

Measure		GCG-approved		Reassessed		Remarks
Description	Formula	Weight (%)	Targets	Weight (%)	Targets	
Perspective 1: Financial						
Objective 1: Reduced Financial Obligations (FO)						
Measure 1: Amount of net reduction in FO	Previous Year's FO - Current Year's FO	30.0	PhP62.32 billion (Reduction from PhP526.31 billion to PhP463.98 billion) Forex Used: 2014 Year-end rate (PhP44.617 = US\$1)	30.0	PhP60.45 billion (Reduction from PhP550.81 billion to PhP 490.37 billion) <u>Forex Used: 2015 Year-end rate (PhP47.166 = US\$1)</u>	<ul style="list-style-type: none"> Change in target Updated forex rate used, from year-end 2014 to year-end 2015 Reflected the actual year-end 2015 outstanding balance With additional PhP5 billion borrowings FO reduction is before bond issue cost
Objective 2: Ensured Strong Financial Performance						
Measure 2: Collection efficiency (CE) for current power sales	$\frac{\text{Collections from Current Power Sales}}{\text{Current Power Sales}}$	10.0	95%	10.0	95%	<ul style="list-style-type: none"> No change
Measure 3: Percentage share of overhead expenses to total income	$\frac{(\text{PS} + \text{MOOE}) - \text{Bad Debts}}{\text{Total Income}}$ <i>Source: Statement of Comprehensive Income</i>	7.5	3%	7.5	3%	<ul style="list-style-type: none"> No change
Measure 4: EBITDA Margin of Remaining Power Assets	$\frac{\text{EBITDA of Remaining Power Assets}}{\text{Net Utility Revenue}}$	7.5	26.45% PhP6.55 billion PhP24.77 billion	3.0	3.59% PhP0.90 billion PhP25.15 billion	<ul style="list-style-type: none"> Change in target 1st Semester 2016 Assumptions <ul style="list-style-type: none"> Affected by changes in market and economic conditions El niño phenomenon in 1st semester of 2016 Bombing of the transmission line towers for Agus 1 and 2 which resulted to limited transmission capability of the plant starting April 2016 2nd Semester 2016 Assumptions <ul style="list-style-type: none"> Over supply in Mindanao due to commissioning of new baseload plants Change in weight assignment <ul style="list-style-type: none"> Affected by changes in power assets lined up for privatization which are beyond PSALM's control
Perspective 2: Customers/ Stakeholders						
Objective 3: Implemented Fair and Transparent Privatization Program						
Measure 5: Successfully privatized capacity (in MW)	Σ Capacity of Power Plant/ IPP Contracted Energy Successfully Bid Out	20.0	1,122 MW 200 MW: Mindanao Coal 32MW: PB 104 40 MW: UL Security 850 MW: Sucat (Decommissioned Plant)	20.0	882 MW 32MW: PB 104 850 MW: Sucat (Decommissioned Plant)	<ul style="list-style-type: none"> Change in target 40 MW UL Strips of Energy <ul style="list-style-type: none"> Policy direction from DOE on the inclusion of the 40 MW Security Strip in the privatization of the UL Bulk 200 MW Mindanao Coal <ul style="list-style-type: none"> Entry of new base load plants DOE's policy direction is to implement WESM in 2017 Continuing opposition from stakeholders/LGUs GCG-approved calibrated rating methodology <ul style="list-style-type: none"> 100%: Turnover 95%: Issuance of Notice of Award 90%: Declaration of Highest Bidder 80%: Submission of Bids

