



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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, 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

NPC received Capital Expenditures (CapEx) funds totaling P107.387 million from the Power Sector Assets and Liabilities Management Corporation (PSALM) from CYs 2015 to 2022 for the temporary operations and management of NPC of the undisposed assets transferred by the latter to PSALM pursuant to Republic Act No. 9136, also known as the Electric Power Industry Reform Act (EPIRA). The funds transferred by PSALM of P107.387 million was already derecognized from the NPC books as at December 31, 2022, despite its non-liquidation, contrary to paragraph 27 of International Public Sector Accounting Standards (IPSAS) 1 - Presentation of Financial Statements, resulting in the understatement of the Other Assets-Trust Assets-PSALM and Trust Liabilities-PSALM accounts both by P107.387 million as at December 31, 2022.

Moreover, Other Assets-Trust Assets-PSALM and Other Assets-TransCo accounts, presented under Other Non-Current Assets, with year-end balances of P3.738 billion and P1.843 billion, respectively, have unreconciled variances of P777.243 million between the NPC books and the results of confirmation with PSALM, and P286.831 million between the accounting records and physical inventory report. Also, the balance of Other Assets-TransCo of P1.843 billion remained unsubstantiated as at year-end, contrary to the faithful representation requirement of paragraph 27 of IPSAS 1. Due to the unreconciled variances in the balances of the Other Assets-Trust PSALM and Other Assets-TransCo accounts, and

the absence of documents to substantiate the balance of the TransCo account, we were unable to obtain sufficient appropriate evidence, nor we were able to apply alternative procedures, to determine any adjustment to the Other Non-Current Assets account with carrying amounts of P7.233 billion and P9.160 billion as at December 31, 2022 and 2021, respectively.

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 14, 2022, we expressed a qualified on the financial statements of NPC for the years ended December 31, 2021 and 2020 due to (a) non-reclassification of unserviceable assets from PPE account to Other Assets totaling P74.157 million and non-recognition of impairment loss; (b) 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; (c) unrecorded NPC-owned land with acquisition cost of P13.557 million and property with land area of 931,550 sq. m.; (d) double recording of two CIP work orders; (e) non-recording of audit disallowances covered with Notice of Finality of Decision (net of settlements) totaling P598.474 million; and (f) existence of abnormal balances in various assets and liabilities accounts with total absolute amount of P211.173 million due to lack of sufficient and reliable details necessary to effect adjustments. In CY 2022, adjustments were made on the affected accounts and the 2021 financial statements were restated to correct the errors. Accordingly, our opinion on the restated CY 2021 financial statements is no longer qualified on these matters.

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 35 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 and has been subjected to the auditing procedures applied in our audit of the basic financial statements. 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
Supervising Auditor

June 14, 2023



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 2022, 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.


CATHERINE L. FONG

Undersecretary, DOF
And
Official Alternate
of
Sec. BENJAMIN E. DIKNO
Department of Finance

06/13/2023
Date


LORLINA E. BOMEDIANO
Sr. Department Manager, Finance

06/10/2023
Date


ALEXANDER P. JAPON
Vice President, Administration & Finance

06/10/2023
Date


FERNANDO MARTIN Y. ROXAS
President and CEO

06/10/2023
Date

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**NATIONAL POWER CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 and 2021**

| | <u>NOTE</u> | <u>2022</u> | <u>2021</u> (Restated) |
|---|-------------|-----------------------|---------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 5 | 3,930,254,667 | 5,646,558,694 |
| Receivables | 6 | 13,341,424,318 | 9,761,984,242 |
| Inventories | 7 | 2,413,023,596 | 2,280,430,848 |
| Other Current Assets | 13 | 1,659,412,942 | 1,245,623,839 |
| Total Current Assets | | 21,344,115,523 | 18,934,597,623 |
| Non-Current Assets | | | |
| Receivables | 6 | 287,887,547 | 341,434,555 |
| Investment Property | 8 | 4,940,632 | 4,940,632 |
| Property, Plant and Equipment | 9 | 12,792,342,501 | 12,630,040,762 |
| Intangible Assets | 10 | 11,184,583 | 0 |
| Deferred Tax Assets | 11 | 2,833,001,111 | 1,754,217,140 |
| Other Investment | 12 | 1,719,970 | 1,719,970 |
| Other Non-Current Assets | 13 | 7,232,502,310 | 9,159,595,102 |
| Total Non-Current Assets | | 23,163,578,654 | 23,891,948,161 |
| Total Assets | | 44,507,694,177 | 42,826,545,784 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Financial Liabilities | 14 | 9,100,502,506 | 6,660,854,028 |
| Inter-Agency Payables | 15 | 835,398,011 | 1,446,956,679 |
| Trust Liabilities | 16 | 45,072,029 | 34,479,376 |
| Deferred Credits/Unearned Revenue | 17 | 1,155,366,949 | 1,159,118,228 |
| Other Payables | 18 | 358,912,003 | 537,335,769 |
| Total Current Liabilities | | 11,495,251,498 | 9,838,744,080 |
| Non-Current Liabilities | | | |
| Financial Liabilities | 14 | 438,193,522 | 431,300,663 |
| Trust Liabilities | 16 | 6,962,474,102 | 6,728,085,714 |
| Deferred Credits/Unearned Revenue | 17 | 463,590,966 | 90,014,443 |
| Provisions | 19 | 788,331,108 | 673,740,164 |
| Total Non-Current Liabilities | | 8,652,589,698 | 7,923,140,984 |
| Total Liabilities | | 20,147,841,196 | 17,761,885,064 |
| Net Assets (Total Assets Less Total Liabilities) | | 24,359,852,981 | 25,064,660,720 |
| NET ASSETS/EQUITY | | | |
| Government Equity | 20 | (2,703,942,272) | (1,998,964,763) |
| Stockholder's Equity | 20 | 27,063,795,253 | 27,063,625,483 |
| Total Net Assets/Equity | | 24,359,852,981 | 25,064,660,720 |

The notes on pages 11 to 110 form part of these statements.

NATIONAL POWER CORPORATION
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

| | <u>NOTE</u> | <u>2022</u> | <u>2021</u> (Restated) |
|--|-------------|--------------------------------|--------------------------------|
| Revenue | | | |
| Service and Business Income | 21 | 4,578,352,826 | 4,357,556,187 |
| Shares, Grants and Donations | 22 | 5,494,748,470 | 4,890,497,550 |
| Total Revenue | | <u>10,073,101,296</u> | <u>9,248,053,737</u> |
| Current Operating Expenses | | | |
| Personnel Services | 23 | (2,013,627,697) | (1,663,351,241) |
| Maintenance and Other Operating Expenses | 24 | (2,495,143,649) | (2,454,800,297) |
| Financial Expenses | 25 | (5,235,822) | (2,265,393) |
| Direct Costs | 26 | (8,626,727,432) | (5,155,192,901) |
| Non-Cash Expenses | 27 | (1,425,219,316) | (1,186,761,235) |
| Total Current Operating Expenses | | <u>(14,565,953,916)</u> | <u>(10,462,371,067)</u> |
| Deficit from Current Operations | | <u>(4,492,852,620)</u> | <u>(1,214,317,330)</u> |
| Other Non-Operating Income | 29 | 70,745,189 | 34,695,303 |
| Gains | 29 | 0 | 11,823,941 |
| Losses | 29 | (16,041,421) | (3,072,977) |
| Deficit Before Tax | | <u>(4,438,148,852)</u> | <u>(1,170,871,063)</u> |
| Income Tax Expense | | 0 | (384,781,673) |
| Deficit After Tax | | <u>(4,438,148,852)</u> | <u>(1,555,652,736)</u> |
| Net Financial Assistance/Subsidy | 28 | 1,789,262,857 | 871,933,035 |
| Net Deficit for the Period | | <u>(2,648,885,995)</u> | <u>(683,719,701)</u> |

The notes on pages 11 to 110 form part of these statements.

NATIONAL POWER CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

| | Accumulated Surplus/ (Deficit) | Share Capital | Other Equity Instruments | Total |
|---|--------------------------------------|-----------------------|-----------------------------|-----------------------|
| BALANCE AT JANUARY 1, 2021 | (34,959,675) | 27,048,870,789 | 14,469,194 | 27,028,380,308 |
| ADJUSTMENTS: | | | | |
| Add/(Deduct): | | | | |
| Changes in accounting policy | 8,798,333,783 | 0 | 0 | 8,798,333,783 |
| Other Adjustment | (8,920,534,313) | 0 | 0 | (8,920,534,313) |
| RESTATED BALANCE AT JANUARY 1, 2021 | (157,160,205) | 27,048,870,789 | 14,469,194 | 26,906,179,778 |
| Changes in Net Assets/Equity for CY 2021 | | | | |
| Add/(Deduct): | | | | |
| Surplus/(Deficit) for the Period | (683,719,701) | 0 | 0 | (683,719,701) |
| 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 | (1,998,964,763) | 27,048,870,789 | 14,754,694 | 25,064,660,720 |
| Changes in Net Assets/Equity for CY 2022 | | | | |
| Add/(Deduct): | | | | |
| Surplus/(Deficit) for the Period | (2,648,885,995) | 0 | 0 | (2,648,885,995) |
| Donated Capital - Land | 0 | 0 | 923,270 | 923,270 |
| Other Adjustments | 1,943,908,486 | 0 | (753,500) | 1,943,154,986 |
| BALANCE AT DECEMBER 31, 2022 | (2,703,942,272) | 27,048,870,789 | 14,924,464 | 24,359,852,981 |

The notes on pages 11 to 110 form part of these statements.

NATIONAL POWER CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|------------------------------------|------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Cash Inflows | | |
| Collection of Revenue | 5,717,368,829 | 8,205,437,315 |
| Receipt of Assistance/Subsidy | 18,410,101,568 | 9,092,214,083 |
| Collection of Other Receivables | 1,712,220,264 | 1,498,942,265 |
| Receipt of Intra-Agency Fund Transfers | 0 | 468,727,245 |
| Trust Receipts | 17,994,074 | 3,849,958,384 |
| Other Receipts | 0 | 1,326,058,159 |
| Total Cash Inflows | <u>25,857,684,735</u> | <u>24,441,337,451</u> |
| Cash Outflows | | |
| Payment of Expenses | 3,112,762,988 | 3,196,076,040 |
| Purchase of Inventories | 7,852,140,137 | 4,238,947,251 |
| Grant of Cash Advances | 10,463,068 | 210,124,230 |
| Intangible Assets | | |
| Refund of Deposits | 10,437,207 | 24,825,124 |
| Remittance of Personnel Benefit Contributions and Mandatory Deductions | 5,242,869,154 | 3,108,351,880 |
| Grant of Financial Assistance/Subsidy/Contribution | 11,665,723,491 | 7,881,921,080 |
| Release of Intra-Agency Fund Transfers | 123,700,359 | 0 |
| Other Disbursements | 49,726,176 | 3,979,044,877 |
| Total Cash Outflows | <u>28,067,822,580</u> | <u>22,639,290,482</u> |
| Net Cash Provided by/(Used in) by Operating Activities | <u>(2,210,137,845)</u> | <u>1,802,046,969</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Cash Inflows | | |
| Receipts of Interest Earned | 37,200,812 | 62,046,964 |
| Total Cash Inflows | <u>37,200,812</u> | <u>62,046,964</u> |
| Cash Outflows | | |
| Purchase/Construction of Property, Plant and Equipment | 2,270,090,398 | 1,764,013,120 |
| Total Cash Outflows | <u>2,270,090,398</u> | <u>1,764,013,120</u> |
| Net Cash Provided/(Used in) in Investing Activities | <u>(2,232,889,586)</u> | <u>(1,701,966,156)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Cash Inflows | | |
| Transfer from Other Assets account | 2,768,802,124 | 0 |
| Total Cash Inflows | <u>2,768,802,124</u> | <u>0</u> |
| Cash Outflows | | |
| Payment of Cash Dividends | 0 | 904,507,149 |
| Payment of Long-Term Liabilities | 40,095,384 | 40,878,845 |
| Payment of Interest on Loans | 1,834,475 | 2,013,728 |
| Transfer to Restricted Cash Account | 0 | 2,543,233,615 |
| Total Cash Outflows | <u>41,929,859</u> | <u>3,490,633,337</u> |
| Net Cash Used in Financing Activities | <u>2,726,872,265</u> | <u>(3,490,633,337)</u> |
| Net Decrease in Cash and Cash Equivalents | <u>(1,716,155,166)</u> | <u>(3,390,552,524)</u> |
| Effects of Exchange Rate Changes on Cash and Cash Equivalents | <u>(148,861)</u> | <u>1,817,628</u> |
| Cash and Cash Equivalents, January 1 | <u>5,646,558,694</u> | <u>9,035,293,590</u> |
| Cash and Cash Equivalents, December 31 | <u><u>3,930,254,667</u></u> | <u><u>5,646,558,694</u></u> |

The notes on pages 11 to 110 form part of these statements.

NATIONAL POWER CORPORATION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2022

| Particulars | Budgeted Amounts | | Actual Amounts on Comparable Basis | Difference of Final Budget and Actual | |
|--|------------------|------------------------|--|---|-------------------------|
| | Original | Final | | | |
| NOTE | | | | | |
| RECEIPTS | | | | | |
| Services and Business Income | 30 | 3,290,137,862 | 3,366,412,310 | 2,754,953,606 | 611,458,704 |
| Assistance and Subsidy | 30 | 4,184,426,000 | 6,843,529,000 | 6,587,312,883 | 256,216,117 |
| Shares, Grants and Donations | 30 | 16,354,129,832 | 16,714,129,832 | 14,785,203,908 | 1,928,925,924 |
| Others | 30 | 1,846,394,806 | 1,750,530,079 | 5,890,804,502 | (4,140,274,423) |
| Total Receipts | | 25,675,088,500 | 28,674,601,221 | 30,018,274,899 | (1,343,673,678) |
| PAYMENTS | | | | | |
| Personnel Services | 30 | 2,854,821,000 | 2,854,821,000 | 2,141,187,150 | 713,633,850 |
| Maintenance and Other Operating Expenses | 30 | 9,967,601,000 | 13,422,949,529 | 11,550,269,233 | 1,872,680,296 |
| Capital Outlay | 30 | 7,256,587,000 | 6,220,152,510 | 2,078,122,934 | 4,142,029,576 |
| Financial Expenses | 30 | 45,147,000 | 45,147,000 | 41,929,857 | 3,217,143 |
| Others | 30 | 12,110,853,000 | 21,228,050,657 | 18,815,841,336 | 2,412,209,321 |
| Total Payments | | 32,235,009,000 | 43,771,120,696 | 34,627,350,510 | 9,143,770,186 |
| NET RECEIPTS/PAYMENTS | | (6,559,920,500) | (15,096,519,475) | (4,609,075,611) | (10,487,443,864) |

The notes on pages 11 to 110 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.

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

¹TransCo is a wholly-owned subsidiary of PSALM.

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 on June 13, 2023 as shown in the Statement of Management's Responsibility for Financial Statements signed by the Alternate Representative of the Chairman of the Board of Directors, the NPC President and CEO, the Vice President, Administration & Finance, and the Senior Department Manager, Finance.

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 2022 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

Also, as of December 31, 2022, 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)² and Philippine Public Sector Accounting Standards (PPSAS)³ by Non-Government Business Enterprises (Non-GBE)⁴, 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 with 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 in preparing the financial statements. Below are the IPSASs not applied and the reason for their non-application in the CY 2022 financial statements:

²Renamed to Commercial Public Sector Entities (CPSEs) thru COA Resolution No. 2020-013 dated January 31, 2020

³Renamed to International Public Sector Accounting Standards (IPSAS) thru COA Resolution No. 2020-001 dated January 09, 2020

⁴Renamed to Non-Commercial Public Sector Entities (Non-CPSEs) thru COA Resolution No. 2020-013 dated January 31, 2020

| IPSAS | Reason for Non-Application |
|---|--|
| 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 agricultural activity. |
| 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: <ul style="list-style-type: none"> 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 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 | Reason for Non-Application |
|---|---|
| <i>IPSAS 37-Joint Arrangements</i> | NPC does not have interest in joint arrangements. |
| <i>IPSAS 38-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, 2022.

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- Financial Instruments: Recognition and Measurement*; 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.

For universal charge receivables, NPC adopted an accounting policy to provide a reasonable allowance for impairment based on the percentage of the uncollected amount from UCME revenue. The computed allowance for impairment for CY 2022 is based on the average uncollectible amount from 2016 to 2022 at a rate of 5 per cent. Subsequently, the rate of 5 per cent shall be used in the computation of allowance for doubtful accounts until otherwise revised. This is pursuant to COA General Accounting Manual Section 10 and IPSAS 29 paragraph 67, page 1058 which state that *“An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the entity shall apply paragraph 72-page 1060 “the carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in surplus or deficit”.*

b. Financial liabilities

i. Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29-*Financial Instruments: Recognition and Measurement* 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 transaction costs. NPC's financial liabilities include trade and other payables and loans and borrowings.

ii. Subsequent measurement

a. Loans and Borrowings

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 P50,000.00.

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 | 5 years |
| Other Machinery and Equipment | 10 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 Intangible Assets

a. Recognition and measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; the entity has control over the asset; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in IPSAS 5, Borrowing Costs.

b. Subsequent expenditure on an acquired in-process research and development project

Subsequent expenditure on an in-process research or development project acquired separately and recognized as an intangible asset is:

- recognized as an expense when incurred if it is research expenditure;
- recognized as an expense when incurred if it is a development expenditure that does not satisfy the criteria for recognition as an intangible asset; and
- added to the carrying amount of the acquired in-process research or development project if it is a development expenditure that satisfies the recognition criteria for intangible assets.

c. Intangible assets acquired through non-exchange transactions

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date these are acquired.

d. Internally generated intangible assets

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditures incurred.

e. Recognition of an expense

Expenditure on an intangible item is recognized as expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

f. Subsequent measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives.

The straight-line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify

the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

An intangible asset with indefinite useful life is not to be amortized. Intangible assets with indefinite useful lives or an intangible asset not yet available for use are assessed for impairment annually and whenever there is an indication that the assets may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

g. Research and development costs

The NPC recognized as expenses the research costs incurred. Development costs on an individual project are recognized as intangible assets when the NPC can demonstrate:

- the technical feasibility of completing the asset so that the asset will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits or service potential
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the assets begins when development is complete and the asset is available for use.

It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

Restrictions on transferred assets are stipulations that limit or direct the purpose for which a transferred assets may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Gaining control of an asset subject to

a restriction does not impose on the recipient a present obligation to transfer future economic benefits or service potential to third parties when control of the asset is initially gained. Where a recipient is in breach of a restriction, the transferor, or another party, may have an option of seeking a penalty against the recipient. Such actions may result in the entity being directed to fulfill the restriction or face a civil or criminal penalty.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor. The recipient incurs a present obligation to transfer future economic benefits or service potential to third parties when it initially gains control of an asset subject to a condition.

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.

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. Fees and Fines

NPC recognizes revenue from fees and fines, 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.

f. 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 may be ascertained by reference to an active market, or by appraisal.

g. 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. Only when (a) a claim is enforceable, and (b) the entity assesses that it is probable that the inflow of resources will occur, will assets, liabilities, and/or revenue be recognized.

h. 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.

3.17 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.

3.18 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-CPSEs) 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 in 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 cases, 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.

3.19 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.

PAG 4 of PPSAS 1 – *Presentation of Financial Statements* requires an entity that makes publicly available its approved budget, to prepare a comparison of budget and actual amounts in a separate additional financial statement since the financial statements and budget are not on the same accounting basis.

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. 30)

Compliance with the requirements of this Standard ensures that NPC discharges its accountability obligations and enhances 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.

3.20 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.

3.21 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.

3.22 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 Adjustment on Electric Plant in Service account to (a) recognize the loss on the retirement of generating set which was decommissioned in CY 2014 amounting to P223,214.29; (b) adjust the cost of land acquired in Polilio Diesel Power Plant (DPP) based on the deed of sale in the amount of P7,962.28; (c) recognize prior years' depreciation expenses of newly unitized various work orders for SPUG plants in the amount of P39,230,570.00; (d) adjust depreciation of various plants in Bicol area in compliance with COA AOM No. 2022-010 totaling P50,184,575.42; and (e) adjust prior years' depreciation due to reconciliation and implementation of COA Circular No. 2022-004 on the capitalization threshold and reconciliation in the aggregate amount of P4,765,406.43.
- 4.2 Adjustment on Electric Plant for Disposal, and the related accumulated depreciation, account for the (a) cost of unserviceable assets with Inventory and Inspection Report of Unserviceable Property (I&IRUP) in the amount of P5,687,624.94; (b) disposal/retirement of Bantayan, Polilio, Siquijor DPPs and other unserviceable assets in the aggregate amount of P31,306,846.75; (c) adjustment on prior years' depreciation due to reconciliation and implementation of COA Circular No. 2022-004 on the capitalization threshold and reconciliation in the aggregate amount of P907,613.08.
- 4.3 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 P29,630,368.37; and (b) reclassification to expense account in the amount of P708,635,793.31.

- 4.4 Adjustment on Construction Work Completed-Unclassified, and the related accumulated depreciation, account due to (a) reclassification to expense account in the amount of P142,857.14; and (b) to recognize prior years' depreciation expenses of newly unitized various work orders, recomputation of depreciation due to the implementation of COA Circular No. 2022-004 on the capitalization threshold and reconciliation in the total amount of P15,631,250.00.
- 4.5 A reclassification from Other Utility Plants, and the related accumulated depreciation, account to expense account was undertaken to comply with COA Circular No. 2022-004 dated May 31, 2022 which prescribed that, "Tangible items below the capitalization threshold of P50,000.00 shall be accounted as semi-expendable property. The said reclassification, including recomputation of the related depreciation, totaled P172,401,067.89. Further, adjustments due to reconciliation of variances per books against per count, errors in coding/double booking, abnormal balance and prior years' depreciation expenses of newly unitized various work orders in the aggregate amount of P32,125,961.48 was also taken. Also, adjusting entries were made to recognize prior year depreciation amounting to P1,410,000.00 related to the recorded cost of facilities in Camarin Guesthouse.
- 4.6 Adjustment on Cash Restricted account for the (a) cash in bank deposited to Land Bank of the Philippines in the amount of P10,457.37 which was not recorded in the books; (b) recognition of unrecorded prior years' interest income from deposits for various court cases amounting to P5,628.51; and (c) payment of claims related to Civil Case No. 12531 amounting to P54,601.33.
- 4.7 Entries for cash receipts from prior year's miscellaneous income, which includes garnished bond and insurance claim proceeds in the total amount of P28,906,509.37.
- 4.8 Entries for cash receipts from prior year's interest earned net of withholding taxes on bank deposits, cancelled checks and bank charges in the aggregate amount of P185,252.29.
- 4.9 An adjustment on the Working Fund account due to dormant accounts and variances per books against actual payments in the aggregate amount of P273,950.75.
- 4.10 An entry for adjustment on Power Supply System Revenue Receivables due to: (a) adjustment on power bill of power customers in the amount of P24,561.50; (b) mandatory rate reduction of P0.30/kWh and availment of prompt payment discount by power customers in the amount of P3,758,949.44; and (c) adjustment on prior year's provision for bad debts in the amount of P307,409.94.
- 4.11 Entries to reverse the accrual of interest income from Temporary Investment account in the aggregate amount of P726,091.18

- 4.12 An entry on Receivable from Officers & Employees account due to overpayment of salaries, 13th month pay, uniform allowance, hazard pay, transportation and representation allowance, overtime disallowance, liquidation of cash advances and unaccounted inventories in the aggregate amount of P746,705.98.
- 4.13 Adjustments on Accounts Receivable - Others account to effect the (a) prior year's income from liquidated damages, NPP subsidy, penalty on genset rental, rental of NPC facilities, reimbursement of salaries of NPC personnel assigned to the implementation of Access to Sustainable Energy Project (ASEP) and adjustment on fuel cost in the aggregate amount of P14,093,744.01; (b) COA disallowances to former NPC employees in the aggregate amount of P73,889.35; and (c) over remittance of vat due to double booking amounting to P2,743,325.82.
- 4.14 Adjustments were made on the inventory accounts: (a) adjustment of fuel cost based on the actual payment of fuel delivered in SPUG areas and variances on fuel consumption and correction of fuel payable in the aggregate amount of P96,759,626.51; (b) reconciliation of variances per recorded in the books against physical count in the aggregate amount of P60,232,433.62; (c) unrecorded Material Issued Voucher in SPUG Mindanao amounting to P45,706,424.06; (d) adjustment due to variances on Inspection and Receiving Report in the amount of P14,614,423.90; and (e) double booking of issuances, erroneous coding, unrecorded consumption, correction of abnormal balances and reclassification to prior years' expenses in the aggregate in the amount of P10,901,540.82.
- 4.15 An adjustment on Prepaid Charges due to prior years' travelling expenses and dormant accounts in the aggregate amount of P269,735.76.
- 4.16 An entry on advances made to the Department of Environment and Natural Resources Ecosystems Research Development Bureau (DENR-ERDB) to correct overstatement of account amounting to P525,000.00.
- 4.17 Adjustment on Court and Other Deposits account due to (a) derecognition of the recorded provisional deposit pertaining to Civil Case No. 10749 due to non-confirmation by the depository bank amounting to P3,082,190.00; and (b) recognition of unrecorded prior years' interest income from various deposits amounting to P60,581.51.
- 4.18 An entry on Other Advances account due to reclassification to prior year's expense account in the amount of P106,680.00.
- 4.19 An entry to recognize unrecorded prior years' guarantee fees related to NPC's foreign loan with NATIXIS which was paid in CY 2022 amounting to P15,309,473.47.
- 4.20 Adjustment on Gasoline and Other Oil Products Payable account in the amount of P597,222.65 due to erroneous recording of prior year's payable and corrections due to double booking and abnormal balances.

