

Coal,  
from SI/1

"Investors value stable rules, transparency, and responsible standards. Strengthening these benefits not only coal but the wider mining and natural resource sectors," Mr. Toledo told *BusinessWorld*.

While coal dominates the Philippines' power generation, it imports more than 90% of its requirements.

In 2024, the country imported 39.87 million metric tons of coal, up 12.2% from the previous year, data from the DoE as of April 2025 showed.

The country, however, is trying to move away from fossil fuels by aiming to increase the utilization of renewable energy to reduce exposure to volatile global prices and reduce carbon emissions.

"While the energy transition is underway, indigenous resources such as coal still play a role in ensuring reliable power supply and reducing dependence on imports," Mr. Toledo said.

"Strategic development must therefore be guided by strong governance, environmental standards, and clear long-term policy direction," he added.

FXTNs,  
from SI/1

"The demand for the 5.95% was higher, the concentration of bids was there.... And the main thing is the expectation that rates will still go down," she said.

"If we awarded at 5.95%, we don't need an offer period, since that was P200 billion already."

All 16 analysts in a *BusinessWorld* poll conducted last week expect the Monetary Board to deliver a sixth straight 25-bp cut at its first meeting for the year on Thursday. If realized, this will bring the policy rate to 4.25%.

The Bangko Sentral ng Pilipinas has lowered benchmark borrowing costs by a cumulative 200 bps since its easing cycle began in August 2024.

Ms. Almanza said that the strong liquidity in the country's financial system also drove demand for the offering following the maturity of a Treasury bond on Feb. 16.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort also said in a Viber message that the P232.8 billion in liquidity injected into the financial system due to the maturity of seven-year bonds on Feb. 13 added to the demand for fresh notes.

The offering of fresh fixed-rate Treasury notes is part of the Bureau of the Treasury's (BTr) consolidation of issuances, Ms. Almanza said.

"We don't want to introduce new ISIN (International Securities Identification Number) [bonds] so that the yield curve is not fragmented. There are already too much active ISIN series [bonds], so we're retiring [them] and then we're only introducing one or two [FXTN]," she said.

For this year, she said they will only issue FXTN once.

The awarded coupon rate was at the lower end of market expectations, a trader likewise said in a text message.

Average yield and coupon are lower due to the continuous downward trend of yields this past week or so. Demand was incredibly high, leading to higher likelihood that the BTr will surpass the P200-billion target."

**DOLLAR BONDS**

Meanwhile, Ms. Almanza said the government could tap the offshore debt market in the second half of the year to raise the remaining \$2.5 billion from the government's external borrowing plan.

"We have a remaining \$2.5 billion. So, we're monitoring US dollars because that's the cheapest. But timing wise, we did just issue (global bonds in January.)"

In January, the government raised P2.75 billion from a triple-tranche dollar-denominated bond offering of 5.5-, 10-, and 25-year notes.

Asked if the government could issue offshore bonds in the second half, Ms. Almanza said: "Most probably. We're also monitoring yen and euro."

The BTr is also working with the Privatization and Management Office to identify assets the government could finance that will fall into the Sukuk category for an Islamic issuance this year.

The BTr first issued Sukuk bonds in December 2023, raising \$1 billion from the sale of 5.5-year Sukuk bonds.

Sukuk or Islamic bonds are certificates that represent a proportional undivided ownership right in tangible assets, or a pool of tangible assets. These assets could be in a specific project or investment activity that is Shari'ah-compliant.

The markup takes the place of interest, which is illegal in Islamic law. Murabaha is not an interest-bearing loan but is an acceptable form of credit sale under Islamic law. A Sukuk al-Murabaha certificate cannot be traded on the secondary market.

Unlike usual bonds, Sukuk bond issuances must adhere to Islamic principles and must be structured to prohibit elements such as interest, uncertainty and investments in businesses that deal with prohibited goods or services.

The government aims to raise P308 billion from the domestic market this month or P108 billion via Treasury bills and up to P200 billion through T-bonds.

The government borrows from local and foreign sources to help fund its budget deficit, which is capped at P1.647 trillion or 5.3% of gross domestic product this year.

