

# **Attachment A**

## **FY 2023 NPC Approved Corporate Operating Budget (GAA of 2023)**

## II. NATIONAL POWER CORPORATION

## SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2023

(In Thousand Pesos)

## SUMMARY

	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P 894,515	P 458,289	P 169,957	P 1,522,761
a. Head Office Support Group	668,872	420,500	98,912	1,188,284
b. Engineering Administration/Survey/ Development Studies Planning	225,643	37,789	71,045	334,477
2. Support to Operations		93,365		93,365
a. Other Expenses		93,365		93,365
3. Operations	1,215,425	8,273,513	2,986,762	12,475,700
a. Small Power Utilities Group	1,111,004	1,228,301	2,956,709	5,296,014
b. Production of Goods		6,886,431		6,886,431
c. Watershed Management	104,421	158,781	30,053	293,255
4. Debt Service		41,921		41,921
5. Other Expenditures	22,716	12,837,912		12,860,628
a. Input VAT		2,024,367		2,024,367
b. Bataan Nuclear Power Plant Preservation	22,716	53,943		76,659
c. New Power Provider Subsidy		10,371,048		10,371,048
d. Dividends Paid		388,554		388,554
6. Personnel Services and Maintenance and Other Operating Expenses	754,484	640,405		1,394,889
a. As Operator of PSALM's Assets	754,484	640,405		1,394,889
7. Foreign-Assisted Projects			60,859	60,859
a. Access to Sustainable Energy Program			35,109	35,109
b. Agus-Pulangi Rehabilitation			25,750	25,750
<b>TOTAL BEFORE PRIOR YEARS' NG SUBSIDY</b>	<b>2,887,140</b>	<b>22,345,405</b>	<b>3,217,578</b>	<b>28,450,123</b>
<b>PRIOR YEARS' NG SUBSIDY</b>			<b>2,735,253</b>	<b>2,735,253</b>
<b>TOTAL</b>	<b>P 2,887,140</b>	<b>P 22,345,405</b>	<b>P 5,952,831</b>	<b>P 31,185,376</b>

## II. NATIONAL POWER CORPORATION

## SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2023

Schedule I

(In Thousand Pesos)

## NATIONAL GOVERNMENT SUBSIDY

	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
A. PROGRAM/ACTIVITY/PROJECT				
1. Operations			P 1,314,107 P	1,314,107
a. Small Power Utilities Group			1,314,107	1,314,107
TOTAL BEFORE PRIOR YEARS' NG SUBSIDY			1,314,107	1,314,107
PRIOR YEARS' NG SUBSIDY			2,735,253	2,735,253
TOTAL			P 4,049,360 P	4,049,360

## II. NATIONAL POWER CORPORATION

## SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2023

Schedule II

(In Thousand Pesos)

## CORPORATE FUNDS

	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 894,515 P	458,289 P	169,957 P	1,522,761
a. Head Office Support Group	668,872	420,500	98,912	1,188,284
b. Engineering Administration/Survey/Development Studies Planning	225,643	37,789	71,045	334,477
2. Support to Operations		93,365		93,365
a. Other Expenses		93,365		93,365
3. Operations	1,215,425	8,273,513	1,672,655	11,161,593
a. Small Power Utilities Group	1,111,004	1,228,301	1,642,602	3,981,907
b. Production of Goods		6,886,431		6,886,431
c. Watershed Management	104,421	158,781	30,053	293,255
4. Debt Service		41,921		41,921

