

Power Sector Assets and Liabilities Management (PSALM) Corporation

Component					Board-approved ^{1/}	Accomplishments (as of 30 June 2021)
Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight %	Rating System	Annual Target	Actual	
SO 1: Reduced financial obligations (FO)						
SM 1	Amount of Net Reduction in FO	$FO_{previous\ year} - FO_{current\ year}$	30.0	Actual over Target	PHP24.630 Billion (Reduction from PHP411.827 Billion to PHP387.197 Billion) Forex Used: 2019 Year-end rate (PHP50.744 = US\$1)	<u>PHP 15.213 Billion</u> (Reduction from PHP381.72 Billion to PHP366.51 Billion) Forex Used: 2020 Year-end rate (PHP48.036 = US\$1.00) Note: Net of bond discount and issue cost
				PHP23.004 Billion (Restated) ^{2/} (Reduction from PHP381.72 Billion to PHP358.72 Billion) Forex Used: 2020 Year-end rate (PHP48.036 = US\$1.00)		
SO 2: Ensured strong financial performance						
SM 2	Collection Efficiency for Current Power Sales	$\frac{Collections\ from\ Current\ Power\ Sales}{Current\ Power\ Sales}$	10.0	Actual over Target	93% 92% (Revised target per letter to GCG dated 18 Dec. 2020)	<u>92%</u> PHP5.317 Billion PHP5.796 Billion
SM 3	Amount of Delinquent/ Overdue Accounts Collected	$\Sigma Actual\ Collection$	5.0	Actual over Target	PHP0.951 Billion PHP0.359 Billion (Revised target per letter to GCG dated 18 Dec. 2020)	<u>PHP0.441 Billion</u>
SM 4	Percentage Share of Overhead Expenses to Total Income	$\frac{(PS + MOOE) - Bad\ Debts}{Total\ Income}$	5.0	Actual over Target	11.15% PHP1.307 Billion PHP11.727 Billion 11.10% PHP1.307 Billion PHP11.783 Billion (Revised computation of Percentage of OH Expenses to Total Income per letter to GCG dated 18 Dec. 2020)	<u>4.40%</u> PHP0.478 Billion PHP10.870 Billion <u>2.87%</u> PHP0.478 Billion PHP16.653 Billion
SM 5	EBITDA Margin of Remaining Power Assets	$\frac{EBITDA\ of\ Remaining\ Power\ Assets}{Net\ Utility\ Revenue}$	5.0	Actual over Target	5.85% PHP1.846 Billion PHP31.554 Billion -2.24% (Revised computation of EBITDA Margin per letter to GCG dated 18 Dec. 2020)	<u>10.74%</u> PHP1.803 Billion PHP16.782 Billion
SM 6	Universal Charge (UC) Remittance Efficiency of Collecting Entities (CEs)	$\frac{\Sigma UC\ Actual\ Remittance}{Total\ UC\ Collection + Maintaining\ balance}$	7.0	Actual over Target	98%	98.30% PHP17.628 Billion PHP17.934 Billion
SM 7	Percentage of UC-ME disbursed to NPC	$\frac{\Sigma UC\ Actual\ Disbursement}{Total\ UC\ Remittance + Maintaining\ balance}$	8.0	Actual over Target	100%	100% NPC: <u>PHP6.788 Billion</u> ^{3/} PHP6.788 Billion

Perspective 1: Financial

Power Sector Assets and Liabilities Management (PSALM) Corporation

Updated 2nd Quarter Monitoring Report

Component					Board-approved ^{1/}	Accomplishments (as of 30 June 2021)
Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight %	Rating System	Annual Target	Actual	
Percentage of UC-ME-REDCI disbursed to RE Developers	$\frac{\text{Total Cash Incentive Disbursed}}{\sum_{i=1}^n G_i r_i}$ Where: $\sum_{i=1}^n G_i r_i$ n = the number of REDs G _i = Net Generation in KWH of the i th RED r _i = ERC - approved Cash Incentive Rate for the i th				100% RE Developers : <u>PHP6.859 Million</u> ^{3/} PHP6.859 Million Note: No REDCI claim with complete documentary requirements was received from April to June 2021, thus, no disbursement was made to REDs during the 2nd quarter 2021	
<i>Sub-total:</i>		70.0				
SO 3: Implemented fair and transparent privatization program						
Perspective 2: Customers/ Stakeholders	SM 8	No. of Power Assets Successfully Privatized	Actual accomplishments	10.0	Graduated Scale ^{4/} Any one (1) of the following Power Assets: • 796.631 ^{5/} MW Caliraya-Botocan-Kalayaan (CBK) Hydroelectric Power Plants (HEPPs) OR • 228 GWh Casecnan HEPP *Subject to specific conditions that may hamper privatization ^{6/}	650 MW MALAYA THERMAL POWER PLANT Successfully bid out the Malaya Thermal Power Plant through Negotiated Sale Process on 07 May 2021; ongoing post-negotiated sale activities ----- CBK HEPPs or Casecnan HEPP 'A. Secured the PSALM Board approval on the following: 1. Commencement of the privatization of Casecnan Multi-Purpose Project (CMP) (28 April 2021) 2. Procurement of consulting services for the financial valuation of CMP and indicative timeline of CMP privatization (26 May 2021) B. Chronology of Events/Details of pre-privatization activities and issues are highlighted in the attached Annex A - Status Report on Assets for Privatization in CY 2021
	SM 9	No. of Lots Disposed under Strategic Plan	$\frac{\sum \text{Number of lots disposed}}{\sum \text{Target Number of lots for disposal}}$	5.0	Graduated Scale ^{7/} 18 lots + Lots Not Disposed in 2020 *Subject to specific conditions that may hamper disposal ^{8/}	1. Details of pre-disposal activities are summarized in the attached Annex B -Status Report on Lots for Disposal in CY 2021
	SO 4: Improved customers' relation and service delivery					
	SM 10	Percentage of Satisfied Customers	$\frac{\text{Total number of Satisfied Respondents}}{\text{Total number of Respondents}}$	5.0	Actual over Target 90% Satisfied Customers 0% = if < 80%	1. Determined number and type of respondents for 2021 CSS (23 June 2021); 2. Prepared RFP, TOR, Contract and Timeline of Implementation (23 June 2021); and 3. Requested third-party survey providers for Initial Quotations for the 2021 CSS (24 June 2021).
<i>Sub-total:</i>		20.0				
SO 5: Adopted effective and efficient financial management system and operational standards						
Perspective 3: Internal Business Process	SM 11	Compliance to Quality Standards	Actual accomplishments	5.0	All or Nothing	Surveillance Audit Passed (2nd Phase) Conducted and facilitated series of re-orientation webinars and trainings/ workshops on the continual improvement of PSALM's IMS implementation on 07 and 08 April 2021; 06-07, 14, and 21 May 2021.
	<i>Sub-total:</i>		5.0			
SO 6: Enhanced competency and skills of employees						

Power Sector Assets and Liabilities Management (PSALM) Corporation

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Strategic Objective (SO)/ Strategic Measure(SM)		Formula	Weight %	Rating System	Annual Target	Actual	
Perspective 4: Learning and Growth	SM 12	Percentage of Employees with Required Competencies Met	$\frac{\Sigma \text{ Employees with Required Competencies Met}}{\text{Total No. of Employees}}$	5.0	All or Nothing	Increase from 2020 actual competency level	<ul style="list-style-type: none"> Implemented the following interventions to ensure that competency level will increase for this year: <ol style="list-style-type: none"> 1. Deployed 49 employees to various external training programs to develop/enhance their organizational, leadership and technical competencies; 2. Disseminated Individual Development Plans of employees based on the results of the 2020 CBHR assessment to Cost Center Heads concerned through a memorandum dated 29 June 2021; 3. Released HRASD Advisory No. 2021-021 re Performance Monitoring and Coaching; and 4. Assisted in the conduct of In-house training on Strategic Performance Management System (SPMS)
			<i>Sub-total</i>	5.0			
			<i>Total Weight</i>	100.0			

Note: ^{1/} Based on the Board-approved 2021 Performance Scorecard officially received by the GCG on 28 August 2020.

