

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 December 2009*

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

Based on November 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 (November 2009) (PhP/kWh)	(G) Average Gen Cost (October 2009) (PhP/kWh)	(H) Incr / (Decr) (PhP/kWh)	
NPC and WESM									
NPC**	688.07	30.14%	3,257.79	(232.36) b	3,025.43	4.3970	4.3120	0.0850	
WESM***	314.73	13.79%	671.95	411.37 c	1,083.32	3.4421	2.1767	1.2654	
Subtotal	1,002.79	43.93%	3,929.74	179.01	4,108.75	4.0973	3.6524	0.4449	
IPPs	Dispatch a								
QPPL	64.96%	226.29	9.91%	1,214.11	(0.67) d	1,213.44	5.3622 e	6.1188	(0.7566)
Sta. Rita	94.12%	720.63	31.57%	2,897.43	-	2,897.43	4.0207 e	4.3981	(0.3774)
San Lorenzo	85.01%	332.68	14.57%	1,404.13	-	1,404.13	4.2207 e	4.7514	(0.5307)
Subtotal	85.09%	1,279.60	56.05%	5,515.67	(0.67)	5,515.00	4.3100	4.7913	(0.4814)
Philpodeco	0.32	0.01%	1.38	-	1.38	4.3334	4.3756	(0.0422)	
MMPC	0.25	0.01%	1.48	-	1.48	6.0167	6.0155	0.0012	
TOTAL	2,282.95	100.0%	9,448.27	(243.80)	9,626.61	4.2167	4.2416	(0.0249)	
Generation Rate Adjustments									
Pilferage Recovery						(0.0282) f	(0.0305)	0.0023	
High Load Factor Rider						0.0122	0.0161	(0.0039)	
TOU Differential						0.0021 g	0.0014	0.0007	
Generation Charge						4.2029	4.2286	(0.0257)	
Billing Month ----->						December 2009	November 2009		

Notes:

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

** includes TSC and residual from NPC special programs

*** based on November 2009 preliminary bill and other PEMC adjustments.

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

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

c - for Market Fees and other billing adjustments

d - adjustment for transmission line fee

e - The decrease in IPP's overall generation cost was due to the First Gas plants' lower effective fuel cost, resulting in lower variable costs specifically the energy cost per kWh. The improvement in the plants' dispatch also contributed to the IPP's lower rates.

f - represents the amount of PHP64.3 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