural gas tempered the increase brought about by Peso depreciation, affecting around 54% of PSA costs that were dollar denominated.

For this period, First Gas/Prime CoreGen, WESM, and PSAs accounted for around 24%, 2%, and 74%, respectively, of Meralco's total supply requirements.

Ancillary service, transmission, and other charges

The increase in the generation charge was partly tempered by lower charges from the National Grid Corporation of the Philippines (NGCP), as well as a net reduction in taxes and other charges.

Ancillary service charge for residential customers went down by P0.1321 per kWh due to lower charges from the Reserve Market, while the transmission charge also slightly decreased by P0.0063 per kWh. Together, these brought down NGCP charges by P0.1384 per kWh.

Despite the P0.0634 per kWh increase in universal charge for missionary electrification in accordance with a recent directive by the Energy Regulatory Commission (ERC), taxes and other charges still registered a net

decrease of P0.0398 per kWh. Taxes decreased by P0.1436 per kWh due to higher share of indigenous natural gas which is exempt from value-added tax (VAT) and the removal of the VAT on the system loss charge.

Pass-through charges for generation, and transmission and ancillary service are paid by Meralco to the power suppliers and the NGCP, respectively; while taxes, universal charges, and other public policy charges are all remitted to the government and the relevant agencies.

Meralco ready to implement rate adjustments ordered by the ERC

After over 15 years without a rate reset, the ERC has announced the approval of an average distribution rate of P1.48 per kWh for Meralco for the First Regulatory Period (1RP) covering the period July 1, 2026 to June 30, 2030.

While Meralco has yet to receive a copy of the ERC's decision, the distribution utility welcomes the development as this addresses outstanding regulatory matters and provides stability for the energy industry.

"We believe that this will allow Meralco to move forward with greater clarity as we pursue investments and initiatives to modernize our distribution network and enhance service delivery. As outlined in our rate reset application and detailed in the public hearings, these include investments in advanced metering infrastructure, cybersecurity, and other network modernization projects that will help improve operational efficiency, strengthen system reliability, and deliver better service to our millions of customers in the next four years," Meralco Senior Vice President and Head of Regulatory Management Atty. Jose Ronald V. Valles said.

Despite Peso depreciation, global increases in the cost of materials, increases in the cost of basic commodities, and higher minimum wage rates over the 15-year period, it can be recalled that Meralco's actual distribution charge has not increased and even went down to P1.35 effective 2016.

Meanwhile, the ERC also announced that it has approved Meralco's application to refund P2.64 billion, equivalent to an average refund rate of P0.1020 per kWh for all customer classes and a higher P0.1733 per kWh for residential customers, to be implemented beginning November 2026 billing over six (6) months or until such time the full amount has been fully refunded.

"We welcome the regulator's prompt action on our latest refund application, which we hope will give immediate relief to consumers," Atty. Valles said.

The latest refund covers Meralco's application for the Lapsed Period from January to June 2026 and was filed in compliance with previous ERC orders for the years when distribution utilities like Meralco did not have a rate reset. Subsequently, adjustments had to be filed to the ERC to cover the difference between Meralco's actual weighted average tariff (AWAT) and the Meralco's approved distribution tariff during the declared Lapsed Period.

Meralco likewise is continuously implementing two simultaneous refunds—equivalent to a total of P1.0139 per kWh for residential customers, covering the Lapsed Periods from July 2022 to December 2025.

Meralco readies measures to manage impact of El Niño

Meralco assures customers of its readiness for the potential impact of the El Niño phenomenon, working closely with the government, particularly with the Department of Energy (DOE) and relevant agencies, to monitor developments and prepare for the expected spike in demand.

As part of its preparations, Meralco has contracted sufficient supply to meet the requirements of its over 8.3 million customers. It also ensures good condition of its facilities through regular maintenance activities, as well as upgrades and improvements to its distribution network.

"With higher temperatures expected during the El Niño, we anticipate increase in electricity demand. We therefore call on our customers to be mindful of their consumption and to practice energy efficiency, which will also help in managing their electricity bills," Meralco Vice President and Head of Corporate Communications Joe R. Zaldarriaga said.

Some energy efficiency tips that customers can observe include unplugging appliances when not in use; utilizing natural light when and where possible; and setting air conditioners to 25°C with regular maintenance to ensure efficient operation. Meralco also advises avoiding overloading refrigerators to allow proper air circulation inside, and ironing clothes in large batches.

As an additional contingency measure, Meralco continues to encourage more businesses and industrial establishments to participate in the government's Interruptible Load Program (ILP), which supports demand-side management during periods of tight power supply.

Under the ILP, participating large-load customers use their own generator sets or temporarily shift their operations instead of drawing electricity from the grid when needed. This helps free up available power supply for other customers, particularly households, during Red Alert conditions or when available supply is insufficient to meet demand, helping reduce the risk of power interruptions.

Customers can report their electricity service concerns through the My Meralco app or through Meralco's official social media accounts on Facebook (www.facebook.com/meralco) and X (@meralco). They may also text their concerns to 0920-9716211 or 0917-5516211 or contact the Meralco Hotline at 16211.#

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About Meralco
Meralco is the largest electric power distribution company and the largest private sector utility in the Philippines. Through a Consolidated Certificate of Public Convenience and Necessity, Meralco provides electric service within its franchise coverage. Its subsidiaries are engaged in engineering and consulting, construction, bills payments and other electricity-related services. A subsidiary is in the process of developing the Company's power generation portfolio.

Meralco is listed on the Philippine Stock Exchange (PSE: MER). Meralco has the largest market capitalization among the Philippine listed utility and power sector companies. Further information is available at www.meralco.com.ph.

Meralco is committed to data protection and privacy. To know more about how the Company protects personal data, please visit https://company.meralco.com.ph/privacy-statement.