



Manabat Sanagustin & Co., CPAs

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## Energy

May 6, 2010 to May 19, 2010



This industry update from Manabat Sanagustin & Co. CPAs is a biweekly collection of the latest news and developments from the country's Energy segment. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business (LOB), interesting and useful.

### **Petron execom OKs plan to put up power plant**

Petron Corp., one of the country's refiners, plans to put up a power plant might soon come into fruition. This, as Petron said its executive committee approved the plan to put up a power plant. In a disclosure to the Philippine Stock Exchange (PSE), Petron said its executive committee approved the management's proposal to invest in a joint-venture company to be formed with San Miguel Energy Corp. The joint venture will put up and operate a solid-fired fuel power plant in Limay, Bataan. In May last year, Petron president Eric O. Recto said they have amended the company's articles of incorporation to allow the plan to put up a \$100-million to \$150-million coal-fired power plant to provide Petron's own power requirements. Construction for the facility is estimated to take around 20 to 24 months. The power plant is seen to provide substantial savings and improve operational costs. In the event excess power is produced, Recto hinted that they were looking at selling the surplus capacity to the grid. He revealed consumption is projected to reach only 20 megawatts. Paul Anthony Isla  
[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&id=25293:petron-execom-oks-plan-to-put-up-power-plant&catid=24:companies&Itemid=59](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=25293:petron-execom-oks-plan-to-put-up-power-plant&catid=24:companies&Itemid=59)

### **NEA approves P259-M loan for Laneco's rural power projects**

The state-run National Electrification Administration (NEA) said on Tuesday it has concluded a P259-million loan agreement with the Lanao del Norte Electric Cooperative (Laneco). The loan will finance Laneco's five-year rural-electrification program, including the rehabilitation, revamp and upgrading of its distribution lines, construction of a power substation, acquisition of 69-kilovolt subtransmission lines, and the procurement of logistics and nonelectrical projects. The terms of the loan include an annual interest rate of 9 percent, an annual 12-percent default charge; a 15-year repayment period with a maximum of one-year grace period, and subject to accelerated repayment scheme, NEA said in a statement. The state-run firm said it required Laneco to maintain a system loss at a single-digit level, collection efficiency not lower than 95 percent, current status of payment with power providers such as the National Power Corp. (Napocor) or any other generating company with the National Transmission Corp. (Transco) or the National Grid Corp. of the Philippines (NGCP), and nonpower cost within the approved cash-operating budget level.  
[http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&catid=33%3Aeconomy&id=25365%3Anea-approves-p259-m-loan-for-lanecos-rural-power-projects&Itemid=60](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=33%3Aeconomy&id=25365%3Anea-approves-p259-m-loan-for-lanecos-rural-power-projects&Itemid=60)

### **Two companies finalize talks for geothermal project up north**

GEOTHERMAL companies, Guidance Management Corp. and Aragon Power and Energy Corp., are finalizing talks with a foreign investor for a farm-in agreement for a geothermal exploration project in Kalinga-Apayao.

Newsletter

#### In the News

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NEA approves loan for Laneco rural power projects

Two companies finalize talks for geothermal project up north

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Petron, San Miguel Energy unit form joint venture

San Miguel to acquire majority of power

PSALM starts process for Lege geothermal co

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Joaquin Rodriguez, Guidance Management chairman, said the companies plan to complete the transaction in about six weeks or next month. Citing confidentiality agreement, Rodriguez declined, however, to identify the name of the potential investor. Guidance Management and Aragon Power own and operate the geothermal service contract 26,250 hectare area in Kalinga-Apayao, which has a potential to produce 60 megawatts (MW). Aragon Power and Guidance Management will conduct exploration activities in the area with a budget of P3.7 million in the first five years. Guidance Management is a consortium of 14 Filipino, Spanish, Australian and American investors, which started operations in 2005 and is also developing the Amacan geothermal prospect in Compostela Valley. The Amacan project covers around 47,491-hectare area in Compostela Valley, which has a potential of 40 MW. [http://www.businessmirror.com.ph/index.php?option=com\\_content&view=article&id=25065:two-companies-finalize-talks-for-geothermal-project-up-north&catid=24:companies&Itemid=59](http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=25065:two-companies-finalize-talks-for-geothermal-project-up-north&catid=24:companies&Itemid=59)

### **DOE studies 'clean' energy plans**

The Department of Energy is evaluating over 50 applications for renewable energy service contracts. Data from the DOE showed that there are 43 pending wind contract applications from 16 companies, which include Lopez-led Energy Development Corp., GN Power Ltd. Co., Northwind Power Development Corp., PhilCarbon Inc., Philippine Hybrid Energy Systems Inc., Ryanx CGS Corp., Sunwest Water and Electric Co. Inc. and Triconti Clean Energy. About 20 of the 43 proposed wind power projects are expected to generate at least 1,000 megawatts in additional capacity to the country's three main grids. The DOE did not provide further data on the other applications. The DOE is also evaluating the pending applications for a geothermal service contract of Lopez subsidiary GreenCore Geothermal Inc. for the existing Palinpinon and Tongonan facilities in Negros Oriental and Leyte, respectively. The DOE also disclosed that it was negotiating with EDC, the country's largest producer of geothermal energy, for the approval of four prospective geothermal areas in Misamis Occidental, Negros Occidental, North Cotabato and Zamboanga del Sur.

[http://archive.inquirer.net/view.php?db=1&story\\_id=270422](http://archive.inquirer.net/view.php?db=1&story_id=270422)

### **Petron, San Miguel energy unit form joint venture**

Oil Refiner and retailer Petron Corp. has agreed to enter into a joint venture with San Miguel Energy Corp. for the establishment of a solid fired fuel power plant in Bataan. In a disclosure to the Philippine Stock Exchange Monday, Petron corporate secretary Joel Angelo Cruz said the oil firm's management committee approved management's proposal to invest in a joint venture with San Miguel Energy. The joint venture would see to the establishment of a power plant that would address the refiner's power supply requirements at its refinery in Limay, Bataan. Petron two months ago raised P10 billion from the issuance of preferred shares at the local bourse. The oil firm said that half of the proceeds from the issuance would be earmarked for the construction of the power plant, which had been estimated to cost around P10 billion. Construction should start within the year, Petron said.

[http://archive.inquirer.net/view.php?db=1&story\\_id=270589](http://archive.inquirer.net/view.php?db=1&story_id=270589)

### **San Miguel to buy back majority of power firms**

San Miguel Corp. has mapped out plans to eventually buy from its ally Global 5000 Investments Inc. a controlling stake in two key power-generation subsidiaries operating the San Roque, Sual and Ilijan power plants. San Miguel president Ramon Ang said in a recent briefing that the conglomerate would prepare its balance sheet before eventually acquiring the operations of two power-generation subsidiaries—Strategic Power Development Corp. (SPDC) and San Miguel Energy Corp. (SMEC). Based on a recent regulatory filing, the conglomerate agreed to let Global 5000 Investments come in as a 60-percent stockholder of the two subsidiaries. Ang doused speculation that San Miguel might be ceding control of SPDC and SMEC to pare down its power-generation interest and eventually buy into National Transmission Co. "We're still in [generation companies]. We can't get into anything that's not allowed," Ang said. When San Miguel was bidding for the independent power producer (IPP) administration contracts, Ang said Global 5000 was its partner all along. "When we're bidding, you need a large sum of money so we needed a partner. But when the balance sheet is OK, the arrangement with Global 5000 is San Miguel has the option to buy control or buy them out totally later on," he said.

[http://archive.inquirer.net/view.php?db=1&story\\_id=270412](http://archive.inquirer.net/view.php?db=1&story_id=270412)

### **PSALM starts bidding process for Leyte geothermal contract**

Power Sector Assets and Liabilities Management Corp. has opened the bidding for National Power Corp.'s contracted capacity for the 640-megawatt (MW) Unified Leyte Geothermal Power Complex in Tongonan. According to bid documents released by the government agency, interested parties were allowed to conduct their due diligence audit of the facilities starting May 17. A pre-bid conference was slated for June 16 and the submission of bids has been scheduled for July 30. The winning bidder will effectively become an independent power producer administrator (IPPA), which will manage Napocor's contracted capacity with the Energy Development Corp.-run Unified Leyte geothermal power facilities. IPPAs are qualified independent entities that administer, conserve and manage the contracted energy output of Napocor's IPP contracts, including selling the energy production and/or offering ancillary services. PSALM had eight to nine Napocor IPP contracts to transfer to private sector IPPAs. The total rated capacity of all IPP contracts to be bid out came up to around 6,252 MW. So far, PSALM had transferred five Napocor IPP contracts to private sector IPPAs.

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**Philippine Stock Exchange Weekly Top Gainers  
May 11 - 14, 2010**

Last Trade Price, Comparative Price Change & Total Value

Rank	Stock	Last Traded Price (in P)	Comparative Price Change (%)		Total Value (in P'000)
			1 Week	4 Weeks	
1	Central Azucara de Terlac	13.00	52.94	52.94	2,092
2	Euro-Med Laboratories Philippines, Inc.	1.58	49.06	-7.06	2
3	Metro Pacific Tollways Corporation	1.20	17.65	13.21	7
4	Swift Foods, Inc.	0.1950	30.00	25.81	15,777
5	Omico Foundation	0.0110	29.41	29.41	26,611
6	JG Summit Holdings, Inc.	12.0000	27.66	21.21	230,044
7	RFM Corporation	0.99	25.32	41.43	47,694
8	Vulcan Industrial & Mining	0.93	24.00	82.35	2,971
9	First Gen Corporation	11.50	21.05	12.20	990,297
10	Aboitiz Equity Ventures	18.75	20.97	22.95	385,672

**Philippine Stock Exchange Weekly Top Gainers  
May 11 - 14, 2010**

PER, EPS & BPV

Rank	Stock	PER	EPS	PBV
1	Central Azucara de Terlac	8.73	1.49	0.42
2	Euro-Med Laboratories Philippines, Inc.	18.22	0.09	1.43
3	Metro Pacific Tollways Corporation	59.92	0,12	5,73
4	Swift Foods, Inc.	-1.13	-0.17	1.13
5	Omico Foundation	54.49	0.0002	1.26
6	JG Summit Holdings, Inc.	9.54	1.26	0.98
7	RFM Corporation	8.59	0.12	0.61
8	Vulcan Industrial & Mining	-305.43	-0.003	0.86
9	First Gen Corporation	21.36	0.54	0.95
10	Aboitiz Equity Ventures	12.46	1.50	2.32

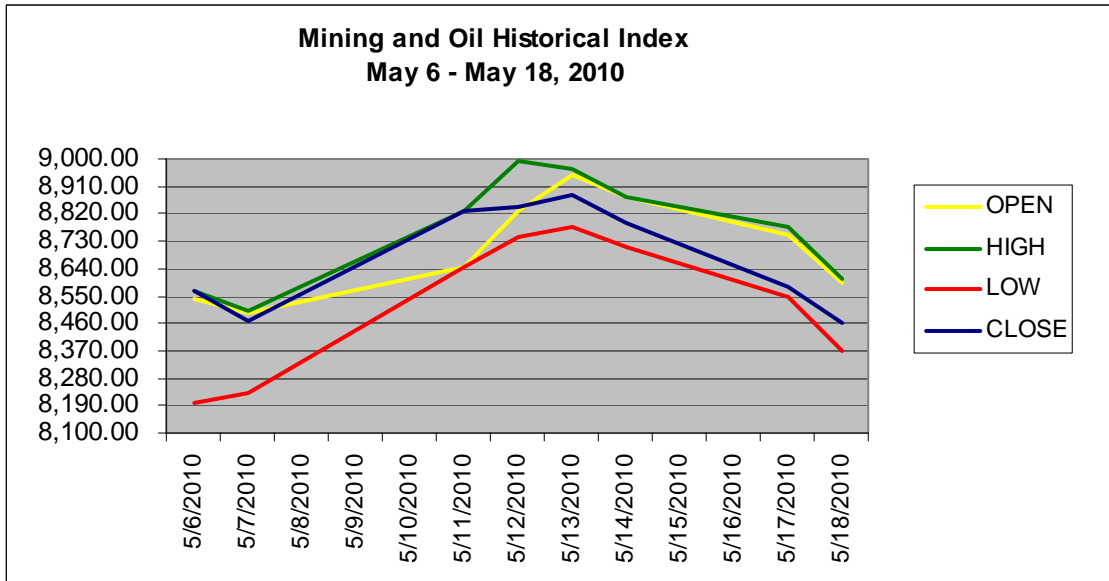
Source: Philippine Stock Exchange, Weekly Market Watch,

**Philippine Stock Exchange Index Composition for Mining and Oil  
As of TUE MAY 18, 2010 12:10:00 PM**

SECURITY NAME	PRICES	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOA ADJUSTED MARKET
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				CAPITALIZAT
APEX MINING COMPANY, INC. "A"	2.30	458,981,818	26.0 %	274,471,12
APEX MINING COMPANY, INC. "B"	2.44	295,731,885	28.0 %	202,044,02
ATLAS CONSOLIDATED MINING & DEVELOPMENT CORPORATION	9.20	1,048,931,882	47.0 %	4,535,581,45
GEOGRACE REOURCES PHILIPPINES, INC.	0.66	2,522,105,615	98.0 %	1,631,297,91
LEPANTO CONSOLIDATED MINING COMPANY "A"	0.235	19,721,947,347	85.0 %	3,939,458,98
LEPANTO CONSOLIDATED MINING COMPANY "B"	0.25	13,145,619,988	84.0 %	2,760,580,19
MANILA MINING CORPORATION	0.019	120,862,277,583	62.0 %	1,423,757,62
MANILA MINING CORPORATION	0.02	80,517,583,773	62.0 %	998,418,03
NiHao Mineral Resources International, Inc.	3.65	600,000,000	72.0 %	1,576,800,00
OMICO CORPORATION	0.01	105,046,167,332	85.0 %	892,892,42
ORIENTAL PETROLEUM & MINERAL CORPORATION "A"	0.013	120,000,000,000	64.0 %	998,400,00
ORIENTAL PETROLEUM & MINERAL CORPORATION "B"	0.013	80,000,000,000	64.0 %	665,600,00
THE PHILODRILL CORPORATION	0.013	191,868,805,358	51.0 %	1,272,090,17
PHILEX MINING CORPORATION	11.25	4,913,952,875	36.0 %	19,901,509,14

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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