- 4.21 An adjustment on Fuel Payable account due to variances on the various invoices, dormant accounts and adjustment on the prior year's payable in the aggregate amount of P11,975,121.81.
- 4.22 An adjustment to Materials & Supplies Equipment Payable to correct the abnormal balance, understated/overstated prior year's payable, correction of double booking and coding used, and to adjust variances in the value per books against the value per count in the aggregate amount of P2,401,057.60.
- 4.23 An adjustment on Accounts Payable Others account to (a) recognize expense from NPP subsidy claims covering prior year period amounting to P100,954,861.42; (b) correct recording of remittance to Bureau of Internal Revenue (BIR) of Withholding Taxes in prior years and to correct balance of taxes due to BIR as a result of reconciliation made in the aggregate amount of P11,625,992.89; (c) recognize prior years expenses on job order, representation, training programs, janitorial, security, and office supplies in the aggregate amount of P8,466.34; and (d) adjust the dormant accounts, unutilized CO and correction of erroneous coding in the aggregate amount of P101,918,336.37.
- 4.24 Accounting entries for prior year's expenses paid in CY 2022 for terminal and accrued leave credit, personnel services, operation and maintenance, NPP subsidies, security and janitorial, outside services, genset rental, job order, travelling and representation expenses, materials & equipment, light, water, telephone, internet and insurance expenses in the aggregate amount of P499,853,188.52.
- 4.25 An adjustment on Check Vouchers Payable account due to cancelled checks, stale checks, dormant account and understated/overstated payables in the aggregate amount of P19,503,140.55; adjustment in prior year liquated damages for claims paid in CY 2022 amounting to P36,174,939.95; and to reclassify prior year balances pertaining to DAMA claims to trust account under Temporary Registry Account amounting to P195,865,172.10.
- 4.26 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 P244,612,584.38; and (b) adjustment on the actual payments against set-up CO and abnormal balances in the amount of P1,882,559.03.
- 4.27 An entry for Certified Obligation due to NPC employees due to (a) unrecorded obligations in relation to the implementation of CPCS for CY 2021, set up of CY 2021 PBB & Enercon, and other adjustments to correct payable in the aggregate amount of P108,212,957.33; and (b) closing of unutilized prior year's Certified Obligations in the amount of P59,333,756.08.
- 4.28 An adjustment on Accrued Salaries Payable to close abnormal balance and recognize expense on payment of Enercon awarded to OMA employees in CY 2019 amounting to P799,720.00.

- 4.29 An adjustment on GSIS Premiums and Loan Payable account due to dormant account, over/understatement, double booking and correction in coding in the aggregate amount of P777,801.09.
- 4.30 An adjustment was made to Phil. Health Insurance Payable account due to (a) recording of PhilHealth contribution for CY 2021 of separate employees amounting to P35,184.22 due to the implementation of the new contributions rates; and (b) erroneous recording of remittances, double booking and over/understatement of payable in the aggregate amount of P15,047.59.
- 4.31 An adjustment on HDMF Contributions & Loan Payment account due to erroneous coding of transactions, abnormal balance, over/understatement of payable and double booking in the aggregate amount of P337,957.59.
- 4.32 An adjustment on Lease Payable account due to erroneous recording of payment of lease of desktop computers from expense to payable account in the amount of P1,140,552.99.
- 4.33 An entry to correct the prior year's income tax expense in the amount of P484.05.
- 4.34 Adjustment to Retention on Contract Payments account due to dormant account and abnormal balance in the amount of P10,987,089.98.
- 4.35 An entry on Cash Vouchers Payable account due to prior year's claims for salaries & wages, overtime, NSD, allowances, travelling, training, postage, internet, light & water, outside services, repair & maintenance, representation/entertainment, job order and year-end bonus and correction in the coding of transactions in the aggregate amount of P54,554,915.94.
- 4.36 An adjustment on Customers' Deposit/Advances account due to dormant account under SPUG Luzon in the amount of P473,487.25.
- 4.37 An adjustment on Deposit and Trust Funds account due to closed dormant account in the amount of P559.05; and to recognize prior year rent income from KWPP.
- 4.38 Adjustment on Advances for Other Work in Progress account due to recording of income and expenses derived from the Languyan DPP project, Angat Dams and Dyke Strengthening Project and Access to Sustainable Energy Project (ASEP) in the aggregate amount of P48,354,748.83.
- 4.39 An adjustment to Deferred Credits-Accrued Leave account for the actual terminal leave benefits as of December 2021 in the amount of P93,949,077.30.
- 4.40 An adjustment to Other Deferred Credits account due to (a) Unutilized UCEC fund as of CY 2021, net of utilization in CY 2022 in the amount of P391,819,568.91; and (b) to correct balance of deferred credits in relation to the implementation of ASEP amounting to P469,214.31.

- 4.41 An entry on Due to Other Agencies account to correct/reclassify balances pertaining to DAMA claims and report as part of trust account under Temporary Registry Account in the amount of P394,788,892.39.
- 4.42 An entry on Due from Other Agency account in the amount of P6,363,307,089.14 to adjust 2016-2021 recognized revenue due to the change in the accounting treatment of revenue recognition from UCME; and to reverse prior year entry to set up receivable from PSALM pertaining to unfunded statutory obligation pertaining to DAMA claims in the amount of P346,734,316.44.
- 4.43 Adjustment on Input Tax Credits on Depreciable and Non-Depreciable Goods and Services account, including Deferred Input Tax account to (a) recognize expense pertaining to input vat of NPP subsidy and fuel expenses paid in prior years in the aggregate amount of P8,193,542,372.29; and (b) corrections due to erroneous coding, double booking and adjustments per audited amount and reclassify to expense in the aggregate amount of P1,250,460.03.
- 4.44 An entry on Deferred Tax Liability (DTL) to reverse prior year set up of DTL from unrealized forex gain in the amount of P2,837,261.56; and entry on Deferred Tax Asset due to adjustment on computation of bad debts amounting to P132,717.99.
- 4.45 An entry on Accumulated Amortization-Computer Software to correct depreciation recognized amounting to P961,120.00 for intangible assets.

5. CASH AND CASH EQUIVALENTS

| Particulars | 2022 | 2021 |
|---------------------------------|----------------------|----------------------|
| Cash in Bank - Local Currency | 3,928,454,290 | 1,199,565,200 |
| Cash in Bank - Foreign Currency | 1,800,377 | 6,567,724 |
| Cash Equivalents | 0 | 4,440,425,770 |
| Total | 3,930,254,667 | 5,646,558,694 |

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). This account includes depository accounts maintained for NPC's operations pursuant to its mandates provided in the EPIRA which constitute the electrification of missionary areas, rehabilitation and management of watershed areas, and operation and maintenance of undisposed generating assets, with balances as of December 31, 2022 as follows:

| Fund Name | Nature of Fund | Balance as of December 31, 2022 |
|--|---|---------------------------------|
| Universal Charge Missionary Electrification (UCME) | Intended for the missionary electrification function of NPC through the SPUG and for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system. | 882,255,576 |
| Universal Charge Environmental Charge (UCEC) | Intended for specific programs and projects for the management and rehabilitation of watershed areas. | 380,955,343 |

| Fund Name | Nature of Fund | Balance as of December 31, 2022 |
|--|---|---------------------------------|
| Operation Maintenance Agreement with PSALM (OMA-PS MOOE) | Intended for the maintenance and management of the facilities and generating plants of the main grid under the Operation and Maintenance Agreement (OMA) between NPC and PSALM. | 1,183,941,295 |
| NG Subsidy | Subsidy from the National Government | 858,692,153 |
| Energy Regulation (ER) No. 1-94 | Financial benefits to host communities - province, city, or municipality, especially the community and people that host the energy resource and/or energy-generating facility as provided under R.A. 7638 and its Implementing Rules and Regulations (IRR). | 37,331,717 |

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 | 2022 | | | 2021 (Restated) | | |
|--------------------------|-----------------------|--------------------|-----------------------|----------------------|--------------------|-----------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Loans and Receivables | 2,863,404,019 | 287,887,547 | 3,151,291,566 | 2,760,226,099 | 341,434,555 | 3,101,660,654 |
| Lease Receivables | 25,526,388 | 0 | 25,526,388 | 24,168,060 | 0 | 24,168,060 |
| Inter-Agency Receivables | 706,385,393 | 0 | 706,385,393 | 979,719,932 | 0 | 979,719,932 |
| Other Receivables | 9,746,108,518 | 0 | 9,746,108,518 | 5,997,870,151 | 0 | 5,997,870,151 |
| Total | 13,341,424,318 | 287,887,547 | 13,629,311,865 | 9,761,984,242 | 341,434,555 | 10,103,418,797 |

6.1 Loans and Receivables

| Particulars | 2022 | | |
|---|----------------------|--------------------|----------------------|
| | Current | Non-Current | Total |
| Power Supply System Revenue Receivable | | | |
| Power Supply System Revenue Receivable | 8,295,931,890 | 301,764,692 | 8,597,696,582 |
| Allowance for Impairment-Power Supply System Revenue Receivable | (6,545,330,985) | (13,877,145) | (6,559,208,130) |
| Power Supply System Revenue Receivable-Output Tax | 640,285,670 | 0 | 640,285,670 |
| Net Power Supply System Revenue Receivable | 2,390,886,575 | 287,887,547 | 2,678,774,122 |
| Power Supply System Revenue Receivable-Restructured Receivables | | | |
| Power Supply System Revenue Receivable-Restructured Receivables | 54,612,601 | 0 | 54,612,601 |
| Power Supply System Revenue Receivable-Output Tax on Restructured Receivables | 498,369 | 0 | 498,369 |
| Net Power Supply System Revenue Receivable-Restructured Receivables | 55,110,970 | 0 | 55,110,970 |
| Net Power Supply System Revenue Receivable-Accrued Utility Revenue | 45,163,287 | 0 | 45,163,287 |

| Particulars | 2022 | | |
|--|----------------------|--------------------|----------------------|
| | Current | Non-Current | Total |
| Power Supply System Revenue Receivable-Interest Receivables | 372,243,187 | 0 | 372,243,187 |
| Total | 2,863,404,019 | 287,887,547 | 3,151,291,566 |

| 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 on Power Receivable | 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 Receivable | 669,289 | 0 | 669,289 |
| Net Power Supply System Revenue Receivable-Restructured Receivables | 57,249,622 | 0 | 57,249,622 |
| 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 |

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 P406,194,685 for CY 2022 and P407,201,806 for CY 2021 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 Revenue Memorandum Circular (RMC) No. 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 P394.178 million or 6.61 percent from 2021 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 were mainly from the cumulative balance of P278.709 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, 2022

| Particulars | Total | Not Past Due | Past Due | | |
|--|----------------------|--------------------|-------------------|-------------------|----------------------|
| | | | <30 days | 30-60 days | >60 days |
| Power Supply System Revenue Receivable | 8,295,931,890 | 229,638,705 | 69,887,706 | 64,074,222 | 7,932,331,257 |
| Luzon | 185,574,953 | 127,621,971 | 6,737,535 | 4,040,096 | 47,175,351 |
| Visayas | 23,480,614 | 10,949,736 | 1,250,889 | 1,275,968 | 10,004,021 |
| Mindanao | 8,086,876,323 | 91,066,998 | 61,899,282 | 58,758,158 | 7,875,151,885 |
| Output Tax (VAT) Power Supply System Revenue Receivable⁵ | 640,285,670 | 27,587,089 | 8,157,744 | 7,676,430 | 596,864,407 |
| Luzon | 21,085,538 | 15,302,175 | 604,684 | 480,756 | 4,697,923 |
| Visayas | 2,805,490 | 1,324,618 | 147,516 | 150,505 | 1,182,851 |
| Mindanao | 616,394,642 | 10,960,296 | 7,405,544 | 7,045,169 | 590,983,633 |
| Non-Current Power Supply System Revenue Receivable | 301,764,692 | 287,887,547 | 0 | 0 | 13,877,145 |
| Restructured | 287,887,547 | 287,887,547 | 0 | 0 | 0 |
| Visayas | 13,877,145 | 0 | 0 | 0 | 13,877,145 |
| Power Supply System Revenue Receivable- Restructured Power | 54,612,601 | 54,612,601 | 0 | 0 | 0 |
| Luzon | 52,340,145 | 52,340,145 | 0 | 0 | 0 |
| Mindanao | 2,272,456 | 2,272,456 | 0 | 0 | 0 |
| Output Tax - Restructured Account | 498,369 | 498,369 | 0 | 0 | 0 |
| Luzon | 244,584 | 244,584 | 0 | 0 | 0 |
| Mindanao | 253,785 | 253,785 | 0 | 0 | 0 |

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).

| Particulars | Total | Not Past Due | Past Due | | |
|--|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| | | | <30 days | 30-60 days | >60 days |
| Power Supply System Revenue | | | | | |
| Receivable-Accrued Utility | | | | | |
| Revenue | 45,163,287 | 45,163,287 | 0 | 0 | 0 |
| Interest Receivable⁶ | 372,243,187 | 101,663,320 | 7,835,181 | 8,065,850 | 254,678,836 |
| Luzon | 59,735,270 | 59,735,270 | 0 | 0 | 0 |
| Mindanao | 312,507,917 | 41,928,050 | 7,835,181 | 8,065,850 | 254,678,836 |
| Operating Lease Receivable | 22,162,213 | 827,609 | 827,609 | 1,025,382 | 19,481,613 |
| Output Tax - Operating Lease | | | | | |
| Receivable | 3,364,174 | 99,313 | 99,313 | 123,046 | 3,042,502 |
| Other Receivable | 9,748,465,882 | 2,235,471,328 | 1,592,171,854 | 1,867,607,218 | 4,053,215,482 |
| Disallowances/Charges | 628,189,417 | 628,189,417 | 0 | 0 | 0 |
| Due from Officers and Employees | 12,071,695 | 0 | 0 | 0 | 12,071,695 |
| Insurance Claim Receivable | 14,604,701 | 14,604,701 | 0 | 0 | 0 |
| Universal Charge Receivables | 7,529,373,387 | 1,572,751,697 | 1,572,751,697 | 1,431,729,202 | 2,952,140,791 |
| Accounts Receivable - Others | 1,278,538,079 | 19,925,273 | 19,420,157 | 435,878,016 | 803,314,633 |
| Interest Receivable – Non-Power | 243,833,511 | 240 | 0 | 0 | 243,833,271 |
| Output Tax – Non-Power | 41,855,092 | 0 | 0 | 0 | 41,855,092 |
| Total | 19,484,491,965 | 2,983,449,168 | 1,678,979,407 | 1,948,572,148 | 12,873,491,242 |

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 P7.736 billion past due accounts inclusive of interest, or 99 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 | 2022 | 2021 |
|---|-------------------|-------------------|
| Operating Lease Receivable | 22,162,214 | 20,949,422 |
| Output Tax - Operating Lease Receivable | 3,364,174 | 3,218,638 |
| Total | 25,526,388 | 24,168,060 |

The total future minimum lease payments under non-cancelable operating lease contracts are as follows:

| Particulars | 2022 | 2021 |
|---|--------------------|--------------------|
| Operating Lease: | | |
| Not later than one year | 12,613,154 | 17,871,100 |
| Later than one year and not later than five years | 46,050,180 | 46,386,974 |
| Later those five years | 61,139,724 | 73,416,084 |
| Total | 119,803,058 | 137,674,158 |

⁶ Not Past Due includes Interest on Restructured Accounts.

As of December 31, 2022, the total contingent rent from Palawan Electric Cooperative, Inc. (PALECO) amounted to P21,989,935. This is related to the civil case filed by NPC to PALECO under Civil Case No. 22-09486 on September 7, 2022 due to breach of contract (unpaid rentals in relation to the contract of lease).

Operating Lease Receivable pertains to lease agreements entered by NPC with various lessees for the rental of NPC properties not currently used in operations, with details as follows:

| Lessee | Subject Matter of Lease | Term | Amount |
|---|--|---|--|
| DMCI Power Corporation | 18,500 sqm. more or less inclusive of the right-of-way portion within NPC Irawan Property | December 2, 2022 to December 1, 2027 | P259,554.61 (inclusive of VAT) subject to 10 per cent yearly increase |
| Sunwest Water & Electric Company, Inc. | Portion of NPC Viga Property with a total area of 264 square meters within the NPC Viga Diesel Power Plant. | 5 years commencing March 1, 2019 | P 10,560 subject to 10 per cent increase every year upon renewal of contract |
| SUWECO Tablas Energy Corporation | 3 Fuel Storage Tank | 5 years commencing January 10, 2023 | P 48,315 for each tank subject to 10 per cent increase every year |
| S. I. Power Corporation | Leased Premises: A.) Portion of Siquijor DPP with area of 7,051 sqm. Including Facilities & Equipment (Staff House, Storage House, shed for Garage, Fuel Tank and Elevated Water Tanks) | 20 years starting February 16, 2014 to February 15, 2034 (Subject to 20 per cent increase every five years) | P 525,782.10 annually subject to 20 per cent increase every five years |
| | B.) Portion of Siquijor DPP with area of 2,427 sqm. | | P 47,061.47 annually subject to 20 per cent increase every five years |
| Oriental Mindoro Electric Cooperative, Inc. | Calapan DPP | December 10, 2022 to June 9, 2023 (Extension of lease contract) | P 546,156.17 monthly |

6.4 Inter-Agency Receivables

| Particulars | 2022 | 2021 Restated |
|---------------------------------------|--------------------|--------------------|
| Due from National Government Agencies | 350,464,038 | 276,962,223 |
| Due from Government Corporations | 355,921,355 | 702,757,709 |
| Total | 706,385,393 | 979,719,932 |

Due from National Government Agencies refers to the expenditures incurred in the preservation of the Bataan Nuclear Power Plant (BNPP), advances to

DENR on the rehabilitation programs for Angat, San Roque and Caliraya watersheds, receivable from Energy Regulations Commission related to the issuance of Certificate of Compliance and unliquidated cash advance from Metropolitan Manila Development Authority for the repair of fire alarms.

Due from Government Corporations pertains to premium payments of NPC employees to GSIS which are subject to reconciliation, receivables from PSALM related to admin fee and consumption of utilities. This account also includes receivable from LBP related to their consumption of electricity.

6.5 Other Receivables

| Particulars | 2022 | 2021 (Restated) |
|---|----------------------|----------------------|
| Receivables-Disallowances/Charge | 628,189,417 | 0 |
| Due from Officers and Employees | 12,071,695 | 10,754,143 |
| Insurance Claim Receivable | 14,604,701 | 14,604,701 |
| Universal Charge Receivable | 7,529,373,387 | 5,017,563,791 |
| Accounts Receivable – Others | 1,278,538,079 | 673,700,443 |
| Allowance for Impairment – Accounts Receivable – Others | (2,357,364) | (2,357,364) |
| Accounts Receivable – Others, net | 1,276,180,715 | 671,343,079 |
| Output Tax Receivable – Non-Power | 41,855,092 | 39,045,075 |
| Interest Receivable – Non-Power | 243,833,511 | 244,559,362 |
| Total | 9,746,108,518 | 5,997,870,151 |

Receivable-Disallowances/Charge refers to amount due from NPC employees, including separated employees, pertaining to audit disallowances with corresponding Notices of Finality of Decision (NFDs).

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

Insurance Claims Receivable refers to the amount due from insurance companies for damages and other related claims.

Universal Charge Receivable pertains to the amount due from PSALM on the Universal Charge - Missionary Electrification (UCME).

The details of the foregoing receivable from UCME are as follows:

| Year | Revenue from UCME based on ERC Approved Rate (a) | Receivable from PSALM (b) | Payment of Input VAT on Prior Year NPP Claim (c) | Remittance from PSALM (d) | Receivable from PSALM (Deferred Credits) (a+b+c-d) |
|--------------|---|------------------------------|---|------------------------------|---|
| 2016 | 11,449,147,111 | 3,459,341,532 | 0 | 11,191,361,682 | 3,717,126,961 |
| 2017 | 12,011,209,868 | 0 | 0 | 11,765,510,000 | 245,699,868 |
| 2018 | 12,756,080,531 | 0 | 0 | 12,558,891,000 | 197,189,531 |
| 2019 | 13,451,024,564 | 0 | 0 | 13,241,584,000 | 209,440,564 |
| 2020 | 12,852,685,730 | 0 | 0 | 11,989,806,000 | 862,879,730 |
| 2021 | 13,683,738,137 | 0 | 0 | 13,898,511,000 | (214,772,863) |
| 2022 | 17,139,948,310 | 0 | 157,065,194 | 14,785,203,908 | 2,511,809,596 |
| Total | 93,343,834,251 | 3,459,341,532 | 157,065,194 | 89,430,867,590 | 7,529,373,387 |

In CY 2022, NPC recognized revenue from UCME based on Energy Regulatory Commission Resolution No. 21, series of 2011. Section 2.a of Article V of the said Resolution states that: “The ERC shall set the UC-ME at a value, expressed in Peso per Kilowatt-hour, which when multiplied by the expected national electricity sales, will equal the estimated ME Subsidy requirements of all NPC SPUG Areas”. Consequently, in CY 2021, NPC restated its balances following the prescribed formula in compliance with ERC Resolution no. 21 series of 2011.

