

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

IN THE MATTER OF THE APPLICATION FOR APPROVAL AND RECOVERY FROM END-USERS OF THE PRICE ADJUSTMENT UNDER THE ERC-APPROVED PSA BETWEEN MANILA ELECTRIC COMPANY (MERALCO) AND THERMA LUZON, INC. (TLI), BROUGHT ABOUT BY THE IMPOSITION OF INCREASED EXCISE TAXES ON COAL UNDER THE "TAX REFORM FOR ACCELERATION AND INCLUSION" LAW, WITH PRAYER FOR PROVISIONAL AUTHORITY,

RECEIVED
SECRETARIAT
PASIG CITY COUNCIL

BY: Renjo Jace
DATE: 4/24/18 TIME: 9:20 pm

ERC CASE NO. 2018 - MC

MANILA ELECTRIC COMPANY
(MERALCO) AND THERMA
LUZON, INC. (TLI),

Applicants.

X-----X

JOINT APPLICATION

Applicants **MANILA ELECTRIC COMPANY (MERALCO)** and **THERMA LUZON, INC. (TLI)**, through their respective undersigned counsel, and to this Honorable Commission, most respectfully state that:

1. MERALCO is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Meralco Center, Ortigas Avenue, Pasig City. It may be served with notices and other processes of this Honorable Commission at its principal office address or through its counsel at the address indicated herein.

2. MERALCO has a legislative franchise to operate and maintain a distribution system in the cities/municipalities of Metro Manila, Bulacan, Cavite and Rizal and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209, and is authorized to

charge all its customers for their electric consumption at the rates approved by the Honorable Commission.

3. TLI is a corporation organized and existing under and by virtue of Philippines laws with office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig. It is the Independent Power Producer Administrator that manages and controls the contracted capacity of the 700 MW (net) coal-fired power generating facility in Pagbiláo, Quezon. It may be served with pleadings, notices, orders, and other processes of the Honorable Commission through undersigned counsel.

4. On 09 March 2012, applicant MERALCO filed an application with the Honorable Commission for the approval of its Power Supply Agreement (PSA) dated 29 February 2012 with TLI for the purchase of 350 MW capacity of the Pagbilao Power Plant (Unit 1), a coal-fired power generating facility in Pagbilao, Quezon. The case was docketed as ERC Case No. 2012-035 RC.

4.1. The PSA is originally for a term of seven (7) years following fulfilment of certain conditions under the PSA, including approval of the Honorable Commission.

5. In its Decision dated 17 December 2012 in ERC Case No. 2012-035 RC, the Honorable Commission approved with modification said PSA, thus:

“WHEREFORE, the foregoing premises considered, the application for the approval of the Power Supply Agreement (PSA) between Manila Electric Company (MERALCO) and Therma Luzon, Inc. (TLI) is hereby **APPROVED with MODIFICATION**.

Accordingly, the approved rates are as follows: xxx.”

6. With the approval of the Honorable Commission, MERALCO’s PSA with TLI is set to expire on 26 December 2019.

6.1. It should be noted, however, that on 6 May 2016, MERALCO filed a *Manifestation with Motion dated 05 May 2016*, praying for the Honorable Commission’s confirmation that the **extension of the PSA from 26 December 2019 until 25 December 2022 (“Extended Term”)**, pursuant to the Supplemental Agreement executed between the parties, is consistent with and valid under Section 2.2.3 of the ERC-approved PSA.

6.2. Said Manifestation with Motion is still pending confirmation by the Honorable Commission.

7. The instant Joint Application seeks the approval by the Honorable Commission of the adjustment of the Price under the ERC-approved PSA, and the corresponding recovery of such adjustment from MERALCO's customers, brought about by the imposition of the increased excise taxes on coal under Republic Act No. 10963, otherwise known as the "***Tax Reform for Acceleration and Inclusion (TRAIN)***," or TRAIN Law.

