



Financial and Operating Results



Investors and Analysts Briefing
Quarter Ended March 31, 2015

April 27, 2015

Operations Report

1Q 2015

2015 1Q Operating Highlights



↑2.3%*

+184 GWh

Energy Sales
1Q 2015

↑3.9%*

+208,821 customers

Customer Count
1Q 2015

↑2.2%*

+117 MW

Meralco
Peak Demand
1Q 2015

↑2.7%*

+229 GWh

NSI
1Q 2015

P8.89/kWh

Gen.Ch. 55.4%
Dist. Ch. 17.5%

Ave. Retail Rates
1Q 2015

**Within
Regulatory Limits**

S-Factor & GSL**
1Q 2015

**Business
Updates**

1Q 2015

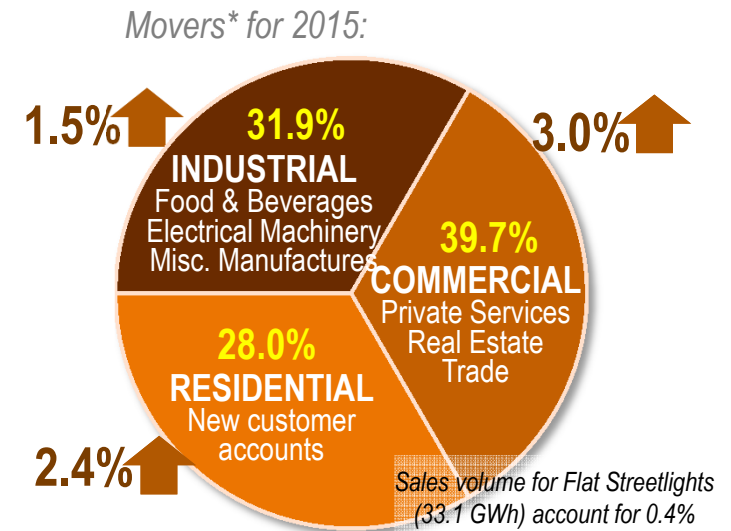
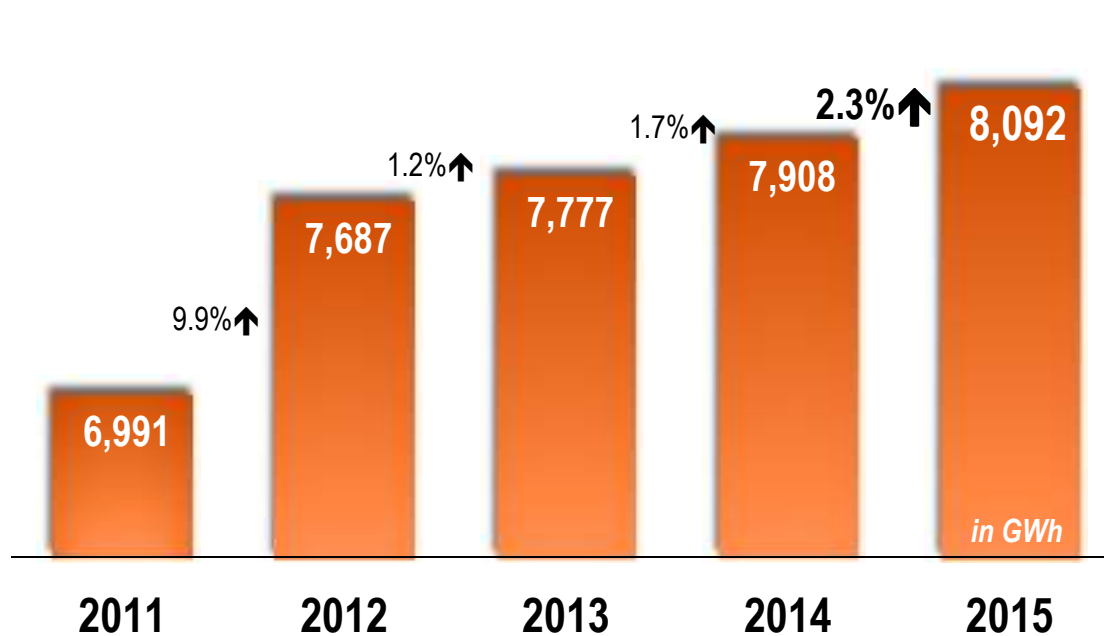
DETAILS



Energy Sales, 1Q 2015

MONTHLY GROWTH 

□ Energy sales Up 2.3% vs. 2014 (+184 GWh)

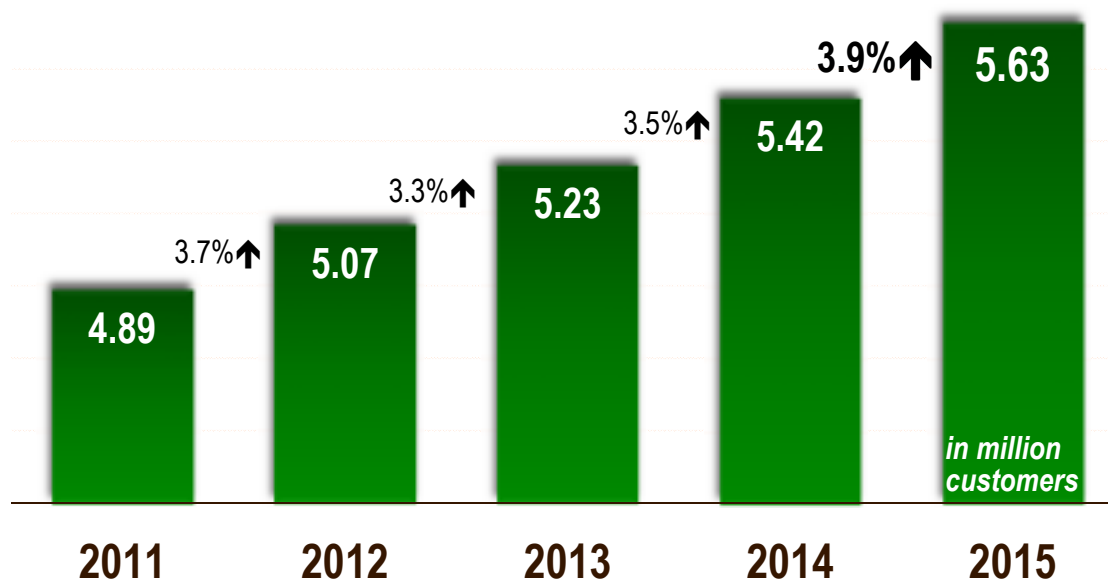


*Applies to GP customers under Industrial and Commercial segments.