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 | 2022 | 2021 |
|--|----------------------|----------------------|
| Asset In Trust | | |
| Carrying Amount, January 1 | 64,811,100 | 64,716,473 |
| Additions/Adjustments during the year | (64,811,100) | 509,521 |
| Expensed during the year except write-down | 0 | (414,894) |
| Carrying Amount, December 31 | 0 | 64,811,100 |
| Gasoline | | |
| Carrying Amount, January 1 | 1,792,742 | 141,580 |
| Additions/Acquisitions during the year | 17,014,736 | 8,648,287 |
| Expensed during the year except write-down | (16,236,310) | (6,997,125) |
| Carrying Amount, December 31 | 2,571,168 | 1,792,742 |
| Diesel Stock | | |
| Carrying Amount, January 1 | 530,644,855 | 494,101,970 |
| Additions/Acquisitions during the year | 13,457,026,647 | 6,564,319,452 |
| Expensed during the year except write-down | (13,326,617,914) | (6,527,776,566) |
| Carrying Amount, December 31 | 661,053,588 | 530,644,856 |
| Stock Transfer-Clearing Accounts | | |
| Carrying Amount, January 1 | 16,175,451 | 74,807,640 |
| Additions/Acquisitions during the year | 175,807,641 | 81,395,231 |
| Expensed during the year except write-down | (167,308,005) | (140,027,420) |
| Carrying Amount, December 31 | 24,675,087 | 16,175,451 |
| Materials, Supplies & Equipment Inventory | | |
| Carrying Amount, January 1 | 1,328,512,748 | 1,010,346,459 |
| Additions/Acquisitions during the year | 4,190,302,708 | 2,384,773,767 |
| Expensed during the year except write-down | (4,220,860,666) | (2,066,607,478) |
| Carrying Amount, December 31 | 1,297,954,790 | 1,328,512,748 |
| Fuel Oil Stock | | |
| Carrying Amount, January 1 | 8,762,122 | 10,899,504 |
| Additions/Acquisitions during the year | 277,488 | 353,950 |
| Expensed during the year except write-down | (633,981) | (2,491,332) |
| Carrying Amount, December 31 | 8,405,629 | 8,762,122 |
| Thermal Chemical Stock | | |
| Carrying Amount, January 1 | 9,059,271 | 255,492 |
| Additions/Acquisitions during the year | 12,246,662 | 24,115,054 |
| Expensed during the year except write-down | (12,899,274) | (15,311,275) |
| Carrying Amount, December 31 | 8,406,659 | 9,059,271 |
| Materials and Equipment In Transit | | |
| Carrying Amount, January 1 | 98,943,665 | 95,222,666 |
| Additions/Acquisitions during the year | 18,685,037 | 11,402,986 |
| Expensed during the year except write-down | (8,186,502) | (7,681,987) |
| Carrying Amount, December 31 | 109,442,200 | 98,943,665 |

| Particulars | 2022 | 2021 |
|--|----------------------|----------------------|
| Materials and Supplies Temporary Adjustment | | |
| Carrying Amount, January 1 | 160,013,264 | 41,991,211 |
| Additions/Acquisitions during the year | 377,406,168 | 152,890,013 |
| Expensed during the year except write-down | (298,801,844) | (34,867,960) |
| Carrying Amount, December 31 | 238,617,588 | 160,013,264 |
| Other Oil Products | | |
| Carrying Amount, January 1 | 61,715,629 | 32,695,057 |
| Additions/Acquisitions during the year | 223,433,610 | 120,760,974 |
| Expensed during the year except write-down | (223,252,352) | (91,740,402) |
| Carrying Amount, December 31 | 61,896,887 | 61,715,629 |
| Total | 2,413,023,596 | 2,280,430,848 |

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. (IMPESA) of Argentina. In 2022, the total amount was reclassified to Other Assets (Trust Asset-PSALM) account, consistent with Section 47(h) of RA No. 9136 or the “Electric Power Industry Reform Act (EPIRA) of 2001”.

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 | 2022 | 2021 (Restated) |
|-------------------|------------------|--------------------|
| Land and Building | 4,940,632 | 4,940,632 |
| Total | 4,940,632 | 4,940,632 |

Investment Property pertains to land and building leased out to private companies under an operating lease. The said building is already fully depreciated. This account includes properties leased to Palawan Electric Cooperative, Inc. (PALECO) under a contract of lease effective until November 22, 2022, as amended. However, on September 7, 2022, NPC filed a civil case against PALECO under Civil Case No. 22-09486 due to the breach of contract (unpaid rentals in relation to the contract of lease). The rent revenue recognized for CY 2022 on the said lease amounted to P2,083,333.

This account also includes cost of the land leased to S.I. Power Corporation, DMCI Power Corporation, and Sunwest Water and Electric Company with total book value of P2,623,682.

9. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31, 2022

| Particulars | Land | Infrastructure Assets | Buildings and Other Structures | Machinery and Equipment ⁷ | Construction in Progress | Total |
|---|--------------------|-----------------------|--------------------------------|--------------------------------------|--------------------------|-----------------------|
| Cost, January 1, 2022 | 122,171,652 | 15,469,643,890 | 2,389,757,975 | 2,045,301,201 | 3,761,940,693 | 23,788,815,411 |
| Additions and/or Acquisitions in CY 2022 | 59,677,064 | 974,425,512 | 183,362,815 | 200,354,928 | 1,267,939,265 | 2,685,759,584 |
| Adjustments in CY 2022 | 198,421,828 | 2,061,049,446 | 201,155,209 | (469,150,640) | (3,882,395,958) | (1,890,920,115) |
| Disposals in CY 2022 | 0 | (9,151,742) | 0 | (1,311,222) | 0 | (10,462,964) |
| Cost, December 31, 2022 | 380,270,544 | 18,495,967,106 | 2,774,275,999 | 1,775,194,267 | 1,147,484,000 | 24,573,191,916 |
| Less: Accumulated Depreciation | | | | | | |
| Accumulated Depreciation, January 1, 2022 | 0 | 8,414,713,537 | 1,444,676,961 | 1,299,384,151 | 0 | 11,158,774,649 |
| Depreciation Expense in CY 2022 | 0 | 629,803,852 | 68,455,645 | 121,690,781 | 0 | 819,950,278 |

⁷Includes Furniture and Fixtures, and Transportation Equipment

| Particulars | Land | Infrastructure Assets | Buildings and Other Structures | Machinery and Equipment ⁷ | Construction in Progress | Total |
|--|--------------------|-----------------------|--------------------------------|--------------------------------------|--------------------------|-----------------------|
| Adjustments in CY 2022 | 0 | 74,972,585 | 169,245 | (263,536,799) | 0 | (188,394,969) |
| Disposals in CY 2022 | 0 | (7,585,068) | (651,500) | (1,243,975) | 0 | (9,480,543) |
| Accumulated Depreciation, December 31, 2022 | 0 | 9,111,904,906 | 1,512,650,351 | 1,156,294,158 | 0 | 11,780,849,415 |
| Carrying Amount, December 31, 2022 | 380,270,544 | 9,384,062,200 | 1,261,625,648 | 618,900,109 | 1,147,484,000 | 12,792,342,501 |

As at December 31, 2021 (Restated)

| Particulars | Land | Infrastructure Assets | Buildings and Other Structures | Machinery and Equipment ⁸ | 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 | (31,225,585) | 1,798,346,180 | (166,561,229) | 19,657,025 | (3,770,773,387) | (2,150,556,996) |
| Disposals in CY 2021 | 0 | 0 | 0 | (1,840,500) | 0 | (1,840,500) |
| Cost, December 31, 2021 | 122,171,652 | 15,469,643,890 | 2,389,757,975 | 2,045,301,201 | 3,761,940,693 | 23,788,815,411 |
| 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) | (114,519,359) | 0 | (207,677,728) |
| 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 | 1,299,384,151 | 0 | 11,158,774,649 |
| Carrying Amount, December 31, 2021 | 122,171,652 | 7,054,930,353 | 945,081,014 | 745,917,050 | 3,761,940,693 | 12,630,040,762 |

In compliance with IPSAS 17-Property, Plant & Equipment, adjustments were made to recognize period costs pertaining to engineering & administrative (E&A) expenses which are related to the administration of multiple projects charged to certain work orders. These costs were previously capitalized and reported as part of CIP account instead of recognizing them as period costs (See Note 4.3).

Presented below are the details of Land with cost per books but still unregistered in the Registry of Deeds, as of December 31, 2022:

| Plant Name | Location | Lot No. | Area (square meter) | Amount | Proof of Ownership | Remarks |
|---|-------------------------------|--------------------|---------------------|------------|--------------------------------------|--|
| SPUG Luzon - Marinduque/Quezon/North Luzon Area | | | | | | |
| Boac DPP | Bantad, Boac, Marinduque | 9466 (10 MVA) | 2,867 | 46,944.00 | | NPC filed expropriation proceedings against Marinduque Electric Cooperative, Inc. (MARELCO). |
| | | 9185 | 10,133 | | | |
| | | 9465 A (Pnat Site) | 7,516 | | | |
| SPUG Luzon - Bicol Area | | | | | | |
| Balongbong HEPP | Sibacungan, Bato, Catanduanes | 3206 | 1,593 | 392,789.40 | With Memorandum of Agreement (MOA) / | With MOA among NPC, NEA and FICELCO; With survey plan and technical |
| | | 3207 | 6,020 | | | |
| | | 3838 | 257 | | | |

⁸Includes Furniture and Fixtures, and Transportation Equipment

| Plant Name | Location | Lot No. | Area (square meter) | Amount | Proof of Ownership | Remarks |
|-----------------------------------|---|----------|---------------------|--------------|--|---|
| | | 3835 | 76 | | Certificate of Transfer of Ownership (CTO) | description certified correct by Bureau of Lands dated Oct. 23, 1974; Secure tax declaration and DOD, if any; With CTO dated Jan. 28, 2015 (notarized on Sept. 8, 2015). For documentation and verification survey. |
| Marinawa DPP | Brgy., Marinawa, Bato, Catanduanes | 2071 | 4,358 | 610,427.40 | MOA/CTO | With MOA among NPC, NEA and FICELCO; Land will not be transferred to NPC as stated in MOA; To be decommissioned due to entry of NPP (with approved PIPO) |
| Viga DPP | San Isidro, Viga, Catanduanes | 2653 pt. | 3,512 | 758,141.37 | - | Unseparated from the mother title. Secured sepia copy of plan at LRA on Nov. 15, 2022; To be decommissioned due to entry of NPP (with approved PIPO). |
| Ticao DPP | Brgy., Poblacion, San Jacinto, Ticao, Masbate | - | 1,000 | 23,473.00 | - | Dead of Absolute Sale (DOAS) between Villahermosa & LGU of San Jacinto. |
| Masbate SS | Brgy., Pinamarbuan, Mobo, Masbate | 4-B-2-B | 3,534 | 8,061,574.61 | - | Unsegregated Portion. With Certificate of Finality issued on Aug. 15, 2013. Sub-Station/Not included in SPUG Operating hours S/S |
| Masbate DPP (fuel hub) | Brgy., Pinamarbuan, Mobo, Masbate | 1696-A | 8,818 | 428,079.53 | MOA | With MOA among NPC, NEA and MASELCO. Tax Declaration under MASELCO's name. Not included in SPUG Operating hours. |
| SPUG Luzon - Mindoro/Romblon Area | | | | | | |
| Lubang DPP | Lubang, Occidental Mindoro | 2666 | 1000 | 83,131.00 | MOA/CTO | With Tripartite Memorandum of Agreement (TMOA) on the Energization of Ambil Island, Lubang among NPC, LUBELCO and Municipality of Looc, Occidental Mindoro (unnotarized, photocopy) NPC signatory unsigned; |

| Plant Name | Location | Lot No. | Area (square meter) | Amount | Proof of Ownership | Remarks |
|---------------------------|---|---------------------------|---------------------|------------|------------------------|--|
| | | | | | | CTO issued on Feb. 6, 2015 (notarized on Sept. 8, 2015); Certificate/Proof of Ownership classified as Forest Zone dated May 27, 2016. For documentation and survey. |
| Tingloy DPP | Tingloy, Batangas | 1, Psu-04-008681 | 3,672 | 74,446.70 | - | With Writ of Possession; For documentation and survey. |
| Sibuyan DPP | Brgy., Poblacion, San Fernando, Romblon | - | 3,220 | 104,262.02 | - | Alienable & Disposable (A&D) Certification dated June 2, 2022; For documentation and survey. |
| Banton DPP | Hamban, Banton Island | 2109 | 940 | 4,267.25 | Deed of Donation (DOD) | With unnotarized Deed of Donation; Secure copy of DOD; Under court litigation at RTC Br.81, Romblon due to landowner's demand for compensation; A&D Certification dated June 2, 2022 |
| SPUG Eastern Visayas Area | | | | | | |
| Sto. Niño DPP | Basud, Sto. Niño, Samar | Cad-Lot No. 130 | 700 | 1,946.45 | DOD | Unsegregated Portion. Re-executed DOD (notarized) donated by LGU per res. No. 71 series of 2017; TD in the name of Hrs. of Anselmo Arma; With DOD bet Ramon Arma and LGU; sketch map; A&D Certification dated Jan. 29, 2018; For re-negotiation. |
| San Vicente DPP | Mongolbongol, San Vicente, Northern Samar | 483 | - | 7,500.00 | DOD | Secure DOD. TD in the name of Trinidad (deceased). With A&D Certificate for Lot No. 24, PLS-08-000046=986 sqm. Dated March 14, 2018 |
| | | 780 | - | | | Secure DOD, allegedly donated by Pedro/Juan Olivero. With A&D Certificate for Lot No. 24, PLS-08-000046=986 sqm. Dated March 14, 2018 |
| Biri DPP | Bantigue, Poblacion, Biri, Northern Samar | 22327-P (328, Cad 1148-D) | 2,000 | 720.00 | DOD | Secure certified copy of Deed of Donation (unnotarized); With copy of Deed of Revocation dtd June |

| Plant Name | Location | Lot No. | Area (square meter) | Amount | Proof of Ownership | Remarks |
|----------------------------|--|--------------------|---------------------|------------|--------------------|--|
| | | | | | | 26, 2000 (Non-Compliance of DOD). For re-negotiation. |
| Zumaraga DPP | Mombon, Zumaraga, Samar | 646-B | 1,600 | 23,473.00 | DOD | Re-executed Deed of Donation (notarized) with LGU; With A&D Certification dated Jan. 29, 2018. For registration. |
| SPUG Western Visayas Area | | | | | | |
| Camotes DPP | West Poblacion, Poro, Cebu | 471-port (Lot 1-B) | 3,141 | 62,182.00 | MOA/CTO | Covered by MOA bet. NPC, NEA & CELCO; Proclamation No. 2152 dtd Dec. 29, 1981, declaring Poro Island in the Camotes Sea and other certain parcels of public domain in the Phils. As Mangrove Swamp Forest Reserves. May not be titled in NPC's name. Verification survey conducted. With CTO dtd April 14, 2000; Generation taken over by CAMPCOR on July 2, 2021. |
| Guintarcan DPP | Hagdan, Sta. Fe, Cebu | 1623 | 900 | 23,473.00 | DOD | Donated by LGU, Sta. Fe as per Mun.Res. No.133-90. Reconfirmation of the Deed of Donation. |
| Pilar DPP | Brgy. Poblacion, Pilar, Camotes Island, Cebu | 14 | 1,600 | 23,473.00 | DOD | With notarized Deed of Donation bet. NPC and LGU; A&D Certification issued on Sept. 1, 2020; Generation taken over by CAMPCOR on July 2, 2021 |
| SPUG Western Mindanao Area | | | | | | |
| Sitangkai DPP | Brgy. DatuPutih, Sitangkai Island, Tawi-Tawi | 271 pt. | 625 | 62,500.00 | DOD | With notarized DOD donated by Govt of Sitangkai. Forwarded to Mindanao Operations for filing at Registry of Deeds; Secure copy of TD, Cadastral Map & Tech desc for survey. With A&D Certification issued on Mar. 20, 2019 |
| ManukMangkaw DPP | ManukMangkaw, Simunul, Tawi-Tawi | | 1,600 | 160,000.00 | DOD | With A&D Certification issued on Mar. 20, 2019; For reconfirmation of |

| Plant Name | Location | Lot No. | Area (square meter) | Amount | Proof of Ownership | Remarks |
|------------|----------|---------|---------------------|--------|--------------------|--|
| | | | | | | DOD. The property is being contested by the heirs of the land owners. SPUG plans to relocate the plant site. |

This account also includes the cost of land and buildings in the Diliman Property occupied by the NPC Head Office which is used by NPC for administrative purposes to support its operation nationwide. On November 25, 2011, the joint NPC-PSALM Board approved the reconveyance of the NPC Head Office and Land to NPC, through Board Resolution No. 2011-042 dated November 25, 2011. NPC, has requested for the turnover of the original owner's duplicate of title of the said property from PSALM through its letters dated July 19, 2012, July 18, 2013, August 23, 2013, May 26, 2015, October 29, 2015, and February 15, 2019, but as of the reporting period NPC has not received any response from PSALM on the matter.

10. INTANGIBLE ASSETS

| Particulars | 2022 | | | 2021 | | |
|--|--------------------|-------------------------|--------------------|-------------------|-------------------------|----------|
| | Computer Software | Other Intangible Assets | Total | Computer Software | Other Intangible Assets | Total |
| Cost, January 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions-Purchased/Acquired thru exchange on non-exchange transaction | 16,764,166 | 0 | 16,764,166 | 0 | 0 | 0 |
| Cost, December 31 | 16,764,166 | 0 | 16,764,166 | 0 | 0 | 0 |
| Less: Accumulated Amortization | | | | | | |
| Accumulated Amortization, January 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortization recognized | (5,579,583) | 0 | (5,579,583) | 0 | 0 | 0 |
| Accumulated Amortization, December 31 | (5,579,583) | 0 | (5,579,583) | 0 | 0 | 0 |
| Carrying Amount, December 31 | 11,184,583 | 0 | 11,184,583 | 0 | 0 | 0 |

Costs of computer software and internally-generated applications/information systems/ websites previously reported under Property, Plant and Equipment was reclassified to Intangible Assets account in accordance with paragraphs 7 and 64 of IPSAS 31-Intangible Assets and the updated RCA 2019 prescribed in COA Circular No. 2020-002.

11. DEFERRED TAX ASSETS

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

| Particulars | 2022 | 2021 |
|--|----------------------|----------------------|
| Unadjusted Beginning Balance | 1,754,217,140 | 1,647,450,285 |
| Add: | | |
| Temporary difference for prior periods | 2,837,262 | (11,736,742) |
| Adjusted Beginning Balance | 1,757,054,402 | 1,635,713,543 |

| Particulars | 2022 | 2021 |
|---|----------------------|----------------------|
| Deferred Tax Assets (Liabilities) | | |
| Extraordinary loss (Impairment Loss) | 0 | 3,072,977 |
| Allowance for Impairment-Power Supply System Revenue Receivable | 394,177,290 | 511,588,693 |
| Allowance for Impairment Loss-Universal Charge Receivable | 188,713,756 | 0 |
| Unrealized Gain in Forex Fluctuations | 14,886,736 | (11,349,046) |
| Net Taxable Loss for CY 2022 | 3,242,832,010 | 0 |
| Total deferred items charged to surplus for the year | 3,840,609,792 | 503,312,624 |
| Applicable Tax Rate | 25 per cent | 25 per cent |
| Adjustment to Deferred Tax | 960,152,448 | 125,828,156 |
| Unrealized Loss in Forex (24,415,195 x 30 per cent) | 0 | (7,324,559) |
| Minimum Corporate Income Tax | 115,794,261 | 0 |
| Ending net deferred tax assets | 2,833,001,111 | 1,754,217,140 |

12. OTHER INVESTMENT

| Particulars | 2022 | 2021 |
|------------------|------------------|------------------|
| 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 P1 million and P719,790 respectively.

13. OTHER ASSETS

| Particulars | 2022 | | | 2021 (Restated) | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Advances | 12,709,238 | 0 | 12,709,238 | 11,837,483 | 0 | 11,837,483 |
| Advances to Special Disbursing Officer | 12,662,393 | 0 | 12,662,393 | 11,830,305 | 0 | 11,830,305 |
| Advances to Officers & Employees | 46,845 | 0 | 46,845 | 7,178 | 0 | 7,178 |
| Prepayments | 1,642,323,807 | 158,576,632 | 1,800,900,439 | 1,227,225,481 | 0 | 1,227,225,481 |
| Advances to Contractors | 139,876,208 | 0 | 139,876,208 | 202,119,092 | 0 | 202,119,092 |
| Creditable Input Tax | 1,419,436,947 | 0 | 1,419,436,947 | 960,584,929 | 0 | 960,584,929 |
| Withholding Tax at Source | 0 | 158,576,632 | 158,576,632 | 0 | 0 | 0 |
| Other Prepayments | 83,010,652 | 0 | 83,010,652 | 64,521,460 | 0 | 64,521,460 |
| Deposits | 4,379,897 | 0 | 4,379,897 | 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 | 1,306,478 | 0 | 1,306,478 | 3,487,456 | 0 | 3,487,456 |
| Restricted Fund | 0 | 12,393,913 | 12,393,913 | 0 | 2,581,300,230 | 2,581,300,230 |
| Other Non-Current Assets | 0 | 7,061,531,765 | 7,061,531,765 | 0 | 6,578,294,872 | 6,578,294,872 |
| Other Assets (Stock for Disposal) | 0 | 369,663,465 | 369,663,465 | 0 | 396,228,552 | 396,228,552 |
| Deferred Charges/Losses | 0 | 447,119,788 | 447,119,788 | 0 | 444,678,573 | 444,678,573 |
| Other Assets (Deferred Input Tax) | 0 | 135,134,816 | 135,134,816 | 0 | 91,384,439 | 91,384,439 |
| Other Assets (PSALM) | 0 | 3,737,796,805 | 3,737,796,805 | 0 | 3,802,566,679 | 3,802,566,679 |
| Other Assets (TransCo) | 0 | 1,843,436,629 | 1,843,436,629 | 0 | 1,843,436,629 | 1,843,436,629 |
| Other Assets (Projects) | 0 | 528,380,262 | 528,380,262 | 0 | 0 | 0 |
| Total | 1,659,412,942 | 7,232,502,310 | 8,891,915,252 | 1,245,623,839 | 9,159,595,102 | 10,405,218,941 |

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 or entity. NPC presented a restated balance for CY 2021 to recognize expense on input vat paid related to fuel and NPP subsidy claims. This is in compliance with RMC No. 61-2005 and Section 4.109 – 01 (A) of Revenue Regulations (RR) No. 16-2005. (See Note 4.43)

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. This account includes garnished funds and escrow accounts related to civil cases. In CY 2021, NPC reclassified to Other Assets account the amount of P2.5 billion.

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 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 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 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 in CY 2021 since these are incurred as outright income and expense by the NPC. This account also includes trust amounts related to DAMA⁹ Claims.

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

| Particulars | 2022 | 2021 |
|--|----------------------|----------------------|
| OMA | | |
| Cash in Bank | 590,100,972 | 584,661,704 |
| Creditable Input Tax | 33,985,302 | 4,006,136 |
| Other Investment | 0 | 250,994,193 |
| Fuel, Oil and Lubricants | 0 | 0 |
| Other Supplies and Materials Inventory | 1,680,170,093 | 1,619,012,654 |
| Construction Work in Progress | 283,210,847 | 33,384,463 |
| Advances to Officers and Employees | 0 | 45,198 |
| Other Asset | 1,411,646 | 0 |
| Restricted Fund | 994,516,321 | 1,310,462,331 |
| Sub Total | 3,583,395,181 | 3,802,566,679 |
| DAMA | | |
| Cash in Bank | 154,401,624 | 0 |
| Total Assets | 3,737,796,805 | 3,802,566,679 |
| OMA | | |
| Accounts Payable | 0 | 179,132,463 |
| Due to BIR | 19,824,759 | 2,336,913 |
| Guaranty/Security Deposits Payable | 0 | 615,035 |
| Other Payable | 0 | 26,065,606 |
| Trust Liabilities | 3,532,852,254 | 3,768,227,854 |
| Retained Earnings | 30,718,168 | (173,811,192) |
| Sub Total | 3,583,395,181 | 3,802,566,679 |
| DAMA | | |
| Trust Liabilities | 154,401,624 | 0 |
| Total Liabilities and Equity | 3,737,796,805 | 3,802,566,679 |

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 TransCo.

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

| Particulars | 2022 | 2021 |
|----------------------------------|-----------|-----------|
| 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 |

⁹ National Power Corporation Drivers and Mechanics Association (DAMA) et al. vs. NPC, G.R. No. 156208

| Particulars | 2022 | 2021 |
|--|----------------------|----------------------|
| 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 |

Other Assets-Angat Dam and Dyke Strengthening Project (Trust Accounts) pertains to balances of accounts in relation to the implementation of the Angat Dam and Dyke Strengthening Project (ADDSP) – Instrumentation (Flood Forecasting and Warning System on Dam Operation) project through a MOA between NPC and Metropolitan Waterworks and Sewerage System (MWSS) dated May 08, 2016.

