



SUMMARY OF AGREEMENTS

2015

GOCC PROPOSAL	GCG Observation/Findings	AGREEMENT	Remarks
<p align="center"><b>Charter Statement</b></p>		<p align="center"><b>Charter Statement</b></p>	
<p><b>Mission Statement</b></p>		<p><b>Mission Statement</b></p>	
<p>We play a vital role in the electric power industry. With our wealth of experience and technical expertise, we uplift the quality of life in the country and its islands. We extend the same values of sustainability, reliability and safety to the management of power systems, dams and watershed areas. This is our commitment to the Filipino people.</p>	<p>To provide sustainability, reliability and safety to the management of power systems, dams and watershed areas.</p>	<p>NPC to provide revised statement by 1Q of 2015</p>	
<p><b>Vision Statement</b></p>		<p><b>Vision Statement</b></p>	
<p>With social progress as our ultimate goal, we shall be a partner in nation-building. We shall electrify the country to its farthest communities and manage our assets to ensure their sustainability. We commit to continuously improve ourselves to better serve the public. All these for God and Country.</p>	<p>By (timeline), we shall provide power generation in the missionary areas and manage our assets to ensure their sustainability.</p>	<p>NPC to provide revised statement by 1Q of 2015</p>	
<p><b>Core Values</b></p>		<p><b>Core Values</b></p>	
<p align="center"> <b>S.T.A.R. Values:</b>            Sustainability, Savings            Transparency, Teamwork            Action, Ability, Accountability            Reforms, Resiliency  <b>Corporate Culture:</b>            Customer Focus            Responsiveness to Employee and Stakeholder            Concerns            Performance Commitment and Accountability            Innovation and Reforms            Process Efficiency         </p>		<p align="center"> <b>S.T.A.R. Values:</b>            Sustainability, Savings            Transparency, Teamwork            Action, Ability, Accountability            Reforms, Resiliency  <b>Corporate Culture:</b>            Customer Focus            Responsiveness to Employee and Stakeholder            Concerns            Performance Commitment and Accountability            Innovation and Reforms            Process Efficiency         </p>	

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<b>PAN AGREEMENT</b>								
<b>Component</b>								
		Weight	Unit	Rating Scale	Baseline			Target
					2012	2013	2014	2015
<b>SO 1</b>	<b>Provided efficient operation of generation assets in missionary areas</b>							
SM1	Quality 1: Percentage of Readiness of Existing Plants (Equivalent Availability Factor)	4%	%	$\Sigma[\text{Dependable Cap} \times (\text{Period Hours} - \text{Outage Hours})] + \Sigma[\text{Rated Cap} \times (\text{Period Hours} - \text{Deactivated Shutdown Hours})]$		64.52%	65.44%	66.280%
SM2	Quality 2: Percentage of Unexpected Power Interruption (Forced Outage Rate)	4%	%	$\frac{\Sigma(\text{Forced Outage Hours})}{\Sigma(\text{Operating Hours} + \text{Forced Outage Hours})}$		0.284%	0.280%	0.274%
SM3	Quality 3: Plant Operation Efficiency (Net Heat Rate)	4%	Btu/kWh	$\frac{\Sigma(\text{Diesel Fuel Consumption} \times \text{Ave Diesel Fuel Heating Value}) + \Sigma(\text{Bunker Fuel Consumption} \times \text{Ave Bunker Fuel Heating Value})}{\Sigma(\text{Net Generation})}$		10,813	10,813	10,937
SM4	Quality 4: Plant Maintenance Efficiency	2%	%	$\frac{\Sigma \text{Planned Maintenance Days}}{\Sigma \text{Actual Maintenance Days}}$		N/A	N/A	100%
<b>SO 2</b>	<b>Increased power generations in missionary areas pursuant to the approved budget</b>							
SM5a	Quantity 1a: Completed Capacity Additions- Lease	5%	MW	$\Sigma(\text{Nameplate Ratings of Leased Generation Capacity})$		51.9	55.825	27.4
SM5b	Quantity 1b: Completed Capacity Additions- Commissioned <sup>1</sup>	5%	MW	Actual Completed Capacity Addition		6.00	15.825	31.61
SM6	Quantity 2: Transmission Line	3%	ckt. km	Actual Completed Transmission Lines		N/A	128.23	188.22
SM7	Quantity 3: Substation Facilities	2%	MVA	Actual Completed Substations		N/A	0	30
<b>SO 3</b>	<b>Contributed to efficient operation of generation assets in the main grids</b>							
SM8	Quality 5: Percentage of Readiness of Existing Plants (Availability Factor) <sup>2</sup>	3%	%	$\frac{\Sigma(\text{Available Hours})}{\Sigma(\text{Period Hours})}$		92.92%	85.15%	89.50%
SM9	Quality 6: Unexpected Power Interruption (Forced Outage Rate) <sup>2</sup>	4%	Hour	Actual Forced Outage Hour		22.04	25.125	24