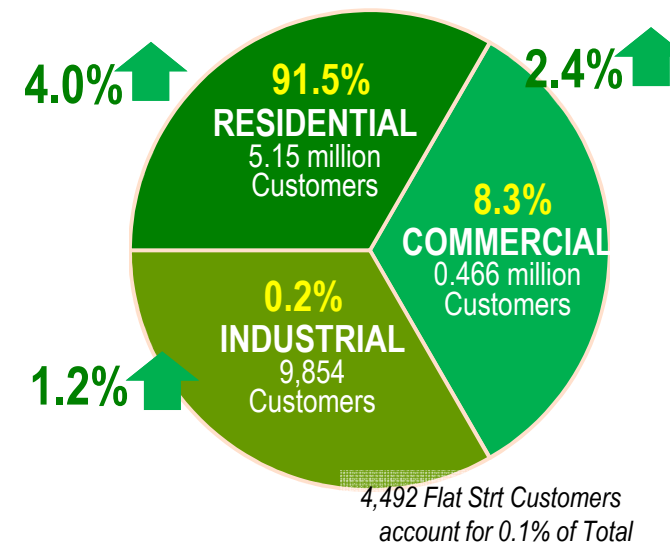
CONSOLIDATED

Customer Count, 1Q 2015

Up 3.9% vs. 2014 (+208,821 new customers)



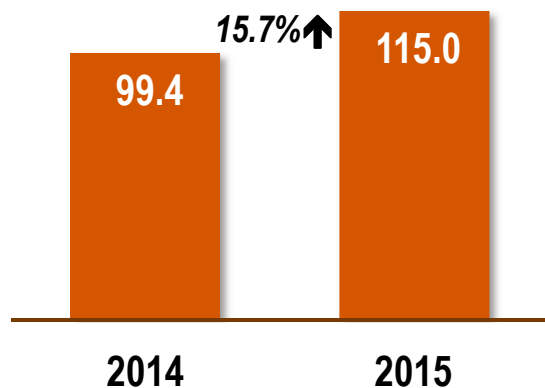
Segment share for 2015:



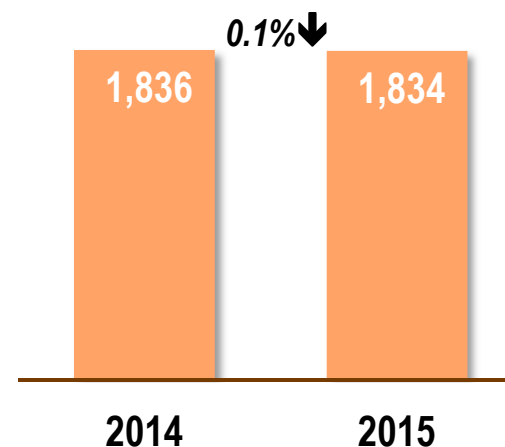
Clark Electric (CEDC), 1Q 2015

□ Strong growth in Energy Sales and NSI vs. 2015

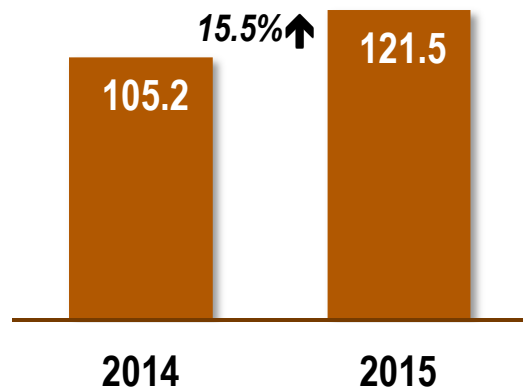
Energy Sales, GWh



Customer Count



NSI, GWh



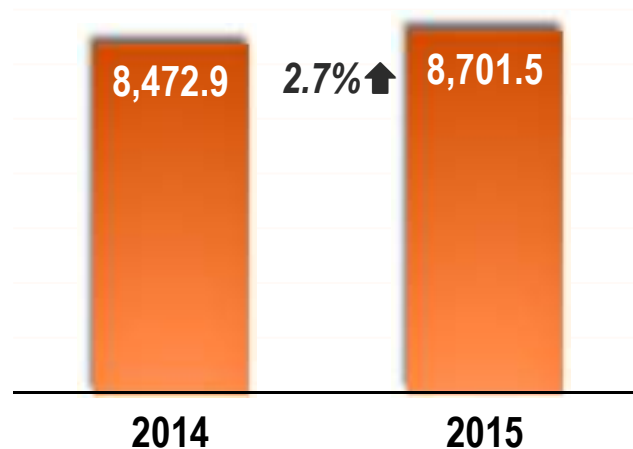
2015	Sales, Share	Count, Share
Commercial	36.4%	56.5%
Industrial	62.6%	7.0%
Residential	0.7%	33.3%

Flat Streetlights' sales and count shares account for 0.2% and 3.2%, respectively.

