



Financial and Operating Results



Investors and Analysts Briefing
Year Ended December 31, 2014

February 23, 2015

Operations Report

FY 2014

2014 **FY** Operating Highlights



3.2% ↑



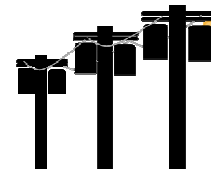
Growing Energy Sales

3.9% ↑



Expanding Customer Base

3.3% ↑



Rising Peak Demand

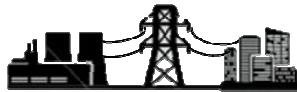
2.5% ↑



Higher Net System Input

56.7% Generation
17.1% Distribution
9.7% Transmission

↓ 1%
↓ 3%
↑ 7%



Ave. Customer Bill Flat Y-O-Y

75.7% IPPs/PSAs
2.9% WESM
18.5% RESs



NSI Sources

46.8% Gas
38.9% Coal



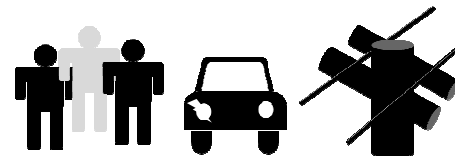
NSI Fuel Mix

"REWARDS"



**Operational excellence in Distribution
System & Customer Service Performance**

**OTHER BUSINESS
HIGHLIGHTS**



Business Updates & Events of Interest

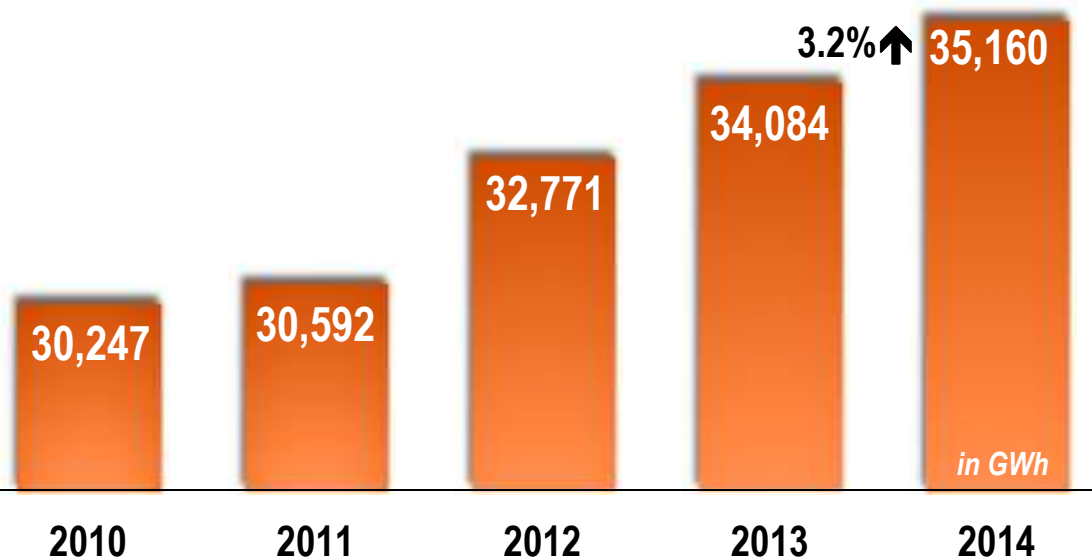


CG DETAILS

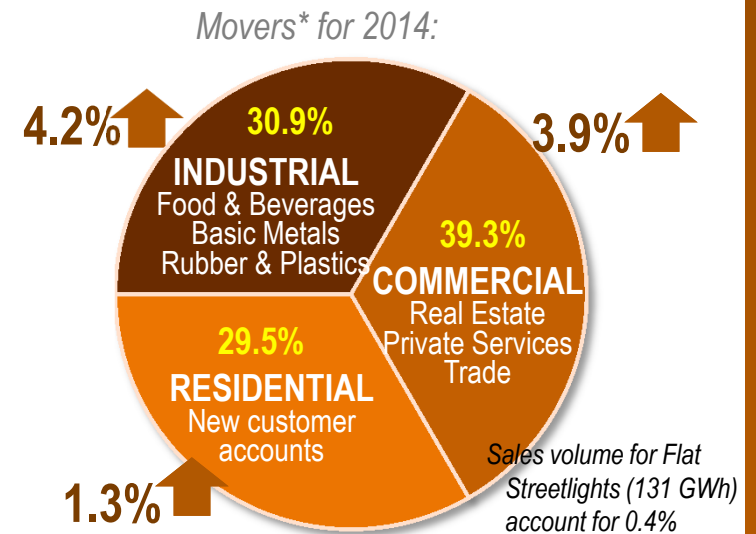
Growing Energy Sales: 2014FY

□ **Energy sales Up 3.2% vs. 2013** (+1,076 GWh)

▪ Net of impact of Typhoon 'Glenda' (in July), Total Sales is 3.8% up



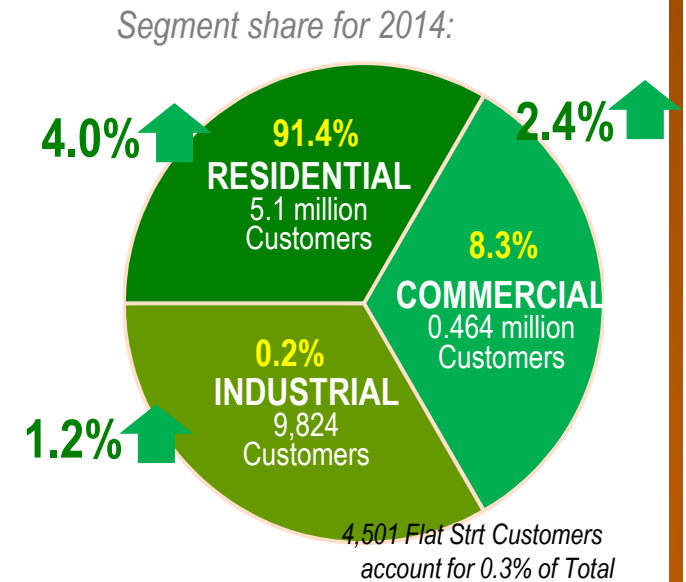
3.2%↑



*Applies to GP customers under Industrial and Commercial segments.

Expanding Customer Base: 2014FY

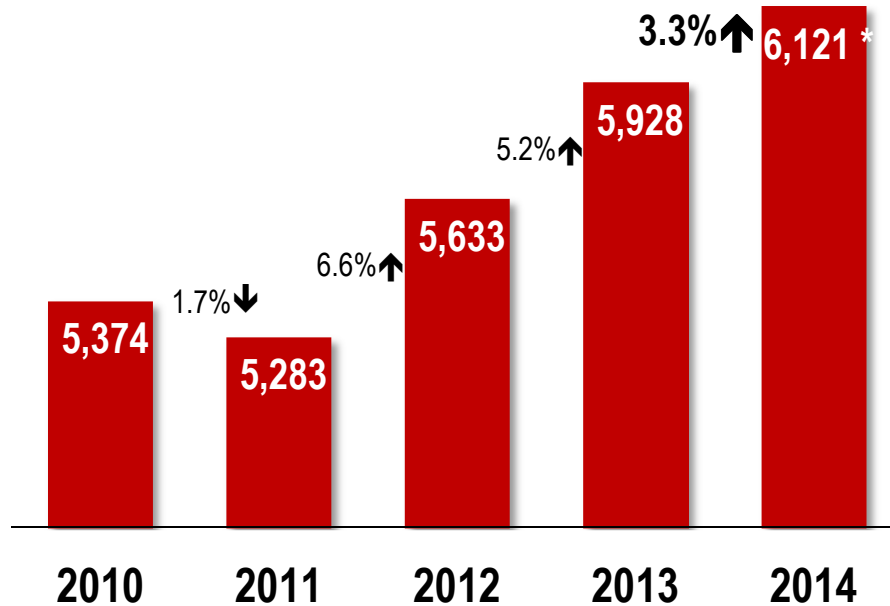
- Up 3.9% vs. 2013 (+207,056 new customers)
- Highest YE growth since 2004 (10 years ago)



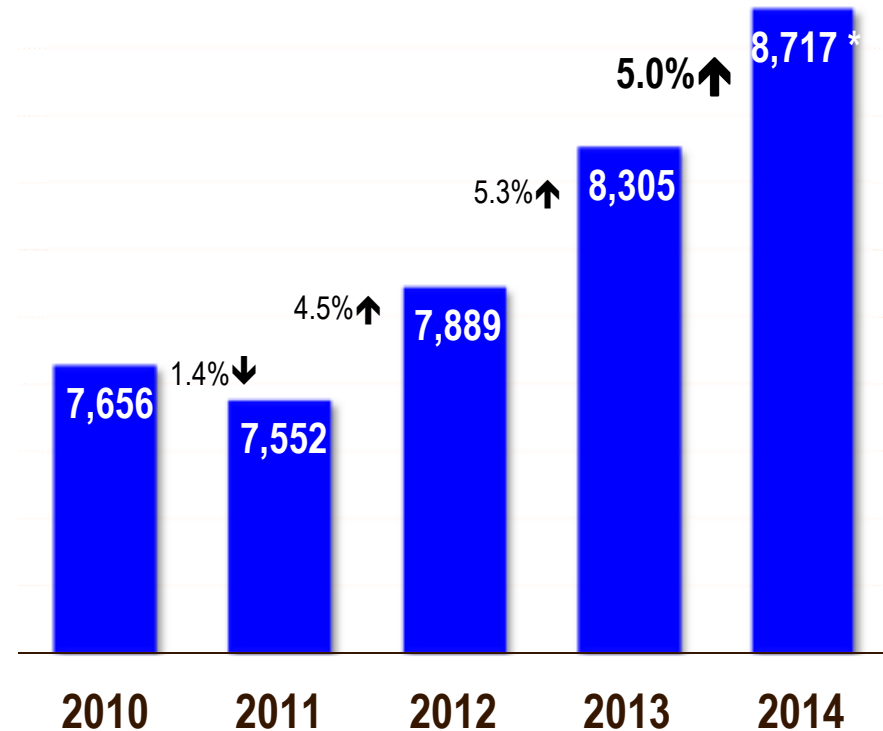
Rising Peak Demand: 2014FY

□ Meralco Peak Demand **up 3.3%** vs. 2013 (+193 MW)

Meralco Peak Demand, MW:



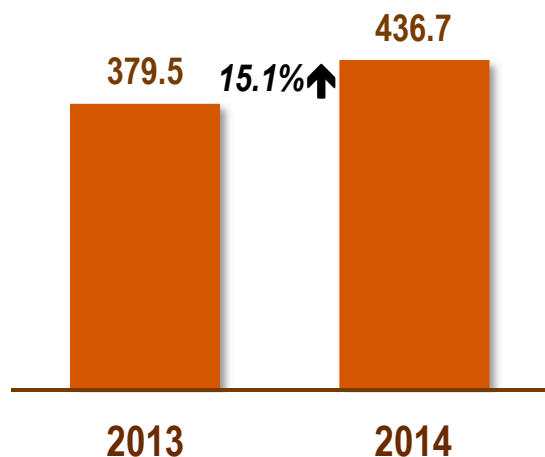
Luzon Peak Demand, MW:



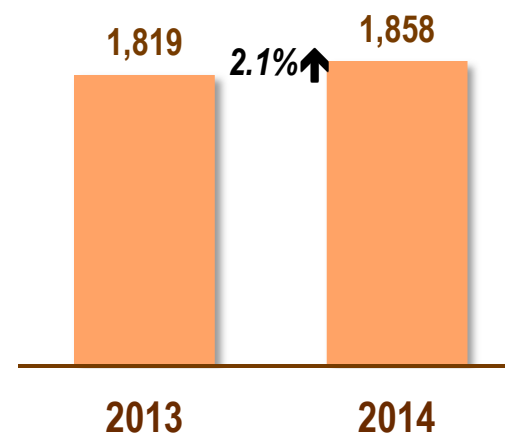
Clark Electric (CEDC)- Fast Growing: 2014FY

Strong growth in Energy Sales and NSI vs. 2013

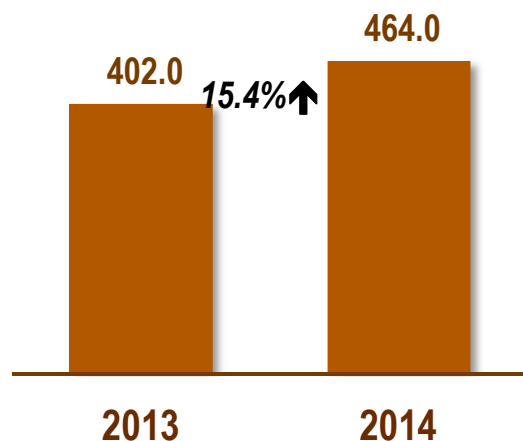
Energy Sales, GWh



Customer Count



NSI, GWh



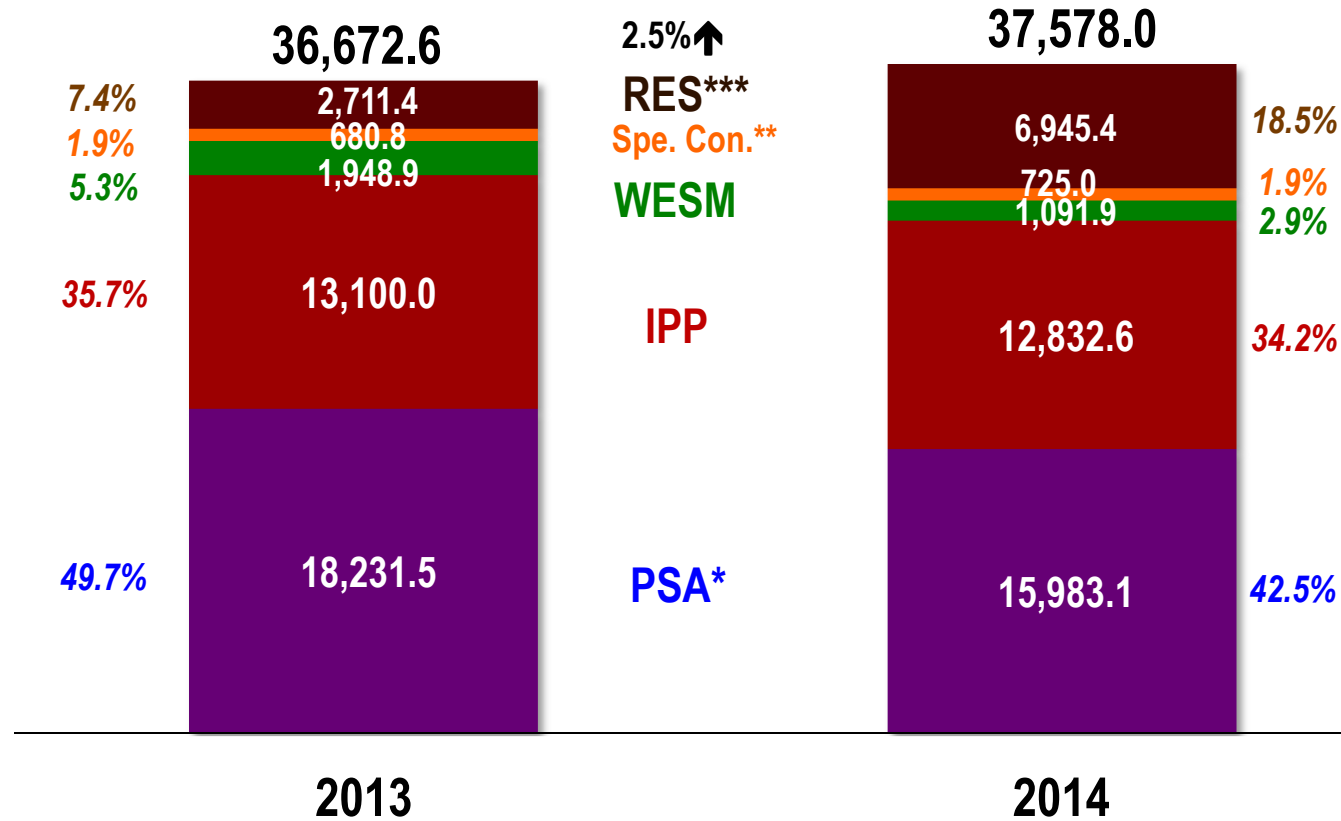
2014	Sales, Share	Count, Share
Commercial	38.6%	57.9%
Industrial	60.2%	6.7%
Residential	0.9%	32.2%

Flat Streetlights' sales and count shares account for 0.3% and 3.2%, respectively.

Power Sources: 2014FY

Details 

Contracted Supply 76.7% of NSI ; WESM 2.9%; RESs 18.5% of NSI



*Includes volumes from Montalban Methane Power Corp., Bacavalley Energy Inc., Pangea and Net Mtrg; plus CEDC, IPSAs aside from TMO and REs

**Includes volumes for Cavite Economic Zone (CEZ), Sunpower and Coccochem Agro-Industrial Park (CAIP)

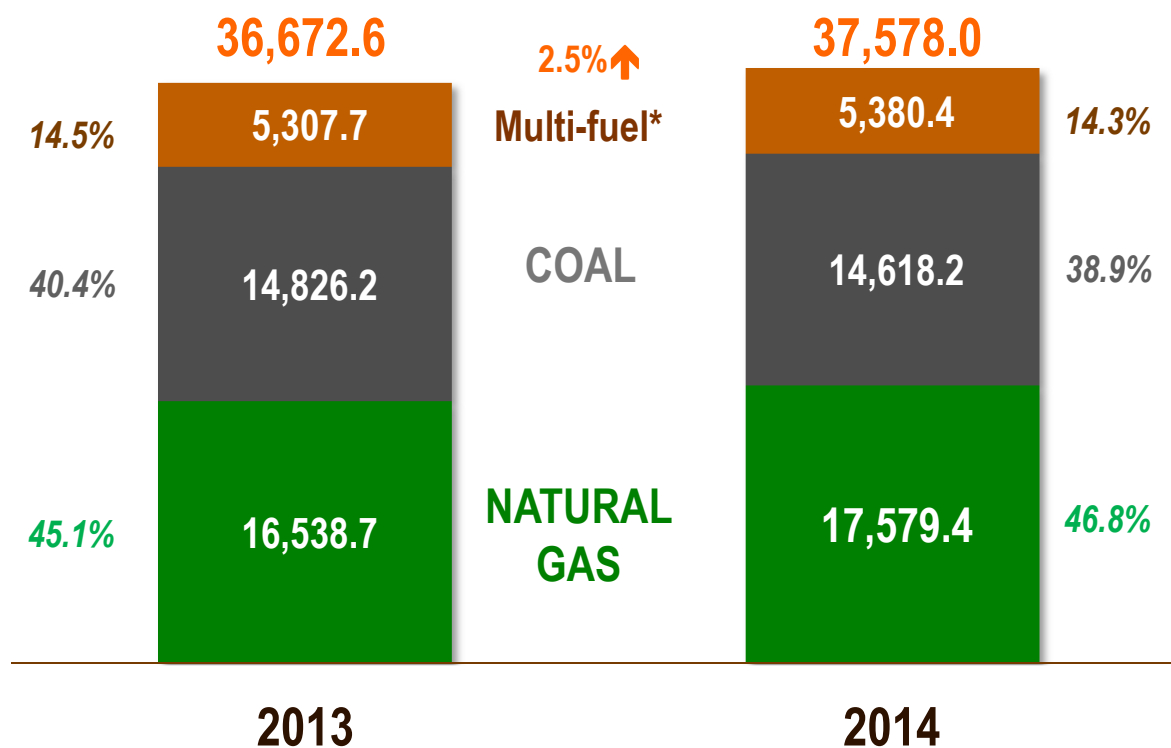
***Includes volumes for MPower and Other Retail Electricity Suppliers

