

## II. NATIONAL POWER CORPORATION

## SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2022

(In Thousand Pesos)

## SUMMARY

	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
<b>I. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P 807,740	P 580,329	P 2,135,078	P 3,523,147
a. Head Office Support Group	589,689	547,167	142,020	1,278,876
b. Engineering Administrative/Survey/Development Studies Planning	218,051	33,162	1,993,058	2,244,271
2. Support to Operations		410,502		410,502
a. Other Expenses		410,502		410,502
3. Operations	1,211,160	8,505,969	2,117,324	11,834,453
a. Small Power Utilitier Group				
b. Spares	1,111,612	2,088,022	1,391,343	4,590,977
c. Production of Goods		6,308,537	720,506	7,029,043
d. Watershed Management	99,548	109,410	5,475	214,433
4. Debt Service		43,182		43,182
5. Other Expenditures	33,908	11,877,855	5,965	11,917,728
a. Input VAT		2,731,152		2,731,152
b. Bataan Nuclear Power Plant Preservation	33,908	28,246	5,965	68,119
c. New Power Provider Subsidy		9,118,457		9,118,457
6. Personnel Services and Maintenance and Other Operating Expenses	802,013	705,764		1,507,777
a. As Operator of PSALM's Assets	802,013	705,764		1,507,777
<b>TOTAL BEFORE PRIOR YEARS' NG SUBSIDY</b>	<b>2,854,821</b>	<b>22,123,601</b>	<b>4,258,367</b>	<b>29,236,789</b>
<b>PRIOR YEARS' NG SUBSIDY (FY 2016-2020)</b>			<b>2,998,220</b>	<b>2,998,220</b>
<b>TOTAL</b>	<b>P 2,854,821</b>	<b>P 22,123,601</b>	<b>P 7,256,587</b>	<b>P 32,235,009</b>

**II. NATIONAL POWER CORPORATION**

**SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2022**

(In Thousand Pesos)

**NATIONAL GOVERNMENT SUBSIDY**

Schedule I

	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. Operations				
a. Small Power Utilities Group				
			P 846,309	P 846,309
			846,309	846,309
<b>TOTAL BEFORE PRIOR YEARS' NG SUBSIDY</b>			846,309	846,309
<b>PRIOR YEARS' NG SUBSIDY (FY 2016-2020)</b>			2,998,220	2,998,220
<b>TOTAL</b>			P 3,844,529	P 3,844,529

**II. NATIONAL POWER CORPORATION**

**SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2022**

(In Thousand Pesos)

**CORPORATE FUNDS**

Schedule II

	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support				
a. Head Office Support Group				
b. Engineering Administrative/Survey/Development Studies Planning				
	P 807,740	P 580,329	P 2,135,078	P 3,523,147
	589,689	547,167	142,020	1,278,876
	218,051	33,162	1,993,058	2,244,271
2. Support to Operations				
a. Other Expenses				
		410,502		410,502
		410,502		410,502
3. Operations				
a. Small Power Utilities Group				
b. Spares				
c. Production of Goods				
d. Watershed Management				
	1,211,160	8,505,969	1,271,015	10,988,144
	1,111,612	2,088,022	545,034	3,744,668
		6,308,537	720,506	720,506
	99,548	109,410	5,475	6,308,537
				214,433
4. Debt Service				
		43,182		43,182

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5. Other Expenditures	33,908	11,877,855	5,965	11,917,728
a. Input VAT		2,731,152		2,731,152
b. Bataan Nuclear Power Plant Preservation	33,908	28,246	5,965	68,119
c. New Power Provider Subsidy		9,118,457		9,118,457
6. Personnel Services and Maintenance and Other Operating Expenses	802,013	705,764		1,507,777
a. As Operator of PSALM's Assets	802,013	705,764		1,507,777
<b>TOTAL</b>	<b>P 2,854,821</b>	<b>P 22,123,601</b>	<b>a/ 3,412,058</b>	<b>P 28,390,480</b>

a/ MOOE, net of allowance for depreciation at P556.819 Million

#### Special Provision(s)

1. **Approval of the FY 2022 Corporate Operating Budget of the National Power Corporation under R.A. No. 7638.** The FY 2022 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, Budget Circular (B.C.) No. 2016-5 dated August 22, 2016, as amended by B.C. No. 2017-1 dated April 26, 2017, Administrative Order No. 14 dated December 10, 2018 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. 36 dated July 28, 2017.

