

outlook



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- **AboitizPower signs Cleanergy supply deal with SFELAPCO**

AboitizPower will supply renewable energy to San Fernando Electric Light and Power Company (SFELAPCO) for three years starting Dec. 26, 2009. Cleanergy, the AboitizPower brand of clean and renewable energy, will be sourced from AboitizPower's Tiwi-Makban geothermal facilities, as well as from its Hedcor-Irisan hydroelectric plant in Benguet.

Austin Herrick, President of AboitizPower wholly-owned subsidiary AP Renewables Inc., AboitizPower SVP for Trading & Marketing Luis Miguel Aboitiz and SFELAPCO President Michael L. Escaler signed the power supply contract in the presence of SFELAPCO SVP/GM Jose T. Lazatin today (Nov. 11) at Bale Capampangan in the City of San Fernando, Pampanga.



AboitizPower SVP-Trading & Marketing Luis Miguel Aboitiz hands over the Cleanergy plaque to SFELAPCO SVP and General Manager Jose Lazatin. With them are AboitizPower Renewables, Inc. President Austin Herrick and SFELAPCO President Michael Escaler.

For the first nine months that end on Sept 25, 2010, when SFELAPCO's contract with the National Power Corporation expires, its power demand will be around 70 megawatts (MW), 25 MW of which will be supplied by AboitizPower. In the succeeding 27 months until Sept. 25, 2012, AboitizPower will be SFELAPCO's exclusive bilateral energy supplier, during which the maximum contract demand is expected to reach 90 MW. This is aside from the 10% supply sourced from the Wholesale Electricity Spot Market.

A privately owned distribution utility, SFELAPCO has a total energy requirement average of 35 million kilowatt hours (kWh) per month for its residential, commercial and industrial customers. Its franchise area covers barangays in San Fernando City and in the municipalities of Floridablanca, Bacolor, Guagua, Lubao and Santo Tomas.

The AboitizPower-SFELAPCO supply contract is in line with the Renewable Energy Act of 2008 (RE Law), a landmark legislation that encourages and develops the use of the country's renewable energy resources. "AboitizPower supports the RE Law with Cleanergy," said Luis Miguel Aboitiz. "We are

actively developing and offering effective energy solutions that not only meet our nation's energy demands, but equally important is our commitment to sustain Earth's resources."

He added, "Energy from renewable sources are also effectively VAT zero-rated so power from these sources can be sold to distribution utilities at prices that are competitive with coal plants. During the negotiations, SFELAPCO quickly realized that the availability of renewable energy was limited, and that power from this source could be offered at a relatively predictable price - unlike coal, which is necessarily indexed to fluctuating fuel prices. This is why they decided to sign right away before all the remaining renewable capacity was committed to anyone else. "

The contract not only assures SFELAPCO of clean and reliable energy but also of cheaper rates. It will lead to approximately a 40-centavo reduction in rates charged to consumers on the average per kwh once the San Fernando utility's bilateral contracts are supplied with renewable energy, which is VAT exempt.

"We believe that as a distribution utility, it is our primary duty to serve our customers well and at the same time to treat our environment well. By going green, we achieve both goals simultaneously," said SFELAPCO President Michael L. Escaler.

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