^{2/} Pursuant to the Board-approved 2021 Performance Scorecard, the target should be updated once the 2020 yearend FOREX Rate is available.

^{3/} Cumulative amount of UC-ME disbursed to NPC and RE Developers as of 30 June 2021

^{4/} Proposed Rating Methodology:

Graduated Scale	
100%	: Execution of Complete Transaction Documents
95%	: Issuance of Notice of Award
90%	: Declaration of Winning Bidder
80%	: Conduct of Bidding or Negotiated Sale

^{5/} Updated Contracted Capacity based on the result of Annual Net Contracted Capacity (NCC) Test conducted in 1st Quarter 2021

^{6/} Factors or conditions that may affect the privatization of power assets:

- Public bidding may be declared failure due to the following reasons:
 - If no or only 1 bidder submitted Letter of Interest, Pre-Qualification Documents, and Bid Documents (Technical and Financial);
 - If no or only 1 bidder passed the pre-qualification stage;
 - If no bidder met the Reserve Price/Minimum Bid or Offer Price;
 - If bidder failed the Post-Qualification stage; and
 - If bidder refused to accept the Notice of Award (NOA) or Notice to Proceed (NTP).

- Specific conditions provided in the Indicative Privatization/Disposal Schedule for PSALM's Assets

^{7/} Proposed Rating Methodology

Graduated Scale	
100%	: Execution of Complete Transaction Documents (Deed of Absolute Sale (DOAS), Joint Venture (JV) Agreement, etc.)
95%	: Issuance of Notice of Award or Receipt of Purchase Price from Lessee/Buyer
90%	: Declaration of Highest Bidder or Issuance of Option Existence Notice to Lessee
80%	: Conduct of Bidding or Negotiated Sale

^{8/} Factors or conditions that may affect the disposal of lots under the Strategic Plan:

- Generally, the following conditions may adversely affect the successful disposal of real estate assets under the Strategic Plan:
 - If no or only 1 bidder submitted Bid Documents (Technical and Financial);
 - If no bidder met the Minimum Bid or Offer Price;
 - If bidder failed the Post-Qualification stage; and
 - If bidder refused to accept the NOA or NTP.
- Failure in bidding will also be declared if the Winning Bidder:
 - failed to remit the full payment of the Purchase Price;
 - failed to execute the Deed of Absolute Sale (DOAS)/Deed of Sale of Shares of Stock (DOSSS); or
 - turnover of the Property did not happen
- Specific conditions provided in the Indicative Privatization Schedule for Power and Real Estate Assets

**CHRONOLOGY OF EVENTS
RELATIVE TO THE PRIVATIZATION OF
CALIRAYA-BOTOCAN-KALAYAAN (CBK) HYDROELECTRIC POWER PLANTS
and CASECNAN HYDROELECTRIC POWER PLANT**

Below are the efforts exerted by PSALM relative to the conduct of study and privatization of CBK HEPPs and Casecnan HEPP:

Date	Activities/Remarks
Caliraya-Botocan-Kalayaan (CBK) Hydroelectric Power Plants	
<i>09 January 2019</i>	<ul style="list-style-type: none"> ▪ PSALM received the GCG-approved/ modified 2019 Performance Scorecard with target under the Strategic Measure 8: “No. of Power Assets Successfully Privatized” is the privatization of the 718.28 MW CBK HEPPs. <ul style="list-style-type: none"> ▪ The CBK is an IPP contract under Build-Rehabilitate-Operate-Transfer arrangement between NPC/PSALM and CBK Power Company Ltd. for a cooperation period of 25 years until 2026. ▪ The privatization target for 2019 was anchored on the Board’s previous instruction to procure a Third-Party Advisor to conduct the study on the privatization options and structure for PSALM’s remaining IPP contracts.
<i>03 May 2019</i>	<ul style="list-style-type: none"> ▪ Department of Finance (DOF) Secretary Dominguez gave instruction to engage the Asian Development Bank (ADB) for the study on the privatization options and structures for PSALM’s remaining IPP contracts. <ul style="list-style-type: none"> ▪ With this instruction, the CBK privatization target for 2019 is affected given that there are defined procedures to be complied with/ followed in engaging the ADB for the said study; ▪ The foregoing was also the basis of the Board in approving the target of “Conduct of Study for the Privatization Option for the Caliraya-Botocan-Kalayaan Hydroelectric Power Plants” in PSALM’s FY 2020 Performance Scorecard.
<i>03 June 2019</i>	<ul style="list-style-type: none"> ▪ PSALM sent a letter to the DOF requesting its assistance in engaging ADB for the consulting services or alternatively, its permission to allow PSALM to coordinate directly with ADB.
<i>05 July 2019</i>	<ul style="list-style-type: none"> ▪ PSALM presented to ADB and DOF the Terms of Reference (TOR) for the proposed technical assistance by ADB for the study on the privatization options for PSALM’s remaining IPP contracts
<i>23 July 2019</i>	<ul style="list-style-type: none"> ▪ Due to the revised timetable of the CBK privatization, the Board approved the inclusion of the target Conduct of Study for the Privatization Options for the CBK HEPPs in PSALM’s 2020 Performance Scorecard.
<i>25 September 2019</i>	<p><i>Revision of Power Asset Privatization Target</i></p> <ul style="list-style-type: none"> ▪ The PSALM Board approved the revision of the 2019 Performance Scorecard target on <i>Power Asset Successfully Privatized</i>, changing the Privatization of the 718.28 MW CBK HEPPs to the Privatization of the 650 MW Malaya Thermal Power Plant
<i>11 October 2019</i>	<ul style="list-style-type: none"> ▪ PSALM confirmed with ADB that the revised TOR sent by ADB, covering the study on CBK and Casecnan power plants only, is already acceptable to PSALM. PSALM also

