

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT (PSALM) CORPORATION

Component					Baseline Data					Proposed 2021 Target
Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight %	Rating System	2016	2017	2018	2019	2020 GCG-Approved ^{1/}		
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	PHP65.22 Billion <small>Forex Used: 2015 Year-end rate (PHP47.166 = US\$1)</small>	PHP41.91 Billion <small>Forex Used: 2016 Year-end rate (PHP49.813 = US\$1)</small>	PHP36.17 billion <small>(Reduction from PHP466.23 billion to PHP430.06 billion) Forex Used: 2017 Year-end rate (PHP49.923 = US\$1)</small>	PHP15.23 billion <small>(Reduction from PHP449.19 billion to PHP439.96 billion) Forex Used: 2018 Year-end rate (PHP52.724 = US\$1)</small>	PHP11.943 billion <small>(Reduction from PHP433.978 billion to PHP422.035 billion) Forex Used: 2018 Year-end rate (PHP52.724 = US\$1)</small>	PHP24.630 billion <small>(Reduction from PHP411.827 billion to PHP387.197 billion) Forex Used: 2019 Year-end rate (PHP50.744 = US\$1)</small>
								PHP10.184 billion (Restated)^{2/} <small>(Reduction from PHP422.011 billion to PHP411.827 billion) Forex Used: 2019 Year-end rate (PHP50.744 = US\$1)</small>		
SO 2	Ensured strong financial performance									
SM 2	Collection Efficiency (CE) for Current Power Sales	$\frac{Collections\ from\ Current\ Power\ Sales}{Current\ Power\ Sales}$	10.0	Actual over Target	96.34% <small>PHP16.304 B PHP16.923 B</small>	93.09% <small>PHP12.212 B PHP13.119 B</small>	92.70% <small>PHP10.472 B PHP11.296 B</small>	93.56% <small>PHP11.758 B PHP12.568 B</small>	93%	93%
SM 3	Amount of Delinquent/Overdue Accounts Collected	$\Sigma Actual\ Collection$	5.0	Actual over Target	N/A	PHP10.95 Billion	PHP8.24 Billion	PHP4.32 Billion	PHP0.945 Billion	PHP0.951 Billion
SM 4	Percentage Share of Overhead Expenses to Total Income	$\frac{(PS + MOOE) - Bad\ Debts}{Total\ Income}$	5.0	Actual over Target	1.76% <small>PHP0.409 B PHP23.204 B</small>	2.63% <small>PHP0.544 B PHP20.664 B</small>	2.78% <small>PHP0.745 B PHP26.81 B</small>	4.71% <small>PHP1.266 B PHP26.882 B</small>	14.00% <small>PHP1.268 B PHP9.054 B</small>	11.15% <small>PHP1.307 B PHP11.727 B</small>
SM 5	EBITDA Margin of Remaining Power Assets	$\frac{EBITDA\ of\ Remaining\ Power\ Assets}{Net\ Utility\ Revenue}$	5.0	Actual over Target	12.05% <small>PHP3.038 B PHP25.218 B</small>	19.00% <small>PHP5.381 B PHP28.330 B</small>	17.31% <small>PHP6.103 B PHP35.254 B</small>	14.07% <small>PHP5.124 B PHP36.414 B</small>	10.00% <small>PHP3.129 B PHP31.985 B</small>	5.85%^{4/} <small>PHP1.846 B PHP31.554 B</small>
								5.84%^{3/} <small>(Proposed Restatement) PHP1.788 B PHP30.644 B</small>		
SM 6	Universal Charge (UC) Remittance Efficiency of Collecting Entities (CEs)	$\frac{\Sigma UC\ Actual\ Remittance}{\Sigma Total\ UC\ Collection}$	7.0	Actual over Target	98.48% <small>PHP25.434 B PHP25.827 B</small>	98.42% <small>PHP27.32 B PHP27.76 B</small>	98.09% <small>PHP30.59 B PHP31.18 B</small>	98.08% <small>PHP20.115 B PHP20.509 B</small>	98%	98%
SM 7	Percentage of UC-ME disbursed to NPC and RE Developers	$\frac{\Sigma UC\ Actual\ Disbursement}{\Sigma Total\ UC\ Remittance}$	8.0	Actual over Target	N/A	N/A	100%	100%	100%	100%
	Sub-total:		70.0							