NSI, 1Q 2015

Up 2.7% vs. 2014 (+228.6 GWh)

Mar 2015 YTD, GWh:



NSI includes:

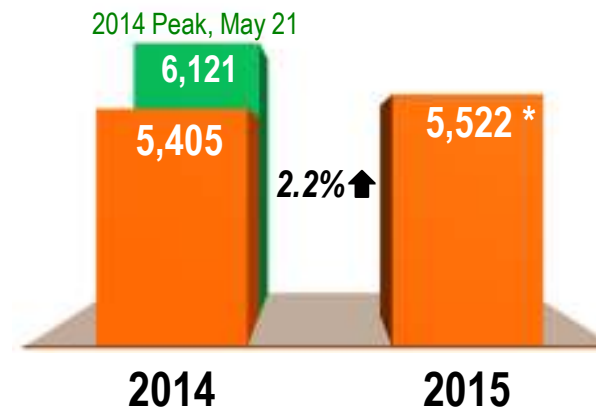
- Power purchases of D.U. (for Captive Customers), its Local RES (for Contestable Customers);
- Other RESs (for Contestable Customers including SDC)
- Volumes for CEZ, Sunpower, Coccochem Agro-Industrial Park (CAIP)
- Export Energy from Net Metering customers

CONSOLIDATED

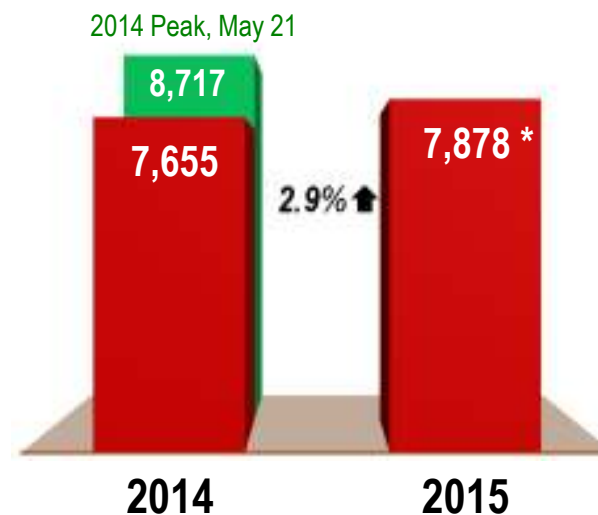
Peak Demand, 1Q 2015

5,522 MW, 2.2% Up vs. 2014

Meralco YTD Peak Demand, MW:



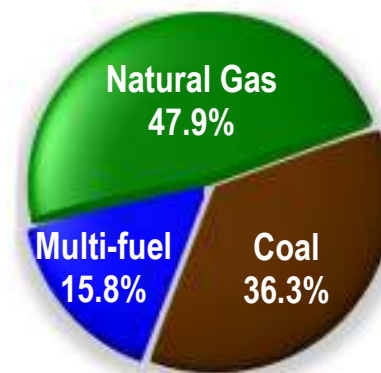
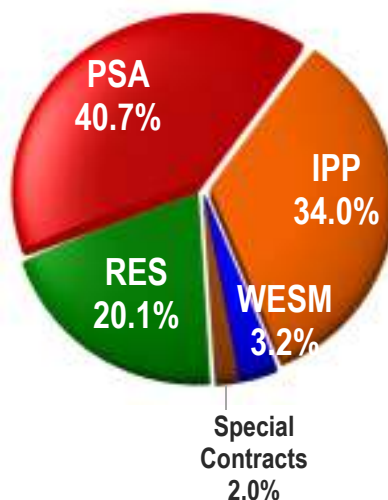
Luzon YTD Peak Demand, MW:



*March 20, 2015

Power Sources & Fuel Mix, 1Q 2015

SOURCE	GWh	Share
PSAs-Total	3,537.4	40.7%
SEM-Calaca	448.4	5.2%
MPPC-Masinloc	450.6	5.2%
TLI-Pagbilao	459.0	5.3%
SMEC-Sual + CEDC	673.1	7.7%
SPPC-Ilijan	1,379.9	15.9%
Others*	126.3	1.5%
IPPs-Total	2,961.9	34.0%
QPPL-Mauban	349.4	4.0%
Sta. Rita	1,744.3	20.0%
San Lorenzo	868.1	10.0%
WESM	279.5	3.2%
Special Contracts**	170.6	2.0%
RESs***	1,752.1	20.1
TOTAL SOURCE (NSI Equivalent)	8,701.5	100.0%



TYPE OF FUEL	GWh	Share
Natural Gas	4,165.7	47.9%
Coal	3,162.4	36.3%
Multi-fuel*	1,373.4	15.8%
TOTAL FUEL MIX (NSI Equivalent)	8,701.5	100.0%

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

*Includes volumes from TMO, IPSAs, Montalban Methane Power Corp., Bacavalley Energy Inc., Pangea Philpodeco and Net Metering

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

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

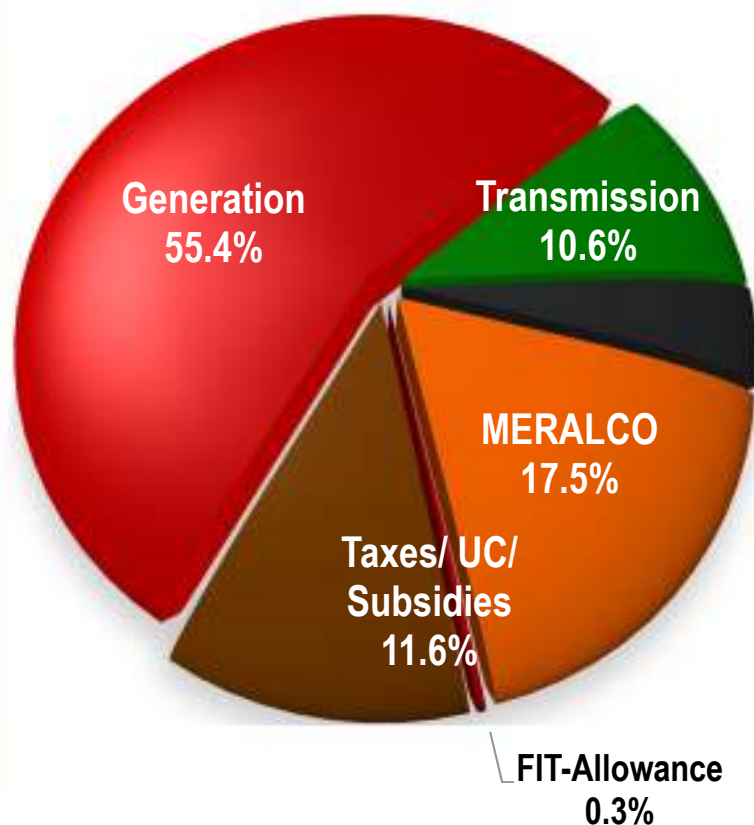
Note: WESM purchase at 3.2% of Total NSI and 4.1% of Captive volume