Measure		GCG-approved		Reassessed		Remarks
Description	Formula	Weight (%)	Targets	Weight (%)	Targets	
Measure 6: No. of lots disposed under Strategic Plan	$\frac{(\sum \text{Lots Disposed} \div \text{Total Lots Titled to PSALM}) \times 100\%}{}$	3.0	6 Bataan CPP (3) Bohol (3)	3.0	6 Bataan CPP (2) Bohol (2) Tiwi-Makban (2)	<ul style="list-style-type: none"> ● Change in target 1 lot in Bataan <ul style="list-style-type: none"> □ with titling issues 1 lot in Bohol <ul style="list-style-type: none"> □ with survey error ● GCG-approved calibrated rating methodology Public Bidding <ul style="list-style-type: none"> □ 100%: Turnover □ 95%: Issuance of Notice of Award □ 90%: Declaration of Highest Bidder □ 80%: Submission of Bids Option Existence Notice Payment: 100% Completion of Sale Documents: 95% Acceptance by SGC: 90% Issuance of OEN: 80%
Measure 7: Percentage of excluded assets disposed	$\frac{\sum \text{Excluded Assets Disposed}}{\text{Target Excluded Assets for Disposal}}$	3.0	100% (Palinpinon, Bohol, BacMan, Ormat, Aplaya, Masinloc, Maibarara, Navotas and Angat)	3.0	100% (Palinpinon, Bohol, BacMan, Cebu , Aplaya, Masinloc, Maibarara, Navotas and Angat)	<ul style="list-style-type: none"> ● Change in target □ Replaced Ormat with Cebu □ Cebu, Palinpinon, Bohol, BacMan and Aplaya will be disposed as one (1) package □ Priority is to dispose assets with high maintenance/storage costs ● GCG-approved calibrated rating methodology □ 100%: Turnover □ 95%: Issuance of Notice of Award □ 90%: Declaration of Highest Bidder □ 80%: Submission of Bids
Objective 4: Provided reliable power supply						
Measure 8: Forced Outage Hours (FOH) of plants under OMA with NPC	$1 + \frac{[(\text{target-actual})/\text{target}] \times 100\%}{}$ 100%; but not to exceed 100%	4.0	24 hours per unit per year	4.0	24 hours per unit per year	<ul style="list-style-type: none"> ● No change
Objective 5: Improved customers' relation and service delivery						
Measure 9: Average satisfaction rating on frontline services	$\frac{\sum \text{Survey Rating}}{\text{Total no. of customers surveyed}}$	2.0	\geq Satisfactory Rating	3.0	\geq Satisfactory Rating	<ul style="list-style-type: none"> ● Change in weight assignment □ To consider efficiency of service delivery to customers/stakeholders
Perspective 3: Internal Processes						
Objective 6: Adopted effective and efficient financial management system and operational standards						
Measure 10: Universal Charge (UC) Remittance Efficiency of Collecting Entities	$\frac{\sum \text{UC Actual Remittance}}{\text{Total UC Collection}}$	3.0	97%	7.5	97%	<ul style="list-style-type: none"> ● Change in weight assignment □ To consider more aggressive efforts in updating and reconciliation of accounts of collecting entities to ensure attainment of target

Measure		GCG-approved		Reassessed		Remarks
Description	Formula	Weight (%)	Targets	Weight (%)	Targets	
Measure 11: No. of business process enhancement program/project implemented	Σ Actual no. of Business Process Implemented	3.0	3 QMS Re-Certification ISMS Re-Certification Integrated NCAS	3.0	2 QMS Certification Upgrade (ISO 9001:2015) Integrated NCAS	<ul style="list-style-type: none"> Changes in target <p>QMS Re-certification:</p> <ul style="list-style-type: none"> From ISO 9001:2008 certification target to a higher version of certification under ISO 9001:2015 which utilizes risk-based approach Rating Methodology 100%: QMS (ISO 9001:2015) Certification 90%: Confirmation Letter/Audit Report 80%: Stage 2 Audit Completion 70%: Stage 1 Audit Completion 60%: Internal Audit Completion 0%: Internal Audit Non-completion <p>ISMS Re-certification:</p> <ul style="list-style-type: none"> The proposed ISMS re-certification will be discontinued considering that the QMS certification upgrade (ISO 9001:2015) includes management of risks. This makes the ISMS impractical to maintain aside from the fact that the Corporation can save on cost by maintaining only one (1) ISO Certification <p>Integrated NCAS</p> <ul style="list-style-type: none"> Rating Methodology 100%: Fully Operational with Systems Manual 90%: Modules Deployed 80%: Training Conducted 70%: Focus Group Discussion
Perspective 4: Learning and Growth						
Objective 7: Enhanced competency and skills of employees						
Measure 12: Average Percentage of Required Competencies Met	-	2.0	Establish baseline	3.0	Establish baseline	<ul style="list-style-type: none"> Change in weight assignment To enhance organizational development program
Objective 8: Ensured employee welfare						
Measure 13: Restructuring	-	5.0	Submission of Board-approved Restructuring Plan	3.0	Submission of Board-approved Restructuring Plan	<ul style="list-style-type: none"> Change in weight assignment Dependent on the approval process of new Board Members <ul style="list-style-type: none"> Change in rating methodology: 100%: Board-approved Restructuring Plan 95%: Management-approved Restructuring Plan 90%: CMT-approved Restructuring Plan 85%: Completion of Steps 1 to 7 of Reorganization Process [Strategic Action Plan (SAP), Organization and Staffing Design (OSD) [includes the Organizational Structure and Staffing Pattern, Career Leveling, and Branch Model, if applicable], Design Framework (DF), Cost-Benefit Analysis (CBA), Workforce Analysis and Planning (WAP) and Current State Assessment (CSA)] 80%: Completion of Steps 1 to 5 75%: Completion of Steps 1 to 3 (CSA only, WAP not included) 70%: Completion of Steps 1 to 2
TOTAL		100.0		100.0		



