

REASSESSED 2017 CORPORATE PERFORMANCE SCORECARD

Measure		Baseline (2016)	Board-Approved with GCG-TWG Inputs		Reassessed		Remarks
Description	Formula		Weight	Target	Weight	Target	
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	PhP65.22 billion (Reduction from PhP550.81 billion to PhP485.68 billion) Forex Used: 2015 Yearend rate (PhP47.166 = US\$1) Before bond issuance cost	30.0	PhP56.05 billion (Reduction from PhP490.37 billion to PhP434.32 billion) Forex Used: 2015 Yearend rate (PhP47.166 = US\$1)	30.0	PhP41.60 billion (Reduction from PhP506.34 billion to PhP464.74 billion) Forex Used: 2016 Yearend rate (PhP49.813 = US\$1)	Change in target · Revalued using December 2016 Forex · Inclusion of PhP15 billion refinancing · Cashflow projection covers the ERC-approved tariff of PhP58.96 billion in July 2017. For 2017, the projected collection amounts to PhP12.72 billion. Rating Methodology · Actual over Target
Objective 2: Ensured strong financial performance							
Measure 2: Collection Efficiency for Current Power Sales	$\frac{\text{Collections from Current Power Sales}}{\text{Current Power Sales}}$	96.34 % PhP16.304 billion PhP16.923 billion	10.0	95%	8.0	93%	Change in target collection efficiency 1. Collection from Iligan Power Customers will drop by 25% compared to last year due to Marawi siege; 2. Collection from Power Customers near Marawi will drop by 15% compared to last year; 3. Zero collection for Mindanao State University since it is within Marawi; and 4. Orica and Specialty Pulp were excluded since their contracts have expired in March 2017. Change in weight assignment · 2% weight assigned to SM 3 (new indicator) Rating Methodology · Actual over Target
Measure 3: Collection Efficiency for Non-Current/Overdue Accounts	$\frac{\text{Collections from Non-Current Accounts}}{\text{Projected Collections from Non-Current Accounts}}$	-	-	None	2.0	95% PhP7.82 billion PhP8.23 billion	New inclusion based on the instruction of the PSALM Board Rating Methodology · Actual over Target
Measure 4: Percentage Share of Overhead Expenses to Total Income	$\frac{\text{(PS+MOOE) - Bad Debts}}{\text{Total Income}}$ <i>Source: Statement of Comprehensive Income</i>	1.76% PhP0.408 billion PhP23.203 billion	7.5	3%	7.5	3%	No Change Rating Methodology · Actual over Target
Measure 5: EBITDA Margin of Remaining Power Assets	$\frac{\text{EBITDA of Remaining Power Assets}}{\text{Net Utility Revenue}}$	12.05% PhP3.038 billion PhP25.218 billion	3.0	6.59%	3.0	6.59% PhP1.749 billion PhP26.571 billion	No Change Rating Methodology · Actual over target

Measure		Baseline (2016)	Board-Approved with GCG-TWG Inputs		Reassessed		Remarks
Description	Formula		Weight	Target	Weight	Target	
Perspective 2: Customers/ Stakeholders							
Objective 3: Implemented fair and transparent privatization program							
Measure 6: No. of Power Assets Successfully Privatized (Preparatory Activities)	-	32 MW PB 104	20.0	650 MW 650 MW: Malaya TPP	10.0	1 650 MW Malaya TPP (Submission of Bidders Pre-qualification Documents)	Modified the strategic measure per PSALM Board instruction Change in weight assignment · 10% weight is assigned to SM7 Rating Methodology · 100%: Submission of Pre-qualification Documents by bidders · 95%: Pre-bid Conference · 90%: Submission of Letters of Interests by bidders · 80%: Publication of Invitation to Bid
Measure 7: No. of Decommissioned Asset Disposed	-	-		None	10.0	1 Sucat TPP	Based on the instruction of the GCG TWG to separate the Sucat Decom from excluded assets Rating Methodology · 100%: Turnover · 95%: Issuance of NOA · 90%: Declaration of Highest Bidder · 80%: Submission of Bids
Measure 8: No. of Lots Disposed under Strategic Plan	$(\sum \text{lots disposed} \div \text{Total lots titled to PSALM}) \times 100\%$	12 lots Bataan CCPP (3) Bohol (2) Makban (7)	2.0	131 Calaca (123) Manila TPP (8)	2.0	231 Calaca (123)* Manila TPP (8) Puerto Azul (1) GenSan (3) Bauang (96) *dependent on SCPC priority of acquisitions	Change in target · Inclusion of Puerto Azul, GenSan and Bauang · For Calaca, PSALM noted that the disposal depends on the SCPC priority of acquisition Rating Methodology · Public Bidding · 100%: Turnover · 95%: Issuance of NOA · 90%: Declaration of Highest Bidder · 80%: Submission of Bids · Option Existence Notice · 100%: Payment · 95%: Completion of Sale Documents · 90%: Acceptance by SGC · 80%: Issuance of OEN

Measure		Baseline (2016)	Board-Approved with GCG-TWG Inputs		Reassessed		Remarks
Description	Formula		Weight	Target	Weight	Target	
Measure 9: Percentage of Hard Copies of Real Estate Assets Documents Turned Over from NPC to PSALM	-	-	3.0	100%	3.0	100%: June	Measure and target to be harmonized with NPC, with graduated scale on timeliness Rating Methodology: · 5% deduction from 100% score for every week of delay Targets committed by NPC for transfer: · Lots registered in NPC's name (1,388) · Lots with decision (620) · Lots with decree (1) · Wholly acquired lots with DOAS but title still in previous owner's name (28)
Measure 10: Percentage of Excluded Assets Disposed	$\frac{\sum \text{Excluded assets disposed}}{\text{Target excluded assets for disposal}}$	Cebu-Bohol-Palinpunon-Aplaya • The BAC-Disposal issued the Notice of Award dated 7 October 2016 to Izbanda Enterprises and the Notice to Proceed effective on 24 October 2016.	3.0	100% [Calaca CFTPP, Makban GPP, Tiwi GPP, Ormat (BacMan and Ligao)]	3.0	100% [Calaca CFTPP, Makban GPP, Tiwi GPP, Ormat (BacMan and Ligao)]	Rating Methodology · 100%: Turnover · 95%: Issuance of NOA · 90%: Declaration of Highest Bidder · 80%: Submission of Bids
Objective 4: Improved customers' relation and service delivery							
Measure 11: Average Satisfaction Rating on Frontline Services	$\frac{\sum \text{Survey Rating}}{\text{Total no. of customers surveyed}}$	Power Customers Satisfactory Rating with the following weighted average: • Contracting: 3.12 • Billing and Collections: 2.82	3.0	≥ Satisfactory Rating (Collecting Entities)	3.0	≥ Satisfactory Rating (Outsourced Services)	Change in target respondents Rating Methodology · Pass/Fail
Perspective 3: Internal Processes							
Objective 5: Adopted effective and efficient financial management system and operational standards							
Measure 12: Universal Charge (UC) Remittance Efficiency of CEs	$\frac{\sum \text{UC Actual Remittance}}{\text{Total UC Collection}}$	98.48% <u>PhP24.949 billion</u> PhP25.345 billion	7.5	97%	7.5	97%	No change Rating Methodology · Actual over Target
Measure 13: No. of Business Process Enhancement Program/Project Implemented	$\sum \text{Actual no. of Business Process Implemented}$	• QMS Upgrade Certification (ISO 9001:2015) - Certificate received on 13 December 2016 • Various system modules operational and maintained for NCAS	3.0	1 QMS Surveillance Audit (ISO 9001:2015)	3.0	1 QMS Surveillance Audit (ISO 9001:2015) - 1st Phase	Rating Methodology □ QMS Surveillance Audit 100%: Confirmation Letter/Audit Report 90%: QMS Surveillance Audit Conducted 80%: Internal Audit Completion 70%: IMS Documentation Completion 60%: ERM and IMS Documentation Training and Review