CONSOLIDATED

Average Retail Rate, 1Q 2015

7.0% lower vs. 2014 (-67¢/kWh)

Generation Charge, largest component in customer's bill, 55.4%; Meralco 17.5%; NGCP 10.6%



BILL COMPONENT	1Q 2014 Overall Ave, P/kWh	1Q 2015 Overall Ave, P/kWh	Δ
Generation Charge*	5.43	4.93	-0.50
Distribution Charge** (MERALCO)	1.63	1.55	-0.08
Transmission Charge** (NGCP)	0.96	0.95	-0.01
System Loss Charge**	0.46	0.40	-0.05
Taxes, Univ Charge**	1.08	1.03	-0.05
FIT-All***	-	0.03	0.03
TOTAL	9.56	8.89 ↓	-0.67 (7.0% ↓)

*Generation Retail Rate (applies to captive customers only)

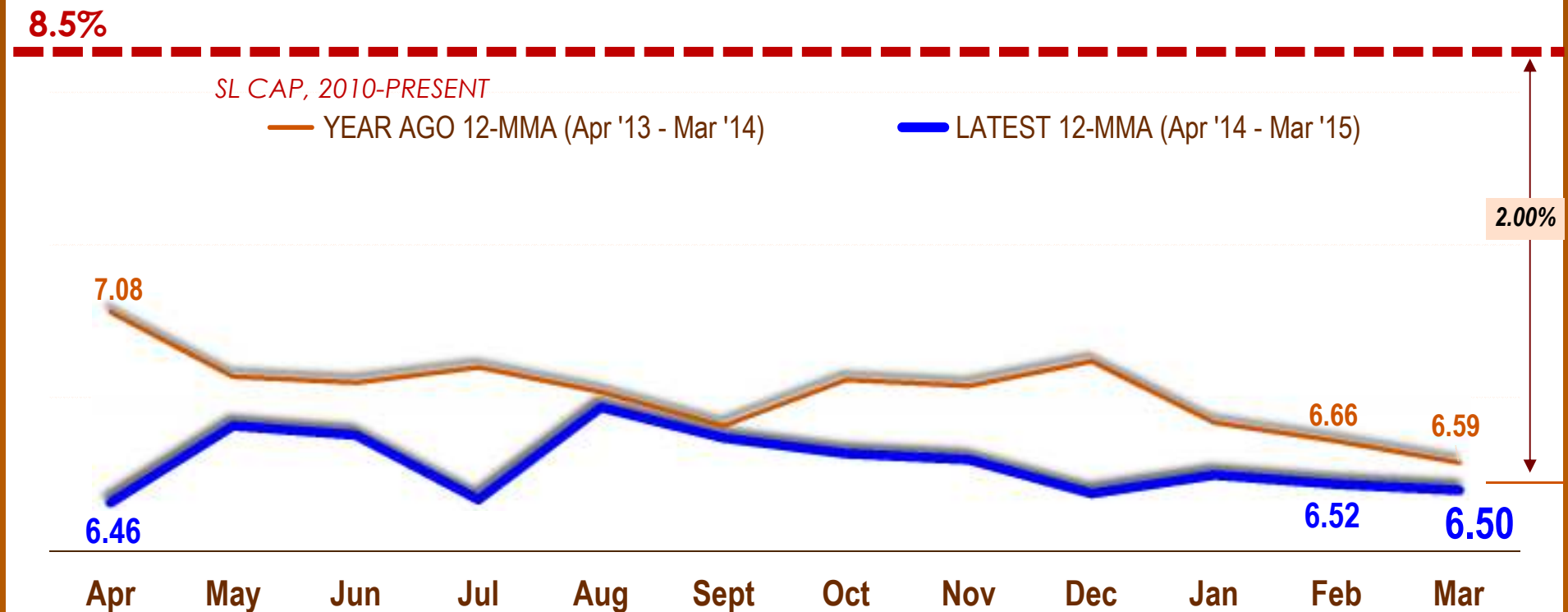
**Other Charges are based on total captive and contestable customers in Meralco Franchise Area

***Excludes contestable customers and Cavite Ecozone (CEZ)- started February 2015

System Loss Performance, Mar. 2015, 12-MMA

Monthly 

- 12-MMA ending **March 2015 at 6.50%**
 - Improved by 0.09%pts vs. March 2014's 6.59%
 - Lower by 2.00% vs. SL cap of 8.5%

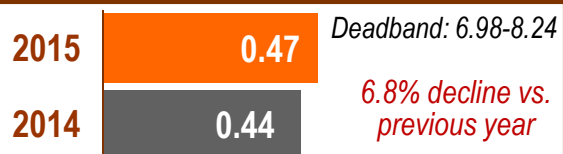


• Official ERC-filed Meralco System Loss, in percent which excludes Clark Electric Distribution Corp. (CEDC)'s 12MMA system loss ending Mar 2015 of 4.25% and Mar 2014 of 4.36%

S-Factor & GSL Performance, Mar 2015 & RY2015 (for GSL)

□ All S-Factor indicators well within rewards range; all GSL performances are well within set limits

SAIFI, Forced and PAI (Times)



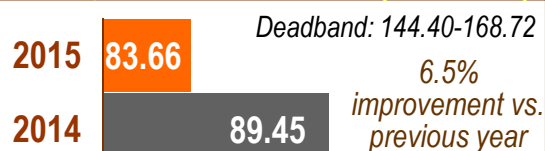
Ave. Time to Process App. (Days)



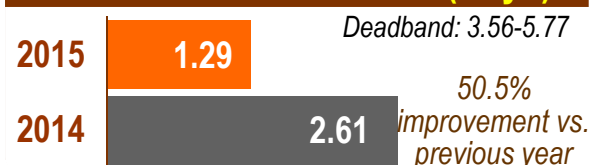
GSL1 : Customer experiencing a cumulative duration of sustained service interruptions in a Regulatory Year that exceeds the threshold

