

NATIONAL TRANSMISSION CORPORATION

|             | Component  |   |        |                    | Baseline Data<br>(if applicable) |      |  | Target   |
|-------------|--|---|--------|--------------------|----------------------------------|------|--|--|
|             | Objective/Measure  | Formula   | Weight | Rating System      | 2013                             | 2014 | 2015 <sup>1a</sup>   | 2016   |
| <b>SO 1</b> | <b>Enhance Customer/Stakeholders Satisfaction in Line with the Mandates of TransCo</b>   |   |        |                    |                                  |      |  |  |
| SM 1        | Satisfaction rating based on a survey conducted by a third party   | Five point satisfaction scale. At least 4 rating to be considered satisfactory  | 5.0%   | Pass or Fail       | N/A                              | N/A  | Satisfactory Rating  | Satisfactory Rating  |
| <b>SO 2</b> | <b>Ensure Continuous Supply of Electricity in the Main grid through NGCP</b>   |   |        |                    |                                  |      |  |  |
| SM 2        | System Availability (SA)<br>(Measures the long-term average fraction of time that a component or system is in service and satisfactorily performing its intended function) | SA = the sum of all circuit hours available / (number of circuits) x (number of hours in period)                            | 2.5%   | Actual over Target | N/A                              | N/A  | Luzon (99.19%)<br>Visayas (99.52%)<br>Mindanao (99.53%)              | Luzon (99.19%)<br>Visayas (99.52%)<br>Mindanao (99.53%)              |
| SM 3        | System Interruption Severity Index (SISI)<br>(Measures the severity of interruption (in system-minutes) of a single delivery point or a system)                            | Ratio of the unserved energy to the system peak load:<br>SISI = {[MW lost x duration (min)] / System Peak Load (MW)} x 100% | 2.5%   | Actual over Target | N/A                              | N/A  | Luzon (17.96 mins)<br>Visayas (121.83 mins)<br>Mindanao (30.74 mins) | Luzon (17.96 mins)<br>Visayas (121.83 mins)<br>Mindanao (30.74 mins) |
| <b>SO 3</b> | <b>Ensure Uninterrupted Access for the Operation and Maintenance by the NGCP of the Existing Transmission Lines and Other Facilities</b>                                   |   |        |                    |                                  |      |  |  |
| SM 4        | Number of Right of Way (ROW) claims/cases approved for settlement or expropriation cases initiated   | $\sum$ No. of ROW claims/cases approved for settlement  | 10.0%  | Actual over Target | 3                                | 4    | 4  | 5  |
|             |  | $\sum$ No. of expropriation cases initiated   |        |                    | 21                               | 24   | 28   | 29   |

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|-----------|--|---|------------------|--------------------|----------------------------------|------|---|----------------|
|           | Objective/Measure  | Formula   | Weight           | Rating System      | 2013                             | 2014 | 2015 <sup>1a</sup>  | 2016           |
| SM 5      | Presentation of comprehensive time-bound action plans on:<br>a) how to address the ROW claims issues and to provide options on how to hasten the resolution of claims<br>b) how to address issues on ROW claims validation |   | 3.0%             | Pass or Fail       | N/A                              | N/A  | Submission of Board-approved action plan to GCG by October 2015 | Signing of MOU |
| SO 4      | <b>Efficient Administration of the Feed-In Tariff (FIT) Allowance Fund</b>   |   |                  |                    |                                  |      |   |                |
| SM 6      | Timely release of payments to Renewable Energy (RE) developers   | No. of months payment made on payment date/total number of months   | 3.0%             | Actual over Target | N/A                              | N/A  | 100%  | 90%            |
| SO 5      | <b>Ensure NGCP's Implementation of Corrective Actions based from the Findings by TransCo</b>   |   |                  |                    |                                  |      |   |                |
| SM 7      | Total number of major findings/observations corrected  | $\Sigma$ No. of major findings/observations corrected over total agreed major observations for correction | 4.0%             | Actual over Target | 61%                              | N/A  | 63%   | 70%            |
| SM 8      | Total number of minor findings/observations corrected  | $\Sigma$ No. of minor findings/observations corrected over total agreed                                   | 4.0%             | Actual over Target | 61%                              | N/A  | 63%   | 70%            |
|           |  |   | <b>Sub-total</b> |                    |                                  |      |   |                |
|           |  |   | <b>34.0%</b>     |                    |                                  |      |   |                |

