



POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT (PSALM) CORPORATION

	Component				Baseline			2018 GCG-Approved	
	Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight %	Rating System	2015	2016	2017 ^{a/ b/}		
Perspective 1: Financial	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	PhP54.58 Billion <small>Forex Used: 2014 Year-end rate (PHP44.617 = US\$1)</small>	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>	PhP45.37 Billion <small>(Reduction from PhP466.23 billion to PhP420.86 billion) Forex Used: 2017 Year-end rate (PHP49.923 = 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	97.33% <u>PhP24.44 B</u> PhP25.11 B	96.34% <u>PhP16.304 B</u> PhP16.923 B	93.09% <u>PhP12.212 B</u> PhP13.119 B	93%
	SM 3	CE for Delinquent/ Overdue Accounts <u>CE for Non-Current/Overdue Accounts</u> ^{c/}	$\frac{Total\ Collection_{current+noncurrent} - Collection_{current} + Credit\ Memo}{Outstanding\ Balance_{previous\ year} + Refund_{current\ year} + Debit\ Memo}$	5.0	Actual over Target	N/A	N/A	Established Baseline	15.40% <u>PhP15.00 B</u> PhP97.41 B
								132.99% <u>PhP10.948 B</u> PhP8.232 B	Under MR: 95% ^{c/} <u>PhP5.87 B</u> PhP6.18 B
	SM 4	Percentage Share of Overhead Expenses to Total Income	$\frac{(PS + MOOE) - Bad\ Debts}{Total\ Income}$ <small>Source: Statement of Comprehensive Income</small>	5.0	Actual over Target	1.49% <u>PhP0.394 B</u> PhP26.445 B	1.76% <u>PhP0.409 B</u> PhP23.204 B	2.63% <u>PhP0.544 B</u> PhP20.664 B	2.0%
									Under MR: 3.0% ^{c/}
	SM 5	EBITDA Margin of Remaining Power Assets	$\frac{EBITDA\ of\ Remaining\ Power\ Assets}{Net\ Utility\ Revenue}$	5.0	Actual over Target	11.53% <u>PhP3.56 B</u> PhP30.86 B	12.05% <u>PhP3.038 B</u> PhP25.218 B	17.86% <u>PhP5.059 B</u> PhP28.330 B	4.04% <u>PhP0.890 B</u> PhP22.022 B
			Sub-total:	55.0					

	Component				Baseline			2018 GCG-Approved	
	Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight %	Rating System	2015	2016	2017 ^{a/ b/}		
Perspective 2: Customers/ Stakeholders	SO 3	Implemented fair and transparent privatization program							
	SM 6	No. of Power Assets Successfully Privatized	-	10.0	Graduated Scale ^{c/}	96 MW PB 101-103	32 MW PB 104	650 MW Malaya TPP (Preparatory activities)	650 MW Malaya TPP
	SM 7	No. of Lots Disposed under Strategic Plan	$(\Sigma \text{ lots disposed} \div \text{Total lots titled to PSALM}) \times 100\%$	5.0	Graduated Scale ^{c/}	1 Board-approved Strategic Plan for Real Estate Assets	6 • Bataan CCPP (3) • Bohol (2) • Tiwi-Makban (1)	0	95 • Manila TPP (8) • Puerto Azul Guesthouse (2) • Naga Property (1) • Cebu DPP (21) • Aplaya DPP (49) • Laoag 'Defunct' DPP (1) • Malaya TPP (LLA) (5) • Pantabangan LLA Land (OEN) (1) • Bataan CCPP LLA Land (OEN) (4) • Gen. Santos DPP (Reconveyance) (3)
	SO 4	Improved customers' relation and service delivery							
	SM 8	Percentage of Satisfied Customers	$\frac{\Sigma \text{ Survey Rating}}{\text{Total no. of Customers Surveyed}}$	5.0	All or Nothing	Satisfactory Rating	Satisfactory Rating	≥ Satisfactory Rating	90% Satisfied Customers
	Sub-total:		20.0						
Perspective 3: Internal Processes	SO 5	Adopted effective and efficient financial management system and operational standards							
	SM 9	Universal Charge (UC) Remittance Efficiency from Collecting Entities (CEs)	$\frac{\Sigma \text{ UC Actual Remittance}}{\text{Total UC Collection}}$	8.0	Actual over Target	98.46% Php22.996 B Php23.355 B	98.48% Php25.434 B Php25.827 B	98.42% Php27.318 B Php27.757 B	98%
	SM 10	Percentage of UC-ME disbursed to NPC and RE Developers	$\frac{\Sigma \text{ UC Actual Disbursement}}{\text{Total UC Remittance}}$	7.0	Actual over Target	N/A	N/A	N/A	100%
	SM 11	No. of Business Process Enhancement Program/Project Implemented	$\Sigma \text{ Actual no. of Business Process Implemented}$	5.0	All or Nothing	SPMS Manual	ISO 9001:2015 Certification	Surveillance Audit Passed	Two (2) Projects (1) QMS Surveillance Audit - 2 nd Phase (2) System on WESM Billing
	Sub-total:		20.0						