Note: WESM purchase at 3.7% for Captive volume

CONSOLIDATED

Power Fuel Mix: 2014FY

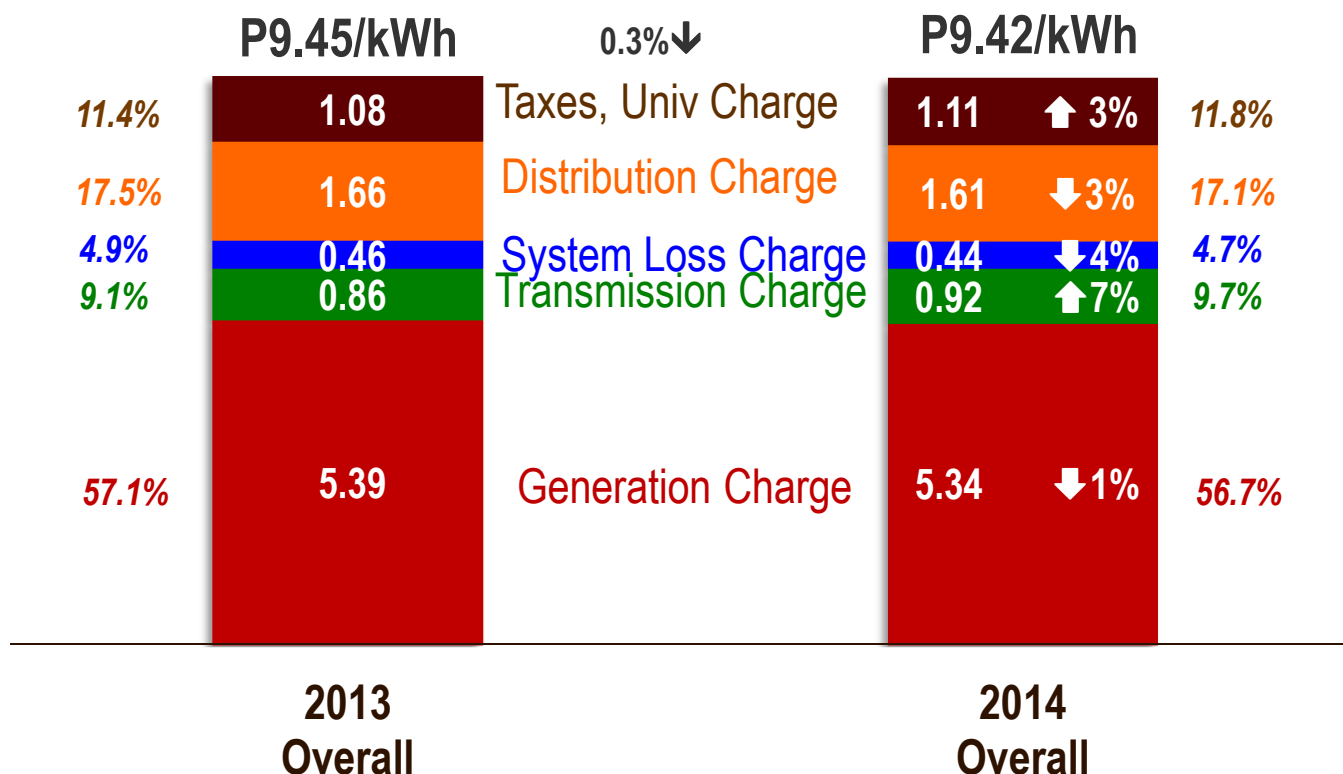
□ 46.8% of NSI from Nat. Gas-fired plants, 38.9% from Coal-fired and 14.3% from hydro, geothermal as well as coal



*Coal, Hydro, Biomasss, Geothermal, et. al.; includes also WESM, CAIP, Other RESs

Average Retail Rate: 2014FY

- Average Customer Bill **0.3% lower than 2013** (-3¢/kWh)
- Generation Charge, largest component in customer's bill, 56.7%; Meralco 17.1%; NGCP 9.7%
- Generation, Distribution and System Loss Charge lower by 1%, 3% and 4%, respectively vs. 2013



*Generation Retail Rate (applies to captive customers only)
 **Other Charges are based on total captive and contestable customers in Meralco Franchise Area

Operational Excellence - System Loss Performance: 2014FY

□ 12-MMA ending December 2014 at 6.49%

- Record best
- Improved by 0.43%pts vs. 2013's 6.92%

SAVINGS TO CUSTOMER

2008: P0.37 Bn

2009: 1.37

2010: 1.14

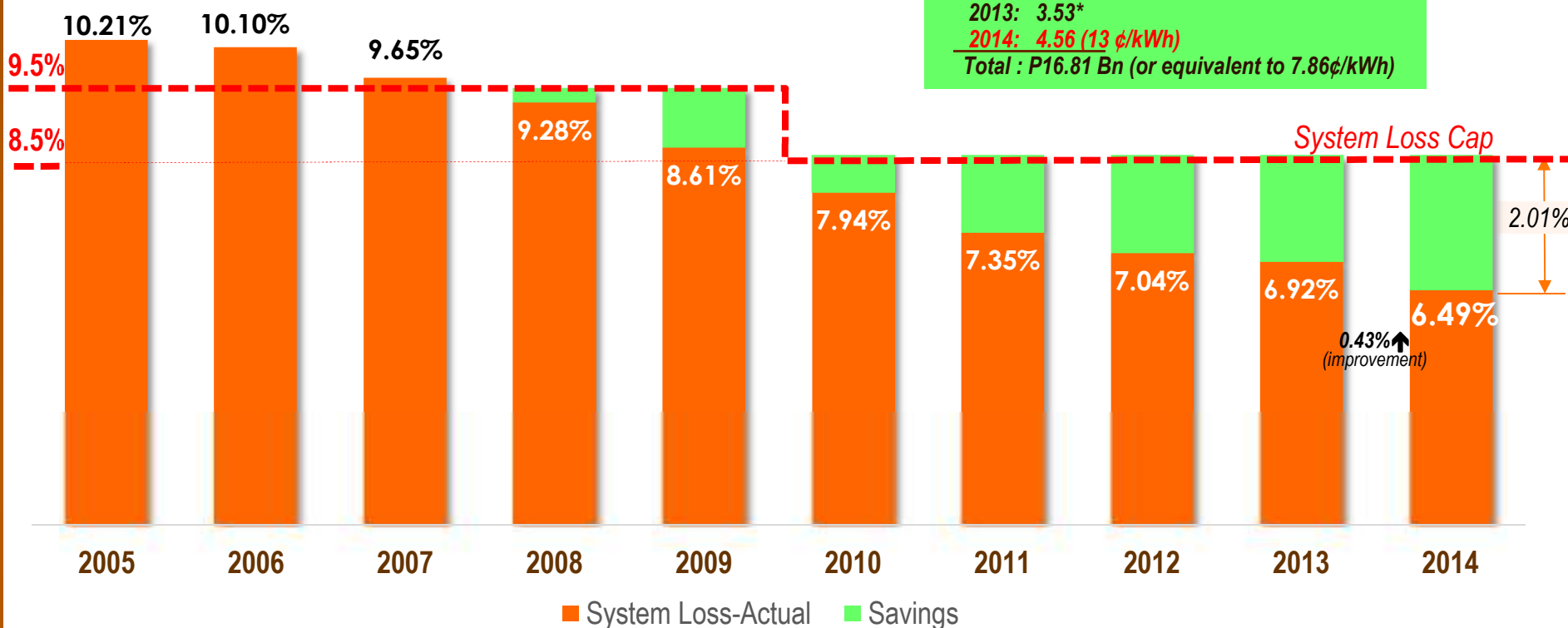
2011: 2.40

2012: 3.44

2013: 3.53*

2014: 4.56 (13 ¢/kWh)

Total : P16.81 Bn (or equivalent to 7.86¢/kWh)



• Official ERC-filed Meralco System Loss, in percent which excludes Clark Electric Distribution Corp. (CEDC)'s 12MMA system loss ending Dec 2014 of 4.37%

*For 2013, the pricing used for Nov and Dec was based on the regulated WESM prices in accordance with the ERC Order in Case No. 2014-021 MC dated March 3, 2014

Operational Excellence - S Factor Performance: 2014

□ All indicators well within rewards* range; vs. last 4 years, 6/8 all indicators at "all-time" best

REWARDS

BEST
RECORD

SAIFI, Forced & PAI
(Times)



2010 2012 2014

CAIDI-Forced & PAI
(Mins.)



2010 2012 2014

SAIDI, PAI (Mins)



2010 2012 2014

Prob. of Voltage
Violations (% not
falling w/in limits)



2010 2012 2014

Ave. Time to
Process App. (Days)



2010 2012 2014

Operational Excellence – S Factor Performance: 2014



☐ All indicators well within rewards* range; vs. last 4 years, 6/8 all indicators at "all-time" best

Ave. Time to
Connect (Days)

3.38



2.52

2010

2012

2014

Call Center
Performance (Secs)

24.55



5.64

2010

2012

2014

Performing Under Adverse Condition: Typhoons 'Glenda', 'Mario' & 'Ruby'

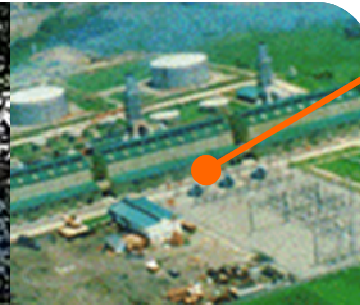
SUMMARY OF IMPACT OF MAJOR WEATHER DISTURBANCES TO MERALCO	<i>Typhoon</i> 'GLENDA'	<i>T yphoon</i> 'MARIO'	<i>Storm</i> 'RUBY'
Inclusive Dates (including completion of restoration)	July 15-20, 2014	September 19 only	December 9, 2014
Circuits Affected during height of weather disturbance	627 (89.44% of 701 circuits)	91 (12.98% of 701 circuits)	12 (1.77% of 701 circuits)
Sustained Interruption Events	616	37	4
Momentary Interruption Events	11	54	10
Customers Affected during height of weather disturbance	4,640,000 (87.5% of total number of customers)	397,714 (7.49% of total number of customers)	2,692 (87.5% of total number of customers)
Unrealized Sales (GWh)	230	33	24
Total Damage to Facilities in PhP (Poles, wires, DTs)	399,456,850.78	934,000.00	732,848

Performing Under Adverse Condition: Power Supply Volatility

Inadequate power
plant capacity



Insufficiency of
required reserves



YELLOW & RED ALERTS
83 FORCED OUTAGES*
52 SCHEDULED OUTAGES

Worsening
weather
disturbances



Increased reliance on
expensive oil-fired
plants.