5. Other Expenditures	22,716	12,837,912	12,860,628
a. Input VAT		2,024,367	2,024,367
b. Bataan Nuclear Power Plant Preservation	22,716	53,943	76,659
c. New Power Provider Subsidy		10,371,048	10,371,048
d. Dividends Paid		388,554	388,554
6. Personnel Services and Maintenance and Other Operating Expenses	754,484	640,405	1,394,889
a. As Operator of PSALM's Assets	754,484	640,405	1,394,889
7. Foreign-Assisted Projects		60,859	60,859
a. Access to Sustainable Energy Program		35,109	35,109
b. Agus-Pulangi Rehabilitation		25,750	25,750
<b>TOTAL</b>	<b>P 2,887,140 P</b>	<b>22,345,405<sup>a/</sup> P</b>	<b>1,903,471 P 27,136,016</b>

a/ MOOE, net of allowance for depreciation at P559.983 Million

#### Special Provision(s)

1. **Approval of the FY 2023 Corporate Operating Budget of the National Power Corporation under R.A. No. 7638.** The FY 2023 Corporate Operating Budget (COB) of the NPC is hereby approved by the Congress of the Philippines pursuant to Section 13, Chapter III of R.A. No. 7638.

2. **Acquisition of Equipment.** The acquisition of equipment included in the approved COB shall be subject to the provisions of Corporate Budget Circular No. 17 dated February 9, 1996, Administrative Order No. 14 dated December 10, 2018, Budget Circular No. 2022-1 dated February 11, 2022 and other guidelines issued thereon.

3. **Payment of Compensation and Benefits.** Payment of salaries, allowances and other benefits shall be in accordance with applicable laws, rules and regulations such as, but not limited to P.D. No. 985, as amended, R.A. No. 6758, as amended, R.A. No. 10149, Corporate Compensation Circular No. 10 dated February 15, 1999, Memorandum Order No. 20, s. 2001 and Executive Order No. 150 dated October 1, 2021.

4. **Payment of Terminal Leave, Separation or Retirement Benefits.** Payment of terminal leave, separation or retirement benefits shall be computed in accordance with the rates, conditions and procedure prescribed under applicable laws and guidelines issued thereon.

The amounts of Two Hundred Ten Million Two Hundred Forty Six Thousand Pesos (P210,246,000) and Five Hundred Three Million Seven Hundred Eighty Two Thousand Pesos (P503,782,000) shall be used exclusively for the payment of terminal leave and separation benefits, respectively, to the affected NPC personnel based on the list submitted by NPC to the DBM. In no case shall said amount be used to pay affected personnel who are eligible to receive separation or retirement benefits under applicable laws.

5. **Budget Flexibility.** The NPC Board of Directors is authorized to modify programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the deficiencies which may arise from factors beyond the NPC's control such as, but not limited to: (i) occurrence of natural calamities; (ii) currency depreciation; (iii) inflation; (iv) change in interest rates; (v) increase in oil, steam, coal or natural gas prices; (vi) change in generation mix and demand including purchased power; (vii) change in generation or transmission system plan or program; (viii) change in programs or projects; (ix) change in schedule of project implementation; (x) transfer or elimination of projects or installations that are hazardous to the health or safety of inhabitants; and (xi) reorganization, subsidiarization or privatization should conditions warrant.

In the exercise of said authority, the NPC shall observe the following limitations:

- No acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses; and
- Personnel Services allocation in the approved COB shall not be augmented by new funding sources.

6. **Augmentation Beyond the Approved Corporate Operating Budget.** The NPC Board of Directors is authorized to augment and disburse funds beyond the total amount approved in this Act exclusively for the MOOE and Capital Outlay requirements related to missionary electrification, and rehabilitation and management of watershed areas due to the effects of peso devaluation, fuel price increase in the market, improvement or changes in power generation activities or demand of customers, electrification of new areas, increase in taxes and production costs, or imposition of new taxes.

The fund shall be sourced from new funding sources, such as income arising from increase in universal and generation charges approved by the Energy Regulatory Commission or grant of financial assistance by LGUs and other sources as authorized under existing laws, guidelines and issuances, such as but not limited to R.A. No. 9136 or the Electric Power Industry Reform Act of 2001 and its IRR as certified by the Chief Accountant and President of NPC.

In no case shall Personnel Services allocation be augmented beyond the total amount approved in this Act.

