

**SUMMARY OF AGREEMENTS
NATIONAL POWER CORPORATION
2016**



GOCC PROPOSAL	AGREED 2016	GCG Observation / Findings	AGREEMENT	Remarks
Charter Statement			Charter Statement	
Mission Statement	Mission Statement		Mission Statement	
Provide reliable power generation and its associated power delivery systems to ensure total electrification of missionary areas while encouraging private sector participation; Manage its watershed and dam operations to support power generation; Operate and maintain the Agus and Pulangi hydroelectric power plants; and Adopt innovative power technologies and business processes to respond to customer needs.				
Vision Statement	Vision Statement		Vision Statement	
A world-class power corporation providing reliable, reasonably-priced electricity in all missionary areas by 2025; managing sustainable watersheds and dam resources for power generation; and optimizing the use of remaining power generating assets.				
Core Values	Core Values		Core Values	
Professionalism Integrity Service Innovation				



Charter Statement and Strategy Map

VISION: A world-class power corporation providing reliable, reasonably-priced electricity in all missionary areas by 2025 ; managing sustainable watersheds and dam resources for power generation; and optimizing the use of remaining power generating assets.

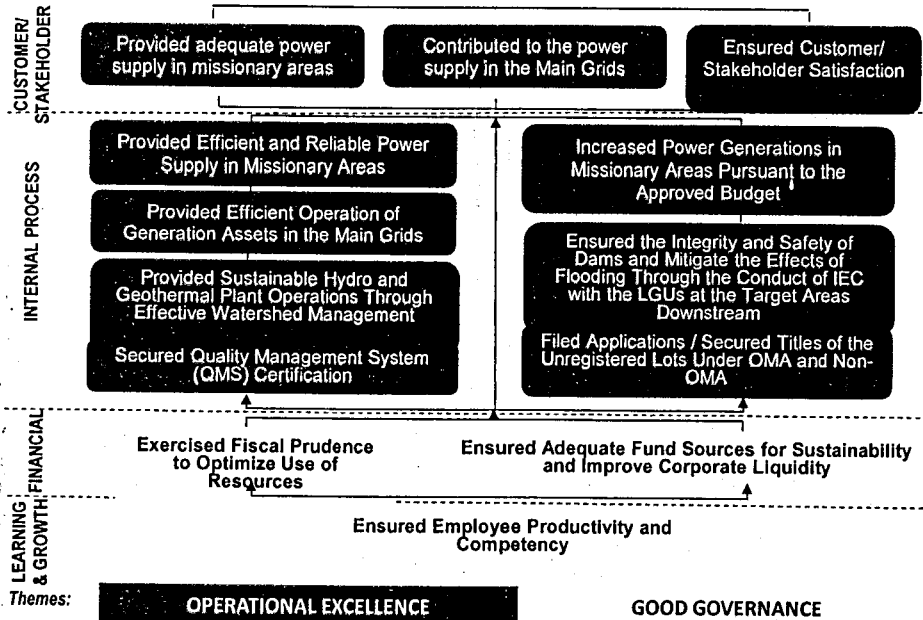
MISSION

National Power Corporation is committed to:

- Provide reliable power generation and its associated power delivery systems to ensure total electrification of missionary areas while encouraging private sector participation;
- Manage its watershed and dam operations to support power generation;
- Operate and maintain the Agus and Pulangi hydroelectric power plants; and
- Adopt innovative power technologies and business processes to respond to customer needs.

CORE VALUES:

- Professionalism
- Integrity
- Service
- Innovation



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		PAN AGREEMENT Component											GCG COMMENT/ RECOMMENDATION
		Weight	Formula	Unit	Baseline 2014	2015	2016	Target				2020	
					2014	2015	2016	2017	2018	2019	2020		
CUSTOMERS/ STAKEHOLDERS	SO 1	Provided Adequate Power Supply in Missionary Areas											
	SM1	Supply ^{a/}	3%	Σ Plant Dependable Capacity	MW	N/A	143.37	157.47	172.62	178.78	193.54	204.50	
	SO 2	Contributed to the Power Supply in the Main Grids											
	SM2	Energy Generation	3%	Total Energy Generation	Gwh	NA	NA	4,996.62	4,996.62	4,996.62	4,996.62	4,996.62	
	SO 3	Ensured Customer/ Stakeholder Satisfaction											
	SM3	Average IEC Post-Evaluation Feedback Rating for Dams	1.5%	Σ Participants' Ratings ÷ No. of Participants	Satisfaction point	N/A	3.50	3.60	3.80	4.00	4.20	4.40	
	SM4	Customer/Stakeholder Satisfaction Rating	2%	Σ Participants' Ratings ÷ No. of Participants	Satisfaction point	N/A	3.50	3.60	3.80	4.00	4.00	4.00	
			<i>Sub-total</i>	9.50%									
	SO 4	Provided Efficient and Reliable Power Supply in Missionary Areas											
	SM5	Percentage of Readiness of Existing Plants (Equivalent Availability Factor)	4%	Σ [Dependable Cap x (Period Hours - Outage Hours)] ÷ Σ [Rated Cap x (Period Hours - Deactivated Shutdown Hours)]	%	66.320%	66.280%	69.275%	69.631%	69.487%	69.067%	68.856%	
SM6	Percentage of Unexpected Power Interruption (Forced Outage Rate)	4%	Σ (Forced Outage Hours) ÷ Σ (Operating Hours + Forced Outage Hours)	%	0.197%	0.274%	0.200%	0.200%	0.200%	0.200%	0.200%		
SM7	Plant Operation Efficiency (Net Heat Rate)	4%	$\frac{\Sigma(\text{Diesel Fuel Consumption} \times \text{Ave Diesel Fuel Heating Value}) + \Sigma(\text{Bunker Fuel Consumption} \times \text{Ave Bunker Fuel Heating Value})}{\Sigma(\text{Net Generation})}$	Btu/kWh	10,628	10,937	10,776	10,818	10,797	10,775	10,753		
SM8	Plant Maintenance Efficiency Ratio	2%	$\frac{\Sigma \text{Planned Maintenance Days}}{\Sigma \text{Actual Maintenance Days}}$	%	N/A	100%	100%	100%	100%	100%	100%		
SO 5	Increased Power Generations in Missionary Areas Pursuant to the Approved Budget												
SM9a	Completed Capacity Additions - Lease	4%	Σ (Contract Capacity of Leased Generation Capacity)	MW	49.48	29.90	40.90	37.00	24.00	20.50	20.50		
SM9b	Completed Capacity Additions - Commissioned	4%	Actual Completed Capacity Addition	MW	2.4	27.400	39.852	29.297	5.885	14.555	7.137		
SM10a	Completed Transmission Lines	3%	Actual Completed Transmission Lines	ckt. km	3.81	123.11 ^{b/}	154.70	303.10	139.00	49.59	7.00		
SM10b	Completed Substation Facilities	2%	Actual Completed Substations	MVA	0	0 ^{b/}	15	30	20	0	5		
SO 6	Provided Efficient Operation of Generation Assets in the Main Grids												
SM11	Percentage of Readiness of Existing Plants (Availability Factor)	3%	$\frac{\Sigma(\text{Available Hours})}{\Sigma(\text{Period Hours})}$	%	92.01%	89.50%	90.31%	90.42%	90.07%	90.00%	90.20%	Target revision. Deferred subject to Board Approval.	
SM12	Number of Hours of Unexpected Power Interruption (Forced Outage Hour)	3%	Actual Forced Outage Hour	Hour per unit	0.014%	24	24	24	24	24	24		