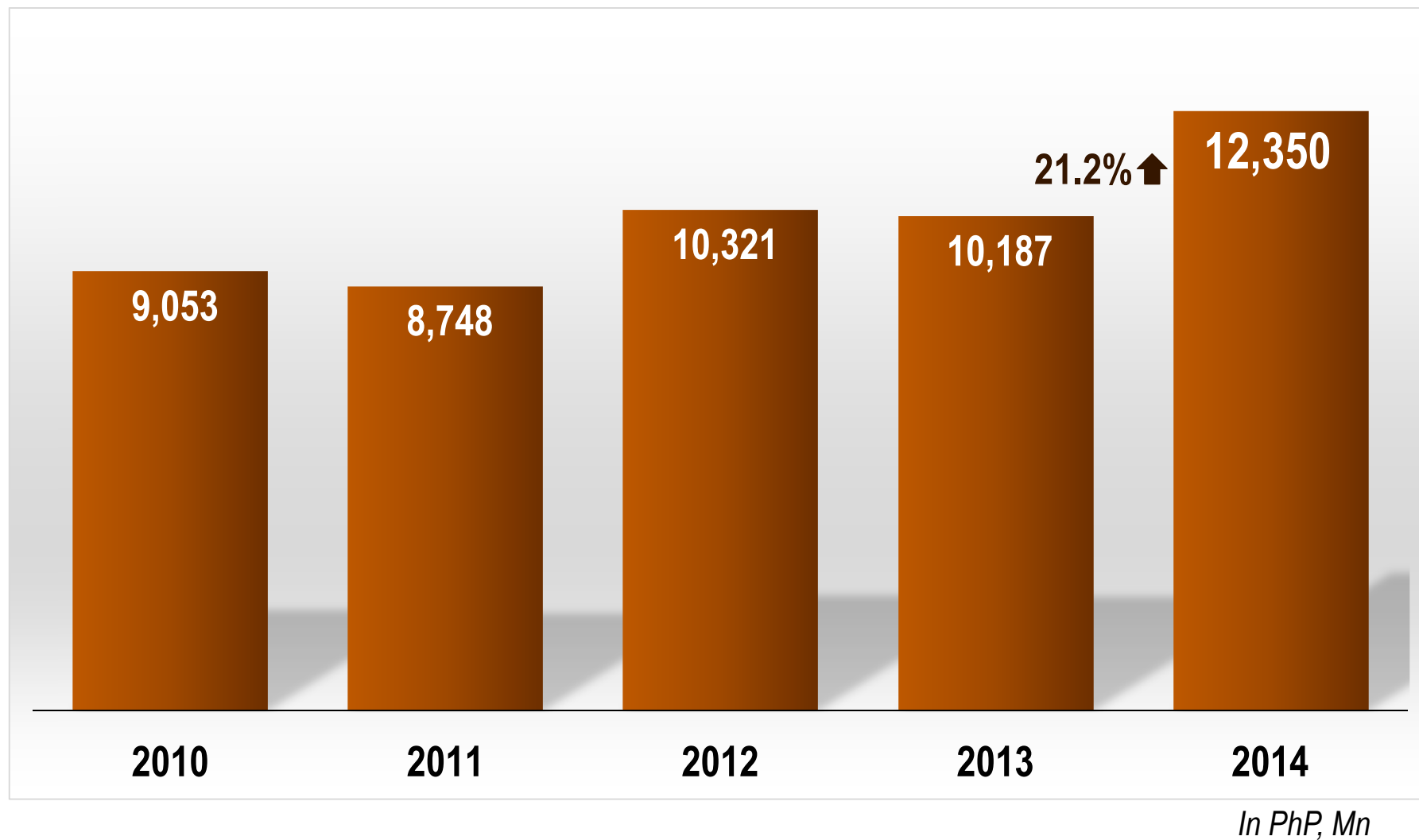
**including 27 due to "Ruby" and 'Glenda"*

Higher Productivity Performance: 2014FY

PRODUCTIVITY PERFORMANCE	2010	2011	2012	2013	2014	Δ 2014 vs. 2013	Δ 2014 vs. 2010
Regular Employee Count	6,203	6,071	5,960	5,898	5,766	-2.2%	-7.0%
Sales Per Employee (GWh/Employee)	4.83	4.99	5.45	5.71	6.02	5.4%	24.6%
Customer Per Employee	781	828	870	910	967	6.2%	23.7%

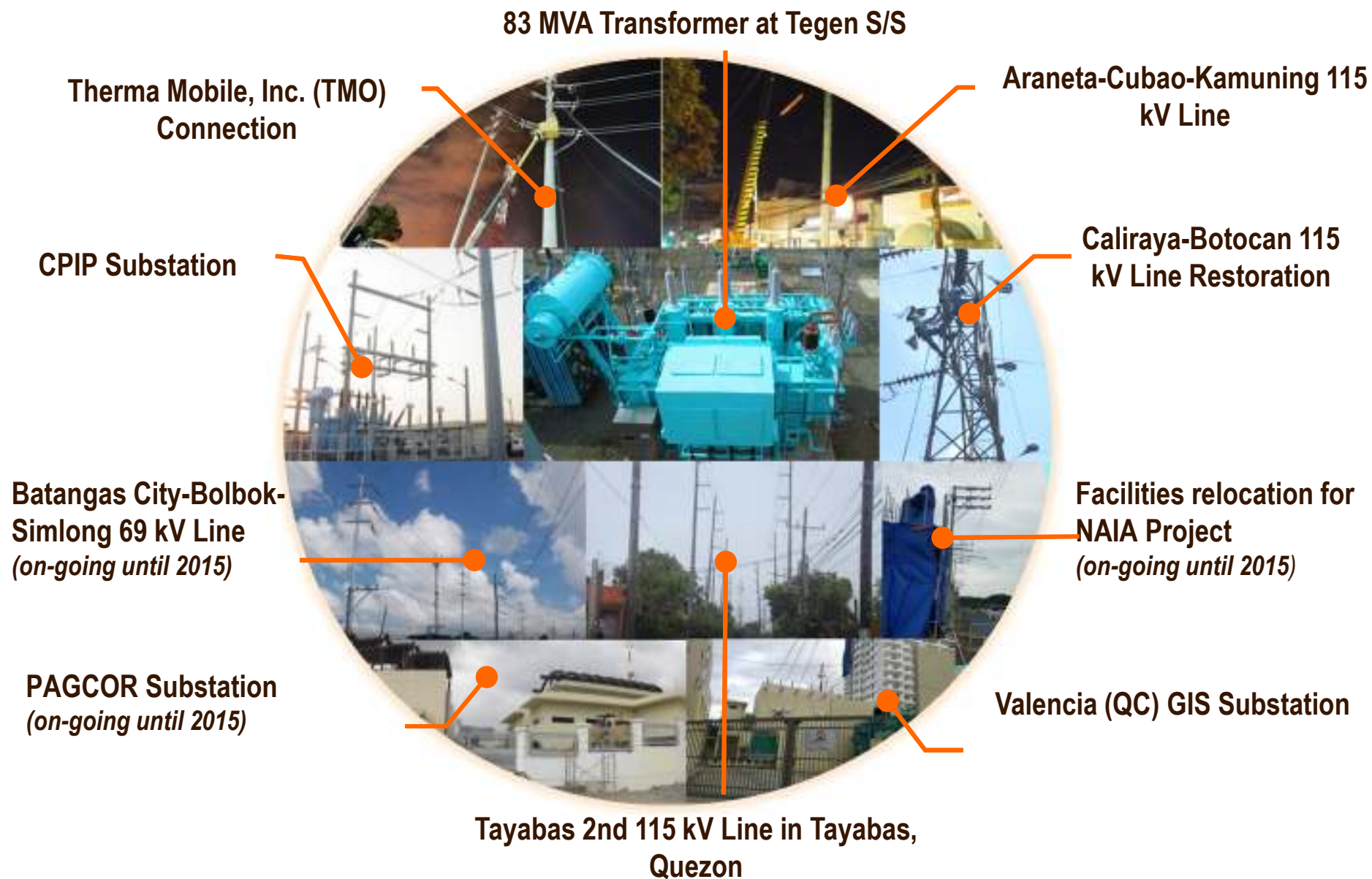
Other Business Highlights

Increasing Capital Expenditures: 2014 FY



Business Updates: 2014 4Q

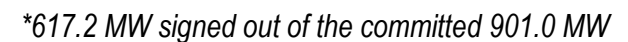
Completed Electric Capital Projects



Confronting Thinning Power Supply

ILP ADVOCACY (~617.2 MW*)

ENERGY SAVING MEASURES



Business Updates: 2014 4Q

Customer-driven Technology & Innovation Initiatives

**PRES /
Kuryente Load
Campaign**



Power Lab

**New Business
Center Look**



**Meralco
Advisory**



**Net Lima eV
Charging Station**

**Ateneo eV
Shuttle Leasing**



**Comet eJEEP
Deployment**

**Energy Efficiency &
Savings Programs**

Business Updates: 2014 4Q

Making a Difference in Society and Communities



OMF President Jeffrey O. Tarayao receives award on behalf of Meralco from jury members Dr. Jayanthi Desan, Managing Dir. of Synergio Consulting SDN BHD and Andrew Bryant, Author of Self Leadership

MERALCO AWARDED FOR CORPORATE SOCIALLY RESPONSIBILITY IN ASIA

- During the inaugural Asia Corporate Excellence and Sustainability (ACES) Awards 2014 in Singapore.



12 public elementary and high schools in the municipalities of Rodriguez and Tanay, Rizal now enjoy the benefits of electricity after the installation of solar photo-voltaic (PV) systems in their schools.



Assistance beyond Meralco's borders

Regulatory Updates

FY 2014

Regulatory Updates - Outline

- ▶ WESM Primary Offer Cap and Secondary Price Cap
- ▶ FIT Updates
- ▶ Updates on Emergency Powers

Primary offer cap was reduced to P32/kWh from P62/kWh

Primary Offer Cap

Jun 9, 2006 – ERC, DOE and PEMC issued Joint Res 2, S. 2006, setting the primary offer price cap to P62,000/MWh for 90 days

Dec 27, 2013 – ERC, DOE and PEMC issued Joint Res 2, S. 2013, setting the primary offer price cap to P32,000/MWh for 90 days

Mar 26, 2014 – Extended primary offer cap for 60 days (Joint Res 1, S. 2014)

Jun 16, 2014 – WESM Tripartite Committee conducted a public consultation

Oct 24, 2014 – Extended primary offer cap for 120 days (Joint Res 4, S. 2014) (until Feb 21, 2015)

“The WESM Tripartite Committee further recognizes that the appropriate level of the WESM Offer Cap should complement and be consistent with the permanent preemptive measure in the WESM to be issued by ERC.”