7. **Collection of Delinquent Receivables from Electric Cooperatives under the Small Power Utilities Group.** In order to augment the fund sources necessary to support the budgetary requirements of the NPC and ensure the viability of its operations, the NPC Board of Directors is hereby authorized to act with finality, without further need of confirmation, appraisal, or assessment from other government agencies, the settlement and compromise of accrued penalties, interest and other charges due from electric cooperatives. In all cases, the NPC Board of Directors shall ensure that the approved settlement and compromise shall not be against provisions of law or public policy, and shall be consistent with public interest and redound to the benefit of the National Government.

8. **Procurement of Critical Supplies.** The NPC shall ensure the timely and sufficient provision of fuel and spare parts for its Small Power Utilities Group to ensure adequate power supply in areas covered. For this purpose, the NPC shall resort to available modalities in the procurement thereof, subject to the pertinent provisions of R.A. No. 9184, its IRR, and other guidelines issued thereon.

9. **Remittance of Cash Dividends.** Cash dividends equivalent to at least fifty percent (50%) of the annual net earnings of the NPC shall be deposited with the National Treasury as income of the General Fund pursuant to R. A. No. 7656.

10. **Audit of Government Funds.** Government funds authorized herein to be invested as equity by the corporation to its subsidiaries, as well as the grant of

subsidy, loan contribution or any kind of financial assistance to end-user entities both in the private or public sector, shall be subject to audit by the COA pursuant to the provisions of P.D. No. 1445, as amended.

11. **Transparency Seal.** To enhance transparency and enforce accountability, the NPC shall maintain a Transparency Seal to be posted on its website. The Transparency Seal shall contain the following: (i) corporation's mandates and functions, names of its officials with their position and designation, and its contact information; (ii) approved COB and corresponding targets including any amount of budgetary support from the National Government; (iii) budgetary adjustments made in its COB; (iv) annual procurement plan/s and contracts awarded with the winning suppliers, contractor or consultant; (v) major programs and projects and their target beneficiaries; (vi) status of implementation, evaluation and/or assessment reports of said programs or projects; (vii) Budget and Financial Accountability Reports; (viii) Updated People's Freedom of Information (FOI) Manual signed by head of agency, Updated One-Page FOI Manual and Agency FOI Reports; and (ix) year-end financial reports and trial balances for the last three (3) fiscal years.

The President of the NPC and the Corporation's web administrator or his/her equivalent shall be responsible for ensuring compliance with this requirement.

The DBM shall post on its website the status of compliance of the NPC.

**B.2. NATIONAL POWER CORPORATION**

For subsidy requirements in accordance with the programs and project(s), as indicated hereunder . . . . . P 1,314,107,000

New Appropriations, by Programs/Projects

	<u>Current Operating Expenditures</u>		
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>
			<u>Total</u>
<b>A. REGULAR PROGRAMS</b>			
Operations	P <u>77,139,000</u>		P <u>77,139,000</u>
MISSIONARY ELECTRIFICATION PROGRAM		<u>77,139,000</u>	<u>77,139,000</u>
Total, Regular Programs		<u>77,139,000</u>	<u>77,139,000</u>
<b>B. PROJECT(S)</b>			
Locally-Funded Project(s)		<u>1,236,968,000</u>	<u>1,236,968,000</u>
Total, Project(s)		<u>1,236,968,000</u>	<u>1,236,968,000</u>
<b>TOTAL NEW APPROPRIATIONS</b>	P <u><u>1,314,107,000</u></u>		P <u><u>1,314,107,000</u></u>

**Special Provision(s)**

1. **Subsidy to the National Power Corporation.** The amount of One Billion Three Hundred Fourteen Million One Hundred Seven Thousand Pesos (P1,314,107,000) appropriated herein under the subsidy to NPC shall be used for the requirements of the Missionary Electrification Program.

Release of funds shall be subject to the submission of: (i) program of work for each Small Power Utilities Group plant covered indicating the project description and implementation schedule; and (ii) originating letter request from electric cooperatives which shall contain the description of work.

2. **Missionary Electrification.** The NPC, in the implementation of its missionary electrification function and the use of the National Government subsidy, shall prioritize new areas and the use of hybrid generation systems with renewable energy over diesel generator sets.

