

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM)

	Component				Baseline		Target	
	Objective/Measure	Formula	Wt.	Rating System	2015	2016*	2017	
FINANCE	SO 1	Reduced Financial Obligation (FO)						
	SM 1	Amount of Net Reduction in FO	Previous Year's FO – Current Year's FO	30%	Actual over Target	54.58 Billion	65.22 Billion	41.60 Billion†
	SO 2	Ensured Strong Financial Performance						
	SM 2	Collection Efficiency for Current Power Sales	$\frac{\text{Collections from Current Power Sales}}{\text{Current Power Sales}}$	10%	Actual over Target	97.33% $\frac{24.44 \text{ B}}{25.11 \text{ B}}$	96.34% $\frac{16.304 \text{ B}}{16.923 \text{ B}}$	93%
	SM 3	Collection Efficiency for Non-Current/Overdue Accounts	$\frac{\text{Total collection} - \text{collection from current customer} + \text{Credit Memo}}{\text{2016 Outstanding Balance} + \text{Debit Memo} + \text{2017 refunds}}$	5%	Actual over Target	N/A	N/A	Established Baseline
	SM 4	Percentage Share of Overhead Expenses to Total Income	$\frac{(\text{PS} + \text{MOOE}) - \text{Bad Debts}}{\text{Total Income}}$	2%	Actual over Target	1.49% $\frac{0.394 \text{ B}}{26.445 \text{ B}}$	1.76% $\frac{0.409 \text{ B}}{23.204 \text{ B}}$	1.76%
	SM 5	EBITDA Margin of Remaining Power Assets	$\frac{\text{EBITDA of Remaining Power Assets}}{\text{Net Utility Revenue}}$	5%	Actual over Target	11.53% $\frac{3.56 \text{ B}}{30.86 \text{ B}}$	12.05% $\frac{3.038 \text{ B}}{25.218 \text{ B}}$	6.59% $\frac{1.749 \text{ B}}{26.571 \text{ B}}$
			Sub-total	52%				

* Based on PSALM's submitted accomplishments.

† Using 2016 yearend FOREX Rate.

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STAKEHOLDER	SO 3	Implemented Fair and Transparent Privatization Program						
	SM 6	No. of Power Assets Successfully Privatized		-	Actual over Target	96 MW PB 101-103	32 MW PB 104	1 650 MW Malaya TPP (Deferred. Subject to DOE's Policy Directions)
	SM 7	No. of Decommissioned Assets Disposed		10%	Graduated Scale [†]	N/A	N/A	1 Sucat TPP
	SM 8	No. of Lots Disposed under Strategic Plan	$(\Sigma \text{ lots disposed} + \text{total lots titled to PSALM}) \times 100\%$	5%	Graduated Scale [§]	1 (Board-Approved Strategic Plan for Real Estate Assets)	12 Bataan CCPP (3) Bohol (2) Tiwi-Makban (7)	231 Calaca (123)** Manila TPP (8) Puerto Azul (1) GenSan (3) Bauang (96)

[†] Graduated Scale for Disposal of Decommissioned Assets

100%	Turnover
95%	Issuance of Notice of Award
90%	Declaration of Highest Bidder

[§] Graduated Scale for Disposal of Lots

Public Bidding		Option Existence Notice	
100%	Turnover	100%	Turnover
95%	Issuance of Notice of Award	95%	Issuance of Notice of Award
90%	Declaration of Highest Bidder	90%	Declaration of Highest Bidder

** Dependent on SCPC priority of acquisitions.

	Component				Baseline		Target	
	Objective/Measure	Formula	Wt.	Rating System	2015	2016'	2017	
STAKEHOLDER	SM 9	Number of Transferred Certificates of Titles/Decrees and Land Registration Case Decisions under OMA to PSALM		3%	All or Nothing	N/A	N/A	2,037 lot titles from NPC to PSALM
	SM 10	Percentage of Excluded Assets Disposed	$\frac{\Sigma \text{ Excluded assets disposed}}{\Sigma \text{ Target excluded assets for disposal}}$	3%	Actual over Target	30% Panay, GenSan (Declaration of highest bidder only)	100% Cebu, Bohol, Palinpinon, Aplaya (Issued Notice of Award and Notice to Proceed) Angat, Masinloc, Maibarara, Navotas, PGPC (Failed biddings)	100% [Calaca, CFTPP, Makban GPP, Tiwi GPP, Ormat (BacMan and Ligao)]
	SO 4	Improved Customers' Relation and Service Delivery						
	SM 11	Average Satisfaction Rating on Frontline Services	$\frac{\Sigma \text{ Survey Rating}}{\text{Total no. of customers surveyed}}$	5%	All or Nothing	Satisfactory	Satisfactory	≥ Satisfactory Rating
	Sub-total			26%				
INTERNAL BUSINESS PROCESS	SO 5	Adopted Effective and Efficient Financial Management Systems and Operational Standards						
	SM 12	Universal Charge (UC) Remittance Efficiency of CEs	$\frac{\Sigma \text{ UC Actual Remittance}}{\Sigma \text{ Total UC Collection}}$	7%	Actual over Target	98.46% $\frac{22.996 \text{ B}}{23.355 \text{ B}}$	98.48% $\frac{P25.434 \text{ B}}{P25.827 \text{ B}}$	98%
	SM 13	ISO Certification		5%	All or Nothing	CSC-Approved SPMS	ISO 9001:2015 Certification	Surveillance Audit Passed
	Sub-total			12%				

	Component				Baseline		Target	
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LEARNING AND GROWTH	SO 6	Enhanced Competency and Skills of Employees						
	SM 14	Percentage of Employees with Required Competencies Met	$\frac{\Sigma \text{ Employees with required competencies met}}{\Sigma \text{ Total No. of Employees}}$	5%	All or Nothing	Board-Approved Competency Framework	86.67%	Re-establish baseline ^{††}
	SO 7	Ensured Employee Welfare						
	SM 15	Restructuring Plan		5%	All or Nothing	N/A	Presentation to the Board the DAP's Initial Findings and Recommendations on PSALM's Reorganization Plan	Submission of Board-Approved Restructuring Plan
			Sub-total	10%				
		TOTAL	100%					

^{††} Based on Current TO and new formula.