Date	Activities/Remarks
	sought confirmation from ADB on the requirements, processes and approvals to commence the technical assistance/study. Based on PSALM's coordination with DOF, the required approvals will depend on the agreement that will be entered into by the parties for this technical assistance.
24 October 2019	<ul style="list-style-type: none"> ▪ ADB advised PSALM that it intends to use funds from an ongoing/existing technical assistance (TA 9336-PHI: Strengthening Infrastructure Capacity and Innovation for Inclusive Growth) to fund some experts to conduct the study for PSALM. However, ADB's proposal is subject to DOF's clearance, as new technical assistance requires approval or concurrence from the Office of the President, Malacañang.
27 February 2020	<ul style="list-style-type: none"> ▪ The GCG-approved 2020 Performance Scorecard target under the Strategic Measure 8: "No. of Power Assets Successfully Privatized" is the 797.92 MW CBK HEPPs (for monitoring) with no allocated percentage weight.
December 2020	<ul style="list-style-type: none"> ▪ PSALM worked with the Asian Development Bank (ADB) for the conduct of a study on the possible privatization options and structures for the CBK HEPPs and the Casecnan HEPP.
February 2021	<ul style="list-style-type: none"> ▪ DOF assisted PSALM in securing a grant from the Asian Development Bank (ADB) to provide technical assistance to PSALM for the conduct of a study on the options and possible privatization structures for the Casecnan Project and the CBK Hydroelectric Power Plants. The consultant engaged by ADB recently completed the study and presented the same to the PSALM Board in February 2021.
	<ul style="list-style-type: none"> ▪ PSALM provided the ADB consultant the comments from the Department of Finance on the Final Report, for further review and revision. ▪ The best way to privatize CBK is via a pure asset sale wrapped in an Independent Power Producer Administrator (IPPA) contract as the Build-Rehabilitate-Operate-Transfer (BROT) contract cannot be sold. There are also several issues to address before CBK can be auctioned: <ul style="list-style-type: none"> (a) There should be a determination of the competitive position of CBK in the ancillary market. It is recommended for PSALM to involve Philippine Competition Commission (PCC) in the sale to mitigate the winning bidder's regulatory risk and find a way to make PCC rule on CBK's market position before the privatization of the asset. PSALM can also determine a discount or refund mechanism if the PCC rules CBK's dominant market position after the plant has been bid out; (b) PSALM must also change the Ancillary Service Provider Agreement with NGCP as it is only currently receiving P1.1805/KWh from NGCP. This tariff fails to reflect the true value of CBK and will depress the selling price of CBK. (c) The DOE must also change the definition of CBK as a generator before the sale.
Casecnan Multipurpose Irrigation and Power Project (CMIPP)	
26 June 1995	<ul style="list-style-type: none"> ▪ NIA and CE Casecnan entered into a Project Agreement under Build-Operate-Transfer (BOT) where CE Casecnan agreed to: <ul style="list-style-type: none"> ▪ Deliver at the Pantabangan Reservoir all water diverted from the Casecnan Watershed for irrigation use ▪ Deliver to NIA all net electrical energy generated by the Project ▪ NIA to pay CE Casecnan the monthly water delivery fees & energy delivery fees ▪ BOT: Up to December 2021

Date	Activities/Remarks
30 June 1995	<ul style="list-style-type: none"> ▪ PPA between NIA and NPC: <ul style="list-style-type: none"> ▪ The CMP has a guaranteed annual energy of 228 GWh to be given to NPC ▪ NPC to pay NIA the monthly energy delivery fees due to CE Casecnan ▪ NPC to pay NIA monthly administrative fees ▪ Contract Period: Up to April 2022 ▪ NIA to transfer to NPC 60% of the ownership of the CMP (Article 16, PPA)
	<ul style="list-style-type: none"> ▪ When RA 9136 (Electric Power Industry Reform Act of 2001 or EPIRA) was passed, PSALM assumed the rights and obligations of NPC under the PPA with NIA. PSALM continued to pay NIA the energy delivery fees and the administrative fees required under said PPA, with the expectation that PSALM will own 60% of CMP. ▪ Payment of energy delivery fees is done by PSALM by remitting it to the Bureau of Treasury (BTr), which then remits the payment to CE Casecnan. Payment of the administrative fees is remitted by PSALM directly to NIA.
	<i>Issue on the Ownership of CMP</i>
	<ul style="list-style-type: none"> ▪ Article 16 (Transfer of Ownership) of the PPA between NIA and NPC states that “After the Contract Period, NIA shall transfer sixty percent (60%) of the ownership of the CMP [Casecnan Project] to NPC.” This CMP is defined in the PPA as “the total facilities comprising, but not limited to, the diversion structures, the Power Plant, the tunnel, and the tailrace, together with all protective, communication, and other associated equipment and improvements necessary to produce electrical energy and to divert water from the Cassena, Denip, and Cagayan River watershed to the Pantabangan Reservoir.”
20 April 2012 Letter	<ul style="list-style-type: none"> ▪ PSALM informed NIA that PSALM is scheduled to bid out the right to sell the contracted energy from the Casecnan Project that same year. PSALM requested a consultation meeting with NIA to explain the privatization process.
08 May 2012 Letter	<ul style="list-style-type: none"> ▪ NIA informed NPC that Article 16 of the PPA is misplaced and should have been excluded in the PPA. As such, NIA requested for the deletion of Article 16 through an amendment of the PPA.
19 June 2021 Letter	<ul style="list-style-type: none"> ▪ NPC explained to NIA that based on an evaluation of the facts and circumstances of the PPA, Article 16 is not misplaced. NPC emphasized that the PPA has been carefully scrutinized by the respective Management and/or Board of Directors of both NPC and NIA and that the provisions of the PPA including Article 16 is the law between NPC and NIA relative to CMP.
13 December 2012	<ul style="list-style-type: none"> ▪ PSALM sought the opinion of the OGCC on whether Article 16 could simply be deleted. In the OGCC Opinion No. 253 dated 13 December 2012, the OGCC clearly opined that NIA cannot unilaterally demand for the deletion of Article 16 of the PPA. The OGCC emphasized that the clear language of Article 16 of the PPA cannot be rendered useless or ineffective by NIA’s general assertion that it is misplaced. Nothing was presented to show that Article 16 is a product of mistake, fraud, inequitable conduct, or accident so as to justify NIA to ask for the reformation or amendment or annulment of the provision in the PPA.
03 June 2013 Letter	<ul style="list-style-type: none"> ▪ PSALM provided NIA a copy of said OGCC opinion.
02 March 2020	<ul style="list-style-type: none"> ▪ NIA invited PSALM to a meeting to discuss the matters needed to be undertaken in preparation to the turnover of Casecnan Project to NIA.
24 June 2020	<ul style="list-style-type: none"> ▪ The meeting between NIA, PSALM, and NPC was held after initially being postponed due to strict lockdown in March to end of May 2020. Discussed during the meeting were operational and ownership issues, nomination of representatives to the joint Technical Working Group (TWG) for the turnover activities, payment of energy delivery fees from December 2021 to April 2022, and the inclusion of DOF in the discussion of the ownership issue of the Casecnan Project.

Date	Activities/Remarks
02 July 2020	<ul style="list-style-type: none"> An inter-agency coordination meeting was held among NIA, DOF, PSALM, and NPC to discuss the ownership issue of the Casecnan Project.
06 July 2020	<ul style="list-style-type: none"> NIA requested NPC for its legal opinion on NPC's statement regarding the monthly amortizations made by NPC for the acquisition of the 60% share of the CMP
20 July 2020	<ul style="list-style-type: none"> NPC clearly explained to NIA that as in any BOT project, the monthly payments of the government to the BOT Contractor are actually equivalent to the monthly amortizations of the total project cost until the end of the cooperation period. <ul style="list-style-type: none"> In the case of the Casecnan Project, the monthly payments are the water delivery fees and the energy delivery fees being paid to CE Casecnan, and these monthly payments are thus equivalent to the monthly amortizations for the entire project cost of the Casecnan Project. They were not just payments from the energy being generated. NPC/PSALM is the one shouldering the energy fees, because this was passed on by NIA to NPC/PSALM through the execution of the PPA between NIA and NPC. Therefore, the main reason for the 60-40 sharing of the Casecnan Project between NIA and NPC/PSALM (Article 16 of the PPA) is precisely because NPC/PSALM assumed a substantial portion of the payables due CE Casecnan (energy fees). Since NPC/PSALM is paying for the energy delivery fees, NPC/PSALM is entitled to 60% ownership of the Casecnan Project.
	<i>Proposal to Bid Out an Operations and Maintenance (O&M) of CMP</i>
14 October 2020 and 25 November 2020	<ul style="list-style-type: none"> NIA letters addressed to the PSALM Board Chairperson, Secretary Carlos G. Dominguez, stated that it has always maintained its reservation to the transfer of the 60% ownership of Casecnan Project to NPC/PSALM. It deemed it proper to just get an operation and maintenance (O&M) contractor to operate the Casecnan Project for at least one (1) year, to start on 11 December 2021.
17 February 2021	<ul style="list-style-type: none"> PSALM replied to NIA stating that without prejudice to PSALM's position on the validity of Article 16 of the PPA, PSALM has no objection to the proposed procurement of services of an O&M contractor but only in the meantime that the Casecnan Project has not yet been privatized. Thus, the terms of reference for the bidding as well as the O&M contract should contain a specific provision indicating that the one-year period of the O&M may be pre-terminated upon the successful privatization of Casecnan Project, pursuant to the clear directive to privatize power assets under R.A. 9136.
01 March 2021	<ul style="list-style-type: none"> PSALM informed NIA of the instructions of the PSALM Board of Directors for PSALM to participate in the preparation and finalization of the Terms of Reference for the O&M contract that will be bid out. During the TWG meeting among NIA, PSALM and NPC held on 12 April 2021, NIA mentioned that it will no longer bid out the O&M contract and that NIA will instead handle the O&M services for CMP
February 2021	<ul style="list-style-type: none"> With the objective of privatizing the Casecnan Project, DOF assisted PSALM in securing a grant from the Asian Development Bank (ADB) to provide technical assistance to PSALM for the conduct of a study on the options and possible privatization structures for the Casecnan Project and the CBK Hydroelectric Power Plants. The consultant engaged by ADB recently completed the study and presented the same to the PSALM Board in February 2021.

Date	Activities/Remarks
	<ul style="list-style-type: none"> ▪ The consultant hired by ADB is Mr. Guido Alfredo Delgado, who happens to be the President of NPC in 1995, at the exact time that NPC entered into the PPA with NIA on the Casecnan Project. Mr. Delgado, having personal knowledge on the matter, explained in the ADB study that while the arrangement between NPC and NIA is a power purchase agreement that should not normally entail a transfer provision such as Article 16 of the PPA, the NPC in 1995 while Mr. Delgado as the President, insisted on the inclusion of Article 16 in the PPA entitling NPC to 60% ownership. He did this because he said it would have cost NPC roughly only half of what it cost NIA to produce the same energy had NPC itself entered into the BOT arrangement with CE Casecnan. ▪ In order to avoid delay in finalizing the agreement with NIA - which would have ultimately prevented the construction of the Casecnan Project - and to support the vital irrigation program of NIA, NPC nevertheless agreed to absorb and pay the energy delivery fees and administrative fees relative to the Casecnan Project for the duration of the PPA <u>but subject to the deliberate inclusion of Article 16 in the PPA that NPC would get 60% ownership.</u> ▪ The privatization activity of the Casecnan Project will not adversely affect the irrigation component. The ADB study recommended that the privatization of the Casecnan Project be done through an outright asset sale this year 2021, considering that the BOT will end in December 2021. ▪ According to the ADB study, the privatization of the Casecnan Project is very feasible so long as there should be the following: <ul style="list-style-type: none"> (a) Establishment of the water protocol between NIA and the winning bidder; (b) Inspection of the physical status of the Casecnan Project to determine remaining life of the complex and other information that will be needed in the conduct of the public bidding for privatization; (c) Third-party valuation of the Casecnan Project; and (d) Preparation of the bidding materials. ▪ Privatization of the Casecnan Project will have the following benefits to PSALM and the National Government: <ul style="list-style-type: none"> (a) PSALM and BTr/NIA will be able to recoup the cost of the Casecnan Project or at least a portion thereof by dividing the proceeds of the privatization 60-40; (b) The National Government will no longer be involved in operating the power plant which is consistent with the policy direction in R.A. 9136; (c) PSALM will utilize its share in the proceeds of the privatization as payment for stranded debts so that at the end of PSALM's corporate life in June 2026, there will be much less liabilities to be passed on to the National Government; and (d) The irrigation component of the Casecnan Project will be preserved despite privatization because the Casecnan Power Plant is "run-of-river" and there is very limited impounding area, which means water from the reservoir will continue to flow to the Casecnan powerhouse, and then down to the Pantabangan lake, and unto the irrigation channels
3 March 2021	<ul style="list-style-type: none"> ▪ NIA informed PSALM that it is submitting the ownership issue on the Casecnan Project to the Office of the Government Corporate Counsel (OGCC) for resolution under Section 3 of Presidential Decree No. 242.
22 March 2021 Letter	<ul style="list-style-type: none"> ▪ PSALM sought OGCC's confirmation on whether NIA's action to submit the CMP ownership issue for resolution under Section 3 of PD 242 is still necessary considering the previous OGCC opinion on the matter as well as the very clear decision and instruction of the EDC for PSALM to get the 60% share in CMP

Date	Activities/Remarks															
29 March 2021	<p><i>Government-to-Government Acquisition of the CMP</i></p> <ul style="list-style-type: none"> ▪ Meeting with DOE was held to discuss the possibility of privatizing the CMP through a government-to-government transaction with PNOC. During the discussion on the matter, it was emphasized that: <ul style="list-style-type: none"> ▪ The transfer is subject to financial consideration to PSALM and NIA ▪ The BTr must be involved in the transaction considering its outstanding advances to PSALM and NIA for the CMP ▪ In the said meeting, DOE and PSALM agreed that the power component of CMP will be privatized, unless the PNOC RC decides to step in as the operation and maintenance service provider of the plant, in the interest of energy security of the country. <ul style="list-style-type: none"> ▪ PSALM emphasized that before the PNOC RC can be required to operate and maintain CMP, the DOE will need to justify that such task will substantially contribute to energy security, which would then in turn justify the giving of additional budget to PNOC RC 															
08 April 2021	<ul style="list-style-type: none"> ▪ Meeting with PNOC RC was held to present the possibility of entering into a government-to-government transaction with PNOC RC for the transfer/disposal of the CMP 															
12 April 2021	<ul style="list-style-type: none"> ▪ The ADB consultant submitted a report in response to the comments of DOF relative to the final report on the privatization options for CBK and CMP <ul style="list-style-type: none"> ▪ The ADB consultant recommended the following privatization options for CBK and CMP: <ul style="list-style-type: none"> ▪ Pure Asset Sale ▪ Sale of the Assets with and Assignable Offtake Agreement ▪ Sale of Shares ▪ PSALM reviewed the 3 options presented by the ADB consultant and found that the Pure Asset Sale is the best option to privatize CMP 															
28 April 2021	<ul style="list-style-type: none"> ▪ The PSALM Board through Board Resolution No. 2021-0428-05 approved the privatization of CMP through an outright asset sale through public bidding and procurement of the services of a third-party transaction advisor for the preparation of the bidding and transaction documents under RA 9184 															
26 May 2021	<ul style="list-style-type: none"> ▪ The Board approved the Procurement of consulting services for the financial valuation of the Casecan Multi-Purpose Project (CMP); and ▪ Indicative timeline for the Procurement of Consulting Services for the financial valuation of the CMP <table border="1" data-bbox="419 1592 1485 2042"> <thead> <tr> <th data-bbox="419 1592 1217 1644">ACTIVITY</th> <th data-bbox="1217 1592 1485 1644">TIMELINE</th> </tr> </thead> <tbody> <tr> <td data-bbox="419 1644 1217 1682">Pre-Procurement Conference</td> <td data-bbox="1217 1644 1485 1682" rowspan="4">May 2021</td> </tr> <tr> <td data-bbox="419 1682 1217 1720">Transmittal to OGCC for contract review</td> </tr> <tr> <td data-bbox="419 1720 1217 1758">Receipt of OGCC review</td> </tr> <tr> <td data-bbox="419 1758 1217 1796">Advertisement/Posting of Request for Expression of Interest</td> </tr> <tr> <td data-bbox="419 1796 1217 1834">Deadline for Submission of Eligibility Documents</td> <td data-bbox="1217 1796 1485 1834" rowspan="5">June 2021</td> </tr> <tr> <td data-bbox="419 1834 1217 1872">Eligibility Check and Shortlisting</td> </tr> <tr> <td data-bbox="419 1872 1217 1910">Presentation to BAC of Recommendation and Shortlisting</td> </tr> <tr> <td data-bbox="419 1910 1217 1948">Issuance of Notice/Bidding Documents to Shortlisted Consultants</td> </tr> <tr> <td data-bbox="419 1948 1217 1986">Pre-bid Conference (12 days prior to bid submission date)</td> </tr> <tr> <td data-bbox="419 1986 1217 2042">Submission of Bid</td> <td data-bbox="1217 1986 1485 2042">July 2021</td> </tr> </tbody> </table>	ACTIVITY	TIMELINE	Pre-Procurement Conference	May 2021	Transmittal to OGCC for contract review	Receipt of OGCC review	Advertisement/Posting of Request for Expression of Interest	Deadline for Submission of Eligibility Documents	June 2021	Eligibility Check and Shortlisting	Presentation to BAC of Recommendation and Shortlisting	Issuance of Notice/Bidding Documents to Shortlisted Consultants	Pre-bid Conference (12 days prior to bid submission date)	Submission of Bid	July 2021
ACTIVITY	TIMELINE															
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Date	Activities/Remarks	
	Opening of Technical Proposals	
	Evaluation of Technical Proposal	
	Report to BAC on the Highest Rated Consulting Services	
	Approval of ranking by the HOPE	
	Opening of Financial Proposals	
	Notification for negotiation with the Highest Rated Consulting Services	
	Negotiation with the Highest Rated Consulting Services (Financial Proposal)	
	Post Qualification	
	Report on Post-Qualification to BAC	
	Issuance of Notice of Award	
	Contract Preparation & Signing	
	Issuance of Notice to Proceed	

