

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 FEBRUARY 2009*

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

Based on January 2009 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 (Jan 2009) (PhP/kWh)	(F) Average Gen Cost (Dec 2008) (PhP/kWh)	(G) Incr / (Decr) (PhP/kWh)	
NPC and WESM								
NPC**	655.15	2,568.04	(223.08)b	2,344.96	3.5793	4.0015	(0.4222)	
WESM***	323.14	677.91	19.72c	697.63	2.1589e	6.0662f	(3.9073)	
Subtotal	978.29	3,245.95	(203.36)	3,042.59	3.1101	4.6852	(1.5750)	
IPPs	Dispatcha							
QPPL	58.41%	203.47	1,242.50	(0.67)d	1,241.82	6.1034g	6.0164	0.0870
Sta. Rita	50.03%	387.10	2,405.31	-	2,405.31	6.2136h	4.0758	2.1378
San Lorenzo	62.96%	245.44	1,421.02	-	1,421.02	5.7897h	3.4111	2.3786
Subtotal	55.28%	836.01	5,068.82	(0.67)	5,068.15	6.0623	4.3465	1.7159
Others	0.46	1.80	-	1.80	3.8763	3.4865	0.3899	
TOTAL	1,814.76	8,316.57	(204.03)	8,112.53	4.4703	4.5172	(0.0469)	
Generation Rate Adjustments								
Pilferage Recovery					(0.0318)i	(0.0289)	(0.0029)	
High Load Factor Rider					0.0092	0.0101	(0.0010)	
TOU Differential					0.0026j	0.0023	0.0003	
Generation Charge					4.4503	4.5007	(0.0504)	
Billing Month ----->					Feb 2009	Jan 2009		

Notes:

* based on January 2009 supply month preliminary bills of power suppliers

** includes TSC and residual from NPC special programs

*** based on January 2009 preliminary bill; includes i) previous month's adjustments on energy trading amount, ii) adjustments due to BCQ correction for January to April 2008, and iii) adjustments on the net settlement surplus returned to customers in December 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 - WESM generation cost in December 2008 included: i) the recovery of line rental costs of P2.107B attributed to the congestion in July 2008, and ii) the refund of accumulated net settlement surplus balance of P392M as of November 2008

g - The slight increase in QPPL's generation cost is due to decline in energy deliveries resulting to a higher effective fixed cost per kWh. The decline in energy deliveries was due to low system demand.

h - The generation cost of Sta. Rita and San Lorenzo in January 2009 increased because the plants returned to using contracted levels of natural gas this month. Also contributing to the increase in generation cost is the decline in energy deliveries due to low system demand.

i - represents the amount of PhP57.67 million pilferage recovery returned by Meralco to its customers

j - calculated based on the formula provisionally-approved by the ERC on January 19, 2009 in ERC Case Nos. 2008-063 RC and 2008-064 RC