WESM prices capped at P6.245/kWh upon breach of threshold

Secondary Price Cap

May 5, 2014 – Interim mitigating measure: P6,245/MWh secondary price cap (ERC Res 8, S. 2014)

Jun 16, 2014 – Extended secondary cap for 45 days (ERC Res 13, S. 2014)

Jul 23, 2014 – ERC conducted a public consultation

Aug 5, 2014 – Extended secondary cap for 120 days (ERC Res 14, S. 2014)

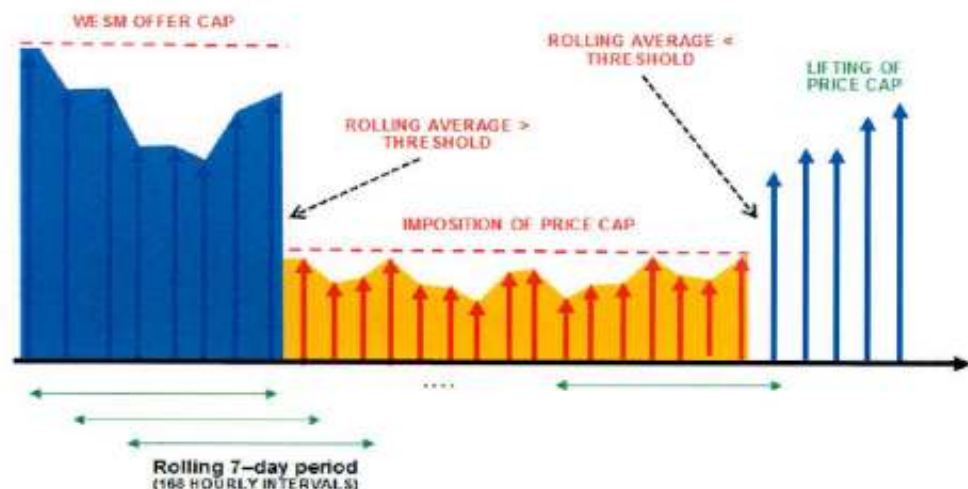
Sep 29, 2014 – ERC conducted a public consultation

Dec 15, 2014 – Permanent preemptive mitigating measure (ERC Res 20, S. 2014)

Dec 24, 2014 – ERC published the Resolution in the Daily Tribune

Jan 9, 2015 – Effectivity of the new secondary cap

ERC sets final secondary price cap in the WESM



	Final Preemptive Measure (ERC Res 20, S. 2014)			Interim Mitigating Measure (ERC Res 14, S. 2014)	
Period	No. of Hours in a Day	Average LWAP (P/MWh)	Price Threshold (P/MWh)	Average LWAP (P/MWh)	Price Threshold (P/MWh)
1st Off-Peak	8	2,756.00	22,048.00	2,675.01	21,400.08
Peak	10	8,166.00	81,660.00	7,895.76	78,957.60
Price Spike	3	32,000.00	96,000.00	27,000.00	81,000.00
2nd Off-Peak	3	5,432.00	16,296.00	5,042.63	15,127.89
Total	24		216,004.00		196,485.57
Price threshold within rolling period			1,512,028.00		589,456.71
Rolling Period (Hours)			168		72
Rolling Period (Days)			7		3
Cumulative Price Threshold (P/MWh)			9,000		8,187

	Final Jan 2015- onwards	Interim May-Dec 2014
Rolling Ave Threshold	P9,000/MWh	P8,187/MWh
Rolling Period	7 days (168 hours)	3 days (72 hours)
Secondary Price Cap	P6,245/MWh	P6,245/MWh

a. Rolling Average Threshold:

Php9,000/MWh, based on historical summer prices from April, May and June 2010-2014 and allowance for 3 intervals in a day with price at Php32,000/MWh.

b. Price Cap: Php6,245/MWh, based on LWAP in the WESM from January to September 2013.

c. Lifting of Price Cap: Evaluation of rolling average shall be by the hour once price cap is imposed.



Source: ERC Discussion Paper on Preemptive Measure in WESM

Feed-in-Tariff (FIT) Implementation

- 1st Batch of Installation Targets set by the DOE

RE Technology	FIT Rates* (Php/kWh)	Installation Targets** (MW)
ROR- Hydro	5.90	250
Biomass	6.63	250
Wind	8.53	200
Solar	9.68	50
OTEC	Deferred	-
<i>Total</i>		<u>750MW</u>

*FIT Rates approved by the ERC in July 2012

** Installation Targets set by the DOE in June 2011

- The DOE has, so far, endorsed 14 RE projects for FIT, with an aggregate capacity of 304MW.

Additional 450MW of Solar PV under the FIT Program

DOE formally transmitted to the ERC a certification adjusting the solar installation target to 500 MW under the FIT System (26 May)

ERC PUBLIC CONSULTATION

- Meralco said the add'l 450MW should consider --
 - Readiness of DU networks to accommodate the additional capacity
 - Impact to the electricity rates
- Meralco suggested to implement the original 750 MW target first, before adding capacity under FIT
- FEF (Mr. E. Leung) opposed the expanded installation target because of its impact on rates.

May 2014

June 2014

2 Sept 2014

28 Jan 2015

ERC released for comments the proposed amendments to Res #10, Series of 2012 (FIT Rates)

ERC PUBLIC HEARING

- Hearing was for the appropriate FIT rate for the additional 450 MW
- NREB/DOE's proposed rate is **Php9.10/kWh** which is degressed rate of Php 9.68/kWh
- News articles later mentioned a rate of **Php8.95/kWh** as another proposal

New bill component: FIT-All (Renewable)

ERC Order dated 10 October 2014 "...the Commission hereby **PROVISIONALLY APPROVES** the Feed-in-Tariff Allowance (FIT-All) of **Php 0.0406/kWh.**"

Collection Agents i.e. Meralco, Mpower, MEP, CEDC, PELCO II, implemented starting February 2015 bills to customers.

MERALCO

MEP

MPower

CEDC

Billing Period: 08 Feb 2015 to 07 Mar 2015
EB Invoice Number: 2135020003250

Billing Details (continued...)

Rate Components	Base	Price	Amount
System Loss Charge	61.28	9.9400%	6.09
Distribution Charge	244.88	12.0000%	29.39
Subsidies and Others	20.58	12.0000%	2.47
SUBTOTAL			113.74

FIT-ALL (RENEWABLE)			
FIT-All (Renewable)	106 kWh	0.0406	4.30
SUBTOTAL			4.30

UNIVERSAL CHARGES			
Missionary	106 kWh	0.1561	16.55
Environmental Fund	106 kWh	0.0025	0.27
NPC Stranded Contract Costs	106 kWh	0.1938	20.54
NPC Stranded Debts			0.00
DU Stranded Contract Costs			0.00
Equalization of Taxes and Royalties			0.00
SUBTOTAL			37.36

TOTAL ENERGY AMOUNT 1,176.31

Total Bill			
	Base	VAT	
VAT Sales	927.05	108.14	
VAT Zero Rated	0.00		
VAT Exempt	141.12		

TOTAL CURRENT BILL AMOUNT 1,176.31

Additional Bill Information

MERALCO
MERALCO Ecovore Power Office
Main Avenue, Cavite Economic Zone
Rosario, Cavite
TIN 000-101-928-000-VAT

ELECTRIC BILL

ACCOUNT INFORMATION
Account Name: S. POWERS TRANSPORT SYSTEMS CORPORATION
Account No.: 000000002215
Commercial
Address: 014 Adelin Bldg PEZA-CEZ Rosario Cavite
214-649-310-000

INVOICE INFORMATION
Billing Period: 02/25/2015 - 02/25/2015
Number: 2250225015
Date with PPD: 03/14/2015 Total Amount with PPD: ₱ 1,126.46
Date without PPD: 03/16/2015 Total Amount without PPD: ₱ 1,126.06

if No.	PREV RCD	DIFFERENCE
1. LINC DEMAND (KWH)	0.896	0
2. LINC ENERGY (KWH)	6696	6604
3. LINC ENERGY (KWH)	0	0
4. LINC ENERGY (KWH)	0	0

INVOICE DETAILS
REGISTRATION: 100.00 5.0618 506.18
REGISTRATION CHARGE: 100.00 5.0618 506.18
REG. CHARGES: 100.00 0.1571 15.71

SUBTOTAL			
DISTRIBUTION CHARGES	0.90 42.1500	42.44	
DISTRIBUTION ENERGY (KWH)	100.00 0.3423	34.23	
SUPPLY ENERGY (KWH)	100.00 0.0560	5.60	
SUPPLY PER CUSTOMER (KWH)	1.00 112.3500	112.35	
SYSTEM LOSS CHARGE (KWH)	100.00 0.0375	3.75	
POWER FACTOR ADJ.	0.90 53.9940	34.44	

TOTAL DISTRIBUTION CHARGES 100.00 0.0000 0.00
TOTAL DISTRIBUTION CHARGES 100.00 0.0000 0.00
TOTAL DISTRIBUTION CHARGES 100.00 0.0000 0.00

TOTAL ADJUSTMENTS 100.00 0.0000 0.00
UNIVERSAL CHARGES 100.00 0.0000 0.00
MISSIONARY ELECTRIC (KWH) 100.00 0.1561 15.61
ENVIRONMENTAL FUND 100.00 0.0025 0.25
STANDARD CONTRACT COST 100.00 0.1938 19.38

FIT-ALL (RENEWABLE) CHARGE 100.00 0.0406 4.06
GR. TRANS. OTHER 5.7617 576.17 49.01
DISTRIBUTION 12.20 12.20 41.37
ADJUSTMENTS 0.0000 0.00 0.00
TOTAL VAT 110.38

TOTAL NET AMOUNT = PHP 1,126.06

PPM 11,200



Page 1 of 3
EB Invoice No. 588502000149

Amount Due	Due Date	Total Amount Due
Php 11,392,845.38	20-Feb-15	Php 11,392,845.38

BREAKDOWN OF ELECTRICITY CHARGES

GROUP	SUBTOTAL	PERCENTAGE
Supply and Supply Charges	6,887,392.02	60.28%
Other Energy Charges	232,613.41	2.04%
WESEM	196,767.53	1.73%
Queue Month Adjustments	-247.66	0.00%
Government Taxes (Energy)	36,482.63	0.32%
Sam Charge Adjustment	241,418.19	2.12%
Transmission	1,562,507.50	13.89%
System Loss	313,066.93	2.75%
Distribution (Meralco)	1,042,868.13	9.19%
Subsidies	240,150.07	2.11%
Government Taxes (DU)	16,863.07	0.15%
FIT-All Renewable	64,357.05	0.56%

CLARK ELECTRIC DISTRIBUTION CORPORATION
Reg. No. 0020 (Supercheron St., Clark Freeport Zone, Philippines)
TIN: 905-378-198-000

Electricity (Supply & Supply)	11,881,650	102,6000	3,824,955.25	PF
Power Factor	89.45		0.00	PF
Supply (Supply & Supply)	8,286,280.00	2,9000	0.00	PF
Supply (per Cost)	28,886,3200		28,886.32	PF
Marketing (per Cost)	43,648,8000		43,648.80	PF
Marketing (PF/Supply)	8,286,280.00	2,9000	0.00	PF

Total Distribution Charge ₱ 3,811,411.55
SEMI Fuel Cost/Supply Cost Adjustment 1895,137.81
WESEM RCD RCD Adjustment 1495,376.24
WESEM RCD RCD Adjustment 1195,162.83
Preferential Assessment Rate 186,831.13

Total Others (778,399.09)
Total Charges 38,886,853.89

FIT-All Renewable 64,357.05 0.56% 64,357.05

Electricity (Supply & Supply)	6,284,280.00	6.1594	817,745.93
Supply (Supply & Supply)	6,284,280.00	6.0509	17,240.78
NPC Stranded Contract Costs	6,284,280.00	6.1038	1,626,419.04
Subsidies (Supply & Supply)	6,284,280.00	6.0517	8,822.88