Increased excise taxes on coal under the TRAIN Law

8. The TRAIN Law became effective on 01 January 2018.

8.1. Among other things, the TRAIN Law increased the excise tax on coal from PhP10.00/metric ton to PhP 50.00/metric ton, effective January 1, 2018. This tax is to increase year on year, up to PhP 150.00/metric ton for coal, effective January 1, 2020, thus:

"SEC. 48. Section 151 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC. 151. *Mineral Products.* –

"(A) Rates of Tax. – There shall be levied, assessed and collected on minerals, mineral products and quarry resources, excise tax as follows:

"(1) On domestic or imported coal and coke, notwithstanding any incentives granted in any law or special law:

"Effective January 1, 2018, Fifty pesos (P50.00) per metric ton;

"Effective January 1, 2019, One hundred pesos (P100.00) per metric ton; and

"Effective January 1, 2020, One hundred fifty pesos (P150.00) per metric ton; xxx" (Emphases and underscoring supplied.)

**Price structure under PSA
incorporates excise tax on coal**

9. Under **Appendix D of the PSA**, excise tax is included as part of the Monthly Fuel Payment, thus:

“XXX
APPENDIX D
CALCULATION OF PAYMENT
XXX

Energy Payment

Component C – Monthly Fuel Payment

The Monthly Fuel Payment (MFP) shall be based on the following formula:

$$MFP_{USD} = MFCC_{USD} + MFTC_{USD} + AFC_{USD} \quad (\text{in USD})^1$$

XXX

a) Monthly Fuel Commodity Cost (MFCC_{USD})

$$MFCC_{USD} = (\sum BCQ - RP) * HR * DF * \frac{1}{1,000,000} * FCC_0 * \left(\frac{FI_i}{FI_0}\right) \quad (\text{in USD})$$

XXX

Where:

FCC₀ = base fuel commodity cost, **including excise tax**, as indicated in Schedule 1, expressed on a HHV and gross-as-received basis, and expressed in USD/MBtu.

XXX”

**Increased excise tax on coal as
“Charges due to Change in Law”
under the PSA**

10. Sections 10.2(c) and 16.6.5 of the PSA provide that should there be any **increase** in existing charges, fees, **taxes**, duties assessments, or other similar amounts, a party to the PSA may claim the same as a Charge due to Change in Law. Thereupon, the parties shall enter into good faith negotiations to agree on a satisfactory solution, including an adjustment of the Price, which adjustment shall be submitted to the Honorable Commission for approval. Thus:

“10.2 Charges Due to Change in Law

(a) xxx new charges, fees, taxes, duties, assessments or other similar amounts (“**New Charges**”), or any increase in existing charges, fees, taxes, duties, assessments or other similar amounts (“**Increased Charges**”) xxx.

xxx

(c) If as a result of a Change in Law, Power Supplier becomes liable to pay New Charges or Increased Charges with respect to this Agreement, xxx Power Supplier shall send a notice to Meralco of the occurrence of such Change in Law (“**Notice of Change in Law**”) and Meralco shall file the necessary application with the ERC for adjustment of the Price (“Application for Price Adjustment”) within thirty (30) Days from receipt of the Notice of Change in Law; provided that Meralco shall not be liable to pay any adjustment in the Price from the time the Change in Law becomes effective until the ERC approves the Application for Price Adjustment (“**Interim Period**”); xxx

In the event that,

- (i) Meralco is unable to file an Application for Price Adjustment within thirty (30) Days from receipt of Notice of Change in Law, or
- (ii) The ERC denies, in whole or in part, the Application for Price Adjustment, or
- (iii) If no order is issued granting the Application for Price Adjustment within sixteen (16) months from Meralco’s receipt of the Notice of Change in Law, or
- (iv) the total amount of unreimbursed New or Increased Charges, Disallowed Pass-Through Amounts that Power Supplier is unable to collect from Meralco, and the Refundable Amounts actually refunded by Power Supplier, accumulated during all Interim Periods for all Change in Law events occurring for the entire Term (“**Unreimbursed New or Increased Charges and Refundable Amounts**”) exceeds the equivalent of two percent (2%) of the Capacity Payments for the current Contract Year (“**Level 1 Threshold**”).

