

**POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM)
Validated 2019 Performance Scorecard**

Component					Target	Submission		GCG Validation		Supporting Documents	Remarks																																
Objective/Measure	Formula	Wt.	Rating System	2019	Actual	Rating	Actual	Rating																																			
FINANCE	SO 1	Reduced Financial Obligation (FO)																																									
	SM1	Amount of Net Reduction in FO	Previous Year's FO - Current Year's FO	30.00%	Actual over Target	₱ 15.21 Billion*	₱ 15.23 Billion	30.00%	₱ 15.23 Billion	30.00%	<ul style="list-style-type: none"> Reduction in Financial Obligation Reports as of 31 Dec 2018 and 31 Dec 2019 2019 COA Audited Financial Statements 	<p>PSALM's Total FO is composed of its Debts (A) and IPP Lease Obligations (B).</p> <table border="1"> <thead> <tr> <th rowspan="2">Currency</th> <th colspan="2">₱ Equivalent</th> </tr> <tr> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td colspan="3">DEBTS (A)</td> </tr> <tr> <td>JPY</td> <td>29.31</td> <td>29.32</td> </tr> <tr> <td>PHP</td> <td>97.40</td> <td>106.03</td> </tr> <tr> <td>USD</td> <td>137.83</td> <td>144.20</td> </tr> <tr> <td colspan="3">IPP LEASE OBLIGATIONS</td> </tr> <tr> <td>PHP</td> <td>0.47</td> <td>0.43</td> </tr> <tr> <td>USD</td> <td>184.17</td> <td>153.97</td> </tr> <tr> <td>TOTAL FO</td> <td>449.18</td> <td>433.95</td> </tr> <tr> <td>DECREASE</td> <td>15.23</td> <td></td> </tr> </tbody> </table> <p>Using the 2018 FOREX rate, PSALM's target is to reduce its FO from ₱449.18 Billion in 2018 to ₱433.97 Billion in 2019 or by ₱15.21 Billion. Based on GCG's evaluation, PSALM reduced its FO in 2019 by ₱15.23 Billion.</p> <p>The following are the forex rate as of 31 December 2018: 1US\$ = ₱52.7240 1JPY = ₱0.4751</p>	Currency	₱ Equivalent		2018	2019	DEBTS (A)			JPY	29.31	29.32	PHP	97.40	106.03	USD	137.83	144.20	IPP LEASE OBLIGATIONS			PHP	0.47	0.43	USD	184.17	153.97	TOTAL FO	449.18	433.95	DECREASE	15.23
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SO 2 Ensured Strong Financial Performance																										
SM2	Collection Efficiency for Current Power Sales	$\frac{\text{Collections from Current Power Sales}}{\text{Current Power Sales}}$	10.00%	Actual over Target	93.00%	93.56%	10.00%	93.56%	10.00%	<ul style="list-style-type: none"> Collection Efficiency Report – Current (as of 31 Dec 2019) Summary of Collection Efficiency Report per Grid for 2019 	<p>The more detailed formula used for CE-current power sales is:</p> <p>Collection from current customers + credit memo for power purchase discount (PPD) + <u>Technical credit memos</u> Total power sales + Debit Memo</p> <p>Breakdown of collection per region is as follows (In ₱ Billions):</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Coll.</th> <th>Billing</th> </tr> </thead> <tbody> <tr> <td>Luzon</td> <td>0.035</td> <td>0.035</td> </tr> <tr> <td>Vis.</td> <td>3.773</td> <td>3.773</td> </tr> <tr> <td>Mind.</td> <td>7.950</td> <td>8.760</td> </tr> <tr> <td>TOTAL</td> <td>11.758</td> <td>12.568</td> </tr> </tbody> </table> <p>Total unpaid billings for the year amounted to ₱0.81 Billion, all of which comes from Mindanao.</p>	Region	Coll.	Billing	Luzon	0.035	0.035	Vis.	3.773	3.773	Mind.	7.950	8.760	TOTAL	11.758	12.568
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SM3	Amount of Delinquent/Overdue Accounts Collected	$\frac{\sum \text{Actual Collection}}{\sum \text{Target Collection}}$	5.00%	Actual over Target	₱4.12 Billion	₱ 4.32 Billion	5.00%	₱ 4.32 Billion	5.00%	<ul style="list-style-type: none"> Report on Collection of Delinquent /Overdue Accounts for CY 2019 Updates on Delinquent Accounts List of Power Customers (PCs) with Legal Cases, Closed/Dormant PCs, PCs with unsettled DWS, Delinquent PCs, and PCs with Disputed Accounts w/o Case as of 31 Dec 2019 	<table border="1"> <thead> <tr> <th>(In ₱ Billions)</th> <th>Collected</th> </tr> </thead> <tbody> <tr> <td>Power Receivables</td> <td>2.35</td> </tr> <tr> <td>IPPA</td> <td>0.80</td> </tr> <tr> <td>NGCP</td> <td>0.48</td> </tr> <tr> <td>IEMOP</td> <td>0.69</td> </tr> <tr> <td>TOTAL</td> <td>4.32</td> </tr> </tbody> </table>	(In ₱ Billions)	Collected	Power Receivables	2.35	IPPA	0.80	NGCP	0.48	IEMOP	0.69	TOTAL	4.32			
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FINANCE