Actual RY2015	1,594 customers
No. of Violations for RY2015 (Ceiling)	373,658

CAIDI, Forced and PAI (Minutes)



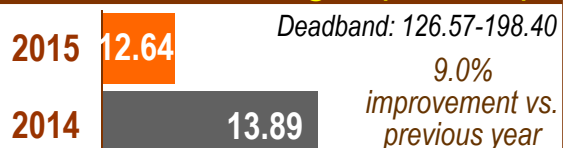
Ave. Time to Connect (Days)



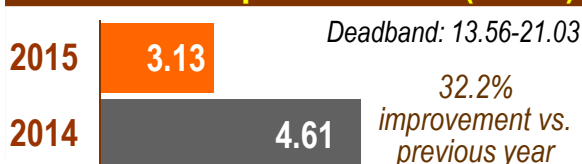
GSL2 : Customer experiencing a total number of sustained interruption in a Regulatory Year that exceeds the threshold

Actual RY2015	customer
No. of Violations for RY2015 (Ceiling)	18,989

SAIDI, Pre-arranged (Minutes)



Call Center performance (Secs.)



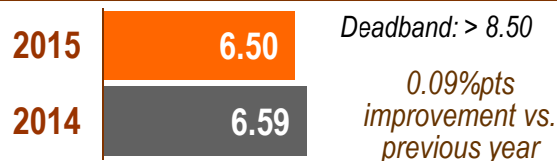
GSL3: Restoration of supply to a customer after a fault on the secondary distribution network taking longer than the threshold time

Actual RY2015	1,128 incidents
No. of Violations for RY2015 (Ceiling)	234,439

Prob. of Voltage Level (% not falling within limits)



System Loss (%) -12MMA



GSL4 : Connection not provided on the day agreed with the customer

Actual RY2015	32,739 days delay
No. of Violations for RY2015 (Ceiling)	163,995

Business Updates: Strengthening the Core Business

Electric Capital Projects

NGCP Batangas (Mahabang Parang) - Meralco Batangas 69 kV Lines



Details

- Completion: Feb 24, 2015
- Construction of 2- 69 kV lines from NGCP's Batangas Substation to Meralco's Batangas City Substation
- Total length of 13.3 km: 12.5 km overhead and 0.8 km underground portions

Benefits

- More reliable source for Meralco's Batangas City Substation
- Capacity to accommodate the 35 MW applied load of J.G. Summit Petrochemical Plant

Expansion of FBGC-4 GIS Substation



Details

- Completion: March 30, 2015
- Installation of 2nd 83 MVA Transformer
- Construction of additional 4 underground feeders
 - FBGC-4 Circuits 422RJ and 424RJ were commissioned last March 31 and April 1, respectively.

Benefits

- Provided additional capacity in Bonifacio Global City (BGC) area to address high load growth from residential, commercial, and BPO customers.

Business Updates: Strengthening the Core Business

Electric Capital Projects (Generator Interconnection Projects)

Botocan HEPP Interconnection



Details

- Feb. 25-26, 2015 -- Commissioning and 2-day load testing by CBK personnel
- Feb. 27, 2015 – Start of commercial operation

Benefit

- Will help ease the tight supply situation especially this summer by allowing delivery of its output (21 MW) to the Luzon Grid

Millennium Gas Turbine Power Plant (MGTPP) Interconnection



Detail

- Completion: March 13, 2015
- MGTPP is currently undergoing commissioning testing

Benefit

- Connects MGTPP to Meralco's 115 kV system, allowing the plant to supply its output (100 MW) to the Luzon Grid

Alternergy Wind One Corp (AWOC) Interconnection



Details

- March 20 – Energized the 115 kV metering yard inside AWOC's substation
- Mid-June – Target commissioning of AWOC's 27 wind turbines

Benefit

- Allows AWOC's 27 wind turbines (rated 2 MW each) to supply their output to the Luzon Grid

Confronting Thinning Power Supply during Summer 2015

3 Pillars of Meralco's Support

DETAILS

New IPSAs / PSA (~524 MW)



ILP Advocacy (~820 MW)



Energy Savings & Efficiency Measures



*819.96 MW signed out of the committed 923.14 MW, as of April 21, 2015

Business Updates: Strengthening the Core Business

PRES



ERC TOUR



WITH GOVT AGENCIES



WITH LGU



WITH NHA

e-Vehicle



ATNEO EV SHUTTLE LEASING



COMET eJEEP DEPLOYMENT

Comms



CUSTOMER ENGAGEMENTS

ENERGY EFFICIENCY & SAVINGS PROGRAMS



Business Updates: Strengthening the Core Business

OTHER EVENTS



Regulatory Updates

1Q 2015

Amended Rules to Govern the ILP

ERC Resolution No. 5, Series of 2015

- Highlights of amendments
 - Scope
 - Administrators: DUs & NGCP
 - Participants: Captive customers, contestable customers, locators in economic & freeport zones, directly-connected customers
 - Removal of cap (i.e. ₱23,548 per month) on the recovery of maintenance cost
 - ₱0.32/kWh x Compensable kWh
 - Recovery by ILP administrators
 - DU: All distribution wheeling load customers
 - Captive: Generation Charge
 - Contestable: Additional line item in DWS bill
 - NGCP: Load customers except DUs that administer their own ILP
 - Separate line item in the transmission bill
 - Compensation & recovery of DoE-initiated dry runs
- Approved by the ERC on 6 Apr 2015, released on 21 Apr, and published/took effect 23 Apr 2015
 - 1st draft: 4 Nov 2014
 - Public consultation: 26 Nov 2014
 - Focus group discussion: 3 Dec 2014
 - 2nd draft: 19 Dec 2014

Interruptible Load Program (ILP) Participation

(As of 21 April 2015)

Customer Type	Total Deloading Capacity (MW)	Signed-Up Deloading Capacity (MW)	Count of Services	Potential	Count of Services
Captive (Private)	412.39	402.37	227	10.02	10
Captive (Gov't)	1.70	1.70	1		
CAPTIVE Total	414.09	404.07	228	10.02	10
CONTESTABLE Total	501.55	408.39	185	93.16	29
Cavite Ecozone locators	7.50	7.50	3	0.00	0
Sub-TOTAL for ILP	923.14	819.96	416	103.18	39