the Parties shall enter into good faith negotiations to agree on a satisfactory solution regarding the amendment of this Agreement to restore each Party's commercial position prior to such Change in Law, including an adjustment of the Price. If the Parties fail to reach a mutually satisfactory resolution within sixty (60) Days from the commencement of negotiations, the provisions of Section (b) shall apply.

xxx

16.6.5 Termination in the Event of Change in Law

(a) xxx

(b) If a Change in Law occurs under the circumstances and having the consequences described in Section 10.2(b) and Section 10.2(c) or amounts paid under Section 12.1.3 exceed the Level 2 Threshold, and the Parties have failed to agree on a solution satisfactory to each of the Parties, then the Party that is adversely affected by the Change in Law may terminate this Agreement upon sixty (60) Days prior written notice to the other Party." (Emphases supplied.)

TLI's claim of Change in Law pursuant to Sections 10.2(c) and 16.6.5 of the PSA

11. In its letter dated 26 January 2018, TLI notified MERALCO of the occurrence of a Change in Law pursuant to Sections 10.2(c) and 16.6.5 of the PSA, relative to the imposition of increased excise taxes on coal under the TRAIN Law. *Attached as Annex "A" is the letter dated 26 January 2018 of TLI to MERALCO.*

12. After a series of meetings between MERALCO and TLI and TLI's provision of its calculation showing depletion of coal inventory and onset of use of new coal for the February 2018 supply month (March 2018 Bill), the parties agreed to file the necessary Application for Price Adjustment with the Honorable Commission. **Hence, the instant Joint Application.**

13. Applicants propose the following formula to adjust the monthly payments under the PSA to recover the costs associated with the increased excise tax on coal due to the TRAIN Law:

Monthly Payment for Coal Additional Excise Tax (MPCAET)

$$\text{MPCAET} = V \times \text{AET}_y$$

where:

V = Volume of coal utilized during the relevant Billing period, in MT as calculated in the formula below:

$$V = \frac{HR \cdot DF \cdot (\sum BCQ - RP)}{CHV \cdot 1,000} \quad (\text{in MT})$$

HR = applicable Heat Rate, in btu/kwh

DF = applicable Degradation Factor (no unit)

$\sum BCQ$ = Bilateral Contract Quantities, in kwh

RP = Replacement Power, in kwh

CHV = Coal Heating Value, in btu/kg

AET_y = Additional Excise Tax for year y, in PhP/MT, as follows:

Applicable Year	[y]	Additional Excise Tax in PhP/MT [AET_y]
2018	1	40
2019	2	90
2020 and onward	3	140

Impact of the increased excise tax on coal on the Price under the PSA

14. MERALCO conducted a simulation of the impact of the increased excise tax on coal on the Price under the PSA, under given assumptions.

14.1. Notwithstanding the pendency of the Honorable Commission's confirmation of the Extended Term of the PSA, i.e., from 26 December 2019 until 25 December 2022, MERALCO deems it prudent to include in its simulation such

Extended Term in order to provide the Honorable Commission a more comprehensive impact of the increased excise tax on coal on the Price under the PSA.

Impact of Additional Excise Tax on TLI's Generation Cost and MERALCO's Captive Generation Cost

	Unit	2018	2019	2020	2021	2022	
(a)	Additional Excise Tax	Php/MT	40	90	140	140	140
(b)	Heat Rate (at 90% LF)	BTU/kWh	10,016	10,016	10,016	10,016	10,016
(c)	Degradation Factor		1.0182	1.0284	1.0387	1.0491	1.0491
(d)	Base Coal Heating Value	BTU/kg	21,826	21,826	21,826	21,826	21,826
(e)	<i>Increase in Generation Cost of TLI</i>	Php/kWh	0.0187	0.0425	0.0667	0.0674	0.0674
<i>= (a x b x c) / (d * 1000)</i>							
(f)	Share of TLI in Meralco Captive Energy (using Feb 2018 data)		7.0%	7.0%	7.0%	7.0%	7.0%
(g)	<i>Increase in Captive Generation Cost of MERALCO</i>	Php/kWh	0.0013	0.0030	0.0047	0.0047	0.0047
<i>= e * f</i>							

