



May 17, 2024

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Gentlemen:

We reply to your letter dated today, May 17, 2024 (received thru EDGE Submission System at 9:14 a.m.) requiring us to clarify and/or confirm the information contained in the news article entitled “Supreme Court asks Meralco, ERC, IEMOP to explain WESM deals” posted in Bilyonaryo.com on May 16, 2024.

The article reported in part that:

“The Second Division of the Supreme Court has directed Manila Electric Company (Meralco), the Energy Regulatory Commission (ERC), and the Independent Electricity Market Operator of the Philippines (IEMOP) to address allegations raised by the National Association of Electricity Consumers for Reforms Inc. (Nasecore).

Nasecore’s complaint centers on Meralco’s alleged unauthorized electricity purchases from the Wholesale Electricity Spot Market (WESM).

In an official notice, the SC Second Division said ‘The Court, without necessarily giving due course thereto, resolves to REQUIRE respondents to file a COMMENT thereon, not a motion to dismiss, within a NON-EXTENDIBLE period of twenty (20) days from notice, and to defer action on the prayer for issuance of writs of mandamus and preliminary injunction.’

Earlier this year, Nasecore submitted a petition for mandamus and injunction against the ERC, Meralco, and the IEMOP, the operator of the Wholesale Electricity Spot Market.



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The petition aimed to halt Meralco's trading and speculation in the WESM and to urge the ERC to fulfill its regulatory role and address violations of the Electric Power Industry Reform Act (EPIRA).

Nasecore went to the SC after the ERC failed to act on the complaint it filed on June 15, 2022. The complaint requested the ERC to audit Meralco's WESM purchases and direct Meralco to refund consumers the generation charges in excess of the average rate charged by more than 10 ERC-approved power supply agreements.

According to Nasecore, the ERC has abdicated its duty to protect public interest and must compel Meralco to stop its purchases at the spot market as Meralco's spot market purchases are illegal.

Meralco argued that sourcing power from the WESM has enabled it to ensure continuous and reliable supply at reasonable costs, ultimately benefiting its customers.

Citing Sections 30 and 45 (c) of the Electric Power Industry Reform Act (EPIRA) of 2001, Meralco pointed out that distribution utilities are permitted to source from bilateral contracts and the spot market, which are essential components of meeting their least cost supply mandate."
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With reference to the said news article, we would like to inform the Exchange that the Company has yet to receive a copy of the official notice from the Supreme Court.

We will provide the Exchange with an update upon receipt of a copy of the notice issued by the Supreme Court.

Very truly yours,



WILLIAM S. PAMINTUAN

Senior Vice President

Assistant Corporate Secretary

and Information Disclosure Officer