



NATIONAL POWER CORPORATION

NPB-OCS-18 - 0093
MEMORANDUM

For : **THE MEMBERS
NATIONAL POWER BOARD**

From : **THE BOARD REVIEW COMMITTEE**

Subject : **BOARD REVIEW COMMITTEE (BRC) REPORT
[For the 19 April 2018 BRC Meeting]**

Date : **26 April 2018**

Hereunder are the highlights/salient points of the Board Review Committee (BRC) Meeting held on 20 February 2018, for the reference of the Members of the Board:

I. Call to Order.

There being a quorum, **Asec. Danielle Marie S. Rieza-Culangen**, Representative 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 indicated in the Agenda Folder and included the following items upon the request of Pres. P.J. Benavidez: a.) Techno-Economic Study on the Agus-Pulangi Rehabilitation Project; and b.) Representatives of NPC to the GCG-ICRC.

The Committee also welcomed Assistant Director Elena Regina S. Brillantes, as representative of DBM Secretary Benjamin E. Diokno, Mr. Vincent Aljon A. Cifra from the Office of DILG Asec. Epimaco V. Densing III and Ms. Emilyn T. Reyes-Aguila from the Office of DOE Usec. Felix William B. Fuentebella.

III. Presentation and Discussion.

a. NPC's Application for Authorization from the GCG for the Grant of Performance-Based Bonus (PBB) for CY 2017 to Qualified NPC Officers and Employees

Mr. Urbano C. Mendiola, Jr., VP for Corporate Affairs, presented the above item, covering the following points: (i) Action Requested; (ii) Legal Bases; (iii) [Quantitative and Qualitative Bas[e]s] for the Grant of 2017 PBB; (iv) Tentative

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Computation of FY 2017 PBB Subject to Final Review of the Ranking; and (v) Matters for Approval.

The highlights of the discussion are as follows:

- Upon inquiry of Asec. D.M.S. Rieza-Culangen, the Management informed that the TWG of GCG is currently validating NPC's indicative score of 90.97%.
- The Management informed that SPUG-Mindanao will be submitting its final ranking by the third week of April, in time for the 26 April Board Meeting.
- Upon inquiry of the Dir. E.R.S. Brillantes, the Management informed that the 2017 PBB shall be charged to the COB 2017 and that there will be no supplemental budget therefor.
- Upon motion duly seconded, the BRC endorsed the proposal to the NP Board for approval.

BRC Action : The BRC endorsed the proposal for the approval of the National Power Board. It also directed the Management to finalize the ranking of qualified NPC Officers and Employees to determine the total PBB amount.

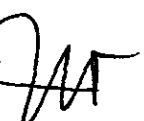
b. UPDATES: Legal Bases of NPC's Ownership/Control/Jurisdiction Over Dams and all Other Appurtenant Facilities Non-Power Components

Atty. Rogel T. Teves, VP for Power Engineering Services informed the Board that the Office of the Solicitor General, in a letter dated 07 March 2018 has issued an Opinion that "dams and all other appurtenant components are owned by the State and under the control and jurisdiction of NPC".

The highlights of the discussion are as follows:

- VP R.T. Teves said that on 3 April 2018, NPC already wrote PSALM regarding its (NPC's) position on the ownership/control of the dams and appurtenant facilities. However, to date, NPC has yet to receive PSALM's comment(s).
- The Corporate Secretary informed during the Joint NPC-PSALM Board Meeting, PSALM was directed to draft a letter to DOJ¹ [to be signed by the Board Chair (DOF)] seeking clarification on the ownership of the dams and other non-power components/facilities. He informed that the said letter was already prepared but was not yet released by PSALM Legal Department.
- In the interest of time, Asec. D.M.S. Rieza-Culangen requested for a soft copy of the NPC's letter to PSALM.
- Atty. I.G. Bohol also requested for a copy of the letter to the DOJ for DENR's comment(s) considering that dam operation affects watersheds. Asec. D.M.S. Rieza-Culangen suggested to circulate the draft letter to all the Members for comments.