14.2. As can be gleaned from the foregoing simulation, under given assumptions, the resulting increase in **TLI's generation cost** due to the new coal tax rates, for the years 2018 to 2020, are as follows:

Year	Increase in TLI Generation Cost (in Php)
2018	0.0187/kWh
2019	0.0425/kWh
2020	0.0667/kWh ¹

14.3. In addition, as seen from the foregoing simulation, the increase in **MERALCO's captive generation cost** for the years 2018 to 2020 would be:

Year	Increase in Meralco Captive Generation Cost (in Php)
2018	0.0013/kWh
2019	0.0030/kWh
2020	0.0047/kWh ²

15. It bears emphasis that in its Decision dated 17 December 2012, the Honorable Commission recognized the pass-through nature of fuel costs, which include the excise tax on coal, thus³:

¹ Increase in TLI's Generation Cost (in Php) in year 2021 until expiration of Extended Term on 25 December 2022 is 0.0674/kWh, until expiration of Extended Term on 25 December 2022.

² Increase in MERALCO's Captive Generation Cost (in Php) until expiration of Extended Term on 25 December 2022.

³ Pp. 20-21, Decision.

“VIII. EVALUATION

xxx

The Energy Fees, Variable O&M Charges were verified to be a pass-through cost representing the charges that the IPPAs are required to pay to PSALM under the IPPA Agreements.

xxx

The Fuel Cost was, likewise, found to be a pass-through charge, subject to the guaranteed heat rates as provided under their respective Agreements.

xxx

X. COMPARISON BETWEEN TLI’S PROPOSED RATE AND THE COMMISSION’S APPROVED RATE

xxx

The Fuel Costs are also adopted since they represent the recovery of costs of fuel used to generate electricity subject to the guaranteed heat rates under the IPPA Agreements. xxx”

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

16. Applicants replead all the foregoing statements.

17. It is respectfully reiterated that the increase in the excise tax is a mandatory imposition of the TRAIN Law. Thus, such increase would have to be included in the Monthly Fees chargeable to and payable by MERALCO and consequently recoverable from MERALCO’s customers.

18. Considering that the TRAIN Law is in effect, it is necessary that the PSA immediately reflect the effect of the new excise tax rates. Thus, the request for the issuance of a Provisional Authority.

19. In support of this Joint Application and the prayer for issuance of a Provisional Authority, the Judicial Affidavits of **MR. RONALDO S. RAMOS**, Vice President for Corporate Services of Aboitiz Power Company’s Coal Business Unit and **MR. CIPRINILO C. MENESES**, Head of MERALCO’s Energy Sourcing Office, are attached as **ANNEXES “B”** and **“C”**, respectively.

PRAYER

WHEREFORE, premises considered, Applicants MERALCO and TLI respectfully pray that the Honorable Commission:

1. Issue an **Order GRANTING PROVISIONAL AUTHORITY** to implement the Additional Coal Excise Tax Monthly Payment to adjust the monthly payments under the PSA, and the corresponding recovery of such adjustment from MERALCO's customers, beginning from effectivity of the imposition of the increased excise taxes on coal under the TRAIN Law; and
2. After hearing on the merits, a **DECISION BE RENDERED APPROVING** the implementation of the Additional Coal Excise Tax Monthly Payment to adjust the monthly payments under the PSA, and the corresponding recovery of such adjustment from MERALCO's customers, beginning from effectivity of the imposition of the increased excise taxes on coal under the TRAIN Law.

Other relief just and equitable under the circumstances are likewise prayed for.

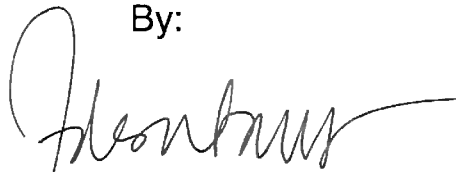
Pasig City, 20 June 2018.

