

**POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM)  
Validated 2017 Performance Scorecard**

Objective/Measure	Component		Wt.	Rating System	Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks																																
	Formula				2017	Actual	Rating	Actual	Rating																																		
<b>SO 1</b>	<b>Reduced Financial Obligation (FO)</b>																																										
SM 1	Amount of Net Reduction in FO	Previous Year's FO - Current Year's FO	30.00%	Actual over Target	₱ 41.60 Billion <sup>†</sup>	₱ 41.91 Billion	30.00%	₱ 41.91 Billion	30.00%	<ul style="list-style-type: none"> <li>• 2017 COA Audit Report</li> <li>• Reduction in Financial Obligation Reports as of 31 Dec. 2016 and 31 Dec. 2017.</li> <li>• Debt Movements Report at 2016 Forex Rate</li> <li>• IPP Lease Obligations Movements Report at 2016 Forex Rate</li> <li>• Payment Instructions</li> </ul>	<p>PSALM's Total FO is composed of its Debts (A) and IPP Lease Obligations (B).</p> <table border="1"> <thead> <tr> <th rowspan="2">Currency</th> <th colspan="2">₱ Equivalent</th> </tr> <tr> <th>2016</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>DEBTS (A)</b></td> </tr> <tr> <td>JPY</td> <td>26.21</td> <td>26.22</td> </tr> <tr> <td>PHP</td> <td>113.90</td> <td>103.00</td> </tr> <tr> <td>USD</td> <td>135.25</td> <td>132.73</td> </tr> <tr> <td colspan="3"><b>IPP LEASE OBLIGATIONS (B)</b></td> </tr> <tr> <td>PHP</td> <td>0.55</td> <td>0.51</td> </tr> <tr> <td>USD</td> <td>230.43</td> <td>201.97</td> </tr> <tr> <td><b>TOTAL FO</b></td> <td><b>506.34</b></td> <td><b>464.43</b></td> </tr> <tr> <td></td> <td><b>DECREASE</b></td> <td><b>41.91</b></td> </tr> </tbody> </table> <p>By using the 2016 FOREX rate, PSALM targeted to reduce its FO from ₱506.34 Billion in 2016 to ₱464.74 Billion in 2017 or by ₱41.60 Billion. Based on GCG's evaluation, PSALM reduced its FO in 2017 by ₱41.90 Billion or 100.72% of ₱41.60 Billion.</p> <p>The following are the applicable forex as of 31 December 2016:</p> <p>1US\$ = ₱49.813 1JPY = ₱0.4251</p>	Currency	₱ Equivalent		2016	2017	<b>DEBTS (A)</b>			JPY	26.21	26.22	PHP	113.90	103.00	USD	135.25	132.73	<b>IPP LEASE OBLIGATIONS (B)</b>			PHP	0.55	0.51	USD	230.43	201.97	<b>TOTAL FO</b>	<b>506.34</b>	<b>464.43</b>		<b>DECREASE</b>	<b>41.91</b>
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<b>SO 2</b>	<b>Ensured Strong Financial Performance</b>																									
SM 2	Collection Efficiency (CE) for Current Power Sales	Collections from Current Power Sales Current Power Sales	10.00%	Actual over Target	93.00%	93.09%	8.00%	93.09%	10.00%	<ul style="list-style-type: none"> <li>Collection Efficiency Report – Current (as of 31 December 2017)</li> <li>Sample Monthly Power Bill, Official Receipt, EWT</li> </ul>	<p>The more detailed formula used for CE-current power sales is:</p> <p>Collection from current customers + credit memo for power purchase discount (PPD) + <u>Technical credit memos</u> Total power sales + Debit Memo</p> <p>Computation is as follows (In ₱ Billions):</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Coll.</th> <th>Billing</th> </tr> </thead> <tbody> <tr> <td>Luzon</td> <td>0.518</td> <td>0.533</td> </tr> <tr> <td>Vis.</td> <td>0.027</td> <td>0.027</td> </tr> <tr> <td>Mind.</td> <td>11.667</td> <td>12.559</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>12.212</b></td> <td><b>13.119</b></td> </tr> </tbody> </table> <p>Total unpaid billings for the year amounted to ₱0.91 Billion, 93% of which comes from Mindanao.</p>	Region	Coll.	Billing	Luzon	0.518	0.533	Vis.	0.027	0.027	Mind.	11.667	12.559	<b>TOTAL</b>	<b>12.212</b>	<b>13.119</b>
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SM 3	Collection Efficiency for Non-Current/Overdue Accounts	Total collection – collection from current customer + <u>Credit Memo 2016</u> Outstanding Balance + Debit Memo + 2017 refunds	5.00%	Actual over Target	Established Baseline	132.99% ₱ 10.948 B ₱ 8.232 B	2.00%	10.97% ₱ 10.948 B ₱ 99.808 B	5.00%	<ul style="list-style-type: none"> <li>Collection Efficiency Report for 2017 on Non-current/Overdue Accounts</li> <li>PSALM letter dated 04 April 2018 informing GCG of the revised formula.</li> <li>Total Overdue Receivables report as of 31 December 2016.</li> </ul>	<p>Based on the figures gathered, PSALM established a 10.97% collection efficiency (CE) for its overdue accounts.</p> <p>(In ₱ Millions)</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Power Receivables</td> <td>₱ 604.18</td> </tr> <tr> <td>Other Receivables</td> <td>10,343.43</td> </tr> <tr> <td><b>Total Collections (A)</b></td> <td><b>10,947.61</b></td> </tr> <tr> <td><b>2016 Outstanding Balance (B)</b></td> <td><b>99,808.00</b></td> </tr> <tr> <td><b>CE (A/B)</b></td> <td><b>10.97%</b></td> </tr> </tbody> </table>	Particulars	Amount	Power Receivables	₱ 604.18	Other Receivables	10,343.43	<b>Total Collections (A)</b>	<b>10,947.61</b>	<b>2016 Outstanding Balance (B)</b>	<b>99,808.00</b>	<b>CE (A/B)</b>	<b>10.97%</b>			
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FINANCE

