



May 24, 2024

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Gentlemen:

We reply to your letter dated today, May 24, 2024 (received thru EDGE Submission System at 9:23 a.m.) requiring us to clarify and/or confirm the information contained in the news article entitled “House panel reviews complaint against Meralco” posted in BusinessMirror.com.ph today.

The article reported in part that:

“The House Committee on Legislative Franchises is currently reviewing a complaint from BDO-Unibank alleging undue demands by the Manila Electric Co. (Meralco) regarding their electric supply needs.

The issue has become part of the discussions on the early renewal of Meralco’s franchise.

BDO, through the Manjores and Manjores law firm, submitted a letter to the committee detailing their application for an electric connection for a development project at their Makati City headquarters. The project includes a high-rise tower and an annex building, totaling 11,492 square meters, with construction initially planned from 2022 to 2028.

The letter claims Meralco required BDO to provide a 684-square-meter land parcel for a substation as a condition for connecting their development to the electric grid. BDO viewed this demand as “discriminatory and burdensome.”



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“There is apparent discrimination because Meralco has imposed a burdensome condition on BDO concerning the latter’s application for electricity service,” said the letter addressed to lawyer William S. Pamintuan, head of Meralco’s legal services, and submitted to the franchise committee.

Negotiations reached the Energy Regulatory Commission (ERC), which ruled in favor of BDO in 2022, instructing Meralco to proceed with the connection. However, Rep. Johnny Pimentel highlighted during a committee hearing that Meralco has yet to comply with the ERC directive.

“There was a decision for Meralco to act on this, but after two years, until now, there has been no action from Meralco,” said Pimentel.

The BDO letter to the committee, according to Pimentel, “is a very serious concern.” The letter, coming from the country’s biggest bank, could adversely affect Meralco’s advanced bid to renew its franchise, which would expire in 2028, Pimentel said.

“This could greatly affect your application if we cannot resolve this issue,” Pimentel said.

Meralco officials confirmed BDO’s application for power connection for an expansion project in Makati City, which would require “several hundreds of megawatts.”

The Meralco representatives said the required amount of electric supply would need a site for a new substation, but “the problem is there is no such available space already” in the Makati central business district (CBD).

They said negotiations with BDO revolved around the Meralco demand for land to house the new substation since Meralco will shoulder the costs for equipment and take care of everything “except the land.”

Meralco said it was standard operating procedure for the utility firm to demand land to build new substations on in cases of “new developments.”

Among the proposals made by Meralco to BDO, in this case, was to integrate the substation into the bank’s “proposed vertical development” or build the facility underground.

BDO, however, expressed reservations due to safety concerns, the Meralco officials said at the hearing.

Pimentel read from the 2022 ERC resolution, which called Meralco’s land demand “excessive and unreasonable” and reaffirmed Meralco’s obligation to meet BDO’s power needs without imposing such conditions.

Pimentel said the 684 square meters of land being demanded by Meralco in Makati CBD would cost hundreds of millions of pesos.

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With reference to the said news article, please be informed that the Company received information that BDO has formally written to the Committee on Legislative Franchises stating that it did not authorize the submission of the letter dated May 20, 2024 which is the subject of the said news article.

We wish to further inform the Exchange that BDO and Meralco are presently in discussions to resolve the issues mentioned in the said news article. Furthermore, even during the early stages of BDO's real estate project, the Company had already engaged in productive discussions and collaboration with BDO and their consultants, and had given its commitment and assurance to fully serve the power requirements of the said BDO Project when it is completed.

We would like to emphasize that Meralco fully complies with all lawful regulatory issuances and orders of the Energy Regulatory Commission.

We trust that you will find the foregoing clarification in order.

Very truly yours,



WILLIAM S. PAMINTUAN

Senior Vice President

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and Information Disclosure Officer