ERC directs Generating Companies to report occurrence of and resumption of operations from outage

- ERC Res. No. 4, Series of 2015: released 23 Apr 2015
- Unplanned outage, from **Occurrence**
 - Within 3 hours (via SMS to ERC): Type of outage, name of generation facility/unit, total capacity on outage, date & time of occurrence, reason for outage, surname of person reporting

[e.g. Forced, ABC Unit 2, 500MW, 23 February 0430H, transformer breakdown, 13 March 1015H, Fontanilla]

- Within 48 hours (via email or fax to ERC): Type of unplanned outage, name of generation facility/unit with capacity, total capacity on outage, date & time of occurrence, detailed reason for outage, expected date & time of resumption

Outage Event	Power Plant Affected and Total Capacity	Generation Facility/Unit on Outage	Total Outage	Date and Time of Occurrence	Detailed Reason for Outage	Expected Date and Time of Resumption
Forced	ABC Coal Fired Power Plant 1000 MW	ABC Unit 1	500	23 February 2015; 1500H	Transformer Breakdown due xxx	30 March 2015; 1500H

ERC directs Generating Companies to report occurrence of and resumption of operations from outage

- Unplanned outage, from **Resumption**

- Within 3 hours (via SMS to ERC): Type of unplanned outage, name of generation facility/unit, total capacity on outage, date & time of occurrence, date & time of resumption, surname of person reporting

[e.g. Forced, ABC Unit 2, 500MW, 23 March 0430H, 02 April 0600H, Fontanilla]

- Within 48 hours (via email or fax to ERC): Type of unplanned outage, name of generation facility/unit with capacity, total capacity on outage, date & time of occurrence, detailed reason for outage, actual date & time of resumption, total outage hours

Outage Event	Power Plant Affected and Total Capacity	Generation Facility/Unit on Outage	Total Outage	Date and Time of Occurrence	Detailed Reason for Outage	Actual Date and Time of Resumption	Total Outage Hours
Forced	ABC Coal Fired Power Plant 1000 MW	ABC Unit 1	500	23 February 2015; 1500H	Transformer Breakdown due xxx	30 March 2015; 1500H	41 Hrs

ERC directs Generating Companies to report occurrence of and resumption of operations from outage

- Planned outage

- At least 10 days **prior to implementation** (via email or fax): Type of outage, name of generation facility/unit, total capacity on outage, date & time of occurrence, expected date & time of resumption, remarks

Outage Event	Generation Facility/Unit	Total Outage	Date and Time of Planned Outage	Expected Date and Time of Resumption	Remarks
<i>Planned</i>	<i>ABC Coal Fired Power Plant</i>	<i>647 MW</i>	<i>25 March 2015; 1500H</i>	<i>25 July 2015; 1500H</i>	<i>In accordance with GOMP</i>

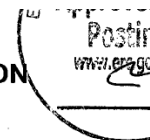
- Within 48 hours **from resumption** (via email or fax): Type of outage, name of generation facility/unit, total capacity on outage, date & time of occurrence, actual date & time of resumption, remarks, total outage hours

Outage Event	Generation Facility/Unit	MW Affected	Date and Time of Planned Outage	Actual Date and Time of the Resumption of Operation	Remarks	Total Outage Hours
<i>Planned</i>	<i>ABC Coal Fired Power Plant</i>	<i>647 MW</i>	<i>25 March 2015; 1500H</i>	<i>20 July 2015; 1500H</i>	<i>In accordance with GOMP</i>	<i>41 Hrs</i>

ERC directs DUs and Generation Companies to jointly file Power Supply Agreements

- ERC promulgated ***ERC Resolution No. 2, Series of 2015*** entitled “***A Resolution Directing Distribution Utilities and Generation Companies to Jointly File with the Commission their Respective Applications for the Approval of their Power Supply Agreements***”
- Consistent with ERC’s authority to review the PSAs of DUs with GenCos for the supply of electricity in the captive market
- The PSA Rules is being reviewed by the Commission
- The Resolution shall take effect immediately following its publication in a newspaper of general circulation.
 - Published: 11 April 2015, The Daily Tribune

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



RESOLUTION NO. 02, SERIES OF 2015

A RESOLUTION DIRECTING DISTRIBUTION UTILITIES AND GENERATION COMPANIES TO JOINTLY FILE WITH THE COMMISSION THEIR RESPECTIVE APPLICATIONS FOR THE APPROVAL OF THEIR POWER SUPPLY AGREEMENTS

WHEREAS, in order to guide the DUs and GenCos accordingly in the filing of their present PSA applications while the completion of the entire PSA Rules is still pending, the Commission reiterates its stand requiring the joint filing by the DUs and GenCos of PSA applications consistent with its authority to review the PSAs entered into by the DUs with GenCos whose markets have not reached household demand level, to regulate the retail rates² charged by distribution utilities for the supply of electricity in their captive market shall be subject to regulation by the ERC based on the principle of full recovery of prudent and reasonable economic costs incurred, or such other principles that will promote efficiency as may be determined by the ERC, and ensure the adequate promotion of consumer interest as provided by Sections 45 (b), 25, and 41 of Republic Act No. 3196, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA), respectively;

NOW THEREFORE, on the foregoing premises, the ERC, after thorough and due deliberation hereby **RESOLVES** to direct the DUs and GenCos to jointly file with the Commission their respective applications for the approval of their PSAs.

MGen Updates

1Q 2015

San Buenaventura Power Limited

(455 MW (net) 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 decision is expected in April 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 to 1H 2019.

Redondo Peninsula Energy

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

- Supreme Court resolution on 03 Feb 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 Dec 2008 Environmental Compliance Certificate, as well as the July 8, 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 08 June 2010 Lease and Development Agreement between Subic Bay Metropolitan Authority and Redondo Peninsula Energy Inc. is upheld.
- RP Energy is proceeding with the completion of all remaining development activities.
- Target commencement of construction in the latter part of this year.