▪ Indicative Timeline - Casecan Privatization

ACTIVITY	TIMELINE
PSALM Board approval of ADB study/commencement of privatization	April 2021
Drafting of Bidding Procedures and Transaction Documents	June to August 2021
Conduct of Investors Forum	June 2021
OGCC Review of Bidding Procedures and Transaction Documents	September 2021
Preparation of Financial Valuation	September to November 2021
Board approval of Bidding Procedures and Transaction Documents	October 2021
Secure exemption from COMELEC on election ban	November 2021
Submission of AAR to COA	November 2021
Publication of Invitation to Bid	November 2021
Board approval of financial valuation	December 2021
Conduct of Pre-Bid Conference	December 2021
Due Diligence	November 2021 to March 2022
Evaluation of Documentary Deliverables	January 2022
OGCC Review of Final Transaction Documents	January 2022
Board approval to Issue the Final Transaction Documents to Prequalified Bidders	February 2022
Bid Submission and Evaluation	March 2022
Board approval of contract award	April 2022
Issuance of Notice of Award	April 2022
Asset Turnover	May 2022

- Issues Related to the Procurement of Consulting Services
 - PSALM has been privatizing power plants through outright asset sale without the services of a third-party transaction advisor; thus, the procurement may need to be justified with the Commission on Audit (COA)
 - PSALM Management recommends to proceed first to the procurement of consulting services for the financial valuation of CMP

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Assets for Disposal	Number of Lots	Status
Paco-Manila Property	8	<ul style="list-style-type: none"> • 7 January 2021 - MERALCO reiterated its intent to acquire the Paco-Manila Property and requesting for feedback on ways to move forward regarding its intent to acquire the Paco-Manila Property for the expansion of its Tegen Substation inspite of the "no conflict" provision in the previous Negotiated Sale Process. • 10 March 2021 - MERALCO offered to purchase, through negotiated sale, the Paco-Manila Property located at Isla de Provisor, Paco, Manila for PHP527 Million. • 22 March 2021 - Department of Transportation (DOTr) expressed its intention to acquire Paco-Manila property to be developed as one of the resettlement sites for the Project Affected Peoples (PAPs) of the North-South Commuter Railway Project (NSCR) and PNR South Long Haul (SLH). • 31 March 2021 - DOTr's requesting for a virtual meeting with MERALCO to discuss the options for access through the MERALCO Property at Isla De Provisor and other possible arrangements on the said matter. • 08 April 2021 - PSALM met with DOTr and MERALCO's representatives and discussed the DOTr's possible acquisition of the Paco-Manila property. • 16 June 2021 - PSALM received letter dated 16 June 2021 from Leighton Contractors (Asia) Limited, expressing its interest to lease the property as a construction staging area and pre-cast yard for the DOTr's North-South Commuter Railway project. • 30 June 2021 - Submitted updated Property Profile to OVP-PAMG for its information and approval. • Subject to third-party appraisal in CY 2021.
Baguio Sewerage	10	<ul style="list-style-type: none"> • 29 January 2021 - Conducted a coordination meeting with LGU-Baguio and discussed comments to LBP's appraisal of the property and LGU-Baguio's plan of actions. LGU-Baguio to send revised offer to PSALM. • 10 May 2021 - PSALM sent letter dated 05 May 2021 to TransCo, requesting for structural survey plan of affected area of the transmission line right-of-way at Baguio City property. • 27 May 2021 - PSALM received letter dated 21 May 2021 from City Government of Baguio, transmitting to PSALM the final offer from LGU of Baguio for the purchase of the lots located at Sanitary Camp, Baguio City with a total area of 6,332 sq. m. • 15 June 2021 - PSALM sent letter dated 14 June 2021 to City Government of Baguio (LGU-Baguio) informing LGU-Baguio that the accepted value for PSALM for the Baguio Property will be at least PHP36,865,303.80. Further,

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		<p>PSALM requested Baguio LGU's conformity on the said letter should Baguio agree with the said value/figures.</p> <ul style="list-style-type: none"> • 24 June 2021 - PSALM sent letter dated 23 June 2021 to NPC, requesting for the turnover of the original copies of Transfer Certificates of Title (TCTs) of the Baguio property.
Land-Based Gas Turbine (LBGT) Land inside the Naga Power Plant Complex, Naga Cebu		<ul style="list-style-type: none"> • 23 December 2021 - PSALM received Therma Power-Visayas Inc. (TPVI) letter requesting guidance on the steps to be undertaken regarding TPVI's intent to extend it leased premises to the adjacent 5,504-sq. m Naga LBGT land. • 12 January 2021 - PSALM informed TPVI that while the Land Lease Agreement (LLA) with SPC Power Corporation (SPC) expired in January 2020, the Naga LBGT (NLBGT) land has not yet been turned over to PSALM because SPC has yet to secure and submit a Department of Environment and Natural Resources (DENR) certificate of environmental compliance with respect to its clean up and remediation activities. <i>*The delay is caused by the restrictions and various measures implemented in the area to mitigate the effects of the COVID-19 pandemic.</i> • 26 January 2021 - PSALM conducted a coordination meeting with TPVI regarding planned DENR inspection of the NLBGT clean-up. • 28 May 2021 - PSALM sent reply letter dated 12 May 2021 via email to SPC accepting the return of the NLBGT Leased Premises and informing SPC that it may pick-up its Performance Security in the form of Irrevocable Domestic Standby Letter of Credit.
Naga, Cebu Property		<ul style="list-style-type: none"> • 22 March 2021 - City Government of Naga expressing its intent to purchase lots 751, 868 and 869 for purposes of future development of the city government. • 30 March 2021 - Conducted meeting with Mayor Kristine Vanessa Chiong of Naga, Cebu. PSALM informed Mayor Chiong that: <ol style="list-style-type: none"> 1. it is PSALM's policy to dispose of its real estate assets at a price not lower than the fair market value (FMV); 2. the proposed acquisition is similar to previous transactions by PSALM with Local Government Units (LGUs) wherein the LGU engaged the services of the Landbank of the Philippines (LBP) to appraisal the property and determine its FMV; and 3. the 3 lots are covered by PSALM Land Lease Agreements with TPVI and KEPCO SPC Power Corporation (KSPC), therefore, it may be necessary to secure their non-objection to the potential acquisition of the 3 lots by the City Government of Naga, Cebu. <p>Transfer to Another Government Agency</p>

