



November 15, 2021

PHILIPPINE STOCK EXCHANGE, INC.

PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Re: Clarification to the November 15, 2021 Manila Times (Online Edition) News Article

Gentlemen:

This refers to your letter requesting us to confirm the veracity of the information contained in the Manila Times (Online Edition) news article dated November 15, 2021 entitled "SNAP-Benguet appeals penalty", the relevant portion of which is quoted hereunder:

"SN Aboitiz Power-Benguet, Inc. (SNAP-Benguet) has paid a P875,000 fine for exceeding an outage allowance but is still hoping that the Energy Regulatory Commission (ERC) will review its decision to penalize the firm.

....

The ERC penalized SNAP-Benguet after its 34.5-megawatt (MW) Ambuklao Unit 1 incurred 14.3 unplanned outage days earlier this year, more than double the allowed 6.8 days for hydropower facilities. The firm paid the fine on November 8.

...."

We confirm the information reported in the cited news article from Manila Times (Online Edition). Attached is a Press Release on this matter from AboitizPower dated today, November 15, 2021, containing the same information as the press release from SN AboitizPower-Benguet dated November 13, 2021.

Very truly yours,

ABOITIZ POWER CORPORATION

By:

A blue ink signature of Mailene M. De La Torre, written in a cursive style, positioned above the printed name and title.

MAILENE M. DE LA TORRE
Assistant Corporate Secretary

Cc:

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head – Issuer Compliance and Disclosures Department

PRESS RELEASE
15 November 2021

SNAP-Benguet pays ERC fine without prejudice, files motion for reconsideration

SN Aboitiz Power-Benguet (SNAP-Benguet) filed a motion for reconsideration on Friday, November 12, following the Energy Regulatory Commission's decision to impose an administrative penalty for allegedly breaching allowable forced outages in March and April of this year.

The renewable energy company, which operates the Ambuklao and Binga hydroelectric power plants in Benguet, paid the fine of P875,000 to the ERC on Monday, November 8. SNAP-Benguet's Vice President for Corporate Affairs Mike Hosillos said, "The validity of the penalty, including some factual findings of the ERC, are part of the issues raised by SNAP-Benguet in our effort to seek a reconsideration of the ruling by the Honorable Commission."

SNAP-Benguet maintains that the Ambuklao hydroelectric power plant did not breach the maximum unplanned outage days allowed by the ERC. In a letter to the regulatory agency dated May 17, 2021, the company explained that it had made revisions from its original Three-Year Grid Operating and Maintenance Program (GOMP) in anticipation of changes in the availability of inflow/water (making the plant available when it can produce energy) and the need for earlier replacement of critical mechanical parts to prevent further outage and damage to the units. It had in fact completed its maintenance schedule for the three units on May 4, prior to the rotational blackouts that occurred in late May and early June this year.

SNAP-Benguet's revisions to its Annual Planned Maintenance (APM) schedule were submitted to and were approved by the National Grid Corporation of the Philippines (NGCP), the agency tasked by the DOE to approve and assess any changes in the maintenance schedules requested by generators. The company's final APM schedule approved by NGCP covers the period from March 20 to April 4, 2021.

SNAP-Benguet has said in previous statements that Ambuklao's total unplanned outage days record is 6.41 days, still within the 6.8-day unplanned outage cap as stipulated in the ERC Resolution No. 10, Series of 2020. It has updated this to 5.39 days, which excludes the outage hours necessitated by NGCP's maintenance activities and therefore out of management control. It has also said that low water availability in the reservoirs is expected during the dry season. This is the reason that the maintenance activities of hydro plants are typically scheduled around the second quarter of each year, which is allowed under Section 3.2 of DOE Circular No. 2020-02-004

stating that “only hydroelectric power plants shall be allowed to conduct power plant maintenance during the peak quarter.”

In its motion for reconsideration, SNAP-Benguet stated that Article IV of Resolution No. 10 does not require an outage to be reflected in the GOMP before it is considered planned. SNAP-Benguet further explained that the revised schedule of Ambuklao Unit 1’s annual preventive maintenance is actually reflected in the 2021 revised GOMP.

In its decision, the ERC said that although SNAP-Benguet “showed proof that the three (3) request letters were approved by NGCP, it failed to show that the same letters were approved by the Department of Energy. While the NGCP has an essential role in ensuring energy security of the country as the System Operator, NGCP [allegedly] has no power to approve the GOMP, which power is [supposedly] clearly vested with the DOE under Section 3.3 of DOE Circular No. 2020-02-0004.”

SNAP-Benguet asserts that the DOE granted authority to NGCP to approve amendments to the GOMP without the DOE’s consent. Section 3.5 of the same DOE Circular states that “[a]ny amendment or change of schedule due to emergency situations of the Generating Facility shall be approved by [NGCP as the SO] and the DOE shall be notified accordingly.”

“With due respect, we hope that the Honorable Commission reconsiders their decision in light of the evidence we have presented. We remain committed to cooperating with the ERC as we work to resolve this matter,” Hosillos said.

About SNAP

SN Aboitiz Power (SNAP) is a joint venture of Scatec and Aboitiz Power Corporation (AP).

Scatec is a Norway-based leading renewable power producer that delivers affordable and clean energy worldwide. As a long-term player, Scatec develops, builds, owns, and operates solar, wind, and hydro power plants and storage solutions. It has more than 3.5 GW in operation and under construction on four continents and more than 500 employees. The company is targeting 15 GW capacity in operation or under construction by the end of 2025. Scatec is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol ‘SCATC’.

AP is the holding company of the Philippines-based Aboitiz Group’s investments in power generation, distribution, and retail electricity services. It advances business and communities by providing reliable and ample power supply at a reasonable and competitive price, and with the least adverse effects on the environment and host communities.

SNAP owns and operates the 105-MW Ambuklao and 140-MW Binga hydroelectric power plants in Benguet; the Magat hydroelectric power plant which has a nameplate capacity of 360 MW and maximum capacity of 388 MW on the border of Isabela and Ifugao; and the 8.5-MW Maris hydro in Isabela. The non-power components such as dams, reservoirs, and spillways are owned, managed, and operated by the government.

About AboitizPower

AboitizPower is the holding company for the Aboitiz Group's investments in power generation, distribution, and retail electricity services. It advances business and communities by providing reliable and ample power supply at a reasonable and competitive price, and with the least adverse effects on the environment and host communities.

The company is one of the largest power producers in the Philippines with a balanced portfolio of assets located across the country. It is a major producer of Cleanergy, its brand for clean and renewable energy with several hydroelectric, geothermal, and solar power generation facilities. It also has thermal power plants in its generation portfolio to support the baseload and peak energy demands of the country.

The company also owns distribution utilities that operate in high-growth areas in Luzon, Visayas, and Mindanao, including the second and third largest private utilities in the country.

Currently, AboitizPower, together with its partners, is the Philippines' largest owner and operator of renewable energy based on installed capacity. In the next 10 years, the company will significantly expand its Cleanergy portfolio, in support of the government's efforts to promote renewable energy in the country and as the company's contribution to the global renewable energy targets. AboitizPower is aiming for an almost 50:50 Cleanergy and thermal capacity mix by 2030.

For further queries on this Press Release, please contact:

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