Measure		Baseline (2016)	Board-Approved with GCG-TWG Inputs		Reassessed		Remarks
Description	Formula		Weight	Target	Weight	Target	
Perspective 4: Learning and Growth							
Objective 6: Enhanced competency and skills of employees							
Measure 14: Average Percentage of Required Competencies Met	-	Corporate Baseline: 86.67%	3.0	3% Increase from Current Table of Organization (TO) Baseline for new TO	3.0	3% Increase from Current TO	Rating Methodology · 100%: 3% increase from current TO · 95%: 2.50% - 2.99% increase · 90%: 2.00% - 2.49% increase · 85%: 1.50% - 1.99% increase · 80%: 1.00% - 1.49% increase · 75%: Below 1.00%
Objective 7: Ensured employee welfare							
Measure 15: Restructuring Plan	-	• 15 Dec 2016 - Presentation to the Board of DAP's Initial Findings and Recommendations on PSALM's Reorganization Plan	5.0	100% Implementation of GCG-approved Restructuring Plan	5.0	Submission to and approval by the PSALM Board of Restructuring Plan	Rating Methodology · Actual over Target
	TOTAL		100.00		100.0		



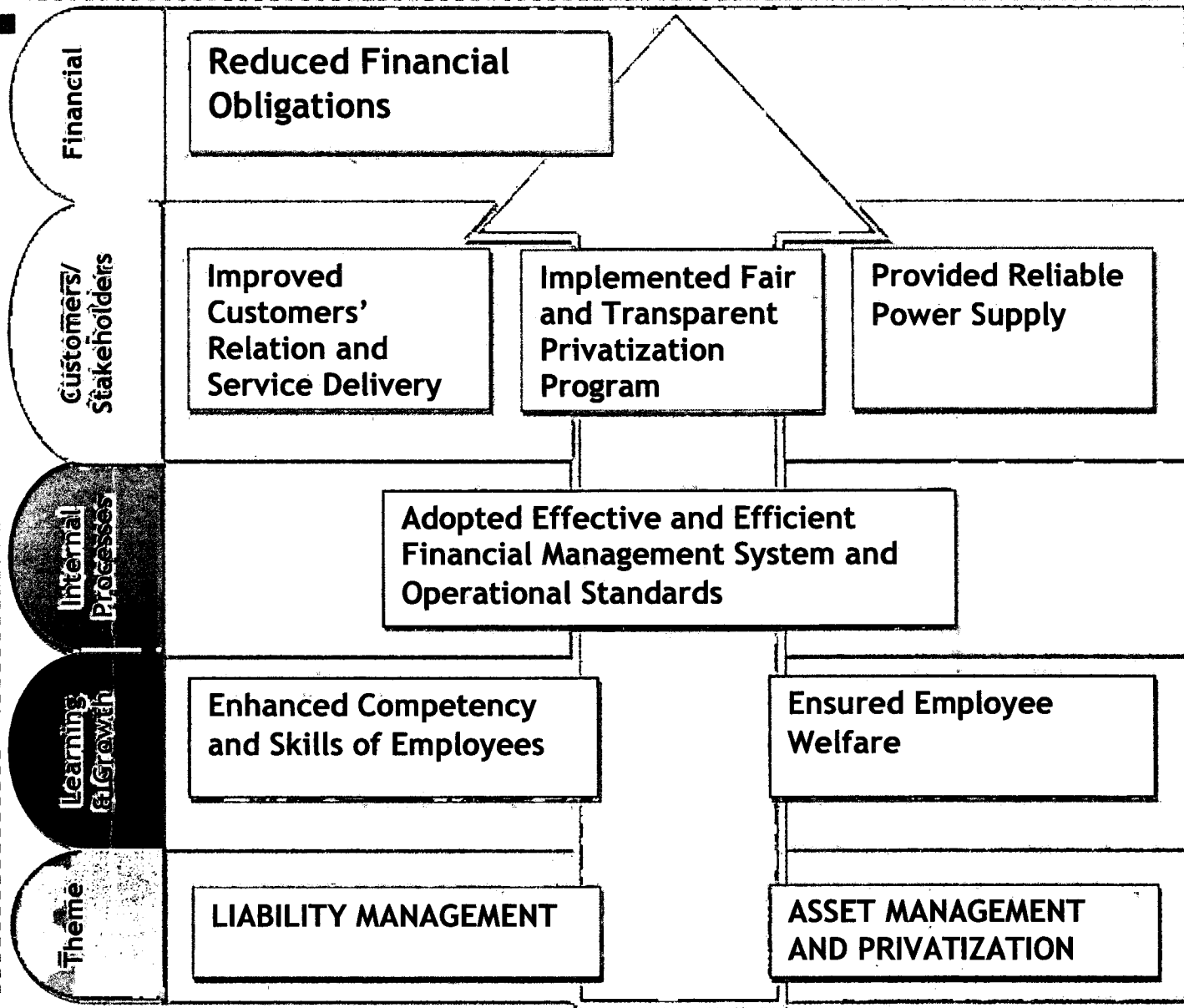
VISION BY 2026: A debt-free PSALM towards a competitive electric power industry through strategic asset privatization and financial management