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Assets for Disposal	Number of Lots	Status
		<ul style="list-style-type: none"> • 12 April 2021 - PSALM sent letters to TPVI and KSPC dated 05 April 2021, seeking their non-objection to the City Government of Naga, Cebu's potential purchase of Lot Nos. 751, 868 and 869 at Barangay Colon, City of Naga, Cebu Lease Agreement • 04 June 2021 - PSALM sent letter dated 01 June 2021 to OGCC, requesting review of the draft letter agreement between PSALM and TPVI for the issuance of PSALM's written consent to the Sublease of a portion of the leased premises under the Naga PPC Land Lease Agreement between PSALM and TPVI. • 30 June 2021 - PSALM received OGCC Contract Review No. 872, series of 2021, dated 28 June 2021, providing OGCC's review of, and recommendations to, the letter agreement between PSALM and TPVI re: written consent to the sublease. Deed of Donation • 23 June 2021 - PSALM received letter dated 14 June 2021 from DepEd Region VII, requesting for a copy of a Deed of Donation for the new school site in Colon Elementary School to complete the conveyance of the said property to DepEd Region VII. • 23 June 2021 - PSALM received letter dated 14 June 2021 from KSPC, informing PSALM of its position and conditions in the potential sale of Lot No. 751, located in Colon, Naga, Cebu, to the City Government of Naga. • 29 June 2021 - PSALM received letter dated 24 June 2021 from NPC, informing PSALM that there is no conveyance of School Site in Colon, Naga, Cebu was made between NPC and DepEd Region VII. Further, in view of PSALM's ownership of the subject lands pursuant to EPIRA, NPC defer to PSALM's decision on the manner of conveyance of the properties to the DepEd.
Magdalena Property	20	<ul style="list-style-type: none"> • After the declaration of failure of bidding due to non-receipt of bids on 30 September 2020, the PSALM Management instructed to conduct a joint inspection and technical survey with NPC and DENR to identify the lots that are submerged by the river and the lots which can be disposed of after the certification of alienability and disposability from the DENR. • 29 January 2021 - National Power Corporation (NPC) confirmed the schedule for the joint inspection and technical survey of the Magdalena property on 11 February 2021. NPC informed that it invited representatives from DENR-CENRO and Municipal Assessor's office to join the said inspection and survey. • 11 February 2021 - PSALM joined the ocular inspection with NPC, CENRO and Assessor's Office of LGU Magdalena at the property and data gathering in relation to the Magdalena property. • 30 June 2021 - Submitted updated Property Profile to OVP-PAMG for its information and approval.

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		<ul style="list-style-type: none"> • Subject to third-party appraisal in CY 2021.
Sudipen Property	3	<ul style="list-style-type: none"> • After the declaration of failure of bidding due to non-receipt of bids on 28 October 2020, the PSALM Board directed that the issue concerning the occupants in the Sudipen Property be resolved first before another round of public auction be conducted. PSALM is required to prepare all the necessary documents to support the revocation of NP Board Resolution No. 91-272 dated 24 May 1991 with respect to the portion approving the proposed sale of 960 sq. m. of land in Amburayan Mini-Hydro Plant and Campsite, Sudipen La Union to identified NPC employees and further issuance of a Notice to Vacate to be prepared by the PSALM Legal Group. • 19 April 2021 - PSALM sent letter dated 12 April 2021 to NPC, requesting for revocation of NP Board Resolution No. 91-272 relative to the portion approving the proposed sale of 960 sq. m. of land in Amburayan Mini-Hydro Plant and Campsite. • 10 May 2021 - PSALM received letter dated 06 May 2021 from Heirs of former NPC employees, requesting PSALM to consider the NPC Board Resolution No. 91-272 and give the Heirs the opportunity to acquire the Sudipen property located in Barangay Turod, Sudipen, La Union. • 08 June 2021 - PSALM sent letter dated 01 June 2021 to the Heirs of former NPC employees, informing the heirs that PSALM is constrained to dispose all its assumed assets from NPC, including the Sudipen Property, through public bidding in accordance with Commission on Audit (COA) rules in disposal of government assets. • 30 June 2021 - Submitted updated Property Profile to OVP-PAMG's for its information and approval. • Subject to third-party appraisal in CY 2021.
Talomo Property	35	<ul style="list-style-type: none"> • 30 June 2021 - Submitted updated Property Profile to OVP-PAMG's for its information and approval. • Subject to third-party appraisal in CY 2021.
Batangas CFTPP Land (OEN)	3	<ul style="list-style-type: none"> • 16 February 2021 - PSALM requested the Municipal Assessor of Calaca for clarification on the correct Barangay address of the Optioned Assets which the Municipal Assessor of Calaca informing PSALM that based on its tax map and previous records the Optioned Assets are located in Barangay San Rafael, Calaca, Batangas. • 18 February 2021 - PSALM received letter dated 15 February 2021 from DENR informing PSALM that copies of the approved plan, Technical description and Lot data computation of the Optioned Assets are available in the Land Records Office situated in Barangay Lalakay, Los Baños, Laguna.

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Assets for Disposal	Number of Lots	Status
		<ul style="list-style-type: none"> <li data-bbox="485 266 2032 391">• 19 March 2021 - PSALM requested Sem-Calaca Power Corporation (SCPC) for a list of the properties which SCPC is willing to already acquire on an “as is, where is” basis under the concept of just cause of exclusive possession (JCEP). However, SCPC informed PSALM that SCPC will suspend/delay its intention to purchase the remaining Batangas Lots through OEN under the concept of JCEP due to economic and financial reasons. <li data-bbox="485 428 2032 521">• 12 April 2021 - PSALM received reply letter dated 24 March 2021 from Municipal Assessor of Calaca, transmitting certified true copy of Municipal Assessor’s tax map and tax declarations tracing back to year 1994 which is the oldest available record in the Municipal Assessor of Calaca. <li data-bbox="485 558 2032 651">• 15 April 2021 - PSALM-FiMD, recommended that the Land Purchase Price of the Optioned Assets should be determined using BIR zonal valuation since its value per sq.m. is the highest among the other options as prescribed in Article 5.02 of the LLA. <li data-bbox="485 688 2032 781">• 06 May 2021 - PSALM received letter from SCPC dated 30 April 2021, informing PSALM that SCPC will not be pursuing acquisition of the lots considering the continuing economic effect of the pandemic to the power industry and present unexpected costs brought by the forced shutdown of Unit 2 of SCPC plant. <li data-bbox="485 818 2032 911">• 21 May 2021 - PSALM sent letter to SCPC dated 18 May 2021, acknowledging receipt SCPC’s letter dated 30 April 2021 and informing SCPC that PSALM will continue to dispose of real estate assets, especially those lots that are already titled to PSALM. <li data-bbox="485 948 2032 1008">• 17 June 2021 - PSALM issued payment instruction, through letter dated 14 June 2021, to SCPC for the Optioned Assets under the Land Lease Agreement (LLA) of the Batangas Coal-Fired Thermal Power Plant (Batangas CFTPP). <li data-bbox="485 1045 2032 1138">• 28 June 2021 - PSALM received Bureau of Internal Revenue (BIR) RDO No.58 letter dated 31 May 2021 requesting to submit various documents to properly evaluate and determine the specific zonal values of PSALM’s properties in Calaca, Batangas. <li data-bbox="485 1175 2032 1235">• 30 June 2021 - PSALM received SCPC’s remittance of payment for the Purchase Price of the Optioned Assets under the LLA of the Batangas CFTPP.
Parañaque Property	4	<ul style="list-style-type: none"> <li data-bbox="485 1256 2032 1317">• 23 February 2021 - PSALM requested confirmation from the City Mayor of Parañaque of the LGU’s intention to acquire the Parañaque Property and its final offer price for the said lots. <li data-bbox="485 1354 2032 1414">• 26 March 2021 - PSALM requested Social Housing Financing Corp (SHFC) to provide specific and applicable program and the necessary documents to be executed between PSALM and SHFC to implement EO 68. <li data-bbox="485 1451 2032 1487">• 30 June 2021 - Submitted updated Property Profile to OVP-PAMG’s for its information and approval.