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

| Particulars | 2022 | 2021 |
|--|--------------------|--------------------|
| Cash and Cash Equivalents | 67,092,517 | 83,375,881 |
| Other Work in Progress | 0 | 64,448,015 |
| Prepayment-Creditable Input Tax | 0 | 18,680,505 |
| Other Work Completed and Financed by Other Parties (Netof Accumulated Depreciation) | 144,172,202 | 0 |
| Total Trust Assets | 211,264,719 | 166,504,401 |
| Trust Liabilities | 139,954,350 | 156,867,589 |
| Inter-Agency Payable-Due to BIR | 0 | 1,101,296 |
| Other Payables | 11,044,559 | 8,535,516 |
| Retained Earnings | 60,265,810 | 0 |
| Total Trust Liabilities | 211,264,719 | 166,504,401 |

Other Assets-Languyan Diesel Power Plant Project (Trust Accounts) pertains to balances of accounts in relation to the implementation of the MOA dated June 20, 2014 entered into by NPC, National Electrification Administration (NEA), and Office of the Presidential Adviser on the Peace Process (OPAPP) for the electrification of the Municipality of Languyan, Tawi-Tawi.

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

| Particulars | 2022 | 2021 |
|---|-------------------|-------------------|
| Cash and Cash Equivalents | 9,709,944 | 9,705,290 |
| Inventories | 0 | 30,866 |
| Other Work Completed and Financed by Other Parties (Net of Accumulated Depreciation) | 13,934,577 | 13,198,048 |
| Prepayment-Creditable Input Tax | 0 | 1,950,493 |
| Total Trust Assets | 23,644,521 | 24,884,697 |

| Particulars | 2022 | 2021 |
|--|-------------------|-------------------|
| Trust Liabilities-Other Work in Progress | 24,003,076 | 23,999,663 |
| Inter-Agency Payable-Due to BIR | 0 | 885,034 |
| Retained Earnings | (358,555) | 0 |
| Total Trust Liabilities | 23,644,521 | 24,884,697 |

Other Assets-Total Electrification Program (Trust Accounts) pertains to balances of accounts in relation to the implementation of the Power Supply System Project funded under FY 2021 Locally Funded Project – Total Electrification Program through a MOA between NPC and Department of Energy (DOE) dated December 31, 2021. The project seeks to provide viable types of electrification solutions to unserved areas in the Philippines.

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

| Particulars | 2022 | 2021 |
|---|--------------------|--------------------|
| Cash and Cash Equivalents | 264,831,824 | 298,341,727 |
| Prepayment-Cash Advances to Contractors | 4,023,840 | 0 |
| Other Work in Progress | 24,494,608 | 0 |
| Total Trust Assets | 293,350,272 | 298,341,727 |
| Accounts Payables | 1,530,913 | 0 |
| Trust Liabilities | 289,369,898 | 298,341,727 |
| Other Payables | 2,449,461 | 0 |
| Total Trust Liabilities | 293,350,272 | 298,341,727 |

Other Assets- Access to Sustainable Energy Project (ASEP) The ASEP is a World Bank-administered component of the 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 European Union (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.

The Grant Agreement between NPC and EU for ASEP ended last September 30, 2022 but was extended up to July 31, 2023 to complete its remaining project of constructing the 7-Megawatt (MW) Rural Network Solar (RNS) project. NPC, through the Project Management Office (PMO) has implemented and completed its first project for the Photovoltaic Mainstream (PVM) Window 2 on August 1, 2022 with the installation of 30,307 units of Solar Home Systems (SHS) for various households as beneficiaries in the Mindanao Area. The total cost of goods, installation and third-party verification services is P470 million while the incremental operation cost is P24.8 million giving a total project cost of P494.8 million funded by the grant.

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

| Particulars | 2022 | 2021 |
|---------------------------------|---------------|------------------|
| Cash and Cash Equivalents | 90,750 | 4,710,296 |
| Prepayment-Creditable Input Tax | 0 | 2,125,207 |
| Total Trust Assets | 90,750 | 6,835,503 |

| Particulars | 2022 | 2021 |
|--|---------------|------------------|
| Accounts Payable | 0 | 1,832,006 |
| Other Payable | 0 | 198,353 |
| Trust Liabilities-Other Work in Progress | 90,750 | 4,805,144 |
| Total Trust Liabilities | 90,750 | 6,835,503 |

The presented cash balance in CY 2022 pertains to the initial deposit of 1,000.00 USD, which was funded from the Internal Cash Generated (ICG) Fund. This shall be transferred back to the ICG Fund at the end of the project.

14. FINANCIAL LIABILITIES

| Particulars | 2022 | | | 2021 | | |
|--------------|----------------------|--------------------|----------------------|----------------------|--------------------|----------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Payables | 9,058,822,574 | 37,062,341 | 9,095,884,915 | 6,620,603,775 | 3,678,571 | 6,624,282,346 |
| Loans | 41,679,932 | 401,131,181 | 442,811,113 | 40,250,253 | 427,622,092 | 467,872,345 |
| Total | 9,100,502,506 | 438,193,522 | 9,538,696,028 | 6,660,854,028 | 431,300,663 | 7,092,154,691 |

14.1 Payables

| Particulars | 2022 | | 2021 | |
|---|----------------------|-------------------|----------------------|------------------|
| | Current | Non-Current | Current | Non-Current |
| Accounts Payable | 8,597,801,768 | 0 | 6,114,709,990 | 0 |
| Fuel Payable | 605,272,494 | 0 | 376,593,046 | 0 |
| Gasoline and Other Oil Products Payable | 41,431,911 | 0 | 45,296,514 | 0 |
| Materials, Supplies & Equipment Payable | 274,367,463 | 0 | 325,518,502 | 0 |
| Accounts Payable-Others | 407,139,555 | 0 | 497,050,094 | 0 |
| Check Vouchers Payable | 4,142,430,742 | 0 | 2,205,543,940 | 0 |
| Certified Obligations-Suppliers & Contractors | 3,099,530,386 | 0 | 2,635,982,427 | 0 |
| Cash Vouchers Payable | 27,629,217 | 0 | 28,725,467 | 0 |
| Due to Officers and Employees | 282,457,171 | 0 | 314,407,336 | 0 |
| Finance Lease Payable | 1,544,149 | 37,062,341 | 5,964,286 | 3,678,571 |
| Operating Lease Payable | 177,015,140 | 0 | 185,517,817 | 0 |
| Insurance Premium Payable | 4,346 | 0 | 4,346 | 0 |
| Total | 9,058,822,574 | 37,062,341 | 6,620,603,775 | 3,678,571 |

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.

Interest Payable represents the current portion of unpaid interest on loans.

Finance Lease Payable pertains to the future minimum lease payments as of December 31, 2022 with details as follows:

| Particulars | 2022 | 2021 |
|---|-------------------|------------------|
| Undiscounted Minimum Lease Payments | | |
| Not later than one year | 1,544,149 | 5,964,286 |
| Later than one year and not later than five years | 37,062,341 | 3,678,571 |
| Total Undiscounted Minimum Lease Payments | 38,606,490 | 9,642,857 |

The above finance lease pertains to NPC's leases of desktop, notebook, and laptop computers contracted with Advance Solutions, Inc. 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.

14.2 Loans

| Particulars | 2022 | | 2021 | |
|-------------------------|-------------------|--------------------|-------------------|--------------------|
| | Current | Non-Current | Current | Non-Current |
| Loans Payable - Foreign | 41,679,932 | 401,131,181 | 40,250,253 | 427,622,092 |
| Total | 41,679,932 | 401,131,181 | 40,250,253 | 427,622,092 |

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 | PRES | 11/08/06 | EUR | 10,498,773 | 10,076,104 | 7,435,393 | 442,811,113 | 06/30/35 |

Interest rate is fixed at 0.40 per cent for Natixis. 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 | 2022 | 2021 |
|----------|---------|---------|
| EUR/P | 59.5545 | 57.5117 |
| USD/P | 56.1200 | 50.7740 |

In accordance with NPC's statutory mandate, NPC must ensure that steady and reliable supply of electricity is made available even to the remotest section of the Philippine archipelago. Section 70 of EPIRA provides that the missionary electrification function shall be funded from revenues from sales in missionary areas and from universal charge to be collected from all electricity end-users as determined by ERC. Moreover, Rule 13 of the IRR of EPIRA provides that NPC may draw on other funding sources such as aids and grants, Official Development Assistance Funds, and others.

15. INTER-AGENCY PAYABLES

| Particulars | 2022 | 2021 |
|-------------------------------------|--------------------|----------------------|
| | Due to BIR | 706,679,393 |
| Due to GSIS | 41,307,229 | 333,387,321 |
| Due to Pag-IBIG | 1,803,497 | 12,082,294 |
| Due to PhilHealth | 4,466,300 | 1,838,575 |
| Due to Other Government Corporation | 9,111,504 | 18,533,056 |
| Due to LGUs | 72,030,088 | 67,368,873 |
| Income Tax Payable | 0 | 247,621,600 |
| Total | 835,398,011 | 1,446,956,679 |

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). Decrease pertains to derecognition of statutory contributions related to DAMA claims in the NPC's books of accounts in CY 2022.

This includes the 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.

16. TRUST LIABILITIES

| Particulars | 2022 | | 2021 | |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|
| | Current | Non-Current | Current | Non-Current |
| Guaranty/Security Deposits Payable | 42,073,619 | 0 | 31,289,827 | 0 |
| Customers' Deposits Payable | 2,998,410 | 0 | 3,189,549 | 0 |
| Advances for Other Work in Progress | 0 | 0 | 0 | 229,222,000 |
| Trust Liabilities-GRAM | 0 | 852,860,406 | 0 | 852,860,406 |
| Trust Liabilities-PSALM | 0 | 3,737,796,805 | 0 | 3,802,566,679 |
| Trust Liabilities-Projects | 0 | 528,380,262 | 0 | 0 |
| Temporary Registry Accounts | 0 | 1,843,436,629 | 0 | 1,843,436,629 |
| Total | 45,072,029 | 6,962,474,102 | 34,479,376 | 6,728,085,714 |

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.

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 in excess of the total ERC-approved 3rd GRAM per ERC Case No. 2007-097 RC dated September 24, 2012.

It is worthy to mention that COA observed an under collection of 3rd GRAM from Mindanao missionary area consumers and ICERA from Luzon, Visayas and Mindanao based on the ERC-approved 3rd GRAM and ICERA. This under collection in the 3rd GRAM and ICERA is 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. This account also includes trust liability equivalent to the cash balance of the fund intended for the payment of DAMA claims (refer to Note 13).

Trust Liabilities-Projects (refer to Note 13)

Temporary Registry Accounts (refer to Note 13)

17. DEFERRED CREDITS/UNEARNED REVENUE

| Particulars | 2022 | | 2021 (Restated) | |
|---|----------------------|--------------------|----------------------|-------------------|
| | Current | Non-Current | Current | Non-Current |
| Unearned Revenue | | | | |
| Unearned Revenue-UCEC | 0 | 399,466,739 | 0 | 0 |
| Unearned Interest Revenue from Restructured Accounts | 0 | 61,823,135 | 0 | 83,926,566 |
| Unearned Revenue-Rent | 0 | 2,269,668 | 0 | 1,251,309 |
| Unearned Revenue-ASEP | 0 | 0 | 0 | 4,805,144 |
| Other Unearned Revenue | 0 | 31,424 | 0 | 31,424 |
| Deferred Credits | | | | |
| Output Tax | 1,155,366,949 | 0 | 1,159,118,228 | 0 |
| Total | 1,155,366,949 | 463,590,966 | 1,159,118,228 | 90,014,443 |

Unearned Revenue-UCEC represents the unearned portion of the Universal Charge-Environmental Charge (UCEC) collections from PSALM which will be utilized for specific programs and projects for the management and rehabilitation of 11 watershed reservations. In CY 2022, adjustments were made to comply with IPSAS 23-Revenue from Non-Exchange Transactions (Taxes and Transfers).

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.

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

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

18. OTHER PAYABLES

| Particulars | 2022 | 2021 Restated |
|--|--------------------|--------------------|
| Other Payables-Undistributed Collections | 25,474,965 | 3,844,132 |
| Retention on Contract Payments | 322,074,281 | 526,839,513 |
| Other Payables | 11,362,757 | 6,652,124 |
| Total | 358,912,003 | 537,335,769 |

Other Payables-Undistributed Collections pertains to temporary pool of unidentified collections of the corporation, which are subject to reconciliation.

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.

Other Payables pertains to other liabilities not within the normal course of trade and business operation of the corporation including retention on contract payments.

19. PROVISIONS

| Particulars | 2022 | 2021 |
|------------------------|--------------------|--------------------|
| Leave Benefits Payable | 788,331,108 | 673,740,164 |
| Total | 788,331,108 | 673,740,164 |

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

20. NET ASSETS/EQUITY

20.1 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.

20.2 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 |
| Taytay Diesel Power Plant | Land | 1,647,000 |
| Cuyo Diesel Power Plant | Land | 4,122,680 |
| Araceli Diesel Power Plant | Land | 431,734 |
| Balabac Diesel Power Plant | Land | 639,600 |

| NPC Power Plant | Donation | Amount |
|--|---------------------------------|-------------------|
| 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 |
| Palanan Diesel Power Plant | Land | 285,500 |
| Maconacon Diesel Power Plant | Land | 165,760 |
| Dibay Diesel Power Plant | Land | 9,290 |
| San Jose Diesel Power Plant | Land | 330,000 |
| San Antonio Diesel Power Plant | Land | 106,200 |
| Guintarcan Diesel Power Plant | Land | 7,500 |
| Balimbing Diesel Power Plant | Land | 279,280 |
| Tandubanak Diesel Power Plant | Land | 25,240 |
| Total | | 14,924,464 |

Adjustment on donated capital amounting to P753,500 pertains to the derecognition of the book value of the parcels of land situated within the timberland and forest land areas.

20.3 Accumulated Surplus/(Deficit)

NPC presented a net loss of P2.649 billion and P0.684 billion (as restated) for CY 2022 and CY 2021, respectively. Consequently, NPC may not be subjected to the remittance of dividends to the National Government for the said years, subject to the approval of the President of the Philippines, and upon the recommendation of the Department of Finance.

In CY 2021, NPC remitted to the BTr a total cash dividend of P904,507,149 representing the following:

- a. 50 per cent dividend for CY 2020 amounting to P604,507,149 paid on May 15, 2021; and
- b. Remittance of additional P300 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 NP 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.

Prior period adjustments in the aggregate amount of P3,569,079,534 are shown in *Note 4* hereof.

21. SERVICE AND BUSINESS INCOME

| Particulars | 2022 | 2021 |
|--|----------------------|----------------------|
| Net Sales | 2,638,722,191 | 2,246,060,039 |
| Sales Revenue-Utility Operating Income | 2,766,385,105 | 2,372,491,979 |
| Sales Discounts-Prompt Payment Discount | (44,577,663) | (42,069,944) |
| Mandatory Rate Reduction | (83,085,251) | (84,361,996) |
| Power Supply System-Transmission Service Operating Income | 0 | 12,774,821 |
| Interest Income | 539,470,876 | 576,957,094 |
| Interest on Power Supply System Revenue Receivables | 492,060,192 | 463,824,227 |
| Interest on Bank Deposits & Temporary Investments | 39,915,901 | 109,140,890 |
| Other Interest Income | 7,494,783 | 3,991,977 |
| Income from Management Fee | 1,349,230,087 | 1,450,744,934 |
| Rent/Lease Income | 17,534,692 | 19,158,999 |
| Fines and Penalties-Business Income | 27,479,652 | 51,552,858 |
| Other Business Income | 5,915,328 | 307,442 |
| Total | 4,578,352,826 | 4,357,556,187 |

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.

Power Supply System-Transmission Services Operating Income refers to charges for the use of NPC's transmission system. For CY 2022, this particular income was already recorded under Sales Revenue-Utility Operating Income since there was no basis to properly identify the approved generation or transmission rates in which the latter is yet to be approved by the ERC.

This is consistent with the 2nd paragraph of Article IV, Section 2 of ERC Resolution No. 22, s. 2006, which states: "*Pending ERC approval of the NPC-SPUG Application, the Subsidized Approved Retail Rate (SARR) for a particular QTP Service Area shall be the ERC-approved and existing retail rate of the waiving Distribution Utilities (DUs).*"

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.

Interest Income pertains to the interest earned, net of taxes, on Power Supply System Revenue Receivables, regular deposits, and temporary investments. The decrease in Interest Income on Bank Deposits & Temporary Investments was a result of the

decrease in volume of money being invested. The available balance is right away being used on the daily obligations of the Corporation.

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 came from Palawan Electric Cooperative, Inc. and Oriental Mindoro Electric Cooperative, Inc. for the rentals of NPC properties in Puerto Princesa DPP and Calapan DPP, respectively. Calapan DPP rental has increased its agreed lease contract price starting August 2022. However, both of the lessors end their leases in Palawan and Calapan in October and November 2022, respectively.

Moreover, the increase in rental income is attributed to the increase in monthly lease rental of fuel storage in Tablas DPP (SUWECO) and DMCI Power Corporation (Irawan), and adjustments to a higher rental fee of Philippine National Bank (PNB).

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.

22. SHARES, GRANTS AND DONATIONS

| Particulars | 2022 | 2021 (Restated) |
|--|----------------------|----------------------|
| Share in Universal Charge | 5,494,743,271 | 4,862,586,144 |
| Income from Grants and Donations in Kind | 5,199 | 8,288,315 |
| Grants in Cash | 0 | 19,623,091 |
| Total | 5,494,748,470 | 4,890,497,550 |

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 to and collected from 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 Share in Universal Charge is recognized only when the claim is enforceable and when the inflow of resources was assessed to probably occur. Thus, the revenue from UCME is based on the UCME rate approved by the Energy Regulatory Commission (ERC).

The revenue from the Share in Universal Charge reported in this line item are those directly attributable to the operations of NPC. The total UCME subsidy is allocated to NPC and NPPs based on energy sales.

The restated revenue from Share in Universal Charge was based on the ERC Resolution No. 21, s. 2011 which provides the following computation of estimated ME Subsidy requirements of all NPC SPUG Areas:

The ERC shall set the UC-ME at a value, expressed in Peso per Kilowatt-hour, which when multiplied by the expected national electricity sales, will equal the estimated ME Subsidy requirements of all NPC SPUG Areas.

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 MOA entered into by MWSS and NPC in CY 2016.

However, in compliance with COA AOM 2022-016 dated May 23, 2022, the recognition of income shall be upon the unitization of the completed projects. Hence, the remaining balance of the ADDSP was adjusted accordingly to correct the income recognized from prior years.

Grants in Cash from the previous year is the recognition of grant from EU for funding the ASEP initially recognized as deferred credits to match the expenses paid by ASEP Project Office. For the current calendar year, adjustments were made to present all the ASEP transactions under the Temporary Registry Account (TRA).

23. PERSONNEL SERVICES

| Particulars | 2022 | 2021 (Restated) |
|----------------------------------|----------------------|----------------------|
| Salaries and Wages | 1,266,000,956 | 979,077,716 |
| Other Compensation | 437,159,782 | 441,139,309 |
| Personnel Benefits Contributions | 170,354,898 | 134,707,773 |
| Other Personnel Benefits | 140,112,061 | 108,426,443 |
| Total | 2,013,627,697 | 1,663,351,241 |

23.1 Salaries and Wages

| Particulars | 2022 | 2021 (Restated) |
|---------------------------------------|----------------------|--------------------|
| Salaries and Wages-Regular | 1,221,299,421 | 942,208,226 |
| Salaries and Wages-Casual/Contractual | 44,701,535 | 36,869,490 |
| Total | 1,266,000,956 | 979,077,716 |

The increase in the salaries/wages account was due to the implementation of the approved Compensation and Position Classification System (CPCS) effective October 2021 following the issued guidelines by Governance Commission for Government Owned or Controlled Corporations (GCG) under Executive Order No. 150.

23.2 Other Compensation

| Particulars | 2022 | 2021 (Restated) |
|--|--------------------|--------------------|
| Year End Bonus | 101,777,929 | 88,147,178 |
| Mid-Year Bonus | 100,095,890 | 78,967,358 |
| Overtime and Night Pay | 94,779,714 | 72,535,002 |
| Personnel Economic Relief Allowance (PERA) | 44,873,911 | 44,848,579 |
| Other Bonuses and Allowances | 39,882,531 | 20,435,304 |
| Representation Allowance (RA) | 11,818,625 | 11,666,364 |
| Clothing/Uniform Allowance | 11,280,000 | 11,304,100 |
| Transportation Allowance (TA) | 10,733,761 | 10,638,000 |
| Cash Gift | 9,210,000 | 9,212,500 |
| Honoraria | 6,974,010 | 6,714,457 |
| Longevity Pay | 5,130,000 | 0 |
| Hazard Pay | 311,265 | 12,290,487 |
| Productivity Incentive Allowance | 124,146 | 73,727,980 |
| Director's & Committee Member's Fee | 168,000 | 652,000 |
| Total | 437,159,782 | 441,139,309 |

The increase in other compensation accounts was attributed to the implementation of CPCS effective October 2021 following the issued guidelines by GCG under E.O. No. 150.

Further, the Service Recognition Incentive (SRI) & Productivity Enhancement Incentive (PEI) are presented under PS in CY 2022, from its previous presentation as part of MOOE in CY 2021. This is in compliance with DBM Circular 2022-4 dated December 20, 2022 and 2017-4 dated December 4, 2017.

Energy Consciousness (ENERCON) Award were not recognized in CY 2022 to match the timing and basis of expense recognition in accordance with Section 46 of Presidential Decree No. 1177 and paragraph 23 of IPSAS 19-Provisions, Contingent Liabilities and Contingent Assets.

The Medical Benefits/Group Insurance Premiums previously presented under Other Personnel Benefits is currently presented under Other Bonuses and Allowances.

Also, in CY 2022 the loyalty award/seniority pay was given to all entitled permanent employees starting their 10th year of service and every 5th year succeeding the first seniority claim, as prescribed by COA Circular No. 2013-003A dated September 18, 2013.

23.3 Personnel Benefits Contributions

| Particulars | 2022 | 2021 (Restated) |
|---|--------------------|--------------------|
| Retirement and Life Insurance Premiums | 145,059,671 | 117,199,969 |
| PhilHealth Contributions | 20,797,490 | 13,018,010 |
| Pag-IBIG Contributions | 2,255,500 | 2,249,100 |
| Employees Compensation Insurance Premiums | 2,242,237 | 2,240,694 |
| Total | 170,354,898 | 134,707,773 |

There was an increase in the employer share for the Retirement and Life Insurance Premiums to the GSIS contributions and PhilHealth premium from 3 per cent to 4 per cent as prescribed in PhilHealth Advisory No. 2022-0010.

23.4 Other Personnel Benefits

| Particulars | 2022 | 2021 (Restated) |
|-------------------------|--------------------|--------------------|
| Terminal Leave Benefits | 139,005,948 | 108,134,823 |
| Retirement Gratuity | 1,106,113 | 291,620 |
| Total | 140,112,061 | 108,426,443 |

24. MAINTENANCE AND OTHER OPERATING EXPENSES

| Particulars | 2022 | 2021 (Restated) |
|---|----------------------|----------------------|
| General Services | 758,443,921 | 790,690,605 |
| Other Maintenance and Operating Expenses | 521,225,069 | 490,117,477 |
| Generation, Transmission and Distribution Expenses | 451,308,947 | 414,833,108 |
| Repairs and Maintenance | 328,370,273 | 319,931,000 |
| Supplies and Materials | 134,071,786 | 73,753,016 |
| Travelling Expenses | 76,933,190 | 49,341,193 |
| Taxes, Insurance Premiums and Other Fees | 67,657,049 | 94,548,078 |
| Awards/Rewards, Prizes and Indemnities | 54,959,591 | 124,301,188 |
| Utility Expenses | 35,214,320 | 28,587,076 |
| Professional Services | 29,142,131 | 33,927,867 |
| Communication Expenses | 26,688,646 | 27,813,823 |
| Training and Scholarship | 10,158,760 | 5,962,558 |
| Confidential, Intelligence and Extraordinary Expenses | 969,966 | 993,308 |
| Total | 2,495,143,649 | 2,454,800,297 |

24.1 General Services

| Particulars | 2022 | 2021 |
|------------------------|--------------------|--------------------|
| Other General Services | 515,112,005 | 543,930,947 |
| Security Services | 133,701,753 | 136,094,100 |
| Janitorial Services | 109,630,163 | 110,665,558 |
| Total | 758,443,921 | 790,690,605 |

24.2 Other Maintenance and Operating Expenses

| Particulars | 2022 | 2021 (Restated) |
|---|--------------------|--------------------|
| Rent/Lease Expenses | 491,330,634 | 434,540,124 |
| Transportation and Delivery Expenses | 10,411,043 | 9,352,051 |
| Representation Expenses | 3,718,140 | 7,167,727 |
| Representation/Entertainment | 3,413,607 | 3,591,704 |
| Public Relations & Project Acceptance | 200,588 | 289,168 |
| Contingency Fund-Board | 103,945 | 2,894,131 |
| Contingency Fund-SVP & VP | 0 | 176,226 |
| Contingency Fund-President | 0 | 216,498 |
| Printing and Publication Expenses | 2,138,196 | 2,677,411 |

| Particulars | 2022 | 2021 (Restated) |
|---|--------------------|--------------------|
| Advertising Expenses | 1,568,655 | 1,241,161 |
| Donations | 160,045 | 17,819,136 |
| Other Maintenance and Operating Expenses | 11,898,356 | 17,319,867 |
| Financial Aid | 3,813,548 | 6,648,270 |
| Miscellaneous MOOE | 3,354,619 | 5,816,976 |
| Christmas and Anniversary Expenses | 2,846,721 | 3,609,995 |
| Athletics and Recreation | 1,041,925 | 737,525 |
| Cultural Expenses | 471,074 | 375,750 |
| Share in the National Wealth | 370,469 | 131,351 |
| Total | 521,225,069 | 490,117,477 |

The Public Relations & Project Acceptance Expenses was reclassified as part of Representation Expenses which was previously presented under Confidential, Intelligence and Extraordinary Expenses.