Objective/Measure	Component			Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks														
	Formula	Wt.	Rating System	2017	Actual	Rating	Actual	Rating																
SM 4 Percentage Share of Overhead Expenses to Total Income	$(PS+MOOE) - \frac{\text{Bad Debts}}{\text{Total Income}}$	2.00%	Actual over Target	1.76%	2.63%	7.50%	2.63%	0.99%	<ul style="list-style-type: none"> <li>Statement of Comprehensive Income</li> <li>2017 COA Audit Report: Notes to Financial Statements</li> </ul>	Details are as follows: <table border="1"> <thead> <tr> <th>Account</th> <th>Amount (in Millions)</th> </tr> </thead> <tbody> <tr> <td>Personal Services (PS)</td> <td>₱ 169.39</td> </tr> <tr> <td>MOOE</td> <td>1,564.58</td> </tr> <tr> <td>Less: Debts</td> <td>1,189.59</td> </tr> <tr> <td><b>Total (A)</b></td> <td><b>544.38</b></td> </tr> <tr> <td><b>Total Income (B)</b></td> <td><b>20,664.17</b></td> </tr> <tr> <td><b>A/B</b></td> <td><b>2.63%</b></td> </tr> </tbody> </table>	Account	Amount (in Millions)	Personal Services (PS)	₱ 169.39	MOOE	1,564.58	Less: Debts	1,189.59	<b>Total (A)</b>	<b>544.38</b>	<b>Total Income (B)</b>	<b>20,664.17</b>	<b>A/B</b>	<b>2.63%</b>
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SM 5 EBITDA Margin of Remaining Power Assets	$\frac{\text{EBITDA of Remaining Power Assets}}{\text{Net Utility Revenue}}$	5.00%	Actual over Target	6.59% ₱ 1.749 B ₱ 26.571 B	17.86% ₱ 5.059 B ₱ 28.330 B	3.00%	19.00% ₱ 5.381 B ₱ 28.330 B	5.00%	<ul style="list-style-type: none"> <li>Statement of Comprehensive Income – Power Generation</li> <li>2017 COA Audit Report</li> </ul>	Computation is as follows (In ₱ Billion): <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Power Generation Income</td> <td>₱2.317</td> </tr> <tr> <td>Add back: Depreciation</td> <td>1.106</td> </tr> <tr> <td>Amort. Of EP under Capital Lease</td> <td>1.959</td> </tr> <tr> <td><b>EBITDA</b></td> <td><b>5.382</b></td> </tr> <tr> <td>Net Utility Revenue</td> <td>28.330</td> </tr> <tr> <td><b>EBITDA Margin</b></td> <td><b>19.00%</b></td> </tr> </tbody> </table> <p>In the submitted accomplishment, PSALM excluded other income and expenses from the computation of EBITDA. Such other income and expenses should form part of EBITDA on Remaining Power Assets because it is included in computing for Income from Power Generation and contain items related to PSALM's remaining power assets (i.e. interest on power receivables, expenses on decommissioned plants.</p>	Particulars	Amount	Power Generation Income	₱2.317	Add back: Depreciation	1.106	Amort. Of EP under Capital Lease	1.959	<b>EBITDA</b>	<b>5.382</b>	Net Utility Revenue	28.330	<b>EBITDA Margin</b>	<b>19.00%</b>
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	<b>Sub-total</b>	<b>52.00%</b>				<b>50.50%</b>		<b>50.99%</b>																

