

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 May 2009*

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

Based on April 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 (Apr 2009) (PhP/kWh)	(G) Average Gen Cost (Mar 2009) (PhP/kWh)	(H) Incr / (Decr) (PhP/kWh)	
NPC and WESM									
NPC **	832.60	36.4%	4,091.22	(281.17) b	3,810.05	4.5761	4.7716	(0.1955)	
WESM ***	169.20	7.4%	946.01	(106.67) c	839.34	4.9608	3.5375	1.4233	
Subtotal	1,001.80	43.7%	5,037.24	(387.84)	4,649.39	4.6411	4.3835	0.2576	
IPPs	Dispatch a								
QPPL	83.90%	292.25	12.8%	1,512.06	(0.69) d	1,511.37	5.1714 e	5.8804	(0.7090)
Sta. Rita	85.28%	662.07	28.9%	2,634.28	-	2,634.28	3.9788 e	5.7306	(1.7518)
San Lorenzo	85.20%	333.41	14.6%	1,374.67	-	1,374.67	4.1231 e	5.2303	(1.1072)
Subtotal	84.95%	1,287.73	56.2%	5,521.00	(0.69)	5,520.32	4.2869	5.6251	(1.3382)
Others	0.37	0.0%	1.81	-	1.81	4.8581	3.8293	1.0287	
TOTAL	2,289.90	100.0%	10,560.05	(388.53)	10,171.52	4.4419	5.0357	(0.5938)	
Generation Rate Adjustments									
Pilferage Recovery						(0.0306) f	(0.0288)	(0.0018)	
High Load Factor Rider						0.0089	0.0100	(0.0011)	
TOU Differential						0.0033 g	0.0037	(0.0004)	
Generation Charge						4.4235	5.0205	(0.5970)	
Billing Month ----->						May 2009	Apr 2009		

Notes:

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

** includes TSC and residual from NPC special programs

*** based on April 2009 preliminary bill; includes i) previous month's adjustments on energy trading amount, and ii) return of P121.66M Net Settlement Surplus for April 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 significant decline in IPP generation cost was due to the reduction in the price of natural gas. The downward adjustment of the gas price reflects world oil prices from October 2008 to March 2009. This reduction resulted to a decrease in the effective variable cost per kWh of First Gas plants. Further pushing down the generation cost of IPPs was the overall improvement in plant dispatch, which resulted to a decrease in effective fixed cost per kWh.

f - represents the amount of PHP70.12 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