

PARAMETERS FOR PANELIST COMMENTS

How to renew the interest of private power investors

- Highlight Mirant's experiences investing in the power sector of the country *especially on reasons and requirements underlying Mirant's initial and continuing commitment to these investments*
- 5 minutes for brief comments on specific session questions
- Draft not exceeding 1,000 words by October 17, 2003

OUTLINE OF COMMENTS

- I. State of the Philippine Energy Sector Prior to Investor Entry
- II. The Impetus Behind Mirant's Participation
- III. Driving the Momentum for Mirant Philippines
- IV. Final Words

COMMENTS
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STATE OF THE PHILIPPINE ENERGY SECTOR PRIOR TO INVESTOR ENTRY

The 80's shows a big gap between capacity and demand. For several years, the only new capacity installed in the system was the 300MW Calaca Coal-fired Station commissioned in 1984. A 600MW nuclear station nearing completion was mothballed. Meanwhile, with a new government in place, the economy's demand for power was further accelerated.

The government-owned National Power Corporation, due to financial constraints, was unable to provide the much needed new capacity. The government therefore looked to the private sector for solutions by opening power generation through Executive Order 215.

THE IMPETUS BEHIND MIRANT'S PARTICIPATION

Mirant Philippines, who at that time was owned by Hopewell Holdings a Hongkong based conglomerate, through the encouragement of IFC, saw an opportunity to help resolve the immediate problem and participate in an evolving private power generation market. IFC's involvement was not just in providing financials but also in acting as a catalyst in making the first private power generation – the 200 MW Navotas Gas Turbine Plant – possible.

DRIVING THE MOMENTUM FOR MIRANT PHILIPPINES

Since then, Mirant Philippines has seen the market for private power generation grow – a market that gives premium to market relevance. Mirant Philippines is cognizant that its corporate development can only be sustained if the execution of its business is properly complemented by programs that address its social responsibility and environmental stewardship accountability. The execution of these programs shall be done in partnership with various stakeholders

Social Responsibility covers community enhancement on a national level. Among the most noteworthy projects are BEACON (Barangay Electrification Assistance for Countryside Development) and AMORE (Alliance for Mindanao Off-grid Renewable Energy) which sets up electrification for remote barangay. Electrification enhances quality of life and serves as the infrastructure for sustainable national economic development.

Mirant Philippines is cognizant that it is a steward for the assets it uses. Therefore, in using these assets, Mirant Philippines shall enhance their value for future generations to use and benefit from.

In all these undertakings, the company has always been conscious of and has always involved IFC in the execution of its corporate programs.

FINAL WORDS

Today, the Philippines faces a similar situation as that of the 80's wherein power shortages are occurring in certain sectors and are looming in other sectors. As in the case of the 80's, Mirant is responding to this problem by harnessing its resources in addressing existing shortages, and working out plans, anticipating the larger problem in the near future in other sectors.

Similar to the situation then, there is the need for IFC and World Bank to work jointly with the private sector in this endeavor.