Resolution no. 24 Series of 2013, Section 2.2.1.1, MPower, Meralco's Local Retail

Sub
Main
Main
PEZA
Y01

Meralco's Info Campaign to Customers and Employees

Spark February 2015 Issue

Bill Advisory

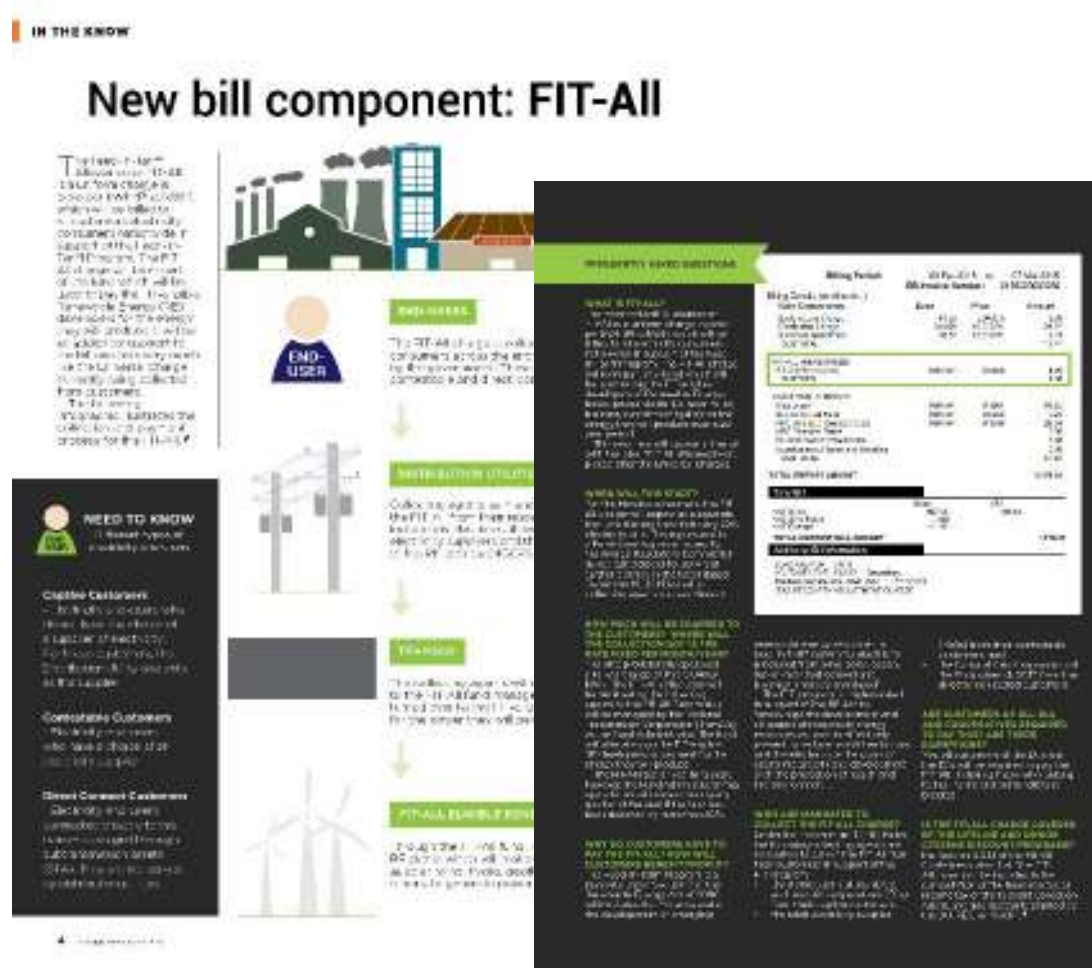
Appeared on all
February bills to
customers

What is the new FIT-All charge?

***Fit-all is a new addition to your bill, as mandated by the government. This is to promote the use of sustainable sources of energy and will go to renewable energy developers. Distribution utilities nationwide (like Meralco) collect it but do not earn from this charge.**

*Feed-in-Tariff Allowance

For more information, visit <http://www.transco.ph/feed-in-tariff>





“Very soon, we will formally ask Congress for a joint resolution, that will authorize the national government to contract an additional generating capacity to address the 300-megawatt projected deficit, and, on top of that, to have sufficient regulating reserves equivalent to four percent of peak demand, for another 300 megawatts.”

- President Aquino’s speech at the launching of the 420 MW Pagbilao III Power Plant project on 11 September 2014



MALACAÑAN PALACE
MANILA

12 September 2014

HON. FELICIANO R. BELMONTE, JR.
Speaker
House of Representatives
Quezon City

Dear Speaker Belmonte:

In accordance with Section 71 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001,” I hereby seek the immediate enactment of a **Joint Resolution** authorizing the President to establish additional generating capacity.

The Department of Energy (DOE) reports and projects a critical electricity situation in the summer of 2015 arising from, among others, the expected effects of the El Nino phenomenon, the 2015 Malampaya Turnaround, increased and continuing outages of power plants, and anticipated delays in the commissioning of committed power projects. There is no gainsaying that the imminent electric power shortage during these months is a real threat to the country’s growing economy and the general welfare of the people. The speedy enactment of the Joint Resolution will ensure the energy requirements of the country for this critical period – through a specific, focused and targeted acquisition of additional generating capacities for use during the limited periods of time of very tight energy supply.

This authority is needed in order to address the imminent shortage of electric power for the summer of 2015 in Luzon.

I look forward to a favorable response from both Houses.

Very truly yours,

cc: Hon. Franklin M. Drilon
President
Philippine Senate
Pasay City

Sec. Manuel N. Mamba
PLLO

Updates on Emergency Powers



- ☑ **Sep 25, 2014 : House Resolution No. 1533 “Directing The Committee On Energy To Conduct An Inquiry, In Aid Of Legislation, To Determine Government Options To Alleviate Power Shortage In 2015”** was filed by Speaker Belmonte and Majority Floor Leader Neptali Gonzales Jr.
- ☑ **Nov 18, 2014 : The House Committee on Energy approved House Joint Resolution 21**
: 19 voted in favor, 1 not in favor and 1 abstained
- ☑ **Nov 26, 2014 : Committee Report recommending approval of HJR 21**
- ☑ **Nov 27, 2014 : Letter certifying as urgent HJR 21 signed by Exec. Sec. Paquito Ochoa transmitted to the office of Speaker Belmonte Jr. on Dec. 1**
- ☑ **Dec 02, 2014 : Sponsorship Speech of Cong. Reynaldo Umali**
- ☑ **Dec 10, 2014 : The House successively approved on Second and Third Reading House Joint Resolution No. 21**
- ☑ **The leadership of the House is targeting the First Quarter of 2015 to enact Joint Resolution into a law.**



Updates on Emergency Powers



SALIENT FEATURES OF HOUSE JOINT RESOLUTION NO. 21:

- **Additional generating capacity shall be sourced from:**
 - (1) the Interruptible Load Program (ILP)**
 - (2) fast tracking of new committed projects, and plants for interconnection and rehabilitation; and**
 - (3) adoption and execution of energy efficiency and conservation measures shall be pursued vigorously in both public and private sectors.**
- **The authority granted to the President shall be valid from the effectivity of this Joint Resolution until 31 July 2015 to cover additional generating capacity required for the period of the critical power shortage**
- **During the effectivity of this Joint Resolution, the following shall be undertaken:**
 - (1) All national government agencies and local government units are hereby authorized to suspend the operability of pertinent laws, rules and regulations including but not limited to WESM Rules; Biofuels Act; Clean Air Act; Philippine Grid Code and the Philippine Distribution Code**
 - (2) All entities with self-generating facilities (SGFs) shall participate in the ILP on or before 31 January 2015: Provided, That the government shall reimburse the owners of SGFs of backup generators for fuel expenses and reasonable recovery for their use in accordance with the ERC rules including the VAT. For this purpose, the President is hereby authorized to source from Malampaya funds**
 - (3) Upon submission of the energy efficiency and conservation program, as certified by the DOE, all government offices and institutions are authorized to retrofit their offices and buildings**
 - (4) Within 30 days from the approval of the Joint Resolution, the Secretary of Energy Shall, in coordination with the industry stakeholders, promulgate rules and regulations**
 - (5) The President shall submit a monthly report to Congress**

Updates on Emergency Powers



☑ Sep 25, 2014 : Senate Committee on Energy Consultative Meeting on:



- Section 71 of R.A. No. 9136 (EPIRA) in Reference to the Letter of His Excellency, President Benigno S. Aquino III Dated 12 September 2014 Seeking the Immediate Enactment of the Same
- Senate Resolution No. 933 – “RESOLUTION DIRECTING THE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO DETERMINE GOVERNMENT OPTIONS TO ALLEVIATE POWER SHORTAGE IN 2015” (authored by Sen. Osmeña III)
- Senate Resolution No. 934 – “RESOLUTION DIRECTING THE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEED TO ESTABLISH ADDITIONAL GENERATING CAPACITY TO ENSURE THE ENERGY REQUIREMENTS OF THE COUNTRY” (Authored by Senator Drilon)

- ☑ Dec 16, 2014 : Second Hearing on Senate Resolution Nos. 933 & 934. Osmeña thereafter conducted Technical Working Group (TWG) Meetings
- ☑ Feb 04, 2015 : Senate Committee on Energy submitted Committee Report No. 99 recommending approval of Senate Joint Resolution No. 12 acting on Senate Resolution Nos. 933 and 934
- ☑ Feb 10, 2015 : Sponsorship Speech of Sen. Osmeña. SJR 12 now undergoing period of interpellation.