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	Objective/Measure	Formula	Wt.	Rating System	2019	Actual	Rating	Actual	Rating															
FINANCE	SM4	Percentage Share of Overhead Expenses to Total Income	(PS+MOOE) – <u>Bad Debts</u> Total Income	5.00%	Actual over Target	8.92%	4.71%	5.00%	5.21%	5.00%	<ul style="list-style-type: none"> • Percentage Share of Overhead Expenses to Total Income for 2019 • Statement of Comprehensive Income • 2019 COA Audited Financial Statements 	<p>(In ₱ Billions)</p> <table border="1"> <thead> <tr> <th></th> <th>COB</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td>8.73</td> <td>24.32</td> </tr> <tr> <td>Overhead Expenses (net of Bad Debts)</td> <td>0.78</td> <td>1.27</td> </tr> <tr> <td>% share of overhead expenses to total income</td> <td>8.92%</td> <td>5.21%</td> </tr> </tbody> </table> <p>PSALM excluded the collection of UC-SCC in the projection of its income due to pending applications in the ERC. Thus, in the 2019 validation, the income from the UC-SCC amounting to P2.56 was likewise excluded.</p> <p>Notwithstanding, the validated income still exceeds the projection. Other factors for the higher actual figures include, among others, the upsurge in the average selling rate per kilowatt hour and greater generated output than the previous year for the Independent Power Producer (IPP) Administration.</p>		COB	Actual	Income	8.73	24.32	Overhead Expenses (net of Bad Debts)	0.78	1.27	% share of overhead expenses to total income	8.92%	5.21%
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FINANCE	SM5	EBITDA Margin of Operating Power Assets	EBIDTA of Operating Power Assets Net Utility Revenue	5.00%	Actual over Target	4.88%	5.00%	14.07%	5.00%		<ul style="list-style-type: none"> • EBITDA Margin of Remaining Power Plants for 2019 • Operating Results by Region as of 31 Dec 2019 • 2019 Statement of Comprehensive Income – Power Generation • 2019 COA Audited FS 													
						$\frac{₱ 1.479 \text{ B}}{₱ 30.327 \text{ B}}$		$\frac{₱ 5.124 \text{ B}}{₱ 36.414 \text{ B}}$				$\frac{24.60\%}{\frac{₱ 8.959 \text{ B}}{₱ 36.414 \text{ B}}}$												
<p>Computation is as follows (<i>In ₱ Billion</i>):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 40%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Power Generation Income</td> <td style="text-align: right;">₱5.904</td> </tr> <tr> <td>Add back: Depreciation</td> <td style="text-align: right;">1.096</td> </tr> <tr> <td>Amort. of Capacity Fees</td> <td style="text-align: right;">1.959</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">8.959</td> </tr> <tr> <td>Net Utility Revenue</td> <td style="text-align: right;">36.414</td> </tr> <tr> <td>EBITDA Margin</td> <td style="text-align: right;">24.60%</td> </tr> </tbody> </table> <p>In its submitted accomplishment, similar in 2018, PSALM excluded other income and expenses from its computation of EBITDA. Such other income and expenses, however, should form part of EBITDA on Operating Power Assets because it is included in computing for Income from Power Generation and contain items related to PSALM's operating power assets (i.e. interest on power receivables, expenses on decommissioned plants).</p>											Particulars	Amount	Power Generation Income	₱5.904	Add back: Depreciation	1.096	Amort. of Capacity Fees	1.959	EBITDA	8.959	Net Utility Revenue	36.414	EBITDA Margin	24.60%
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Objective/Measure	Formula	Wt.	Rating System	2019	Actual	Rating	Actual	Rating																		
FINANCE	SM6	Universal Charge (UC) Remittance Efficiency of CEs	$\frac{\Sigma \text{ UC Actual Remittance}}{\Sigma \text{ Total UC Collection} + \text{ Maintaining Balance}}$	7.00%	Actual over Target	98%	98.08%	7.00%	98.08%	7.00%	<ul style="list-style-type: none"> Percentage of Remittance to PSALM Over UC Collected by Collecting Entities as of 31 December 2019. <table border="1"> <thead> <tr> <th colspan="2">(In ₱ Millions)</th> </tr> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Total Remittance</td> <td>₱ 20,114.62</td> </tr> <tr> <td>Total Collections</td> <td>20,509.30</td> </tr> <tr> <td>Remittance Efficiency</td> <td>98.08%</td> </tr> </tbody> </table>	(In ₱ Millions)		Particulars	Amount	Total Remittance	₱ 20,114.62	Total Collections	20,509.30	Remittance Efficiency	98.08%					
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SM7	Percentage of UC-ME Disbursed to NPC and RE Developers	$\frac{\Sigma \text{ UC Actual Disbursement}}{\Sigma \text{ Total UC Remittance} + \text{ Maintaining Balance}}$	8.00%	Actual over Target	100%	100.00%	8.00%	100%	8.00%	<ul style="list-style-type: none"> Report on UC Collection/ Remittances and Disbursements – UC-ME Funds for 2019 Report on UC Collection/ Remittances and Disbursements – UC-ME Fund REDCI for 2019 Statement of UC Fund as of 31 Dec 2019 <table border="1"> <thead> <tr> <th colspan="4">(In ₱ Billions)</th> </tr> <tr> <th></th> <th>A</th> <th>B</th> <th>A/B</th> </tr> </thead> <tbody> <tr> <td>NPC</td> <td>3.432</td> <td>3.432</td> <td>100%</td> </tr> <tr> <td>RE Developers</td> <td>0.005</td> <td>0.005</td> <td>100%</td> </tr> </tbody> </table>	(In ₱ Billions)					A	B	A/B	NPC	3.432	3.432	100%	RE Developers	0.005	0.005	100%
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Sub-total		70.00%				70.00%		70.00%																		