MISSION

“We are an organization dedicated to:

- Ensure the orderly privatization of PSALM’s power and other disposable assets;
- Optimally liquidate PSALM’s financial obligations; and
- Efficiently administer the Universal Charge

- Professionalism
- Respect
- Excellence
- Teamwork
- Transparency
- Integrity



POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM)

	Objective/Measure	Component Formula	Wt.	Rating System	Baseline		Target	
					2015	2016	2017	
FINANCE	SO 1	Reduced Financial Obligation (FO)						
	SM 1	Amount of Net Reduction in FO	Previous Year's FO – Current Year's FO	30%	Actual over Target	54.58 Billion	65.22 Billion	41.60 Billion†
	SO 2	Ensured Strong Financial Performance						
	SM 2	Collection Efficiency for Current Power Sales	$\frac{\text{Collections from Current Power Sales}}{\text{Current Power Sales}}$	10%	Actual over Target	97.33% 24.44 B 25.11 B	96.34% <u>16.304 B</u> 16.923 B	93%
	SM 3	Collection Efficiency for Non-Current/Overdue Accounts	Total collection – collection from <u>current customer + Credit Memo</u> 2016 Outstanding Balance + Debit Memo + 2017 refunds	5%	Actual over Target	N/A	N/A	Established Baseline
	SM 4	Percentage Share of Overhead Expenses to Total Income	$\frac{(\text{PS} + \text{MOOE}) - \text{Bad Debts}}{\text{Total Income}}$	2%	Actual over Target	1.49% <u>0.394 B</u> 26.445 B	1.76% <u>₱0.409 B</u> ₱23.204 B	1.76%
	SM 5	EBITDA Margin of Remaining Power Assets	$\frac{\text{EBITDA of Remaining Power Assets}}{\text{Net Utility Revenue}}$	5%	Actual over Target	11.53% <u>3.56 B</u> 30.86 B	12.05% <u>₱3.038 B</u> ₱25.218 B	6.59% <u>₱1.749 B</u> ₱26.571 B
			Sub-total	52%				

* Based on PSALM's submitted accomplishments.

† Using 2016 yearend FOREX Rate.

