



19 January 2004

Director Edgar F. Samonte
Market Operations Service
The Energy Regulatory Commission
12/F Pacific Center Building
San Miguel Avenue, Ortigas Center
Pasig City

Attention: Atty. Debora Anastacia T. Layugan

Re: **Comments on Price Determination Methodology of Philippine
WESM**

Gentlemen:

We thank you for giving us the opportunity to comment on the proposed "Price Determination Methodology of the Philippine WESM" (the "PDM") and appreciate the opportunity to participate in the public consultations thereon.

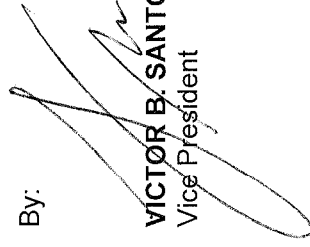
First Gas Holding Corporation ("FGHC") finds the proposed PDM too general. It is unclear from FGHC's standpoint how the proposed PDM would be interfaced with the Market Network Model, and determine the price for generators and loads from a series of generator offers and demand bids. It has come to attention of FGHC as well that PDM submitted for approval to the ERC deviated from the PDM endorsed by the Wholesale Electricity Spot Market Technical Working Group ("WESM-TWVG"), despite lengthy discussions on the subject matter.

FGHC commends the ERC for consulting the public on the PDM looks forward to participating in the scheduled public consultations thereon on February 12, 2004, and to continuing its involvement as the process moves forward.

Very truly yours,

FIRST GAS HOLDINGS CORPORATION

By:



VICTOR B. SANTOS, JR.
Vice President