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 Three Hundred Twenty Million Eight Hundred Sixty-Five Thousand Pesos (P320,865,000) and Three Hundred Seventy Nine Million Nine Hundred Fifty-Five Thousand Pesos (P379,955,000) 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 and Report.** 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 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 categorized in accordance with the 0-10 point socioeconomic agenda; (vi) status of implementation, evaluation or assessment reports of said programs or projects; (vii) Budget and Financial Accountability Reports; (viii) Final People's Freedom to Information (FOI) Manual signed by the head of agency, Agency Information Inventory, 2020 and 2021 FOI Summary Report, and 2020 and 2021 FOI Registry; 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.

**12. Reporting and Posting Requirements.** The NPC shall submit, within thirty (30) days after budgetary adjustments are made, to the DBM, the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, a comprehensive financial and narrative report on the budgetary adjustments. The President of NPC and the Corporation's web administrator or his/her equivalent shall be responsible for ensuring that said report is likewise posted on the NPC website.

**B.2. NATIONAL POWER CORPORATION**

For subsidy requirements in accordance with the program(s), as indicated hereunder ..... P 846,309,000

**New Appropriations by Program**

	<u>Current Operating Expenditures</u>			<u>Total</u>
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	
<b>PROGRAMS</b>				
Operations	P <u>846,309,000</u>			P <u>846,309,000</u>
MISSIONARY ELECTRIFICATION PROGRAM		<u>846,309,000</u>		<u>846,309,000</u>
<b>TOTAL NEW APPROPRIATIONS</b>	P <u>846,309,000</u>			P <u>846,309,000</u>

**Special Provision(s)**

1. **Subsidy to the National Power Corporation.** The amount of Eight Hundred Forty Six Million Three Hundred Nine Thousand Pesos (P846,309,000) appropriated herein under the subsidy to NPC shall be used for the capital 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 in the utilization 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 in 2016-2021 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 DENR for approval.

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**

	<u>Current Operating Expenditures</u>			<u>Total</u>
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	
<b>PROGRAMS</b>				
Operations				
Access to electrification expanded	P <u>846,309,000</u>			P <u>846,309,000</u>
MISSIONARY ELECTRIFICATION PROGRAM		<u>846,309,000</u>		<u>846,309,000</u>
Commissioning of additional generating capacity		<u>846,309,000</u>		<u>846,309,000</u>

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Sub-total, Operations	<u>846,309,000</u>	<u>846,309,000</u>
<b>TOTAL NEW APPROPRIATIONS</b>	<b>P <u>846,309,000</u></b>	<b>P <u>846,309,000</u></b>

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

## Current Operating Expenditures

Maintenance and Other Operating Expenses		<u>846,309</u>
Financial Assistance/Subsidy		<u>846,309</u>
Total Maintenance and Other Operating Expenses		<u>846,309</u>
Total Current Operating Expenditures		<u>846,309</u>
<b>TOTAL NEW APPROPRIATIONS</b>		<b><u>846,309</u></b>

## B.2. NATIONAL POWER CORPORATION

### STRATEGIC OBJECTIVES

#### SECTOR OUTCOME

Infrastructure development accelerated and operations sustained

#### ORGANIZATIONAL OUTCOME

Access to electrification expanded

#### PERFORMANCE INFORMATION

<u>ORGANIZATIONAL OUTCOMES (OOs) / PERFORMANCE INDICATORS (PIs)</u>	<u>BASELINE</u>	<u>2022 TARGETS</u>
Access to electrification expanded		
<b>MISSIONARY ELECTRIFICATION PROGRAM</b>		
Outcome Indicators		
1. Percentage increase in SPUG dependable capacity	10.88%	1.43%
2. Percentage increase in transmission line length over the previous year	5.22%	4.03%
3. Percentage increase in substation capacity over the previous year	5.88%	9.43%
Output Indicators		
1. Commissioned capacity additions completed (MW)	30.65	39.83

2. Transmission Lines (ckt-kms) completed	296.35	51.10
3. Substation Facilities (MVA) completed	20	25