24.3 Generation, Transmission and Distribution Expenses

| Particulars | 2022 | 2021 |
|-------------------------------------|--------------------|--------------------|
| Operation-Diesel Plant | 408,762,090 | 377,006,557 |
| Operation-Hydro Plant | 28,336,041 | 28,627,688 |
| Operation-Transmission & Substation | 14,210,816 | 9,198,863 |
| Total | 451,308,947 | 414,833,108 |

24.4 Repairs and Maintenance

| Particulars | 2022 | 2021 (Restated) |
|---|--------------------|--------------------|
| Repairs and Maintenance-Infrastructure Assets | 273,338,507 | 276,953,227 |
| Hydro Plant | 107,427,757 | 75,574,607 |
| Diesel Plant | 61,528,515 | 112,259,143 |
| Transmission & Substation | 7,146,186 | 7,582,975 |
| Job Order for Maintenance | 97,236,049 | 81,536,502 |
| Repairs and Maintenance-Transportation Equipment | 20,942,044 | 17,499,262 |
| Repairs and Maintenance-Buildings and Other Structures | 19,513,822 | 15,191,807 |
| Repairs and Maintenance-Machinery and Equipment | 14,381,146 | 10,097,008 |
| Office/Laboratory Equipment | 1,282,897 | 271,851 |
| Store Equipment | 154,858 | 123,112 |
| Tools/Shop Garage | 1,686,931 | 358,645 |
| Power Operated Equipment | 187,435 | 29,460 |
| Communications Equipment | 838,512 | 450,351 |
| Computers | 8,751,614 | 7,507,504 |
| Miscellaneous Equipment | 1,478,899 | 1,356,085 |
| Repairs and Maintenance-Land Improvement | 194,754 | 189,696 |
| Total | 328,370,273 | 319,931,000 |

24.5 Taxes, Insurance Premiums and Other Fees

| Particulars | 2022 | 2021 (Restated) |
|-----------------------------------|-------------------|--------------------|
| Taxes, Duties and Licenses | 35,378,355 | 42,284,200 |
| Licenses | 25,189,937 | 19,738,802 |

| Particulars | 2022 | 2021 (Restated) |
|---------------------------|-------------------|--------------------|
| Realty Tax | 683,460 | 729,875 |
| Other Taxes | 9,504,958 | 21,815,523 |
| Insurance Expenses | 32,278,694 | 52,263,878 |
| Total | 67,657,049 | 94,548,078 |

24.6 Travelling Expenses

| Particulars | 2022 | 2021 (Restated) |
|-----------------------------|-------------------|--------------------|
| Travelling Expenses-Local | 76,591,208 | 49,341,193 |
| Travelling Expenses-Foreign | 341,982 | 0 |
| Total | 76,933,190 | 49,341,193 |

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 and internationally.

24.7 Awards/Rewards, Prizes and Indemnities

| Particulars | 2022 | 2021 (Restated) |
|-------------------------|-------------------|--------------------|
| Awards/Rewards Expenses | 54,047,612 | 122,464,670 |
| Indemnities | 911,979 | 1,836,518 |
| Total | 54,959,591 | 124,301,188 |

Medical allowance and Performance Based Bonus (PBB) were not recognized in CY 2022 to match the timing and basis of expense recognition in accordance with Section 46 of Presidential Decree No. 1177 and paragraph 23 of IPSAS 19-Provisions, Contingent Liabilities and Contingent Assets.

24.8 Supplies and Materials Expenses

| Particulars | 2022 | 2021 (Restated) |
|---------------------------------------|--------------------|--------------------|
| Other Supplies and Materials Expenses | 50,794,336 | 25,975,338 |
| Fuel, Oil and Lubricants Expenses | 43,421,083 | 24,164,993 |
| Office Supplies Expenses | 39,856,367 | 23,612,685 |
| Total | 134,071,786 | 73,753,016 |

24.9 Professional Services

| Particulars | 2022 | 2021 |
|----------------------|-------------------|-------------------|
| Consultancy Services | 14,699,277 | 8,821,194 |
| Auditing Services | 14,442,854 | 25,106,673 |
| Total | 29,142,131 | 33,927,867 |

24.10 Utility Expenses

| Particulars | 2022 | 2021 (Restated) |
|----------------------|-------------------|--------------------|
| Electricity Expenses | 31,576,005 | 25,537,901 |
| Water Expenses | 3,638,315 | 3,049,175 |
| Total | 35,214,320 | 28,587,076 |

24.11 Communication Expenses

| Particulars | 2022 | 2021 (Restated) |
|--|-------------------|--------------------|
| Internet Subscription Expenses | 14,533,592 | 14,097,310 |
| Telephone Expenses | 10,650,320 | 12,138,784 |
| Postage and Courier Services | 1,503,008 | 1,571,120 |
| Cable, Satellite, Telegraph & Radio Expenses | 1,726 | 6,609 |
| Total | 26,688,646 | 27,813,823 |

24.12 Training and Scholarship Expenses

| Particulars | 2022 | 2021 (Restated) |
|-------------------|-------------------|--------------------|
| Training Expenses | 10,158,760 | 5,962,558 |
| Total | 10,158,760 | 5,962,558 |

Increase human resource expenses due to NPC's Management Strategic Planning, various conferences for managerial positions and other planning sessions/training conducted during the calendar year while there were no sessions conducted for the past two years due to COVID-19 restrictions.

24.13 Confidential, Intelligence and Extraordinary Expenses

| Particulars | 2022 | 2021 (Restated) |
|--|----------------|--------------------|
| Extraordinary and Miscellaneous Expenses | 969,966 | 993,308 |
| Total | 969,966 | 993,308 |

25. FINANCIAL EXPENSES

| Particulars | 2022 | 2021 |
|-------------------|------------------|------------------|
| Guarantee Fees | 3,196,019 | 0 |
| Interest Expenses | 1,834,474 | 2,013,728 |
| Bank Charges | 205,329 | 251,665 |
| Total | 5,235,822 | 2,265,393 |

Guarantee fee is recognized by a debtor government entity to the guarantor for the assurance to pay the entity's obligation to the creditor as stipulated in the guarantee clause. In CY 2022, guarantee fee was paid to the Bureau of Treasury in relation to NPC's foreign loan with NATIXIS.

26. DIRECT COST

| Particulars | 2022 | 2021 (Restated) |
|---|----------------------|----------------------|
| Direct Cost (Fuel & Additives-Diesel Plant) | 8,626,727,432 | 5,155,192,901 |
| Total | 8,626,727,432 | 5,155,192,901 |

This account represents the cost of fuel used by diesel power 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 P38.92 in 2021 to P62.84 in 2022.

Restated amount is presented for CY 2021 to recognize the related input vat paid on fuel as part of direct cost. This is in compliance with RMC No. 61-2005 which provides the computation of Gross Receipts for VAT purposes, stating that, "*Gross Receipts shall not include the Energy Tax under Batas Pambansa 36, the Universal Charge implemented under the EPIRA (RA 9136), Benefits to Host Communities under Energy Regulation 1-94; and security deposit for metering machine including interests provided that when applied to the consumer's liability it shall be subject to VAT.*" Further, Section 4.109 – 01 (A) of RR No. 16-2005 states that "*VAT-exempt transactions refer to the sale of goods or properties and/or services and the use or lease of properties that is not subject to VAT (output tax) and the seller is not allowed any tax credit of VAT (input tax) on purchases.*"

27. NON-CASH EXPENSES

| Particulars | 2022 | 2021 |
|----------------------------------|----------------------|----------------------|
| Depreciation | 819,950,278 | 649,452,590 |
| Depreciation -Other Assets | 19,997,831 | 25,719,952 |
| Amortization - Intangible Assets | 2,072,751 | 0 |
| Impairment Loss | 583,198,456 | 511,588,693 |
| Total | 1,425,219,316 | 1,186,761,235 |

27.1 Depreciation

| Particulars | 2022 | 2021 |
|--|--------------------|--------------------|
| Depreciation-Infrastructure Assets | 629,313,251 | 475,231,738 |
| Depreciation-Buildings and Other Structures | 68,946,245 | 53,387,520 |
| Depreciation-Machinery and Equipment ¹⁰ | 121,690,782 | 120,833,332 |
| Total | 819,950,278 | 649,452,590 |

27.2 Depreciation – Other Assets

| Particulars | 2022 | 2021 |
|---------------------------|-------------------|-------------------|
| Depreciation-Other Assets | 19,997,831 | 25,719,952 |
| Total | 19,997,831 | 25,719,952 |

27.3 Amortization-Intangible Assets

| Particulars | 2022 | 2021 |
|----------------------------------|------------------|----------|
| Amortization – Intangible Assets | 2,072,751 | 0 |
| Total | 2,072,751 | 0 |

¹⁰Includes depreciation of furniture and fixtures, transportation equipment and leased assets.

Recognition of the periodic allocation of cost of intangible assets - computer software of NPC in accordance with the prescribed policy on amortization.

27.4 Impairment Loss

| Particulars | 2022 | 2021 |
|---------------------------------------|--------------------|--------------------|
| Impairment Loss-Loans and Receivables | 583,198,456 | 511,588,693 |
| Total | 583,198,456 | 511,588,693 |

28. NET FINANCIAL ASSISTANCE/SUBSIDY

| Particulars | 2022 | 2021 (Restated) |
|--|----------------------|--------------------|
| Assistance from Government Corporations | 11,645,205,040 | 8,821,151,993 |
| Subsidy from National Government | 6,587,312,883 | 1,210,293,003 |
| Financial Assistance to Local Government Units | (4,661,215) | (4,475,441) |
| Financial Assistance/Subsidy-Others | (16,438,593,851) | (9,155,036,520) |
| Total | 1,789,262,857 | 871,933,035 |

Assistance from Government Corporations refers to the percentage share of New Power Providers (NPP) in the Universal Charge.

NPP share in UCME Subsidy was previously presented as part of NPC's Operating Revenue which is used to determine the Surplus/(Deficit) from Current Operations. However, this presentation does not reflect the true performance of NPC-SPUG's operations, considering the following:

- a. NPP is not operated/controlled by NPC; and
- b. UCME Remittances for NPP Claims are passed-costs for NPC

Determination of NPP and NPC Share in UCME Subsidy is based on the market share per actual energy sales.

Subsidy from National Government is a funding support thru the issuance of a Special Allotment Release Order (SARO) to cover for the capital expenditures, fuel and NPP subsidy requirements of the Corporation to support its missionary operations.

Financial Assistance to Local Government Units refers to financial assistance/benefits payable by NPC to 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 NPPs in missionary electrification areas. The movement was due to higher energy-off-take of NPPs.

Additionally, to cope up with higher demand of consumers, there were four new NPPs that became operational, namely:

- PowerSource Philippines, Inc. (PSPI) Rizal (started in March 2022)
- PSPI - Balut (started in June 2022)
- PSPI - Port Barton (started in December 2022)
- PSPI - Manamoc (started in December 2022)

However, Ormin Inabasan Mini Hydro and Mindoro Grid Corporation stopped their operations starting February and March 2022, respectively.

The list of New Power Providers in the SPUG areas, with the corresponding subsidy in CY 2022 is as follows:

| New Power Provider | Area | 2022 | 2021 Restated |
|--|----------------------------|-----------------------|----------------------|
| DMCI Masbate Power Corporation | Masbate | 2,041,440,306 | 1,045,502,732 |
| Catanduanes Power Generation | Catanduanes | 21,295,377 | 0 |
| Delta (Paragua) | Palawan (PPC) | 935,046,231 | 652,343,320 |
| Palawan Power Generation Incorporated (PPGI) | Palawan (Tinguiban, Narra) | 632,635,339 | 471,453,998 |
| Powersource Philippines Incorporated (Liminangcong) | Taytay, Palawan | 67,535,448 | 32,119,198 |
| Ormin Power Inc. | Oriental Mindoro | 373,395,600 | 331,992,591 |
| OrminInabasan Mini Hydro | Oriental Mindoro | 2,243,928 | 13,281,175 |
| Power One Corporation | Oriental Mindoro | 1,116,387,563 | 461,227,841 |
| Mindoro Grid Corporation | Oriental Mindoro | 44,393,844 | 213,249,349 |
| DMCI Palawan Power Corporation | Irawan, Quezon, Roxas | 2,300,842,135 | 1,252,475,942 |
| Calamian Island Power Corporation | Palawan (Busuanga, Coron) | 516,518,154 | 338,402,078 |
| Occidental Mindoro Consolidated Power Corporation (OMCPC) | Occidental Mindoro | 1,043,552,278 | 1,188,682,855 |
| DMCI Power Corporation-Calapan | Oriental Mindoro | 1,039,156,014 | 562,547,505 |
| Sunwest Water and Electric Company, Inc. | Tablas, Romblon | 2,174,856,935 | 427,131,777 |
| Sunwest Water and Electric Company, Inc.- Catanduanes | Solong, Catanduanes | 1,338,768,571 | 553,000,401 |
| PowersourcePhils. Inc. (PSPI) | Rizal | 25,347,164 | 0 |
| Renessons Energy Polillo, Inc. (REP) | Polillo | 299,677,180 | 195,655,470 |
| Sabang Renewable Energy Corp. (SREC) | Puerto Prinsesa, Palawan | 8,993,313 | 6,464,931 |
| FP Island Energy Corporation (Lahuy, Haponan) | Camarines Sur | 13,336,819 | 1,085,539 |
| FP Island Energy Corporation (Quinalasag) | Camarines Sur | 18,316,485 | 1,335,960 |
| Philippine Hybrid Energy Systems, Inc. (PHESI) | Mindoro/Romblon | 58,673,459 | 55,934,149 |
| PowersourcePhils. Inc. (PSPI) - Port Barton | Palawan | 1,723,679 | 0 |
| PowersourcePhils. Inc. (PSPI) - Manamoc | Palawan | 897,068 | 0 |
| Bantayan Island Power Corporation | Bantayan, Cebu | 0 | 238,251,939 |
| S. I. Power Corporation (SIPCOR) | Siquijor | 498,457,913 | 340,160,506 |
| Camotes Island Power Corporation | Poros, Pilar | 350,120,721 | 66,069,406 |
| Isla Norte Energy Corp. (INEC) | Bantayan, Cebu | 475,461,146 | 15,656,075 |
| Powersource Philippines Incorporated (Malapascua) | Bantayan, Cebu | 45,074,387 | 18,506,775 |
| Kaltimex Rural Energy Corporation (KREC) | Tawi-Tawi | 971,635,063 | 672,505,009 |
| PowersourcePhils. Inc. (PSPI)- Balut | Sarangani | 22,811,731 | 0 |
| Total | | 16,438,593,851 | 9,155,036,521 |

On subjecting the NPP Subsidy payments to VAT, NPC has requested for BIR Ruling through a letter dated March 26, 2018, with a prayer for the BIR to issue a ruling declaring the UCME claims of NPPs and QTPs as not subject to VAT. However, NPC has not received any reply from the BIR on the said matter as of the reporting date.

29. NON-OPERATING INCOME, GAIN OR LOSSES

29.1 Other Non-Operating Income

| Particulars | 2022 | 2021 |
|--|-------------------|-------------------|
| Other Miscellaneous Income | 44,725,420 | 11,902,733 |
| Income from Penalties for Shortfall Capacity | 14,483,207 | 12,562,158 |
| Bid Related Income | 11,536,562 | 10,230,412 |
| Total | 70,745,189 | 34,695,303 |

Other Non-Operating Income had an increase on the NPC's sale of bid/tender documents and higher penalties for shortfall capacity, fuel leakages, and excess fuel rate imposed to suppliers. Additionally, the other miscellaneous income pertains to the administrative fees/charges on the processing/issuance of Land Use Permits, sale of scrap materials, and reimbursement of NPC personnel salaries from the World Bank for the implementation of ASEP.

29.2 Gains

| Particulars | 2022 | 2021 |
|--|----------|-------------------|
| Gain on Foreign Exchange Fluctuation | 0 | 11,574,458 |
| Gain on Sale of Unserviceable Property | 0 | 141,955 |
| Other Gains/Extraordinary Gain | 0 | 107,528 |
| Total | 0 | 11,823,941 |

Other Gains pertains to the insurance claims received from GSIS in CY 2021 for the motor vehicle that was included in an accident and assessed to be total wreck.

29.3 Losses

| Particulars | 2022 | 2021 |
|---------------------------------------|-------------------|------------------|
| Loss on Foreign Exchange Fluctuation | 15,347,797 | 0 |
| Loss on Disposal/Retirement of Assets | 608,924 | 0 |
| Other Losses | 84,700 | 3,072,977 |
| Total | 16,041,421 | 3,072,977 |

30. RECONCILIATION OF BUDGET AND ACTUAL INFORMATION

The annual budget of the Corporation is prepared on a cash basis in compliance with E.O. No. 91 dated September 19, 2019 and Section 36, Chapter 5, Book VI of E.O. 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 | 3,366,412,310 | 2,754,953,606 | 611,458,704 |
| Assistance and Subsidy | 6,843,529,000 | 6,587,312,883 | 256,216,117 |
| Shares, Grants and Donations | 16,714,129,832 | 14,785,203,908 | 1,928,925,924 |
| Others | 1,750,530,079 | 5,890,804,502 | (4,140,274,423) |
| Total | 28,674,601,221 | 30,018,274,899 | (1,343,673,678) |

In CY 2022, higher amount of final budget was presented as compared to the actual amounts due to the following factors:

- a. Higher projected energy sales at 512.785 GWh versus 466.12 GWh actual energy sales due to non-commissioning of new plants and deferment of increase in operating hours of existing plants due to financial constraints caused by increase of fuel price in the world market.
- b. Higher actual collection due to improve collection drive/strategy (meeting with representatives of BASULTA cooperatives, the DBM & NPC; NPC not to pursue disconnection on the agreement that BASULTA cooperatives will comply with NPC's credit & collection policy (payment applied to (1) interest, (2) restructured account, (3) overdue accounts, and (4) current billing).
- c. Final budget includes release of prior year (PY) NG subsidy of P2.346 billion to fund the fuel requirement, additional P2.999 billion sourced from the FY 2022 Unprogrammed Appropriation to fund the NPP expenses, PY NG Subsidy for projects of P653 million and current year appropriation of P846 million. Of the P653 million, only P397 million of projects were completed.
- d. Higher projected energy sales (Philippines) compared to lower actual energy sales in CY 2021.

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

| Particulars | Approved/Final Budget (a) | Utilization | | Total (d = b + c) | Balance (e = a - d) |
|---|-------------------------------------|------------------------------------|-------------------------------------|--------------------------|----------------------------|
| | | Actual Disbursements (b) | Certified Obligations (c) | | |
| Payments | | | | | |
| Personnel Services | 2,854,821,000 | 1,987,915,671 | 153,271,479 | 2,141,187,150 | 713,633,850 |
| Non-OMA | 2,052,808,000 | 1,331,481,010 | 94,824,978 | 1,426,305,988 | 626,502,012 |
| OMA | 802,013,000 | 656,434,661 | 58,446,501 | 714,881,162 | 87,131,838 |
| Maintenance and Other Operating Expenses | 13,422,949,529 | 10,920,186,963 | 630,082,270 | 11,550,269,233 | 1,872,680,296 |
| Capital Outlay | 6,220,152,510 | 2,013,044,272 | 65,078,662 | 2,078,122,934 | 4,142,029,576 |
| Financial Expenses | 45,147,000 | 41,929,857 | 0 | 41,929,857 | 3,217,143 |
| Others (NPP Subsidy and VAT) | 21,228,050,657 | 15,846,025,400 | 2,969,815,936 | 18,815,841,336 | 2,412,209,321 |
| Total | 43,771,120,696 | 30,809,102,163 | 3,818,248,347 | 34,627,350,510 | 9,143,770,186 |

Higher amount of final budget than the actual amounts mainly due to the following factors:

- a. Higher PS in the final budget due to provision of P379.955 million for separation pay and P320.865 million for terminal leave for the proposed NPC reorganization and retirement of SPUG personnel assigned in decommissioned plants not implemented in CY 2022. Of the P320.865 million terminal leave, only P124.94 million was utilized representing accrual of the 25 days earned leaves credits in 2022.

- b. Higher fuel budget due to higher projected generation at 536.840 GWh versus 482.7290 GWh actual generation, resulting in lower fuel consumption.
- c. Projected higher Genset Rental for San Vicente (Palawan) and Ninoy Aquino DPP due to higher projected demand for the said areas but did not materialize.
- d. Implemented/observed massive/substantive cost-cutting measures on other operating expenses due to financial constraints brought about by the fuel price hike in the world market
- e. Lower actual on COVID-19 expenses, vaccination & boosters expenses were shouldered by the LGU; provision for payment dividend not utilized due to resulting net operating loss, lower input vat consequent to lower fuel, other operating expenses and capital expenditures/outlay, lower actual withholding taxes on interest income due to lower volume placed for temporary investments.
- f. Lower utilization of budget for Capital Expenditure (CAPEX) primarily due to deferment of projects and utilized the NPC's National Government subsidy originally appropriated for the projects to fuel the operation of SPUG plants and barges.
- g. Actual utilization of Final budget for New Power Providers was affected by lower collection from NPC of the subsidy payments consequent to cash deficit experienced by NPC due to fuel price hikes in the world market.

31. FINANCIAL MANAGEMENT

31.1 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 to minimize, 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 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 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 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.

31.2 Financial Performance

NPC realized an operating revenue of P10.073 billion higher by 8.92 per cent or P0.825 billion as compared to the restated previous period operating revenue of P9.248 billion.

NPC generated an operating loss amounting to P4.493 billion higher by 270 per cent or P3.279 billion compared to restated prior year balance of the operating loss of P1.214 billion.

The Corporation's financial performance had decreased from a restated Net Loss of P0.684 billion in CY 2021 to a Net Loss of P2.649 billion in CY 2022, higher by 287.42 per cent or P1.965 billion. The net loss for the period is attributable to the fuel price hike in the world market which affects the direct costs of operations and change in the revenue recognition.

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

a. CY 2019 True-up

NPC's petition for the recovery of revenue shortfall from UCME for CY 2020 was docketed on April 22, 2022 under ERC Case No. 2022-030RC. NPC proposed to recover the amount of **P5.542 billion**, or equivalent to **P0.0490/kWh**.

b. CY 2023 BASIC UCME

On March 15, 2022, NPC petition for CY 2023 Basic Universal Charge for Missionary Electrification (UCME) was electronically filed with the ERC and docketed under ERC Case No. 2022-014 RC. In the said filing, NPC proposed a basic UCME of **P20.462 billion** or an equivalent UCME rate of **P0.1839/kWh** with a recovery period of 12 months. The proposed basic UCME is inclusive of subsidy for NPC SPUG, NPP, QTP and the cash incentive for Renewable Energy Developers.

