



ORTIGAS AVENUE, PASIG CITY  
0300 PHILIPPINES

January 3, 2019

**MS. JANET A. ENCARNACION**

Head, Disclosure Department  
Philippine Stock Exchange, Inc.  
6/F PSE Tower  
5th Avenue corner 28th Street  
Bonifacio Global City, Taguig City

**MS. PAULA BEATRICE A. BUENO**

OIC – Issuer Compliance and Disclosure Department  
PHILIPPINE DEALING & EXCHANGE CORP.  
37<sup>th</sup> Floor, Tower 1, The Enterprise Center  
6766 Ayala Avenue corner Paseo De Roxas  
Makati City

Gentlemen:

We reply to your letter dated January 3, 2019 (received thru EDGE Submission System at 9:02 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “SMC-Meralco consortium investing P99b in coal plant” posted in [manilastandard.net](http://manilastandard.net) on January 2, 2019. The article reported in part that:

“The joint venture of SMC Global Power Holding Corp. and Meralco PowerGen Corp. plans to spend P99 billion to put up a 1,200-megawatt coal project in Mariveles, Bataan.

Mariveles Power Generation Corp., the joint venture firm, said in an environmental impact statement submitted to the Environmental Management Bureau it would construct and operate the Mariveles Coal Power Plant project in two phases, each with a 600-MW capacity.

The proposed project will be built on a 150-hectare property within the Mariveles Economic Zone of the Authority of the Freeport Area of Bataan in Barangay Biaan, Mariveles.

The project is expected to use imported coal from Indonesia and locally available coal from Daguma and Semirara coal mining operations.

Daguma Agro Minerals Inc., a unit of San Miguel Corp., the parent firm of SMC Global Power, will supply the Daguma coal.

The coal project will start upon completion of all needed permits and other regulatory requirements. Completion is expected by 2022.

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MPGC will supply 528 MW to Manila Electric Co. pending approval of a power supply agreement by the Energy Regulatory Commission. Hearings on the PSA were suspended previously because of the project's lack of an environmental compliance certificate.

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With reference to the said news article, we would to clarify that the joint venture between SMC Global Power Holding Corporation and Meralco PowerGen Corporation, a wholly owned subsidiary of the Manila Electric Company, provided for the development, construction and operation of a 600MW coal fired power plant ( the "Project") in Mariveles, Bataan Province. The said Project is currently undergoing the required regulatory permits and authorization process at this time.

We trust that you will find the foregoing clarification in order.

Very truly yours,



**JOCELYN C. VILLAR-ALTAMIRA**  
Assistant Vice President & Head  
Corporate Governance and Compliance