MANILA ELECTRIC COMPANY

Applicant

Lopez Building, Ortigas Avenue,
Barangay Ugong, Pasig City

By:



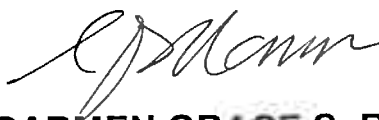
FRANCIS DINO S. ANTONIO

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PTR No. 3960946; 01/22/18; Pasig City

IBP No. 023558; 01/10/18; RSM

MCLE Compliance No. V-0004608; 6 November 2014



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MCLE Compliance No. VI-0000248; 11 July 2016



ANGELICA DIANE B. MONTEZA

Roll of Attorneys No. 55575

PTR No. 3960949; 01/22/18; Pasig City

IBP No. 023560; 01/10/18; RSM

MCLE Compliance No. V-0000242; 11 July 2016

7th Floor, Lopez Building,
Ortigas Avenue, Barangay Ugong, Pasig City
Tel no. 1622-2260; Fax No: 1622-3550

THERMA LUZON, INC. (TLI)
Applicant

By:

KATRINA M. PLATON

PTR No. A – 3783452 / February 27, 2018 / Taguig City
IBP Lifetime No. 706864 / Makati City
MCLE Compliance No. V – 0018713 / April 13, 2016
Roll No. 38338

MA. MARGARITA S. LIM

PTR No. A – 3749337 / January 23, 2018 / Taguig City
IBP No. 021984 / January 9, 2018 / PPLM
MCLE Compliance No. V – 0016454 / March 31, 2016
Roll No. 64612

CELENI KRISTINE G. GUINTO

PTR No. A – 3749336 / January 23, 2018 / Taguig City
IBP Lifetime No. 011964 / Quezon City
MCLE Exemption No. V – 001508
Roll No. 62390

REPUBLIC OF THE PHILIPPINES }
CITY OF PASIG }S.S.

VERIFICATION
AND CERTIFICATION OF NON-FORUM SHOPPING

I, **JOSE RONALD V. VALLES**, Filipino, of legal age, married, with office address at 7th Floor, Lopez Building, MERALCO Compound, Ortigas Avenue, Pasig City, after being sworn in accordance with law, hereby depose and say that—

1. I am the Vice President and Head, Regulatory Affairs Office, of Applicant Manila Electric Company (MERALCO). In such capacity, I have caused the preparation and filing of the foregoing Joint Application;

2. Moreover, I have been authorized by the Board of Directors of MERALCO to certify that Applicant has not heretofore filed any similar action, pleading or application involving the same issues before the Supreme Court, the Court of Appeals or any other lower courts or administrative bodies. A copy of the Secretary's Certificate authorizing me to cause the preparation of the instant Application and sign this Verification and Certification is attached hereto as **ANNEX "D"**;

3. I have read and understood the allegations contained therein and the same are true and correct based on my personal knowledge and authentic records made available to me in the ordinary course of business of MERALCO;

4. To the best of my knowledge, no similar action or proceeding is pending before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies; and

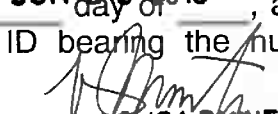
5. If I should hereafter learn that a similar action has been filed before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies, I undertake to report such fact to this Honorable Commission within five (5) days from notice of such fact.

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUN 20 2018 day of _____ at Pasig City, Philippines.


JOSE RONALD V. VALLES
Affiant

SUBSCRIBED and SWORN to before me this JUN 20 2018 day of _____, affiant having exhibited to me his Social Security System ID bearing the number 33-10900088.

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Series of 2018.


ATTY. ANGELICA DIANE B. MONTEZA
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on May 22, 2017 at Pasig City
until December 31, 2018
Roll No. 55575
IEP No. 023560; 01/10/18; RSM
PTR No. 3960949; 01/22/18; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave.,
Brgy. Ugong, Pasig City

REPUBLIC OF THE PHILIPPINES }
Taguig City CITY } S.S.

