



## NATIONAL POWER CORPORATION

NPB-OCS-18 -218

### MEMORANDUM

For : THE MEMBERS  
NATIONAL POWER BOARD

From : THE BOARD REVIEW COMMITTEE

Subject : BOARD REVIEW COMMITTEE (BRC) REPORT  
[For the 16 August BRC Meeting]

Date : 20 August 2018

Hereunder are the highlights/salient points of the Board Review Committee (BRC) Meeting held on 16 August 2018, for the reference of the Members of the Board:

#### I. Call to Order.

There being a quorum, Usec. **Bayani H. Agabin**, Alternate of the DOF Secretary and Chairman of the NP Board, called the meeting to order.

#### II. Preliminaries and Adoption of the Agenda.

After the prayer led by the Corporate Secretary, the BRC adopted the Agenda as presented. The members also acknowledged the presence of Mr. Reagan John A. Gabriel from the DILG.

Before tackling the agenda, Usec. B.H. Agabin and the BRC Members congratulated Pres. P.J. Benavidez and his Management team for the robust financial performance of NPC as evidenced by the remittance to the National Treasury of dividends amounting to Php 1.398 Billion. In response, Pres. P.J. Benavidez expressed his gratitude to the National Power Board for the support it has extended on the Management's thrusts and programs. He also conveyed NPC's warm wishes for Usec. B.H. Agabin's birthday on 17 August.

#### III. Presentation and Discussion.

##### a. **Proposed Award of Contract, re: Lease of 5.0 MW Modular Diesel Generating Sets for Basilan Diesel Power Plant (PR No. S3-BA118-008)**

Atty. Melchor P. Ridulme, VP-Legal Counsel and Chairman of the NPC-Bids and Awards Committee provided a backgrounder on the proposed lease contract (i.e. power demand of Basilan etc.). He also discussed the results of the procurement process. The highlights of the discussion are as follows:

- In response to the query of Dir. B. F. San Juan, Pres. P. J. Benavidez emphasized that without the proposed leased capacity of 5.0 MW, NPC will have power supply deficiencies in Basilan. He also stressed that under DOE's existing policies, NPC must always have standby capacities to arrest potential power failures.

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- Addressing the question of Asec. D.M.S. Rieza-Culangen, Pres. P.J. Benavidez said that Aggreko<sup>1</sup> [Energy Rental Solutions, Inc.] has no record of poor contractual performance. He also expressed his surprise that the company participated in NPC's procurement process after several years<sup>2</sup>. Usec. B.H. Agabin remarked that Aggreko's participation is good for the corporation considering that the bid offers could go low and that Monark Equipment Corporation can no longer have monopoly over the Basilan area.
- VP M.P. Ridulme clarified that the existing lease contract with Monark, was renewed on a month-to-month basis pending the award of the foregoing contract. He also clarified that the lease only covers the generating sets and that the corresponding fuel requirements shall be supplied by NPC.
- Pres. P.J. Benavidez informed that the fuel efficiency of the generating units is being monitored and measured by NPC in accordance with the industry standards.

**BRC Action** : **Based on the representation of the Management that the winning bidder complied with all the requirements and that the procedures under R.A. 9184 were strictly followed, the BRC endorsed the proposed award of the contract to Aggreko Energy Rental Solutions, Inc. for the NP Board approval.**

**b. Proposed Lease Contract with Regal Hybrid Power, Inc., for Electricity Supply for Camotes Diesel Power Plant using Joules Box Hybrid Generator.**

Before the formal presentation of the item, Pres. P. J. Benavidez stated that the proposal was an offshoot of the instruction of DOE Secretary A.G. Cusi to reduce the UCME.

Mr. Urbano C. Mendiola, Jr., VP-Corporate Affairs then proceeded to explain the salient features of the proposed lease contract with Regal Hybrid Power Inc. to supply electricity in Camotes Island, Cebu using the Joules Box Hybrid Generator, that is patented in the US. He also explained how the generating units could produce electricity from the perspectives of an engineer. VP U.C. Mendiola Jr. also provided the legal bases for the lease contract and the potential benefits that may be derived therefrom.

The highlights of the discussion are as follows:

- Upon the inquiry of Usec. B.H. Agabin, Pres. P.J. Benavidez enumerated the areas in the US that are currently using the Joules Box Hybrid technology.
- VP U.C. Mendiola Jr. explained that the generator requires smaller space compared to the existing gensets of NPC. He also said that the Joules Box Hybrid Units could be considered clean energy sources.
- Usec. S.S. Rigor and Pres. P.J. Benavidez emphasized that if the new technology can successfully be operated in Camotes Island, the same may also be used in Boracay, consistent with the goal of the making the said tourist destination, the first [Green Tourism Island] of the Philippines.

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<sup>1</sup> Then Aggreko International Power Projects

<sup>2</sup> The last Board-approved lease contracts with Aggreko International Power Project was in 2010 and 2011 for the Calapan Diesel Power Plant (Mindoro) and Irawan Substation (Palawan) respectively.