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STAKEHOLDER	SO 3	Implemented Fair and Transparent Privatization Program										
	SM8	No. of Power Assets Successfully Privatized	Actual Accomplishment	0.00%	All or Nothing	797.92 MW Caliraya-Botocan-Kalayaan (CBK) HEPPs	-	0.00%	-	Excluded	<ul style="list-style-type: none"> • PES Form 3 • Board Resolutions No. 2019-0925-09, dated 25 Sept 2019, re: Proposed Revision of Privatization Target and Rating Methodology under the 2019 Corporate Performance Scorecard • DOF Letter to ADB dated 17 Jun 2019, re: Request for Technical Assistance (TA) for the Privatization of Certain Power Plants • PSALM and ADB communications regarding Options Study on CBK and Casecan • PSALM Letter dated 04 Aug 2020 	Considering that among the conditions for actual privatization of the CBK HEPP is “the results of the third party study on privatization options and structures,” which did not materialize due to failed public biddings, and considering further the subsequent instruction from the DOF Secretary to engage the ADB as consultant for the study, this <i>measure is excluded</i> from the validated score.

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STAKEHOLDER	SM9	No. of Lots Disposed under Strategic Plan	$\frac{\sum \text{Number of lots disposed}}{\sum \text{Target number of lots for disposal}}$	5.00%	Actual over Target	160 Bauang DPP (92) Batangas CFTPP (57) Paranaque CMP with NHA (4) Mexico Central Warehouse (1) Camalaniugan Substation (1) Sudipen Campsite (2) General Santos DPP (3)	166	5.00%	166 Bauang DPP (92) Aplaya DPP (49) Cebu DPP (21) Masinloc CFTPP (2) Laoag (1) Naga Property (1)	5.00%	<ul style="list-style-type: none"> MOA with La Union Local Government Deed of Transfer and Conveyance and Acknowledgement Receipt of payment for Bauang Deeds of Absolute Sale and Official Receipts of payments for Aplaya, Cebu, Masinloc, Laoag and Naga 	Below is the list of lots disposed with date of receipt of payments: <table border="1"> <thead> <tr> <th>Lots</th> <th>Date of A/O Receipt</th> <th>Qty</th> </tr> </thead> <tbody> <tr> <td>Bauang DPP</td> <td>14-Aug-19</td> <td>92</td> </tr> <tr> <td>Aplaya DPP</td> <td>27-Nov-19</td> <td>49</td> </tr> <tr> <td>Cebu DPP</td> <td>27-Nov-19</td> <td>21</td> </tr> <tr> <td>Masinloc CFTPP</td> <td>15-Aug-19</td> <td>2</td> </tr> <tr> <td>Laoag</td> <td>27-Nov-19</td> <td>1</td> </tr> <tr> <td>Naga Property</td> <td>14-Nov-19</td> <td>1</td> </tr> <tr> <td>TOTAL</td> <td></td> <td>166</td> </tr> </tbody> </table>	Lots	Date of A/O Receipt	Qty	Bauang DPP	14-Aug-19	92	Aplaya DPP	27-Nov-19	49	Cebu DPP	27-Nov-19	21	Masinloc CFTPP	15-Aug-19	2	Laoag	27-Nov-19	1	Naga Property	14-Nov-19	1	TOTAL		166