**VERIFICATION AND CERTIFICATION
OF NON-FORUM SHOPPING**

I, **DENNIS A. DELA SERNA**, Filipino, of legal age, with office address at NAC Tower, 32nd St., Bonifacio Global City, Taguig City, after being sworn in accordance with law, hereby depose and say that—

1. I am the authorized representative of THERMA LUZON, INC. ("TLI"), Petitioner-Intervenor in this case;

2. I have caused the preparation the foregoing Joint Application and have read the contents thereof, and, based on my own personal knowledge, belief and on authentic records of TLI, all the allegation contained therein are true and correct; A copy of the Secretary's Certificate authorizing me to cause the preparation of the instant Joint Application and sign this Verification and Certification is attached hereto as **ANNEX "E"**;

3. TLI has not commenced any other action or proceeding involving the same issue/s in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and

4. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report said fact within five (5) days from discovery thereof to this Honorable Commission.


IN WITNESS WHEREOF, I have hereto affixed my signature on 20 June 2018, in Taguig City, Philippines.


DENNIS A. DELA SERNA
Affiant

SUBSCRIBED AND SWORN to before me this 20 June 2018 at Taguig City Philippines. Affiant, who personally appeared before me and exhibited to me his Community Tax Certificate with No. CC201622012876 issued in Quezon City on 21 January 2018 and Passport with No. P5991577A issued by the Department of Foreign Affairs and valid until 9 February 2028.

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Series of 2018.



NOTARY PUBLIC

Atty. **Sammy Dave A. Santos**
Notary Public for Taguig City
Notarial Commission No. 48
Until December 31, 2019
Office: 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-3747887; Taguig City; January 8, 2018
BP OR No. 023446; January 9, 2018
Roll No. 63272
MCLE Compliance No. Y-0012594



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, WILLIAM S. PAMINTUAN, a duly elected, qualified and incumbent Assistant Corporate Secretary of the Manila Electric Company (MERALCO), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that:

At the regular meeting of the Board of Directors of the Company duly convened and held on February 26, 2018, at which meeting a quorum was present, acted throughout and voted, the following resolution amending the resolution of the Board on February 23, 2015 on the same subject, was approved and that said amendatory resolution is in full force and effect on the date hereof:

"RESOLVED, that the Board of Directors of the Manila Electric Company (MERALCO) authorize, as it hereby authorizes, Messrs. MANUEL V. PANGILINAN, Chairman, OSCAR S. REYES, President & Chief Executive Officer, SIMEON KEN R. FERRER, Corporate Secretary, ALFREDO S. PANLILIO, Senior Vice President, Head, Customer Retail Services and Head, Corporate Communication, RAMON B. SEGISMUNDO, Senior Vice President & Head, Human Resources & Corporate Services, ROBERTO R. ALMAZORA, Senior Vice President, RONNIE L. APEROCHO, Senior Vice President & Head, Networks, RUBEN B. BENOSA, First Vice President & Head, Corporate Logistics, Ms. IVANNA G. DELA PEÑA, First Vice President & Head, Regulatory Management Office, WILLIAM S. PAMINTUAN, First Vice President, Assistant Corporate Secretary, Compliance Officer and Head, Legal and Corporate Governance, JOSE RONALD V. VALLES, Vice President and Head, Regulatory Affairs, MARIA ZARAH R. VILLANUEVA-CASTRO, Senior Assistant Vice President & Head, Corporate Legal Services, RAUL G. CORALDE, Assistant Vice President & Head, Litigation Services, MICHELLE O. DELOS SANTOS-BONA, Assistant Vice President & Head, Legal Operations Support, CRISTOPHER B. ARPON, Legal Counsel & Head, Litigation Team 1, CORNELIO MANUEL III C. DICCION, Manager & Head, Litigation Team 2, EUGENE JUDE DENIS GERARD E. ALABANZA, Senior Manager & Head, Tax & Labor Litigation, and any lawyer or employee of MERALCO that any of them may designate, name or appoint:

- (1) to represent the Company, in the institution, prosecution, and defense of any claim, complaint, action, proceeding, petition, application, protest, suit, or case, for or against the Company, before any court, prosecutor's office, regulatory, quasi-judicial, or administrative body, agency, or office of the national or any local government;
- (2) to sign, execute, and deliver in connection therewith the necessary or appropriate complaint, petition, application, position paper, memorandum, all types of pleadings and motions, verifications, affidavit-complaint, counter-affidavit, affidavit of merit, affidavit of desistance, affidavit of witness, and all other affidavits of whatever nature, certificate of non-forum shopping, powers of

attorney, certifications, and all other instruments as may be necessary or proper;

- (3) to represent the Company or to designate, name, and appoint a representative or an attorney-in-fact in behalf of the company during the investigation, inquest, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, compromise agreement, plea bargaining, admissions or stipulations of fact or documents, simplification of issues, limitation on the number of witnesses, alternative modes of dispute resolution, withdrawal, dismissal or waiver of claim or action; and to perform and execute any and all actions or deeds as may aid in the prompt disposition of such cases, proceedings, or actions filed in behalf of or against the Company;

“RESOLVED, FURTHER, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked.”


Pursuant to the above resolutions, it is hereby certified that MERALCO is authorized to file the Joint Application with the Energy Regulatory Commission (ERC) entitled: “IN THE MATTER OF THE APPLICATION FOR APPROVAL AND RECOVERY FROM END-USERS OF THE PRICE ADJUSTMENT UNDER THE ERC-APPROVED PSA BETWEEN MANILA ELECTRIC COMPANY (MERALCO) AND THERMA LUZON, INC. (TLI), BROUGHT ABOUT BY THE IMPOSITION OF INCREASED EXCISE TAXES ON COAL UNDER THE “TAX REFORM FOR ACCELERATION AND INCLUSION” LAW, WITH PRAYER FOR PROVISIONAL AUTHORITY” and that Atty. JOSE RONALD V. VALLES, Vice President and Head, Regulatory Affairs, is an authorized representative and signatory of the company with respect to the aforesaid joint application.

WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this ___ day of JUN 20 2018 2018.


WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this ___ day of JUN 20 2018 2018, affiant exhibited to me his Taxpayer Identification Number (TIN) 146-473-562, issued by the Bureau of Internal Revenue (BIR) as his competent evidence of identity.

Doc. No. 381 ;
Page No. 88 ;
Book No. ↓ ;
Series of 2018.


ATTY. ANGELICA DIANE B. MONTEZA
NOTARY PUBLIC
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PTR No. 3960949; 01/22/18; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave.,
Brgy. Ugong, Pasig City



THERMA LUZON, INC.

REPUBLIC OF THE PHILIPPINES)
CEBU CITY) S.S.

SECRETARY'S CERTIFICATE

I, **Aren Marie S. Go**, Filipino, of legal age and with office address at Aboitiz Corporate Center, Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City, Philippines, after having duly sworn in accordance with law, hereby depose and state that:

1. I am the Assistant Corporate Secretary of **THERMA LUZON, INC.** (the "Company"), a company duly organized and existing under and by virtue of the laws of the Philippines, with principal office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.
2. At the Regular Board Meeting held on **April 10, 2018**, at which meeting a quorum was present and acting throughout, the following resolution was unanimously passed and approved:

"RESOLVED, that the Board of Directors of **Therma Luzon, Inc.** (the "Company") authorize, as it hereby authorizes, the Company to a Joint Application with Manila Electric Company ("MERALCO") before the Energy Regulatory Commission ("ERC") entitled: "IN THE MATTER OF THE APPLICATION FOR APPROVAL AND RECOVERY FROM END-USERS OF THE PRICE ADJUSTMENT UNDER THE ERC-APPROVED PSA BETWEEN MANILA ELECTRIC COMPANY (MERALCO) AND THERMA LUZON, INC. (TLI), BROUGHT ABOUT BY THE IMPOSITION OF INCREASED EXCISE TAXES ON COAL UNDER THE "TAX REFORM FOR ACCELERATION AND INCLUSION" LAW, WITH PRAYER FOR PROVISIONAL AUTHORITY" (the "Application");

