



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

National Power Corporation
BIR Road corner Quezon Avenue
Diliman, Quezon City 1100

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the financial statements of the **National Power Corporation (NPC)**, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, and statement of comparison of budget and actual amounts for the year ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the NPC as at December 31, 2021 and 2020, and its financial performance and cash flows for the years then ended, in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

The balance of the Property Plant and Equipment (PPE) of P13.367 billion as of December 31, 2021 is not fairly presented due to errors and discrepancies, contrary to the specific provisions of International Public Sector Accounting Standards (IPSAS) 17 and the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and Commission on Audit (COA) Circular No. 2020-006, to wit: (a) overstatement of both PPE-Land account and the Accumulated Surplus/(Deficit) account by P187.540 million due to the non-derecognition of the cost of the NPC Diliman Property/Office in the books of NPC which title was already transferred to the Power Sector Assets and Liabilities Management (PSALM) Corporation; (b) overstatement of the PPE account and understatement of Other-Assets account by P74.157 million due to the non-reclassification of unserviceable assets from PPE account to Other Assets and the non-recognition of impairment loss; (c) non-reclassification of the cost of completed projects amounting to P1.108 billion from the Construction in Progress (CIP) account to its appropriate PPE account which resulted in the non-recognition of depreciation expense of P50.170 million, thus, understated the Depreciation Expense and Accumulated Depreciation and consequently overstated the net carrying value of the PPE and the Accumulated Surplus/(Deficit) accounts; (d) unrecorded NPC-owned land with acquisition cost of P13.557 million and property with land area of 931,550 sq. m. resulted in the understatement of both PPE-Land and Accumulated Surplus/(Deficit) accounts; (e) double recording of the two CIP work orders resulted in the

overstatement of the CIP account by P2.324 million; and (f) unreconciled and unadjusted variances of P735.019 million between the books and the Physical Inventory Report (PIR).

Moreover, the non-recording of the amount of the audit disallowances covered with Notice of Finality of Decision (net of settlements) totaling P598.474 million is contrary to item 22.6 of COA Circular Nos. 2009-006 and 2020-002 which understated the Receivables-Disallowance/Charge and Accumulated Surplus/(Deficit) accounts, both by P598.474 million. Also, the existence of abnormal balances in various assets and liabilities accounts with total absolute amount of P211.173 million resulted to misstatements of the affected assets and liabilities accounts by undetermined amounts, due to lack of sufficient and reliable details necessary to effect adjustments. Likewise, the non-maintenance of separate books of accounts for the funds of two projects being implemented by the NPC resulted in the understatement of the Other Assets account and overstatement of the Trust liabilities account by P191.389 million and P70.625 million, respectively. These errors affect the fair presentation of the accounts in the financial statements, thus, contrary to the faithful representation requirement in paragraph 27 of the IPSAS 1 and paragraph 3.10 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the NPC in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

In our report dated June 7, 2021, we expressed an opinion that the 2020 and 2019 financial statements did not present fairly the financial position, results of operations and cash flows of the NPC in accordance with the IPSASs because of departures from said standards, which include the following: a) erroneous recording of the excess collection of Universal Charge-Missionary Electrification (UCME) and the 3rd Generation Rate Adjustment Mechanism (GRAM) which overstated Cash and Cash Equivalents account and understated Other Assets account both by P4.419 billion, and also materially misstated Other Unearned Revenue and Trust Liabilities accounts; b) inclusion of various unallowable items in the computation of the ERC-approved 12 per cent Return on Rate Base (RORB) for the years 2016 to 2019 which overstated the Accumulated Surplus/(Deficit) account by P1.960 billion and understated Other Unearned Revenue account by the same amount; and c) various errors and deficiencies on PPE which resulted in the material misstatement of the subject account including Accumulated Depreciation, Depreciation expense and Accumulated Surplus/(Deficit) accounts. In 2021, adjusting entries were taken up by Management to correct the erroneous recording of excess collection of UCME and GRAM, and the unallowable items in the computation of RORB for the years 2016 to 2019, and accordingly, restated the 2020 financial statements. Likewise, Management was able to analyze and adjust a total of P2.031 billion consisting of deficiencies noted on PPE and Non-Current Assets (NCA) accounts in 2021, which significantly reduce the amount of misstatements.

Accordingly, our present opinion on the restated 2020 financial statements, as presented herein, is different from that expressed in our previous report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the NPC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the NPC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NPC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NPC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NPC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NPC to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required in Revenue Regulations No. 15-2010 in Note 34 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. In our opinion, except for the effects and possible effects on the information of the matters described in the *Bases for Qualified Opinion* paragraphs, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


CYNTHIA C. HERRERA
OIC-Supervising Auditor

June 14, 2022

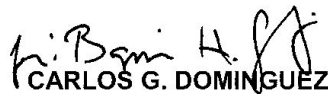


NATIONAL POWER CORPORATION

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The Management of the National Power Corporation is responsible for the preparation of the financial statements as at December 31 2021, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and confirms the submission of the financial statements prepared by the Management of the National Power Corporation to the regulators, creditors and other users.



CARLOS G. DOMINGUEZ

Chairman
and 
Secretary, Department of Finance

3/2/2022
Date


JANET N. SABADO
Office-in-Charge, Controller's Department

2/10/2022
Date


USEC. DONATO D. MARCOS
Office-in-Charge

2/11/2022
Date

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**NATIONAL POWER CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021 and 2020**

	<u>NOTE</u>	<u>2021</u>	<u>2020</u> (Restated)
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	5,646,558,694	9,035,293,590
Receivables	6	4,729,815,750	4,255,266,906
Inventories	7	2,280,430,848	1,825,178,052
Other Current Assets	12	<u>10,183,739,136</u>	<u>9,687,435,576</u>
Total Current Assets		<u>22,840,544,428</u>	<u>24,803,174,124</u>
Non-Current Assets			
Receivables	6	341,434,555	389,541,072
Investment Property	8	2,316,949	2,316,949
Property, Plant and Equipment	9	13,367,232,741	12,881,840,411
Deferred Tax Assets	10	1,754,217,140	1,647,450,285
Other Investment	11	1,719,970	1,719,970
Other Non-Current Assets	12	<u>9,089,481,795</u>	<u>6,923,190,367</u>
Total Non-Current Assets		<u>24,556,403,150</u>	<u>21,846,059,054</u>
Total Assets		<u>47,396,947,578</u>	<u>46,649,233,178</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	13	6,673,685,355	5,594,847,952
Inter-Agency Payables	14	1,446,956,679	484,937,156
Trust Liabilities	15	34,479,376	55,351,210
Deferred Credits/Unearned Revenue	16	1,159,118,228	1,097,797,058
Other Payables	17	<u>526,839,513</u>	<u>567,028,676</u>
Total Current Liabilities		<u>9,841,079,151</u>	<u>7,799,962,052</u>
Non-Current Liabilities			
Financial Liabilities	13	431,300,663	484,981,084
Trust Liabilities	15	6,690,695,115	6,228,866,634
Deferred Credits/Unearned Revenue	16	1,439,601,873	4,530,488,049
Provisions	18	<u>673,740,164</u>	<u>576,555,051</u>
Total Non-Current Liabilities		<u>9,235,337,815</u>	<u>11,820,890,818</u>
Total Liabilities		<u>19,076,416,966</u>	<u>19,620,852,870</u>
Net Assets (Total Assets Less Total Liabilities)		<u>28,320,530,612</u>	<u>27,028,380,308</u>
NET ASSETS/EQUITY			
Government Equity	19.1	1,256,905,129	(34,959,675)
Stockholder's Equity	19.2	<u>27,063,625,483</u>	<u>27,063,339,983</u>
Total Net Assets/Equity		<u>28,320,530,612</u>	<u>27,028,380,308</u>

The notes on pages 11 to 96 form part of these statements.

NATIONAL POWER CORPORATION
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	<u>NOTE</u>	<u>2021</u>	<u>2020</u>
Revenue			
Service and Business Income	20	4,357,556,187	4,038,609,732
Shares, Grants and Donations	21	16,146,676,236	11,618,712,924
Total Revenue		<u>20,504,232,423</u>	<u>15,657,322,656</u>
Current Operating Expenses			
Personnel Services	22	(1,603,164,833)	(1,558,953,985)
Maintenance and Other Operating Expenses	23	(2,397,586,099)	(2,084,694,209)
Financial Expenses	24	(2,265,393)	(2,228,245)
Direct Costs	25	(4,628,493,266)	(3,806,199,887)
Non-Cash Expenses	26	(1,186,761,235)	(1,127,157,819)
Total Current Operating Expenses		<u>(9,818,270,826)</u>	<u>(8,579,234,145)</u>
Surplus from Current Operations		<u>10,685,961,597</u>	<u>7,078,088,511</u>
Other Non-Operating Income	28	34,695,303	25,864,374
Gains	28	11,823,941	506,804
Losses	28	(3,072,977)	(24,636,425)
Surplus Before Tax		<u>10,729,407,864</u>	<u>7,079,823,264</u>
Income Tax Expense		(384,781,673)	(209,772,493)
Surplus After Tax		<u>10,344,626,191</u>	<u>6,870,050,771</u>
Net Financial Assistance/Subsidy	27	(7,894,676,530)	(4,345,703,588)
Net Surplus for the Period		<u><u>2,449,949,661</u></u>	<u><u>2,524,347,183</u></u>

The notes on pages 11 to 96 form part of these statements.

NATIONAL POWER CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	Accumulated Surplus/ (Deficit)	Share Capital	Other Equity Instruments (Donated Capital)	Total
BALANCE AT JANUARY 1, 2020	3,793,551,470	27,048,870,789	14,469,194	30,856,891,453
ADJUSTMENTS:				
Add/(Deduct):				
Other Adjustment	(1,959,537,950)	0	0	(1,959,537,950)
RESTATED BALANCE AT JANUARY 1, 2020	1,834,013,520	27,048,870,789	14,469,194	28,897,353,503
Changes in Net Assets/Equity for CY 2020				
Add/(Deduct):				
Surplus/(Deficit) for the Period	2,524,347,183	0	0	2,524,347,183
Dividends declared (2019)	(4,000,000,000)	0	0	(4,000,000,000)
Other Adjustments	(393,320,378)	0	0	(393,320,378)
BALANCE AT DECEMBER 31, 2020	(34,959,675)	27,048,870,789	14,469,194	27,028,380,308
Changes in Net Assets/Equity for CY 2021				
Add/(Deduct):				
Surplus/(Deficit) for the Period	2,449,949,661	0	0	2,449,949,661
Dividends declared (2020)	(904,507,149)	0	0	(904,507,149)
Donated Capital - Land	0	0	285,500	285,500
Other Adjustments	(253,577,708)	0	0	(253,577,708)
BALANCE AT DECEMBER 31, 2021	1,256,905,129	27,048,870,789	14,754,694	28,320,530,612

The notes on pages 11 to 96 form part of these statements.

NATIONAL POWER CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Inflows		
Collection of Revenue	16,087,358,395	14,016,046,381
Receipt of Assistance/Subsidy	1,210,293,003	1,688,890,824
Collection of Other Receivables	1,498,942,265	118,030,964
Receipt of Intra-Agency Fund Transfers	468,727,245	76,272,097
Trust Receipts	3,849,958,384	3,270,465
Other Receipts	1,326,058,159	1,047,355,461
Total Cash Inflows	24,441,337,451	16,949,866,192
Cash Outflows		
Payment of Expenses	3,196,076,040	2,034,349,050
Purchase of Inventories	4,238,947,251	4,215,648,616
Grant of Cash Advances	210,124,230	1,709,112
Refund of Deposits	24,825,124	26,691,795
Remittance of Personnel Benefit Contributions and Mandatory Deductions	3,108,351,880	3,346,355,133
Grant of Financial Assistance/Subsidy/Contribution	7,881,921,080	6,684,693,729
Other Disbursements	3,979,044,877	24,477,640
Total Cash Outflows	22,639,290,482	16,333,925,075
Net Cash Provided by Operating Activities	1,802,046,969	615,941,117
CASH FLOW FROM INVESTING ACTIVITIES		
Cash Inflows		
Receipts of Interest Earned	62,046,964	190,519,206
Investment in Government & Other Corporation	0	955,908,595
Total Cash Inflows	62,046,964	1,146,427,801
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	1,764,013,120	2,151,451,092
Total Cash Outflows	1,764,013,120	2,151,451,092
Net Cash Used in Investing Activities	(1,701,966,156)	(1,005,023,291)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash Outflows		
Payment of Cash Dividends	904,507,149	4,000,000,000
Payment of Long-Term Liabilities	40,878,845	37,973,955
Payment of Interest on Loans	2,013,728	2,119,550
Transfer to Restricted Cash Account	2,543,233,615	0
Total Cash Outflows	3,490,633,337	4,040,093,505
Net Cash Used in Financing Activities	(3,490,633,337)	(4,040,093,505)
Net Decrease in Cash and Cash Equivalents	(3,390,552,524)	(4,429,175,679)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	1,817,628	(3,904,162)
Cash and Cash Equivalents, January 1	9,035,293,590	13,468,373,431
Cash and Cash Equivalents, December 31	5,646,558,694	9,035,293,590

The notes on pages 11 to 96 form part of these statements.

NATIONAL POWER CORPORATION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Particulars	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference of Final Budget and Actual	
	Original	Final			
NOTE					
RECEIPTS					
Services and Business Income	29	3,101,032,544	3,172,160,080	2,188,847,395	983,312,685
Assistance and Subsidy	29	5,756,313,000	5,606,313,000	1,210,293,003	4,396,019,997
Shares, Grants and Donations	29	15,578,310,000	18,701,305,349	13,898,511,000	4,802,794,349
Others	29	1,480,017,142	1,508,538,064	7,205,733,017	(5,697,194,953)
Total Receipts		25,915,672,686	28,988,316,493	24,503,384,415	4,484,932,078
PAYMENTS					
Personnel Services	29	2,758,298,000	2,758,298,698	4,825,126,023	(2,066,827,325)
Maintenance and Other Operating Expenses	29	11,042,353,706	10,706,747,657	8,872,171,935	1,834,575,722
Capital Outlay	29	3,868,043,000	3,718,043,085	1,764,013,120	1,954,029,965
Financial Expenses	29	51,353,853	43,110,532	42,892,573	217,959
Others	29	12,113,700,451	12,447,549,014	12,389,733,288	57,815,726
Total Payments		29,833,749,010	29,673,748,986	27,893,936,939	1,779,812,047
NET RECEIPTS/PAYMENTS		(3,918,076,324)	(685,432,493)	(3,390,552,524)	2,705,120,031

The notes on pages 11 to 96 form part of these statements.

NATIONAL POWER CORPORATION NOTES TO FINANCIAL STATEMENTS

1. GENERAL/CORPORATE INFORMATION

The National Power Corporation (NPC or Corporation) was established originally as a non-stock government corporation under Commonwealth Act No. 120 on November 3, 1936. It was later converted to a stock corporation wholly owned by the Philippine Government under Republic Act (RA) No. 2641 on June 18, 1960. On September 10, 1971, by virtue of RA No. 6395, its charter was then revised as amended.

As mandated by the revised NPC Charter, the Corporation shall undertake the development of hydroelectric generation of power and the production of electricity from nuclear, geothermal, and other sources, as well as the transmission of electric power on a nationwide basis. As provided in its Charter, NPC shall continue to exist for 50 years from and after expiration of its present corporate life. It shall, as far as feasible spread the benefits of its projects and operations to the greatest number of the population possible, and it shall prosecute faithfully such projects to promote total electrification of the islands of Luzon, Visayas and Mindanao.

NPC's Charter provides that it shall be non-profit and shall devote all its returns from its capital investment, as well as excess revenues from its operation for expansion. To enable the NPC to pay its indebtedness and obligations; and in the furtherance and effective implementation of the government's policy on power generation, the NPC is declared exempt from the payment of all forms of taxes, duties, fees, imposts as well as costs and service fees in any court or administrative proceedings.

However, with the enactment of RA No. 9337, otherwise known as the Reformed Value-Added Tax (RVAT) Law of 2005, which took effect on November 1, 2005, NPC's purchases of fuel as well as its sale of electricity are subjected to VAT under Section 24(A) of the Act, repealing Section 13 of RA No. 6395 on NPC's exemption from VAT.

Moreover, Section 27(C) of the National Internal Revenue Code (NIRC) of 1997 provides that government-owned and/or controlled corporations (GOCCs) are now subject to income tax except for government corporations specifically enumerated therein, hence, NPC is subject to income tax.

NPC's head office is located and registered in BIR Road corner Quezon Avenue, Diliman, Quezon City 1100.

The EPIRA

RA No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", the "EPIRA", was enacted to institute reforms and provide a framework for the restructuring of the electric power industry including, among others, the privatization of generation assets, real estate, other disposable assets, independent power plants and the liquidation of all liabilities and stranded contract cost of NPC.

The EPIRA organized the power industry into four sectors: generation, transmission, distribution, and supply. The structural reforms resulted, among others, in the creation of two GOCCs, the National Transmission Corporation (TransCo) and the Power Sector Assets and Liabilities Management (PSALM) Corporation. NPC was retained as a GOCC to perform the missionary electrification function through its Small Power Utilities Group (SPUG), the management of watersheds and the operation and maintenance of all undisposed generation assets of PSALM as well as the maintenance of its mothballed assets.

Separation of TRANSCO Books from NPC and the Transfer of Assets and Liabilities from NPC to PSALM

As mandated under the EPIRA and pursuant to the instructions from the respective Boards and Managements of NPC, PSALM and TransCo, the actual separation of books of TransCo from NPC and the transfer of assets and debt accounts from NPC to PSALM was implemented on October 1, 2008, based on the balances of interim financial report (except for SPUG) as of September 30, 2008. This separation and transfer of accounts was fully implemented on December 31, 2008.

This momentous event significantly affected the current financial structure of NPC, as only the accounts pertaining to SPUG, watershed and other assets/facilities that are used and useful in the performance of its missionary function, watershed management and the operation of plants under the Operation and Maintenance Agreement (OMA) with PSALM were retained in the books of NPC. Since 2008, NPC reported only the result of operation and the financial condition of the residual NPC, consisting of accounts pertaining to SPUG, Watershed and PSALM retained accounts. The latter pertains to accounts retained in NPC books pending validation and reconciliation. As soon as these accounts are validated and reconciled, same shall be taken out of the Temporary Registry by NPC thru an adjustment and/or by transferring to the books of PSALM and TransCo¹.

Operation and Maintenance Agreement (OMA)

The OMA is an agreement entered into by and between NPC and PSALM on February 17, 2009 wherein NPC will act as the operator of the transferred generation and other facilities owned by the latter prior to their privatization. In CY 2015, PSALM and NPC executed a new OMA wherein NPC continued its obligation as operator of the undisposed power generating plants of PSALM. By reason of the expiration of the 2015 OMA, PSALM and NPC renegotiated the OMA and renamed it as Management and Operations Agreement (MOA).

Under the agreement, NPC will be paid by PSALM an administrative fee equivalent to five percent margin on top of the total approved budget for Personnel Services (PS) and Maintenance and Other Operating Expenses (MOOE), inclusive of 12 per cent VAT, to compensate for services rendered for the main grid. The assets and liabilities

¹ TransCo is a wholly-owned subsidiary of PSALM Corporation.

in trust by PSALM to NPC are reported under Other Non-Current Assets and Trust Liabilities in the Statement of Financial Position (SFP).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB) which were adapted and prescribed by the Commission on Audit (COA) through COA Resolution No. 2014-003 dated January 24, 2014, COA Resolution No. 2017-006 dated April 26, 2017, and COA Resolution No. 2020-001 dated January 09, 2020. IPSAS consists of individual IPSASs and the accompanying Philippine Application Guidance (PAG) issued by COA.

The financial statements of NPC were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on March 02, 2022.

2.2 Basis of Preparation

The financial statements have been prepared on an accrual basis using historical cost, unless stated otherwise. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Statement of Cash Flows is prepared using the direct method.

The preparation of financial statements in compliance with the adopted IPSASs requires the use of certain accounting estimates. It also requires the agency to exercise judgment in applying its accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in *Notes 3.10.d* and *6.1*.

2.3 Functional and Presentation Currency

The financial statements are presented in Philippine Peso (P), which is also the country's functional currency. Amounts shown are rounded off to the nearest Peso, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Adoption of the Updated Revised Chart of Accounts (RCA 2019) for Government Corporations

In compliance with COA Circular No. 2015-010 *“Adoption of the RCA for Government Corporations (GCs) which consists of Government-Owned and Controlled Corporations (GOCCs), Government Financial Institutions (GFIs),*

Government Instrumentalities with Corporate Powers (GICPs)/Government Corporate Entities (GCEs), and their Subsidiaries and Water Districts”, dated December 1, 2015; COA Circular No. 2016-006 “Conversion from the Philippine Government Chart of Accounts under the New Government Accounting System per COA Circular No. 2004-008 dated September 20, 2004, as amended to the Revised Chart of Accounts for Government Corporations under COA Circular No. 2015-010 dated December 1, 2015, new, revised and deleted accounts, and relevant accounting policies and guidelines in the implementation thereof”, dated December 29, 2016; and COA Circular No. 2020-002 “Adoption of the Updated Revised Chart of Accounts for Government Corporations (2019)”, dated January 28, 2020, the accounts reported in the CY 2021 financial statements of NPC were converted, where applicable to the Updated Revised Chart of Accounts for Government Corporations (2019) for presentation purposes.

3.2 Preparation of Financial Statements and Other Financial Reports

As of December 31, 2021, NPC complied with COA Circular No. 2017-004, which prescribed the guidelines on the preparation of financial statements and other financial reports and implementation of the Philippine Financial Reporting Standards (PFRS) by Government Corporations classified as Government Business Enterprises (GBE) and Philippine Public Sector Accounting Standards (PPSAS)² by Non-Government Business Enterprises (Non-GBE)³, dated December 13, 2017.

These accounting changes have an impact on NPC’s presentation of financial statements and related books of accounts. The NPC’s accounting system currently uses account codes and titles based on the approved Accounting Manual of the Corporation. However, in compliance to the above Circular, the prescribed line items used in the preparation and presentation of financial statements are based on the Updated Revised Chart of Accounts for Government Corporations (2019) issued by COA.

3.3 Adoption of New and Amended IPSASs

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. No new and amended IPSASs have been adopted and prescribed by COA during the year.

3.4 Standards Not Applied

There are standards which are effective for application for annual periods beginning after January 1, 2014, thru COA Resolution No. 2014-003 and after January 1, 2017, thru COA Resolution No. 2017-006 but have not been applied

² Renamed to International Public Sector Accounting Standards (IPSAS) thru COA Resolution No. 2020-001 dated January 09, 2020

³ Renamed to Government Corporate Entities (GCEs) thru COA Resolution No. 2020-033 dated January 09, 2020

in preparing the financial statements. Below are the IPSASs not applied and the reason for their non-application in the CY 2021 financial statements:

IPSAS	Reason for Non-Application
IPSAS 5- <i>Borrowing Costs</i>	The Corporation has no outstanding borrowing costs incurred that are directly attributable to the acquisition, construction, or production of a qualifying asset.
IPSAS 6- <i>Consolidated and Separate Financial Statements</i>	Superseded by IPSAS 34- <i>Separate Financial Statements</i> and IPSAS 35- <i>Consolidated Financial Statements</i> .
IPSAS 8- <i>Interests in Joint Ventures</i>	Superseded by IPSAS 37- <i>Joint Arrangements</i> .
IPSAS 27- <i>Agriculture</i>	NPC is not engaged in an agricultural activity.
IPSAS 31- <i>Intangible Assets</i>	NPC does not have an Intangible Asset.
IPSAS 32- <i>Service Concession Arrangements: Grantor</i>	NPC does not have [and is not a grantor to] any service concession arrangements with private operators.
IPSAS 33- <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)</i>	Paragraph 2 of IPSAS 33- <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)</i> provides that this IPSAS applies when an entity first adopts accrual basis IPSASs and during the transitional period allowed in this IPSAS.