DERS

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		Weight	Unit	Rating Scale	Baseline			Target		
					2012	2013	2014	2015		
<b>CUSTOMERS/STAKEHOLDERS</b>	SM10	Quality 7: Plant Operational Efficiency (Net Heat Rate) <sup>2</sup>	2%	Btu/kWh	$\sum(\text{Bunker Fuel Consumption} \times \text{Ave Bunker Fuel Heating Value}) \div \sum(\text{Net Generation})$		9,290	9,282	9,220	
	SM11	Quality 8: Plant Maintenance Efficiency	2%	%	$\frac{\sum \text{Planned Maintenance Days}}{\sum \text{Actual Maintenance Days}}$		N/A	N/A	100%	
	SO 4	<b>To contribute to sustainable hydro and geothermal plant operations and support climate change mitigation</b>								
	SM12	Quantity 4: Reforestation of Open Areas	5%	Hectares	Actual Areas Reforested		498	530	670	
	SM13	Timeliness 1: Eco-Tourism Development for NPC-Managed Watersheds	2.5%	Plan	Based on ManCom/President's approval		1-Report (Eco-Tourism Concept Framework for Angat Watershed Reservation)	Business Plan for Caliraya/ Implementation of Eco-Tourism Program for Angat	<u>Plan Development:</u> San Roque, Upper Agno River <u>Implementation/ Execution:</u> Caliraya-Lumot <u>Operation:</u> Angat	
	SO 5	<b>Ensure 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</b>								
	SM14	Quantity 5: Number of Dam Integrity Inspections	2%	No.	Actual Dam Inspections		10	10	10	
	SM15a	Quantity 6: Percentage of target IEC/LGU at Angat, Ambuklao-Binga, San Roque, and Caliraya-Lumot dams <sup>3</sup>	2.5%	%	$\frac{(\text{No. of actual IEC/LGU sessions})}{(\text{Target No. of IEC/LGU sessions})}$		N/A	Conduct of IEC @ Angat, Ambuklao-Binga, San Roque, Caliraya-Lumot	1	

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	SM15b	Quality 9: IEC Post-Evaluation Feedback for dams	1%	Satisfaction point	$\Sigma$ Participants' Ratings + No. of Participants		N/A	N/A	3.50
	SO 6	<b>Ensure Customer/ Stakeholder satisfaction</b>							
	SM16	Quality 10: Customer/Stakeholder Satisfaction	2%	Satisfaction point	$\Sigma$ Respondents' Ratings + No. of Respondents		N/A	N/A	Satisfactory level
	<b>Subtotal of weights:</b>		<b>55%</b>						
<b>FINANCIAL</b>	SO 7	<b>Exercise fiscal prudence to optimize use of resources</b>							
	SM17	Quality 1: Fixed Cost Efficiency in the Missionary Areas	3%	P/kWh	$\Sigma$ [PS + MOOE] + $\Sigma$ (Gross Generation)		4.620	3.49	4.25
	SM18	Quality 2: Fixed Cost Efficiency: in the Main Grids: <sup>2</sup> Hydro Plants (Agus-Pulangi)	6%	P/kWh	$\Sigma$ [PS + MOOE] + $\Sigma$ (Energy Sales)		N/A	0.21	0.23
		Power Barges (PB 101, 102 and 104) <sup>4</sup>					N/A	8.45	10.12
	SM19	Quality 3: OMA Budget Utilization Efficiency <sup>5 &amp; 6</sup>	4%	P/kWh	$\Sigma$ (Miscellaneous OMA Budget) + $\Sigma$ (Energy Sales)		N/A	0.07	0.08
	SO 8	<b>Ensure adequate fund sources for sustainability and Improve corporate liquidity</b>							
	SM20a	Quality 4a: Collection Efficiency with BASULTA Customers	5%	%	Total Collections + Total Accounts Receivable		49.16%	49.41%	49.65%
	SM20b	Quality 4b: Collection Efficiency without BASULTA Customers	5%	%	Total Collections (excluding BASULTA) + Total Accounts Receivable (excluding BASULTA)		96.52%	96.52%	96.52%
SM21	Financial 2: EBITDAS Margin with UCME <sup>7</sup>	18%	%	EBITDAS + (Total Revenue/Income)		9%	6%	20%	

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<b>LEARNING AND GROWTH</b>	<b>SO 9</b>	<b>Secure the unregistered lots under OMA in support of the disposal of assets</b>							
	SM22	Quantity 1: Filed Applications for Titling/ Issuance of Decrees/Titles of Unregistered Lots under OMA	1%	No.	No. of Lots with Filed Applications for Titling/ Issuance of Decrees/Titles		N/A	N/A	20
	<b>SO 10</b>	<b>Secure the unregistered lots under Non-OMA in support of operations</b>							
	SM23	Quantity 2: Filed Applications for Titling/ Issuance of Decrees/Titles of Unregistered Lots under Non-OMA	1%	No.	No. of Lots with Filed Applications for Titling/ Issuance of Decrees/Titles		N/A	N/A	20
	<b>SO 11</b>	<b>Ensure employee productivity and competency</b>							
	SM24	Quantity 3: No. of officials/staff trained per relevant programs Managerial Supervisory Rank and File	2%	%	$\Sigma(\text{Actual No. of Personnel Trained} \times \text{Actual No. of Programs Implemented}) + \Sigma(\text{Target No. of Personnel} \times \text{Target No. of Programs})$		200.00% 106.59% 109.66%	90% 90% 90%	90% 90% 90%
<b>Total</b>			<b>100%</b>						

**NOTES:**

<sup>1</sup> The targets were revised because the large capacity gensets' contract schedule will spill-over to another year.

<sup>2</sup> The targets are as per agreement between NPC and PSALM.

<sup>3</sup> Change in targets per agreement with GCG.

<sup>4</sup> Fixed Cost Efficiency for PB 104 only:

<sup>5</sup> For OMA Budget Utilization Efficiency,

Energy Sales adopted:

<sup>6</sup> OMA Budget Utilization Efficiency pertains to Total Head Office Support, Subject to final agreement with PSALM.

P/kWh

GWh

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					<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>

<sup>7</sup> EBITDAS Margin without UCME was removed and the Relative Weight was added to EBITDAS Margin with UCME.