2015 - 2018 Strategy Map

VISION BY 2026

"A debt-free PSALM towards a competitive and stable electric power industry through transparent and innovative privatization and efficient liability management."

MISSION

"We are an organization dedicated to:

- o *Ensure the orderly privatization of government's power and related disposable assets;*
- o *Optimally liquidate PSALM's financial obligations; and*
- o *Efficiently administer the universal charge."*

CORE VALUES

- o *Professionalism*
- o *Respect*
- o *Excellence*
- o *Teamwork*
- o *Transparency*
- o *Integrity*

FINANCIAL

Reduced Financial Obligations

Ensured Strong Financial Performance



CUSTOMERS / STAKEHOLDERS

Improved Customers' Relation and Service Delivery

Implemented Fair and Transparent Privatization Program

Provided Reliable Power Supply



INTERNAL PROCESSES

Adopted Effective and Efficient Financial Management System and Operational Standards



LEARNING & GROWTH

Enhanced Competency and Skills of Employees

Ensured Employee Welfare

THEME

LIABILITY MANAGEMENT

ASSET MANAGEMENT AND PRIVATIZATION

For GCG:

RAINIER B. BUTALID
Commissioner

For PSALM:

LOURDES S. ALZONA
PCEO

**SUMMARY OF AGREEMENTS
POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT (PSALM) CORPORATION**

**2016
PAN AGREEMENT
Component**

	SO 1	Reduced Financial Obligation	Weight	Formula	Target					GCG Comment/Recommendation	
					Baseline 2014	2015	2016	2017	2018		
FINANCIAL	SM1	Amount of Net Reduction in FO	30%	Previous Year's FO - Current Year's FO	PhP 60.91 billion (Reduction from PhP 643.11 billion to PhP 582.20 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)	PhP 53.10 billion (Reduction from PhP 580.20 billion to PhP 527.1 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)	PhP 62.32 billion (Reduction from PhP 526.31 billion to PhP 463.98 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)	PhP 53.75 billion (Reduction from PhP 463.98 billion to PhP 410.23 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)	PhP 56.45 billion (Reduction from PhP 410.23 billion to PhP 353.78 billion) Forex Used: 2014 Year-end rate (PhP 44.617 = US\$1)		
	SO 2 Ensured Strong Financial Performance										
	SM2	Collection Efficiency (CE) for Current Power Sales	10%	Collections from Current Power Sales Total Current Power Sales	95.66% PhP 35.887 billion PhP 37.515 billion	95%	95%	95%	95%		
	SM3	Percentage Share of Overhead Expenses on Total Income	7.5%	(PS+MOOE) - Bad Debts Total Income	1.08% PhP 0.36 billion PhP 33.55 billion	3%	3%	3%	3%		
	SM4	EBITDA Margin of Remaining Power Assets	7.5%	EBITDA of Remaining Power Assets Net Utility Revenue	(0.41%) (PhP .17 billion) PhP 42.25 billion	19.14% PhP 7.8 billion PhP 40.74 billion	26.45% PhP 6.55 billion PhP 24.77 billion	33.87% PhP 7.38 billion PhP 21.80 billion	N/A		
Sub-total			55%								
CUSTOMERS/STAKEHOLDERS	SO 3 Implemented Fair and Transparent Privatization Program										
	SM5	Successfully Privatized Capacity (in MW)	20%	Σ Capacity of power plant/ IPP contract successfully bid out	663.62 MW [153.1MW Naga PPC (25 Sep 14) 218MW: Angat HEPP (31 Oct 14) 200MW: Unified Leyte Strips of Energy (26 Dec 14) 92.52 MW Mt. Apo 1 and 2 (26 Dec 14)]	432 MW 200 MW: Unified Leyte Bulk Energy 200 MW: Mindanao Coal 32MW:PB 104	1,122 MW 200 MW: Mindanao Coal 32 MW: PB 104 40 MW: UL Security 850 MW: Sucat (Decommissioned Plant)	1,710.10 MW 728 MW: CBK 260 MW: Agus 1 and 2 213.10 MW: Agus 4 and 5 254 MW: Agus 6 and 7 255 MW: Pulangui	650 MW 650 MW: Malaya TPP	Using the graduated scale proposed by PSALM: Turnover - 100% Issuance of Notice of Award - 95% Declaration of Highest Bidder - 90% Submission of Bids - 80%	
	SM6	No. of Lots Disposed Under Strategic Plan	3%	(Σ Lots disposed ÷ Total lots titled to PSALM) x 100%	-	100% (Based on 31 December 2014 inventory covered by LLA)	6 Bataan CCPP (3) Bohol (3)	TBD	TBD	Using the graduated scale proposed by PSALM: Turnover - 100% Issuance of Notice of Award - 95% Declaration of Highest Bidder - 90% Submission of Bids - 80%	
	SM7	Percentage of Excluded Assets Disposed	3%	Σ Excluded assets disposed Target excluded assets for disposal	-	100% (Cebu-Panay, Masinloc, Maibarara, BacMan-Ormat, and Batangas)	100% (Palinpinon, Bohol, BacMan, Ormat, Aplaya, Masinloc, Maibarara, Navotas and Angat)	-	-	Using the graduated scale proposed by PSALM: Turnover - 100% Issuance of Notice of Award - 95% Declaration of Highest Bidder - 90% Submission of Bids - 80%	
SO 4 Provided Reliable Power Supply											