FINANCE

STAKEHOLDER	Component				Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure	Formula	Wt.	Rating System	2017	Actual	Rating	Actual	Rating		
	SO 3 Implemented Fair and Transparent Privatization Program										
SM 6	No. of Power Assets Successfully Privatized	-	-	Actual over Target	1 650 MW Malaya TPP (Deferred. Subject to DOE's Policy Directions)	1	10.00%	-	-	<ul style="list-style-type: none"> <li>PSALM BAC Resolution No. 2017-003 dated 6 February 2017</li> </ul>	<p>Although PSALM initially proposed the privatization of the 650 MW Malampaya Thermal Power Plant (MTPP) for 2017, GCG gathered that the sale has been deferred subject to the policy directions of the Department of Energy (DOE). Hence, no weight was allocated for this measure.</p> <p>PSALM, however, commenced the Bidding for the privatization of MTPP in 2017. As of 6 February 2017, PSALM-PBAC declared two qualified bidders (Phinma Energy Corporation and AC Energy Holdings, Inc.).</p> <p>Further, it was disclosed that pending the privatization, PSALM Board approved the procurement for a one (1) year Operation and Maintenance Service Contract for MTPP. Said OMSC was awarded to STX Marine Service Co., Ltd. effective 25 August 2017.</p>
SM 7	No. of Decommissioned Assets Disposed		10.00%	Graduated Scale <sup>±</sup>	1 Sucat TPP	1 Sucat TPP	10.00%	1 Sucat TPP	10.00%	<ul style="list-style-type: none"> <li>Joint Certificate of Turnover between PSALM and Riverbend Consolidated Mining Corp. (RCMC) issued on 2 August 2017.</li> </ul>	Validated with supporting documents.

STAKEHOLDER	Component				Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure	Formula	Wt.	Rating System	2017	Actual	Rating	Actual	Rating			
	SM 8	No. of Lots Disposed under Strategic Plan	$(\sum \text{lots disposed} + \text{total lots titled to PSALM}) \times 100\%$	5.00%	Graduated Scale <sup>δ</sup>	231 Calaca (123) Manila TPP (8) Puerto Azul (1) GenSan (3) Bauang (96)	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>Master Deed and Declaration of Restrictions of Puerto Azul Ocean Villas Condominium Corporation issued on 20 December 2017</li> <li>Warrant of Levy issued by the Office of the Provincial Treasurer of La Union on 20 December 2017</li> </ul>	PSALM failed to achieve its target to dispose 231 lots in 2017.
	SM 9	Number of Transferred Certificates of Titles/Decrees and Land Registration Case Decisions under OMA to PSALM		3.00%	All or Nothing	2,037 lot titles from NPC to PSALM	100%	3.00%	Physical transfer of 2,051 lot titles from NPC to PSALM	3.00%	<ul style="list-style-type: none"> <li>Transmittal Letter from NPC to PSALM dated 28 June 2017</li> <li>Photocopies of Certificates of Titles/ Decrees and Land Registration Case Decisions and Acknowledgment Receipts from PSALM</li> </ul>	<p>NPC and PSALM agreed on a joint measure of transferring documents relating to the real estate assets under the Operations and Maintenance Agreement (OMA) from NPC to PSALM. This measure pertains only to the physical transfer of Certificates of Titles/Decrees and Land Registration Case Decisions.</p> <p>By end of 2017, PSALM reported receipt of 2,037 lot titles from NPC. However, based on the validation conducted in NPC, actual count of Certificate of Titles turned over to PSALM was 2,051, slightly exceeding the target by 0.69%.</p>