PROCESS

INTERNAL PF	SM13	Plant Maintenance Efficiency Ratio	3%	$\frac{\Sigma \text{Planned Maintenance Days}}{\Sigma \text{Actual Maintenance Days}}$	%	N/A	100%	100%	100%	100%	100%	100%	
	SO 7 Provided Sustainable Hydro and Geothermal Plant Operations Through Effective Watershed Management												
	SM14	Reforestation of Open Areas	3%	Actual Areas Reforested	Hectares	1,045	670	762	685	1,160	1,160	1,200	
	SM15	Eco-Tourism Development for NPC-Managed Watersheds	2.5%	Plan Development: 20% (Makiling-Banahaw, Buhi-Barit, Tiwi) Implementation/Execution: 40% (San Roque, Angat, Caliraya) Operation: 40% (Angat, Caliraya)	Plan	Business Plan for Caliraya/ Implementation of Eco-Tourism Program for Angat	Plan Development: San Roque, Upper Agno River Implementation/Execution: Caliraya-Lumot Operation: Angat	100%	100%	100%	100%	100%	100%
	SO 8 Ensured the Integrity and Safety of Dams and Mitigate the Effects of Flooding Through the Conduct of IEC with the LGUs at the Target Areas Downstream												
	SM16	Number of Dam Integrity Inspections	2%	12 dams x 2 inspections per year	No.	15	10	24	24	24	24	24	
	SM17	Percentage of target IEC/LGU at Angat, Ambuklao-Binga, San Roque, and Caliraya-Lumot dams	2%	(No. of actual IEC/LGU sessions) + (Target No. of IEC/LGU sessions)	%	Implementation of IEC Program @ Angat, Ambuklao-Binga, San Roque, Caliraya-Lumot	100%	100%	100%	100%	100%	100%	
	SO 9 Secured Quality Management System (QMS) Certification												
	SM18	Secured ISO 9001-2008 Certificate	1%	ISO 9001-2008 Certificate awarded	%	N/A	N/A	Certification					
	SO 10 Filed Applications/Secured Titles of the Unregistered Lots Under OMA and Non-OMA												
SM19	No. of Lots with Filed Applications for Titling/ Issuance of Decrees/Titles		Actual number of lots with Filed Applications for Titling/ Issuance of Decrees/Titles										
19a	OMA	1%		No.	N/A	20	125	125	125	125	125		
19b	Non-OMA	1%		No.	N/A	20	20	20	20	20	20		
	Sub-total	48.50%											
FINANCIAL	SO 12 Exercised Fiscal Prudence to Optimize Use of Resources												
	SM20	Missionary Areas:											
	20a	Fixed Cost Efficiency Ratio ^{c/}	3%	$\frac{\Sigma(\text{PS} + \text{MOOE}) + \Sigma(\text{Gross Generation})}{\text{P/kWh}}$	P/kWh	4.87	4.25	4.21	4.20	3.74	3.48	3.21	
	SM21	Main Grids: (Hydro Plants: Aqus-Putang)											
	21a	Fixed Cost Efficiency Ratio ^{e/}	6%	$\frac{\Sigma(\text{PS} + \text{MOOE}) + \Sigma(\text{Energy Sales})}{\text{P/kWh}}$	P/kWh	0.21	0.23	0.24	0.25	0.25	0.26	0.26	
	21b	OMA Budget Utilization Efficiency Ratio ^{e/}	4%	$\frac{\Sigma(\text{Miscellaneous OMA Budget}) + \Sigma(\text{Energy Sales})}{\text{P/kWh}}$	P/kWh	0.07	0.08	0.10	0.10	0.10	0.10	0.11	
	SO 13 Ensured Adequate Fund Sources for Sustainability and Improve Corporate Liquidity												
	SM22	Collection Efficiency											
	22a	With BASULTA Customers	5%	Total Collections + Total Accounts Receivable	%	49.48%	49.65%	49.90%	50.14%	50.39%	50.64%	50.89%	
	22b	Without BASULTA Customers	5%	Total Collections (excluding BASULTA) + Total Accounts Receivable (excluding BASULTA)	%	96.81%	96.52%	96.67%	96.67%	96.67%	96.67%	96.67%	
SM23	EBITDAS Margin with UCME	18%	EBITDAS + (Total Revenue/Income)	%	17%	8% ^{d/}	15.23%	15.19%	10.67%	9.65%	9.98%		

LEARNING AND GROWTH			<i>Sub-total</i>	41.00%										
	SO 14 Ensured Employee Productivity and Competency													
	SM24	Percentage of Average Required Competencies Met	1%	Board Approval of Competency Model	%	N/A	N/A	Submission of Board-approved Competency Model	Establishment of Baseline					
			<i>Sub-total</i>	1%										
Total Weight			100%											

NOTES:

- a/ Addresses demand and reserve requirement; Considers privatization of Tablas in 2016 and Catanduanes in 2017
- b/ Renegotiated with GCG
- c/ Based on the proposed 2016 budget submitted to DBM/PSALM.
- d/ For renegotiation; submitted to GCG for approval.