Perspective 1: Financial

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SO 3 Implemented fair and transparent privatization program										
SM 8	No. of Power Assets Successfully Privatized	Actual accomplishment	10.0	Graduated Scale ^{5/}	32 MW PB 104	650 MW Malaya TPP (Deferred Subject to DOE's Policy Direction)	0	650 MW Malaya TPP 1st and 2nd Round of Biddings conducted resulting to failure in bidding	797.92 MW Caliraya-Botocan-Kalayaan HEPPs (For monitoring)	Any one (1) of the following Power Assets: • 796.95 ^{6/} MW Caliraya-Botocan-Kalayaan (CBK) Hydroelectric Power Plants (HEPPs) OR • 228 GWh Casecnan HEPP <i>*Subject to specific conditions that may hamper privatization⁷</i>
SM 9	No. of Lots Disposed under Strategic Plan	$\frac{\Sigma \text{Number of lots disposed}}{\Sigma \text{Target Number of Lots for Disposal}}$	5.0	Graduated Scale ^{8/}	6 • Bataan CCPP (3) • Bohol (2) • Tiwi-Makban (7)	0	5 • Pantabangan LLA (1) • Limay CCTP LLA (4)	166 Lots • Bauang DPP (92) • Aplaya (49) • Cebu DPP (21) • Masinloc CFTPP (2) • Laoag Property (1) • Naga Property (1)	76 Lots + Lots Not Disposed in 2019	18 lots + Lots Not Disposed in 2020 <i>*Subject to specific conditions that may hamper disposal^{9/}</i>
SO 4 Improved customers' relation and service delivery										
SM 10	Percentage of Satisfied Customers	$\frac{\text{Total number of Satisfied Respondent}}{\text{Total number of Respondents}}$	5.0	Actual over target; 0% if less than 80%	Satisfactory Rating	Satisfactory Rating	N/A	78.50% Satisfied Customers	90% Satisfied Customers <i>Note: Using the Standard Methodology and Questionnaire developed by GCG</i>	90% Satisfied Customers <i>Note: Using the Enhanced Standard Methodology and Questionnaire developed by GCG</i>
<i>Sub-total:</i>			20.0							
SO 5 Adopted effective and efficient financial management system and operational standards										
SM 11	Compliance to Quality Standards	Actual accomplishment	5.0	All or Nothing	ISO 9001:2015 Certification	Surveillance Audit Passed	Surveillance Audit Passed (2 nd Phase) and System on WESM Billing	ISO 9001:2015 Recertification	Surveillance Audit Passed (1st Phase)	Surveillance Audit Passed (2nd Phase)
<i>Sub-total:</i>			5.0							
Perspective 2: Customers/ Stakeholders										
Perspective 3: Internal Business Processes										

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Perspective 4: Learning and Growth	SO 6	Enhanced competency and skills of employees								
	SM 12	Percentage of Employees with Required Competencies Met	$\frac{\Sigma \text{Employees with Required Competencies Met}}{\Sigma \text{Total No. of Employees}}$	5.0	All or Nothing	86.67% (Establish Baseline)	78.40% (Re-establish Baseline)	13.55% Increase from 2017 Baseline	94.52%	Increase from 2019 Actual Competency Level
			Sub-total	5.0						
		Total Weight	100.0							

^{1/} Based on GCG-approved 2020 Performance Scorecard dated 17 February 2020

^{2/} As stated in the GCG letter dated 02 February 2020, update the FOREX Rate once available

^{3/} Proposed Target Restatement as approved by PSALM Board on 22 July 2020; calculation excludes the DAA GRAM and TAFPPCA collectibles both in the numerator and denominator

^{4/} Calculation excludes the DAA GRAM and TAFPPCA collectibles in the numerator and denominator

^{5/} 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

^{6/} Updated Contracted Capacity based on the result of Annual Net Contracted Capacity (NCC) Test conducted in 1st Quarter 2020

^{7/} 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

^{8/} Proposed Rating Methodology

Graduated Scale	
100%	: Execution of Complete Transaction Documents (<i>Deed of Absolute Sale (DOAS), Joint Venture (JV) Agreement, etc.</i>)
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

^{9/} 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