

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 September 2009*

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

Based on August 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 (August 2009) (PhP/kWh)	(G) Average Gen Cost (July 2009) (PhP/kWh)	(H) Incr / (Decr) (PhP/kWh)	
NPC and WESM									
NPC **	718.07	30.4%	3,329.95	(242.49) b	3,087.46	4.2997	4.2974	0.0023	
WESM ***	374.00	15.8%	910.58	(0.62) c	909.97	2.4331	2.4109	0.0222	
Subtotal	1,092.06	46.2%	4,240.53	(243.11)	3,997.42	3.6604	3.9302	(0.2698)	
IPPs	Dispatch a								
QPPL	83.06%	289.35	12.3%	1,483.65	(0.69) d	1,482.95	5.1251 e	4.8915	0.2336
Sta. Rita	85.02%	650.97	27.6%	2,679.97	-	2,679.97	4.1169 e	4.0735	0.0434
San Lorenzo	83.94%	328.50	13.9%	1,357.49	-	1,357.49	4.1324 e	4.0741	0.0584
Subtotal	84.29%	1,268.82	53.7%	5,521.11	(0.69)	5,520.41	4.3508	4.2645	0.0864
Philpodeco	0.38	0.0%	1.65	-	1.65	4.4047	4.3745	0.0301	
MMPC	0.65	0.0%	2.67	-	2.67	4.1041	4.4967	(0.3927)	
TOTAL	2,361.90	100.0%	9,765.96	(243.80)	9,522.16	4.0316	4.1142	(0.0826)	
Generation Rate Adjustments									
Pilferage Recovery						(0.0284) f	(0.0279)	(0.0005)	
High Load Factor Rider						0.0116	0.0115	0.0001	
TOU Differential						0.0019 g	0.0009	0.0010	
Generation Charge						4.0166	4.0986	(0.0820)	
Billing Month ----->						September 2009	August 2009		

Notes:

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

** includes TSC and residual from NPC special programs

*** based on August 2009 preliminary bill.

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 increase in the QPPL generation cost was due to its lower dispatch, resulting in higher fixed cost per kWh. On the other hand, the increase in the average generation cost of First Gas plants was brought about by the increase in the cost of fuel used.

f - represents the amount of PhP67.1 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