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		<ul style="list-style-type: none"> • Subject to third-party appraisal in CY 2021.
Putsan Property	3	<ul style="list-style-type: none"> • Result of the third-party appraisal report is subject to approval and acceptance by the end-user. • 15 January 2021 - PSALM requested AP Renewables, Inc. (APRI) for assistance in the conduct of Third-Party Appraisal for the Putsan Property • 03 March 2021 - PSALM requested from LGU of Tiwi confirmation of its intent to acquire the PSALM lots in Putsan, Tiwi, Albay; and the LGU's indicative timeline for its acquisition plan.
GenSan Property - Reconveyance	3	<ul style="list-style-type: none"> • The disposal through reconveyance is in compliance with the provisions of the deed of sale when the property was acquired by the government. • 07 January 2021 - PSALM requested OGCC's legal opinion on the following: <ol style="list-style-type: none"> a. Propriety of granting heirs of Mr. Allado, the vendor in the Deed of Absolute Sale (DOAS), the right to repurchase the property since there was no clear provision on whether or not the heirs should be considered as Vendors; and b. The most feasible action to apply to protect the interest of PSALM considering the huge difference between purchase price in the DOAS and the current value of the property. • 15 February 2021 - OGCC replied to PSALM recommending that the heirs of Honorio T. Allado, Sr. cannot exercise the right to repurchase PSALM's General Santos City Property. • 14 April 2021 - PSALM sent letter dated 07 April 2021 to Mr. Arturo Ramon Allado via email, informing Mr. Allado that PSALM is constrained from implementing the reconveyance of the General Santos Diesel Power Plant (GSDPP) land in view of the unfavorable legal opinion of the Office of the Government Corporate Counsel (OGCC). • 11 May 2021 - PSALM requested OGCC to take a second look on the propriety and legality of the claim of the Heirs that reconveyance may be validly made. • 11 May 2021 - PSALM's letter to Gonzales Batiller Bilog Leabres and Reyes (GBBLR) (Counsel of Allado) dated, informing GBBLR that its letter dated 28 April 2021 was referred to the OGCC for its consideration and further advice. • Subject to third-party appraisal in CY 2021.

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Bagac Property (Lease Agreement with PCG)		<ul style="list-style-type: none"> • 27 January 2021 - The PSALM Board approved the execution of a new Contract of Lease Over a Portion of the Bagac property between PSALM and Philippine Coast Guard (PCG). • 10 February 2021 - PSALM transmitted to PCG a list of Real Estate Assets with asset profiles which PCG may be interested to acquire for its expansion program. • PSALM already signed and notarized the Contract of Lease between PSALM and PCG over a Portion of Bagac Property in 1st quarter of 2021 • Subject to third-party appraisal in CY 2021. 										
Malaya TPP Land (MTPP)	5	<ul style="list-style-type: none"> • PSALM Board approved the commencement of 3rd round negotiated sale of MTPP and its underlying land on 27 January 2021. • The following activities were already conducted for the Negotiated Sale of Malaya TPP and its Underlying Land: <table border="1" data-bbox="508 727 1488 889"> <thead> <tr> <th data-bbox="508 727 1201 760">Activities</th> <th data-bbox="1201 727 1488 760">Date Conducted</th> </tr> </thead> <tbody> <tr> <td data-bbox="508 760 1201 792">Publication of Invitation to Negotiate and Submit Offer</td> <td data-bbox="1201 760 1488 792">05-07 February 2021</td> </tr> <tr> <td data-bbox="508 792 1201 824">Pre-Negotiation Conference</td> <td data-bbox="1201 792 1488 824">09 March 2021</td> </tr> <tr> <td data-bbox="508 824 1201 857">Issued Supplemental Bid Bulletin No. 1</td> <td data-bbox="1201 824 1488 857">24 March 2021</td> </tr> <tr> <td data-bbox="508 857 1201 889">Issued Supplemental Bid Bulletin No. 2</td> <td data-bbox="1201 857 1488 889">31 March 2021</td> </tr> </tbody> </table> • The following submitted their respective Letter of Intent (LOI) to participate and received the Negotiation Package in the said negotiation process: <ol style="list-style-type: none"> i. China Gezhouba Group Co., Ltd. Philippines Branch (<i>withdrew its LOI on 08 March 2021</i>); ii. Sta. Clara International Corp. (<i>withdrew its LOI on 05 April 2021</i>); iii. VBB Trucking, Trading and Consultancy Services, Inc.; iv. AC Energy Corporation; and v. Fort Pilar Energy Inc. • 07 May 2021 - conducted Offer Submission, Opening and Evaluation proceedings for the negotiated sale of Malaya TPP. The following negotiating parties submitted its offers before the Offer Submission Deadline: <ol style="list-style-type: none"> 1. AC Energy Corporation (ACEC) 2. Fort Pilar Energy, Inc. (FPEI) • After Offer opening and evaluation proceedings, PBAC declared FPEI as the Highest-Ranking Negotiating Party. • Issued the Notice of Award to the Winning Negotiating Party on 02 June 2021. 	Activities	Date Conducted	Publication of Invitation to Negotiate and Submit Offer	05-07 February 2021	Pre-Negotiation Conference	09 March 2021	Issued Supplemental Bid Bulletin No. 1	24 March 2021	Issued Supplemental Bid Bulletin No. 2	31 March 2021
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		<ul style="list-style-type: none"> On-going post negotiated sale activities
Puerto Azul (2 units and 1 club share)		<ul style="list-style-type: none"> 20 January 2021 - Deadline for the submission of bids. However, the bidding was declared a failure since no bid was received. Commencement of 3rd round of bidding is dependent on availability of third-party appraisal. The 2nd round of bidding for TPA was declared a failure on 19 April 2021. Thereafter, the 3rd round of bidding commenced with the pre procurement conference held on 3 May 2021. The BAC published the ITB on 15 May 2021 and held pre-bid conference on 25 May 2021. The bid submission deadline, opening and preliminary evaluation of bids were held on 8 June 2021. The Notices of Award (NOAs) were issued to Asian Appraisal (for Lot 1) and Valuemetrics, Inc. (for Lot 2) on 25 June 2021 and 30 June 2021, respectively. 10 May - received an unsolicited offer from a private individual to purchase the property at Php4,000,000.00 for both units. PSALM informed the private individual that the properties will be disposed through Public Bidding after the result of a third-party appraisal. PSALM coordinated and sent letter to PAGCC dated 29 June 2021 on the Eligibility Requirements and Sale Process. PSALM drafted Offer to Sell (OTS) pursuant to Master Deed of Declaration and PAGC By-laws in preparation for the Stage 1 of the sale of the properties to the member/club.
Limay Housing and Land underlying the Bataan Thermal Power Plant (BTTP)	32	<ul style="list-style-type: none"> Coordinated with TransCo on portions of Limay Housing and BTTP Land Properties occupied by transmission assets which may affect the coverage of sale 24 February 2021 - PSALM Board approved the grant of authority to the President and CEO to negotiate for Bataan TPP Land Property with any local government unit. This authority to negotiate was secured and granted in view of the interest of Provincial Government of Bataan to acquire the land underlying the BTTP in the course of the negotiation for the Limay Housing Property pursuant to Board Resolution No. 2020-0820-04 that granted authority to the President and CEO to negotiate with any interested Local Government Unit (LGU). The Provincial Government of Bataan expressed interest to acquire the 2 lots of land underlying the BTTP registered in the name of NPC and its willingness to settle the pending litigation covering the lots which Provincial Government of Bataan acquired in the foreclosure sale. 3rd Party Appraisal - Coordination meetings were conducted in April with the Provincial Government of Bataan (PGB) and Landbank of the Philippines. Copy of the appraisal report was submitted to PSALM on 19 April 2021 at PHp1500 per square meter. The 3rd party appraisal was considered in the computation of indicative Minimum Bid Price. Resolution of Asset-Specific Concerns- Coordination meetings were conducted in April to June with PSALM internal units to resolve issues on booking, real property tax and outstanding legal cases. Coordination meeting was held on 28 April with NPC