It does not apply when, for example, a first-time adopter:

- a. Stops presenting financial statements in accordance with prescribed requirements, having previously presented them as well as another set of financial statements that contained an explicit and unreserved statement of compliance with accrual basis IPSASs;
- b. Presented financial statements in the previous reporting period in accordance with prescribed requirements and those financial statements contained an explicit and unreserved statement of compliance with accrual basis IPSASs; or
- c. Presented financial statements in the previous reporting period that contained an explicit and unreserved statement of compliance with accrual basis IPSASs, even if the auditors modified their audit report on those financial statements.

IPSAS	Reason for Non-Application
IPSAS 34- <i>Separate Financial Statements</i>	NPC does not have any investment in controlled entities, joint ventures, and associates.
IPSAS 35- <i>Consolidated Financial Statements</i>	NPC does not have controlling interest in any other entities.
IPSAS 36- <i>Investments in Associates and Joint Ventures</i>	NPC does not have any investment in associates and joint ventures.
IPSAS 37- <i>Joint Arrangements</i>	NPC does not have interest in joint arrangements.
IPSAS 38- <i>Disclosure of Interests in Other Entities</i>	NPC does not have any interest in other entities.

3.5 Current versus Non-current Classification

The NPC presents assets and liabilities in the Statements of Financial Position based on current and non-current classification. An asset is current when it satisfies any of the following criteria: (a) it is expected to be realized in, or is held for sale or consumption in, the entity's normal operating cycle; (b) it is held primarily for the purpose of being traded; (c) it is expected to be realized within 12 months after the reporting date; or (d) it is cash or a cash equivalent (as defined in IPSAS 1-*Presentation of Financial Statements*), unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

NPC presents a liability as current when it satisfies any of the following criteria: (a) it is expected to be settled in the entity's normal operating cycle; (b) it is held primarily for the purpose of being traded; (c) it is due to be settled within 12 months after the reporting date; or (d) the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NPC classifies all other assets and liabilities as non-current. Deferred tax assets and liabilities are classified as non-current.

3.6 Financial Instruments

a. Financial assets

i. Initial recognition and measurement

Financial assets within the scope of IPSAS 29-*Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. NPC determines the classification of its financial assets at initial recognition.

NPC's financial assets include cash and cash equivalents, trade, and other receivables. NPC has no derivative financial instruments as of December 31, 2021.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification:

▪ Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

▪ Loans and Receivables

Receivables are initially measured at face value and subsequently at amortized cost using the effective interest method. Impairment loss is recognized using an allowance account.

a) Power Supply System Revenue Receivables

These are classified as current assets as they are expected to be collected within 12 months after the financial reporting date, except the restructured accounts which are classified as non-current assets.

iii. Derecognition

NPC derecognizes a financial asset or where applicable, a part of a financial asset or part of NPC of similar financial assets when:

- The contractual rights to the cash flows from the financial asset expired or waived; and
- NPC has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in IPSAS 29; and either the entity has: (i) transferred substantially all the risks and rewards of ownership of the financial asset; or (ii) neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset but has transferred the control of the asset.

iv. Impairment of financial assets

NPC assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments;
- The probability that debtors will enter bankruptcy or other financial reorganization; and
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

v. Financial assets carried at amortized cost

For financial assets carried at amortized cost, the NPC first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the NPC determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognized in surplus or deficit.

For power supply system revenue receivables, NPC adopted a revised accounting policy in CY 2015 to provide a reasonable allowance for impairment as follows:

- A 20 per cent impairment allowance is recognized for accounts that are outstanding for more than six months to one year;
- A 30 per cent impairment allowance is recognized for accounts that are outstanding for more than one year to two years;
- A 50 per cent impairment allowance is recognized for accounts that are outstanding for more than two years to four years; and
- A 100 per cent impairment allowance is recognized for accounts that are outstanding for more than four years.

b. Financial liabilities

i. Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit, or loans and borrowings, as appropriate. NPC determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transactions costs. NPC's financial liabilities include trade and other payables and loans and borrowings.

ii. Subsequent measurement

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well through the amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

iii. Derecognition

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in bank, and highly liquid investments with an original maturity of two months or less, which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value.

3.8 Inventories

Inventory is measured at cost using the moving-weighted average method upon initial recognition.

The cost of inventories is comprised of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

After initial recognition, inventory is measured using the moving-weighted average method.

Inventories are recognized as an expense or asset as applicable, when deployed for utilization or consumption in the ordinary course of operations of NPC.

IPSAS 12-*Inventories* suggests the write down of inventories below cost to net realizable value which is consistent with the view that assets are not to be carried in excess of the future economic benefits or service potential expected to be realized from their sale, exchange, distribution or use.

The materials and other supplies held for use in the generation of power were not written down below cost because the related output is expected to be sold based on the Subsidized/Approved Generation Rate (SAGR) approved by the Energy Regulatory Commission (ERC). Because of this fixed pricing mechanism, there is no objective evidence of decline in the future economic benefits or service potential expected to be realized from these inventories.

3.9 Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over its estimated useful life.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. The NPC uses the cost method for the measurement of investment property after initial recognition.

3.10 Property, Plant and Equipment

a. Recognition

An item is recognized as Property, Plant and Equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- Tangible items;
- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used for more than one reporting period.
- An item of PPE is recognized as an asset if:
 - It is probable that future economic benefits or service potential associated with the item will flow to the entity;
 - The cost or fair value of the item can be measured reliably; and
 - The cost is at least P15,000.00.

b. Measurement at recognition

An item recognized as property, plant and equipment is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date.

The cost of PPE includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Expenditures that are directly attributable to the acquisition of the items; and
- Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

c. Measurement after recognition

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, NPC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

d. Depreciation

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

i. Initial recognition of depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month.

However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

ii. Depreciation method and Estimated Useful Life

The straight-line method of depreciation is adopted over the estimated useful lives of the assets as follows:

Asset	Economic Life
Transmission Plant	30 years
Buildings	20 years
Office Equipment	5 years
Transportation Equipment	7 years
Computers and Accessories	3 years
Other Machinery and Equipment	20 years

iii. Residual value

NPC uses a residual value equivalent to 10 per cent of the cost of the PPE.

e. Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

f. Derecognition

NPC derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.11 Leases

a. NPC as a lessee

i. Finance lease

Finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of the leased item to NPC.

Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of future minimum lease payments. NPC also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured at the present value of the future minimum lease payments at initial recognition.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that NPC will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

ii. Operating lease

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of the leased item to NPC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

b. NPC as a lessor

i. Operating lease

Leases in which NPC does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policies for PPE are applied to similar assets leased by the entity.

3.12 Provisions, Contingent Liabilities and Contingent Assets

a. Provisions

Provisions are recognized when NPC has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When NPC expects some or all of a provision will be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance, net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

b. Contingent liabilities

NPC does not recognize a contingent liability but discloses details of any contingencies in the Notes to Financial Statements (NFS) unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

c. Contingent assets

NPC does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NPC in the Notes to Financial Statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.13 Changes in Accounting Policies and Estimates

NPC recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

NPC recognizes the effects of changes in accounting estimates prospectively through surplus and deficit.

NPC corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.14 Foreign Currency Transactions

Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date.

At each reporting date:

- a. Foreign currency monetary items are translated using the closing rate;

- b. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- c. Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.15 Revenue from Non-Exchange Transactions

a. Recognition and measurement of assets from non-exchange transactions

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset is recognized as an asset if the following criteria are met:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity;
- The fair value of the asset can be measured reliably; and
- An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

b. Recognition of revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As NPC satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

c. Measurement of revenue from non-exchange transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity unless a corresponding liability is recognized.

d. Measurement of liabilities on initial recognition from non-exchange transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

e. Taxes

Taxes and the related fines and penalties are recognized when collected or when these are measurable and legally collectible. The related refunds including those that are measurable and legally collectible are deducted from the recognized tax revenue.

f. Fees and Fines not related to taxes

NPC recognizes revenue from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenue is recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

g. Gifts and Donations

NPC recognizes assets and revenues from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and recognized as revenue when the conditions are satisfied.

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which are ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair values are ascertained by reference to quoted prices in an active and liquid market.

h. Transfers

NPC recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

i. Services in-kind

Services in-kind are not recognized as asset and revenue considering the complexity of the determination and recognition of asset and revenue and the eventual recognition of expenses.

j. Transfers from Other Government Entities

Revenue from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to NPC and can be measured reliably.

3.16 Revenue from Exchange Transactions

a. Measurement of Revenue

Revenue is measured at the fair value of the consideration received or receivable.

b. Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts the estimated future cash receipts through the expected life of the financial asset's net carrying amount. The method applies the yield to the principal outstanding to determine the interest income for each period.

c. Rental Income

Rental income arising from operating leases on property is accounted for on a straight-line basis over the lease terms and included in revenue.

d. Other Revenues

Other revenues are recognized when it is probable that future economic benefits will be received, and such future benefits can be measured reliably.

3.17 Income Taxes

NPC adapted the Philippine Accounting Standard (PAS)12-*Income Taxes*.

Currently, IPSAS does not have an accounting guidance on income tax. However, NPC [a government corporation classified as Non-Commercial Public Sector Entities (Non-CPSE) using IPSAS], is liable for tax. Hence, the Corporation used PAS 12-*Income Taxes* as guidance on accounting for income taxes as provided under paragraph 14 of IPSAS 19-*Provisions, Contingent Liabilities and Contingent Assets* which states that International Accounting

Standard (IAS) 12-*Income Taxes*, provides guidance on accounting for income taxes.

This selection of accounting policy is also referred to paragraphs 12 to 15 of IPSAS 3-*Accounting Policies, Changes in Accounting Estimates and Errors* which provides for the hierarchy for the selection of applicable accounting policies for a particular transaction, event or condition that is not addressed by other IPSASs. In such case, the Standards allow the consideration of the most recent pronouncements of other standard-setting bodies and accepted public or private sector practices to the extent, but only to the extent, that these do not conflict with the requirements and guidance in IPSASs dealing with similar and related issues; and the definitions, recognition and measurement criteria for assets, liabilities, revenue and expenses described in other IPSASs (paragraphs 14 and 15, IPSAS 3-*Accounting Policies, Changes in Accounting Estimates and Errors*).

PAS 12 is the Philippine adaptation of IAS 12.

3.18 Budget Information

IPSAS 24-*Presentation of Budget Information in Financial Statements* requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities which are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared and presented showing the original and final budget and the actual amounts. Disclosures in the Notes to Financial Statements serve as explanation of the reasons for material differences between the budget and actual amounts. (See also Note No. 29)

Compliance with the requirements of this Standard ensures that NPC discharges its accountability obligations and enhance the transparency of its financial statements by demonstrating compliance with the approved budget(s) for which it is held publicly accountable, and where the budget(s) and the financial statements are prepared on the same basis, its financial performance in achieving the budgeted results.

3.19 Related Parties

NPC regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over NPC, or vice versa.

Members of key management are regarded as related parties and are comprised of the Members of the Board of Directors, the President and Chief Executive Officer, and the Members of the Management Committee.

3.20 Employee Benefits

The employees of NPC are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage. IPSAS 39-*Employee Benefits*, although among the IPSAS issued by the IPSASB, was not adopted in the preparation and presentation of NPC's financial statements. This Standard is not among the prescribed IPSASs by COA.

3.21 Use of Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of capital asset, estimated employee benefits, rates for amortization, impairment of assets, etc.

Estimates are based on the information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

4. PRIOR PERIOD ADJUSTMENTS

- 4.1** An adjustment on Electric Plant for Disposal account for the cost of retired/unserviceable asset with I and IRUP dated January 1 to October 31, 2021 and erroneous recording of prior years adjustments in the aggregate amount of ₱2,272,484.93.
- 4.2** An adjustment on Construction Work in Progress account due to: (a) closing of unutilized set-up of work orders with corresponding certified obligations for suppliers and contractors in the amount of ₱174,442,316.79; (b) reclassification to expense account in the amount of ₱162,286.94.
- 4.3** A reclassification from Other Utility Plants account to expense account for items below ₱15,000.00 was undertaken to comply with the recommendation of the COA, in Audit Observation Memorandum (AOM) No. 2017-024 dated May 22, 2018, which states that, "Tangible items below the capitalization threshold of ₱15,000.00 shall be recognized as expenses upon issue to end-user". The said reclassification amounted to ₱224,575.75. An adjustment due to variances per books against per count in the amount of ₱141,949,352.72.
- 4.4** An adjustment on Accumulated Depreciation of Plant in Service account: (a) entry for prior years' depreciation expenses of newly unitized various work orders for SPUG plants in the amount of ₱138,921,857.23 from CY2018 to CY2020; (b) adjustment due to over-depreciation of various SPUG plants in the amount of ₱2,897,288.63.

- 4.5** Adjustments on Accumulated Depreciation of Electric Plant for Disposal located at SPUG plants in Luzon and Visayas in the amount aggregate of ₱29,712,306.71.
- 4.6** Adjustments on Accumulated Depreciation of Other Utility Plants account due to: (a) entry of prior years' depreciation expenses of newly unitized various work orders for Other Utility Plants in the amount ₱4,594,635.29; (b) adjustment on prior years' reported depreciation expenses due to variances reported per books against per count; and (c) erroneous general ledger account used in the aggregate amount of ₱17,762,561.05.
- 4.7** An entry for adjustment on Non-Utility Property account due to dropped off of generating sets in Mamburao DPP in the amount of ₱2,109,570.30.
- 4.8** Adjustments on Accumulated Depreciation– Non-Utility Property due to entry of prior years depreciation expenses, adjustment on prior years reported depreciation expenses and variances per books against per count in the aggregate amount of ₱972,201.15.
- 4.9** An entry on Cash Restricted account for the cash in bank deposited to Land Bank of the Philippines in the amount of ₱6,563,837.66 in compliance with COA AOM No. 2019-004.
- 4.10** An entry for cash receipts from prior year's miscellaneous income in the amount of ₱3,008,100.37.
- 4.11** An entry for cash receipts from prior year's interest earned net of withholding taxes on bank deposits, cancelled checks and waived bank charges in the aggregate amount of ₱405,242.46 and entry for cash in bank balance with Land Bank of the Philippines for Account No. 2822-1006-79 in the amount of ₱54,185.51 in compliance with COA AOM No. 2021-002.
- 4.12** An adjustment on Working Fund account due to dormant accounts and variances per books against actual payments in the aggregate amount of ₱1,224,175.55.
- 4.13** An entry for adjustment on Power Supply System Revenue Receivables due to: (a) adjustment on power bill of power customers from Catbalogan and Maconacon Mini Grids in the amount of ₱138,370.42; (b) mandatory rate reduction of P0.30/kWh and availment of prompt payment discount by power customers in the amount of ₱4,045,566.77; and (c) prior year's utility operating income in SPUG Mindanao in the amount of ₱419,658.79
- 4.14** An entry to reverse the accrual on Interest Receivables on Temporary Investment account and adjustment on prior year's Interest from Power Supply System Revenue Receivables account in the aggregate amount of ₱30,360,165.39
- 4.15** An adjustment on Receivable from National Government account attributed to adjustment on prior year's interest on advances made by NPC for the

maintenance of BNPP from CY2013 to CY2020 and application of SARO funds for the maintenance for CY2015 and 2016 in the amount of ₱2,551,355.78.

- 4.16** An entry on Receivable from Officers & Employees account due to liquidation of cash advances in the net amount of ₱2,344.77.
- 4.17** An entry on Accounts Receivable - Others account to effect the prior year's income from liquidated damages, penalty on genset rental, rental of NPC facilities in the ₱20,149,712.58, COA Disallowances to former NPC employees in the aggregate amount of ₱517,411.59 and reversed the set-up of receivable from PSALM in the amount of ₱11,001,169.01 representing unutilized Certified Obligations for CY 2020 PS/MOOE of MinGen employees.
- 4.18** Adjustments were made on the inventory accounts: (a) Diesel Stock - adjustment on the hauling cost of fuel deliveries of SPUG Visayas for the period November 25 to December 31, 2020, adjustment of fuel cost based on the actual payment of fuel delivered in SPUG Mindanao and variances on fuel consumption of Casiguran DPP in the aggregate amount of ₱7,682,609.67 and prior years' fuel consumption of Power Barge 109 from November 25, 2019 to September 25, 2020 and October 25, 2020 to December 31, 2020 in the amount of ₱1,280,777.05; (b) Materials Supplies and Equipment Inventory - adjustment due to unrecorded Material Issued Voucher in SPUG Mindanao and variances per books against physical count in the aggregate amount of ₱50,767,172.00; (c) Fuel Oil Stock - adjustment due to under and overstated fuel consumption in the net amount of ₱2,327.34; (d) Materials & Equipment in Transit-Operating Plants - adjustment due to refund of NPC's payment from Procurement Services of DBM per Official Receipt No. S221165675 and prior years expenses in the aggregate amount of ₱2,076,948.04; (f) Materials & Supplies Temporary Adjustments - adjustment due to reconciliation of variances in the amount of ₱15,330,126.50; and (g) Other Oil Products – adjustment due to variances on Inspection and Receiving Report against Material Issued Voucher, double booking of issuances and prior years' expenses by SPUG Mindanao in the aggregate in the amount of ₱6,227,621.15.
- 4.19** A reclassification from Job Order expenses incurred for watershed management to Advances to Government Bodies and Institution account with Ecosystems Research and Development Bureau (ERDB-DENR) in the amount of ₱2,000,000.00.
- 4.20** An adjustment on Prepaid Charges due to dormant accounts of cash advances of C.D. Jabil and J.G. Sales per legal opinion on the dismissed Ombudsman Case No. C-C-14-0420 and C-C-14-0421 respectively in the aggregate amount of ₱79,790.25.
- 4.21** An adjustment on Cash Advances to Officers and Employees account due to dormant account of cash advances of J.G. Sales per legal opinion on the dismissed Ombudsman Case No. CC-14-0421 in the amount of ₱25,000.00
- 4.22** A reclassification of administrative and general expenses to Other Advances account in the amount of ₱121,095.54.

- 4.23** An adjustment in the amount of ₱7,324,558.63 was made to close the set-up of CY2020 Deferred Tax Liability from gain on revaluation of foreign loan.
- 4.24** An adjustment in the amount of ₱11,736,742.01 was made to close the set-up of Deferred Tax Assets on Allowance for Impairment-Power Supply System Revenue Receivables.
- 4.25** An adjustment on Input Tax Credits on Non-Depreciable Goods and Services account due to dormant account of Pilipinas Shell Petroleum Corporation per DV No. S010128101 booked in CY2011 in compliance to COA AOM 2020-0070 (2021) in the amount of ₱4,620,706.49 and adjustment due to unutilized Certified Obligations of CAPEX in the amount of ₱2,188,682.49.
- 4.26** An adjustment on Input Tax Credits on Depreciable Capital Goods accounts due to unutilized Certified Obligations of CAPEX in CY2020 and restore the CO CY2020 balance of AG Construction and Development in the net amount of ₱15,433,223.81.
- 4.27** An adjustment on Gasoline and Other Oil Products Payable account in the amount of ₱560,782.62 due to erroneous booking of prior year's payable, correction of GL (General Ledger) account used and dormant accounts.
- 4.28** An adjustment on Fuel Payable account due to excise tax of fuel deliveries in SPUG Visayas in CY2018, variances on the various invoices from the period September 25, 2020 to December 25, 2020 also with SPUG Visayas and adjustment on prior year's payable of SPUG Luzon in the aggregate amount of ₱8,646,062.81.
- 4.29** An adjustment to Materials & Supplies Equipment Payable to correct the abnormal balance, understated prior year's payable and correction of GL (General Ledger) account used in the amount of ₱1,328,272.98 and to adjust variances in the value per books against the value per count in the amount of ₱2,471,218.17.
- 4.30** An adjustment on Accounts Payable Others account due to: (a) actual remittance to BIR of Final and Expanded Withholding Taxes in January 2021 was erroneously booked in December 2020 in the amount of ₱1,417,814.30; (b) understated payables due to variance against actual payments in the amount of ₱1,432,278.98; and (c) double booking of taxes withheld from Temps and Staffer, Inc. for BIR Final VAT and Expanded Withholding Taxes in CY2020 and dormant accounts in the aggregate amount of ₱12,424,061.11.
- 4.31** Accounting entries for prior year's expenses paid in CY 2021 for terminal and accrued leave credit, separation pay, NPP subsidies, security and janitorial, outside services, professional fees, genset rental, travelling expenses, light, water and insurance expenses in the aggregate amount of ₱296,178,194.57.
- 4.32** An adjustment on Check Vouchers Payable account due to cancelled checks and dormant account in the aggregate amount of ₱45,876,235.34; adjustment based on the audited disbursement vouchers, double booking, remittances of

GSIS premiums, PhilHealth, Pag-IBIG and taxes in January 2021 were erroneously booked in December 2020 in the aggregate amount of ₱91,311,832.13 and understated payables in the amount of ₱1,492,313.36.

- 4.33** An adjustment on Certified Obligations (CO) to Suppliers and Contractors account due to: (a) closing of unutilized Certified Obligations on genset rental, NPP subsidies and maintenance and other operating expenses, Job Orders in the aggregate amount of ₱238,919,429.06; (b) adjustment on the actual payments against set-up CO and abnormal balances in the amount of ₱9,621,473.71; and (c) restatement of CO in the amount of ₱111,058,627.42.
- 4.34** An entry for Certified Obligation due to NPC employees in the amount of ₱35,828,890.65 for CY2021 Productivity Incentive Award; understated payables in the amount of ₱942,960.66 and closing of unutilized prior year's Certified Obligations in the amount of ₱76,641,464.89.
- 4.35** An adjustment on Accrued Salaries Payable to close dormant account in the amount of ₱1,332,887.04.
- 4.36** An adjustment on GSIS Premiums and Loan Payable account due to: (a) adjustment on prior years set-up and over deduction of salary loan repayment in the aggregate amount of ₱7,314,893.89; (b) unbooked prior years government share and salary loan deducted from payroll in the aggregate amount of ₱3,968.80; and (c) actual remittance to GSIS in January 2021 was erroneously booked in December 2020 in the amount of ₱9,618,070.39.
- 4.37** An adjustment was made to Philippine Health Insurance Payable account due to erroneous booking in December 2020 of the PhilHealth remittance made in January 2021 and unbooked prior year's employees personal share in the aggregate amount of ₱1,118,353.51.
- 4.38** An adjustment on HDMF Contributions & Loan Payment account due to erroneous booking in December 2020 of the Pag-IBIG remittance made in January 2021 and unbooked prior years employees personal share in the aggregate amount of ₱101,050.14.
- 4.39** An adjustment on Lease Payable account due to erroneous General Ledger account used from expense to payable account and reversal of set-up accounts in prior years expense in the aggregate amount ₱2,747,695.85.
- 4.40** Adjustment to Retention on Contract Payments account on prior year's set-up, remaining balance after the actual payments to contractors and suppliers and dormant account in the amount of ₱1,198,551.34.
- 4.41** An entry on Cash Vouchers Payable account due to prior year's claims for medical benefits, overtime, travelling expenses, postage, light & water, outside services, repair & maintenance of transportation equipment and building, representation/entertainment expenses, mid-year bonus, year-end bonus in the amount of ₱798,514.86 and on the adjustment of prior year's set-up and cancelled cash disbursement voucher in the amount of ₱233,178.86.

- 4.42** An adjustment on Deposits on Trust Funds account due to closed dormant account in the amount of ₱197,378.95.
- 4.43** An adjustment on Deferred Credits-Accrued Leave account for the actual terminal leave benefits as of December 2020 in the amount of ₱72,375,623.36.
- 4.44** An adjustment to Other Deferred Credits account in the amount of ₱1,959,537,949.91 in compliance with COA AOM No. 2021-011 dated May 29, 2021 due to understated Other Unearned Revenue from UCME arising from the items not allowed by COA in the computation of 12% RORB, subject to the final approval by the ERC.
- 4.45** An entry on Due to Other Agency account in the amount of P400,094.66 due to PSALM for the prior year's interest earned from the funds transferred to NPC for payment of DAMA⁴ claims.