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SM 10	Percentage of Excluded Assets Disposed	$\sum$ Excluded Assets Disposed	3.00%	Actual over Target	100%	0%	0.00%	39.76%	1.19%	<ul style="list-style-type: none"> <li>NOA dated 13 February 2017 addressed to 3 Roses Trading</li> <li>NOA dated 9 Aug 2017 addressed to Ecology Specialist, Inc.</li> <li>NOA dated 11 Oct 2017 addressed to Cleveland Diesel Part &amp; Services, Inc. (CDPSI)</li> </ul>	Accomplishment computed as follows: <table border="1"> <thead> <tr> <th>Asset</th> <th>Qty</th> <th>Score</th> <th>Rating</th> </tr> </thead> <tbody> <tr> <td>Angat*</td> <td>.20</td> <td>20%</td> <td>0.02%</td> </tr> <tr> <td>Masinloc CFTPP*</td> <td>.20</td> <td>20%</td> <td>0.02%</td> </tr> <tr> <td>Maibarara GPP*</td> <td>.20</td> <td>20%</td> <td>0.02%</td> </tr> <tr> <td>Navotas GTPP*</td> <td>.20</td> <td>20%</td> <td>0.02%</td> </tr> <tr> <td>PGPC*</td> <td>1</td> <td>95%</td> <td>0.37%</td> </tr> <tr> <td>Ilijan, Batangas</td> <td>1</td> <td>95%</td> <td>0.37%</td> </tr> <tr> <td>Kalayaan Stockyard and Malaya Thermal Power Plant</td> <td>1</td> <td>95%</td> <td>0.37%</td> </tr> <tr> <td>Calaca CFTPP</td> <td>1</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Makban GPP</td> <td>1</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Tiwi GPP</td> <td>1</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Ormat (BacMan &amp; Ligao)</td> <td>1</td> <td>0%</td> <td>0%</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>7.8</b></td> <td></td> <td><b>1.19%</b></td> </tr> </tbody> </table>	Asset	Qty	Score	Rating	Angat*	.20	20%	0.02%	Masinloc CFTPP*	.20	20%	0.02%	Maibarara GPP*	.20	20%	0.02%	Navotas GTPP*	.20	20%	0.02%	PGPC*	1	95%	0.37%	Ilijan, Batangas	1	95%	0.37%	Kalayaan Stockyard and Malaya Thermal Power Plant	1	95%	0.37%	Calaca CFTPP	1	0%	0%	Makban GPP	1	0%	0%	Tiwi GPP	1	0%	0%	Ormat (BacMan & Ligao)	1	0%	0%	<b>TOTAL</b>	<b>7.8</b>		<b>1.19%</b>
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<b>SO 4 Improved Customers' Relation and Service Delivery</b>																																																															
SM 11	Average Satisfaction Rating on Frontline Services	$\frac{\sum \text{Survey Rating}}{\text{Total no. of customers surveyed}}$	5.00%	All or Nothing	$\geq$ Satisfactory Rating	Satisfactory rating	3.00%	Satisfactory rating	5.00%	<ul style="list-style-type: none"> <li>2017 Satisfaction Survey among PSALM Corporation's Suppliers dated 1 February 2018 conducted and analyzed by Market Relevance Corp. (MRC) for PSALM Corp.</li> </ul>	Based on MRC's survey report, PSALM attained 4.4 score or satisfactory rating from its respondents.																																																				
<b>Sub-total</b>			<b>26.00%</b>				<b>26.00%</b>		<b>19.19%</b>																																																						

