



October 6, 2022

The Philippine Stock Exchange, Inc.
Disclosure Department
6th Floor, Philippine Stock Exchange Tower
28th Street, corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: Ms. Alexandra D. Tom Wong
Manager, Disclosure Department

Gentlemen:

We reply with respect to the news articles posted in various online sites on October 4, 2022. In the news article entitled "ERC denies SMC-Meralco rate hike application" posted in Manila Bulletin (Online Edition) on October 3, 2022, it was reported in part that:

"The Energy Regulatory Commission (ERC) has denied the P0.30 per kilowatt hour (kWh) rate hike that had been jointly applied for by the Manila Electric Company (Meralco) and SMC Global Power Holdings (SMCGP) of the San Miguel group.

In a ruling issued by the power industry regulator on Monday, Oct. 3 evening, ERC reminded Meralco of a 'fixed price' power supply agreement (PSA) it had entered into with the subsidiary-firms of SMCGP – the South Premiere Power Corporation (SPC) for contracted capacity from the Ilijan gas-fired power plant, and Masinloc Power Partners Ltd. Co. for the Masinloc coal-fired power facility.

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SMCGP previously stated it will opt for termination of its PSAs with Meralco if it will not be able to secure 'rate relief' via its filing with the regulatory body of the industry."

By way of response to the Exchange requesting for clarification of news reports regarding the Orders of the Energy Regulatory Commission ("ERC"), we advise that the ERC issued orders denying joint motions for price adjustment filed by Manila Electric Company ("Meralco") and South Premiere Power Corp. ("SPPC") (ERC Case No. 2019-081), and Meralco and San Miguel Energy Corporation ("SMEC") (ERC Case No. 2019-083). Both Orders were dated 29 September 2022 and received by SPPC and SMEC via email on the evening of 03 October 2022.

We confirm that SPPC and SMEC are wholly owned subsidiaries of SMC Global Power Holdings Corp. ("SMCGP"), which is in turn a wholly owned subsidiary of the Company. We likewise confirm the news reports on the issuance by the ERC of the Orders. As required in the ERC Order, any termination will take effect 60 days from the receipt of the ERC Order. Within this 60-day period, SMEC and SPPC are required to continue the supply of power to Meralco at a cost higher than the contracted price under the PSAs. Nevertheless, SPPC and SMEC will continue to explore other legal remedies relating to the ERC Orders.

Once the termination of the PSAs take effect, SPPC and SMEC will have to sell its power to WESM and enter into bilateral contracts with other off-takers, pricing of which will be market-based, and thus will provide better financials and economics for SMCGP on consolidated basis.

Based on the Company's internal evaluation, SMCGP and its subsidiaries will remain compliant with its financial covenants under all existing loan agreements and other debt instruments. Nonetheless, these are not expected to have a material adverse effect on the consolidated financials of the Company and as well as in the operations and financials of SMCGP and its subsidiaries.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer