

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 June 2009 *

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

Based on May 2009 Generation Costs

Source	(A) GWH (million kWh) Purchased	(B) Energy Share (%)	(C) Basic Generation Cost (PhP)	(D) Other Cost Adjustments (PhP)	(E = C+D) Total Generation Cost for the Month (PhP)	(F = E/A) Average Gen Cost (May 2009) (PhP/kWh)	(G) Average Gen Cost (Apr 2009) (PhP/kWh)	(H) Incr / (Decr) (PhP/kWh)	
NPC and WESM									
NPC **	864.70	38.4%	4,452.66	(292.01) b	4,160.65	4.8117	4.5761	0.2356	
WESM ***	328.28	14.6%	975.67	(204.46) c	771.21	2.3493	4.9608	(2.6115)	
Subtotal	1,192.97	53.0%	5,428.33	(496.47)	4,931.86	4.1341	4.6411	(0.5070)	
IPPs	Dispatch a								
QPPL	34.64%	116.78	5.2%	962.79	(0.67) d	962.12	8.2389 e	5.1714	3.0674
Sta. Rita	81.69%	613.71	27.2%	2,426.96	-	2,426.96	3.9546 e	3.9788	(0.0242)
San Lorenzo	86.77%	328.62	14.6%	1,313.60	-	1,313.60	3.9973 e	4.1231	(0.1258)
Subtotal	72.34%	1,059.11	47.0%	4,703.35	(0.67)	4,702.68	4.4402	4.2869	0.1534
Others	0.41	0.0%	1.82	-	1.82	4.4175	4.8581	(0.4406)	
TOTAL	2,252.49	100.0 %	10,133.50	(497.14)	9,636.36	4.2781	4.4419	(0.1638)	
Generation Rate Adjustments									
Pilferage Recovery						(0.0275) f	(0.0306)	0.0031	
High Load Factor Rider						0.0075	0.0089	(0.0014)	
TOU Differential						0.0003 g	0.0033	(0.0030)	
Generation Charge						4.2583 Billing Month -----> June 2009	4.4235 May 2009	(0.1652)	

Notes:

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

** includes TSC and residual from NPC special programs

*** based on May 2009 preliminary bill; includes i) previous month's adjustments on energy trading amount, and ii) return of P320.18M Net Settlement Surplus (NSS) for March and May 2009. Also included in the NSS amount is a portion of accumulated 10% NSS retention from July 2006 to December 2008, which was returned by PEMC to Meralco in May 2009.

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 - The slight increase in IPP generation cost was attributed to a rise in effective fixed cost due to the plant shutdown of Quezon Power for its scheduled preventive maintenance starting May 7, 2009. The decline in generation cost of First Gas plants was attributed to a decrease in effective variable cost, as the reduction in gas prices resulting from the repricing in April 2009 took full effect.

f - represents the amount of PHP62.05 million pilferage recovery returned by Meralco to its customers

g - calculated based on the formula provisionally-approved by the ERC on June 27, 2007 in ERC Case No. 2007-111 RC