- While lauding the technology, Usec. B.H. Agabin and Asec. D.M.S. Rieza-Culangen stressed that the requirements of RA 9184 must be complied with.
- In response to the query of Dir. B.F. San Juan, Pres. P.J. Benavidez and VP U.C. Mendiola Jr. clarified that the supplier shall be paid based on the actual energy generated. They also explained that the proposed lease contract does not fall within the purview of a power purchase agreement where stricter bidding requirements have to be observed. They further clarified that NPC shall not be held liable by the lessor for any damage arising from the operation of the generating units, due to a free-and harmless clause in the contract.

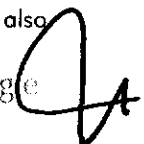
- BRC Action** : **I. The BRC was receptive of the proposal considering that, as presented by the Management, there is no need to subsidize the genset operation through UCME.**
- II. The Management was authorized to continue its discussion with Regal Hybrid Power Inc. with the end in view of ascertaining the technical and economic viability of supplying electricity in Camotes Island using the Joules Box [technology]. The updates shall be presented to the National Power Board.**
- III. The Management was instructed to ensure that before entering into a contract with Regal Hybrid Power Inc., the following shall have been sufficiently established:**
- a.) **That the proposed contract is consistent and complies with the requirements of RA 9184; and**
  - b.) **That Regal Hybrid Power is the only authorized distributor of the Joules Box Hybrid Generator in the Philippines.**

**c. San Roque Dam Discharge/Spilling Operations.**

Pres. P.J. Benavidez, using the [Technical/Incident Report] that was submitted to Sec. A.G. Cusi, informed that the alleged flooding in the low lying areas in Pangasinan was not caused by NPC's spilling operations. He maintained that in releasing water to the spillway, NPC observes several protocols. It also engages the local government officials and the residents to avoid loss of lives and to mitigate damage to properties].

- BRC Action** : **The Management was requested to prepare a presentation<sup>3</sup> to update the Board on the spilling operations at San Roque Dam (include the status of the rehabilitated/repared base of the San Roque Dam Spillway).**

<sup>3</sup> Per Exec. Dir. R.V. Angeles, the presentation must be in a layman's language. To be included in the presentation are the consideration(s)/protocol(s) observed by NPC before releasing water; It must also include the effects of spilling operations to the low-lying areas of Pangasinan etc.



**d. Request for Guidance/Direction from the NP Board**

**d.1. Operation/Maintenance of the Nuclear Power Village.**

**BRC Action** : The Management was asked to prepare a presentation for the NP Board<sup>4</sup>.

**d.2. Leased Structures at the Obrero Property, Iloilo City**

**BRC Action** : The Management was asked to prepare a presentation for the NP Board.

**d.3. Unpaid Deliveries to Power Barge 104**

**BRC Action** : The Management was asked to prepare a presentation for the NP Board. It was also asked to confirm that the suppliers/contractors indeed delivered/rendered services to NPC/PSALM.

**e. Performance Evaluation of the Board of Directors.**

The Corporate Secretary reminded the Members to access and accomplish the internet-based Performance Evaluation for Directors (iPED) which is the basis for the grant of PBIs for all appointive members of the GOCC boards.

**IV. Adjournment**

With no other matter to be discussed, the meeting was adjourned at 10:03 AM. The Board Audit Committee (BAC) Meeting immediately followed.

**V. BRC Members/Representatives Present**


**Usec. Bayani H. Agabin**  
Alternate of the DOF Secretary

**Asec. Danielle Marie S. Rieza-Culangen**  
Alternate of the DOF Secretary

**Usec. Sherwin S. Rigor**  
Alternate of the DENR Secretary

**President Pio J. Benavidez**  
Member – NPC

**Exec. Dir. Raul V. Angeles**  
Alternate of the DTI Secretary

 <sup>4</sup> The Chairman indicated that DOF will coordinate/work with RMS on matters/issues affecting the operation and maintenance of the Nuclear Power Village (NPV).

**Dir. Carmencita P. Mahinay**  
Alternate of the **DBM Secretary**

**Dir. Rowena Candice M. Ruiz**  
Alternate of the **DBM Secretary**

**Dir. Bernadette F. San Juan**  
Representative of Usec. A. T. Cayanan, **DA**

**Ms. Marie Christine G. Danao**  
Representative of Asec. R.M. Planta, **NEDA**

**Mr. Reagan John A. Gabriel**  
Representative of Usec. E.V. Densing III, **DILG**

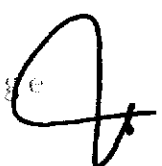
**Mr. Emmanuel C. Talag**  
Representative of Usec. F.W. B. Fuentebella, **DOE**

**Atty. Patrick Mabbagu**  
Corporate Secretary

Respectfully submitted.

A large, stylized handwritten signature in black ink, appearing to read 'Patrick Mabbagu', with a long horizontal stroke extending to the right.

**PATRICK MABBAGU**  
[For the Board Review Committee]

A handwritten mark or signature in black ink, consisting of a large, stylized letter 'J' or similar character.

