

August 1, 2024

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Gentlemen:

We reply to your correspondence dated today, August 1, 2024 (received thru EDGE Submission System at 9:51 am) requiring us to clarify and/or confirm the information contained in the news article entitled "Court halts bidding for Meralco's 1,000-MW power supply contracts" posted in Business World (online edition) today.

The article reported in part that:

"A TAGUIG CITY regional trial court on Wednesday stopped Manila Electric Co. (Meralco) from proceeding with its bidding process for 600-megawatts (MW) and 400-MW power supply.

'There exists an extreme urgent necessity for the writ as to warrant the issuance of a temporary restraining order (TRO) to prevent further damages to the plaintiffs' interests, the government and the environment,' Executive Judge Byron G. San Pedro said in a five-page order.

Meralco was also ordered to post a P5-million TRO bond.

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Members of the Malampaya consortium, Enrique K. Razon-owned Prime Energy Resources Development B.V., UC38 LLC, Prime Oil and Gas, Inc., and PNOG Exploration Corp. had sought the restraining order, saying the bid terms violate the preference given to indigenous natural gas under the law.

The plaintiffs also said the contracts threaten the Philippines' energy security and sovereignty.

'Imported fuel products are notoriously unstable and extremely subject to external shocks in the market,' they said. 'These price instabilities will hence be built into the fabric of our energy situation, resulting in less energy security and less energy sovereignty.'

They said the contracts threaten state revenues because under Service Contract 38, the government is entitled to 60% of the Malampaya project's net proceeds.

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We confirm that a Complaint for Injunction was filed by Prime Energy Resources Development B.V., UC38 LLC, Prime Oil and Gas, Inc., and PNOG Exploration Corp. (the "Petitioners") against Manila Electric Company ("Meralco") from conducting its Competitive Bidding Selection Process (CSP) for its power 600 MW baseload and 400 MW baseload mid-merit power supply requirements. Upon completion of the CSP and award, the two contracts would take effect on September 2025.

Further, we confirm that the Regional Trial Court of Taguig City Branch 15-FC granted the request of the Petitioners for a 72-Hour Temporary Restraining Order conditioned upon posting of a bond in the amount of PhP5 Million. The Petitioners posted a bond on July 31, 2024.

We would like to inform the investing public that all CSPs for our supply requirements are done in accordance with existing rules of the Department of Energy and the Energy Regulatory Commission. Further, the Company is mandated to conduct all CSPs in a timely manner, as any delay will expose its customers to the unnecessary burden of higher power rates.

Very truly yours,


JOCELYN C. VILLAR-ALTAMIRA
Vice President and Head,
Corporate Governance and Compliance