RESOVLED FURTHER, that in connection with the foregoing, the Company hereby authorizes any one (1) of the following authorized representatives:

NAME	DESIGNATION
Katrina M. Platon	Attorney-in-Fact
Ma. Margarita S. Lim	Attorney-in-Fact
Celeni Kristine G. Guinto	Attorney-in-Fact

and/or any person appointed by any one of them, be authorized to:

- a) File such Application, and to represent the Company and to appear for or on its behalf in all proceedings, pre-trial, hearings, meetings and discussions before the ERC with respect to the Application, to perform any and all acts and deeds and to submit and sign such documents and pleadings necessary to implement this authority;
- b) Act as agent of and appear in behalf of the Company in the proceedings relating to the said Application, with full power to make commitments and take positions, and to consider (i) the possibility of an amicable settlement or a submission to arbitration, mediation or other modes of alternative dispute resolution; (ii) the simplification of the issues; (iii) the necessity or desirability of amendments to the pleadings; (iv) the possibility of obtaining stipulations or admissions of facts and of documents totally or partially to avoid unnecessary proof; (v) the limitation of the number of witnesses or time allocated to particular witnesses and issues; (vi) the advisability of a preliminary reference of issues to a commissioner; (vii) the necessity or desirability of having an expository hearing or consumer forum; (viii) the procedures at the hearing and hearing schedule; (ix) the submission of written testimony and exhibits to be offered and the marking thereof; (x) the agreements regarding service of documents; and (xi) such other matters as may aid in the prompt disposition of the proceedings;
- c) Negotiate, conclude, enter into and execute a compromise or amicable settlement of the Application, if appropriate, or to submit the Application to alternative modes of dispute resolution, under such terms and conditions as they may deem just and reasonable;
- d) File any appeal or represent the Company in further proceedings; and
- e) Do and perform on behalf of the Company any act and deed relating to the Application which the Company could legally do and perform;

RESOLVED FURTHER, that **Mr. Dennis A. Dela Serna**, Attorney-in-Fact, be authorized to:

- a) Execute, sign and obtain any document, including verifications and certifications of non-forum shopping, which may be required in the filing of any pleading, motion, or comment during the course of the Application;
- b) Represent the Company, and/or appoint any other person to represent the Company, as its witness during the hearing of the Application; and
- c) Do and perform on behalf of the Company any act and deed necessary to be done in the premises, and the Company hereby ratifies and confirms all that have been done, or that shall be done or cause to be done, by virtue of his authority;

RESOLVED FURTHER, that **Mr. Ronaldo S. Ramos**, Vice President – Corporate Services, be authorized to:

- a) Represent the Company in the filing of the Application with ERC; and

b) Represent the Company, and/or appoint any other person to represent the Company, as its witness during the hearing of the Application;

RESOLVED FINALLY, that the Company hereby affirms, confirms and ratifies all that the foregoing representatives have done in connection with the Application."


3. The above board resolutions have not been revoked, amended, or modified, and are in full force and effect as of the date hereof.
4. The foregoing statements are in accordance with the records of the Company.

IN WITNESS WHEREOF, I have hereunto set my hand this APR 11 2018 at Cebu City, Philippines.


Aren Marie S. Go
Assistant Corporate Secretary ^{NCN}

SUBSCRIBED AND SWORN to before me this APR 11 2018 at Cebu City, Philippines. Affiant, who is personally known to me, exhibited to me her Passport No. EC3490982 issued at DFA Cebu on February 20, 2015 and Community Tax Certificate No. 11796052 issued at Cebu City on January 26, 2018.




JUSTINE MAE A. CABATINGAN
Notary Public for Cebu City
Notarial Commission No. 94-16
Until December 31, 2019
Aboitiz Corporate Center
Gov. M. Cuenca Ave., Cebu City
Roll No. 32090
PTR 8804839 12.27.17 Cebu City
I.P. Lifetime No. 013514 1.21.15 Cebu City
MCLE Compliance No. V-0005012

Doc No. 459 ;
Page No. 52 ;
Book No. 4 ;
Series of 2018.