	Component				Baseline			2018 GCG-Approved	
	Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight %	Rating System	2015	2016	2017 ^{a/ b/}		
Perspective 4: Learning and Growth	SO 6	Enhanced competency and skills of employees							
	SM 12	Percentage of Employees with Required Competencies Met	$\frac{\Sigma \text{ Employees with Required Competencies Met}}{\text{Total No. of Employees}}$	5.0	All or Nothing	Board-approved Competency Framework	86.67%	Re-establish Baseline <small>(Based on current TO and new formula)</small>	10% Increase from 2017 Baseline
			<i>Sub-total</i>	<i>5.0</i>					
			<i>Total Weight</i>	<i>100.0</i>					

Notes: a. On-going GCG validation for PSALM 2017 Accomplishments;

b. Based on Board-approved Reassessed 2017 Performance Scorecard (PES Form 3) submitted to GCG on 31 August 2017; PSALM requested for reconsideration, in a letter dated 09 May 2018, on GCG's modifications of 2017 targets and weight re-allocation per target, on the following measures:

- Modifications on three (3) strategic measures:
 - i. SM 4: Percentage Share of Overhead Expenses to Total Income (target & weight);
 - ii. SM 8: Number of Lots Disposed Under Strategic Plan (weight);
 - iii. SM 15: Restructuring Plan (target);

- Modified rating system for two (2) strategic measures on privatization of assets

c. Based on GCG-approved 2018 Performance Scorecard dated 18 June 2018, however, PSALM requested for reconsideration in a letter dated 19 July 2018 on the following:

- Modified targets for two (2) strategic measures:
 - i. SM 3: Collection Efficiency for Non-Current/Overdue Accounts;
 - ii. SM 4: Percentage Share of Overhead Expenses to Total Income; and
- Modified rating system for two (2) strategic measures on privatization of assets

PSALM's proposed graduated scale:

Graduated Scale for SMs 6a and 7a based on Project Stages:	
^{3/} If Public Bidding:	^{4/} If Through OEN:
Turnover : 100%	Payment : 100%
Issuance of NOA : 95%	Completion of Sale Documents : 95%
Declaration of Highest Bidder: 90%	Acceptance by SGC : 90%
Submission of Bids : 80%	Issuance of OEN : 80%

GCG-approved graduated scale:

Graduated Scale for SMs 6 and 7 based on Project Stages:	
^{3/} If Public Bidding:	^{4/} If Through OEN:
Turnover : 100%	Turnover : 100%
Issuance of NOA : 95%	Issuance of NOA : 95%
Declaration of Highest Bidder: 90%	Declaration of Highest Bidder : 90%

	Component				Baseline		Target		
	Objective/Measure	Formula	Wt.	Rating System	2015	2016	2017	2018	
	SO 4	Improved Customers' Relation and Service Delivery							
	SM 8	Percentage of Satisfied Customers	$\frac{\Sigma \text{ Survey Rating}}{\text{Total no. of customers surveyed}}$	5%	All or Nothing	Satisfactory	Satisfactory	\geq Satisfactory Rating	90% Satisfied Customers
			Sub-total	20%					
	SO 5	Adopted Effective and Efficient Financial Management Systems and Operational Standards							
INTERNAL BUSINESS PROCESS	SM 9	Universal Charge (UC) Remittance Efficiency of CEs	$\frac{\Sigma \text{ UC Actual Remittance}}{\Sigma \text{ Total UC Collection} + \text{Maintaining balance}}$	8%	Actual over Target	98.46% <u>22.996 B</u> 23.355 B	98.48% <u>P25.434 B</u> P25.827 B	98%	98%
	SM 10	Percentage of UC-ME Disbursed to NPC and RE Developers	$\frac{\Sigma \text{ UC Actual Disbursement}}{\Sigma \text{ Total UC Remittance} + \text{Maintaining balance}}$	7%	Actual over Target	N/A	N/A	N/A	100%
	SM 11	No. of Business Process Enhancement Program/Project Implemented	$\Sigma \text{ Actual no. of business process implemented}$	5%	All or Nothing	SPMS Manual	ISO 9001:2015 Certification	Surveillance Audit Passed	QMS Surveillance Audit – 2 nd Phase; and System on WESM Billing
				Sub-total	20%				
	SO 6	Enhanced Competency and Skills of Employees							
LEARNING AND GROWTH	SM 12	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****	10% increase from 2017 baseline
			Sub-total	5%					
			TOTAL	100%					

**** Based on Current TO and new formula.