Republic of the Philippines  
ENERGY REGULATORY COMMISSION  
Exquadra Tower  
1 Jade Drive, Ortigas Center  
Pasig City

IN THE MATTER OF THE APPLICATION: (A) TO CONFIRM THE GENERATION RATE OVER/UNDER RECOVERY (GOUR); TRANSMISSION RATE OVER/UNDER RECOVERY (TOUR); SYSTEM LOSS RATE OVER/UNDER RECOVERY (SLOUR); LIFELINE SUBSIDY OVER/UNDER RECOVERY (LSOUR); SENIOR CITIZEN DISCOUNT AND SUBSIDY OVER/UNDER RECOVERY (SRDSOUR) PASS-THROUGH CHARGES FROM JANUARY 2020 TO DECEMBER 2022, AND PASS-THROUGH TAXES (REAL PROPERTY AND LOCAL FRANCHISE) OVER/UNDER RECOVERY FROM JANUARY 2021 TO DECEMBER 2022; AND (B) FOR AUTHORITY TO REFUND/RECOVER CONFIRMED OVER/UNDER RECOVERIES, WITH PRAYER FOR PROVISIONAL AUTHORITY,

ERC CASE NO. 2023-046 CF

MANILA ELECTRIC COMPANY  
(MERALCO),  
Applicant.

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**SUPPLEMENTAL APPLICATION**

Applicant MANILA ELECTRIC COMPANY ("MERALCO"), by counsel, respectfully states that:

1. On 01 June 2023, Applicant MERALCO filed the instant Application to confirm its pass-through charges covering the period from January 2020 to December 2022 and its pass-through taxes

covering the period from January 2021 to December 2022. In the said Application, MERALCO prayed, to wit:

"WHEREFORE, it is respectfully prayed to this Honorable Commission that, the instant Application be APPROVED authorizing MERALCO to refund/recover to/from its customers, as applicable, the following amounts which represent the over/under recoveries for the generation, transmission, system loss, lifeline subsidy, senior citizen discount and subsidy, and the pass-through taxes as pass-through charges with the corresponding indicative rate/kWh in the table below and the proposed refund/recovery period.

Bill Component	Amount of (Over)/Under Recovery	Average (Refund)/ Recovery Rate (PhP/kWh)	Amortization Period
GOUR	6,413,157,436.66	0.1875	12 months
TOUR	607,375,216.17	0.0120	12 months
SLOUR	764,168,532.40	0.0151	12 months
LSOUR	(776,623.37)	(0.0002)	1 month
SRDSOUR	(2,504,375.44)	(0.0001)	12 months
RPTOUR	228,875,467.60	0.0045	12 months
LFTOUR	(27,337,032.70)	(0.0006)	12 months

Pending hearing, MERALCO prays that a provisional authority be issued authorizing MERALCO to collect/refund the over/under recoveries.

MERALCO prays for such other relief just and equitable under the premises."

2. In an Order dated 13 June 2023, the Honorable Commission set the initial hearing of the case on 24 August 2023. During the said hearing, MERALCO presented its compliance to the jurisdictional requirements and conducted the expository presentation.

3. Subsequent thereto, on 29 August 2023, MERALCO received the Decision dated 08 March 2023 in ERC Case No. 2022-001 RC, which provided:

"WHEREFORE, the foregoing premises considered, the Joint Application of Manila Electric Company (MERALCO) and Panay Energy Development Corporation (PEDC) for the approval of their Power Supply Agreement is hereby RESOLVED as follows:

XXX

3. The recovery of PEDC's actual fuel losses due to CIC from 02 April to 25 September 2022 amounting to PhP884,545,417.09 will be included in the Commission's evaluation of MERALCO's true-up confirmation.<sup>2</sup>

A copy of the Decision of the Honorable Commission in ERC Case No. 2022-001 RC is hereby attached as ANNEX "A" and made an integral part hereof. Said Decision is now final and executory.

4. In accordance with said Decision, MERALCO hereby includes PEDC's actual fuel losses due to Change in Circumstances ("CIC") from 02 April to 25 September 2022 amounting to Eight Hundred Eighty-Four Million Five Hundred Forty-Five Thousand Four Hundred Seventeen and 9/100 Pesos (PhP884,545,417.09) in the instant Application. The inclusion of said amount resulted in an adjusted net Generation Rate Under Recovery amounting to Seven Billion Two Hundred Ninety-Seven Million Seven Hundred Two Thousand Eight Hundred Fifty-Three and 75/100 Pesos (PhP7,297,702,853.75). The details of the revised computation of the Generation Rate Over/Under Recovery (GOUR) are shown in ANNEX "B" and made an integral part hereof.