| Component |   |  |              |                    | Baseline Data<br>(if applicable) |        |  | Target   |
|-----------|---|--|--------------|--------------------|----------------------------------|--------|--|--|
|           | Objective/Measure   | Formula  | Weight       | Rating System      | 2013                             | 2014   | 2015 <sup>/a</sup>                     | 2016   |
| SO 6      | Ensure TransCo's Financial Viability  |  |              |                    |                                  |        |  |  |
| SM 9      | Cost Efficiency - TransCo   | Controllable OPEX over Revenues                        | 8.0%         | Actual over Target | N/A                              | N/A    | ₱285 Million                           | ₱0.02 for every ₱1 revenue generated                               |
| SM 10     | Cost Efficiency – Utility Management Department (UMD)   | UMD Expenses over Revenue                              | 3.0%         | Actual over Target | N/A                              | N/A    | ₱0.9064 for every ₱1 revenue generated | ₱0.8779 for every ₱1 revenue generated                             |
| SM 11     | Collection of Revenues re 3 <sup>rd</sup> Reg. ROW Related CAPEX                              | Actual Amount Collected                                | 2.5%         | Actual over Target | N/A                              | N/A    | ₱386 Million                           | ₱307.13 Million <sup>-b</sup>                                      |
| SM 12     | Collection Efficiency (UMD Ecozone)   | (Total Collections over Total Receivables) x 100 (UMD) | 3.5%         | Actual over Target | 98.80%                           | 96.98% | 99.12%                                 | 99.48%   |
| SM 13     | Determination and monitoring of the Estimated Recovery Payment under the Concession Agreement | N/A  | -            | Pass or Fail       | N/A                              | N/A    | N/A                                    | Submission of Board-approved plan and semestral monitoring reports |
|           |   | <b>Sub-total</b>                                       | <b>17.0%</b> |                    |                                  |        |  |  |

| Component   |   |   |        |                    | Baseline Data<br>(if applicable) |           |                    | Target           |
|-------------|---|---|--------|--------------------|----------------------------------|-----------|--------------------|------------------|
|             | Objective/Measure   | Formula   | Weight | Rating System      | 2013                             | 2014      | 2015 <sup>1a</sup> | 2016             |
| <b>SO 7</b> | <b>Enhance Performance on Mandated Roles and Responsibilities</b>   |   |        |                    |                                  |           |                    |                  |
| SM 14       | Collection Efficiency (FIT-All)   | Fit-All Fund Collection over Total Fit-All Fund Receivables   | 3.0%   | Actual over Target | N/A                              | N/A       | 90.00% collected   | 92.50% collected |
| SM 15       | Availability Factor<br>(Measures the electrical power readily available to customers of BCEZ and AFAB)  | (Period hours – Outage hours) / Period hours x 100  | 4.0%   | Actual over Target | 99.90%                           | 99.92%    | 100.00%            | 99.96%           |
| SM 16       | Technical Review / Assessment of Projects   | Ratio of projects   | 5.0%   | Actual over Target | N/A                              | N/A       | 85.00%             | 85.00%           |
| SM 17       | Number of inspection conducted in accordance with the Annual Inspection Schedule, and aligned with the Board approved COB, including Projects under Construction and New Projects | $\sum$ No. of inspection conducted to NGCP facilities in accordance with the Annual Inspection Schedule | 8.0%   | Actual over Target | 55                               | 63        | 65                 | 70               |
| SM 18       | Number of ROW Claims Validated  | $\sum$ Actual number of ROW claims validated  | 5.0%   | Actual over Target | 136                              | 159       | 175                | 193              |
| SM 19       | Length of Transmission Lines Surveyed   | $\sum$ Actual length of transmission  | 6.0%   | Actual over Target | 60.14 kms                        | 66.09 kms | 72 kms             | 245 kms          |