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SO 4	Improved Customers' Relation and Service Delivery																																			
SM 10	Percentage of Satisfied Customers	$\frac{\text{Total number of Satisfied Respondents}}{\text{Total number of Respondents}}$	5.00%	Actual over Target 0% = if less than 80%	90% Satisfied Customers	78% Satisfied Customers	5.00%	77.78% Satisfied Customers	0.00%	<ul style="list-style-type: none"> 2019 PSALM Customer Satisfaction Survey (CSS) Final Report prepared by Philippine Survey and Research Center (PSRC) Five (5) accomplished questionnaires 	84 out of 108 respondents (77.78%) gave PSALM at least a Satisfactory Rating.																									
		Sub-total	10.00%				10.00%		5.00%																											

Component					Target	Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure	Formula	Wt.	Rating System	2019	Actual	Rating	Actual	Rating			
INTERNAL PROCESS	SO 5	Adopted Effective and Efficient Financial Management Systems and Operational Standards										
	SM 11	Compliance to Quality Standards	Actual Accomplishment	5.00%	All or Nothing	ISO 9001:2015 Recertification	ISO 9001:2015 Recertification	5%	ISO 9001:2015 Recertification	5%	<ul style="list-style-type: none"> ISO 9001:2015 Certificate valid from 12/04/2019 to 12/03/2022 	PSALM was able to recertify its ISO 9001:2015 Certification which was issued by SOCOTEC on 04 December 2019.
	Sub-total			5.00%				5.00%		5.00%		
LEARNING AND GROWTH	SO 6	Enhanced Competency and Skills of Employees										
	SM 12	Percentage of Employees with Required Competencies Met	$\frac{\sum \text{Employees with required competencies met}}{\sum \text{Total No. of Employees}}$	5.00%	Actual over Target	93.40%	94.52%	5.00%	94.52%	5.00%	<ul style="list-style-type: none"> Competency-Based Human Resource Framework Position and Person Profiling Rating Sheet 1st & 2nd Quarter Updates on RP Implementation PSALM MO 2020-005 Certificate of Completion on Placement Process in the RP Implementation 	<p>PSALM reported a competency level of 94.52% (138 out of 146 re-assessed employees) or an increase of 2.57% from the 2018 competency level.</p> <p>As of 30 Dec 2019, PSALM's total plantilla personnel was 153. Seven (7) personnel were exempted from the 2019 assessment.</p>
	Sub-total			5.00%			5.00%		5.00%			
	Total			90.00%			85.00%		85.00%			

PSALM Validated Score: $\frac{85.00\%}{90.00\%} = 94.44\%$