Atimonan One Energy

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

- Engineering, Procurement and Construction (EPC) prequalification process completed. Request for Proposal (RfP) to be issued in April 2015.
- Environmental Impact Statement submitted to and being reviewed by DENR-EMB.
- Interconnection agreed with NGCP to be a 23-km line to the planned New Pagbilao substation.
- Endorsement of Quezon Provincial Government issued in February 2015.

Global Business Power Corporation (GBPC)

- 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 has completed 40.1% as of March 19, 2015 of the 150-MW coal-fired power plant being constructed beside its two (2) operating coal power plants. Commercial operations date is expected in 3Q 2016.

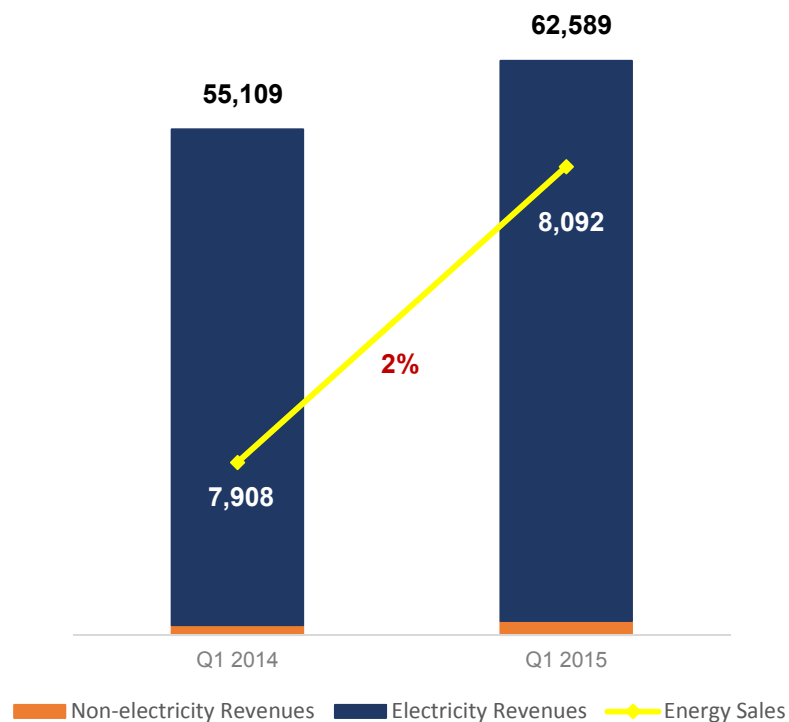
Financial Highlights

1Q 2015

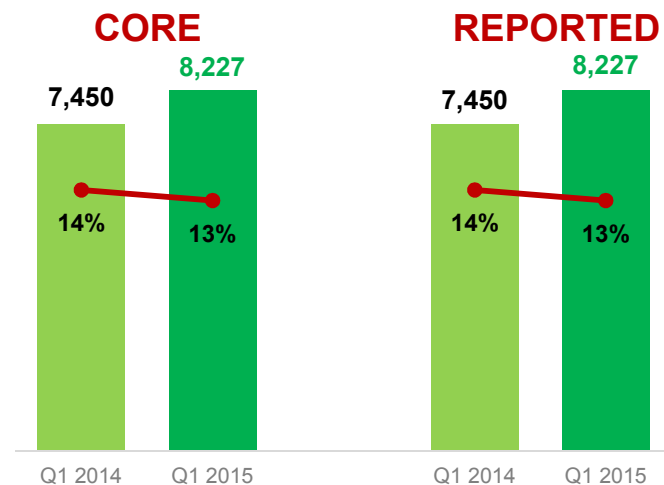
Revenues, EBITDA and Net Income



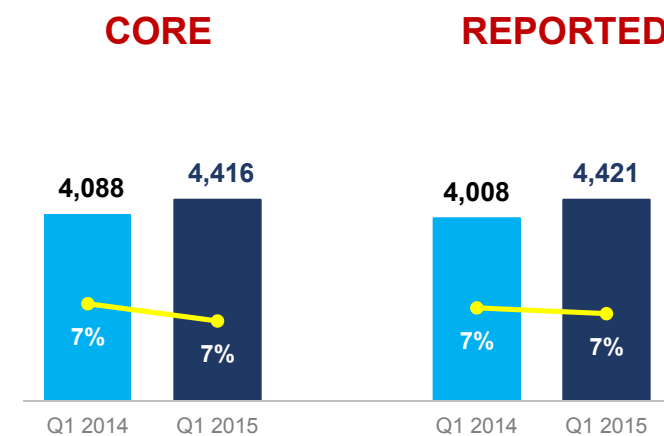
CONSOLIDATED REVENUES (in ₱ mn) & ENERGY SALES (in GWh)