¹ Through Usec. Deo L. Marco



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BRC Action : The BRC endorsed the proposal for the information/notation of the NP Board. The following instructions/pronouncements were also given/made:

- 1) **DOF shall follow-up with PSALM the release of the letter requesting for DOJ opinion on the ownership of the dams, as agreed during the NPC-PSALM Joint Board meeting; and**
- 2) **NPC Management to furnish DOF (soft copy) copy of the letter of NPC to PSALM dated 03 April 2018.**

- c. Letter from the DOE Secretary dated 20 March 2018 to the NPC President and CEO, re: Approval of the MOA's/MOUs by the National Power Board**

The Corporate Secretary briefed the Committee on the above item. The BRC recognized that the NPC President and CEO can revise existing circulars/control points mentioned in the Revised Manual of Approvals to ensure that the authorities delegated therein are judiciously and properly exercised.

BRC Action : The BRC endorsed the above-indicated item for the information of the National Power Board.

- d. Memorandum from the Corporate Secretary dated 03 April 2018 for the Members of the National Power Board, re: Authorization for NPC to Adopt the Compensation Framework under Executive Order No. 36, s.2017**

The Corporate Secretary discussed the above-indicated item. The highlights of the discussion are as follows:

- Dir. E.R.S. Brillantes inquired whether there was diminution of salaries and benefits and whether the GCG-determined SG levels for the existing Job Grades in NPC caused wage distortions. Pres. P.J. Benavidez informed that although there were positions whose SG levels were below the proposal of NPC, salaries of the affected employees were maintained in accordance with law.
- Pres. P. J. Benavidez said that the Management accepted the GCG-determined SG level equivalents of the existing NPC Job Grades. Regarding the application of other benefits and allowances, he said that there is still on-going clarification and consultations.
- For the application of step increment, the Corporate Secretary reported that Management is still awaiting the confirmation/ruling of the GCG.
- The NPC President and CEO expressed his gratitude to the National Power Board for endorsing the request for salary adjustment.

BRC Action : The BRC endorsed the above-indicated item for the information of the National Power Board.

e. Revised Right-of-Way (ROW) Manual

Atty. Melchor P. Ridulme, VP/Legal Counsel, presented the above item for the information of the BRC and NP Board. His discussion covered the following presentation outline: (i) Action Requested; (ii) Background; (iii) Old ROW Law versus New ROW Law and (iv) Salient Provisions of the New ROW Manual². VP M.P. Ridulme also underscored that the approving authorities indicated in the Revised ROW Manual are consistent with the provisions of the recently approved Revised Manual of Approvals (MOA).

The highlights of the discussion are as follows:

- Pres. P.J. Benavidez informed that payment of Real Property Taxes (RPTs) to the local government units (LGUs) is an issue that affects the issuance of permits to operate power plants and facilities.
- VP M.P. Ridulme informed that in all property acquisitions, NPC exercises due diligence in verifying/determining the real owners of the property.
- Asec. D.M.S. Rieza-Culangen lauded NPC for coming up with a more comprehensive ROW Manual. She also said that she will ask TransCo to take a look at NPC's version to guide them (TransCo) in introducing necessary amendments/revisions to their (TransCo's) manual.

BRC Action : **The BRC endorsed the above-indicated item for the approval of the National Power Board. It also issued the following directive(s):**

a. Amend Article VII, Section 4 of the Manual concerning Financial Assistance

[The Board/BRC Members may submit comments on the ROW Manual before the Board Meeting].

f. Result of NPC's Customer/Stakeholder Satisfaction Rating Survey for CY 2017

VP U.C. Mendiola Jr.'s presentation covered the following outline: (i) Action Requested; (ii) Background; and (iii) Initial Result(s) of the CY 2017 NPC Customer/Stakeholder Satisfaction Survey.

The highlights of the discussion are as follows:

² Salient provisions include: Additional Modes of Acquisition of ROW; Valuation for Land Acquisition; Valuation for ROW Acquisition; Policy on Compensation-Negotiated Sale (including Payment in Tranches); Policy on Compensation-Expropriation; Policy on Compensation-Quitclaim and ROW Easement; and Taxes.

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- The Management informed that the final report of the survey will be submitted by Kantar in time for the 26 April 2018 Board Meeting.
- The BRC congratulated NPC for the good survey turnout.