On December 16, 2022, NPC electronically filed an Omnibus Motion to re-open the instant case. The said Motion amend the 2023 Basic UCME for **P39.135 billion** or an equivalent UCME rate of **P0.3518/kWh** to consider the increase in fuel costs brought about by the Russia-Ukraine Conflict.

c. 22nd GRAM and 22nd ICERA DAA

On August 5, 2022, NPC's filed applications for the 22nd Generation Rate Adjustment Mechanism (GRAM) and 22nd Incremental Currency Exchange Rate Adjustment (ICERA) were docketed under ERC Case Nos. 2022-052 RC and 2022-053 RC, respectively. Adjustments corresponding to these filings covering January 2020 to June 2020 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 **P1.439 billion** with a proposed rate for Luzon, Visayas and Mindanao areas equivalent to P1.2732/kWh, P2.1092/kWh and P1.1341/kWh respectively, or an average increase of **P1.2578/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 2020. The proposed recovery period for the 22nd GRAM is spread over 24 months and the 22nd ICERA recovery period is 12 months.

d. 23rd GRAM and 23rd ICERA DAA

NPC's application for the 23rd Generation Rate Adjustment Mechanism (GRAM) and 23rd Incremental Currency Exchange Rate Adjustment (ICERA) were electronically pre-filed and approved by the Regulatory Operations Service (ROS), ERC on December 28, 2022. Adjustments corresponding to these filings covering July 2020 to December 2020 test period are proposed to recover the amount of **P1.256 billion** with a proposed rate for Luzon, Visayas and Mindanao areas equivalent to P1.1362/kWh, P1.9239/kWh and P0.9561/kWh respectively, or an average increase of **P1.0995/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 2020. The proposed recovery period for the 23rd GRAM is spread over 24 months and the 23rd ICERA recovery period is 12 months.

A total of four cases were docketed and another two cases were electronically pre-filed and approved by ROS, ERC for the year 2022

equivalent to P26.004 billion or P0.2329/kWh or maybe adjusted to P44.677 billion or P0.4008/kWh considering the CY 2023 Amendment UCME if approved by ERC. Basic application is subject to true-up or reconciliation with actual expenses after the operating period.

e. Successful Defense/Virtual Hearings

The Tariff group successfully completed/conducted 17 virtual hearings or equivalent to five cases for the year 2022 as summarized hereunder:

- The 21st ICERA was heard in the 1st quarter of 2022 and Formal Offer of Evidence (FOE) was filed on March 11, 2022.
- CY 2023 Basic UCME was heard starting May 19, 2022 and FOE was filled on June 17, 2022.
- The initial hearing for CY 2020 True-up was held on July 5, 2022. On August 2, 2022, ERC issued a new Order and Notice of Virtual hearing setting the case for hearing starting October 4, 2022 and the FOE was filed on November 17, 2022.
- The 22nd GRAM and 22ndICERA were both heard starting October 19, 2022 and FOE was filed on November 7, 2022, respectively.

32. 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 2022:

32.1 Small Power Utilities Group (SPUG)

The 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 2022, are the following:

a. Power plants with increased operating hours

| No. | SPUG Power Plants | Province | Operating Hours | | Date Implemented |
|-----|-------------------|---------------|-----------------|----|-------------------|
| | | | From | To | |
| 1 | Peña DPP | Masbate | 8 | 16 | January 26, 2022 |
| 2 | Chico DPP | Masbate | 8 | 16 | January 26, 2022 |
| 3 | Atulayan DPP | Masbate | 8 | 16 | February 17, 2022 |
| 4 | Bagongon DPP | Western Samar | 8 | 16 | March 21, 2022 |
| 5 | Cinco Rama DPP | Western Samar | 8 | 16 | March 21, 2022 |

b. New Power Plants

| No. | Plant Name | Province | Capacity | | Date Commissioned | Date of Commercial Operation |
|-----|---------------------|-------------------|----------|-----|--------------------|------------------------------|
| | | | Rated | Dep | | |
| 1 | Tamate DPP | Northern Samar | 50 | 43 | September 20, 2020 | February 23, 2022 |
| 2 | Tigtabon DPP | Zamboanga Del Sur | 90 | 90 | March 16, 2022 | March 17, 2022 |
| 3 | Manalipa DPP | Zamboanga Del Sur | 40 | 40 | May 03, 2022 | May 04, 2022 |
| 4 | Tapiantana DPP | Basilan | 150 | 150 | June 01, 2022 | October 17, 2022 |
| 5 | Tumalutab DPP | Zamboanga Del Sur | 40 | 40 | June 24, 2021 | November 12, 2022 |
| 6 | Great Sta. Cruz DPP | Zamboanga Del Sur | 10 | 10 | August 12, 2021 | November 12, 2022 |

32.2 Dams Management Department (DMD)

I. Dams, Reservoirs and Waterways Division (DRWD)

a. Dam Safety Inspection/Assessment

The semi-annual Dam Safety Inspection/Assessment is implemented to ensure the safety/integrity and operability of the structures to impound water needed for domestic water supply, irrigation and power generation and provide storage for flood control. This includes dam instrumentation monitoring/surveillance to gather technical data which are used for structural safety evaluation and as basis for decision making. The observations, findings and recommendations are reported to the concerned Plant Management/Operators, and compliance with the recommendations is diligently monitored.

Safety inspections of five NPC managed and operated dams in Luzon namely Ambuklao, Binga, San Roque, Angat, and Caliraya-Lumot Dams and their appurtenant structures were conducted to assess their behavior and condition. DRWD also participated in the conduct of annual safety inspection/assessment of PSALM privatized small hydroelectric plants namely: Amlan in Negros Oriental in the first semester and Buhi-Barit in Camarines Sur, Cawayan in Sorsogon and Loboc in Bohol, during the second semester.

b. Deformation Survey of Caliraya and Lumot Dams and Dykes

To check structural displacements, deformation surveys are conducted semi-annually. The first survey was conducted on May 25 to 26 and the second survey was done on November 23 to 24. Results of the recent deformation surveys at Caliraya Dam showed small (acceptable) movements/displacements along XYZ directions having 83 mm as the maximum vertical displacements, 39 mm (Easting) and 42 mm (Northing) maximum displacements along the Y and Z directions.

Results of the deformation surveys gathered from February 2012 to November 2022 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.

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

Annual rim mapping is done to identify mass movement/landslide and possible slope instability along the periphery of the reservoirs.

For Ambuklao and Binga Reservoirs, it was conducted on October 26 to 27, while in San Roque Reservoir it was conducted on November 16. Results of the rim mappings showed that slope instabilities are mostly shallow rock and debris slides and gully erosion. The instabilities were observed along the steep slope portions underlain with weathered and fractured 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.

d. Other Activities

Participated, as a resource speaker, in the Flood Forecasting and Warning System Division (FFWSD) led Information and Education Campaigns, where the participants from the downstream communities of NPC Managed Dams in Luzon were apprised/updated on dam safety program, including surveillance and monitoring of dam instrumentations. Also, DRWD served as witness in the Spillway Gate Reliability Testing of the above-mentioned dams, being implemented annually by the dam operators to assure the operability of the spillway gates before the onset of rainy/flood season.

DRWD has participated also in various Inter-Agency Technical Working Groups presided/led by the following government agencies:

- **National Disaster Risk Reduction and Management Council (NDRRMC)** – Creation/establishment of National Committee on Dam Safety (NCODS);
- **Department of Energy (DOE)** – Drafting of Dam Safety Guidelines and National Energy Contingency Plan (NECP) for the Big One;
- **National Water Resources Board (NWRB)** – Operation and Management of Angat and San Roque Dams; and

- **Power Sector Assets and Liabilities Management Corporation (PSALM)** – Monitoring of the compliance in the Operation and Maintenance (O&M) Agreements for the Non-Power Components of the privatized hydroelectric plants i.e., Angat, Ambuklao and Binga HEPs. Said O&M Agreements were signed among Heads of PSALM, Owner of Privatized HEPs and NPC.

II. Flood Forecasting and Warning System Division (FFWSD)

a. Information and Education Campaign (IEC)

The IEC is implemented annually 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 and management measures being implemented in accordance with NPC Dam Safety Program. It also aims to prepare the LGUs and downstream communities in dealing with flood-related hazards that may be caused by dam/reservoir operations.

Still in the pandemic situation, the IECs for 2022 were conducted through a combination of virtual platforms and face-to-face sessions in close coordination with PAGASA, dam operators, respective DRRMOs and other concerned stakeholders/agencies. A total of 16 IEC sessions were conducted and completed on the following dates:

| Location | No. of Sessions | Inclusive Dates |
|---------------------|-----------------|--------------------------------------|
| Caliraya Dam | 2 | March 23-24, 2022 |
| Angat Dam | 5 | April 5-8, 2022 & August 23, 2022 |
| San Roque Dam | 3 | May 31-June 2, 2022 |
| Ambuklao-Binga Dams | 6 | July 13-15, 25-26, & August 11, 2022 |

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:

| Stations | Date |
|-------------------------|-----------------------------|
| Ambuklao and Binga Dams | August 25-26, 2022 |
| San Roque Dam | February 7-11, 2022 |
| San Roque Dam | February 28 - March 3, 2022 |
| Angat Dam | June 27, 2022 |
| Caliraya Dam | June 16-17, 2022 |

c. Preventive Maintenance of FFWS 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 on the succeeding page.

| Stations | 1stQtr. | 2ndQtr. | 3rdQtr. | 4thQtr. | Remarks |
|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---|
| Ambuklao-Binga | Mar. 15-19, 2022 | June 7-10, 2022 | Sept.19-23, 2022 | Nov. 21-25, 2022 | Witnessed as per OMA Agreement |
| San Roque | Feb.28-Mar.25, 2022 | May10-26, 2022 | Aug.15-26, 2022 | Nov.7-28, 2022 | Completed on time/ Ahead of time |
| Angat | Feb. 2-24, 2022 | May10-June16, 2022 | Aug. 8-Sep. 16, 2022 | Nov. 14-Dec. 7, 2022 | Witnessed as per OMA Agreement |
| Caliraya | Jan. 24-28, 2022 | June 8-10, 2022 | Sept.12-16, 2022 | Dec. 12-16, 2022 | Completed on time/ System is under Contractor's Warranty |

d. Various FFWS Projects

- **Renovation and Construction of Second Floor of Binga Flood Forecasting and Warning System (FFWS) Dam Office and Carshed Project**

This project aims to provide a multi-purpose DMD Dam Office which includes conference room, comfort rooms and bedrooms to accommodate both office-based personnel and those on official travel on-site especially during conduct of flood forecasting and dam discharge warning operations, preventive maintenance, and dam inspections. This also includes renovation of the existing carshed to have safer parking area for NPC patrol vehicles. This project was completed on January 26, 2022.

- **Upgrading of Warning Stations of San Roque Flood Forecasting and Warning System for Dam Operations (FFWSDO) Project**

This project aims to improve the reliability of the Warning System of San Roque Dam by upgrading some of the existing warning stations with intermittent defects as well as to adopt new trend of technologies used for Warning System. This project was completed on December 7, 2022.

32.3 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.

I. Completed Projects in CY 2022

❖ Capacity Addition Projects and Associated Facilities

The CY 2022 Performance Scorecard Targets include a total of 109 diesel genset units, for installation and commissioning in 54 plant sites in the SPUG Areas (New Areas and Capacity Additions) corresponding to a total capacity of 14.74 MW.

As of December 31, 2022, a total of 52 diesel genset units in 22 SPUG Areas were commissioned with a total of 17.24 MW.

Commissioned/Commercially Operated/Delivered as at December 31, 2022: 17.24 MW

| NO. | PROVINCE | PLANT | NO. OF UNITS | NO. | PROVINCE |
|---|-------------------|------------------|-------------------|------|---|
| A. SPILLOVER CY 2021 PROJECTS | | | | | |
| 22 Units of Modular Diesel Generating Sets & Electrical Equipment for Mindanao SPUG Areas – Sched III (Remaining 19 Units) | | | | | |
| 1. | Tawi-Tawi | Sibutu DPP | 2x300kW | 0.6 | Commissioned on January 24 to 29, 2022 |
| 2. | Tawi-Tawi | Tandubanak DPP | 2x300kW | 0.6 | Commissioned on January 24 to 30, 2022 |
| 3. | Tawi-Tawi | Tandubanas DPP | 1x300kW & 2x100kW | 0.4 | Commissioned on February 14, 2022 |
| 4. | Tawi-Tawi | ManukMangkaw DPP | 2x200kW | 0.4 | Commissioned on February 12, 2022 |
| 5. | Southern Leyte | Limasawa DPP | 2x200kW & 2x300kW | 1 | Commissioned on 28 March to April 5, 2022 |
| 6. | Zamboanga City | Sacol DPP | 1x200kW | 0.2 | Commissioned on April 26, 2022 |
| 7. | Surigao Del Norte | Hikdop DPP | 1x200kW | 0.2 | Commissioned on April 27, 2022 |
| 8. | Davao Del Sur | Balut DPP | 2x200kW | 0.4 | Commissioned on May 27, 2022 |
| 2 x 1500 kW Containerized Gensets for Dinagat DPP, Dinagat and 2 x 600kW Containerized Gensets for West Simunul DPP, Tawi-Tawi | | | | | |
| 9. | Caraga | Dinagat DPP | 2x1,500kW | 3.0 | Commissioned on August 18, 2022 |
| 10. | Tawi-Tawi | West Simunul DPP | 2x600kW | 1.20 | Commissioned December 19, 2021. |
| 2x1.5 MW Containerized Diesel Gensets and Associated Electrical Equipment for Torrijos DPP under Package 1 | | | | | |
| 11. | Marinduque | Torrijos DPP | 2x1,500kW | 3 | Commissioned on March 12, 2022 |
| 3x50 kW Modular Diesel Gensets, Associated Electrical Equipment & BOP for Electrification of New Area in Sulu under Package 11 A | | | | | |
| 12. | Sulu | Lugus Island | 3x50kW | 0.15 | Commissioned on September 19, 2022 |
| B. TARGETS FOR CY 2022 | | | | | |
| 15 Units of Modular Diesel Generating Sets Including Balance of Plant for the Electrification of New Areas in Palawan in Two Schedules (Schedule 2: 40 kW) | | | | | |

| NO. | PROVINCE | PLANT | NO. OF UNITS | NO. | PROVINCE |
|---|----------|----------------|------------------|------|--------------------------------------|
| 1. | Palawan | Ramos DPP | 2x20kW | 0.04 | Commissioned on November 11, 2022 |
| 13 Units of Modular Diesel Generating Sets & Associated Elect. Equip. for Six Areas of BAPA in Palawan in Three Schedules (Schedule 1: 6 Units 400 kW) | | | | | |
| 2. | Palawan | Calandagan DPP | 2x50kW & 2x100kW | 0.30 | Commissioned December 18, 2022 |
| 8 Units of Modular Diesel Generating Sets and Electrical Equipment of Agutaya and Panay SPUG Areas under Schedule II-D | | | | | |
| 3 | Antique | Caluya DPP | 2x400kW | 0.8 | Commissioned on June 17-27, 2022 |
| 4. | Antique | Batbatan DPP | 1x100kW | 0.1 | Commissioned on July 1-3, 2022 |
| 5. | Iloilo | Gigantes DPP | 3x200kW | 0.6 | Commissioned on July 6-9, 2022 |
| 6. | Palawan | Agutaya DPP | 2x100kW | 0.2 | Commissioned on October 27, 2022 |
| 3x600kW Diesel Generating Sets and Associated Electrical Equipment for PB 114 | | | | | |
| 7. | Cebu | PB 114 | 3x600kW | 1.80 | Commissioned on October 21, 2022 |
| 2x600kW Open Type Diesel Generating Sets for PB 109 including Associated Electrical Equipment (Prime Duty) | | | | | |
| 8. | Leyte | PB 109 | 2x600kW | 1.2 | Commissioned on December 5-7, 2022 |
| 7 Units of Modular Diesel Generating Sets and Associated Electrical Equipment for Six Areas of Barangay Power Association (BAPA) in Palawan 3 Schedules | | | | | |
| 9. | Palawan | Bancalaan 1 | 2x75kW & 1x100kW | 0.25 | Commissioned on November 12-15, 2022 |
| 10. | Palawan | Mangsee DPP | 2x300kW | 0.6 | Commissioned on November 21-25, 2022 |

❖ Transmission Line and Substation Projects

Transmission Line Projects

- As of December 31, 2022, total of 20 ckt-kms with completed stringing for San Miguel - Viga 69kV T/L Project out of the 51.10 ckt-kms Performance Scorecard Target for CY 2022. The procurement of the Alimanguan-San Vicente T/L Project (20 ckt-km.) was deferred, and the Tap-Uson T/L Project (1.10 ckt-km.) is still under procurement process, while the Jolo Tie Line (7.0 ckt-km.) is under TOR revision.
- 71.3 ckt-kms of transmission lines were completed in the island of Palawan and ready for energization.

| NO | PROJECT NAME | PROVINCE | LENGTH (CKT-KMS) | COMPLETION |
|----|--|----------|------------------|------------------|
| 1. | Supply and Erection/ Installation of Roxas-Taytay 69 kV Transmission Line (Sch. 1) | Palawan | 36.60 | November 3, 2022 |
| 2. | Supply and Erection/ Installation of Roxas-Taytay 69 kV Transmission Line (Sch. 2) | Palawan | 34.7 | August 23, 2022 |

Substation Projects

- A total of 20 MVA Substation capacity was completed in the Province of Masbate, out of the 25 MVA Performance Scorecard Target for CY 2022:

| NO | PROJECT NAME | PROVINCE | CAPACITY (MVA) | COMPLETION |
|----|--|----------|----------------|--------------------|
| 1. | Uprating of Existing Power Transformer from 10 MVA to 20 MVA Mobo Substation | Masbate | 20 | September 17, 2022 |

- The target energization of the 5 MVA Viga Substation will spill over to CY 2023.

❖ Power Facilities/Buildings and Rehabilitation/ Improvement/ Plant Betterment Projects

- Ten projects for Facilities and Plant Betterment were completed in CY 2022.

| NO. | NAME OF PROJECT | PROVINCE | COMPLETION |
|-----|---|-------------------------|--------------------|
| 1. | Construction of Power Facilities for the Transfer of Sabtang Diesel Power Plant | Batanes | December 5, 2022. |
| 2. | Repair/Rehabilitation of the Nuclear Power Plant (BNPP) Turbine-Generator Roof Building | Bataan | October 19, 2022 |
| 3. | Construction, Supply, Installation, Test and Commissioning of Lifting Structure for Bulkhead Gates (Agus 1 HEP) | Marawi City | March 10, 2022 |
| 4. | Renovation and Construction of Second Floor of Binga FFWS Dam Office & Carshed Project | Benguet | January 26, 2022 |
| 5. | Supply & Delivery of 1,706 Units of 50Wp Photovoltaic Solar Home System under PV Mainstreaming | Luzon/Visayas/ Mindanao | July 12, 2022 |
| 6. | Upgrading of Nine (9) Warning Stations of San Roque Dam | Pangasinan | December 07, 2022 |
| 7. | Supply, Delivery and Installation of Collapsible/Containerized Bunker for Burias Mini Grid Power Plants | Masbate | October 29, 2022 |
| 8. | Concreting of Pathwalk from Forebay to Dam at Balongbong HEPP | Catanduanes | October 13, 2022 |
| 9. | Construction of Perimeter Fence at Viga DPP | Catanduanes | September 09, 2022 |
| 10. | Slope Protection Works for Roxas-Taytay 69kV Transmission Line Project | Palawan | December 14, 2022 |

❖ Photovoltaic Solar Home System (SHS) Under Pv Mainstreaming

- Supply & Delivery of 1,706 Units of 50Wp Photovoltaic Solar Home System under PV Mainstreaming completed on 12 July 2022. Completed hauling and installation of PV SHS Units:
 - 517 units for Iniwaran San Pascual, Masbate;
 - 361 units at Talibon, Bohol; and
 - 160 units at Catadman, Dinagat Island

II. Ongoing Projects for Completion in CY 2023

◆ Diesel Power Plant and Capacity Addition Projects

| NO. | LOCATION | PLANT | NO. OF UNITS/ CAP | TOTAL CAP (MW) | COMPLETION |
|---|-------------------|--|-------------------|----------------|------------------------------|
| Four Units of Modular Diesel Generating Sets for New Areas in Southern Leyte (Originally for Ambil I and Ambil Occidental Mindoro): 83.57 per cent completed | | | | | |
| 1. | Southern Leyte | San Pedro | 1x20kW & 1x30kW | 0.050 | 1 st Quarter 2023 |
| 2. | Southern Leyte | San Pablo | 1x20kW & 1x30kW | 0.050 | |
| 13 Units of Modular Diesel Gensets and Electrical Equipment for Six Areas of Barangay Power Association (BAPA) in Palawan in 3 Schedules (Schedule 1 – 6 Units): 82.21 per cent completed | | | | | |
| 3. | Palawan | Calandagan | 2x50kW | 0.100 | 1 st Quarter 2023 |
| 4. | Palawan | Bisucay | 2x50kW | 0.100 | |
| 5. | Palawan | Manamoc | 2x100kW | 0.200 | |
| Seven Units of Modular Gensets & Associated Electrical Equipment for Three Areas of Barangay Power Association (BAPA) in Palawan (Schedules 2 & 3 - 7 Units): 76.40 per cent completed | | | | | |
| 6. | Palawan | Bancalaan 2 (Port Barton) | 1x100kW & 1x50kW | 0.150 | 1 st Quarter 2023 |
| 7. | Palawan | Bancalaan 1 (New Ibajay & Port Barton) | 2x75kW & 1x100kW | 0.250 | |
| 8. | Palawan | Mangsee | 2x300kW | 0.600 | |
| 15 Units of Modular Diesel Gensets including Balance of Plant for the Electrification of New Areas in Palawan in Two Schedules: | | | | | |
| Schedule 1: 59.37 per cent completed | | | | | |
| 9. | Palawan | Galoc | 1x30kW | 0.030 | 1 st Quarter 2023 |
| 10. | Palawan | Panlaitan | 1x100kW | 0.100 | |
| 11. | Palawan | San Isidro | 1x50kW | 0.050 | |
| 12. | Palawan | Bulalacao | 2x100kW & 1x50kW | 0.250 | |
| 13. | Palawan | Cabugao | 1x50kW | 0.050 | |
| 14. | Palawan | Pical | 2x20kW | 0.040 | |
| 15. | Palawan | Maroyogroyog | 1x20kW & 1x30kW | 0.050 | |
| 16. | Palawan | Maracañao | 2x20kW | 0.040 | |
| Schedule 2: 87.94 per cent completed | | | | | |
| 17. | Palawan | Ramos | 2x20kW | 0.040 | 1 st Quarter 2023 |
| 22 Units of Modular Gensets for Mindanao SPUG Areas under Schedule III: 98.78 per cent completed | | | | | |
| 18. | Surigao del Norte | Hikdop | 1x200kW | 0.200 | 1 st Quarter 2023 |
| 19. | Leyte | Limasawa | 2x200kW & 2x300kW | 1.000 | |
| 20. | Sarangani Island | Balut | 2x200kW | 0.400 | |
| 21. | Tawi-Tawi | Balimbing | 1x200kW | 0.200 | 1 st Quarter 2023 |
| 22. | Tawi-Tawi | Tandubas | 1x300kW & 2x100kW | 0.500 | |
| 23. | Tawi-Tawi | Sibutu | 2x300kW | 0.600 | |
| 24. | Tawi-Tawi | ManukMangkaw | 2x200kW | 0.400 | |
| 25. | Tawi-Tawi | Tandubanak | 2x300kW | 0.600 | |
| 26. | Zamboanga City | Sacol | 1x200kW | 0.200 | |