EBITDA (in ₱ mn) AND MARGINS



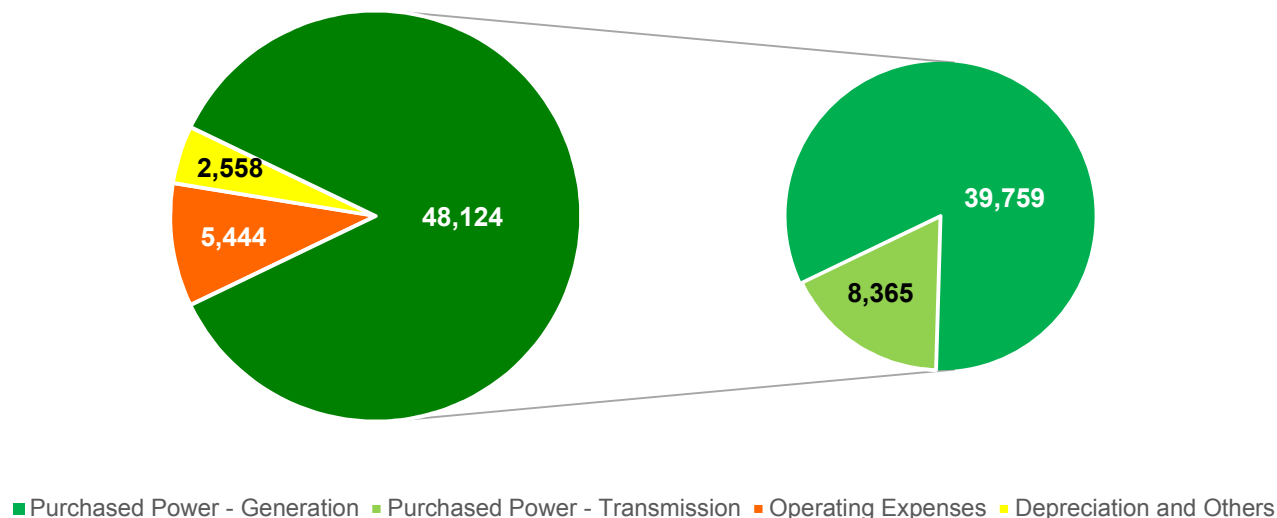
NET INCOME (in ₱ mn) AND MARGINS



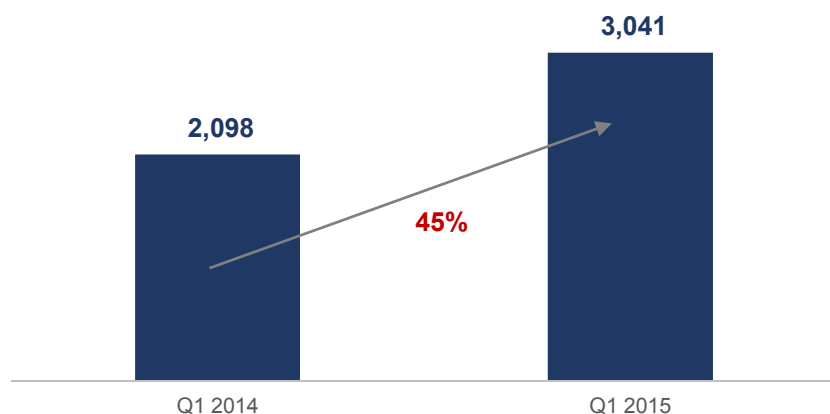
Costs and Expenses



TOTAL COSTS AND EXPENSES (in ₱ mn)



CAPITAL EXPENDITURES (in ₱ mn)



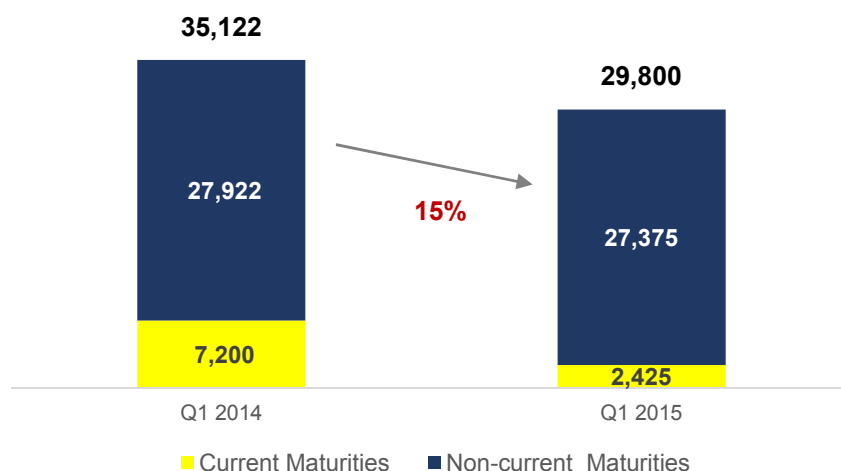
MAJOR ELECTRIC CAPITAL PROJECTS IN Q1 2015:

- NGCP Batangas (Mahabang Parang) – Meralco Batangas 69 kV Lines
- Botocan HEPP Interconnection
- Millennium Gas Turbine Power Plant (MGTPP) Interconnection
- Expansion of FBGC-4 GIS Substation
- Alternergy Wind One Corp (AWOC) Interconnection
- Relocation of 203 electric poles in support of DPWH NAIA Expressway Project

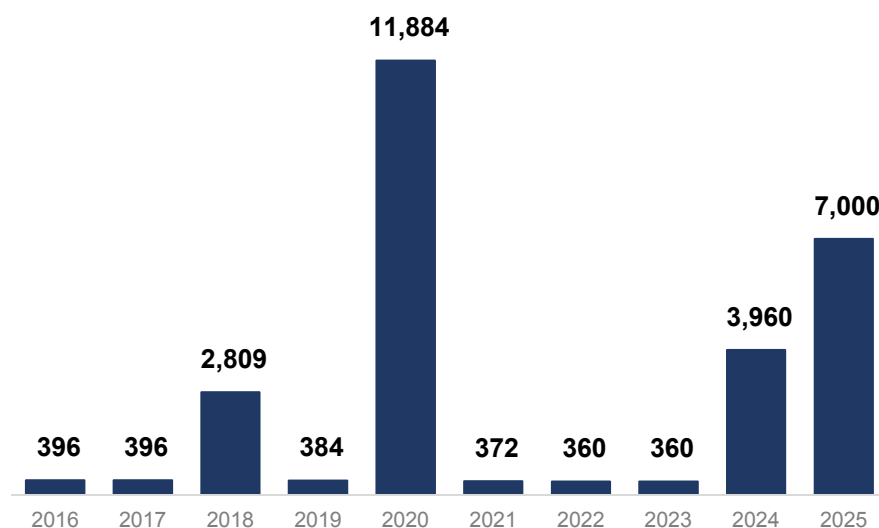
Credit and Debt Profile



TOTAL DEBT (in ₱ mn)



DEBT REPAYMENT SCHEDULE (in ₱ mn)



(in ₱ mn except ratios)

Q1 2014

Q1 2015

Cash

63,942

64,437

Total Debt

35,122

29,800

Net Debt

(28,820)

(34,638)

Total Debt/EBITDA

1.18

0.91

Net Debt/EBITDA

(0.97)

(1.05)

Gearing Ratio

(0.40)

(0.47)

Interest Expense

435

294



MERALCO
Ang liwanag ng bukas

THANK YOU
EGB

Cautionary Statements



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