STAKEHOLDER	Component		Wt.	Rating System	Baseline		Target	
	Objective/Measure	Formula			2015	2016	2017	
STAKEHOLDER	SO 3	Implemented Fair and Transparent Privatization Program						
	SM 6	No. of Power Assets Successfully Privatized		Actual over Target	96 MW PB 101-103	32 MW PB 104	1 650 MW Malaya TPP (Deferred. Subject to DOE's Policy Directions)	
	SM 7	No. of Decommissioned Assets Disposed		10% Graduated Scale [†]	N/A	N/A	1 Sucat TPP	
	SM 8	No. of Lots Disposed under Strategic Plan	$(\Sigma \text{ lots disposed} + \text{total lots titled to PSALM}) \times 100\%$	5%	Graduated Scale [§]	1 (Board-Approved Strategic Plan for Real Estate Assets)	12 Bataan CCPP (3) Bohol (2) Tiwi-Makban (7)	231 Calaca (123)** Manila TPP (8) Puerto Azul (1) GenSan (3) Bauang (96)

[†] 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 Lots

- | | | |
|-----------------------------------|--|-----------------------------------|
| <i>Public Bidding</i> | | <i>Option Existence Notice</i> |
| 100% Turnover | | 100% Turnover |
| 95% Issuance of Notice of Award | | 95% Issuance of Notice of Award |
| 90% Declaration of Highest Bidder | | 90% Declaration of Highest Bidder |

** Dependent on SCPC priority of acquisitions.

	Objective/Measure	Component			Baseline		Target	
		Formula	Wt.	Rating System	2015	2016	2017	
STAKEHOLDER	SM 9	Number of Transferred Certificates of Titles/Decrees and Land Registration Case Decisions under OMA to PSALM		3%	All or Nothing	N/A	N/A	2,037 lot titles from NPC to PSALM
	SM 10	Percentage of Excluded Assets Disposed	$\frac{\Sigma \text{ Excluded assets disposed}}{\Sigma \text{ Target excluded assets for disposal}}$	3%	Actual over Target	30% Panay, GenSan (Declaration of highest bidder only)	100% Cebu, Bohol, Palimpinon, Aplaya (Issued Notice of Award and Notice to Proceed) Angat, Masinloc, Maibarara, Navotas, PGPC (Failed biddings)	100% [Calaca, CFTPP, Makban GPP, Tiwi GPP, Ormat (BacMan and Ligao)]
	SO 4	Improved Customers' Relation and Service Delivery						
	SM 11	Average Satisfaction Rating on Frontline Services	$\frac{\Sigma \text{ Survey Rating}}{\text{Total no. of customers surveyed}}$	5%	All or Nothing	Satisfactory	Satisfactory	≥ Satisfactory Rating
				Sub-total	26%			
INTERNAL BUSINESS PROCESS	SO 5	Adopted Effective and Efficient Financial Management Systems and Operational Standards						
	SM 12	Universal Charge (UC) Remittance Efficiency of CEs	$\frac{\Sigma \text{ UC Actual Remittance}}{\Sigma \text{ Total UC Collection}}$	7%	Actual over Target	98.46% $\frac{22.996 \text{ B}}{23.355 \text{ B}}$	98.48% $\frac{P25.434 \text{ B}}{P25.827 \text{ B}}$	98%
	SM 13	ISO Certification		5%	All or Nothing	CSC-Approved SPMS	ISO 9001:2015 Certification	Surveillance Audit Passed
				Sub-total	12%			

	Component				Baseline		Target	
	Objective/Measure	Formula	Wt.	Rating System	2015	2016	2017	
LEARNING AND GROWTH	SO 6	Enhanced Competency and Skills of Employees						
	SM 14	Percentage of Employees with Required Competencies Met	$\frac{\Sigma \text{ Employees with required competencies met}}{\Sigma \text{ Total No. of Employees}}$	5%	All or Nothing	Board-Approved Competency Framework	86.67%	Re-establish baseline ^{††}
	SO 7	Ensured Employee Welfare						
	SM 15	Restructuring Plan		5%	All or Nothing	N/A	Presentation to the Board the DAP's Initial Findings and Recommendations on PSALM's Reorganization Plan	Submission of Board-Approved Restructuring Plan
				Sub-total	10%			
			TOTAL	100%				

^{††} Based on Current TO and new formula.