Updates on Emergency Powers



SALIENT FEATURES OF SENATE JOINT RESOLUTION NO. 12:

- **DOE, in coordination with other government agencies, to suspend application of necessary certifications, permits, licenses, consents, and other authorizations** to ensure existing committed projects and plants for connection, interconnection or transmission and rehabilitation will be able to provide additional capacity **from March to July 31, 2015**
- **DOE to instruct the system operator not utilize existing hydroelectric plants as Must Run Units** and encourage these plants to conserve water during off-peak hours **from March 1, 2015 to July 31, 2015;**
- **ERC to allow the activation of the ILP** whenever the net operating reserve of the Luzon grid is less than **350 MW ("Orange Alert")**
- **ERC to issue the requisite regulation which shall suspend or amend**, for the period covered by the Joint Resolution, the **N-1 Criterion** under the Grid and Distribution Codes

Designate the "Malampaya Fund" as funding source of extraordinary expenses:

- ☑ to entities (i.e. **Texas Instruments, Phoenix Semicon & Hanjin**) enjoying discounted rates under pertinent EOs for the incremental increase in rates arising from recovery of the De-Loading Compensation;
- ☑ to customers which are allowed an option to recover their De-Loading Compensation from the Government as may be provided in the ILP Rules;
- ☑ by PSALM for increasing the pumping operation hours of **CBK** to optimize its generating capacity, differential cost of diesel and natural gas fuel for **ILIJAN** and dispatch of **MALAYA**;
- ☑ by PSALM in supplying fuel to and expanding the fuel storage facilities of **MALAYA**;
- ☑ by NPC for disturbance and/or displacement compensation to affected households and resort owners within the Caliraya Lake
- ☑ by entities in increasing the storage facilities of diesel for use by natural gas plants as certified by the DOE

Amendment to Biofuels Act of 2006



- ☑ On **9 Feb 2014**, the **Senate Committee on Energy**, conducted a hearing on **Senate Bill No. 2622** entitled: **An Act Amending Republic Act No. 9367, Otherwise Known as the "Biofuels Act of 2006"** (by Senator Osmeña)
- ☑ **Chairperson Osmeña** introduced **SB 2622** which seeks to exempt the Ilijan plant and other similarly situated generation plants (i.e. First Gas Plants) from compliance with the minimum biodiesel blend to augment the power supply during periods of natural gas supply shortages
- ☑ The proposed amendment is on **Section 5 of the Biofuels Act**. There will be a proposed insertion that would read as follows: **"PROVIDED THAT NATURAL GAS POWER GENERATION PLANTS MAY USE NEAT DIESEL AS THEIR ALTERNATIVE FUEL DURING SHORTAGES OF NATURAL GAS SUPPLIES: PROVIDED, HOWEVER, THAT THE DOE SHALL ENSURE THAT THE AUTHORITY GRANTED HEREIN SHALL ONLY BE AVAILED OF, DIRECTLY OR INDIRECTLY BY NATURAL GAS POWER PLANTS."**
- ☑ On **17 Feb 2015**, the Committee on Energy submitted **Committee Report No. 120** recommending approval of Senate Bill No. 2622.



MGen Updates

FY 2014

San Buenaventura Power Limited

(460-MW Coal-Fired Power Plant, Quezon)

- Power Supply Agreement with MERALCO
 - Signed on 30 May 2014 and submitted to the ERC for approval on 2 June 2014
 - All hearings concluded last year
 - ERC ruling expected by Q1 2015
- Financing
 - Final stages of evaluation to appoint lead arrangers
 - Expected financial close by mid-2015
- EPC and Site Preparation
 - Negotiations on the Engineering, Procurement and Construction (EPC) contract concluded in October 2014
- Target commissioning by 2H 2018.

Redondo Peninsula Energy

(600-MW CFB Coal-Fired Power Plant, Subic)

- Supreme Court resolution, 03 February 2015, by a unanimous 13-0 vote:
 - The 30 Jan 2013 Decision and 22 May 2013 Resolution of the Court of Appeals are reversed and set aside
 - The Petition for Writ of Kalikasan is denied for insufficiency of evidence
 - The validity of the 22 December 2008 Environmental Compliance Certificate, as well as the 8 July 2010 first amendment and the 26 May 2011 second amendment thereto, issued by the Department of Environment and Natural in favor of Redondo Peninsula Energy, Inc. are upheld
 - The validity of the 8 June 2010 Lease and Development Agreement between Subic Bay Metropolitan Authority and Redondo Peninsula Energy Inc. is upheld
- RP Energy to proceed with the completion of all remaining development activities and commence construction within the year 2015

Atimonan One Energy

(2 x 600-MW PC Coal-Fired Power Plant, Quezon)

- Development activities for the 2 x 600-MW supercritical pulverized coal-fired power plant in Atimonan, Quezon gained headway in 2014.
- An experienced international engineering firm has been engaged as Owner's Engineer. Engineering, Procurement and Construction (EPC) prequalification process has commenced.
- Process of applying for an Environmental Compliance Certificate (ECC) has commenced.

Global Business Power Corporation (GBPC)

- MGen acquired a 20% equity interest in GBPC in Oct 2013.
 - GBPC operates a total of 627-MW (gross capacity) composed of coal and diesel-fired power plants. In addition, it has 232 MW (gross) of coal-fired power plants under construction in the Visayas.
- In June 2014, MGen raised its stake in GBPC from 20% to 22%.
- GBPC's Toledo Power Corporation completed construction of its 1 x 82-MW CFB coal-fired power plant expansion. Achieved commercial operation in Dec 2014.
- GBPC's Panay Energy Development Corporation is constructing a 150-MW coal-fired power plant at the site of its two (2) operating coal power plants. Commercial operations date is expected in 3Q 2016.

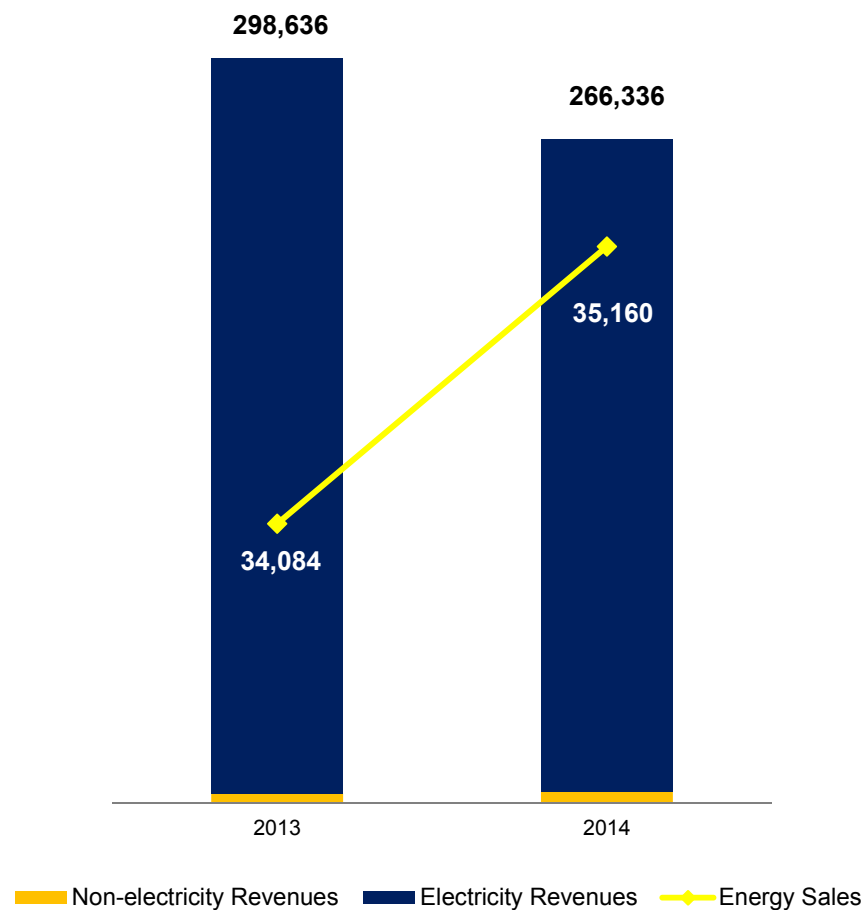
Financial Highlights

FY 2014

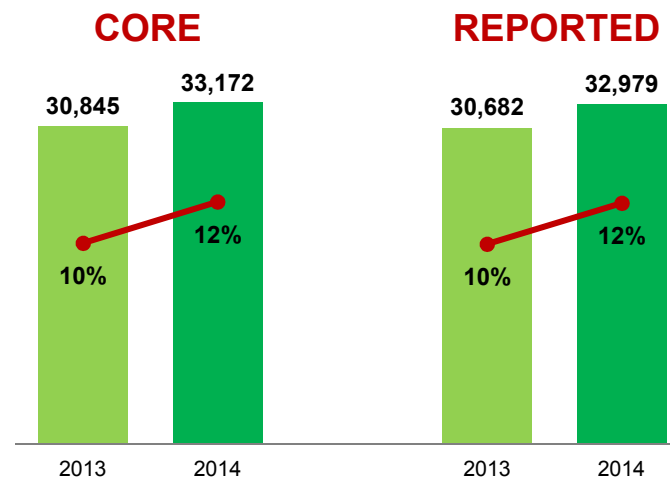
Revenues, EBITDA and Net Income



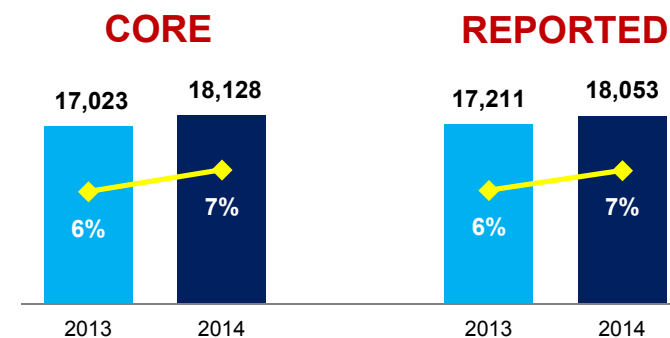
CONSOLIDATED REVENUES (in ₱ mn) & ENERGY SALES (in GWh)