5. CASH AND CASH EQUIVALENTS

Particulars	2021	2020
Cash in Bank - Local Currency	1,199,565,200	899,058,776
Cash in Bank - Foreign Currency	6,567,724	5,207,403
Cash Equivalents	4,440,425,770	8,131,027,411
Total	5,646,558,694	9,035,293,590

Cash in bank represents the balance of deposits made with the depository banks such as Land Bank of the Philippines (LBP) and Philippine National Bank (PNB).

Cash equivalents are high yield investments of NPC in the form of short-term placements in local banks which are made for a period of two months or less.

6. RECEIVABLES

Particulars	2021			2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Loans and Receivables	2,760,226,099	341,434,555	3,101,660,654	2,668,326,020	389,541,072	3,057,867,092
Lease Receivables	24,168,060	0	24,168,060	22,374,785	0	22,374,785
Inter-Agency Receivables	614,924,310	0	614,924,310	228,811,956	0	228,811,956
Other Receivables	1,330,497,281	0	1,330,497,281	1,335,754,145	0	1,335,754,145
Total	4,729,815,750	341,434,555	5,071,250,305	4,255,266,906	389,541,072	4,644,807,978

⁴ National Power Corporation Drivers and Mechanics Association (DAMA) et al. vs. NPC, G.R. No. 156208

6.1 Loans and Receivables

Particulars	2021		
	Current	Non-Current	Total
Power Supply System Revenue Receivable			
Power Supply System Revenue Receivable	7,706,300,428	355,311,700	8,061,612,128
Allowance for Impairment-Power Supply System Revenue Receivable	(5,962,439,939)	(13,877,145)	(5,976,317,084)
Power Supply System Revenue Receivable-Output Tax	569,638,175	0	569,638,175
Net Power Supply System Revenue Receivable	2,313,498,664	341,434,555	2,654,933,219
Power Supply System Revenue Receivable-Restructured Receivables			
Power Supply System Revenue Receivable-Restructured Receivables	56,580,333	0	56,580,333
Power Supply System Revenue Receivable-Output Tax on Restructured Receivables	669,289	0	669,289
Net Power Supply System Revenue Receivable-Restructured Receivables	57,249,622	0	57,249,622
Net Power Supply System Revenue Receivable-Accrued Utility Revenue	35,797,358	0	35,797,358
Power Supply System Revenue Receivable-Interest Receivables	353,680,455	0	353,680,455
Total	2,760,226,099	341,434,555	3,101,660,654

Particulars	2020		
	Current	Non-Current	Total
Power Supply System Revenue Receivable			
Power Supply System Revenue Receivable	7,198,444,248	403,418,217	7,601,862,465
Allowance for Impairment-Power Supply System Revenue Receivable	(5,450,851,245)	(13,877,145)	(5,464,728,390)
Power Supply System Revenue Receivable-Output Tax on Power Receivable	508,952,260	0	508,952,260
Net Power Supply System Revenue Receivable	2,256,545,263	389,541,072	2,646,086,335
Power Supply System Revenue Receivable- Restructured Receivables			
Power Supply System Revenue Receivable- Restructured Receivables	47,372,227	0	47,372,227

Particulars	2020		
	Current	Non-Current	Total
Power Supply System Revenue Receivable-Output Tax on Restructured Receivable	861,595	0	861,595
Net Power Supply System Revenue Receivable-Restructured Receivables	48,233,822	0	48,233,822
Power Supply System Revenue Receivable-Accrued Utility Revenue	37,232,478	0	37,232,478
Power Supply System Revenue Receivable-Interest Receivables	326,314,457	0	326,314,457
Total	2,668,326,020	389,541,072	3,057,867,092

Power Supply System Revenue Receivable refers to amount due from power customers for power generation charges. The Non-Current pertains to the portion of restructured customers' accounts which are not subject to current settlement.

Power Supply System Revenue Receivable-Output Tax on Power Receivable pertains to VAT due from customers for the sale of power. This account excludes Deferred Value Added Tax (VAT) in the amount of ₱407,201,805 for CY 2021 and ₱407,837,587 for CY 2020 which represents the uncollected VAT component of power bills as of August 25, 2012 due from Distribution Utilities (DUs) and Electric Cooperatives (ECs) to be remitted to the BIR as prescribed under RMC 71-2012.

Item A1, No.4 of the same Circular states that, *DUs/ECs shall provide the Generator Companies (GenCos), aggregator, retail electricity supplier and other suppliers of electricity with copies of the duly filed BIR Form No. 0605, together with the proof of payment, within 3 days from the date of remittance to BIR. The same shall be the basis of the GenCos and others to record the payment of deferred VAT. The unremitted portion of the Deferred VAT prior to August 25, 2012, if any, shall remain outstanding until the closure of the BIR audit of DUs/ECs.*

Allowance for Impairment-Power Supply System Revenue Receivable presents a net increase of ₱511.589 million or 9.36 per cent from CY 2020 which was mainly due to the increase of Allowance for Impairment from Basilan, Sulu, Tawi-Tawi (BASULTA) customers.

Power Supply System Revenue Receivable-Restructured Power Receivables represents portion of restructured power customers' accounts subject to repayment by pre-determined installments within the current period.

Power Supply System Revenue Receivable-Accrued Utility Revenue pertains to the estimated amount of revenues earned but not yet billed at the end of the accounting period.

Power Supply System Revenue Receivable-Interest on Power Receivables refers to the amount of interest due but not yet received from power customers with overdue power accounts.

The interest receivables on overdue power accounts outstanding balance was mainly from the cumulative balance of P235.654 million of Tawi-Tawi Electric Cooperative, Inc. (TAWELCO).

6.2 Aging/Analysis of Receivables

The analysis of the age of the Power Supply System Revenue Receivable including Output VAT, Interest Receivables, Operating Lease Receivables and Other Receivables are shown in the table below:

As at December 31, 2021

Particulars	Total	Not Past Due	Past Due		
			<30 days	30-60 days	>60 days
Power Supply System Revenue Receivable	7,706,300,428	177,173,991	59,330,175	47,566,102	7,422,230,160
Luzon	139,928,414	92,139,094	3,006,616	1,615,127	43,167,577
Visayas	18,995,924	8,650,720	1,052,125	1,006,720	8,286,359
Mindanao	7,547,376,090	76,384,177	55,271,434	44,944,255	7,370,776,224
Output Tax (VAT) Power Supply System Revenue Receivable⁵	569,638,175	21,175,019	7,114,816	5,703,486	535,644,854
Luzon	15,667,046	10,907,554	358,078	191,366	4,210,048
Visayas	2,272,605	1,053,377	124,166	118,810	976,252
Mindanao	551,698,524	9,214,088	6,632,572	5,393,310	530,458,554
Non-Current Power Supply System Revenue Receivable	355,311,700	341,434,555	0	0	13,877,145
Restructured	341,434,555	341,434,555	0	0	0
Visayas	13,877,145	0	0	0	13,877,145
Power Supply System Revenue Receivable- Restructured Power	56,580,333	56,580,333	0	0	0
Luzon	54,439,891	54,439,891	0	0	0
Mindanao	2,140,442	2,140,442	0	0	0
Output Tax - Restructured Account	669,289	669,289	0	0	0
Luzon	330,909	330,909	0	0	0
Mindanao	338,380	338,380	0	0	0
Power Supply System Revenue Receivable- Accrued Utility Revenue	35,797,358	35,797,358	0	0	0
Interest Receivable⁶	353,680,455	125,799,954	7,494,585	7,718,823	212,667,093
Luzon	85,983,372	85,983,372	0	0	0
Mindanao	267,697,083	39,816,582	7,494,585	7,718,823	212,667,093
Operating Lease Receivable	20,949,422	1,000,961	982,576	798,721	18,167,164

⁵ >60 days Past Due excludes Deferred VAT with a total amount of P407,837,587 which represents the unremitted/unpaid VAT on power bills as of August 25, 2012 due from Distribution Utilities (DUs) and Electric Cooperatives (ECs).

⁶ Not Past Due includes Interest on Restructured Accounts.

Particulars	Total	Not Past Due	Past Due		
			<30 days	30-60 days	>60 days
Output Tax - Operating Lease Receivable	3,218,638	120,115	117,909	95,846	2,884,768
Other Receivable	1,332,854,645	4,998,571	59,751	7,751,959	1,320,044,364
Due from Officers and Employees	10,754,143	91,750	125	0	10,662,268
Accounts Receivable - Others	1,038,496,065	4,177,806	58,316	60,101	1,034,199,842
Interest Receivable – Non-Power	244,559,362	726,091	0	0	243,833,271
Output Tax – Non-Power	39,045,075	2,924	1,310	7,691,858	31,348,983
Total	10,435,000,443	764,750,146	75,099,812	69,634,937	9,525,515,548

a. Power Supply System Revenue Receivable

It can be gleaned from the above aging schedule of receivables that the bulk of receivables is due from Mindanao area particularly electric cooperatives of Basilan, Sulu and Tawi-Tawi, with ₱7.547 billion past due accounts, or 96 per cent of the total past due of the Power Supply System Revenue Receivable account.

b. Accounts Receivable-Others

Notices of Collection based on the Statement of Account were regularly sent to the concerned debtors and suppliers/contractors with outstanding account balance to the Corporation.

Also, demand letters were issued thru the NPC's Office of the Legal Counsel.

6.3 Lease Receivables

Particulars	2021	2020
Operating Lease Receivable	20,949,422	19,348,283
Output Tax - Operating Lease Receivable	3,218,638	3,026,502
Total	24,168,060	22,374,785

Operating Lease Receivable pertains to lease agreement entered by DMCI Power Corporation, Palawan Electric Cooperative, Inc., Oriental Mindoro Electric Cooperative, Inc., Sunwest Water & Electric Company, Inc. and SUWECO Tablas Energy Corporation for the rentals of NPC properties in Irawan, Puerto Princesa DPP, Calapan DPP, Viga DPP and Fuel Storage Tank at Tablas DPP, respectively.

6.4 Inter-Agency Receivables

Particulars	2021	2020
Due from National Government Agencies	267,811,900	228,433,863
Due from Government Corporations	347,112,410	378,093
Total	614,924,310	228,811,956

Due from National Government Agencies refers to the expenditures incurred in the preservation of the Bataan Nuclear Power Plant (BNPP) and advances to DENR on the rehabilitation programs for Angat, San Roque and Caliraya watersheds.

Due from Government Corporations pertains to premium payments of NPC employees to GSIS which are subject to reconciliation. This account also includes amount for replenishment by PSALM for payment of statutory obligations to GSIS, BIR and Pag-IBIG Fund related to DAMA Claims in CY 2021.

6.5 Other Receivables

Particulars	2021	2020
Due from Officers and Employees	10,754,143	11,119,873
Accounts Receivable – Others	1,038,496,065	1,023,499,019
Allowance for Impairment – Accounts Receivable – Others	(2,357,364)	(2,357,364)
Accounts Receivable – Others, net	1,036,138,701	1,021,141,655
Output Tax Receivable – Non-Power	39,045,075	29,300,596
Interest Receivable – Non-Power	244,559,362	274,192,021
Total	1,330,497,281	1,335,754,145

Due from Officers and Employees pertains to advances and expenses paid by NPC to officers and employees accounts.

Accounts Receivable-Others represents amount due to the Corporation on open accounts other than those due from employees and customers for their power accounts and from government bodies and institutions.

7. INVENTORIES

Particulars	2021	2020
Asset in Trust		
Carrying Amount, January 1	64,716,473	64,101,837
Additions/Adjustments during the year	509,521	654,145
Expensed during the year except write-down	(414,894)	(39,509)
Carrying Amount, December 31	64,811,100	64,716,473
Gasoline Inventory		
Carrying Amount, January 1	141,580	184,145
Additions/Acquisitions during the year	8,648,287	141,580
Expensed during the year except write-down	(6,997,125)	(184,145)
Carrying Amount, December 31	1,792,742	141,580
Diesel Stock Inventory		
Carrying Amount, January 1	494,101,970	453,342,873
Additions/Acquisitions during the year	6,564,319,452	5,957,581,645
Expensed during the year except write-down	(6,527,776,566)	(5,916,822,548)
Carrying Amount, December 31	530,644,856	494,101,970

Particulars	2021	2020
Stock Transfer-Clearing Accounts		
Carrying Amount, January 1	74,807,640	8,973,116
Additions/Acquisitions during the year	81,395,231	71,407,110
Expensed during the year except write-down	(140,027,420)	(5,572,586)
Carrying Amount, December 31	16,175,451	74,807,640
Materials, Supplies & Equipment Inventory		
Carrying Amount, January 1	1,010,346,459	699,138,702
Additions/Acquisitions during the year	2,384,773,767	1,488,364,096
Expensed during the year except write-down	(2,066,607,478)	(1,177,156,339)
Carrying Amount, December 31	1,328,512,748	1,010,346,459
Fuel Oil Stock		
Carrying Amount, January 1	10,899,504	41,497,837
Additions/Acquisitions during the year	353,950	136,224,693
Expensed during the year except write-down	(2,491,332)	(166,823,026)
Carrying Amount, December 31	8,762,122	10,899,504
Thermal Chemical Stock		
Carrying Amount, January 1	255,492	270,144
Additions/Acquisitions during the year	24,115,054	11,969
Expensed during the year except write-down	(15,311,275)	(26,621)
Carrying Amount, December 31	9,059,271	255,492
Materials and Equipment In Transit		
Carrying Amount, January 1	95,222,666	96,790,850
Additions/Acquisitions during the year	11,402,986	7,589,970
Expensed during the year except write-down	(7,681,987)	(9,158,154)
Carrying Amount, December 31	98,943,665	95,222,666
Materials and Supplies Temporary Adjustment		
Carrying Amount, January 1	41,991,211	42,844,984
Additions/Acquisitions during the year	152,890,013	477,805
Expensed during the year except write-down	(34,867,961)	(1,331,578)
Carrying Amount, December 31	160,013,264	41,991,211
Other Oil Products Inventory		
Carrying Amount, January 1	32,695,057	34,875,667
Additions/Acquisitions during the year	120,760,974	81,754,714
Expensed during the year except write-down	(91,740,402)	(83,935,324)
Carrying Amount, December 31	61,715,629	32,695,057
Total	2,280,430,848	1,825,178,052

Asset in Trust pertains to assets in trust to CBK Power Company Limited for the implementation of the Build-Rehabilitate-Operate-Transfer (BROT) Agreement for Caliraya-Botocan-Kalayaan (CBK) Complex which was executed in November 1998 by and between NPC and Industrias Metalurgias Pescarmona S.A. (IMPISA) of Argentina.

Gasoline Inventory represents the cost of gasoline used for motor vehicles of NPC.

Diesel Stock Inventory pertains to the cost of diesel used for the operation of heavy equipment, transport equipment and other machinery for operation and maintenance of power plants.

Stock Transfer-Clearing Account refers to the cost of materials, equipment, gasoline, and other oil products transshipped or transferred from one inventory station to another while in transit. This is used to clear the accountability of the Issuing Property Officer or Custodian immediately, upon release thereof. It shall be correspondingly closed or credited with the set-up of the appropriate inventory account upon receipt of such transfer or transshipment.

Materials, Supplies, and Equipment (MSE) Inventory represents the cost of materials, supplies and equipment received by the property custodian for use in the operation and maintenance of power plants, substations, and transmission lines.

Fuel Oil Stock refers to the cost of bunker fuel oil and special fuel oil used for the operation of heavy equipment, power plants and other machinery for operation of power plants.

Thermal Chemical Stock pertains to the purchase cost of chemicals used for thermal and diesel power plants.

Materials and Equipment in Transit refers to the cost of materials, supplies and equipment purchased and paid for by the Corporation but not yet received at the time payment has been made. The credits to this account are based on Inspection and Receiving Report/Transshipment Receiving Report duly acknowledged by the Custodian.

Materials and Supplies Temporary Adjustment represents the difference between the book (General Ledger) balance and the physical inventory balance as of the inventory taking date usually at end of the accounting period. This account shall be closed to the proper inventory account upon the reconciliation between the book and physical inventory.

Other Oil Products Inventory pertains to the cost of other oil products like motor oil, lubricants, transformer oil, brake fluid and degreaser received by the property custodian for use in the operation and maintenance of power plants and other equipment.

8. INVESTMENT PROPERTY

Particulars	2021	2020
Land and Building	2,316,949	2,316,949
Total	2,316,949	2,316,949

Investment Property pertains to land and building leased out to private companies under an operating lease. The said building is already fully depreciated.

9. PROPERTY, PLANT AND EQUIPMENT

NPC adopted the cost model for all classes of PPE pursuant to Philippine Application Guidance (PAG) No. 2 of IPSAS 17-*Property, Plant and Equipment* under COA Circular No. 2017-004 dated December 13, 2017.

As at December 31, 2021

Particulars	Land	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment ⁷	Construction in Progress	Total
Cost, January 1, 2021	148,987,172	13,001,069,730	2,359,038,092	1,945,608,480	6,145,863,584	23,600,567,058
Additions and/or Acquisitions in CY 2021	4,410,065	670,227,980	197,281,112	81,876,196	1,386,850,496	2,340,645,849
Adjustments in CY 2021	4,512,845	1,798,346,180	(166,561,229)	15,736,638	(3,068,927,799)	(1,416,893,365)
Disposals in CY 2021	0	0	0	(1,840,500)	0	(1,840,500)
Cost, December 31, 2021	157,910,082	15,469,643,890	2,389,757,975	2,041,380,814	4,463,786,281	24,522,479,042
Less:						
Accumulated Depreciation						
Accumulated Depreciation, January 1, 2021	0	7,807,384,310	1,616,545,299	1,294,797,038	0	10,718,726,647
Depreciation Expense in CY 2021	0	475,231,738	53,387,520	120,833,332	0	649,452,590
Adjustments in CY 2021	0	132,097,489	(225,255,858)	(118,047,707)	0	(211,206,076)
Disposals in CY 2021	0	0	0	(1,726,860)	0	(1,726,860)
Accumulated Depreciation, December 31, 2021	0	8,414,713,537	1,444,676,961	1,295,855,803	0	11,155,246,301
Carrying Amount, December 31, 2021	157,910,082	7,054,930,353	945,081,014	745,525,011	4,463,786,281	13,367,232,741

⁷ Includes Furniture and Fixtures, and Transportation Equipment

As at December 31, 2020

Particulars	Land	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Construction in Progress	Total
Cost, January 1, 2020	148,987,172	12,585,594,771	2,237,541,619	2,028,277,159	4,477,184,180	21,477,584,901
Additions and/or Acquisitions in CY 2020	0	218,459,277	12,638,031	60,849,726	1,337,870,647	1,629,817,681
Adjustments in CY 2020	0	197,015,682	108,858,442	(141,248,330)	330,808,757	495,434,551
Disposals	0	0	0	(2,270,075)	0	(2,270,075)
Cost, December 31, 2020	148,987,172	13,001,069,730	2,359,038,092	1,945,608,480	6,145,863,584	23,600,567,058
Less:						
Accumulated Depreciation						
Accumulated Depreciation, January 1, 2020	0	7,243,403,034	1,527,795,974	962,202,746	0	9,733,401,754
Depreciation Expense in CY 2020	0	390,055,027	46,680,070	159,170,653	0	595,905,750
Adjustments in CY 2020	0	173,926,249	42,069,255	177,935,287	0	393,930,791
Disposals in CY 2020	0	0	0	(4,511,648)	0	(4,511,648)
Accumulated Depreciation, December 31, 2020	0	7,807,384,310	1,616,545,299	1,294,797,038	0	10,718,726,647
Carrying Amount, December 31, 2020	148,987,172	5,193,685,420	742,492,793	650,811,442	6,145,863,584	12,881,840,411

10. DEFERRED TAX ASSETS

The components of the NPC's net Deferred Tax Assets (Liabilities) are as follows:

Particulars	2021	2020
Unadjusted Beginning Balance	1,647,450,285	1,477,886,260
Add adjustments due to:		
Temporary difference for prior periods	0	(20,685)
Change of tax rate from 30% to 25% effective July 2020	(11,736,742)	0
Adjusted Beginning Balance	1,635,713,543	1,477,865,575
Deferred Tax Assets		
Extraordinary loss (Impairment Loss)	3,072,977	0
Allowance for Impairment-Power Supply System		
Revenue Receivable	511,588,693	506,211,075

Particulars	2021	2020
Unrealized Loss in Forex Fluctuations	0	24,415,195
Deferred Tax Liabilities		
Unrealized Gain in Forex Fluctuations	(11,349,046)	0
Recovery in Forex Fluctuation	0	34,656,097
Total deferred items charged to surplus for the year	503,312,624	565,282,367
Applicable Tax Rate	25%	30%
Adjustment to Deferred Tax	125,828,156	169,584,710
Recovery on Forex Fluctuation (24,415,195 x 30%)	(7,324,559)	0
Ending net deferred tax assets	1,754,217,140	1,647,450,285

11. OTHER INVESTMENT

Particulars	2021	2020
Other Investment	1,719,970	1,719,970
Total	1,719,970	1,719,970

This pertains to the unredeemed and matured Treasury Notes and Bonds from the Bureau of the Treasury (BTr) amounting to ₱1 million and P719,970 respectively.

12. OTHER ASSETS

Particulars	2021			2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Advances	11,837,483	0	11,837,483	10,273,055	0	10,273,055
Advances to Special Disbursing Officers	11,830,305	0	11,830,305	10,210,976	0	10,210,976
Advances to Officers & Employees	7,178	0	7,178	62,079	0	62,079
Prepayments	10,165,340,778	0	10,165,340,778	9,670,601,646	81,011,151	9,751,612,797
Advances to Contractors	216,723,793	0	216,723,793	297,503,440	0	297,503,440
Creditable Input Tax	9,877,916,322	0	9,877,916,322	9,313,721,948	0	9,313,721,948
Withholding Tax at Source	0	0	0	0	81,011,151	81,011,151
Other Prepayments	70,700,663	0	70,700,663	59,376,258	0	59,376,258
Deposits	6,560,875	0	6,560,875	6,560,875	0	6,560,875
Guaranty Deposits	3,073,419	0	3,073,419	3,073,419	0	3,073,419
Other Deposits	3,487,456	0	3,487,456	3,487,456	0	3,487,456
Restricted Fund	0	2,581,300,230	2,581,300,230	0	4,626,917	4,626,917
Other Non-Current Assets	0	6,508,181,565	6,508,181,565	0	6,837,552,299	6,837,552,299
Other Assets (Stock for Disposal)	0	363,505,843	363,505,843	0	408,445,797	408,445,797

Particulars	2021			2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Deferred Charges/Losses	0	444,678,573	444,678,573	0	437,716,868	437,716,868
Other Assets (Deferred Input Tax)	0	91,384,439	91,384,439	0	0	0
Other Assets (PSALM)	0	3,765,176,081	3,765,176,081	0	4,147,953,005	4,147,953,005
Other Assets (TransCo)	0	1,843,436,629	1,843,436,629	0	1,843,436,629	1,843,436,629
Total	10,183,739,136	9,089,481,795	19,273,220,931	9,687,435,576	6,923,190,367	16,610,625,943

Advances to Special Disbursing Officers pertains to cash advances to Disbursing Officers in Head Office, field offices and others as working fund for minor operating expenses and disbursements.

Advances to Officers and Employees constitutes cash advances to officers and employees of NPC for travels and other expenses to carry out the assigned task or business of the Corporation.

Advances to Contractors includes the balance of cash advanced by NPC to contractors in relation with their contract for the construction of a project for services rendered.

Creditable Input Tax pertains to creditable input VAT on cost of non-depreciable and capital goods/services purchased/availed from a VAT-registered person of entity.

