

The **Generation Charge** is a pass-through component of the Meralco bill. The level of the Generation Charge is adjusted on a monthly basis as prescribed by the Energy Regulatory Commission in its Order dated October 13, 2004 under ERC Case No. 2004-322 approving the "Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates by Distribution Utilities" or the AGRA.

COMPUTATION of the GENERATION CHARGE for JANUARY 2009 *

(Applicable for Customers Not Under TOU, CCP, and Ecozone)

Based on December 2008 Generation Costs

Source	(A) GWH (million kWh) Purchased	(B) Basic Generation Cost (PhP)	(C) Other Cost Adjustments (PhP)	(D = B+C) Total Generation Cost for the Month (PhP)	(E = D/A) Average Gen Cost (Dec 2008) (PhP/kWh)	(F) Average Gen Cost (Nov 2008) (PhP/kWh)	(G) Incr / (Decr) (PhP/kWh)	
NPC and WESM								
NPC **	701.10	3,178.58	(373.18) b	2,805.40	4.0015	3.5343	0.4672	
WESM ***	347.10	2,480.65	(375.10) c	2,105.55	6.0662 e	6.2308	(0.1646)	
Subtotal	1,048.19	5,659.23	(748.28)	4,910.96	4.6852	4.0770	0.6081	
IPPs	Dispatch a							
QPPL	70.45%	237.51	1,429.62	(0.67) d	1,428.95	6.0164 f	5.4997	0.5167
Sta. Rita	69.11%	517.45	2,109.03	-	2,109.03	4.0758 g	5.0589	(0.9831)
San Lorenzo	72.71%	274.30	935.69	-	935.69	3.4111 g	4.7231	(1.3119)
Subtotal	70.35%	1,029.26	4,474.34	(0.67)	4,473.66	4.3465	5.0784	(0.7319)
Others	0.38	1.34	-	1.34	3.4865	3.6447	(0.1582)	
TOTAL	2,077.84	10,134.91	(748.95)	9,385.96	4.5172	4.5941	(0.0769)	
Generation Rate Adjustments								
Pilferage Recovery					(0.0289) h	(0.0286)	(0.0003)	
High Load Factor Rider					0.0101	0.0123	(0.0021)	
TOU Differential					0.0023 i	0.0016	0.0007	
Generation Charge					4.5007	4.5793	(0.0786)	
Billing Month ----->					Jan 2009	Dec 2008		

Notes:

* based on December 2008 supply month preliminary bills of power suppliers including adjustments, as indicated below

** includes TSC and residual from NPC special programs

*** based on December 2008 preliminary bill and includes: i) previous month's adjustment on energy trading amount and market fees, ii) recovery of line rental costs of P2.107B due to congestion in July 2008, and iii) refund of accumulated net settlement surplus balance of P392M as of November 2008

a - The dispatch figures shown are the capacity factors of the IPPs' power plants.

b - for GRAM, ICERA, Franchise and Benefits to Host Communities, and other billing adjustments

c - for Market Fees and billing adjustment for the previous month

d - adjustment for transmission line fee

e - inclusive of billing adjustments stated above

f - QPPL's generation cost increased by P0.5167 per kWh, primarily due to the increase in the effective fixed cost per kWh resulting from the decline in energy deliveries.

g - The generation cost of Sta. Rita and San Lorenzo in December 2008 decreased by P0.9831 per kWh and P1.3119 per kWh, respectively, because of the full utilization of banked gas. Starting January 2009 supply month, the plants will use contracted levels of natural gas for the year.

h - represents the amount of PhP60.03 million pilferage recovery returned by Meralco to its customers

i - calculated based on the formula provisionally-approved by the ERC on December 15, 2008 in ERC Case Nos. 2008-042 RC, 2008-043 RC, 2008-053 RC, and 2008-054 RC