



February 28, 2024

DISCLOSURE DEPARTMENT

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Gentlemen:

We reply to your letter dated today, February 28, 2024 (received thru EDGE Submission System at 9:02 a.m.) requiring us to clarify and/or confirm the information contained in the news article entitled "Meralco awaits ERC on First Gen's ask" posted in BusinessMirror (Online Edition) on February 28, 2024.

The article reported in part that:

"LOPEZ-led First Gen Corp. wants to know from the Manila Electric Co. (Meralco) if it will be able to pay for the next batch of LNG (liquefied natural gas) supply to determine the next steps it must undertake for its next supply procurement.

'First Gen told us that if we can't commit that we will be able to pay the full cost of LNG and that of the GSPA (gas sale and purchase agreements) then it would not order from its supplier. If they won't order that would mean they would use the more expensive liquid fuel or they will shut down,' Meralco Regulatory Affairs Head Jose Ronald V. Valles said.

'And shutdown has never been our option. It is always the last resort. Shutting down the First Gas plants was never an option because if you do that there will be 1,500 megawatts that will be gone from the grid. We have proven time and again that it's more expensive to the consumers there is no electricity,' Valles added.



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Meralco filed manifestations with the Energy Regulatory Commission (ERC) to resolve the February 19 urgent motions it filed. Valles said the utility firm awaits guidance from the regulators before it can commit to First Gen.

'We told ERC to please reply to our letters as soon as possible so that we can get back to First Gen right away if they can proceed to order. First Gen needs our reply ASAP because there is a period in which it must follow. If it can't place an order within the prescribed period then it will use liquid fuel. That's why we need the ERC's reply to our very urgent motion,' said Valles.

Last February 19, Meralco sent letter and filed urgent motions to seek ERC confirmation of recovery from customers of the LNG costs during commissioning and commercial operations, and gas costs under the new GSPA between First Gen's Sta. Rita plant and its supplier.

It can be recalled that the ERC was constrained from giving Meralco any clearance for the recovery of such costs pending Meralco's validation of such charges, saying passing through of such costs to customers may be deemed premature.

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With reference to the said news article, we would like to confirm the statements attributed to our Atty. Jose Ronald V. Valles, SVP and Head, Regulatory Management regarding Manila Electric Company's (Meralco) ongoing discussions with First Gen Corporation (FGEN) concerning the latter's additional charges covering its LNG supply and that:

1. Meralco had filed urgent motions to the Energy Regulatory Commission (ERC) seeking confirmation of recovery from customers of the LNG costs during commissioning and commercial operations, as well as gas costs under the new Gas Sale and Purchase Agreement (GSPA) between First Gen's Sta. Rita plant and its supplier, as highlighted in the article.
2. Meralco is currently awaiting the guidance from its regulators in this regard.

The impact to the business will depend on the guidance to be provided by ERC as a regulator.

We will apprise the Exchange for any developments on this matter.

Very truly yours,



WILLIAM S. PAMINTUAN

Senior Vice President

Assistant Corporate Secretary

and Information Disclosure Officer