Other Prepayments includes prepayments for local travelling expenses, per diem and other expenses of officials and employees to carry out the assigned tasks or business of the Corporation; advances for medical and group life insurance of NPC officials and employees; advances for licenses subscriptions; and advances to GSIS for insurance premiums for industrial risks, money, security, vehicles, etc.

Guaranty Deposits represents deposits by contractors or suppliers to guarantee the fulfillment of obligation to the Corporation.

Other Deposits includes the amount deposited with the provincial, municipal or city courts and with other entities as guaranty for the fulfillment of obligation and for other purposes.

Restricted Fund refers to fund intended for purposes other than current operations and therefore, not immediately available to management for any disbursement transactions. In CY 2021, NPC reclassified to Other Assets account the amount of P2.50 billion in compliance with COA AOM No. 2021-011 dated May 29, 2021 to reclassify the Deferred Credits-UCME and Trust Liability-GRAM from Cash and Cash Equivalents to Other Assets account.

Other Assets (Stocks for Disposal) refers to stocks for disposal.

Deferred Charges/Losses pertains to cost of preliminary surveys, studies, investigation, and other related undertakings to determine feasibility of a project for development by NPC. This account also includes the uncollected VAT on power bills as of August 25, 2012 due from distribution utilities and electric cooperatives to be remitted to the BIR as prescribed under Revenue Memorandum Circular (RMC)No. 71-2012.

Other Assets (Deferred Input Tax) pertains to input VAT arising from recording of certified obligation as of year-end and vatable transactions covered directly by disbursement vouchers which are usually current year's transactions.

Other Assets [Trust Assets-Power Sector Assets & Liabilities Management (PSALM) Corporation] pertains to balances of accounts set-up as working capital for the operation, maintenance and management of the facilities and generating plants of the main grid under the Operation and Maintenance Agreement (OMA) between NPC and PSALM.

The CY 2015 OMA between NPC and PSALM was replaced by a new agreement and was approved by both parties on December 31, 2020. The highlights of the aforesaid OMA are stated in item *Note No. 1*.

The **Trust Accounts** consists of the following:

Particulars	2021	2020
Cash in Bank	584,661,704	394,247,193
Other Investment	250,994,193	722,588,708
Fuel, Oil and Lubricants	0	20,872,319
Other Supplies and Materials Inventory	1,619,012,654	1,693,135,309
Advances to Officers and Employees	45,198	4,431,160
Abandoned/Surrendered Property	0	5,615,933
Restricted Fund	1,310,462,331	1,307,062,383
Total Assets	3,765,176,080	4,147,953,005
Accounts Payable	179,132,463	1,072,210,920
Guaranty/Security Deposits Payable	615,035	2,038,442
Other Payables	26,065,606	76,261,171
Trust Liabilities	3,733,174,168	4,037,192,988
Retained Earnings	(173,811,192)	(1,039,750,516)
Total Liabilities and Equity	3,765,176,080	4,147,953,005

In compliance with COA AOM No. 2021-015 dated May 31, 2021, the balances of liability accounts of OMA transactions pertaining to Personnel Services and Maintenance and Other Operating Expenses were transferred to Non-OMA books of accounts as at year-end.

Other Assets-TransCo (Temporary Registry Accounts) are accounts retained in NPC books pending validation and reconciliation. As soon as these accounts are validated and reconciled, the same shall be taken out of the Temporary Registry of NPC thru adjustments and/or by transferring to the books of National Transmission Corporation (TransCo).

The **Temporary Registry Accounts** consists of the following:

Particulars	2021	2020
Due from Government Corporations	8,333	8,333
Due from Officers and Employees	205,763	205,763
Other Receivables	7,858,391	7,858,391
Advances to Contractors	2,615,910	2,615,910
Advances to Officers and Employees	10,455	10,455
Other Deposits	2,774,140	2,774,140
Other Prepayments	3,038,340	3,038,340
Other Supplies and Materials Inventory	289,198,542	289,198,542
Other Investment	36,262	36,262
Construction Work In Progress	1,023,183,864	1,023,183,864
Property, Plant and Equipment	500,899,936	500,899,936
Other Assets (Stocks for Disposal)	2,490,905	2,490,905
Other Assets	11,115,788	11,115,788
Total Assets	1,843,436,629	1,843,436,629
Retained Earnings	1,843,436,629	1,843,436,629
Total Equity	1,843,436,629	1,843,436,629

13. FINANCIAL LIABILITIES

Particulars	2021			2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Payables	6,633,435,102	3,678,571	6,637,113,673	5,553,772,771	7,519,714	5,561,292,485
Loans	40,250,253	427,622,092	467,872,345	41,075,181	477,461,370	518,536,551
Total	6,673,685,355	431,300,663	7,104,986,018	5,594,847,952	484,981,084	6,079,829,036

13.1 Payables

Particulars	2021		2020	
	Current	Non-Current	Current	Non-Current
Accounts Payable	6,127,541,317	0	5,093,563,042	0
Fuel Payable	376,593,046	0	261,067,199	0
Gasoline and Other Oil Products Payable	45,296,514	0	45,217,610	0
Materials, Supplies & Equipment Payable	325,518,502	0	409,956,116	0
Accounts Payable-Others	509,881,421	0	350,656,707	0
Check Vouchers Payable	2,205,543,940	0	1,226,979,458	0
Certified Obligations-Suppliers & Contractors	2,635,982,427	0	2,767,661,345	0
Cash Vouchers Payable	28,725,467	0	32,024,607	0
Due to Officers and Employees	314,407,336	0	267,876,067	0
Finance Lease Payable	5,964,286	3,678,571	5,633,143	7,519,714
Operating Lease Payable	185,517,817	0	186,696,173	0
Insurance Premium Payable	4,346	0	4,346	0
Total	6,633,435,102	3,678,571	5,553,772,771	7,519,714

Accounts Payable refers to the obligations of NPC to suppliers and contractors for purchases of fuel, gasoline & other oil products, materials, supplies and equipment. The decrease in accounts payables was due to payment of obligations to suppliers and contractors during the year.

Due to Officers and Employees pertains to salary differentials, overtime services, unclaimed wages, terminal, and accrued leaves of compulsory retirees which are due for payment as of year-end.

Finance Lease Payable pertains to the future minimum lease payments as at December 31, 2021 with details in the table below:

Particulars	2021	2020
Undiscounted Minimum Lease Payments		
Not later than one year	5,964,286	5,633,143
Later than one year and not later than five years	3,678,571	7,519,714
Total Undiscounted Minimum Lease Payments	9,642,857	13,152,857

The above finance lease pertains to NPC's leases of desktop, notebook, and laptop computers contracted with Advance Solutions, Inc. in CY 2020. Ownership of the leased equipment shall be transferred to NPC at no extra cost at the end of the contract period.

Operating Lease Payable refers to generating sets rental for the operation of power plants.

13.2 Loans

Particulars	2021		2020	
	Current	Non-Current	Current	Non-Current
Loans Payable - Foreign	40,250,253	427,622,092	41,075,181	477,461,370
Total	40,250,253	427,622,092	41,075,181	477,461,370

Loans Payable-Foreign refers to NPC's loans intended for the Philippine Rural Electrification Service (PRES) project in Masbate Island. The details of these payables are as follows:

Creditor	Project	Date of Loan	Original Currency	Loan Amount	Total Availment	Outstanding Balance	Peso Equivalent	Maturity Date
NATIXIS BNP	PRES	11/08/06	EUR	10,498,773	10,076,104	8,135,255	467,872,345	06/30/35
PARIBAS	PRES	11/08/06	EUR	7,804,108	7,803,644	0	0	06/18/19
Total				18,302,881	17,879,748	8,135,255	467,872,345	

Interest rates are fixed at 0.40 per cent and 5.09 per cent for Natixis and BNP Paribas, respectively. The year-end BSP's reference exchange rate was used in determining the outstanding balance in compliance with IPSAS 4- *The Effects of Changes in Foreign Exchange Rates*, as follows:

Currency	2021	2020
EUR/P	57.5117	58.6904
USD/P	50.7740	48.0360

14. INTER-AGENCY PAYABLES

Particulars	2021	2020
Due to BIR	766,124,960	431,463,307
Due to GSIS	333,387,321	16,896,530
Due to Pag-IBIG	12,082,294	1,135,243
Due to PhilHealth	1,838,575	611,960
Due to Other Government Corporation	18,533,056	9,020,371
Due to LGUs	67,368,873	25,809,745
Income Tax Payable	247,621,600	0
Total	1,446,956,679	484,937,156

Inter-Agency Payable pertains to employer's and employee's share on the statutory contributions as well as employee's loan remittances for eventual payment to the Government Service Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth) and Home Development Mutual Fund (Pag-IBIG). Increase pertains to unremitted statutory contributions related to DAMA claims in CY 2021.

This includes amount of corporate income tax, tax withheld from contractors, suppliers and employees for remittance to BIR and financial assistance/benefits payable by NPC to Local Government Units (LGUs) that host the energy source and/or energy generating facility which is sanctioned by Energy Regulation (ER)No. 1-94.

15. TRUST LIABILITIES

Particulars	2021		2020	
	Current	Non-Current	Current	Non-Current
Guaranty/Security Deposits Payable	31,289,827	0	52,161,661	0
Customers' Deposits Payable	3,189,549	0	3,189,549	0
Advances for Other Work in Progress	0	229,222,000	0	237,477,000
Trust Liabilities-GRAM	0	852,860,406	0	0
Trust Liabilities-PSALM	0	3,765,176,080	0	4,147,953,005
Temporary Registry Accounts	0	1,843,436,629	0	1,843,436,629
Total	34,479,376	6,690,695,115	55,351,210	6,228,866,634

Guaranty/Security Deposits Payable includes amounts received and segregated for the execution of specific projects or contracts. This is credited for amounts received in compliance with specifications of contract bids to ensure the fulfillment of contracts. It is debited upon its utilization for the project or for the refund of the amount debited.

The significant decrease was due to the refund of Performance Security (penalty bond) on contract entered into with S.L. Harbor Bulk Terminal Corporation.

Customers' Deposits Payable pertains to amounts deposited or advanced by power customers to NPC as security for the payment of their obligations.

Advances for Other Work in Progress represents advances to outside parties in the form of cash or in kind (materials, supplies and equipment) for the construction, with NPC's supervision, of power facilities.

Trust Liabilities-GRAM represents the amount collected allegedly in excess of the total ERC-approved 3rd GRAM per ERC Case No. 2007-097 RC dated September 24, 2012.

It would be worthy to note that there is an excess collection as alleged by COA emanating from the collection of the 3rd GRAM in Luzon and Visayas while there is an under collection in Mindanao of the 3rd GRAM. Further, there is an under collection on the ICERA. However, it is in the opinion of COA not to offset the over collection from the under collection. The details of the collection are as follows:

Recovery Mechanism	Approved Recoverable Amount	Actual Collection	Over (Under) Collection
3rd GRAM			
Luzon	1,467,086,778	2,290,870,119	823,783,341
Visayas	152,045,847	181,122,912	29,077,065
Total Over Collection			852,860,406*
Mindanao	344,188,432	122,683,924	(221,504,508)
3rd ICERA (LVM)	341,418,353	304,819,573	(36,598,780)
Total Under Collection			(258,103,288)

*alleged excess collection

These alleged excess collection/under collections in the 3rd GRAM and ICERA are subject to the final approval by the ERC.

However, in compliance with COA AOM No. 2021-011 dated May 29, 2021, as a reiteration of AOM No. 2019-003 dated March 04, 2020, NPC reclassified the amount collected allegedly in excess of the total ERC-approved 3rd GRAM from the Unearned Revenue account to the Trust Liabilities account.

Trust Liabilities-PSALM represents the corresponding liability to PSALM for the Trust Assets (refer to Note 12).

Temporary Registry Account (refer to Note 12).

16. DEFERRED CREDITS/UNEARNED REVENUE

Particulars	2021		2020 (Restated)	
	Current	Non-Current	Current	Non-Current
Unearned Revenue				
Unearned Revenue-UCME	0	1,345,743,298	0	3,565,997,128
Unearned Revenue-Rent	0	1,251,309	0	1,555,766
Unearned Revenue-GRAM	0	0	0	852,860,406
Unearned Revenue-ASEP	0	4,805,144	0	0
Unearned Interest Revenue from Restructured Accounts	0	83,926,566	0	108,630,187
Other Unearned Revenue	0	3,875,556	0	1,444,562
Deferred Credits				
Output Tax	1,159,118,228	0	1,097,797,058	0
Total	1,159,118,228	1,439,601,873	1,097,797,058	4,530,488,049

Unearned Revenue-UCME represents the unearned portion of the Universal Charge-Missionary Electrification (UCME) collections from PSALM. NPC recognized the unearned portion under Deferred Credits/Unearned Revenue instead of revenue to comply with IPSAS 23-*Revenue from Non-Exchange Transactions (Taxes and Transfers)* which provides that deferred revenue is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

The foregoing recognition was based on the provisional authority granted by ERC per ERC Case No. 2014-135 RC dated November 3, 2014. This provisional approval however, was extended by ERC on August 17, 2015, which prescribes that, *the provisional authority granted in the Order dated November 3, 2014 is hereby EXTENDED until revoked or made permanent by the Commission.*

In compliance with COA AOM No. 2021-011 dated May 29, 2021, as a reiteration of AOM No. 2019-002 dated March 4, 2020, NPC restated the CY 2020 Deferred Credit UCME balance by P1,959,537,950 representing the alleged overstated revenue requirement from CY 2016 to 2019, subject to the final approval by the ERC.

The details of the foregoing unearned UCME are as follows:

Year	Remittance from PSALM	Receivables from PSALM	UCME Requirement for the Year	Adjustments per COA AOM 2021-011	Restated UCME Requirement for the Year	Deferred Credits
	(a)	(b)	(c)	(d)	(c+d)= e	(a+b+e)
2016	11,191,361,682	(3,459,341,532)	(6,406,011,229)	410,517,546	(5,995,493,683)	1,326,008,921
2017	11,765,510,000	0	(8,664,142,565)	414,565,044	(8,249,577,521)	3,101,367,435
2018	12,558,891,000	0	(13,589,697,010)	450,874,726	(13,138,822,284)	(1,030,806,010)
2019	13,241,584,000	0	(15,411,179,101)	683,580,634	(14,727,598,467)	(2,169,595,101)
2020	11,989,806,000	0	(11,610,322,067)	0	(11,610,322,067)	379,483,933
2021	13,898,511,000	0	(16,118,764,830)	0	(16,118,764,830)	(2,220,253,830)
Total	74,645,663,682	(3,459,341,532)	(71,800,116,802)	1,959,537,950	(69,840,578,852)	1,345,743,298

Unearned Income-Rent refers to rental billings to lessees of NPC properties already recognized but not yet earned within the accounting period.

Unearned Revenue-ASEP- represents the balance of the grant received from the European Union (EU) for funding the Access to Sustainable Energy Project (ASEP). This account is credited upon receipt of the grant and debited for expenses incurred in the implementation of the project.

The ASEP is a World Bank-administered component of the Department of Energy (DOE). The project also included co-financing from the Global Partnership on Output-Based Aid (GPOBA). The implementation of the GPOBA grant was completed and closed as of December 31, 2018. Due to the dissolution of the Local Government Unit Guarantee Corporation (LGUGC) on December 31, 2018, the project was restructured and the EU grant was reassigned for implementation by the NPC. The agreement providing for the assignment, assumption, amendment and restatement of the EU Grant Agreement was signed by LGUGC, NPC and the World Bank on December 9, 2019. A retroactive extension of the closing date of the project from October 31, 2019 to September 30, 2021 was approved by World Bank on December 30, 2019. The grant amounts to 18,400,000 Euros. Please refer to Note 21.

Unearned Interest Revenue from Restructured Accounts pertains to the interest charges already recognized from the restructured account of power customers but not yet earned within the accounting period.

Other Unearned Revenue includes collections received by NPC for which identification of the remaining amount is on-going.

17. OTHER PAYABLES

Particulars	2021	2020
Retention on Contract Payments	526,839,513	567,028,676
Total	526,839,513	567,028,676

Retention on Contract Payments pertains to the amount withheld from payments to contractors and shall be debited upon payment to the contractor and upon the satisfactory completion by the contractor of the project and acceptance by NPC or upon the satisfaction of the terms of the contract.

18. PROVISIONS

Particulars	2021	2020
Leave Benefits Payable	673,740,164	576,555,051
Total	673,740,164	576,555,051

This account represents the undiscounted monetary value of accumulated leave credits earned by NPC officials and employees.

19. NET ASSETS/EQUITY

19.1 Government Equity

a. Accumulated Surplus/(Deficit)

In CY 2021, NPC remitted to the BTr a total cash dividend of ₱904,507,149 representing the following:

- i. 50 per cent dividend for CY 2020 amounting to ₱604,507,149 paid on May 15, 2021; and
- ii. Remittance of additional ₱300 million dividends paid on September 3, 2021 in compliance with DOF's letter dated August 27, 2021 requesting NPC to remit additional dividends which would provide the government the much-needed funds to implement measures to mitigate the impact of the pandemic.

Upon the recommendation of NPC Management, the National Power Board, in its Board Resolution No. 2021-08 dated February 11, 2021 as amended by Board Resolution No. 2021-31 dated April 30, 2021; and Board Resolution No. 2021-054 dated August 31, 2021, authorized the NPC to remit to the BTr the above-mentioned dividends to NG pursuant to RA No. 11469 and RA No. 7656.

In CY 2020, NPC remitted to the BTr a total cash dividend of ₱4.000 billion on April 17, 2020 representing the following:

- i. 100 per cent dividend for the CY 2019 amounting to ₱1,974,260,114.70;
- ii. Full payment/settlement of the remaining dividend arrearages (fourth and fifth amortizations) to the NG amounting to ₱1,188,377,352.00;
- iii. Remittance of ₱51,007,328.44 as a consequence of the erroneous offsetting by the Corporation against its second amortization on dividend in arrears; and
- iv. Remittance of additional 47 per cent dividend on the CY 2018 net earnings amounting to ₱786,355,204.86.

Upon the recommendation of NPC Management, the National Power Board, in its Board Resolution No. 2020-15 dated April 2, 2020 as amended by Board Resolution No. 2020-18 dated April 28, 2020, authorized the NPC to remit to the BTr the afore-mentioned dividends to NG pursuant to RA No. 11469 and RA No. 7656.

Prior period adjustments in the aggregate amount of P261,300,325 are shown in *Note 4* hereof.

19.2 Stockholder's Equity

a. Share Capital

NPC's authorized capital stock is divided into 500 million shares, P100 par value, of which 270,488,708 were issued and paid-up.

b. Other Equity Instruments

This pertains to donations of land, generating sets, power plants, and industrial buildings to various NPC power plants by their respective Local Government Units, and 12 diesel plants from Bohol Electric Cooperative (BOHECO) in accordance with its Memorandum of Agreement with NPC.

The following are the details of the aforesaid donations to NPC:

NPC Power Plant	Donation	Amount
Kabugao Diesel Power Plant	Land	240,426
Rizal Diesel Power Plant	Land	360,000
Taytay Diesel Power Plant	Land	1,647,000
Cuyo Diesel Power Plant	Land	4,122,680
Linapacan Diesel Power Plant	Land	217,500
Agutaya Diesel Power Plant	Land	176,000
Araceli Diesel Power Plant	Land	431,734
Balabac Diesel Power Plant	Land	639,600
San Vicente Diesel Power Plant	Land	1,132,800
Concepcion Diesel Power Plant	Land	105,060
Tandubas Diesel Power Plant	Land	76,710
Sitangkai Diesel Power Plant	Land	62,500
Sibutu Diesel Power Plant	Land	58,400
Balimbing Diesel Power Plant	Land	174,800
Manuk-Mangkaw Diesel Power Plant	Land	160,000
Balut Diesel Power Plant	Land	180,800
Rizal Diesel Power Plant	Generating Sets	160,000
Culion Diesel Power Plant	Generating Sets	2,084,334
Rizal Diesel Power Plant	Buildings	26,668
SPUG Luzon Workshop, Maintenance & Technical Services Division	Spare Parts for Generating Sets	481,260
Bohol 1 Mini Grid	Power Plants	1,060,620
Bohol 2 Mini Grid	Power Plants	870,302
Total		14,469,194

Adjustment on donated capital amounting to P285,500 pertains to parcel of land donated by Mr. Eugenio C. Dela Peña to NPC, situated in Palanan, Isabela, used for the construction of plant, office and quarters of NPC's power plant.

20. SERVICE AND BUSINESS INCOME

Particulars	2021	2020
Net Sales	2,246,060,039	2,155,877,365
Sales Revenue-Utility Operating Income	2,372,491,979	2,267,476,598
Sales Discounts-Prompt Payment Discounts	(42,069,944)	(34,505,316)
Mandatory Rate Reduction	(84,361,996)	(77,093,917)
Power Supply System-Transmission Service Operating Income	12,774,821	12,158,737
Interest Income	576,957,094	787,657,132
Interest on Power Supply System Revenue Receivables	463,824,227	487,382,912
Interest on Bank Deposits & Temporary Investments	109,140,890	295,353,910
Other Interest Income	3,991,977	4,920,310
Income from Management Fee	1,450,744,934	1,051,853,271
Rent/Lease Income	19,158,999	19,175,486
Fines and Penalties-Business Income	51,552,858	11,134,167
Other Business Income	307,442	753,574
Total	4,357,556,187	4,038,609,732

Sales Revenue-Utility Operating Income includes the amount of income generated from the sale of electric energy to electric cooperatives, local government units and residential customers.

Sales Discounts-Prompt Payment Discounts pertains to amount of discount equivalent to three per cent of power bill granted by NPC to customers without outstanding power accounts and who have paid their monthly bills in full on or before the 10th day of the month immediately following the billing period.

Mandatory Rate Reduction refers to a rate reduction from NPC rates of 30 centavos per kilowatt-hour (P0.30/kWh) granted to residential end-users mandated in Section 72 of the EPIRA.

Power Supply System-Transmission Services Operating Income refers to charges for the use of NPC's transmission system.

Interest Income pertains to the interest earned, net of taxes, on Power Supply System Revenue Receivables, regular deposits, and temporary investments. The increase in Interest Income on Bank Deposits & Temporary Investments was a result of maximization of temporary investments which ranges from seven, 15 and 30-day term, as well as interests earned on various deposits.

Income from Management Fees are administrative fees paid to NPC by PSALM to compensate for services rendered for the main grid pursuant to the Operation and Maintenance Agreement which is equivalent to five per cent margin on top of the total approved budget for Personnel Services (PS) and Maintenance and Other Operating Expenses (MOOE).

Rent/Lease Income refers to the earned rentals from properties of NPC under a lease agreement. The lease income is from DMCI Power Corporation, Palawan Electric Cooperative, Inc., Oriental Mindoro Electric Cooperative, Inc., Sunwest Water & Electric Company, Inc. and SUWECO Tablas Energy Corporation for the rentals of NPC properties in Irawan, Puerto Princesa DPP, Calapan DPP, Viga DPP and Fuel Storage

Tank at Tablas DPP, respectively. It also includes Philippine National Bank, Globe and SMART lease of Co-Location Tower at Angat Bulacan.

Fines and Penalties-Business Income refers to the amount of penalty on MSE suppliers due to delayed deliveries of items for use by plant operation/support groups/construction projects of NPC as well as penalty for late completion of projects.

Other Business Income consists of income from donation of fuel from LGUs, other government agencies and private entities or cash intended to be used for the purchase of fuel, lube oil and payment of other operating expenses; and income from fuel related transactions.

21. SHARES, GRANTS AND DONATIONS

Particulars	2021	2020
Share in Universal Charge	16,118,764,830	11,610,322,067
Income from Grants and Donations in Kind	8,288,315	8,390,857
Grants in Cash	19,623,091	0
Total	16,146,676,236	11,618,712,924

Share in Universal Charge pertains to the non-by passable charge passed on and collected from all electricity end-users on a monthly basis by distribution utilities. This is imposed and collected to all power consumers in the country for the recovery of the shortfall between the True Cost of Generation and the Subsidized/Approved Generation Rate (SAGR) in SPUG areas.