BRC Action : The BRC endorsed the above-indicated item for the approval of the National Power Board. It also issued the following directive:

- b. Present the final/overall corporate rating and the customer satisfaction score during the Board meeting.**

[OTHER MATTERS]

g. Proposed Designation of NPC Representatives for the GCG-Integrated Corporate Reporting System (ICRS)

The Corporate Secretary informed that the approval of the National Power Board is required by GCG for the designation of the following NPC officers:

GCG Requirement	NPC Nominee
GMS (GOCC Monitoring System) - Head of Finance	Mr. ALEXANDER P. JAPON Senior Department Manager – Finance
GLMS (GOCC Leadership Management System) - Corporate Secretary/Governance/Compliance Officer	Atty. PATRICK MABBAGU Corporate Secretary
MIS (Management Information System) - Head of MIS/IT Department	Mr. VIRGILIO S. LEYBA Manager - ITSD

BRC Action : The BRC endorsed the above-indicated item for the approval of the National Power Board.

h. NPC’s Techno-Economic Study on the Agus-Pulangi Power Complex Rehabilitation Project

VP R.T. Teves’s presentation observed the following outline: (i) Project Description; (ii) Profile of the Agus-Pulangi Hydro Power Plant Complex; (iii) Gist on the Agus-Pulangi Rehabilitation Project; (iv) Economic and Financial Analysis; (v) Potential Benefits; and (vi) Project Timeline.

The highlights of the discussion are as follows:

- Ms. M.C.G. Danao remarked that NEDA is still waiting for the submission by PSALM of the Terms of Reference for the above project. She however suggested that NPC can submit formally to NEDA the above techno-economic study.
- VP R.T. Teves informed that the proposed rehabilitation shall be implemented

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on a per plant basis.

- Pres. P.J. Benavidez informed the BRC of the economics of solar technology in the Philippines.
- Upon inquiry of Asec. D.M.S. Rieza-Culangen, Ms. M.C.G. Danao of NEDA agreed that a transaction adviser may be needed for the rehabilitation project.
- Asec. D.M.S. Rieza-Culangen clarified³ for the "engagement of Third Party for the Procurement of Consultancy Services, the Joint NPC-PSALM Board agreed to follow the NEDA track, that is, NEDA may procure consultancy services for the preparation of Feasibility Study and Tender Documents under NEDA's Project Development and Other Related Studies (PDRS) Funds".
- Pres. P.J. Benavidez raised the issue on the signatories for the contract.
- Asec. D.M.S. Rieza-Culangen pointed out that given the preparations needed for the project, the timeline/schedule indicated in the presentation will have to be adjusted.

BRC Action : The BRC endorsed the above-indicated item for the consideration/approval of the National Power Board⁴.

IV. Adjournment

The meeting was adjourned at 11:10 AM.

V. BRC Members/Representatives Present

- a. **Asec. Danielle Marie S. Rieza-Culangen**
Secondary Alternate of the **DOF** Secretary
- b. **Ms. Emilyn T. Reyes-Aguila**
Mr. Rodel T. Padrique
Representatives of Asec. R. E. Delola of **DOE**
- c. **President Pio J. Benavidez**
Member – **NPC**
- d. **Asst. Dir. Elena Regina S. Brillantes**
Representative from the **DBM**
- e. **Ms. Marie Christine G. Danao**
Representative of Dir. R. M. Planta, **NEDA**
- g. **Dir. Asterio P. Saliot**
Alternate Representative of Usec. A. T. Cayanan, **DA**
- h. **Mr. Vincent Aljon A. Cifra**
Representative of Asec. E.V. Densing III, **DILG**

³ Reading a portion of the Summary of Agreements reached during the Joint NPC/PSALM Board Meeting on 28 February 2018

⁴ The BRC agreed that the Agus-Pulangi Rehabilitation Project shall be discussed first during the Board Meeting on 26 April 2018.



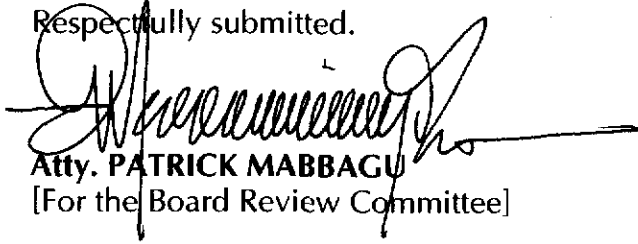
**SALIENT POINTS:
BOARD REVIEW COMMITTEE MEETING
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- i. Atty. Ilac Bohol**
Representative of Usec. M. P. G. Luna, **DENR**

- j. Atty. Patrick Mabbagu**
Corporate Secretary

Respectfully submitted.



Atty. PATRICK MABBAGU
[For the Board Review Committee]



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