| NO. | LOCATION | PLANT | NO. OF UNITS/ CAP | TOTAL CAP (MW) | COMPLETION |
|---|----------------|----------------------|-------------------|----------------|------------------------------|
| 3 x 1.5MW Containerized Diesel Gensets and Associated Electrical Equipment for Kalamansig DPP: 94.05 per cent completed | | | | | |
| 27. | Sultan Kudarat | Kalamansig | 3x1500kW | 4.500 | 1 st Quarter 2023 |
| 2x1500 kW (3.0 MW) Containerized Gensets for Dinagat DPP, Dinagat and 2x600kW (1.20 MW) Containerized Gensets for West Simunul DPP, Tawi-Tawi: 100 per cent completed | | | | | |
| 28. | Tawi-Tawi | Dinagat | 2x1500kW | 3.000 | 1 st Quarter 2023 |
| 29. | Tawi-Tawi | West Simunul | 2x600kW | 1.200 | |
| Eight Units of 50kW Modular Gensets for Dipla, Mayteged, Batas and Debangan DPP under the Electrification of New Areas In Palawan (Package 8): 47.34 per cent completed | | | | | |
| 30. | Palawan | Dipla | 2x50kW | 0.100 | 1 st Quarter 2023 |
| 31. | Palawan | Mayteged | 2x50kW | 0.100 | |
| 32. | Palawan | Batas | 2x50kW | 0.100 | |
| 33. | Palawan | Debangan | 2x50kW | 0.100 | |
| Electrification of Seven New Areas in Bohol: 58.63 per cent completed | | | | | |
| 34. | Bohol | Bilang-bilanganDako | 1x50kW | 0.050 | 1 st Quarter 2023 |
| 35. | Bohol | Bilang-bilanganDiyot | 1x75kW | 0.075 | |
| 36. | Bohol | Cataban | 2x30kW | 0.060 | |
| 37. | Bohol | Gaus | 1x20kW & 1x30kW | 0.050 | |
| 38. | Bohol | Hingotanan East | 1x75kW | 0.075 | |
| 39. | Bohol | Hingotanan West | 1x100kW | 0.100 | |
| 40. | Bohol | Malingin | 2x30kW | 0.060 | |
| 41. | Bohol | Maomaoan | 1x20kW & 1x30kW | 0.050 | |
| 42. | Bohol | Sagasa | 2x30kW | 0.060 | |
| Eight Units of Modular Gensets for Panay & Agutaya SPUG Areas under Schedule II-D: 92.39 per cent completed | | | | | |
| 43. | Antique | Caluya | 2x400kW | 0.800 | 1 st Quarter 2023 |
| 44. | Iloilo | Gigantes | 3x200kW | 0.600 | |
| 45. | Antique | Batbatan | 1x100kW | 0.100 | |
| 46. | Palawan | Agutaya | 2x100kW | 0.200 | |
| 3x50kW Modular Diesel Gensets, Associated Electrical Equipment and Balance of Plant for the Electrification of New Area in Sulu (Package 11A) : 99.10 per cent completed | | | | | |
| 47. | Sulu | Lugus | 3x50kW | 0.150 | End of February 2023 |
| 31 Units of Modular Diesel Gensets for Samar SPUG Areas under Schedule II-A: 28.96 per cent completed | | | | | |
| 48. | N. Samar | Capul | 3x300kW | 0.900 | 1 st Quarter 2023 |
| 49. | N. Samar | San Antonio | 3x300kW | 0.900 | |
| 50. | N. Samar | San Vicente | 1x200kW & 1x100kW | 0.300 | |
| 51. | N. Samar | Biri | 3x300kW | 0.900 | |
| 52. | N. Samar | Batag | 1x200kW & 1x50kW | 0.250 | 1 st Quarter 2023 |
| 53. | W. Samar | Zumarraga | 1x300kW & 2x200kW | 0.700 | |
| 54. | W. Samar | Almagro | 1x200kW & 1x50kW | 0.250 | |
| 55. | W. Samar | Sto. Nino DPP | 2x200kW | 0.400 | |
| 56. | W. Samar | Lunang | 2x50kW | 0.100 | |

| NO. | LOCATION | PLANT | NO. OF UNITS/ CAP | TOTAL CAP (MW) | COMPLETION |
|---|-----------|---------------|-------------------|----------------|------------------------------|
| 57. | W. Samar | Biasong | 1x50kW | 0.050 | |
| 58. | W. Samar | Takut DPP | 1x200kW | 0.200 | |
| 59. | W. Samar | Costa Rica | 1x100kW & 1x50kW | 0.150 | |
| 60. | W. Samar | Camandag | 1x200kW & 1x50kW | 0.250 | |
| 61. | Biliran | Maripipi | 2x200kW & 1x100kW | 0.500 | |
| 19 Units of Modular Diesel Generating Sets and Associated Electrical Equipment for SPUG Bohol Areas under Schedule II-B: 98.88 per cent completed | | | | | |
| 62. | Bohol | Bagongbanwa | 2x50kW & 1x50kW | 0.15 | |
| 63. | Bohol | Balicasag | 2x50kW | 0.1 | |
| 64. | Bohol | Batasan | 2x50kW | 0.1 | |
| 65. | Bohol | Cuaming | 2x50kW | 0.1 | |
| 66. | Bohol | Mantatao | 2x50kW | 0.1 | |
| 67. | Bohol | Pamilacan | 2x50kW | 0.1 | 1 st Quarter 2023 |
| 68. | Bohol | Cabul-an | 2x50kW | 0.1 | |
| 69. | Bohol | Hambongan | 1x50kW | 0.05 | |
| 70. | Bohol | Mocaboc | 1x50kW | 0.05 | |
| 71. | Bohol | Ubay | 2x20kW | 0.04 | |
| 72. | Bohol | Bagongbanwa | 2x50kW & 1x50kW | 0.15 | |
| Two Units of 600 KW Open Type Diesel Generating Sets for Power Barge 109 including Associated Electrical Equipment (Prime Duty): 87.76 per cent completed | | | | | |
| 73. | Leyte | PB 109 | 2x600kW | 1.2 | 1 st Quarter 2023 |
| Six Units of 50kW Modular Gensets, Associated Electrical Equipment and Balance of Plant for Lanawan (previously Saluping) & Tapiantana DPP under the Electrification of New Areas in Basilan (Package 10A): 99.38 per cent completed | | | | | |
| 74. | Basilan | Lanawan | 3x50kW | 0.15 | End of February 2023 |
| 75. | Basilan | Tapiantana | 3x50kW | 0.15 | |
| 6x50kW Modular Diesel Gensets and Associated Electrical Equipment and Balance of Plant for Electrification of Two (2) New Areas in Tawi-Tawi under Package 11B: 91.20 per cent completed | | | | | |
| 76. | Tawi-Tawi | Turtle Island | 3x50kW | 0.15 | End of February 2023 |
| 77. | Tawi-Tawi | South Ubian | 3x50kW | 0.15 | |

◆ Transmission / Distribution Line and Substation Projects

Transmission Line Projects

| NO. | PROJECT NAME | PROVINCE | LENGTH (CKT-KMS) | ACCOMPLISH-MENT | TARGET COMPLETION |
|-----|-------------------------------------|-------------|------------------|-----------------|-----------------------|
| 1. | San Miguel - Viga Transmission Line | Catanduanes | 36.60 | 85.45 per cent | Under Work Suspension |

Substation Projects

| NO. | PROJECT NAME | PROVINCE | LENGTH (CKT-KMS) | ACCOMPLISH-MENT | TARGET COMPLETION |
|-----|--|-------------|------------------|-----------------|---------------------|
| 1. | Supply, Delivery, Construction, Installation, Testing and Commissioning of 5 MVA | Catanduanes | 5 | 45.31 per cent | 2nd Quarter of 2023 |

❖ **Power Facilities/Buildings and Rehabilitation/ Improvement/ Plant Betterment Projects**

| NO. | PROJECT NAME | PROVINCE | ACCOMPLISH- MENT | TARGET COMPLETION |
|-----|---|------------------|---------------------|------------------------------|
| 1. | Construction of SPUG Visayas Operations Department Office and Warehouse | Cebu | 82.50 per cent | 1 st Quarter 2023 |
| 2. | Construction, Supply, Delivery, Installation, Test and Commissioning of Various Utilities at NPC Minuyan Complex (NPC Minuyan Facilities) | Bulacan | 98.85 per cent | 1 st Quarter 2023 |
| 3. | Construction of Wave Wall at Caliraya East and West Dykes | Laguna | 98.20 per cent | 1 st Quarter 2023 |
| 4. | Expansion and Repair of Powerhouse and Transfer of Switchyard of Itbayat DPP | Batanes | 2.00 per cent | 1 st Quarter 2023 |
| 5. | Supply of Labor and Materials for the Construction of Perimeter Fence and Guard House of Marinduque 69kV Stockyard | Marinduque | 98.20 per cent | January 2023 |
| 6. | Supply, Delivery, Installation and Test of 1,500KL FOST of Dinagat DPP Including Construction of Associated Facilities | Dinagat Province | 95.59 per cent | February 2023 |

❖ **Distribution Line Projects**

| NO. | PROJECT NAME | PROVINCE | ACCOMPLISH- MENT | TARGET COMPLETION |
|-----|-------------------------------------|----------|---------------------|------------------------------|
| 1. | Sitio Dapdap, 2.5 km | Masbate | 93.37 per cent | 1 st Quarter 2023 |
| 2. | Naro Island, 2.6 km | Masbate | 95.14 per cent | 1 st Quarter 2023 |
| 3. | Malaking-Ilog to Ki-romero, 5.11 km | Masbate | 97.00 per cent | 1 st Quarter 2023 |

❖ **Renewable/Hybrid Project**

| NO. | PROJECT NAME | PROVINCE | ACCOMPLISH- MENT | TARGET COMPLETION |
|-----|--|----------------|---------------------|------------------------------|
| 1 | Design, Supply, Delivery, Installation, Testing and Commissioning of Palumbanes Island Solar PV-Diesel Hybrid System (With ESS) | Catanduanes | 65.95 per cent | 1 st Quarter 2023 |
| 2. | Design, Supply, Delivery, Installation, Test & Commissioning of Cuaming Island Solar PV/Diesel Hybrid System (ESS) | Bohol | 81.93 per cent | 1 st Quarter 2023 |
| 3. | Design, Supply, Delivery, Installation, Test and Commissioning of Limasawa Solar Photovoltaic (PV) with Energy Storage System (ESS) - Diesel HPP | Southern Leyte | 98.38 per cent | February 2023 |

❖ Photovoltaic Solar Home System (SHS) Under PV Mainstreaming

| NO. | PROJECT NAME | PROVINCE | ACCOMPLISH- MENT | TARGET COMPLETION |
|-----|---|---------------------------------|---------------------|------------------------------|
| 1. | Supply and Delivery of 993 Units of Photovoltaic Solar Home System for Maconacon and Divilacan Isabela under PV Mainstreaming | Maconacon and Divilacan Isabela | - | 1 st Quarter 2023 |

The Power Engineering Services' major accomplishments for CY 2022 are as follows:

| Item No. | Project Title | Work Order No. | Status / Accomplishment |
|-----------------------------------|--|----------------|---|
| TRANSMISSION LINE PROJECTS | | | 47.89 ckt-km. completed stringing as of 31 Dec. 2022 |
| 1 | Supply and Erection/ Installation of Roxas - Taytay 69kV T/L Project Roxas Substation - Alimanguan Junction (Schedule 1) (Structure 1-232), 36.60 km. | J302A02 | <ul style="list-style-type: none"> ▪ Project completed on November 3, 2022 ▪ Remaining 24.77 ckt-km. stringed in CY 2022. ▪ Target energization by end January 2023 |
| 2 | Supply and Erection/ Installation of Roxas-Taytay 69kV T/L Project Alimanguan Junction-Taytay Substation (Schedule 2) (Structure 232-434), 34.70 km. | J302A02 | <ul style="list-style-type: none"> ▪ Project completed on August 23, 2022. ▪ Remaining 3.12 ckt-km. stringed in CY 2022. Target energization by end January 2023 |
| 3 | Supply and Erection / Installation of San Miguel-Viga Transmission Line Project 23 km. | J310A05 | <ul style="list-style-type: none"> ▪ Under Work Suspension effective November 22, 2022 due to ROW issues regarding the Protected and Timberland Areas traversed by the Transmission Line project. ▪ Project accomplishment, 80.08 per cent (as of November 21, 2022). ▪ 20 ckt-kms. out of 23 ckt-kms. with completed Stringing Works as of November 21, 2022. |
| DISTRIBUTION LINE PROJECTS | | | 41.441 ckt-km. completed stringing as of 31 Dec. 2022 |
| 1 | Supply, Erection/Installation, Testing & Commissioning of 7.97/13.8kV Distribution Line at Butawan, Camarines Sur, 0.99 kms. | I300A03 | <ul style="list-style-type: none"> ▪ Project completed on December 15, 2022. |
| 2 | Supply, Erection/Installation, Testing & Commissioning of 7.97/13.8kV Distribution Line at Calutcot, Burdeos, 1.40 kms. | H300A01 | <ul style="list-style-type: none"> ▪ Project completed on December 15, 2022. |
| 3 | Supply, Erection/Installation, Testing & Commissioning of 7.97/13.8kV Distribution Line at Tagubanhon Island at Iloilo, 2.60 kms. | E300A13 | <ul style="list-style-type: none"> ▪ Project completed on December 7, 2022. |
| 4 | Supply, Erection/Installation, Testing & Commissioning of 7.97/13.8kV Distribution Line at | I300J01 | <ul style="list-style-type: none"> ▪ Project completed on May 26, 2022 |

| Item No. | Project Title | Work Order No. | Status / Accomplishment |
|----------------------------|---|--|--|
| | Tapiantana Island, Tabuan Lasa, Basilan, 0.50 kms. | | |
| 5 | Supply, Delivery, Erection/Installation, Test and Commissioning of 7.97/13.8kV Distribution Line (Extension) at Naro Island, Cawayan, Masbate, 2.60 kms. | J300A02 | <ul style="list-style-type: none"> ▪ Project accomplishment, 95.14 per cent ▪ Completed erection of 66 out of 66 steel poles. ▪ Completed stringing for 2.6 km. out of 2.6 km. ▪ Ongoing installation of house wirings and distribution transformers. ▪ Conducted testing of distribution transformers on December 6-9, 2022 (2 out of 21 failed). |
| 6 | Supply, Delivery, Erection/Installation, Test and Commissioning of 7.97/13.8kV Distribution Line (Extension) at Sitio Dapdap, Osmeña, Masbate under Barangay Line Enhancement Program (BLEP), 2.50 kms. | J300A03 | <ul style="list-style-type: none"> ▪ Project accomplishment, 93.37 per cent ▪ Completed erection of 52 out of 52 steel poles. ▪ Ongoing stringing works. ▪ Ongoing installation of house wirings. ▪ Conducted testing of distribution transformers on December 3-5, 2022. ▪ Completed installation of distribution transformers on December 20, 2022. |
| 7 | Supply, Delivery, Erection/Installation, Test and Commissioning of 7.97/13.8kV Distribution Line (Extension) at Malaking-Ilog to Ki-Romero, San Pascual, Burias Island, Masbate under Barangay Line Enhancement Program (BLEP), 4.95 kms. | L300A02 | <ul style="list-style-type: none"> ▪ Project accomplishment, 97.00 per cent ▪ Erection of 103 Steel Poles completed ▪ Structure Dressing of 103 structures completed ▪ Stringing of 16,500 ACSR meters completed ▪ 11 transformers were installed including existing ▪ NPC-QA representative arrive at Project Site last December 1, 2022 and conduct/witness the testing of delivered eight pieces transformers for Malaking Ilog to Ki-Romero 13.8kV Distribution Line Project |
| 8 | Supply, Delivery, Erection/Installation, Test and Commissioning of 7.97/13.8kV Distribution Line (Extension) at San Pascual DPP to Nazareno& San Pascual DPP to Sitio Bucal, Burias Island, Masbate under Barangay Line Enhancement Program (BLEP), 3.80 kms. | L300A01 | <ul style="list-style-type: none"> ▪ Project accomplishment, 44.25 per cent ▪ Factory Acceptance Test (FAT) was conducted on October 18, 2022 ▪ Partial line materials and structures as well as Households Connection materials was delivered to the Contractors Warehouse/Office last November 4, 2022 ▪ Second shipment of line materials and Households Connection materials was delivered to the Contractors Barrack/Warehouse last November 15, 2022. |
| SUBSTATION PROJECTS | | 20 MVA energized as of 31 December 2022 | |
| 1 | Upgrading of Existing Power Transformer from 10 MVA to 20 MVA Mobo Substation | J300I01 | <ul style="list-style-type: none"> ▪ Project completed on October 17, 2022 |
| 2 | Supply, Delivery, Construction, Installation, Testing and Commissioning of 5 MVA Viga Substation | I300A04 | <ul style="list-style-type: none"> ▪ Project accomplishment, 45.31 per cent ▪ Ongoing construction of perimeter fence, seclusion fence, cable trench septic tank, control house, pump house and entrance gate ▪ Ongoing grading fill works at switchyard. ▪ Issued Show Cause Order dated December 5, 2022. |
| 3 | 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 completed on October 19, 2022. |

| Item No. | Project Title | Work Order No. | Status / Accomplishment |
|---|--|----------------|--|
| CAPACITY ADDITION PROJECTS AND ASSOCIATED FACILITIES | | | 17.24 MW commissioned as of December 31, 2022 |
| 1 | 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 completed on March 20, 2022 |
| 2 | 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 completed on December 2, 2022. ▪ Certificate of Acceptance/Complete Delivery was approved effective December 2, 2022. ▪ Commercially operated as of May 8, 2022. |
| 3 | Construction of Power Facilities incl. 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 Completed on August 22, 2022. |
| 4 | Supply, Delivery, Installation, Test and Commissioning of Various D/G Sets for Electrification of Seven New Areas in Bohol | E610A26 | <ul style="list-style-type: none"> ▪ Project accomplishment, 58.63 per cent. <p>Cataban DPP:</p> <ul style="list-style-type: none"> ▪ No construction activity at site. <p>Sagasa DPP:</p> <ul style="list-style-type: none"> ▪ Completed the construction and painting of perimeter fence with gates. ▪ Installation of fuel oil pipeline is 50 per cent completed. ▪ Installation of Prefabricated Container House is 50 per cent completed. ▪ Conducted test run of Gensets. <p>Malingin DPP:</p> <ul style="list-style-type: none"> ▪ Completed the construction and painting of perimeter fence with gates. ▪ Installation of fuel oil pipeline is 50 per cent completed. ▪ Completed the installation of fuel oil pipes and domestic water pipe line from water jetmatic hand pump to elevated water tank. ▪ Installation of Prefabricated Container House is 70 per cent completed. <p>Maomawan DPP:</p> <ul style="list-style-type: none"> ▪ Completed the construction and painting of perimeter fence with gates. ▪ Installation of fuel oil pipeline is 50 per cent completed. ▪ Installation of Prefabricated Container House is 50 per cent completed. ▪ Conducted test run of Gensets. <p>Bilangbilangan DPP:</p> <ul style="list-style-type: none"> ▪ Completed the construction and painting of perimeter fence with gates. |

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| | | | <ul style="list-style-type: none"> ▪ Completed the installation of seclusion fence, station service transformer and demand meter. ▪ Completed the construction of septic tank. ▪ Delivered the lacking one unit of Genset and two units of GCPPs. ▪ Delivered the replacement for the damaged parts of prefabricated container house. <p>Hingotanan DPP:</p> <ul style="list-style-type: none"> ▪ Completed the demolition of open rc canal. ▪ Concrete pouring of wall footing and chb laying intended for construction of perimeter fence. <p>Gaus DPP:</p> <ul style="list-style-type: none"> ▪ Completed the installation of FDS, perimeter lighting poles, and cable laying from Genset to GCPP. ▪ Installation of fuel oil pipeline is 50 per cent completed. ▪ Installation of Prefabricated Container House is 90 per cent completed. ▪ Well drilling is 50 per cent completed. |
| 5 | Construction of Power Facilities Incl., Supply, Delivery, Test and Commissioning of Various Modular Gensets, Assoc. Electrical Equipment and BOP for the Electrification of Five Barangays at Zamboanga Del Sur under Off-Grid Electrification Project. | E610A11 | <ul style="list-style-type: none"> ▪ Project completed on February 15, 2022 |
| 6 | 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, 98.78 per cent. ▪ 4.10 MW commissioned in CY 2022. ▪ Ongoing rectification of punchlist items for HikdopDPP. Out of 30 punchlist items, 6 items were rectified for close-out and 24 remaining items are still open for rectification. ▪ Ongoing rectification of punchlist items for Limasawa DPP. Out of 41 punchlist items, 13 items were rectified for close-out and 28 remaining items are still open for rectification. ▪ Ongoing pre-commissioning procedures at Tandubanak DPP. Pre-commissioning works started on December 5, 2022. ▪ Ongoing delivery of exhaust chambers for replacement at Sacol DPP. |
| 7 | 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, 99.38 per cent ▪ Substantially completed with seven remaining punchlist items to be rectified for Lanawan DPP and six remaining punchlist items for Tapiantana DPP |

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| 8 | Supply, Delivery, Installation, Test and Commissioning of Nineteen 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 per cent ▪ Certificate of Taking Over for Cabul-an, Cuaming, Mantatao, Pamilacan and Balicasag DPPs with effectivity date of April 29, 2022. ▪ Status of rectification of the generated punchlists: (11 remaining out /215): <ul style="list-style-type: none"> - 19 out of 20 generated punchlists already rectified for Pamilacan DPP, 1 outstanding punchlist. - 20 out of 21 generated punchlists already rectified for Balicasag DPP, 1 outstanding punchlist. - 17 out of 18 generated punchlists already rectified for Cabul-an DPP, 1 outstanding punchlist. - 22 out of 23 generated punchlists already rectified for Cuaming DPP, 1 outstanding punchlist. - 21 out of 22 generated punchlists already rectified for Mantatao DPP, 1 outstanding punchlist. - 22 out of 23 generated punchlists already rectified for Hambongan DPP, 1 outstanding punchlist. - 20 out of 21 generated punchlists already rectified for Mocaboc DPP, 1 outstanding punchlist. - 21 out of 22 generated punchlists already rectified for Batasan DPP, 1 outstanding punchlist. - 23 out of 24 generated punchlists already rectified for Ubay DPP, 1 outstanding punchlist. - 19 out of 21 generated punchlists already rectified for Bagongbanwa DPP, 2 outstanding punchlist. |
| 9 | 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, 94.05 per cent ▪ Coordination meeting on November 17, 2022 with SPUG-MOD, DDD, ESD and supplier. The supplier was instructed to submit final schedule of activities, duly notarized and under oath prior to the processing of their request for refund of Liquidated Damages (LD). ▪ Ongoing Pre-Commissioning Works at Unit No. 1 -started on November 15, 2022. ▪ Ongoing Pre-Commissioning Works at Unit No. 2 -started on November 19, 2022. |
| 10 | 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"> ▪ Project completed on July 1, 2022 |
| 11 | 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 completed on April 26, 2022 |
| 12 | 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, 100 per cent ▪ 4.2 MW commissioned as of August 2022. ▪ For close-out of rectified 24 remaining punchlists for Dinagat DPP by ESD. ▪ Remaining two (2) punchlist for West Simunul DPP are already closed per memorandum PES-ESD-22-802 dated December 16, 2022. |