The notable increase was mainly attributed to the higher revenue requirement for the year due to the increase in fuel cost, other operating expenses of NPP subsidy, and Return on Rate Base (RORB) excluding the unallowable items in the computation of the 12 per cent RORB as prescribed by the COA in its Audit Observation Memorandum (AOM) No. 2019-002 dated March 4, 2020.

Income from Grants and Donations in Cash and in Kind is used by NPC to recognize income derived from the implementation of Angat, Dam and Dyke Strengthening Project (ADDSP) per Memorandum of Agreement (MOA) entered into by Metropolitan Waterworks & Sewerage System (MWSS) and NPC in CY 2016.

Grants in Cash is the recognition of grant from European Union for funding the Access to Sustainable Energy Project (ASEP) initially recognized as deferred credits to match the expenses paid by ASEP Project Office.

In compliance with the grant agreement below is the financial report of ASEP.

ACCESS TO SUSTAINABLE ENERGY PROJECT (ASEP)

Particular	2021
Cash in Bank	4,710,296
Input Tax	2,125,207
Total Assets	6,835,503

Particular	2021
Accounts Payable	1,312,413
Check Voucher Payable	13,131
Certified Obligations	0
Retention on Contract Payments	198,353
Other Deferred Credits	4,805,144
Due to NPC	506,462
Total Liabilities	6,835,503

Particular	2021
Other Income	
Grant in Cash	19,623,091
Total Other Income	19,623,091
Other Expenses	0
Miscellaneous Expenses	19,241,273
Prior Year Expenses	381,818
Total Other Expenses	19,623,091

Miscellaneous expenses under ASEP include professional fees, other outside services, donations and other related expenses.

The prior year's expense in CY2020 in the amount of ₱381,818.00 was covered by certified obligations in the amount of ₱411,362.00 and paid in CY2021.

22. PERSONNEL SERVICES

Particulars	2021	2020
Salaries and Wages	936,341,066	923,149,300
Other Compensation	416,581,193	411,811,354
Personnel Benefits Contributions	128,815,924	127,245,992
Other Personnel Benefits	121,426,650	96,747,339
Total	1,603,164,833	1,558,953,985

22.1 Salaries and Wages

Particulars	2021	2020
Salaries and Wages-Regular	906,711,149	894,864,002
Salaries and Wages-Casual/Contractual	29,629,917	28,285,298
Total	936,341,066	923,149,300

In accordance with the CPCS implementing Guidelines No. 2021-01, the accrual for the incremental difference of salary rates for the period covering October to December was recorded during the period of reporting.

22.2 Other Compensation

Particulars	2021	2020
Personnel Economic Relief Allowance (PERA)	43,022,333	43,518,759
Representation Allowance (RA)	11,206,489	11,277,750
Transportation Allowance (TA)	10,178,125	10,054,409
Clothing/Uniform Allowance	10,776,100	10,890,000
Productivity Incentive Allowance	73,727,980	55,678,784
Honoraria	6,714,457	12,571,088
Hazard Pay	12,290,487	11,524,767
Longevity Pay	0	2,000
Overtime and Night Pay	72,408,239	91,807,028
Year End Bonus	84,275,066	77,326,851
Cash Gift	8,810,500	8,941,450
Mid-Year Bonus	75,427,417	76,252,468
Director's & Committee Member's Fee	652,000	496,000
Other Bonuses and Allowances	7,092,000	1,470,000
Total	416,581,193	411,811,354

The increase of the other compensation accounts was attributed to the increase in productivity incentive allowance, hazard pay, year-end bonus and other bonuses and allowances that is partially offset with the decrease in honoraria and overtime and night-shift differentials.

22.3 Personnel Benefits Contributions

	2021	2020
Retirement and Life Insurance Premiums	112,077,499	110,337,054
Pag-IBIG Contributions	2,158,200	2,186,400
PhilHealth Contributions	12,430,530	12,548,912
Employees Compensation Insurance Premiums	2,149,695	2,173,626
Total	128,815,924	127,245,992

22.4 Other Personnel Benefits

Particulars	2021	2020
Retirement Gratuity	291,620	0
Terminal Leave Benefits	107,992,726	83,307,994
Other Personnel Benefits	13,142,304	13,439,345
Total	121,426,650	96,747,339

23. MAINTENANCE AND OTHER OPERATING EXPENSES

Particulars	2021	2020
General Services	752,827,698	625,387,944
Other Maintenance and Operating Expenses	487,351,792	416,201,909
Generation, Transmission and Distribution Expenses	414,833,108	347,293,462
Repairs and Maintenance	317,258,888	291,664,723
Awards/Rewards, Prizes and Indemnities	121,264,513	91,449,532
Taxes, Insurance Premiums and Other Fees	94,536,232	121,147,480
Supplies and Materials	70,125,686	59,229,314
Travelling Expenses	43,279,410	39,257,333
Professional Services	33,927,867	30,608,524
Utility Expenses	27,521,604	32,793,205
Communication Expenses	27,419,265	24,297,191
Training and Scholarship	5,957,559	3,472,068
Confidential, Intelligence and Extraordinary Expenses	1,282,477	1,891,524
Total	2,397,586,099	2,084,694,209

23.1 General Services

Particulars	2021	2020
Janitorial Services	109,785,349	97,253,692
Security Services	129,684,895	119,014,359
Other General Services	513,357,454	409,119,893
Total	752,827,698	625,387,944

23.2 Other Maintenance and Operating Expenses

Particulars	2021	2020
Advertising Expenses	1,241,161	864,686
Printing and Publication Expenses	2,677,411	330,357
Representation Expenses	6,878,559	4,159,078
Representation/Entertainment	3,591,704	3,023,404
Contingency Fund-Board	2,894,131	1,135,674
Contingency Fund –SVP & VP	176,226	0
Contingency Fund-President	216,498	0
Transportation and Delivery Expenses	9,271,360	8,581,819
Rent/Lease Expenses	432,239,024	394,069,989
Donations	17,819,136	0
Other Maintenance and Operating Expenses	17,225,141	8,195,980
Athletics and Recreation	737,525	522,914
Financial Aid	6,648,270	4,388,045
Cultural Expenses	375,750	189,050
Christmas and Anniversary Expenses	3,587,595	1,893,282
Miscellaneous MOOE	5,744,650	1,109,405
Share in the National Wealth	131,351	93,284
Total	487,351,792	416,201,909

23.3 Generation, Transmission and Distribution Expenses

Particulars	2021	2020
Operation-Hydro Plant	28,627,688	23,621,009
Operation-Diesel Plant	377,006,557	307,746,235
Operation-Transmission & Substation	9,198,863	15,926,218
Total	414,833,108	347,293,462

23.4 Repairs and Maintenance

Particulars	2021	2020
Repairs and Maintenance-Infrastructure Assets	276,953,227	254,970,112
Hydro Plant	75,574,607	113,135,414
Diesel Plant	112,259,143	57,173,563
Transmission & Substation	7,582,975	2,462,000
Technical Services	0	639,062
Job Order for Maintenance	81,536,502	81,560,073
Repairs and Maintenance-Buildings and Other Structures	14,947,895	12,970,642
Repairs and Maintenance-Land Improvement	189,696	482,144
Repairs and Maintenance-Machinery and Equipment	9,947,607	9,416,427
Office/Laboratory Equipment	267,501	718,023
Store Equipment	123,112	352,707
Tools/Shop Garage	358,645	278,818
Power Operated Equipment	29,461	75,024
Communications Equipment	450,351	458,550
Computers	1,352,485	966,756
Miscellaneous Equipment	7,366,052	6,566,549
Repairs and Maintenance-Transportation Equipment	15,220,463	13,825,398
Total	317,258,888	291,664,723

23.5 Awards/Rewards, Prizes and Indemnities

Particulars	2021	2020
Awards/Rewards Expenses	119,427,995	91,449,532
Indemnities	1,836,518	0
Total	121,264,513	91,449,532

23.6 Taxes, Insurance Premiums and Other Fees

Particulars	2021	2020
Taxes, Duties and Licenses	42,272,354	71,317,613
Licenses	19,726,956	11,474,976
Realty Tax	729,875	789,312
Other Taxes	21,815,523	59,053,325
Insurance Expenses	52,263,878	49,829,867
Total	94,536,232	121,147,480

23.7 Supplies and Materials Expenses

Particulars	2021	2020
Office Supplies Expenses	22,962,056	17,893,854
Fuel, Oil and Lubricants Expenses	21,741,146	14,616,165
Other Supplies and Materials Expenses	25,422,484	26,719,295
Total	70,125,686	59,229,314

23.8 Travelling Expenses

Particulars	2021	2020
Travelling Expenses-Local	43,279,410	39,257,333
Total	43,279,410	39,257,333

The increase in travelling expenses was attributed to more travels given the more lenient implementation of Community Quarantine protocols but with additional requirements when travelling domestically with an offset to a lower Watershed travelling cost due to minimal off-site visits.

23.9 Professional Services

Particulars	2021	2020
Auditing Services	25,106,673	25,672,825
Consultancy Services	8,821,194	4,935,699
Total	33,927,867	30,608,524

23.10 Utility Expenses

Particulars	2021	2020
Water Expenses	2,933,807	2,825,898
Electricity Expenses	24,587,797	29,967,307
Total	27,521,604	32,793,205

23.11 Communication Expenses

Particulars	2021	2020
Postage and Courier Services	1,324,821	1,261,254
Telephone Expenses	12,103,606	12,425,032
Internet Subscription Expenses	13,984,229	10,595,645
Cable, Satellite, Telegraph & Radio Expense	6,609	15,260
Total	27,419,265	24,297,191

23.12 Training and Scholarship Expenses

Particulars	2021	2020
Training Expenses	5,957,559	3,472,068
Total	5,957,559	3,472,068

Higher expenses for HRD training programs due to a number of training that were conducted during the period.

23.13 Confidential, Intelligence and Extraordinary Expenses

Particulars	2021	2020
Extraordinary and Miscellaneous Expenses	993,309	905,603
Public Relations & Project Acceptance Expenses	289,168	985,921
Total	1,282,477	1,891,524

24. FINANCIAL EXPENSES

Particulars	2021	2020
Interest Expenses	2,013,728	2,119,550
Bank Charges	251,665	108,695
Total	2,265,393	2,228,245

25. DIRECT COST

Particulars	2021	2020
Direct Cost (Fuel & Additives-Diesel Plant)	4,628,493,266	3,806,199,887
Total	4,628,493,266	3,806,199,887

This account represents the cost of fuel and thermal chemicals used by diesel plants for operations. The increase in the overall cost of fuel is attributable to the higher fuel consumption and average fuel price per liter from ₱29.68 in 2020 to ₱34.95 in 2021.

26. NON-CASH EXPENSES

Particulars	2021	2020
Depreciation	649,452,590	595,905,750
Depreciation - Other Assets	25,719,952	25,040,994
Impairment Loss	511,588,693	506,211,075
Total	1,186,761,235	1,127,157,819

26.1 Depreciation

Particulars	2021	2020
Depreciation-Infrastructure Assets	475,231,738	390,055,027
Depreciation-Buildings and Other Structures	53,387,520	46,680,070
Depreciation-Machinery and Equipment ⁸	120,833,332	159,170,653
Total	649,452,590	595,905,750

⁸ Includes depreciation of furniture and fixtures, transportation equipment and leased assets.

26.2 Depreciation – Other Assets

Particulars	2021	2020
Depreciation-Other Assets	25,719,952	25,040,994
Total	25,719,952	25,040,994

26.3 Impairment Loss

Particulars	2021	2020
Impairment Loss-Loans and Receivables	511,588,693	506,211,075
Total	511,588,693	506,211,075

27. NET FINANCIAL ASSISTANCE/SUBSIDY

Particulars	2021	2020
Subsidy from National Government	1,210,293,003	1,688,890,824.
Financial Assistance to Local Government Units	(4,475,441)	(4,260,890)
Financial Assistance/Subsidy-Others	(9,100,494,092)	(6,030,333,522)
Total	(7,894,676,530)	(4,345,703,588)

Subsidy from National Government is a funding support thru the issuance of a Special Allotment Release Order (SARO) to cover for the Capital Expenditures requirements of the Corporation. This account represents cash received from the Department of Budget and Management (DBM) per Notice of Cash Allocation based on the approved National Government (NG) Subsidy.

Financial Assistance to Local Government Units refers to financial assistance/benefits payable by NPC to Local Government Units (LGUs) that host the energy and/or energy generating facility pursuant to ER No. 1-94.

Financial Assistance/Subsidy-Others refers to subsidy paid to New Power Providers (NPPs) in missionary electrification areas. Significant increase of this account was attributed to the following: (a) higher energy off-take of NPP's; and (b) four (4) new NPPs temporarily became operational to sustain the demand, namely: FP Island Energy Corporation (Lahuy, Haponan), FP Island Energy Corporation (Quinalasag), Camotes Island Power Corporation & Isla Norte Energy Corporation (INEC).

Accrual for subsidy expenses covering December 25 to December 31 (six days) for both years was recorded as prescribed by the COA.

The list of New Power Providers in the SPUG areas, with the corresponding subsidy in CY 2021 is as follows:

New Power Provider	Area	2021	2020
DMCI Masbate Power Corporation	Masbate	1,041,171,835	950,547,522
Delta (Paragua)	Palawan (PPC)	643,876,895	486,484,714
Palawan Power Generation Incorporated (PPGI)	Palawan (Tinguiban, Narra)	465,991,811	236,426,776
Powersource Philippines Incorporated	Rio Tuba, Rizal, Palawan	0	42,121,142
Powersource Philippines Incorporated (Liminangcong)	Taytay, Palawan	36,037,764	31,371,278
Ormin Power Inc.	Oriental Mindoro	330,835,794	209,227,950
OrminInabasan Mini Hydro	Oriental Mindoro	13,281,174	10,599,401

New Power Provider	Area	2021	2020
Power One Corporation	Oriental Mindoro	458,656,212	188,739,826
Mindoro Grid Corporation	Oriental Mindoro	213,358,942	152,282,321
DMCI Palawan Power Corporation	Irawan, Quezon, Roxas	1,235,005,067	731,463,130
Calamian Island Power Corporation	Palawan (Busuanga, Coron)	333,428,831	281,859,214
Occidental Mindoro Consolidated Power Corporation (OMCPC)	Occidental Mindoro	1,189,073,049	751,711,541
DMCI Power Corporation-Calapan	Oriental Mindoro	562,547,505	323,938,904
Sunwest Water and Electric Company, Inc.	Tablas, Romblon	424,070,318	301,097,492
Sunwest Water and Electric Company, Inc.-Catanduanes	Solong, Catanduanes	552,749,727	336,538,614
Renesons Energy Polillo, Inc. (REP)	Polillo	193,463,511	141,244,717
Sabang Renewable Energy Corp. (SREC)	Puerto Prinsesa, Palawan	6,380,933	1,450,540
FP Island Energy Corporation (Lahuy, Haponan)	Camarines Sur	1,085,539	0
FP Island Energy Corporation (Quinalasag)	Camarines Sur	1,335,960	0
Philippine Hybrid Energy Systems, Inc. (PHESI)	Mindoro/Romblon	55,934,149	0
Bantayan Island Power Corporation	Bantayan, Cebu	234,902,888	165,599,221
S. I. Power Corporation (SIPCOR)	Siquijor	340,258,419	199,745,588
Camotes Island Power Corporation	Poro, Pilar	66,069,406	0
Isla Norte Energy Corp. (INEC)	Bantayan, Cebu	15,656,075	0
Powersource Philippines Incorporated (Malapascua)	Bantayan, Cebu	18,506,775	14,434,833
Kaltimex Rural Energy Corporation (KREC)	Tawi-Tawi	666,815,513	473,448,798
Total		9,100,494,092	6,030,333,522

28. NON-OPERATING INCOME, GAIN OR LOSSES

28.1 Other Non-Operating Income

Particulars	2021	2020
Bid Related Income	10,230,412	7,637,532
Other Miscellaneous Income	11,902,733	3,797,844
Income from Penalties for Shortfall Capacity	12,562,158	14,428,998
Total	34,695,303	25,864,374

Other Non-Operating Income includes NPC's income from bid documents and other miscellaneous income of NPC.

28.2 Gains

Particulars	2021	2020
Gain on Foreign Exchange Fluctuation	11,574,458	0
Gain on Sale of Unserviceable Property	141,955	0
Other Gains/Extraordinary Gain	107,528	506,804
Total	11,823,941	506,804

Other Gains include the GSIS premium received for the motor vehicle that was included in an accident and assessed to be as total wreck.

28.3 Losses

Particulars	2021	2020
Loss on Foreign Exchange Fluctuation	0	24,636,425
Other Losses	3,072,977	0
Total	3,072,977	24,636,425

Other losses pertain to the impairment loss recognized on the equipments of the following plants: El Nido Diesel Power Plant, Tingloy Diesel Power Plant, Lahuy Diesel Power Plant and Quinalasag Diesel Power Plant.

29. RECONCILIATION OF BUDGET AND ACTUAL INFORMATION

The annual budget of the Corporation is prepared on a cash basis in compliance with Executive Order No. 91 dated September 19, 2019 and Section 36, Chapter 5, Book VI of Executive Order No. 292 or the “Administrative Code of 1987” and is published in the government website.

Cash-based budgeting is a budget system that proposes cash-based appropriations, which guarantees and authorizes payments for the items (goods and services) that are included in the budget over a limited period of time, generally corresponding to the fiscal year in consideration.

An explanation of variance in the final budget and actual amounts of receipts is as follows:

Particulars	Final Budget (a)	Actual Amounts (b)	Difference (a-b)
Receipts			
Services and Business Income	3,172,160,080	2,188,847,395	983,312,685
Assistance and Subsidy	5,606,313,000	1,210,293,003	4,396,019,997
Shares, Grants and Donations	18,701,305,349	13,898,511,000	4,802,794,349
Others	1,508,538,064	7,205,733,017	(5,697,194,953)
Total	28,988,316,493	24,503,384,415	4,484,932,078

In CY 2021, higher amount of final budget was presented as compared to the actual amounts due to the following factors:

- a. Higher projected energy sales at 585.23 GWh versus 447.38 GWh actual energy sales in CY 2021 due to lower demand caused by COVID-19 pandemic;
- b. Final budget includes NG subsidy of P1.04 billion for the current year and P4.57 billion for prior years, compared to the actual CY 2021 subsidy received amounting to P1.21 billion; and
- c. Higher revenue requirement was computed in the final budget corresponding to higher projected fuel and New Power Providers (NPP) expenses.

The foregoing variances were partly offset by lower projection on the amounts withheld from employees/contractors, collection from other receivables and deposits presented in final budget. Also, actual amounts include funds received from PSALM amounting to P3,810,037,689 intended for payment of DAMA claims, which was not part of the final budget amounts.

A reconciliation of expenses presented in the Statement of Financial Performance and in the SCBAA is also presented as follows:

Particulars	Final Budget (a)	Actual Amounts (b)	Certified Obligations (c)	Difference [a-(b+c)]
Payments				
Personnel Services	2,758,298,698	4,825,126,023	220,446,146	(2,287,273,471)
Non-OMA	1,943,697,097	652,609,993	143,869,754	1,147,217,350
OMA	814,601,601	221,491,485	76,576,392	516,533,724
DAMA	0	3,951,024,545	0	(3,951,024,545)
Maintenance and Other Operating Expenses	10,706,747,657	8,872,171,935	2,249,749,882	(415,174,160)
Capital Outlay	3,718,043,085	1,764,013,120	310,785,047	1,643,244,918
Financial Expenses	43,110,532	42,892,573	0	217,959
Others (NPP Subsidy, VAT and Dividends)	12,447,549,014	12,389,733,288	1,962,417,181	(1,904,601,455)
Total	29,673,748,986	27,893,936,939	4,743,398,256	(2,963,586,209)

The material difference of final budget than the actual amounts after deducting certified obligations is mainly due to the following factors:

- a. Higher Personnel Services (PS) in the final budget due to provision of P448.47 million for separation pay and P287.49 million for terminal leave in the proposed NPC reorganization, retirement of SPUG personnel assigned in decommissioned plants not implemented in CY 2021, provision for compensation adjustment (CPCS) of P158.15 million, and provision for 239 vacant positions as of December 2021;
- b. Actual amounts include disbursements for DAMA claims amounting to P3,951,024,545 pursuant to Supreme Court resolution dated November 21, 2017 and COA decision no. 2019-416 dated September 23, 2019. In addition, NPC reclassified to Other Assets account the amount of P2.54 billion in compliance with COA AOM No. 2021-011 dated May 29, 2021 to reclassify the Deferred Credits-UCME and Trust Liability-GRAM from Cash and Cash Equivalents to Other Assets account;
- c. Higher fuel budget due to higher projected generation at 611.97 GWh with projected fuel consumption of 186.98 million liters versus 469.30 GWh actual generation and 132.45 million liters actual fuel consumption in CY 2021;
- d. Projected expense for genset rental in CY 2021 for San Vicente (Palawan), Tingloy, Libang and Cuyo DPPs did not materialized due to lower demand in the area brought about by the COVID-19 pandemic;
- e. The COVID-19 pandemic slowed-down the operation and maintenance activities of power plants, Transmission Lines and Substation Systems, and mobilization of support services which contributed to lower actual Other Operating Expenses;
- f. Final budget includes financial assistance to LGUs amounting to P5.69 million, however, no actual disbursements was made in CY 2021;
- g. Lower projected dividends at 50% of net income versus actual dividend payment at 75% of net income;

- h. Lower utilization of budget for Capital Expenditure (CAPEX) primarily due to COVID-19 pandemic resulting to the following: (i) problem in manpower mobilization required in the implementation of the strict health protocols; (ii) revision/re-packaging of some projects to address issues/problems encountered in the implementation of similar projects and to attract participation of more bidders for competitive bidding; (iii) failure of biddings (i.e. no interested bidder, post disqualification of bidders due to non-compliance with the requirements); (iv) lot acquisition/right of way issues; (v) re-routing of transmission line projects during project implementation and other lot acquisition/right of way issues; (vi) remaining punch lists for rectification of the contractors; and (vii) higher projection of foreign exchange rate.

The foregoing was partly offset by payments made for prior year expenses related to NPP Subsidy amounting to P1.51 billion and MOOE amounting to P1.06 billion as presented below:

Particulars	Actual Amounts	Current Expenses paid in CY 2021	Prior Year Expenses paid in CY 2021
Personnel Services	4,825,126,023	822,815,650	51,285,827
Maintenance and Other Operating Expenses	8,872,171,935	7,573,702,901	1,063,519,680
Capital Outlay	1,764,013,120	0	0
Financial Expenses	42,892,573	2,013,728	0
Others (NPP Subsidy, VAT and Dividends)	12,389,733,288	7,433,780,658	1,508,211,867
Total Payments	27,893,936,939	15,832,312,937	2,623,017,374

NPC reported a total of ₱27.894 billion cash outflows for the year 2021, ₱15.832 billion of which pertains to payment of expenses incurred during the year, while ₱2.623 billion pertains to payment of expenses incurred in previous years.

30. FINANCIAL MANAGEMENT

30.1 Risk Management Objectives and Policies

The Corporation has significant financial risks from the following:

a. Credit Risk

This pertains to the risk of default in the payment of power customers. The Corporation manages its credit risk through close risk monitoring. It regularly sends out Notice of Collection to demand delinquent customers to pay their bills and/or negotiate for a restructuring payment scheme of overdue power bills and close monitoring of customers' account.

