

aboitiz outlook



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- **AboitizPower secures IPPA contract for Pagbilao capacity**

AboitizPower Corporation (AP) wholly-owned subsidiary Therma Luzon, Inc. assumed on October 1 dispatch control of the 700-megawatt (MW) contracted capacity of the Pagbilao coal-fired power plant in Quezon province.

Therma Luzon submitted the highest offer of US\$691 million to be appointed as IPP Administrator (IPPA) of the Pagbilao plant in a competitive bid conducted by the Power Sector Assets and Liabilities Management Corp. (PSALM) on August 28, 2009. This amount represents the current value of the series of monthly payments using PSALM discount rates from October 2009 to August 2025.



An aerial view of the Pagbilao plant in Quezon Province

AboitizPower President Erramon Aboitiz said, “Securing the IPPA contract for the Pagbilao capacity fits very nicely in AboitizPower’s strategy of building a portfolio of generation assets that will be competitive in the long term and complimentary to each other. We think a combination of hydro plants to handle the peak load, and coal and geothermal plants for the base load makes a lot of sense.”

As administrator, Therma Luzon is responsible for procuring the plant’s fuel requirements and trading the electricity it generates to the Wholesale Electricity Spot Market (WESM).

“The success of the IPPA will forever change the dynamics of the Philippine power industry. Not only will this bring us closer to Open Access but with a private administrator going hand in hand with a rapidly improving spot market, we can assure the public that we are going to offer competitive rates that will, in the long run, result to affordable rates for the consumers by

exploring ways to make things better and more efficient,” said AboitizPower VP for Project Development Wong Bacareza.

Given only less than a month to close the deal, the project development team delivered all items for closing in record time on September 24, 2009, paving the way for the turnover on October 1, 2009.

The additional 700 MW of new capacity increases AboitizPower's attributable capacity to 1,740 MW.

Construction of the Pagbilao Power Plant started in February 1993 and commercial operation commenced in 1996. It is a Build-Operate-Transfer (BOT) plant with a rated capacity of 735 MW. National Power Corp. has contracted 700 MW of the plant's capacity until 2025 via an Energy Conversion Agreement.

Team Energy currently operates the Pagbilao plant under a BOT contract that will expire by 2025.

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