

**SUMMARY OF AGREEMENTS  
POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT (PSALM) CORPORATION**

**2016  
PAN AGREEMENT  
Component**

	SO 1	Reduced Financial Obligation	Weight	Formula	Target					GCG Comment/Recommendation	
					Baseline 2014	2015	2016	2017	2018		
<b>FINANCIAL</b>	SM1	Amount of Net Reduction in FO	30%	Previous Year's FO - Current Year's FO	PhP 60.91 billion (Reduction from PhP 643.11 billion to PhP 582.20 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)	PhP 53.10 billion (Reduction from PhP 580.20 billion to PhP 527.1 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)	PhP 62.32 billion (Reduction from PhP 526.31 billion to PhP 463.98 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)	PhP 53.75 billion (Reduction from PhP 463.98 billion to PhP 410.23 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)	PhP 56.45 billion (Reduction from PhP 410.23 billion to PhP 353.78 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)		
	<b>SO 2 Ensured Strong Financial Performance</b>										
	SM2	Collection Efficiency (CE) for Current Power Sales	10%	Collections from Current Power Sales Total Current Power Sales	95.66% PhP 35.887 billion PhP 37.515 billion	95%	95%	95%	95%		
	SM3	Percentage Share of Overhead Expenses on Total Income	7.5%	(PS+MOOE) - Bad Debts Total Income	1.08% PhP 0.36 billion PhP 33.55 billion	3%	3%	3%	3%		
	SM4	EBITDA Margin of Remaining Power Assets	7.5%	EBITDA of Remaining Power Assets Net Utility Revenue	(0.41%) (PhP .17 billion) PhP 42.25 billion	19.14% PhP 7.8 billion PhP 40.74 billion	26.45% PhP 6.55 billion PhP 24.77 billion	33.87% PhP 7.38 billion PhP 21.80 billion	N/A		
<b>Sub-total</b>			<b>55%</b>								
<b>CUSTOMERS/STAKEHOLDERS</b>	<b>SO 3 Implemented Fair and Transparent Privatization Program</b>										
	SM5	Successfully Privatized Capacity (in MW)	20%	Σ Capacity of power plant/ IPP contract successfully bid out	663.62 MW [153.1MW Naga PPC (25 Sep 14) 218MW: Angat HEPP (31 Oct 14) 200MW: Unified Leyte Strips of Energy (26 Dec 14) 92.52 MW Mt. Apo 1 and 2 (26 Dec 14)]	432 MW 200 MW: Unified Leyte Bulk Energy 200 MW: Mindanao Coal 32MW:PB 104	1,122 MW 200 MW: Mindanao Coal 32 MW: PB 104 40 MW: UL Security 850 MW: Sucat (Decommissioned Plant)	1,710.10 MW 728 MW: CBK 260 MW: Agus 1 and 2 213.10 MW: Agus 4 and 5 254 MW: Agus 6 and 7 255 MW: Pulangui	650 MW 650 MW: Malaya TPP	Using the graduated scale proposed by PSALM:  Turnover - 100% Issuance of Notice of Award - 95% Declaration of Highest Bidder - 90% Submission of Bids - 80%	
	SM6	No. of Lots Disposed Under Strategic Plan	3%	(Σ Lots disposed ÷ Total lots titled to PSALM) x 100%	-	100% (Based on 31 December 2014 inventory covered by LLA)	6 Bataan CCPP (3) Bohol (3)	TBD	TBD	Using the graduated scale proposed by PSALM:  Turnover - 100% Issuance of Notice of Award - 95% Declaration of Highest Bidder - 90% Submission of Bids - 80%	
	SM7	Percentage of Excluded Assets Disposed	3%	Σ Excluded assets disposed Target excluded assets for disposal	-	100% (Cebu-Panay, Masinloc, Maibarara, BacMan-Ormat, and Batangas)	100% (Palinpinon,Bohol, BacMan, Ormat, Aplaya, Masinloc, Maibarara, Navotas and Angat)	-	-	Using the graduated scale proposed by PSALM:  Turnover - 100% Issuance of Notice of Award - 95% Declaration of Highest Bidder - 90% Submission of Bids - 80%	
<b>SO 4 Provided Reliable Power Supply</b>											

	SM8	Forced Outage Hours (FOH) of Plants under OMA with NPC	4%	FOH per unit per year (FOH as defined under OMA Performance Standards for Operating Plants)	-	24 hours per unit per year	24 hours per unit per year	24 hours per unit per year	-	
	<b>SO 5 Improved Customers' Relation and Service Delivery</b>									
	SM9	Average Satisfaction Rating on Frontline Services	2%	$\frac{\Sigma \text{ Survey Rating}}{\text{Total no. of customers surveyed}}$	-	≥ Satisfactory Rating	≥ Satisfactory Rating	≥ Satisfactory Rating	≥ Satisfactory Rating	
	<b>Sub-total</b>		<b>32%</b>							
	<b>SO 6 Adopted Effective and Efficient Financial Management System and Operational Standards</b>									
INTERNAL PROCESS	SM10	Universal Charge (UC) Remittance Efficiency of Collecting Entities (CEs)	3%	$\frac{\Sigma \text{ UC Actual Remittance}}{\text{Total UC Collection}}$	98.17% PhP 19.93 billion PhP 20.31 billion	97%	97%	97%	97%	
	SM11	No. of Business Process Enhancement Program/Project Implemented	3%	$\Sigma$ Actual no. of Business Process Implemented	1 ISO 27001:2005 Certification (Certification awarded on 23 January 2014)	2 Expanded CAS CSC-approved SPMS	3 QMS Re-certification ISMS Re-certification Integrated NCAS	2 ERM ISO Certification; Construction of PSALM Building (Completion and Transfer)	1 Philippine Quality Awards	
	<b>Sub-total</b>		<b>6%</b>							
	<b>SO 7 Enhanced Competency and Skills of Employees</b>									
LEARNING AND GROWTH	SM12	Average Percentage of Required competencies Met	2%	-	-	Board-approved Competency Framework	Establish Baseline	TBD	TBD	
	SM13	Restructuring	5%				Submission of Board-approved Restructuring Plan			
	<b>Sub-total</b>		<b>7%</b>							
<b>Total Weight</b>		<b>100%</b>								

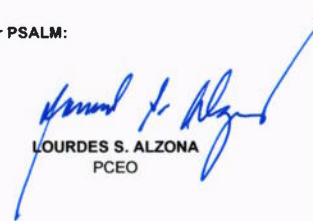
18-Dec-15

For GCG:



RAINIER B. BUTALID  
Commissioner

For PSALM:



LOURDES S. ALZONA  
PCEO