However, we take exception to the management of credit risk applicable to Basilan, Sulu and Tawi-Tawi customers which is aimed at minimizing, if not eliminate, huge financial exposure in terms of unpaid billings. Because of the inherent peculiarity of the aforesaid customers or counterparty, the Corporation manages its credit risk through requests of assistance from Local Government Units (LGUs) in the area, customer's forum and constant

follow-ups since application of the Corporation's disconnection policy is hindered by political interventions coupled with economic and perennial peace and order problem in these areas.

b. Physical Risk

This pertains to the loss of or damage to the insurable assets of the Corporation either by accident and/or dangers that pose a threat to physical assets.

The Corporation manages its physical risk by obtaining insurance covers through the Government Service Insurance System (GSIS) which provides comprehensive protection against accidents, property loss, pilferage, damage, sabotage and terrorism.

c. Liquidity Risk

This refers to the risk that funding or cash flow of the Corporation will be inadequate in meeting obligations associated with financial liabilities that are settled by delivering cash.

The Corporation manages its liquidity risk mainly through the following: (i) tariff rate petition/application with the Energy Regulatory Commission (ERC) to update the cost of electricity generation to its current level and UCME/UCEC Subsidy pursuant to the EPIRA; and (ii) to request subsidy from the National Government for the Corporation's Capital Expenditures' budget support/funding.

30.2 Financial Performance

NPC realized an operating revenue amounting to ₱20,504,232,423 higher by 31 per cent or ₱4,846,909,767 compared to last year's operating revenue of ₱15,657,322,656.

NPC generated an operating income amounting to ₱10,685,961,597 higher by 51 per cent or ₱3,607,873,086 when compared with last year of ₱7,078,088,511.

The Corporation's financial performance had decreased from a Net Income of ₱2,524,347,183 in CY 2020 to ₱2,449,949,661 in CY 2021, lower by 3 per cent or ₱74,397,522.

30.3 Filing of Petition/Application with the Energy Regulatory Commission (ERC) for the recovery of the following:

a. CY 2019 True-up

National Power Corporation's petition for the recovery of revenue shortfall from the Universal Charge for Missionary Electrification (UCME) for CY 2019 before the Energy Regulatory Commission (ERC) was docketed on 16

March 2021 under ERC Case No. 2021-017 RC. NPC proposed to recover the amount of **PhP7.562 Bn**, or equivalent to **PhP0.0720/kWh**.

b. CY 2022 BASIC UCME

On 31 March 2021, NPC's petition for CY 2022 Basic UCME was docketed under ERC Case No. 2021-022 RC. In the said filing, NPC proposed a basic UCME of **PhP20.209 Bn** or an equivalent UCME rate of **PhP0.1908/kWh** with a recovery period of twelve (12) months. The proposed basic UCME is inclusive of subsidy for NPC SPUG, New Power Providers (NPP), Qualified Third Parties and the cash incentive for Renewable Energy Developers.

c. 20th GRAM and 20th ICERA DAA

On 03 June 2021, NPC's filed applications for the 20th Generation Rate Adjustment Mechanism (GRAM) and 20th Incremental Currency Exchange Rate Adjustment (ICERA) were docketed under ERC Case Nos. 2021-041 RC and 2021-042 RC, respectively. Adjustments corresponding to these filings covering January 2019 to June 2019 test period are referred to as Deferred Accounting Adjustments or DAAs which are pass-thru costs in NPC's rates. NPC proposed to recover the amount of **PhP1.769 Bn** with a proposed rate for Luzon, Visayas and Mindanao areas equivalent to PhP1.6096/kWh, PhP1.4509/kWh and PhP1.3147/kWh respectively, or an average increase of **PhP1.4738/kWh** to be charge to the electricity consumers in the missionary areas. This in effect will have a corresponding reduction in the UCME True-up Recovery for the 1st semester of CY 2019. The proposed recovery period for the 20th GRAM is spread into twenty-four (24) months and the 20th ICERA recovery period is twelve (12) months.

d. 21st GRAM and 21st ICERA DAA

NPC's application for the 21st Generation Rate Adjustment Mechanism (GRAM) was docketed on 19 July 2021 under ERC Case No. 2021-053 RC while the 21st Incremental Currency Exchange Rate Adjustment (ICERA) was docketed on 23 August 2021 under ERC Case No. 2021-067 RC. Adjustments corresponding to these filings covering July 2019 to December 2019 test period are referred to as Deferred Accounting Adjustments or DAAs which are pass-thru costs in NPC's rates. NPC proposed to recover the amount of **PhP1.694 Bn** with a proposed rate for Luzon, Visayas and Mindanao areas equivalent to PhP1.4082/kWh, PhP1.4178/kWh and PhP1.3910/kWh respectively, or an average increase of **PhP1.4021/kWh** to be charge to the electricity consumers in the missionary areas. This in effect will have a corresponding reduction in the UCME True-up Recovery for the 2nd semester of CY 2019. The proposed recovery period for the 21st GRAM is spread into twenty-four (24) months and the 21st ICERA recovery period is twelve (12) months.

A total of six (6) cases were filed for the year 2021 equivalent to PhP27.771 Bn or PhP0.2628/kWh if approved as filed. Basic application is subject to true-up or reconciliation with actual expenses after the operating period.

e. Successful Defense /Virtual Hearings

The Corporate Affairs Group - Revenue Management Department successfully completed/concluded forty-four (44) virtual hearings or equivalent to twelve (12) cases for the year 2021, as summarized hereunder:

- NPC filed the Formal Offer of Evidence (FOE) for CY 2018 True up on 05 January 2021.
- The 19th GRAM and 19th ICERA which were both filed in the 4th quarter of 2020 started the virtual hearing on 15 January 2021 and concluded in March 2021.
- The continuation of virtual hearings for the CY 2014 True-up and 14th GRAM DAA were concluded in the first (1st) and second (2nd) quarter of the year. The resumption of hearings for 2020 and 2021 Basic UCME were both concluded in the third (3rd) quarter of the year.
- The initial hearing for CY 2019 True-up was conducted on 07 May 2021 while the succeeding scheduled hearings were cancelled as NPC filed an Urgent Motion to Reset. ERC issued a new Order and Notice setting the hearing starting 06 August 2021 and concluded on 01 October 2021.
- CY 2022 Basic UCME was heard starting 02 June 2021 and concluded in the 3rd quarter of the same year.
- The hearing for the 20th GRAM and 20th ICERA were both concluded on 24 November 2021 while the 21st GRAM hearing was completed on 25 November 2021.

31. OPERATIONAL HIGHLIGHTS

In furtherance of NPC's mandate to bring power as catalyst for development to the farthest, smallest, and remotest areas and islands in the country, the following are the Corporation's programs and project accomplishments in CY 2021:

31.1 Small Power Utilities Group (SPUG)

The Small Power Utilities Group (SPUG) manages and ensures quality operation of off-grid generating assets, transmission, and substation facilities nationwide. The Group implements projects in accordance with the Missionary Electrification Program including administration of subsidies.

Among the notable accomplishments of SPUG in CY 2021, are the following:

a. Power plants with increased operating hours

No.	SPUG Power Plants	Province	Operating Hours		Date Implemented
			From	To	
1	Minabel DPP	Cagayan	8	16	January 25, 2021
2	Rapu-Rapu DPP	Albay	16	24	February 22, 2021
3	Casian DPP	Palawan	8	16	April 26, 2021
4	Naro DPP	Masbate	8	24	May 15, 2021
5	San Pascual DPP	Masbate	16	24	May 15, 2021
6	Pilas DPP	Basilan	8	12	May 17, 2021
7	Osmeña DPP	Masbate	8	16	May 29, 2021
8	Gilotongan DPP	Masbate	16	24	May 30, 2021
9	Tingloy DPP	Batangas	16	24	August 8, 2021
10	Pandami	Sulu	8	12	August 26, 2021

b. New Power Plants

No.	Plant Name	Province	Capacity		Date Commissioned	Date of Commercial Operation
			Rated	Dep		
1	Casuguran DPP	Eastern Samar	70	70	March 15, 2020	March 18, 2021
2	Kalayaan DPP	Palawan	300	300	June 10, 2021	June 12, 2021
3	Bancalaan II DPP	Palawan	80	80	August 2, 2021	August 11, 2021
4	Cagusuan DPP	Eastern Samar	20	18	August 20, 2021	August 26, 2021
5	Habag DPP	Eastern Samar	20	18	August 20, 2021	August 26, 2021
6	Inapulangan DPP	Eastern Samar	20	18	August 20, 2021	August 26, 2021
7	Hilabaan DPP	Eastern Samar	50	45	August 20, 2021	September 1, 2021
8	Tikling DPP	Eastern Samar	20	18	August 20, 2021	September 2, 2021
9	Suluan DPP	Eastern Samar	50	45	September 17, 2020	October 17, 2021
10	Sta. Monica DPP	Eastern Samar	50	45	February 24, 2020	November 11, 2021
11	Concepcion DPP	Palawan	90	80	November 15, 2021	November 15, 2021
12	Hilotongan DPP	Cebu	80	80	October 26, 2021	November 21, 2021
13	Pangapuyan DPP	Zamboanga Del Sur	10	10	December 29, 2018	October 9, 2021
14	Great Sta. Cruz DPP	Zamboanga Del Sur	10	10	December 29, 2018	Not yet in operation

c. Take-over Power Plants

No.	Plant Name	Province	Capacity		Date Commissioned	Date of Commercial Operation
			Rated	Dep		
1	Bisucay DPP	Palawan	80	80	February 27, 2021	February 27, 2021
2	Panlaitan DPP	Palawan	88	88	December 6, 2021	December 21, 2021
3	Tara DPP	Palawan	100	80	December 14, 2021	December 24, 2021

31.2 Dams Management Department (DMD)

a. Information and Education Campaign (IEC)

The main objective of the IECs is to impart important information and increase the level of awareness of concerned LGUs and communities located downstream of NPC dams, regarding the benefits of dams and its

operations in accordance with NPC Dam Safety Program. The IEC is a continuing activity that also aims to prepare the LGUs and downstream communities in dealing with flood-related hazards that may be caused by dam operations.

Due to the COVID-19 pandemic, the IECs for 2021 were conducted through virtual platform via Zoom. The IECs were conducted in close coordination with PAGASA, respective DRRMOs and other concerned stakeholders/agencies. For this year, a total of thirteen (13) sessions out of twelve (12) target sessions were conducted and completed with the following dates as follows:

Location	No. of Sessions	Inclusive Dates
Caliraya Dam	3	April 20 – 22, 2021
Angat Dam	3	April 27 – 29, 2021
San Roque Dam	4	May 18 – 20, 2021
Ambuklao-Binga Dams	3	July 6 – 7, 2021

b. Reliability Testing of Spillway Gates

The annual spillway gates testing is being carried out with the Dam Operators to ensure reliability of the spillway gates during spilling operations. The tests were successfully completed and conducted for the following dams:

- Ambuklao and Binga Dams: August 19-20, 2021
- San Roque Dam: April 13-16, 19-22, 2021
- Angat Dam: June 1, 2021
- Caliraya Dam: June 24 and 25, 2021

31.3 Dams, Reservoirs and Waterways Division (DRWD)

a. Dam Safety Inspection/Assessment

Safety inspections were conducted in five DMD managed dams in Luzon and the corresponding assessment reports were prepared, submitted and approved. This activity was done semi-annually to assess the behavior and condition of NPC managed and operated dams in Luzon, namely: Ambuklao, Binga, San Roque, Angat, and Caliraya-Lumot Dams and their appurtenant structures. DRWD also participated in the conduct of virtual safety inspection/assessment of PSALM privatized small hydroelectric plants namely: Buhi-Barit in Camarines Sur, Cawayan in Sorsogon, Amlan in Negros Oriental, and Loboc in Bohol.

The inspections/assessments were carried out to ensure the sustainability of the dam’s safety/integrity and operability to effectively impound water needed for domestic water supply, irrigation, power generation and flood control. The observations, findings and recommendations were reported and conveyed to the concerned Plant Management/Operators, and compliance to the recommendations in the report is diligently monitored.

Also, dam instrumentation monitoring is a continuing activity for DMD-DRWD. The technical data gathering and surveillance are aimed to ensure the long-term performance and safety of dams and its appurtenances. These data are used for systematic evaluation of its structural safety and serve as basis for decision making.

b. Additional/New Instrumentation at Caliraya and Lumot Dams and Dykes

Installation of additional/new instrumentation i.e., piezometers, extensometers and seepage weir, was implemented at Caliraya and Lumot Dams and Dykes. Rehabilitation of the existing vibrating wire piezometers and extensometers was also part of this activity. This activity which has duration of 150 calendar days was completed in September 2021. AF Drill Techniques was the contractor for this activity.

With this development, the surveillance monitoring of the Caliraya and Lumot Dams and Dykes will be further enhanced, considering that these facilities were already constructed for more than seventy (70) years.

c. Deformation Survey of Caliraya and Lumot Dams and Dykes

Deformation Surveys are conducted semi-annually. For 2021, the first one was conducted in the second quarter and the other one was in the last quarter. Results of the deformation surveys showed small (acceptable) movements/displacements along XYZ directions having 314 mm as the maximum vertical displacements for X, 70 mm and 49 mm maximum displacements along the Y and Z directions.

The deformation survey results gathered from February 2012 to October 2021 of Caliraya and Lumot Dams and Dykes indicated no anomalies/abnormalities in the measurement of Movement Survey Monuments and results of the distribution analysis particularly in the standard deviation are all within the threshold of less than 0.1.

d. Bathymetric Survey of Lumot Reservoir

Bathymetric survey was conducted and completed in the third quarter of 2021. The results showed that there is still enough capacity for the Lumot Reservoir to hold/store water for diversion to Caliraya Reservoir. The storing capacity of the Lumot Reservoir was reduced from 27.5 mcm in 2012 to 21.15 mcm in 2021, at elevation 288.0 masl.

Conduct of bathymetric survey is being done every five (5) years in compliance to International Standard.

e. Rim Mapping of Ambuklao, Binga and San Roque Reservoirs

Rim mapping was conducted in Ambuklao and Binga Reservoirs in May and October respectively and in November for San Roque Reservoir. Its main objectives are to identify mass movement/landslide and detect possible identification of slope instability along the periphery of the reservoirs.

Results of the rim mapping showed that slope instabilities in Ambuklao, Binga and San Roque Reservoirs are mostly shallow rock and debris slides and gully erosion. The instabilities were observed along the steep slope portions underlain with weathered and fractures rocks. In comparison with the previous findings, there are still no current indications of potential deep-seated landslide within the reservoir rim that may generate impulse waves which could significantly affect the reservoir and dam operations.

31.4 Flood Forecasting and Warning System Division (FFWSD)

It is FFWSD’s mandate to provide reliable flood forecasting and efficient dam discharge warning operation in order to protect the lives and properties of the communities at the downstream of the dams that are under NPC’s responsibility namely Ambuklao, Binga, San Roque, Angat, and Caliraya Dams. Aside from consistently following protocols and procedures relative to the operation of the dams, information and education campaign are annually being undertaken to strengthen the said mandate.

Periodic preventive maintenance of the Flood Forecasting and Warning System for Dam Operations (FFWSDO) equipment and facilities are also conducted for its sustainability. In addition, improvements are being implemented to further enhance NPC’s FFWSDO in order to get abreast of the latest and innovative technologies. Relative to these undertakings are the following accomplishments this CY 2021, to wit:

a. Flood Forecasting and Dam Discharge Warning Operation

The FFWSD has conducted flood forecasting and dam discharge warning operations in Ambuklao and Binga due to Tropical Cyclones (TC) and enhanced Southwest Monsoon. Details are as follows:

Location	Count	Inclusive Dates
Ambuklao Dam	5	
SWM – 1		July 23-26, 2021
SWM – 2		July 28-29, 2021
SWM – 3		August 1-4, 2021
TC Kiko		September 9-12, 2021
TC Maring		October 8-13, 2021
Binga Dam	5	
SWM – 1		July 23-26, 2021
SWM – 2		July 28-29, 2021

Location	Count	Inclusive Dates
SWM – 3		August 1-4, 2021
TC Kiko		September 9-12, 2021
TC Maring		October 8-13, 2021

b. Preventive Maintenance of FFWSO Equipment

The periodic preventive maintenance activities are being conducted to avoid or mitigate the consequences of equipment malfunction especially during spilling operations. The quarterly preventive maintenance activities were conducted on the following schedules, as shown in the table below:

Stations	Plan/Actual	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Remarks
Ambuklao-Binga	Plan	Mar 15-19, 2021	June 21-25, 2021	Sept 6-10, 2021	Nov 15-19, 2021	Witnessed only as per OMA Agreement
	Actual	Mar 21-25, 2021	June 16-21, 2021	Sept 8, 21-30, 2021	Nov 2, 22-Dec 2, 2021	
San Roque	Plan	Feb 1-26, 2021	May 3-31, 2021	Aug 2-31, 2021	Nov 3-29, 2021	Completed On-time/ Ahead of time
	Actual	Feb 10-26, 2021	May 3-14, 2021	Aug 2-20, 2021	Nov 8-19, 2021	
Angat	Plan	Feb 16– Mar 15, 2021	Jun 1-30, 2021	Aug 2-27, 2021	Nov 3-26, 2021	Witnessed only as per OMA Agreement
	Actual	Feb 16– Mar 15, 2021	May 31-Jun 19, 2021	Aug 11-27 Sept 18-20, 2021	Nov 22-Dec 22, 2021	
Caliraya	Plan	Under Rehabilitation			Oct 18-22, 2021	No maintenance activity performed from 1 st to 3 rd quarter due to the on-going rehabilitation project of the whole system.
	Actual	(Rehabilitation of Caliraya FFWSO)			Oct 18-22, 2021	

c. FFWSO Project

▪ **Rehabilitation of Caliraya Flood Forecasting and Warning System for Dams Operations (FFWSO) Project**

This project aims to provide reliable Flood Forecasting and Warning System for Dam Operations at Caliraya which will enhance monitoring and analyses of the data gathered using rain gauge stations, warning stations and water level stations, and provide efficient way to

disseminate warning announcements to areas located nearby the downstream of Caliraya Dam.

This project was completed on May 12, 2021.

- **Angat Dam and Dyke Strengthening Project (ADDSP)**

- **Schedule I - Enhancement of Angat Dam Flood Forecasting and Warning System for Dam Operations**

- This project involves installation of seven rain gauge and seven water level stations and additional 10 warning stations to improve the current flood forecasting and warning system of Angat.

- This project was completed on August 23, 2021.

- **Schedule II - Enhancement of the Communication Network for Angat Flood Forecasting and Warning System for Dam Operations**

- The project aims to interconnect all dam offices to the Command Center at NPC-Diliman and to share all the data gathered to all stakeholders of Angat Dam including the Provincial Disaster Risk Reduction & Management Council (PDRPMC) in Malolos, Bulacan, thus improving communication during dam releases.

- This project was completed on February 2, 2021.

- **Supply, Delivery, Installation, Testing and Commissioning of File Management and Network Firewall Software**

- The project aims to install a file management platform and a network firewall from the NPC Command Center in NPC Diliman to the Angat Dam Office in Bulacan. Installation of this file management system ensures that all data transfers being done within the Angat Flood Forecasting Network is monitored. Installation of the Network Firewall System was done in order to prevent unintended access to the system.

- The installation, testing and commissioning of the File Management and Network Firewall was completed last December 28, 2021.

31.5 Power Engineering Services (PES)

The Power Engineering Service manages and supervises the implementation of power projects including construction, quality and cost control. The Group provides specialty services such as engineering surveys, hydrological studies, geological services, materials investigation and testing, social engineering and right-of-way acquisition. It also prepares conceptual and detailed studies, design and tender documents for new facilities and rehabilitation of existing facilities.

The Power Engineering Services' major accomplishments for CY 2020 are as follows:

Item No.	Project Title	Work Order No.	Status / Accomplishment
TRANSMISSION LINE PROJECTS			
1	Rehabilitation of Minolo (Puerto Galera) - Mamburao 69kV Transmission Line Project (52 kms)	I321I01	<ul style="list-style-type: none"> ▪ Project completed on 08 June 2021 ▪ Successfully energized on 02 July 2021 ▪ Inauguration/ceremonial switch-on conducted on 24 September 2021. ▪ Project Close-out Report submitted to Finance on 23 September 2021.
2	Supply and Erection/ Installation of Roxas - Taytay 69kV T/L Project Roxas Substation - Alimanguan Junction (Schedule 1) (Structure 1-232)	J302A02	<ul style="list-style-type: none"> ▪ Project accomplishment, 85.45% ▪ Work suspended effective 01 December 2020 due to the DPWH Road-widening project. The original T/L pole sites were relocated, hence will require re-negotiation for the acquisition of pole sites and ROW easement. Considering that work suspension is still in effect, there is no work in progress. ▪ Close coordination with NPC Office of the Legal Counsel (OLC) for the expeditious issuance of Writ of Possession to the two (2) remaining PAPs for Expropriation namely: <ul style="list-style-type: none"> 1) Dennis Isaac J. Lee (RT-61) - already filed expropriation case to Office of Clerk of Court -Regional Trial Court (OCC-RTC) Palawan on 27 September 2021. Under preparation of summons to be signed by the judge of Branch 95 and 2) Complaint against Heirs of Benjamin Baconio was temporarily withheld as they allowed entry within their property. NPC requested Ms. Pilar Cavatorta to present proof of sale or documents that will support her claim for the property. ▪ For issuance of resumption of works upon receiving of Writ of Possession from the Court. ▪ Typhoon Odette hit the northern part of Palawan on 17 December 2021. Minor damages were reported. Based on the initial inspection conducted on 18 December 2021, steel poles and cross arms were not damaged. However, eight (8) spans of ACSR and the installed insulators therein were damaged/cut off due to fallen trees.
3	Supply and Erection/ Installation of Roxas-Taytay 69kV T/L Project Alimanguan Junction-Taytay Substation (Schedule 2) (Structure 232-434)	J302A02	<ul style="list-style-type: none"> ▪ Project accomplishment, 99.17% ▪ Filing of expropriation case for the remaining PAP was deferred subject for revision due to recent death of Maria Nancy Fegarido, as advised by OLC. Negotiation with the heirs of Maria Nancy Fegarido is in progress. ▪ Re-inspection of T/L conducted on 07-09 December 2021, revealed 231 punchlist items. ▪ Contract already expired 15 September 2021. Liquidated Damages will be imposed for unperformed works beyond the contract period. ▪ Ongoing rehabilitation of pole structures affected by the Typhoon "Odette" ▪ Target project completion by end of February 2022. ▪ Target submission of Project Close-out Report on 15 March 2022.

Item No.	Project Title	Work Order No.	Status / Accomplishment
4	Supply and Erection/Installation of Virac - San Miguel 69kV T/L Project	J312A01	<ul style="list-style-type: none"> ▪ Slope protection works was completed on 22 October 2021. ▪ Project Close-out Report submitted to Finance on 29 September 2021. ▪ Energization of the transmission line was conducted on 27 October 2021.
DISTRIBUTION LINE PROJECTS			
1	Supply and Delivery of Various Distribution Line Materials for the Electrification of Five (5) Barangays at Zamboanga del Sur under Off-Grid Electrification Project.	K997A01	<ul style="list-style-type: none"> ▪ Project completed on 02 November 2021. ▪ Target submission of Project Close-out Report to Finance by end of January 2022.
2	Supply, Erection/Installation, Testing & Commissioning of 7.97/13.8kV Distribution Line at Taplantana Island, Tabuan Lasa, Basilan	I300J01	<ul style="list-style-type: none"> ▪ Project accomplishment, 11.81% ▪ Conducted Transformer Turns-Ratio and Insulation Resistance Test on 17 December 2021. ▪ Conducted staking activity and marking of affected coconut trees (ROW) on 18 November 2021. ▪ NPC-SPUG-WMOD, PICC and the supplier coordinated with Barangay LGU and commenced on the staking activity including marking of affected 39 coconut trees for the ROW clearing with partial payment for the lot owner on 18 November 2021.
SUBSTATION PROJECTS			
1	Transfer, Installation, Test and Commissioning of 40 MVA Power Transformer from Irawan to Narra Substation	E600A40	<ul style="list-style-type: none"> ▪ Successfully energized/commissioned on 11 July 2021 ▪ Project completed on 26 July 2021. ▪ Project Close-out Report submitted to Finance on 27 September 2021.
2	Supply, Delivery, Construction, Installation, Testing and Commissioning of 5 MVA San Miguel Substation	J310A01	<ul style="list-style-type: none"> ▪ Project completed effective 29 October 2021 ▪ Commercially Operated on 19 November 2021. ▪ Finalization of Project Close-out Report in progress, target submission by 2nd week of January 2022.
3	Supply, Delivery, Installation & Commissioning including Transfer of 5 MVA Transformer from Narra Substation to Brooke's Point Substation in Palawan	J310A04	<ul style="list-style-type: none"> ▪ Completed rectification of punchlist items as of 05 November 2021. ▪ Certificate of Project Completion was issued effective 05 November 2021. ▪ Energized as of 05 September 2021.
4	Upgrading of Existing Power Transformer from 10 MVA to 20 MVA Mobo Substation	J300I01	<ul style="list-style-type: none"> ▪ Project accomplishment, 35.48% ▪ Factory Acceptance Test (FAT) for substation protection system was conducted on 16 November 2021, discussed the necessary preparatory works to avoid power outages within the area during the implementation of the project. ▪ Conducted Virtual FAT for 20MVA Transformer last 29 December 2021

Item No.	Project Title	Work Order No.	Status / Accomplishment
5	Rehabilitation and Transfer of Existing 10 MVA Power Transformer at Boac Substation Incl. Supply, Delivery, Construction/ Installation, Test & Commissioning of New 10 MVA Mogpog Substation	I324A03	<ul style="list-style-type: none"> ▪ Project accomplishment, 97.25% ▪ Joint Final Inspection (JFI) & Test and Commissioning (T&C) conducted on 15-30 September and on 10-16 November 2021, respectively. There are 54 punchlists items identified, 32 out of 54 punchlist items are closed. ▪ T&C of Protection Relays conducted 10-16 November 2021. Ongoing rectification of the remaining 22 out of 53 punchlists. ▪ Contractor to target Energization on 17 January 2022.

CAPACITY ADDITION PROJECTS AND ASSOCIATED FACILITIES

1	Construction of Power Facilities for the 2 x 150 kW D/G & 13.8kV Distribution Line Including Supply, Delivery, Erection/Installation, Test & Commissioning of BOP in Pag-asa Kalayaan Island, Palawan	E610A28	<ul style="list-style-type: none"> ▪ The power plant was successfully energized last 12 June 2021. ▪ Project completed on 28 June 2021. ▪ Inauguration on 26 July 2021 ▪ Project Close-out Report submitted to Finance on 27 September 2021.
2	Supply, Delivery, Installation, Test & Commissioning of 5x1.0MW Modular Diesel Generator sets & associated electrical equipment for Boac DPP	E810A09	<ul style="list-style-type: none"> ▪ Project completed on 10 March 2021. ▪ Final Acceptance Certificate issued effective 11 March 2021. ▪ Project Close-out Report submitted to Finance on 21 September 2021.
3	Supply, Delivery, Installation, Test and Commissioning of Eleven (11) Units of Modular Diesel Gensets and Electrical Equipment for Southern Luzon SPUG Areas under Schedule IV-A	I810A02	<ul style="list-style-type: none"> ▪ Project Completed on 02 September 2021 ▪ All JFI punchlist items were already rectified on 11 October 2021 ▪ Project Close-Out Report submitted to Finance on 08 November 2021.
4	Supply, Delivery, Installation, Test and Commissioning of Four (4) Units of Modular Diesel Gensets and Electrical Equipment for Casiguran DPP & Maconacon DPP under Schedule IV-C	I810A03	<ul style="list-style-type: none"> ▪ Project accomplishment, 99.54% ▪ Substantially completed with remaining 2 out of 10 punchlists for close-out. ▪ Target completion of remaining punchlists by end of January 2022, ▪ Project Close-out Report preparation ongoing. Target submission to Finance by end of January 2022.
5	Supply, Delivery, Erection/Installation, Test and Commissioning of 2 x 1,500kW Containerized Diesel Gensets and Associated Electrical Equipment for Torrijos DPP under Package 1	I810A01	<ul style="list-style-type: none"> ▪ Project accomplishment, 65.07% ▪ Under Work Suspension No. 2 effective 15 November 2021 due to delayed shipping of gensets including spare parts and special tools due to COVID-19, delayed release of equipment from Bureau of Customs (BOC) and suspended sea travel to project site due to Typhoon Rai (local name: Odette) ▪ 2 x 2MVA Power Transformers and 15kV Switchgear already arrived and mounted/positioned at project site on 17 and 28 September 2021, respectively. ▪ Gensets, spare parts and special tools arrived at site on 21 December 2021.

Item No.	Project Title	Work Order No.	Status / Accomplishment
6	Construction of Power Facilities including Supply, Delivery, Installation, Test and Commissioning of 4 x 1.0 MW Containerized D/G Sets and Auxiliaries for Boac DPP	E610A18	<ul style="list-style-type: none"> ▪ Commercially operated (4MW) as of 05 October 2021. ▪ All 12 punchlist items already rectified and closed per ESD letter dated 03 December 2021. ▪ Certificate of Completion effective 02 December 2021 issued to the Contractor. ▪ Completed Project Close-out Report. Reproduction in progress. For submission by 1st week of January 2022.
7	Construction of Power Facilities including Supply, Delivery, Erection, Test and Commissioning of 2 x 180 kW Modular Generating Sets and Associated Electrical Equipment and BOP for the Electrification of 4 Barangays at Naro Island, Masbate	E610A13	<ul style="list-style-type: none"> ▪ Project was completed on 03 August 2021 ▪ Conducted Test and Commissioning of 2x225kVA Transformer on 30 April 2021. ▪ Commercial operations for 24 hours last 15 May 2021. ▪ Project inauguration on 04 September 2021.
8	Construction of Power Facilities including Supply, Delivery, Erection, Installation, Test and Commissioning of 90 kW Modular Generating Sets Including BOP for Electrification of Five (5) Barangays at Tagubanhon Island	E610A10	<ul style="list-style-type: none"> ▪ Project completed on 12 March 2021. ▪ Project Close-out Report submitted to Finance on 03 November 2021.
9	Construction of Power Facilities including Supply, Delivery, Erection, Test and Commissioning of BOP for New Areas Electrification in Samar Province in Three (3) Schedules (9 Areas)	E610A09	<ul style="list-style-type: none"> ▪ Project accomplishment, 96.02% ▪ Total of 0.35MW already tested/commissioned as of 02 November 2020. ▪ Target completion of rectification of punchlists and project completion by February 2022. ▪ As-Built Drawings for submission by the Contractor for NPC's approval. ▪ Target submission of Project Close-out Report on March 2022.
10	Construction of Power Facilities Including Supply, Delivery, Installation, Test and Commissioning of 5 x 1.0 MW Containerized Generating Sets, Auxiliaries and Balance of Plant for Basilan Power Plant	E810A15	<ul style="list-style-type: none"> ▪ Three (3) x 1,000 kW Commissioned on 12 April 2020 and Commercial Operation on 17 April 2020. ▪ Two (2) x 1,000 kW Commissioned on 30 July 2020 and Commercial Operation on 01 August 2020. ▪ Project Inauguration Ceremony was conducted on 02 February 2021. ▪ Target submission of Project Close-out Report to Finance by end of January 2022.
11	Construction of Power Facilities including Supply, Erection/ Installation, Test & Commissioning of Forty Seven (47) Units of Modular Diesel Generating Sets and Electrical Equipment for Luzon SPUG Areas under Schedule 1	H820A01	<ul style="list-style-type: none"> ▪ Project accomplishment, 98.15%. ▪ Gensets for all 18 plant sites already energized/commercially operated. ▪ Various warranty issues for the supplied equipment for settlement by the Contractor. ▪ Target project completion by end of February 2022. ▪ Target submission of Close-out Report by end of March 2022.

Item No.	Project Title	Work Order No.	Status / Accomplishment
12	Supply, Delivery, Installation, Test and Commissioning of Various D/G Sets for Electrification of Seven (7) New Areas in Bohol	E610A26	<ul style="list-style-type: none"> ▪ Project accomplishment, 21.25%. ▪ Under Work Suspension effective 16 December 2021 due to damages brought by Typhoon Odette. ▪ Ocular Inspection and assessment of damages due to Typhoon Odette to be conducted by 2nd week of January 2022.
13	Construction of Power Facilities including Supply, Delivery, Test and Commissioning of Various Modular Gensets, Associated Electrical Equipment and BOP for the Electrification of Five (5) Barangays at Zamboanga Del Sur under Off-Grid Electrification Project.	E610A11	<ul style="list-style-type: none"> ▪ Project accomplishment, 99.14% <ul style="list-style-type: none"> >Tictabon: 99.14% >Manalipa: 99.14% >Tumaloptap: 99.14% >Pangapuyan: 99.60% > Great Sta. Cruz: 99.14% ▪ Inauguration of the 1x10kW genset at Pangapuyan DPP was conducted on 09 October 2021. ▪ Target submission of Project Close-out Report to Finance by end of January 2022.
14	Supply, Delivery, Erection/ Installation, Test & Commissioning of 22 Units of Modular Generating Sets & Electrical Equipment for Mindanao SPUG Areas - Schedule III	K840A01	<ul style="list-style-type: none"> ▪ Project accomplishment, 95.22% ▪ Civil works substantially completed for all sites. ▪ Contractor is required to submit within 15 days from receipt of the Notice of the Board Decision a consular invoice/Bill of Lading attesting that the ordered units are for delivery to the Philippines. ▪ The twenty-two (22) genset units, transformers and GCPPs were already delivered at all project sites/areas. ▪ Issued Show Cause Order on 27 September 2021. Contractor was instructed to expedite delivery & installation of remaining BOP Items, Conduct the T & C and completion of the project. ▪ Target submission of Project Close-out Report to Finance on 31 January 2022.
15	Supply, Delivery, Installation, Test and Commissioning of Generator Transformers and Line Materials for Connection of 300 kW, 160 kW and 80 kW D/G Sets for Various SPUG Diesel Power Plants in Three (3) Packages	E810A29	<ul style="list-style-type: none"> ▪ Project completed on 14 May 2021. ▪ Completed Testing and Commissioning for all 37 units of Generator Transformers. ▪ Rectifications of punchlists were completed as of 14 May 2021. ▪ Project Close-out Report submitted to Finance on 28 October 2021.
16	Supply, Delivery, Installation, Test and Commissioning of Six (6) Units of 50kW Modular Gensets, Associated Electrical Equipment and Balance of Plant for Lanawan (Saluping) & Tapiantana DPP under the Electrification of New Areas in Basilan (Package 10A)	E610A30	<ul style="list-style-type: none"> ▪ Project accomplishment, 99.26% ▪ T&C 04 June 2021. ▪ Substantially completed with remaining 15 punchlists for close-out. Target completion for rectification of punchlists on 31 October 2021. ▪ Project Close-out Report preparation ongoing. Target submission to Finance by end of January 2022.

Item No.	Project Title	Work Order No.	Status / Accomplishment
17	Supply, Delivery, Installation, Test and Commissioning of Nineteen (19) Units of Modular Diesel Generating Sets and Associated Electrical Equipment for SPUG Bohol Areas under Schedule II-B	E810A39	<ul style="list-style-type: none"> ▪ Project accomplishment, 98.88% ▪ T&C conducted for all units. ▪ Status of rectification of the generated punchlists: (75 remaining out /215 for 10 sites): <ul style="list-style-type: none"> - 13 out of 20 generated punchlists already rectified for Pamilacan DPP, 7 outstanding punchlists. - 14 out of 21 generated punchlists already rectified for Balicasag DPP, 7 outstanding punchlists. - 11 out of 18 generated punchlists already rectified for Cabul-an DPP, 7 outstanding punchlists. - 16 out of 23 generated punchlists already rectified for Cuaming DPP, 6 outstanding punchlists. - 14 out of 22 generated punchlists already rectified for Mantatao DPP, 8 outstanding punchlists. - 15 out of 23 generated punchlists already rectified for Hambongan DPP, 8 outstanding punchlists. - 13 out of 21 generated punchlists already rectified for Mocaboc DPP, 8 outstanding punchlists. - 14 out of 22 generated punchlists already rectified for Batasan DPP, 8 outstanding punchlists. - 17 out of 24 generated punchlists already rectified for Ubay DPP, 7 outstanding punchlists. - 12 out of 21 generated punchlists already rectified for Bagongbanwa DPP, 9 outstanding punchlists.
18	Supply, Delivery, Installation, Test and Commissioning of 3 x 1500 kW for Kalamansig DPP, Sultan Kudarat	E610A20	<ul style="list-style-type: none"> ▪ Project accomplishment, 86.15% ▪ Final request for a 90-calendar day Contract Time Extension was submitted by the Contractor per letter dated 06 October 2021 following NPC's denial of their Second Motion for Reconsideration for the same. Request was presented to the NP Board on 17 November 2021. The NP Board, through the recommendation of NPC Management, denied the said request. ▪ Liquidated Damages will be imposed for unperformed works beyond the revised contract expiry. ▪ Started the assembly/erection of Genset Enclosure on 11 December 2021.
19	Supply, Delivery, and Testing of 1x1.0MWe (Prime Power) Trailer-Mounted, Containerized Diesel Generator Set for delivery to NPC Minuyan, San Jose Del Monte, Bulacan	H990A01	<ul style="list-style-type: none"> ▪ Project accomplishment, 0.50% ▪ Technical Drawings and Brochures of 1MW Generator set and Factory Acceptance Test (FAT) procedure already approved. ▪ Ongoing submission of electrical equipment brochure/drawings for review and approval.
20	Supply, Delivery, and Testing of 3x25kWe (Prime Power) Trailer-Mounted, Soundproof and Weatherproof Diesel Generating Sets for delivery to NPC Minuyan, San Jose Del Monte, Bulacan	H990A02	<ul style="list-style-type: none"> ▪ Ongoing submission of Equipment Brochures/Drawings for review and approval in progress. ▪ Implementation schedule for approval.

Item No.	Project Title	Work Order No.	Status / Accomplishment
21	Supply, Delivery, Installation, Test and Commissioning of Ten (10) Units of Modular Diesel Generating Sets and Associated Electrical Equipment for Bicol SPUG Areas under Sch. IV-B	E810A38	<ul style="list-style-type: none"> ▪ Project accomplishment, 98.40% ▪ Test and Commissioning completed for all project sites from 10 to 23 July 2021. ▪ All equipment (gensets, GCPPs, Transformers, Day Tanks) already installed. ▪ Ongoing rectification of punchlist items. 62 / 68 punchlists already complied. ▪ Amendment to Order No. 2 for the transfer of genset units from Quinalasag DPP to Naro DPP forwarded to the Contractor on 29 September 2021 for confirmation. ▪ • Target project completion by end of January 2022. ▪ • Target submission of Close-out Report by end of January 2022.
22	2 x 1500 kW (3.0 MW) Containerized Gensets for Dinagat DPP, Dinagat and 2 x 600kW Containerized Gensets for West Simunul DPP, Tawi-Tawi	E610A27	<ul style="list-style-type: none"> ▪ Project accomplishment, 10.14% (as of 08 October 2021) ▪ Under Work Suspension effective 09 October 2021 due to the delayed shipping and delivery at site of the D/G Sets including the spare parts and special tools caused by the COVID-19 pandemic and delayed release of equipment from the Bureau of Customs (BOC). ▪ Gensets and transformers including electrical materials already arrived at West Simunul DPP last 18 November 2021. ▪ 2x1.5MW gensets including its spare parts and tools already arrived at Manila North Harbor Port last 15 November 2021. ▪ Online training conducted by Anglo Belgian Corporation (ABC) regarding 2x1.5MW D/G sets last 6-8 December 2021. ▪ Project Close-out Report, in progress. Target date of submission is on 30 April 2022.
23	Supply & Installation, Test & Commissioning of Thirteen (13) Units of Modular D/G and Associated Electrical Equipment for Six (6) Areas of BAPA in Palawan in Three (3) Schedules (Schedule 1)	E610A23	<ul style="list-style-type: none"> ▪ Project accomplishment, 41.78% ▪ Amendment to Order No. 1 for the change in delivery site issued on 24 August 2021, emailed to the Contractor on 27 August 2021. Confirmed by the Contractor on 24 September 2021. The 2x100kW gensets and associated equipment will be transferred from Manamoc, Cuyo, Palawan to NPC Stockyard, Irawan, Puerto, Princesa, Palawan. ▪ Amendment to Order No. 2 (Contract Price Adjustment) already confirmed by the Supplier and received by PIC A last 24 September 2021. ▪ Show Cause Order dated 16 August 2021 was issued through email and acknowledged by the Contractor on the same day. Response/justification on the causes of the delay dated 20 August 2021 was transmitted by the Contractor to NPC through email. ▪ Under Work Suspension effective 21 December 2021 due to damages from Typhoon Odette.

Item No.	Project Title	Work Order No.	Status / Accomplishment
24	Supply, Delivery, Installation, Test and Commissioning of Eight (8) Units of 50kW Modular Diesel Gensets, Associated Electrical Equipment and Balance of Plant for Dipla, Mayteged, Batas and Debangon DPP under the Electrification of New Areas in Palawan - Package 8	J810A01	<ul style="list-style-type: none"> ▪ Project accomplishment, 0.25% ▪ Issued Show Cause Order last 06 December 2021. ▪ Under Work Suspension effective 22 December 2021 due to force majeure caused by Typhoon Odette.
25	Supply & Installation, Test & Commissioning of Modular D/G Including BOP for Electrification of New Areas in Two (2) Schedules - Schedule 2: 4 Units – New Site: NPC Minuyan, San Jose del Monte, Bulacan (Previously in Golo Island Occidental Mindoro)	E810A31	<ul style="list-style-type: none"> ▪ Termination of Contract partial issued to the Contractor on 26 July 2021. ▪ The Contractor already confirmed the Amendment to Order (Partial Termination) on 02 August 2021. ▪ Genset and accessories was delivered to Minuyan, Bulacan on 24 & 26 August 2021. ▪ Conduct of basic tests for the equipment on 01-02 September 2021 may not be completed as scheduled if test instruments of the contractor are not available and other equipment are not in accordance with NPC specifications. The remaining tests for the equipment will be scheduled upon the approval of drawings and replacement of the supplied GCPP.
26	Supply, Delivery, Installation, Test and Commissioning of Seven (7) Units of Modular Diesel Generating Sets and Associated Electrical Equipment for Three (3) Barangay Power Association (BAPA) in Palawan	J810A03	<ul style="list-style-type: none"> ▪ Project accomplishment, 2.11% ▪ Amendment to Order No. 1 for the changes on the contract scope and place of delivery without additional cost/time extension already approved on 08 July 2021 and confirmed by the Contractor on 12 July 2021. Gensets intended for Port Barton and New Ibajay DPPs are to be reallocated to Bancalaan 2 and Bancalaan 1, respectively. ▪ Issued Show Cause Order dated 13 December 2021. ▪ Suspension of works was issued on 22 December 2021 due to force majeure caused by the Typhoon Odette.
27	Supply, Delivery, Installation, Test and Commissioning of Fifteen (15) Units of Modular Diesel Generating Sets Including Balance of Plant for the Electrification of New Areas in Palawan in Two (2) Schedules (Schedule 1: 610 kW)	E610A25	<ul style="list-style-type: none"> ▪ Project accomplishment, 0.26% ▪ Amendment to Order No. 1 for the changes on the contract scope and place of delivery without additional cost/time extension already approved on 08 July 2021 and conform by the Contractor on 12 July 2021. Gensets intended for San Isidro DPP, Busuanga will be reallocated to Maglalambay DPP, Busuanga. ▪ Issued Show Cause Order for Schedule 1 on 16 December 2021. ▪ Issued Final Show Cause Order for Schedule 2 on 26 November 2021 ▪ Under Work Suspension effective 22 December 2021 due to force majeure caused by Typhoon Odette.

Item No.	Project Title	Work Order No.	Status / Accomplishment
28	Supply, Delivery, Installation, Test and Commissioning of Fifteen (15) Units of Modular Diesel Generating Sets Including Balance of Plant for the Electrification of New Areas in Palawan in Two (2) Schedules (Schedule 2: 40 kW)	E610A25	<ul style="list-style-type: none"> ▪ Project accomplishment, 5.17% ▪ Issued Show Cause Order for Schedule 1 on 16 December 2021. ▪ Issued Final Show Cause Order for Schedule 2 on 26 November 2021 ▪ Under Work Suspension effective 22 December 2021 due to force majeure caused by Typhoon Odette.
29	Supply, Delivery, Installation, Test and Commissioning of 3 x 50kW Modular Diesel Gensets, Associated Electrical Equipment & BOP for Electrification of New Area in Sulu under Package 11 A	K840A03	<ul style="list-style-type: none"> ▪ Project accomplishment, 41.25% ▪ Contract already expired last 07 October 2021. Contractor already advised on the imposition of liquidated damages for the unperformed activities beyond contract expiry. ▪ In response to the Show Cause Order issued by NPC on 17 August 2021, the Contractor committed to complete the project on 25 January 2022 per letter dated 30 August 2021. ▪ Target completion based on the submitted Catch-Up Plan on 25 January 2022.
30	Supply, Delivery, Installation, Test and Commissioning of 6 x 50kW Modular Diesel Gensets, Associated Electrical Equipment & BOP for Electrification of Two (2) New Areas in Tawi-Tawi under Package 11 B	E810A41	<ul style="list-style-type: none"> ▪ Project accomplishment, 42.55% ▪ Taganak DPP: Completed construction of genset and transformer foundations. ▪ Tabawan DPP: <ul style="list-style-type: none"> ▪ Completed the 3x50kW genset pad foundations on 21 September 2021. - Completed the 3x75 kVA transformer pad foundations on 26 September 2021. ▪ Issued Show Cause Order to the Contractor on 13 September 2021. The Contractor committed to complete the project on time, per response dated 29 September 2021. ▪ Target submission of Project Close-out Report to Finance on 31 May 2022.
31	Supply, Delivery, Installation, Test and Commissioning of Thirty-One (31) Units of Modular Diesel Generating Equipments for Samar SPUG Areas under Schedule II-A	E810A36	<ul style="list-style-type: none"> ▪ Project accomplishment, 6.57% ▪ Under Work Suspension effective 16 December 2021 due to Typhoon Odette. ▪ Factory Acceptance Test for Generator Transformer conducted on 25-26 November 2021.
32	Supply, Delivery, Installation, Test and Commissioning of 8 Units of Modular D/G Sets and Electrical Equipment of Agutaya and Panay SPUG Areas Under Schedule II-D	E810A40	<ul style="list-style-type: none"> ▪ Project accomplishment, 55.31% ▪ Under Work Suspension effective 16 December 2021 due to Typhoon Odette. ▪ Delivery of Gensets at site: <ul style="list-style-type: none"> - Caluya DPP on 29 November 2021 - Batbatan DPP on 08 November 2021 - Agutaya DPP on 19 November 2021 - Gigantes DPP on 19 November 2021

Item No.	Project Title	Work Order No.	Status / Accomplishment
33	Supply, Delivery, Installation, Test and Commissioning of Four (4) Units of Modular Diesel Gensets for Ambil 1 and Ambil 2 DPP including Balance of Plant for Electrification of Occidental Mindoro (Now at San Pablo DPP and San Pedro DPP, Southern Leyte)	I810A04	<ul style="list-style-type: none"> ▪ Project accomplishment, 19.61% ▪ Under Work Suspension effective 16 December 2021 due to Typhoon Odette. ▪ Issued Show Cause Order on 15 November 2021. ▪ Ongoing submission of construction drawings, material sample cards (MSC) and procedures for NPC's approval
34	Design, Supply, Delivery, Installation, Test & Commissioning of Cuaming Island Solar PV/Diesel Hybrid System (ESS)	E810A42	<ul style="list-style-type: none"> ▪ Project accomplishment, 3.79% ▪ Under Work Suspension effective 16 December 2021 due to Typhoon Odette. ▪ Installed prefabricated container house and perimeter fence including the roof of the school where the solar panels are intended to be installed were damaged during the onslaught of Typhoon Odette.
PLANT/FACILITIES BETTERMENT PROJECTS			
1	Relocation of Mooring Facilities for Power Barge 120 at Mogpog, Marinduque	E600A65	<ul style="list-style-type: none"> ▪ Project completed on 10 April 2021. ▪ Project Close-out Report submitted to Finance on 30 July 2021.
2	Service Contract for the Drilling, Rehabilitation, Supply and Installation of Piezometers and Extensometers at Caliraya Dyke and Lumot Dam/Dyke and Installation of Seepage Weir at Lumot Dyke	Z100I01	<ul style="list-style-type: none"> ▪ Project completed on 09 September 2021. ▪ Certificate of Project Turn-Over dated 28 September 2021 already approved. ▪ Project Close-out Report submitted to Finance on 07 October 2021.
3	Design, Supply, Delivery, Installation, Test and Commissioning of Limasawa Solar Photovoltaic (PV) with Energy Storage System (ESS) - Diesel Hybrid Power Plant	E810A28	<ul style="list-style-type: none"> ▪ Project accomplishment, 98.38% ▪ Substantially completed with remaining punchlists for close-out. ▪ Commercially operated and energized as of 07 February 2020. ▪ Joint inspection/ assessment conducted on 3-4 June 2021, for the integration of the 1x60kW transition genset. ▪ Contractor already hired local integrator expert for C Programming. For finalization of the agreement between Tatung Co. and local integrator. ▪ Target submission of Project Close-out Report by end of January 2022. ▪ Final Test & Commissioning was discontinued due to the super Typhoon Odette last 16 December 2021. Severe damage of Solar PV panels and 13.8kV T/L due to the super typhoon. Project Implementation Cluster C coordinated with PDI regarding the processing of insurance for the immediate restoration of affected equipment.

