



NATIONAL POWER CORPORATION

NPB-OCS-19-0007
MEMORANDUM

For : **THE MEMBERS
NATIONAL POWER BOARD**

From : **THE BOARD REVIEW COMMITTEE/ NOMINATION
AND REMUNERATIONS COMMITTEE**

Subject : **COMMITTEE REPORT**
[For the 19 December 2018 Meeting]

Date : 08 January 2019

Hereunder are the highlights/salient points of the Board Review Committee (BRC) and Nomination and Remunerations Committee (BNRC) Meetings held on *19 December 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.

After the prayer led by the Corporate Secretary, the NPC Chorale, headed by its Administrator, Mr. Emmanuel A. Umali and Conductor, Mr. Anthony G. Villanueva, rendered a special number. Having listened to the Christmas carols, the committee members informed the Management that they were delighted by the Chorale's presentation.

III. Adoption of the Agenda.

The BRC and the BNRC adopted the Agenda as presented. Since it was agreed that the BNRC meets first, Dir. B.T. San Juan presided over¹.

¹ Per NP Board Resolution No. 2018-46, the ex-officio members/representatives of the DENR and DA serve as the Chairperson and Vice Chairperson of the Board Nomination and Remunerations Committee. Since Usec. S.S. Rigor and Dir. R.P. Quilala of DENR had prior commitments and did not make it for the BNRC meeting, Dir. B.T. San Juan of DA took over the proceedings.

a. Supply and Delivery of Oil-based Fuel to SPUG Power Plants and Barges for CY 2019

Usec. B.H. Agabin remarked that the Terms of Reference (TOR) for the procurement of the CY 2019 fuel requirements of NPC SPUG power plants units and barges were already approved by the NP Board on 30 October 2018. He said that what the Management is presenting are the results of the procurement process undertaken after the terms were approved. Atty. Melchor P. Ridulme, VP – Office of the Legal Counsel and Chairman, NPC-Bids and Awards Committee (BAC) then proceeded to discuss above-captioned item. As highlights, he underscored the following points:

- i. The Approved Budget for the Contract (ABC) was still inclusive of VAT and excise taxes since there was no advisory as to the suspension of TRAIN law;
- ii. The Interim Annual Fuel Procurement Plan for CY 2019 was the basis for the procurement;
- iii. While there was a bidding failure pertaining to two (2) delivery points, the Management committed to immediately conduct a rebid;
- iv. The corporation will save Php PhP268,517,295.00 representing the difference between the ABC and the bid offer;

VP M.P. Ridulme also explained the post disqualification of SL Harbor Bulk Terminal and Filpride. The highlights of the Committee's discussion are as follows:

- Dir. C. P. Mahinay took note that Certificate of Budgetary Inclusion (CBI) was used in the presentation when it should have been a Certificate of Availability of Funds (CAF). Pres. P.J. Benavidez clarified that while the Appropriations Act for CY 2019 is still subject for approval by the legislature, CBI was used considering that the purchase of fuel is a recurring expenditure.
- Usec. B.H. Agabin opined that competition enables the selection of a bidder who can provide efficient service at the lowest cost. He then asked the Management to conduct a review of the TOR for those lots/delivery points where a single bidder bagged the fuel contract. He hinted that some of the terms may be liberalized in the future to allow the participation of other qualified and eligible oil companies/players.
- Pres. P.J. Benavidez informed the Committee that while the Management is open to revisit the existing TOR, the procurement of fuel for some areas



	proposed award shall be formally presented and discussed in a Special Board meeting in January 2019).
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b. Proposed Award of Contract for the Construction of Power Facilities including Supply, Delivery, Installation, Test and Commissioning of 4x1.0 MW Containerized Diesel Gensets and Auxiliaries for Boac Diesel Power Plant, Marinduque

VP M.P. Ridulme provided the highlights of the procurement process for the above-captioned subject. He also informed that the terms used for the procurement were based on the guidelines/points approved by the Board in October 2018. He further explained the reasons for the disqualification of A.G. Araja Construction and Development Corporation.

Upon the motion of Usec. F.W. B. Fuentebella duly seconded by Pres. P.J. Benavidez, the proposed award was endorsed for the consideration of the NP Board.

BRC Action	The Committee endorsed the proposed award of contract for the consideration and approval of the NP Board. [The award may be approved by the NP Board in ad referendum.]
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c. Approval of the Terms of Reference (TOR) and Authority to Implement Five Purchase Requisitions with ABCs above PhP 50 Million

Mr. Bienvenido G. Manalac, OIC-OVP – Power Engineering Services (PES) presented the salient points of the TOR for the following projects:

- i. Supply, Delivery, Installation, Test and Commissioning of 2x1500kW units of Modular Diesel Generating Sets and Associated Electrical Equipment for Torrijos DPP;
- ii. Supply, Delivery, Installation, test and Commissioning of Eight (8) Units of 50 kW Modular Diesel Generating Sets, Associated Electrical Equipment and Balance of Plant for Dipla, Maytegued, Batas and Debangan DPP under the Electrification of New Areas in Palawan;
- iii. Supply, Delivery, Construction, Installation, Test and Commissioning of Pinamalayan Switching Station;
- iv. Supply, Delivery, Construction, Installation, test and Commissioning of Sablayan Switching Station; and
- v. Construction of SPUG Visayas Operations Department (VOD) Office and Warehouse



The Corporate Secretary clarified that the schedule may still be adjusted depending on the availability of the members and [of the items for deliberation].

BRC Action	The Committee approved the indicative schedule of Board and Committee meetings for CY 2019 subject to compliance of the quorum requirement.
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(Dir. C.P. Mahinay left the BRC meeting to attend an official engagement at DBM)

e. Step Increments of NPC Officials and Employees

The Corporate Secretary informed the Committee that GCG referred to the Civil Service Commission, NPC's request for clarification on the implementation of step increments due to length of service in view of the ruling of the Supreme Court in the DAMA case.

f. Salary Grade Level of Senior Department Managers (SDM)

The Corporate Secretary reported that to distinguish the Department (DM) from the Senior Department Manager (SDM), GCG confirmed the Salary Grade level (upon entrance to duty) of the latter at SG 26, Step 3 while the former at SG 26, Step 1.

BRC Action	The Committee took note of items e and f.
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V. Adjournment.

The meeting was adjourned at 11:15 AM.

VI. Members/Representatives Present.

- a. **Usec. Bayani H. Agabin**
Alternate of the **DOF** Secretary
BRC Chairperson
- b. **Usec. Felix William B. Fuentesbella**
Alternate of the **DOE** Secretary
- c. **Pres. Pio J. Benavidez**
Member – **NPC**
- d. **Usec. Epimaco V. Densing III**
Alternate of the **DILG** Secretary