Assets for Disposal	Number of Lots	Status
		<p>and TransCo to resolve pending concerns on Bataan lots covered by Warrant of Levy Case. Site visit/inspection was conducted on 28 May to assess the actual condition prior to the sale.</p> <ul style="list-style-type: none"> • Updated Offer from PGB - The PGB submitted its updated offer through a letter dated 24 May in the amount of PhP800.00 per square meter. Through a letter dated 01 June 2021, PSALM informed PGB that PSALM cannot accept PGB's offer of PhP800.00/square meter. PSALM required PGB to submit its updated offer on or before 16 June 2021 not lower than the value as determined by the Landbank of the Philippines, otherwise PSALM will offer the Properties to other LGU or commence the competitive bidding. The negotiation with PGB was closed by PSALM through a letter dated 17 June 2021 as the PGB failed to submit an updated offer with a price not lower than the appraisal done by the Land Bank of the Philippines. The PGB Team verbally advised PSALM on 21 June that the PGB is contemplating to acquire a portion only of the Bataan Properties that will fit within their budget at LBP price. APD 2 informed the PGB Team that PSALM will proceed with its process in the absence of any official communication from PGB. • Confirmed Interest to Purchase by the Municipality of Limay - PSALM coordinated with the Municipality of Limay through a letter dated 21 June 2021, inquiring whether the LGU is interested in acquiring the Bataan Properties at a price of not less than the LBP appraisal of PHP1,500/sq.m. Through a letter dated 24 June 2021, the Limay LGU confirmed its willingness to purchase the Bataan property at LBP appraisal of PHP1,500/sq. m. • Memorandum of Agreement (MOA) for the Sale. The draft MOA is under review of the PSALM-Legal Group.
Mexico Property	1	<ul style="list-style-type: none"> • 04 January 2021 - Published the Invitation to Bid (ITB) in PSALM website and in three (3) leading newspapers for three consecutive days. <ul style="list-style-type: none"> - Requested PEZA to assist in the promotion/marketing of the sale of Mexico Property - Conducted various marketing activities, i.e., press release for the sale, installation of tarpaulin at the site, on-line posting/advertisement at selected real estate online sites • 10 February 2021 - Conducted Pre-bid Conference • The ITB was published without the Minimum Bid Price but with disclosure that it will be released through a Supplemental Bid Bulletin once available. The setting of the MBP is dependent on availability of third-party appraisal. <ul style="list-style-type: none"> - The procurement of Third-Party Appraisers (TPA) was declared a failure on 04 March. - The second round of bidding for TPA commenced on 24 March 2021. - Final schedule of bidding is dependent on the availability of third-party appraisal. • The submission deadline and opening of bids was on 08 June 2021. The Notices of Award (NOAs) were issued to Asian Appraisal (for Lot 1) and Valuemetrics, Inc. (for Lot 2) on 25 June 2021 and 30 June 2021, respectively.

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION
 Status Report on Lots for Disposal in CY2021

ANNEX B

Assets for Disposal	Number of Lots	Status
Portions of San Roque Property	8	<ul style="list-style-type: none"> • Ongoing discussion with the National Irrigation Administration for its proposed acquisition of portions of San Roque Property for its Lower Agno River Irrigation System Improvement Project. • PSALM drafted the Memorandum of Agreement (MOA) for the sale of the San Roque Property in April 2021 and subjected the same to legal review. The draft MOA was released to NIA through PSALM letter dated 09 June 2021 • PSALM secured Execom directions on 15 June relative the proposed acquisition price of NIA based on zonal valuation. The sale will be presented to the PSALM Board in August.
Sucat Property		<ul style="list-style-type: none"> • 24 February 2021 - PSALM Board granted authority to the President and CEO to negotiate for Sucat Property with the DOTr. The DOTr proposed to acquire the Property for its North-South Commuter Railway Project (NSCR) and PNR South Long-Haul Project (SLH). As per DOTr, the NSCR is a 147km mass transportation railway system linking Region 3, the National Capital Region (NCR) and Region IV-A, while the SLH is a 639km railway system linking the NCR, Region IV-A and Region V. Both projects were approved by the National Economic and Development Authority (NEDA) Board on 15 November 2018 and 12 September 2017, respectively. • Ongoing coordination with DOTr on third-party appraisal by a government financial institution. • PSALM provided inputs in April to the terms of reference of DOTr for the engagement of a government financial institution to conduct a 3rd party appraisal, and regularly coordinated with the DOTr for updates. • 08 June, the DOTr informed PSALM that the MOA with the Development Bank of the Philippines is for final legal review and that they target completion of the appraisal by end of June.
Feasibility Study for the Privatization of Diliman Property		<ul style="list-style-type: none"> • PSALM requested comments from the Bases Conversion Development Administration (BCDA) on PSALM's privatization plan for Diliman property through a letter dated 05 January 2021 as instructed by the Chairman of the PSALM Board/DOF Secretary Carlos G. Dominguez, wherein the BCDA provided their comments/inputs on PwC's Feasibility Study (FS) on 03 March 2021 • PSALM informed PwC of the following instructions and comments from Sec. Dominguez for incorporation in the final report: <ol style="list-style-type: none"> i. Pursue the long-term lease where PSALM retains ownership of the property at the end of the term. ii. Revisit the assumptions for occupancy and lease rates to reflect the effect of the pandemic and actual market conditions in Quezon City. The Secretary noted that the assumed occupancy and lease rates are too high iii. Adopt the base case scenario of construction period of seven (7) years. • PwC FS - The PwC updated their materials for the PSALM Board based on the directions provided by DOF Secretary/Chairman of PSLAM Board. The report was submitted to PSALM in June. The same were evaluated by PSALM and coordinated with the PwC for the comments and finalization. The result of the FS will be presented by PwC in July Board Meeting.

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Status Report on Lots for Disposal in CY2021

ANNEX B

Assets for Disposal	Number of Lots	Status
		<ul style="list-style-type: none">• Benchmarking - Conducted a benchmarking activity with BCDA on 27 April regarding the process, timelines and issues on the disposal of government land.
Total No. of Lots	135	