| Component   |   |   |              |                    | Baseline Data<br>(if applicable) |                |   | Target  |
|-------------|---|---|--------------|--------------------|----------------------------------|----------------|---|---|
|             | Objective/Measure   | Formula   | Weight       | Rating System      | 2013                             | 2014           | 2015 <sup>-1a</sup>   | 2016  |
| SM19A       | Presentation of comprehensive time-bound action plans on how to address the issues in the survey of Transmission Lines  | N/A   | 5.0%         | Pass or Fail       | N/A                              | N/A            | Submission of Board-approved action plan to GCG by Oct 2015 | Completion of Parcellary Survey for Schedule (1) Kadampat SS-San Manuel SS-San Jose SS 500kV T/L & Schedule (2) Banilad SS-Naga SS-Suba SS 138 kV T/L |
| <b>SO 8</b> | <b>Divest Remaining Sub-transmission Assets (STAs) to Qualified Distribution Utilities even as the Operation and Maintenance of such Assets are Already Transferred to NGCP</b> |   |              |                    |                                  |                |   |   |
|             | Compliance with Rule 6, Section 8e of EPIRA IRR mandate to divest STAs to Qualified Distribution Utilities  | $\sum$ No. of Negotiated Sales Contracts        | -            | Actual over Target | 4                                | 3              | 3   | N/A   |
| SM 20       | Signed Joint Application  | $\sum$ No. of Joint Applications filed with ERC | 4.0%         | Actual over Target | 12                               | 5              | 11  | 5   |
|             | Amount of Sales Packages contracted in 2015   | $\sum$ Amount in Million sales                  | -            | Actual over Target | ₱144.74 Million                  | ₱45.56 Million | ₱60 Million   | N/A   |
|             |   | <b>Sub-total</b>                                | <b>40.0%</b> |                    |                                  |                |   |   |

| Component  |  |  |               |              | Baseline Data<br>(if applicable) |                     |                           | Target                         |
|--|--|--|---------------|--------------|----------------------------------|---------------------|---------------------------|--------------------------------|
| Objective/Measure  | Formula                                      | Weight   | Rating System | 2013         | 2014                             | 2015 <sup>-a/</sup> | 2016                      |                                |
| <b>SO 9 Comprehensively Link Individual Performance to the Goals of the Organization</b> |  |  |               |              |                                  |                     |                           |                                |
| SM 21  | Ave. Percentage of Required Competencies Met | $\sum_{b=1}^B \left[ \frac{\sum_{a=1}^A (\text{Actual Competency Level})}{(\text{Required Competency Level})_a} \right]_b$ <p>Where:<br/>                     a = Competency Required<br/>                     A = Total number of competencies required of position<br/>                     b = personnel profiled<br/>                     B = total number of personnel profiled</p> | 4.0%          | Pass or Fail | N/A                              | N/A                 | Submission to GCG by 2015 | Establish a baseline           |
| SM 22  | Rationalization / Restructuring Plan         | N/A  | 2.5%          | Pass or Fail | N/A                              | N/A                 | N/A                       | Submission to GCG by June 2016 |
| SM 23  | ISO Certification 9001                       | N/A  | 2.5%          | Pass or Fail | N/A                              | N/A                 | Submission to GCG by 2015 | Certified                      |
| <b>Sub-total</b>   |  |  | <b>9.0%</b>   |              |                                  |                     |                           |                                |
| <b>TOTAL</b>   |  |  | <b>100.0%</b> |              |                                  |                     |                           |                                |

<sup>-a/</sup> Subject to GCG validation.

<sup>-b/</sup> Reassessed target derived from ₱800 Million (original target) less ₱492.87 Million (excess collection in CY 2015), per TransCo's letter dated 04 April 2016.