

August 27, 2025

**ATTY. SUZY CLAIRE R. SELLEZA**

Head, Issuer Compliance and Disclosure Department  
Philippine Dealing & Exchange Corp.  
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8751 Paseo de Roxas  
Makati City

Dear Atty. Selleza:

We reply to your letter dated yesterday, and received via email at 12:36 p.m., requesting confirmation of the information contained in the news article entitled “ERC reviews Meralco's supply deal with Lopez-run Sta. Rita plant”. The subject news article was published in Manila Bulletin (mb.com.ph) on August 25, 2025.

The article reported in part that:

*“The Energy Regulatory Commission (ERC) is reviewing the proposed extension of the power deal between Manuel V. Pangilinan-led Manila Electric Co. (Meralco) and Lopez-led First Gas Power Corp. (FGPC) to ensure the contract terms remain fair and reasonable.*

*As ordered by the Commission last week, Meralco and FGPC are directed to explain how the contract extension would not result in excess capacity and to show how it could affect the generation charge.*

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*FGPC, a subsidiary of First Gen Corp. (FGen), has sought to extend its power supply agreement (PSA) with Meralco for its 1,000-megawatt (MW) Sta. Rita gas plant, arguing that the deal could be exempt from the competitive selection process (CSP). The request was submitted to Meralco in April 2023, two years ahead of the contract's expiration on Aug. 17, 2025.*

*Meanwhile, the ERC has approved a 15-year PSA between Meralco and Aboitiz-led GNPowder Dinginin Co. Ltd. (GNPD) for a 100-MW coal capacity.*

*According to an ERC decision last week, Meralco and GNPD have been granted a relief to conduct their PSA starting Tuesday, Aug. 26, with a ₱2.3055 per kilowatt-hour (kWh) total base fee.*

*“Granting this interim relief enables vital power supply agreements to proceed, while we continue to exercise due diligence before issuing a final ruling,” said ERC Chairperson Francis Saturnino Juan.*

*This interim relief is subject to certain conditions, including that the capital recovery and fixed operations and maintenance (O&M) fees will remain unchanged for the entire duration of the PSA and will not be adjusted for inflation or any other index.*

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We note that the subject news article reported information regarding the following agreements:

Power Purchase Agreement with FGPC

We confirm that on August 22, 2025, Manila Electric Company (“Meralco”) and First Gas Power Corp. (“FGPC”) sought the approval of the Energy Regulatory Commission (“ERC”) to implement an interim extension of a Power Purchase Agreement (“PPA”) to take effect from August 29, 2025 to January 31, 2026, subject to prior approval of the Department of Energy (“DOE”) also. We also confirm that on the same day, the ERC directed Meralco and FGPC to submit an explanation whether the extension of the PPA will not result to an excess contracted capacity as well as a simulation of its expected impact on the generation charge.

We also confirm that there was a request from FGPC to extend the PPA sometime April 2023 but did not materialize.

Power Supply Agreement with GNPD

We confirm that, through its order promulgated on August 22, 2025, the ERC granted interim relief authorizing implementation of a 15-year Power Supply Agreement (“PSA”) between Meralco and GNPD for 100 MW (net) coal capacity. The effective date of the PSA will be on August 26, 2025. Furthermore, we wish to clarify that the PhP2.3055 per kilowatt-hour (kWh) total base fee pertains to the non-fuel components only [i.e., Capital Recovery Fee (CRF), Fixed O&M (FOM) and Variable O&M (VOM)].

Finally, we confirm that as per the order of the ERC, the interim relief granted is subject to certain conditions including, among other things, that the CRF and FOM shall be “fixed and not subject to any indexation for the duration of the PSA”.

We trust that that you find these clarifications in order.

Very truly yours,

  
**WILLIAM S. PAMINTUAN**  
Senior Vice President  
Assistant Corporate Secretary and  
Information Disclosure Officer