Item No.	Project Title	Work Order No.	Status / Accomplishment
4	Renovation of Powerhouse and Facilities Improvement for Sacol Diesel Power Plant	E781A12	<ul style="list-style-type: none"> ▪ Project completed on 08 January 2021. ▪ Inaugurated on 19 December 2020. ▪ Project Close-out Report submitted to Finance on 09 August 2021. ▪ Final Billing claimed on 14 December 2021.
5	Rehabilitation of Caliraya Flood Forecasting & Warning System for Dam Operations (FFWSDO) Project	A100A07	<ul style="list-style-type: none"> ▪ Project completed on 12 May 2021 ▪ Project Close-out Report to be submitted to Finance by end January 2022.
6	Construction of Power Facilities for the Transfer of Sabtang Diesel Power Plant	L990A01	<ul style="list-style-type: none"> ▪ Project accomplishment, 99.00% ▪ Energized on 18 October 2020. ▪ Conducted the Joint Final Inspection (JFI) on 18 May 2021. ▪ Ongoing rectification of punchlist items. Target completion of punchlists by end of February 2022.
7	Renovation of Powerhouse and Facilities Improvement for Tandubanak DPP	E781A36	<ul style="list-style-type: none"> ▪ Project completed as of 15 April 2021. ▪ Project Close-out Report submitted to Finance. Revised SLR and Final Billing submitted 19 July 2021 and 20 August 2021. For unitization. ▪ Retention Money already claimed on 03 November 2021.
8	Contract for the Expansion of Powerhouse and Construction of Bunkhouse for Pilar Diesel Power Plant located at Pilar, Camotes Island, Cebu	K610K01	<ul style="list-style-type: none"> ▪ Certificate of Project Completion effective 17 December 2021 already signed/approved. ▪ Joint Final Inspection conducted on 26 January 2021. ▪ Transformer delivered at SPUG-VOD Cebu last August 2021. ▪ Target submission of Project Close-out Report to Finance by end of January 2022
9	Construction of New Rizal DPP, Punta Baja, Rizal, Palawan	E600M11	<ul style="list-style-type: none"> ▪ Project completed as of 29 November 2021. Certificate of Project Completion already issued to the Contractor. ▪ Energized as of 05 December 2020
10	Construction of Dormitory at NPC Minuyan Complex	L991A02	<ul style="list-style-type: none"> ▪ Project completed as of 02 July 2021. ▪ Transmitted the Certificate of Turnover to Admin/Finance last 12 August 2021. ▪ Project Close-out Report already submitted to Finance on 29 September 2021.
11	Construction of Staff House, Containment Wall for 50m ³ Fuel Oil Storage Tank, Foundation for 2x20m ³ Storage Tank, and Construction, Installation, & Test of 2x60m ³ Fuel Oil Storage Tank including Associated Facilities for Various Palawan Diesel Power Plants in Three (3) Packages	E600A13 E600A15 E600A16 E6PX151	<ul style="list-style-type: none"> ▪ Project accomplishment, 62.02% ▪ First progress Billing of 40% released on 07 September 2021. ▪ Contractor to release Budget for construction activities. ▪ Final Show Cause Order issued to RNA on 20 September 2021. ▪ Notice of Contract Termination was issued on 06 December 2021.

Item No.	Project Title	Work Order No.	Status / Accomplishment
12	Construction, Supply, Delivery, Installation, Test and Commissioning of Various Utilities at NPC Minuyan Complex	L991A03	<ul style="list-style-type: none"> ▪ Project accomplishment, 97.72% ▪ Contract already expired as of 31 August 2021. Notice on the imposition of Liquidated Damages (LD) already issued to the Contractor. ▪ Required the Contractor thru letter dated 17 November 2021, to submit a catch-up plan based on the present schedule of delivery and implementation of remaining works of the project. ▪ Power Transformers delivered at project site on 05-06 October 2021. ▪ Switchgears at Substation 1 delivered on 16 November 2021. ▪ Testing and Commissioning of Fire Pumping System and Fire Detection & Alarm System conducted on 06 December 2021.
13	Rehabilitation of Bataan Nuclear Power Plant (BNPP) Local Warehousing Roofing	A900A08	<ul style="list-style-type: none"> ▪ Joint Final Inspection was conducted on 06 January 2021. ▪ Certification as to Completion effective 06 January 2021.
14	Repair/Rehabilitation of the Nuclear Power Plant (BNPP) Turbine-Generator Roof Building	Z997M01	<ul style="list-style-type: none"> ▪ Proposed implementation schedule submitted on 17 December 2021 under review and evaluation of PMD. ▪ Delivered roofing sheet materials are not conforming with NPC-approved brochure. NPC, per letter dated 27 December 2021; Contractor was already instructed to replace the said material.
15	Construction of Wave Wall at Caliraya East and West Dykes	Z100A01	<ul style="list-style-type: none"> ▪ Ongoing excavation for the wave wall structure. ▪ Ongoing fabrication of Reinforcing Steel Bars (RSB)
16	Rehabilitation/Improvement of Mooring Facility at Bo. Obrero, Iloilo City	I850I01	<ul style="list-style-type: none"> ▪ Project completed on 30 March 2021. ▪ Project Close-out Report was submitted to Finance on 29 October 2021.
17	Construction of SPUG Visayas Operations Department Office And Warehouse	E990A02	<ul style="list-style-type: none"> ▪ Project accomplishment, 76.94% ▪ Ongoing architectural, civil/plumbing and electro-mechanical works. ▪ Five (5) sets of ACU delivered at site on 23 October 2021. ▪ Contract already expired on 31 May 2021. For imposition of Liquidated Damages (LD) for the unperformed item of works beyond the contract period. ▪ Target project completion by end of March 2022.
18	Construction, Supply, Installation, Test and Commissioning of Lifting Structure for Bulkhead Gates (Agus 1 HEP)	B100J91	<ul style="list-style-type: none"> ▪ Project accomplishment, 64.06% ▪ Site Layout, completed. ▪ Excavation works for rail track plinth beam and foundation, completed. ▪ Delivery of all electro-mechanical equipment, spare parts and tools, completed.

Item No.	Project Title	Work Order No.	Status / Accomplishment
19	Supply, Installation, Test and Commissioning of Stop Log at Spillway Gate for AGUS 4, HEPP	B125J79	<ul style="list-style-type: none"> ▪ Project completed as of 06 August 2021. ▪ Preliminary PCOR submitted to Finance on 05 October 2021. ▪ Certificate of Project Completion effective 06 August 2021 already issued. ▪ Certificate of Turn-Over to End-User already issued on 06 August 2021.
20	Construction of Slope Protection at AGUS 6/7 HEPC (Phase-1 Drainage System)	B147Z83	<ul style="list-style-type: none"> ▪ Project completed as of 13 October 2021. ▪ As-Built Drawings already approved by PMD on 02 November 2021. ▪ Project Close-out Report for finalization. Target submission to Finance by end of January 2022.
21	Renovation of Powerhouse and Facilities Improvement for Sibutu DPP	E785I23	<ul style="list-style-type: none"> ▪ Project completed as of 18 December 2021 ▪ Preparation of Project Close-out Report. Target submission to Finance by end of January 2022
22	Supply, Delivery, Installation, and Test of 2 x 60cu.m. Fuel Oil Storage Tanks for Mapun DPP Including Construction of Associated Facilities	E785A07	<ul style="list-style-type: none"> ▪ Project completed as of 08 October 2021. Certificate of Project Completion already issued. ▪ As-Built Drawing already approved by Dept. Manager-PMD dated by 04 November 2021
23	Supply, Delivery, Installation, Test and Commissioning of Generator Transformers and Line Materials for Connection of 300kW, 160kW and 80kW D/G Sets for Various SPUG Diesel Power Plants in Three (3) Packages	E810A29	<ul style="list-style-type: none"> ▪ Project completed as of 14 May 2021. ▪ Project Close-out Report submitted on 28 October 2021.
24	Renovation and Construction of Second Floor of Binga FFWS Dam Office & Carshed Project	H990M01	<ul style="list-style-type: none"> ▪ Project accomplishment, 70.00% ▪ Completed concrete pouring works at the second floor office and storage area. ▪ Completed CHB laying and installation of roof trusses for the office. ▪ Completed plastering works at carshed. ▪ Ongoing excavation works of septic tank.
25	Supply, Delivery, Installation, Testing and Commissioning of File Management Software and Network Firewall Project intended for Flood Forecasting & Warning System Division	P.O. No. 058128-MDC	<ul style="list-style-type: none"> ▪ Certificate of Acceptance / Complete Delivery effective 28 December 2021. ▪ All Joint Final Inspection (JFI) punchlist items were already rectified on 28 December 2021.
26	Expansion and Repair of Powerhouse and Transfer of Switchyard of Itbayat DPP	E610I01	<ul style="list-style-type: none"> ▪ Contract Termination approved by the Committee on 09 June 2021. Final Notice was received by the Contractor on 21 June 2021. For re-bidding. ▪ NPC to blacklist Herveyn Intertrading and Builders Corp. and garnish its Performance Bond. ▪ PR and other documentary requirements for the re-bidding was submitted to BCSD on 17 September 2021

Item No.	Project Title	Work Order No.	Status / Accomplishment
			<ul style="list-style-type: none"> for procurement process. ▪ Pre-bid Conference on 14 December 2021. ▪ Bid opening on 20 December 2021. ▪ Target implementation by March 2022.
27	Supply, Delivery, Installation, Test & Commissioning of 2X100kW Modular Diesel Gensets, Associated Electrical Equipment and Balance of Plant for Tausan DPP	K840A03	<ul style="list-style-type: none"> ▪ Project completed/inaugurated as of 29 October 2020. ▪ Commissioned on 14 August 2020. ▪ Ongoing rectification of remaining 3 out of 28 punchlists. Target completion of remaining punchlists on 15 December 2021. ▪ Reliability Test & Fuel Rate Consumption was successfully conducted last 23-27 November 2020. ▪ Preparation of Project Close-out Report. Target submission to Finance is by end of January 2022.
28	Construction of Watershed Management Complex-Office Building and Training Center in Pulangi IV HEP	A992A03	<ul style="list-style-type: none"> ▪ Certificate of Project Completion dated 18 December 2020 was issued by PES to the contractor. ▪ Certificate of Turn-Over of the completed project to Watershed Management (Enduser) effective 04 January 2021.

31.6 Watershed Management Department

The Watershed Management Department (WMD) manages eleven (11) watersheds supporting hydro and geothermal based power plants with an aggregate area of 485,199 hectares pursuant to Executive Order No. 224 (1987) and Memorandum of Agreement (MOA) with National Intelligence Authority (NIA) and Department of Environment and Natural Resources (DENR). The group is responsible for the rehabilitation/restoration of open and denuded areas in the watersheds, protection and conservation of existing forest cover and implementation of community development/extension works. Among the notable accomplishments of WMD for CY2021 are as follows:

a. Watershed Rehabilitation

- Rehabilitated/Restored 78.75 hectares of open and denuded areas.
- Maintained and protected 1,146 hectares as part of the three-year maintenance and protection program of previously established plantations (Reforestation, Agroforestry and Non-Timber Forest Products).
- Produced and dispersed 319,881 and 152,648 indigenous seedlings of various species (both forest trees and fruit bearing), respectively, to communities/stakeholders in support of the rehabilitation effort.
- Engaged IPPs/energy companies in the rehabilitation of NPC-managed watersheds through NPC's Energy Sector Carbon Sequestration Initiative (ESCSI) pursuant to NP Board Resolution No. 2018-50, December 7, 2018. In support to the program, the Department of Energy

(DOE) issued an Advisory last June 18, 2021 for IPPs/energy companies to partake in NPC's initiative and assisted NPC in launching the ESCSI program last October 11, 2021. The ESCSI program has already secured the following commitments:

- ✓ 420 hectares in Angat Watershed thru Angat Hydropower Corp. (AHC)/San Miguel Corp. Global Power (SMCGP);
- ✓ 500 hectares in Lower Agno/San Roque Watershed thru San Roque Power Corporation (SPRC);
- ✓ 50 hectares in Upper Agno River Watershed thru SN Aboitiz Power – Benguet, Inc. (SNAP-B); and
- ✓ 10 hectares each for Makiling-Banahaw and Tiwi Geothermal Reservations thru Aboitiz Power Renewables, Inc. (APRI).

b. Watershed Protection

- Sustained forest protection activities through the completion of 928 patrol operations (mobile/foot patrols and checkpoint operations) in intermittent schedule including weekends and holidays in partnership with local police/military personnel, LGUs, NGOs, POs and other watershed stakeholders within the 140,887 hectares strict protection zone. Forest protection operations resulted in the confiscation of an equivalent of 13,353.43 board feet of illegally cut lumber/timber, one unit each of chainsaw and conveyance and 19 sacks of wood charcoal.
- The authority of NPC encompasses regulation including the granting/issuance of permits for related and allowable land-use activities inside NPC-managed reservations (i.e. special tree cutting, wood recovery, land-use, etc.). For CY 2021, a total of 22 permits/clearances were issued including 144 Notice of Violations (NOV) and 67 Cease and Desist Orders (CDO). Total administrative fees/charges collected from the issued permits/clearances amounts to Php8.30 Million pursuant to NPC Circular No. 2011-010 and 2006-09.

c. Resource Development

- Supplemental to NPC's forest protection efforts is encouraging the support of the local communities inside the watersheds through Information, Education and Communication (IEC) and social mobilization activities. For CY2021, a total of 70 IEC and social mobilization works were implemented which includes barangay meetings, tree planting and clean-up drives and production and distribution of print materials. However, most of the IEC planned for 2021 were either delayed or cancelled due to health and safety restrictions brought about by the ongoing COVID-19 pandemic.
- Provisions of alternative livelihood opportunities to community forms part of the community development and extension activities of NPC for CY 2021. At least 50 swine gilts were dispersed to qualified beneficiaries/indigents within the watersheds. Other livelihood projects

and training were likewise cancelled for CY 2021 due to the ongoing COVID-19 pandemic.

32. CONTINGENCIES

The status of pending cases filed by or against the Corporation as of December 31, 2021 is summarized below for Non-OMA and OMA.

Nature of Case	Non-OMA				
	No. of Cases without amount involved	Contingent Receivable		Contingent Liabilities	
		No. of Cases	Total Amount (Php)	No. of Cases	Total Amount (Php)
Expropriation ⁹	36	0	0	7	114,765,881.30
Land Registration	4	0	0	0	0
ERC	292	0	0	0	0
Tax	2	0	0	0	0
Other Civil Cases	6	0	0	2	4,059,583.35
Other Land Related Cases	10	0	0	3	3,683,780.00
Just Compensation	5	0	0	1	4,738,800.00
Administrative	3	0	0	0	0
Total	358	0	0	13	127,248,044.65

Nature of Case	OMA						
	No. of Cases without amount involved	Contingent Receivable			Contingent Liabilities		
		No. of Cases	Total Amount (Php)	No. of Cases	Total Amount (Php)	No. of Cases	Total Amount (\$ USD)
Expropriation ¹⁰	20	0	0	16	9,082,850,030.25	0	0
Land Registration	281	0	0	0	0	0	0
ERC	50	1	14,319,949,324.00	3	685,195,528.20	2	12,808,269.75
Tax	3	0	0	30	11,266,735,682.82	0	0
Other Civil Cases	66	7	73,319,258.92	10	6,919,792.85	0	0
Ejectment ¹¹	39	0	0	65	5,191,657,954.02	1	391,462.50
Just Compensation	40	0	0	1	5,838,385.65	0	0
Labor Cases Co-Handled w/ NPC	16	0	0	2	721,606,114.21	0	0
Criminal Administrative	7	0	0	1	1,905,000.00	0	0
Criminal	6	0	0	0	0	0	0
Administrative	6	0	0	0	0	0	0
Total	534	8	14,393,268,582.92	128	26,962,708,488	3	13,199,732.25

Of this list, there are eight additional OMA cases which are co-handled with the National Transmission Corporation (TransCo).

⁹ Plant-related

¹⁰ Plant-related

¹¹ Or Recovery of Possession and Damages

Contingent receivables are also expected to arise from various OMA cases. However, these are not recognized in the financial statements but are appropriately disclosed considering the favorable assessment of probability of inflow of economic benefits to the Corporation (See *a/so Note No. 3.12.c*).

For both Non-OMA and OMA cases, the amounts pertaining to all notices of disallowances issued by COA to all employees' grants and benefits are not included since in the event that the Supreme Court affirms the disallowance, all recipients shall settle the disallowed amount.

Also, on the basis of COA's audit observation and recommendation, NPC is contingently liable for basic tax subject to the result of the tax investigation of the BIR per the latter's Electronic Letter of Authority (eLOA) No. eLA201700069031, No. eLA201700067619 and No. eLA201700096131.

33. RELATED PARTY TRANSACTIONS

33.1 Key Management Personnel

The key management personnel of NPC are the President and Chief Executive Officer (CEO), the Members of the Board of Directors (BOD) and the Members of the Management Committee.

a. Board of Directors

The Members of the Governing Board are as follows:

Ex-Officio-Chairman	- Carlos G. Dominguez III Secretary, Department of Finance (DOF)
Ex-Officio-Vice Chairman	- Alfonso G. Cusi Secretary, Department of Energy (DOE)
Ex-Officio-Member	- Wendel E. Avisado, Secretary, Department of Budget and Management (DBM)
Ex-Officio-Member	- Tina Rose Marie L. Canda, Acting Secretary, Department of Budget and Management (DBM)
Ex-Officio-Member	- Karl Kendrick T. Chua Secretary, National Economic and Development Authority (NEDA)
Ex-Officio-Member	- Ramon M. Lopez Secretary, Department of Trade and Industry (DTI)
Ex-Officio-Member	- William D. Dar Secretary, Department of Agriculture (DA)
Ex-Officio-Member	- Eduardo M. Año Secretary, Department of Interior and Local Government (DILG)
Ex-Officio-Member	- Roy A. Cimatu Secretary, Department of Environment & Natural Resources (DENR)
Appointive Member	- Pio J. Benavidez President and CEO, NPC
Appointive Member	- Melchor P. Ridulme OIC, NPC
Appointive Member	- Donato D. Marcos OIC, NPC

b. Designated Alternates

The BOD members' designated alternates are as follows:

Department of Finance	- Bayani H. Agabin Danielle Marie S. Rieza-Culangen
Department of Energy	- Emmanuel P. Juaneza Jesus Cristino P. Posadas
Department of Agriculture	- Ariel T. Cayanan Bernadette F. San Juan
Department of Budget and Management	- Ryan S. Lita Elena Regina S. Brillantes
National Economic and Development Authority	- Roderick M. Planta
Department of Trade and Industry	- Ceferino S. Rodolfo, PhD Maria Veronica F. Magsino Ma. Corazon Halili-Dichosa
Department of Interior and Local Government	- Epimaco V. Densing III
Department of Environment & Natural Resources	- AnalizaRebuelta-The Nonita S. Caguioa

c. Senior Management and Members of the Management Committee

The Corporation's executive officers are as follows:

Officer-in- Charge	- Donato D. Marcos
Vice President, Administration and Finance	- Alexander P. Japon
Vice President, Power Engineering Services	- Rogel T. Teves
Vice President, Corporate Affairs Group	- Rene B. Barruela
Vice President, Legal Counsel	- Melchor P. Ridulme
Vice President, Small Power Utilities Group	- Larry I. Sabellina
Vice President, Mindanao Generation	- Edmundo A. Veloso, Jr.
Sr. Department Manager, Resource Management Services	- Manuel Luis B. Plofino
Sr. Department Manager – Finance	- Lorlina E. Bomediano
Sr. Department Manager – Administration	- Marciana B. Guinto

33.2 Key Management Personnel Compensation

The aggregate remuneration of the Members of the Management Committee is as follows:

Particulars	2021	2020
Salaries and Wages	15,254,141	13,405,859
Other Compensation	7,696,017	6,324,627
Total	22,950,158	19,730,486

34. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATIONS (RR) No. 15-2010

In compliance with the requirements set forth by the BIR Revenue Regulations (RR) No. 15-2010, the following are the information on taxes, duties, licenses and fees paid or accrued during the taxable year 2021:

34.1 VATable Revenues and Output tax

Particulars	Net Sales/Receipts	Output VAT
VATable Sales	1,787,932,424	214,551,891
Sales to Government	1,407,442,764	168,893,132
Zero-rated Sales	9,884,374	0
Exempt Sales	15,108,804,003	0
Total	18,314,063,565	383,445,023

NPC is engaged in the sale of electricity, the collection of which is classified into the following:

- a. **VATable Sales** – these are sales of electricity to power customers. Section 24(A) of RA 9337, otherwise known as the RVAT Law of 2005, which took effect on November 1, 2005, NPC's sales of electricity were subjected to VAT.
- b. **Sales to Government** – these are sales of electricity to government entities who subject their payment to NPC to five per cent withholding final VAT.
- c. **Zero-rated Sales** – the sale of electricity using renewable energy is zero per cent VAT.
- d. **Exempt sales** – the sale of electricity on which no tax is chargeable, and consequently no credit for input tax related to that sale is allowable.

34.2 Purchases and Input Taxes

Particulars	Input VAT
Balance at January 1, 2021	9,286,478,720
Add: Input tax on depreciation deferred from previous period	552,142,022
Total balance at January 1, 2021	9,838,620,742
Add: Current year's domestic purchases/payments for:	
Purchase of capital goods exceeding P1 million	135,920,720
Domestic goods	447,787,809
Services	208,957,436
Subtotal	792,665,965
Total Input Tax	10,631,286,707
Less: Deferred Depreciation	509,068,796
Total Allowable Input Tax for CY 2021	10,122,217,911

34.3 Withholding Taxes

Particulars	Amount
VAT and Other Percentage Taxes	806,533,102
Expanded Withholding Taxes	295,881,321
Withholding Taxes on Compensation and Benefits	147,915,103
Total	1,250,329,526