5. Upon approval of this Supplemental Application, the claim of PEDC amounting to PhP884,545,417.09 shall likewise be paid to PEDC in equal installments for the same period as the approved recovery period for the GOUR.

6. Given the adjustments brought about by the inclusion of PEDC's actual fuel losses due to CIC as confirmed and approved by the ERC, the adjusted Generation Rate Under Recovery and recovery rate in PhP/kwh, together with the other pass-through charges, is summarized below:

Bill Component	Amount of (Over)/Under Recovery (PhP)	Average (Refund)/ Recovery Rate (PhP/kWh)	Proposed Refund/ Recovery Period
GOUR	7,297,702,853.75	0.2133	12 months
TOUR	607,375,216.17	0.0120	12 months
SLOUR	764,168,532.40	0.0151	12 months
LSOUR	(776,623.37)	(0.0002)	1 month
SRDSOUR	(2,504,375.44)	(0.0001)	12 months
RPTOUR	228,875,467.60	0.0045	12 months
LFTOUR	(27,337,032.70)	(0.0006)	12 months

7. Attached hereto as ANNEX "C" is the computation of the GOUR amount translated to rate per kilowatt-hour.

**ALLEGATIONS IN SUPPORT OF PRAYER FOR PROVISIONAL AUTHORITY AND/OR INTERIM RELIEF**

8. It is urgent that a provisional authority and/or interim relief be immediately issued upon filing and pending hearing and final resolution of the instant Application. MERALCO stresses that the costs covered by the Application are all pass-through costs. Hence, MERALCO should neither earn any income nor incur any losses from the imposition of the same. Given the foregoing, it is incumbent upon MERALCO to refund/recover the over/under recoveries for these valid pass-through costs.

**PRAYER**

WHEREFORE, it is respectfully prayed to this Honorable Commission that, the Supplemental Application be APPROVED authorizing MERALCO to recover from its customers the additional GOUR arising from inclusion of PEDC's actual fuel losses due to CIC as confirmed and approved by the ERC together with the other pass-through charges with corresponding proposed refund/recovery period below.

Bill Component	Amount of (Over)/Under Recovery (PhP)	Average (Refund)/ Recovery Rate (PhP/kWh)	Proposed Refund/ Recovery Period
GOUR	7,297,702,853.75	0.2133	12 months
TOUR	607,375,216.17	0.0120	12 months
SLOUR	764,168,532.40	0.0151	12 months
LSOUR	(776,623.37)	(0.0002)	1 month
SRDSOUR	(2,504,375.44)	(0.0001)	12 months
RPTOUR	228,875,467.60	0.0045	12 months
LFTOUR	(27,337,032.70)	(0.0006)	12 months

It is further prayed that, pending the final resolution of the case, a provisional authority and/or interim relief be issued authorizing MERALCO to collect/refund the over/under recoveries.

MERALCO prays for such other relief just and equitable under the premises.

Pasig City, 29 September 2023.

MANILA ELECTRIC COMPANY  
Lopez Building, Ortigas Avenue  
Barangay Ugong, Pasig City

By:

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Email: [regaffairs@meralco.com.ph](mailto:regaffairs@meralco.com.ph)REPUBLIC OF THE PHILIPPINES  
CITY OF PASIG )) S.S.**VERIFICATION and CERTIFICATION ON NON-FORUM SHOPPING**

I, JOSE RONALD V. VALLES, of legal age, married, and with office address at Manila Electric Company (MERALCO), 12th Floor, Lopez Building, MERALCO Center, Ortigas Avenue, Barangay Ugong, Pasig City, hereby state under oath that:

1. I am the First Vice-President and Head of the Regulatory Affairs and DU Regulatory Management Office of Manila Electric Company, and is authorized to represent it in this Supplemental Application as per the attached Secretary's Certification (Annex "A");

2. I have caused the preparation of the instant Supplemental Application and read the contents thereof, and I attest that the allegations herein contained are true and correct based on my personal knowledge and on authentic records made available to me;

3. The Supplemental Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

4. The factual allegations therein have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;