EBITDA (in ₱ mn) AND MARGINS



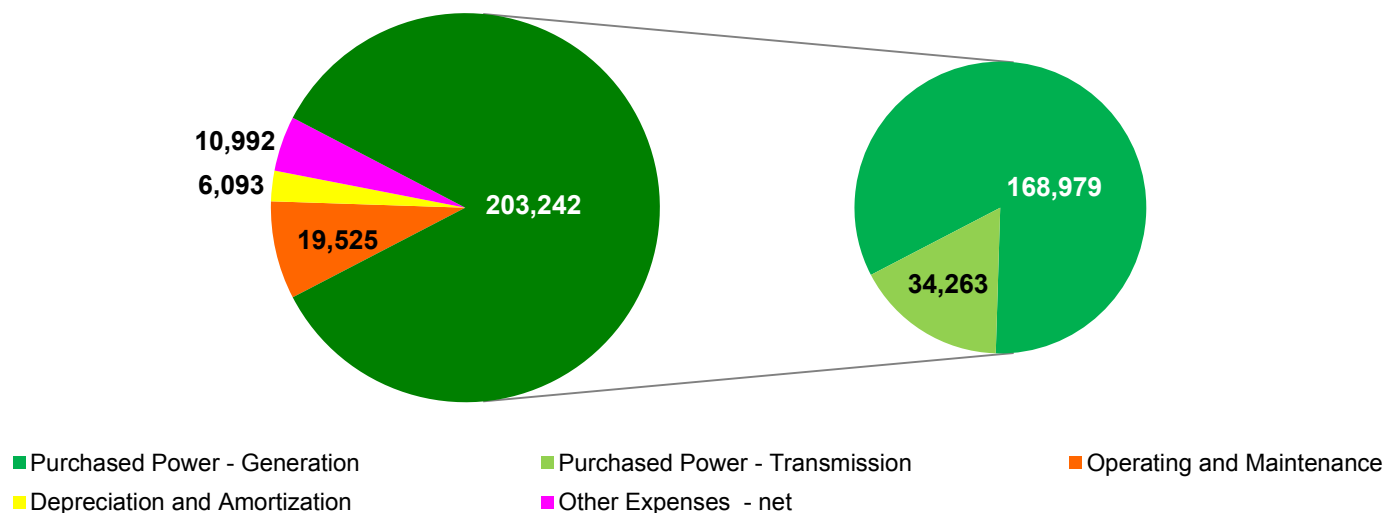
NET INCOME (in ₱ mn) AND MARGINS



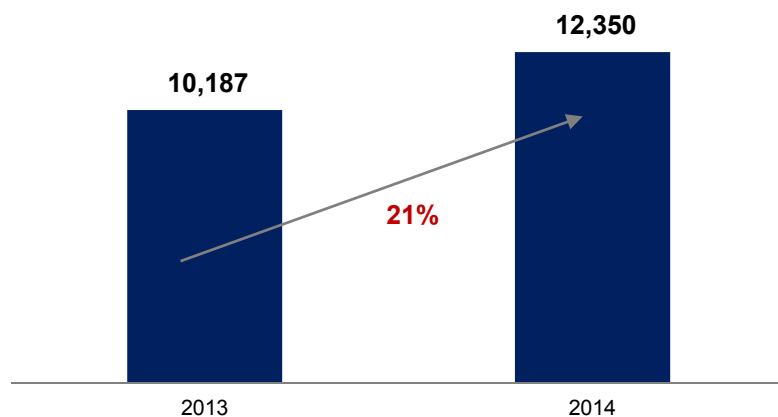
Costs and Expenses



TOTAL EXPENSES (in ₱ mn)



CAPITAL EXPENDITURES (in ₱ mn)



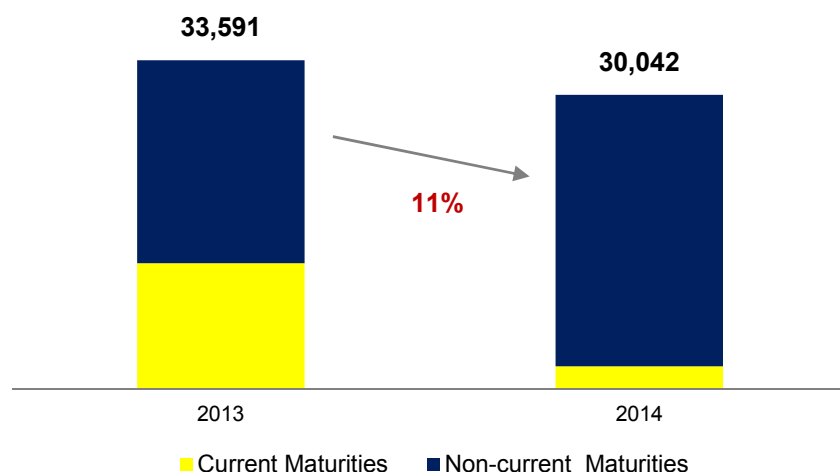
MAJOR ELECTRIC CAPITAL PROJECTS IN 2014:

- Construction of Araneta-Cubao-Kamuning 115 kV Line
- Installation of an Additional Bank at Tegen Substation (Bank No. 9)
- Development of a 115 kV-34.5 kV GIS Substation (PAGCOR-1 Substation)
- Development of the Valencia Substation
- Construction of the 2nd Tayabas 115 kV Line

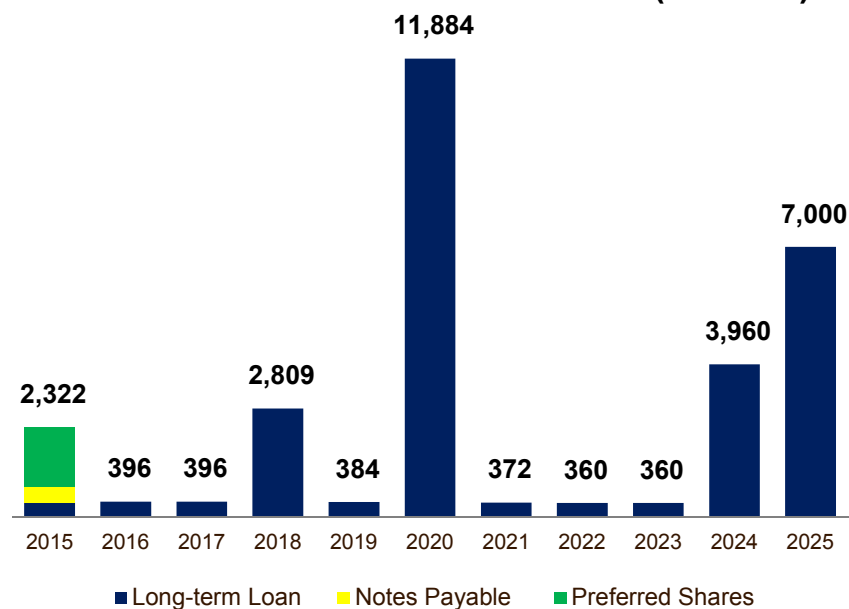
Credit and Debt Profile



TOTAL DEBT (in ₱ mn)



DEBT REPAYMENT SCHEDULE (in ₱ mn)



(in ₱ mn except ratios) FY 2013 FY 2014

Cash 59,851 **69,467**

Total Debt 33,591 **30,042**

Net Debt (26,260) **(39,426)**

Total Debt/EBITDA 1.09 **0.91**

Net Debt/EBITDA (0.86) **(1.20)**

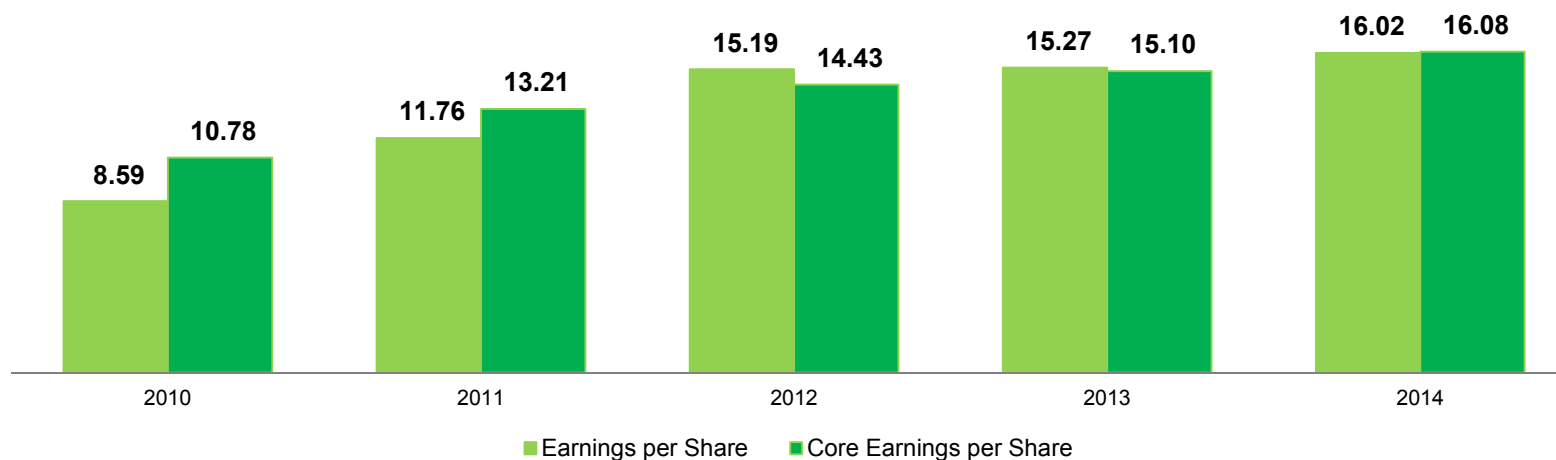
Gearing Ratio (0.35) **(0.50)**

Interest Expense 1,479 **1,439**

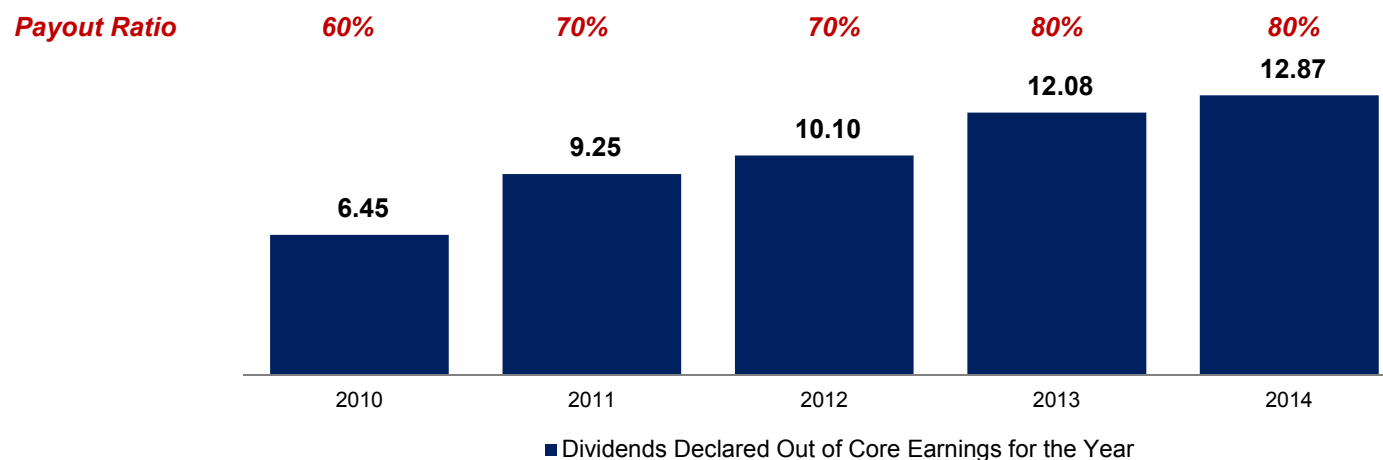
Earnings per Share and Cash Dividends



REPORTED AND CORE EARNINGS PER SHARE (in ₱)



DIVIDENDS DECLARED OUT OF CORE EARNINGS FOR THE YEAR (in ₱/share) AND PAYOUT RATIO



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