	SM8	Forced Outage Hours (FOH) of Plants under OMA with NPC	4%	FOH per unit per year (FOH as defined under OMA Performance Standards for Operating Plants)	-	24 hours per unit per year	24 hours per unit per year	24 hours per unit per year	-	
	SO 5 Improved Customers' Relation and Service Delivery									
	SM9	Average Satisfaction Rating on Frontline Services	2%	$\frac{\Sigma \text{ Survey Rating}}{\text{Total no. of customers surveyed}}$	-	≥ Satisfactory Rating	≥ Satisfactory Rating	≥ Satisfactory Rating	≥ Satisfactory Rating	
	Sub-total		32%							
INTERNAL PROCESS	SO 6 Adopted Effective and Efficient Financial Management System and Operational Standards									
	SM10	Universal Charge (UC) Remittance Efficiency of Collecting Entities (CEs)	3%	$\frac{\Sigma \text{ UC Actual Remittance}}{\text{Total UC Collection}}$	98.17% PhP 19.93 billion PhP 20.31 billion	97%	97%	97%	97%	
	SM11	No. of Business Process Enhancement Program/Project Implemented	3%	Σ Actual no. of Business Process Implemented	1 ISO 27001:2005 Certification (Certification awarded on 23 January 2014)	2 Expanded CAS CSC-approved SPMS	3 QMS Re-certification ISMS Re-certification Integrated NCAS	2 ERM ISO Certification; Construction of PSALM Building (Completion and Transfer)	1 Philippine Quality Awards	
	Sub-total		6%							
	SO 7 Enhanced Competency and Skills of Employees									
LEARNING AND GROWTH	SM12	Average Percentage of Required competencies Met	2%	-	-	Board-approved Competency Framework	Establish Baseline	TBD	TBD	
	SM13	Restructuring	5%				Submission of Board-approved Restructuring Plan			
	Sub-total		7%							
Total Weight		100%								

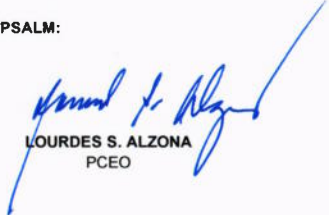
18-Dec-15

For GCG:



RAINIER B. BUTALID
Commissioner

For PSALM:



LOURDES S. ALZONA
PCEO