3. **Prior Years' Subsidy Releases from the National Government.** The NPC is hereby authorized to use subsidy released for programs and projects from prior years to cover the additional funding requirements of activities or projects covered by the programs or sub-programs indicated herein. Accordingly, the NPC shall prepare a work and financial plan covering the projects or activities to be funded from prior years' subsidies subject to the endorsement of the NPC's Board of Directors, to be submitted to the DBM for approval. (CONDITIONAL IMPLEMENTATION- President's Veto Message, December 16, 2022, Volume I-B, pages 789-790, R.A. No. 11936)

4. **Special Provisions Applicable to All Government Corporations.** In addition to the foregoing special provisions, the special provisions applicable to all government corporations enumerated under the Budgetary Support to Government Corporations-Others shall be observed by the NPC.

New Appropriations, by Programs/Activities/Projects

	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
<b>REGULAR PROGRAMS</b>				
Operations				
MISSIONARY ELECTRIFICATION PROGRAM		77,139,000		77,139,000
Commissioning of additional generating capacity		77,139,000		77,139,000
Sub-total, Operations		77,139,000		77,139,000
Total, Regular Programs		77,139,000		77,139,000
<b>PROJECT(S)</b>				
Locally-Funded Project(s)				
Construction of Transmission Lines and Substation Facilities		867,835,000		867,835,000
Construction/installation of distribution lines		369,133,000		369,133,000
Sub-total, Locally-Funded Project(s)		1,236,968,000		1,236,968,000
Total, Project(s)		1,236,968,000		1,236,968,000
<b>TOTAL NEW APPROPRIATIONS</b>	P	<u>1,314,107,000</u>	P	<u>1,314,107,000</u>

New Appropriations, by Object of Expenditures  
(In Thousand Pesos)

Current Operating Expenditures		
Maintenance and Other Operating Expenses		
Financial Assistance/Subsidy		1,314,107
Total Maintenance and Other Operating Expenses		1,314,107
Total Current Operating Expenditures		1,314,107
<b>TOTAL NEW APPROPRIATIONS</b>		<u>1,314,107</u>

## PERFORMANCE INFORMATION

ORGANIZATIONAL OUTCOMES (OOs) / PERFORMANCE INDICATORS (PIs)	BASELINE	2023 TARGETS
Access to electrification expanded		
<b>NATIONAL RURAL ELECTRIFICATION PROGRAM</b>		
Outcome indicator		
1. Percentage increase of connections/identified potential consumers	91% potential connections	93% by 2023
Output indicator		
1. No. of sitios completed and energized	1,085 sitios	1,085 sitios

**B.2. NATIONAL POWER CORPORATION**

## STRATEGIC OBJECTIVES

## SECTOR OUTCOME

Infrastructure development accelerated and operations sustained

## ORGANIZATIONAL OUTCOME

Access to electrification expanded

## PERFORMANCE INFORMATION

ORGANIZATIONAL OUTCOMES (OOs) / PERFORMANCE INDICATORS (PIs)	BASELINE	2023 TARGETS
Access to electrification expanded		
<b>MISSIONARY ELECTRIFICATION PROGRAM</b>		
Outcome Indicators		
1. Percentage increase in SPUG dependable capacity	10.78%	N/A*
2. Percentage increase in transmission line length over the previous year	5.98%	4.03%
3. Percentage increase in substation capacity over the previous year	5.26%	9.43%
Output Indicators		
1. Commissioned capacity additions completed (MW)	18.64	39.83
2. Transmission Lines (ckt-kms) completed	1,043.74	51.10
3. Substation Facilities (MVA) completed	200	25
4. Distribution line projects completed	N/A	42.55
*Due to cessation of existing SPUG plants		

**C. DEPARTMENT OF FINANCE****C.1. PHILIPPINE CROP INSURANCE CORPORATION**

## STRATEGIC OBJECTIVES

## SECTOR OUTCOME

1. Economic opportunities in agriculture, forestry and fisheries expanded
2. Access to economic opportunities by small farmers and fisherfolk increased