STAKEHOLDER

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INTERNAL BUSINESS PROCESS	Component				Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks								
	Objective/Measure	Formula	Wt.	Rating System	2017	Actual	Rating	Actual	Rating										
<b>SO 5 Adopted Effective and Efficient Financial Management Systems and Operational Standards</b>																			
SM 12	Universal Charge (UC) Remittance Efficiency of CEs	$\frac{\Sigma \text{ UC Actual Remittance}}{\Sigma \text{ Total UC Collection}}$	7.00%	Actual over Target	98%	98.42%	7.50%	98.42%	7.00%	<ul style="list-style-type: none"> <li>Percentage of Remittance to PSALM Over UC Collected by Collecting Entities as of 31 December 2017.</li> <li>Remittance Efficiency of UCs - Missionary Electrification, Environmental Charge, Stranded Contract Costs and Stranded Debts</li> </ul>	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (In ₱ Billions)</th> </tr> </thead> <tbody> <tr> <td>Total Remittance</td> <td>₱ 27.32</td> </tr> <tr> <td>Total Collections</td> <td>27.76</td> </tr> <tr> <td>Remittance Efficiency</td> <td>98.42%</td> </tr> </tbody> </table>	Particulars	Amount (In ₱ Billions)	Total Remittance	₱ 27.32	Total Collections	27.76	Remittance Efficiency	98.42%
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SM 13	ISO Certification	N/A	5.00%	All or Nothing	Surveillance Audit Passed	QMS Surveillance Audit	3.00%	Surveillance Audit Passed	5.00%	<ul style="list-style-type: none"> <li>Certificate ISO 9001:2015 dated 18 December 2017 valid until 16 December 2019</li> </ul>	PSALM passed the surveillance audit as reflected in the ISO 9001:2015 Certification issued by TUV Rheinland on 18 December 2017.								
<b>Sub-total</b>			<b>12.00%</b>				<b>10.50%</b>		<b>12.00%</b>										

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<b>SO 6 Enhanced Competency and Skills of Employees</b>											
SM 14	Percentage of Employees with Required Competencies Met	$\frac{\Sigma \text{ Employees with required competencies}}{\Sigma \text{ Total No. of Employees}}$	5.00%	All or Nothing	Re-establish baseline	78.40%	3.00%	78.40%	5.00%	<ul style="list-style-type: none"> <li>Percentage of PSALM Employees with Competencies met/Excluded required for their Position in 2017.</li> <li>Competency-Based Human Resource Framework Position and Person Profiling</li> <li>Rating Sheets</li> </ul>	Out of 162 plantilla employees, 127 have met their required competencies, establishing a 78.40% baseline.
<b>SO 7 Ensured Employee Welfare</b>											
SM 15	Restructuring Plan		5.00%	All or Nothing	Submission of Board-Approved Restructuring Plan	Submission to and approval by the PSALM Board of Restructuring Plan	5.00%	Board-Approved Restructuring Plan	5.00%	<ul style="list-style-type: none"> <li>Secretary's Certificate dated 27 April 2018 reflecting Board Resolution No. 2017-1201-04A approving the Restructuring Plan</li> </ul>	The PSALM Board approved the Restructuring Plan on 1 December 2017.
		<b>Sub-total</b>	<b>10.00%</b>				<b>8.00%</b>		<b>10.00%</b>		
		<b>Total</b>	<b>98.00%</b>				<b>95.00%</b>		<b>92.18%</b>		

LEARNING AND GROWTH



† Using 2016 yearend FOREX Rate

‡ Graduated Scale for Disposal of Decommissioned Assets

100 %	Turnover
95%	Issuance of Notice of Award
90%	Declaration of Highest Bidder

§ Graduated Scale for Disposal of Disposal of Lots

*Public Bidding*

100%	Turnover
95%	Issuance of Notice of Award
90%	Declaration of Highest Bidder

*Option Existence Notice*

100%	Turnover
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