

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 APRIL 2009 \***

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

Based on March 2009 Generation Costs

| Source                      | (A)<br>GWH<br>(million kWh)<br>Purchased | (B)<br>Energy Share<br>(%) | (C)<br>Basic Generation Cost<br>(PhP) | (D)<br>Other Cost Adjustments<br>(PhP) | (E = C+D)<br>Total Generation Cost for the Month<br>(PhP) | (F = E/A)<br>Average Gen Cost<br>(Mar 2009)<br>(PhP/kWh) | (G)<br>Average Gen Cost<br>(Feb 2009)<br>(PhP/kWh) | (H)<br>Incr /<br>(Decr)<br>(PhP/kWh) |          |
|-----------------------------|------------------------------------------|----------------------------|---------------------------------------|----------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------|--------------------------------------|----------|
| NPC and WESM                |                                          |                            |                                       |                                        |                                                           |                                                          |                                                    |                                      |          |
| NPC **                      | 691.99                                   | 32.5%                      | 3,535.55                              | (233.68) <b>b</b>                      | 3,301.87                                                  | 4.7716 <b>e</b>                                          | 4.2062                                             | 0.5653                               |          |
| WESM ***                    | 317.49                                   | 14.9%                      | 1,214.51                              | (91.38) <b>c</b>                       | 1,123.13                                                  | 3.5375 <b>f</b>                                          | 2.6996                                             | 0.8379                               |          |
| Subtotal                    | 1,009.48                                 | 47.5%                      | 4,750.06                              | (325.06)                               | 4,425.00                                                  | 4.3835                                                   | 3.5325                                             | 0.8510                               |          |
| IPPs                        | Dispatch <b>a</b>                        |                            |                                       |                                        |                                                           |                                                          |                                                    |                                      |          |
| QPPL                        | 72.20%                                   | 227.17                     | 10.7%                                 | 1,336.50                               | (0.69) <b>d</b>                                           | 1,335.86                                                 | 5.8804 <b>g</b>                                    | 5.5804                               | 0.3000   |
| Sta. Rita                   | 83.67%                                   | 568.67                     | 27.6%                                 | 3,362.00                               | -                                                         | 3,362.00                                                 | 5.7306 <b>g</b>                                    | 5.9632                               | 0.0375   |
| San Lorenzo                 | 86.27%                                   | 303.77                     | 14.3%                                 | 1,588.78                               | -                                                         | 1,588.78                                                 | 5.2303 <b>g</b>                                    | 5.5155                               | (0.2852) |
| Subtotal                    | 81.74%                                   | 1,117.61                   | 52.5%                                 | 6,287.33                               | (0.69)                                                    | 6,286.65                                                 | 5.6251                                             | 5.6180                               | 0.0071   |
| Others                      | 0.30                                     | 0.0%                       | 1.16                                  | -                                      | 1.16                                                      | 3.8293                                                   | 4.7495                                             | (0.9202)                             |          |
| TOTAL                       | 2,127.39                                 | 100.0%                     | 11,038.55                             | (325.75)                               | 10,712.80                                                 | 5.0357                                                   | 4.4977                                             | 0.5380                               |          |
| Generation Rate Adjustments |                                          |                            |                                       |                                        |                                                           |                                                          |                                                    |                                      |          |
| Pilferage Recovery          |                                          |                            |                                       |                                        |                                                           | (0.0288) <b>h</b>                                        | (0.0291)                                           | 0.0002                               |          |
| High Load Factor Rider      |                                          |                            |                                       |                                        |                                                           | 0.0100                                                   | 0.0031                                             | 0.0068                               |          |
| TOU Differential            |                                          |                            |                                       |                                        |                                                           | 0.0037 <b>i</b>                                          | 0.0033                                             | 0.0004                               |          |
| Generation Charge           |                                          |                            |                                       |                                        |                                                           | 5.0205                                                   | 4.4750                                             | 0.5455                               |          |
| Billing Month ----->        |                                          |                            |                                       |                                        |                                                           | Apr 2009                                                 | Mar 2009                                           |                                      |          |

**Notes:**

\* based on March 2009 supply month preliminary bills of power suppliers

\*\* includes TSC and residual from NPC special programs

\*\*\* based on March 2009 preliminary bill; includes i) previous month's adjustments on energy trading amount, and ii) return of P105.65M Net Settlement Surplus for January and February 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** - includes the P0.47 per kWh increase in NPC's basic generation rate provisionally-approved by the ERC on February 16, 2009 in ERC Case No. 2009-004 RC

**f** - inclusive of billing adjustments stated above

**g** - The generation cost of IPPs were relatively stable in March 2009, as decreases in the effective fixed cost per kWh were offset by increases in the effective variable cost per kWh. The increase in QPPL's generation cost was primarily due to a slight decline in energy deliveries, while that of Sta. Rita resulted from the use of an alternative fuel source due to gas supply restrictions of Malampaya. On the other hand, the decrease in San Lorenzo's generation cost, which mitigated the increases in QPPL and Sta. Rita, was attributed to the improvement in plant dispatch.

**h** - represents the amount of PhP61.37 million pilferage recovery returned by Meralco to its customers

**i** - 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