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| 13 | 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, 82.21 per cent ▪ Conducted JFI and T&C for Calandagan DPP 90.30 MW) conducted on December 9-18, 2022. For scheduling of T&C and JFI for Bisucay DPP. |
| 14 | Supply, Delivery, Installation, Test and Commissioning of Eight (8) Units of 50kW Modular Diesel Gensets, Associated Electrical Equipment and Balance of Plant for Dipla, Maytegued, Batas and Debangan DPP under the Electrification of New Areas in Palawan – Package 8 | J810A01 | <ul style="list-style-type: none"> ▪ Project accomplishment, 47.34 per cent ▪ Completed deliveries of gensets, transformers, steel poles, cross arms and components of prefabricated container house on March 26, 2022 ▪ Spare Parts and Special Tools were already delivered at respective project sites. ▪ Issued Final Show Cause Order dated November 14, 2022. |
| 15 | 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 (In Part) issued to the Contractor on July 26, 2021. The Contract is already terminated and will not be resumed upon receipt of notice. Completed Testing and Commissioning for all 37 units of Generator Transformers. ▪ The Contractor already confirmed the Amendment to Order (Termination in Part) on August 2, 2021. ▪ Genset and accessories was delivered to Minuyan, Bulacan on August 24 & 26, 2021. ▪ Conduct of basic tests for the equipment on September 1-2, 2021 was not be completed as scheduled since the test instruments of the contractor are not available and other equipment are not in accordance with NPC specifications. ▪ Continuation of the conduct of Basic Tests on December 27-28, 2022. |
| 16 | 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, 76.40 per cent ▪ Mangsee DPP -Test & commissioning was conducted on November 21-25, 2022 (0.6 MW). -Identified Punchlist already forwarded to ESD for their evaluations. <ul style="list-style-type: none"> ▪ Bancalaan 1 DPP -Test & commissioning and the Joint Final Inspection were conducted on November 12-15, 2022 (0.15 MW). -47 punchlist was identified during the Joint Final Inspection. -Ongoing rectifications of identified punch list. <ul style="list-style-type: none"> ▪ Bancalaan 2 DPP -Joint Final Inspection was conducted on November 14, 2022. -Test & commissioning of transformers were conducted on November 26-28, 2022. Ongoing rectifications of identified punch list. -T&C of gensets for scheduling. |
| 17 | Supply, Delivery, Installation, Test and Commissioning of Fifteen (15) Units of Modular Diesel Generating Sets Including | E610A25 | <ul style="list-style-type: none"> ▪ Project accomplishment, 59.37 per cent |

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| | Balance of Plant for the Electrification of New Areas in Palawan in Two (2) Schedules (Schedule 1: 610 kW) | | <ul style="list-style-type: none"> ▪ Completed pre-testing and pre-commissioning at Maglalambay, Galoc and Panlaitan on December 10, 2022. ▪ Final Show Cause Order issued on November 14, 2022. |
| 18 | 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: 87.34 per cent ▪ Conducted Joint Final Inspection and test and commissioning on November 8 – 11, 2022 (0.04 MW). 37 punchlist items were identified. |
| 19 | 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, 99.10 per cent ▪ Contract already expired last October 7, 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 August 17, 2021, the Contractor committed to complete the project on January 25, 2023 per letter dated August 30, 2021. ▪ JFI & T&C conducted on September 13-19, 2022 (0.15MW). 13 out of 29 punchlists already rectified. |
| 20 | 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, 91.20 per cent ▪ Ongoing installation of lighting and power system of the plant site including miscellaneous equipment for the two project sites. Taganak DPP: <ul style="list-style-type: none"> • Ongoing installation of perimeter lighting. Tabawan DPP: <ul style="list-style-type: none"> • Ongoing installation of perimeter lighting. |
| 21 | Supply, Delivery, Installation, Test and Commissioning of 31 Units of Modular Diesel Generating Equipments for Samar SPUG Areas under Schedule II-A | E810A36 | <ul style="list-style-type: none"> ▪ Project accomplishment, 28.96 per cent ▪ Construction of Cable Trench (for New GCPPs) inside Powerhouse Control Room at Capul DPP, Biri DPP, Zumarraga DPP, and Maripipi DPP. ▪ Modification of existing Cable Trench inside the Powerhouse (to accommodate additional Power Cables from New DG Sets) at San Antonio DPP, Almagro DPP, and Lunang DPP. ▪ Conducted Joint Site Inspection on October 2-4 & 6-7, 2022. |
| 22 | Supply, Delivery, Installation, Test and Commissioning of Eight 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, 92.39 per cent ▪ SPUG has taken over the operation of Caluya DPP and Gigantes DPP on June 27, 2022 and July 14, 2022 respectively. ▪ Completed testing and commissioning, JFI, and SAT in all sites Caluya, Gigantes, Batbatan, and Agutaya DPPs (1.70 MW). ▪ Ongoing rectification of the remaining punchlist items: <ul style="list-style-type: none"> 20 out of 26 in Batbatan DPP, 23 out of 26 Caluya DPP, 22 out of 30 in Gigantes DPP and 27 out of 111 in Agutaya DPP |

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| 23 | Supply, Delivery, Installation, Test and Commissioning of Four 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, 83.57 per cent ▪ Issued Show Cause Order No. 2 on November 14, 2022. ▪ Ongoing submission of construction drawings, material sample cards (MSC) and procedures for NPC's approval |
| 24 | 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"> ▪ Approved Notice of Contract Termination forwarded to the contractor on December 6, 2022. |
| 25 | Supply, Delivery, Installation, Test and Commissioning of 3x600kW Diesel Gensets for Power Barge 114 including Associated Electrical Equipment | H850A01 | <ul style="list-style-type: none"> ▪ Certificate of Acceptance / Complete Delivery effective December 10, 2022 (1.40 MW). |
| 26 | Supply, Delivery, Installation, Test and Commissioning of 3x600kW Diesel Gensets for Power Barge 113 including Associated Electrical Equipment | E850A01 | <ul style="list-style-type: none"> ▪ For submission of Implementation Schedule. ▪ For submission of Equipment Brochures/Drawings for review, evaluation and approval of DDD. |
| 27 | Supply, Delivery, Installation, Test and Commissioning of 1x100kW (for Osmeña DPP), 1x100kW Peñafrañcia DPP) and 1x100kW (for Quezon DPP) Modular Diesel Gensets and Associated Electrical Equipment under Package 13-B | J800A07 | <ul style="list-style-type: none"> ▪ Project accomplishment, 5.98 per cent ▪ Ongoing submission of drawings/brochures for NPC approval. ▪ Site inspection was conducted on October 11-15, 2022. ▪ Conducted testing of construction materials on November 8 – 11, 2022. ▪ Issued Show Cause Order dated November 29, 2022. |
| 28 | Supply, Delivery, Installation, Test and Commissioning of 1x60kW and 2x100kW Modular Diesel Gensets Associated Electrical Equipment & Balance of Plant for Paly DPP | J810A04 | <ul style="list-style-type: none"> ▪ Conducted site visit on August 2, 2022. ▪ Ongoing submission of necessary documents relative to project implementation. ▪ Issued Show Cause Order dated November 29, 2022 |
| 29 | Supply, Delivery, Installation, Test and Commissioning of 2x75kW Modular Diesel Gensets Associated Electrical Equipment & Balance of Plant for Green Island under Electrification of New Areas in Palawan | J800A03 | <ul style="list-style-type: none"> ▪ Conducted site visit on August 2, 2022. ▪ Ongoing submission of necessary documents relative to project implementation. ▪ Issued Show Cause Order dated November 28, 2022. |
| 30 | Transfer of 2x500kW MAN Diesel Gensets Auxiliaries including Associated Electrical Equipment from Busuanga DPP to Rizal DPP | J800A01 | <ul style="list-style-type: none"> ▪ Project accomplishment, 47.03 per cent ▪ Show Cause Order was issued dated December 5, 2022 ▪ 2 units of 500kW Man Diesel Genset were already installed on the pads. Ongoing installation of accessories and alternator. ▪ Ongoing Megger Testing of the Siemens Alternator to check the insulation resistance of the alternator. ▪ Ongoing installation of accessories and pipings attached to the Man Diesel Genset. |

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| | | | <ul style="list-style-type: none"> ▪ Ongoing modification of GCPP panel to adapt the controls of Man Diesel Genset using Deep Sea Controller. ▪ Ongoing repair and application of primer paint to the smoke stack muffler, smoke stack supports, and chimney. ▪ Ongoing de-rusting and cleaning of fuel pipes that was hauled from Busuanga DPP. |
| 31 | Supply, Delivery, Installation, Test and Commissioning of Four Units of Modular Diesel Gensets Associated Electrical Equipment & Balance of Plant for Babuyan Claro DPP and Dibay-Dilam DPP under Electrification of New Areas in Cagayan (Package 23) | H800A07 | <ul style="list-style-type: none"> ▪ Submitted the equipment brochures/drawings for DDD review, evaluation and approval. ▪ NPC-PICB coordinated with DPMIHI regarding the variance of target vs. actual accomplishment and directed their end to commence the hauling/transportation of equipment/materials necessary for the civil works thru site instruction letter dated November 21, 2022. ▪ PICB issued a Show Cause Order to the contractor on December 20, 2022. |
| 32 | Supply, Delivery, Installation, Test and Commissioning of 1x200kW and 1x100kW Modular Diesel Gensets and Associated Electrical Equipment for Kalayaan DPP | J800A02 | <ul style="list-style-type: none"> ▪ Ongoing submission of necessary documents relative to project implementation. ▪ Issued Show Cause Order dated December 13, 2022. |
| 33 | Supply, Delivery, Installation, Test and Commissioning of 1x100kW and 1x150kW Modular Diesel Gensets and Associated Electrical Equipment for Minabel DPP and Balatubat DPP under Package 12 | H800A05 | <ul style="list-style-type: none"> ▪ Ongoing submission of Equipment Brochures/Drawings for review, evaluation and approval of DDD. ▪ Ongoing excavation for Perimeter fence and Precast post foundation at Balatubat DPP. ▪ Ongoing Backfilling for Gensets foundation at balatubat DPP. ▪ Ongoing manufacturing of Equipment. ▪ The Cluster Head of Northern Luzon, SPUG forwarded a memo dated October 25, 2022 requesting for the relocation of the proposed prefabricated control room, 1 x 150 KW DG sets, OWS, DT in parallel to switchyard at Balatubat DPP. Field Change Notice (FCN) for the said request already approved. |
| 34 | Supply, Delivery, Installation, Test and Commissioning of 2x600kW Containerized Diesel Gensets and Associated Electrical Equipment for Cuyo DPP | J800A07 | <ul style="list-style-type: none"> ▪ Project accomplishment, 7.90 per cent ▪ Ongoing submission of necessary documents relative to project implementation. ▪ Ongoing repair of genset pads, transformer pads, and daytank pads. ▪ Ongoing rebars and formworks installation at drain pit and drain ditch. ▪ Ongoing excavation and rebar installation at cable trench. |
| 35 | Supply, Delivery, Installation, Test and Commissioning of 1x100kW (Peña DPP) and 2x100kW (Chico DPP) Diesel Gensets and Associated Electrical Equipment under Package 14-B | H800A03 | <ul style="list-style-type: none"> ▪ NTP was confirmed by Contractor on 26 October 2022. The Supplier to revise the submitted implementation schedule incorporating the correction by NPC. ▪ Ongoing submission of necessary documents relative to project implementation. ▪ Completed testing of construction materials on December 1-2, 2022. |

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| 36 | Supply, Delivery, Installation, Test and Commissioning of 2x150kW Modular Diesel Gensets and Associated Electrical Equipment including Relocation Works for Gilotongan DPP | J800A06 | <ul style="list-style-type: none"> ▪ NTP was confirmed on November 22, 2022. The Supplier to submit implementation schedule. ▪ Ongoing submission of necessary documents relative to project implementation. |
| 37 | Supply, Delivery, Test and Commissioning of 2x600kW Diesel Gensets for PB116 including Associated Electrical Equipment | E850A01 | <ul style="list-style-type: none"> ▪ Ongoing submission of Equipment Brochures/Drawings for review, evaluation and approval of DDD. ▪ Ongoing manufacturing of 2x600kW Diesel Gensets and Generator Control and Protection Panels. ▪ PICB instructed DPMIHI to submit the gensets' delivery schedule and estimated duration of completion of works for PB116 per request by the Municipality of Loreto, Dinagat Island according to the Plant Manager of PB116. ▪ PICB reminded the contractor to submit revised bar chart, gensets' delivery schedule and estimated duration of completion of works. ▪ DPMIHI together with PICB and PB116 Personnel conducted site inspection and coordination meeting regarding the implementation of the project on 25 November 2022 at PB116, Brgy. Esperanza, Loreto, Dinagat Islands. |
| 38 | Supply, Delivery, Installation, Test and Commissioning of Two Units of 600kW Open Type Diesel Generating Sets for PB109 including Associated Electrical Equipment (Prime Duty) | H600A01 | <ul style="list-style-type: none"> ▪ Project accomplishment, 87.73 per cent ▪ GCPPs and 2x600kW Diesel Gensets were installed on November 14, 2022 and November 17, 2022, respectively. ▪ Conducted Factory Acceptance Test (FAT), Test and Commissioning (T&C) and Joint Final Inspection on December 5-7, 2022. ▪ Ongoing rectification of 29 remaining punchlists items. |
| 39 | Supply, Delivery, Installation, Test and Commissioning of 2x200kW Modular Diesel Generating Sets for Guintarcan Diesel Power Plant (Schedule II-C) | E810A44 | <ul style="list-style-type: none"> ▪ Project accomplishment, 0.08 per cent ▪ Contractor hauled construction materials and excavate the transformer pad foundation. ▪ Contractor scheduled plant shutdown last December 14, 2022 to move the existing transformer. ▪ Contractor mobilized three workers to Guintarcan DPP last December 7, 2022 to construct temporary facilities and lay outting. ▪ Contractor scheduled testing of materials to be used for the project especially for Civil Works last December 9, 2022. |
| 40 | Supply, Delivery, Test and Commissioning of 2x40kW (for Ilijan DPP) and 1x100kW (for Cinco Rama DPP) Modular Diesel Gensets and Associated Electrical Equipment under Package 20-B | E800B08 | <ul style="list-style-type: none"> ▪ Project accomplishment, 0.03 per cent ▪ Submission of construction drawing, Brochures for DG sets including Engine and Alternator ▪ Excavation Works for Genset Pad at Cinco Rama DPP ▪ Conducted site inspection with the Contractor at Ilijan and Cinco Rama DPP ▪ Conducted material testing for RSB's (10mm, 12mm, 16mm, and 20mm diameter), Cement, Coarse and Fine Aggregates and CHB 6". |

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| 41 | Supply, Delivery, Test and Commissioning of 2x50kW Modular Diesel Gensets and Associated Electrical Equipment for Bagongon DPP and 2x20kW for Buluan DPP under Package 20C | I800A02 | <ul style="list-style-type: none"> ▪ Conducted material testing on December 13, 2022 ▪ Ongoing review/evaluation of the submitted Implementation Schedule ▪ Ongoing approvals of MSCs, Drawings and Brochures |
| 42 | Supply, Delivery, Installation, Test and Commissioning of 2x30kW Modular Diesel Gensets, Associated Electrical Equipment and BOP for the Electrification of New Area in Bangalaw Island, Banguingui, Sulu | K800A08 | <ul style="list-style-type: none"> ▪ Project accomplishment, 11.32 per cent ▪ Ongoing construction of plant perimeter fence ▪ Ongoing construction of R. C. canal ▪ Preparation of formworks and rebars for septic and oil-water separator ▪ Construction Schedule (Bar Chart/S-Curve) already approved on November 16, 2022. |
| 43 | Supply, Delivery, Installation, Test and Commissioning of 2x200kW Modular Diesel Gensets and Associated Electrical Equipment for Languyan DPP | K800A09 | <ul style="list-style-type: none"> ▪ Project accomplishment, 2.44 per cent ▪ Construction of the expansion of seclusion fence at switchyard area is – 70.00 per cent completed. ▪ Concreting works of the hazardous waste storage – 100.00 per cent completed. ▪ Ongoing fabrication of rebars for the foundation of the genset pad. ▪ PMD sent a letter dated December 13, 2022 to supplier, requesting the submission of nameplates of the main equipments and to be forwarded to EMD for use in the application of (COC), (COE) and (PTO) during the operation/energization of plant. |
| 44 | Supply, Delivery, Installation, Test and Commissioning of 1x200kW and 1x100kW Modular Diesel Gensets and Associated Electrical Equipment for Sarangani DPP | E610A22 | <ul style="list-style-type: none"> ▪ Project accomplishment, 5.58 per cent ▪ Ongoing site clearing, grading and excavation at site. ▪ Ongoing construction of hazardous waste storage area, perimeter fence, guard house and installation of pre-fabricated containerized house. |
| 45 | Supply, Delivery, Installation, Test and Commissioning of Four (4) Units of Modular Diesel Gensets, Associated Electrical Equipment and Balance of Plant for Saluping and Bubuan DPP under the Electrification of New Areas in Bangsamoro-Basilan | K800A07 | <ul style="list-style-type: none"> ▪ Project accomplishment, 5.58 per cent ▪ Ongoing submission of drawings, brochures, and sample cards for approval. ▪ No activity at site. ▪ Unstable transportation schedule of boat plying to the island. /Remind the contractor to rent a boat during implementation of the project to expedite the delivery of manpower, materials and equipment intended for the project. |
| 46 | Supply, Delivery, Installation, Test & Commissioning of 2x30kW Modular Diesel Gensets, Associated Electrical Equipment & BOP for the Electrification of New Area in Banguingui Island, Banguingui, Sulu (formerly Tongkil Island) | K800A08 | <ul style="list-style-type: none"> ▪ Project accomplishment, 14.49 per cent ▪ Ongoing construction of plant perimeter fence, ▪ Ongoing construction of R. C. canal ▪ Preparation of formworks and rebars for oil water separator and septic tank ▪ Preparation of formworks and rebars for oil water separator and septic tank ▪ Preparation of formworks and rebars for flagpole and perimeter light pole |
| 47 | Supply, Delivery, Installation, Test & Commissioning of 2x30kW Modular Diesel Gensets, Associated Electrical Equipment & BOP for the Electrification of | K800A05 | <ul style="list-style-type: none"> ▪ Project accomplishment, 11.06 per cent ▪ Ongoing construction of Septic Tank. ▪ Ongoing plastering works of Perimeter fence. ▪ Ongoing construction of perimeter light post foundation. |

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| | New Area in Paarol Island, Banguingui, Sulu | | <ul style="list-style-type: none"> Delivery of grounding materials at the project site on December 15, 2022. |
| SOLAR PV-DIESEL HYBRIDIZATION PROJECTS | | | |
| 1 | Design, Supply, Delivery, Installation, Test & Commissioning of Cuaming Island Solar PV/Diesel Hybrid System (ESS) | E810A42 | <ul style="list-style-type: none"> Project accomplishment, 81.93 per cent Ongoing installation of the Genset and Hybrid Controllers in PEMS Enclosure. Ongoing installation conduits and cable laying between ESS MDP and 75kVA ESS transformer (LV side). Ongoing construction of ESS Roof Shed and support structure for 13.8kV Combined Instrument Transformer and Demand Meter. The contractor has committed to conduct T&C by January 2023 which is attainable. |
| 2 | Design, Supply, Delivery, Installation, Testing & Commissioning of Palumbanes Island 1x30kWp Solar PV-Diesel Hybrid System (with ESS) | J600A10 | <ul style="list-style-type: none"> Project accomplishment, 65.95 per cent Factory Acceptance Test (FAT) for Solar PV Module was conducted on 12 October 2022. FAT for MV Poles and 50kVA Transformer was conducted on November 22-23, 2022. Issued Show Cause Order dated November 29, 2022. Ongoing procurement of major electromechanical equipment. |
| 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 per cent No activities at the project site due to severe damage caused by Typhoon Odette. For closure of the project thru issuance of Variation Order (Deductive) on items unperformed by PDI. For processing of other procurement activities to repair/replace damaged facilities/ structures. Ongoing review/evaluation of the deductive items/unperformed works of PDI. |
| PHOTOVOLTAIC SOLAR HOME SYSTEM UNDER PV MAINSTREAMING | | | 1,038 PV SHS Units installed as of 31 December 2022 |
| 1 | Supply & Delivery of 1,706 Units of 50Wp Photovoltaic Solar Home System under PV Mainstreaming | H600Z01 | <ul style="list-style-type: none"> Completed delivery of PV SHS equipment/materials to all project sites Certificate of Acceptance/Completed Delivery effective July 12, 2022 was already issued. Completed hauling and installation of 517 units of PV SHS for Iniwaran San Pascual, Masbate; 361 units at Talibon, Bohol, and 160 units at Catadman, Dinagat Island. |
| 2 | Supply and Delivery of 993 Units of Photovoltaic Solar Home System for Maconacon and Divilacan, Isabela under PV Mainstreaming | K600Z01 | <ul style="list-style-type: none"> Joint Final Inspection conducted last September 11-12, 2022 with 16 identified punchlist items. The submitted request for contract time extension of the Contractor due to the delays being encountered in the production of PV SHS equipment/materials. A 23 Calendar Days' time extension was granted by NPC. |
| PLANT/FACILITIES BETTERMENT PROJECTS | | | Nine Projects completed as of December 31, 2022 |
| 1 | Construction of Power Facilities for the Transfer of Sabtang Diesel Power Plant | L990A01 | <ul style="list-style-type: none"> Project completed on December 5, 2022. |
| 2 | Construction of Staff House, Containment Wall for 50m3 Fuel Oil Storage Tank, Foundation for | E600A13 E600A15 E600A16 | <ul style="list-style-type: none"> Notice of Contract Termination was issued on December 6, 2021. |

| Item No. | Project Title | Work Order No. | Status / Accomplishment |
|----------|---|----------------|--|
| | 2x20m3 Storage Tank, and Construction, Installation, & Test of 2x60m3 Fuel Oil Storage Tank including Associated Facilities for Various Palawan Diesel Power Plants in Three Packages | E6PX151 | <ul style="list-style-type: none"> ▪ RNA Construction Supply is officially blacklisted for 1 year (March 25, 2022 to March 25, 2023). ▪ TID forwarded memo to OLC on June 21, 2022 for endorsement to take legal actions against Pacific Union Insurance Company (PUIC) due to PUIC did not settle the Performance and Advance Payment Bonds. |
| 3 | Construction, Supply, Delivery, Installation, Test and Commissioning of Various Utilities at NPC Minuyan Complex | L991A03 | <ul style="list-style-type: none"> ▪ Project accomplishment, 98.85 per cent ▪ Contract already expired as of August 31, 2021. Notice on the imposition of Liquidated Damages (LD) already issued to the Contractor. ▪ Testing and Commissioning of the Fire Pumping System and Fire Detection and Alarm System was conducted on December 6, 2021. ▪ Control Panels already delivered at the project site on March 16, 2022. ▪ Site Acceptance Test (SAT) for the Power Transformers (2x1.5MVA & 1x5MVA) conducted on March 25 and 28, 2022 yielded satisfactory result except for the two tests (No Load/Full Load Loss Test) to be conducted upon completion of MERALCO Electric Connection to Substation 1. ▪ Eight remaining punchlists for correction. |
| 4 | Repair/Rehabilitation of the Nuclear Power Plant (BNPP) Turbine-Generator Roof Building | Z997M01 | <ul style="list-style-type: none"> ▪ Project completed on October 19, 2022 |
| 5 | Construction of Wave Wall at Caliraya East and West Dykes | Z100A01 | <ul style="list-style-type: none"> ▪ Project accomplishment, 98.20 per cent ▪ Structural Excavation - Completed (1,270.93cu.m.) ▪ Structural Backfill - 162.63cu.m. out of 204.22cu.m. was backfilled ▪ RSB Installation - Completed (70,519.80kg of wave wall were laid with 16mm and 12mm diameter rebars) ▪ Concreting Works - 1,061.68cu.m. out of 1,090.62cu.m. was completed ▪ Joint Final Inspection was conducted on December 13, 2022. ▪ Ongoing concreting and backfilling. ▪ Ongoing rectification of the eight identified punchlist items. |
| 6 | Construction of SPUG Visayas Operations Department Office And Warehouse | E990A02 | <ul style="list-style-type: none"> ▪ Project accomplishment, 82.50 per cent ▪ Contract already expired on 31 May 2021. For imposition of Liquidated Damages (LD) for the unperformed item of works beyond the contract period. ▪ Painting of interior and exterior concrete surfacing including plant box. |
| 7 | Construction, Supply, Installation, Test and Commissioning of Lifting Structure for Bulkhead Gates (Agus 1 HEP) | No Work Order | <ul style="list-style-type: none"> ▪ Project completed on March 10, 2022 |
| 8 | Renovation and Construction of Second Floor of Binga FFWS Dam Office & Carshed Project | H990M01 | <ul style="list-style-type: none"> ▪ Project completed on January 26, 2022 |
| 9 | Upgrading of Nine Warning Stations of San Roque Dam | A990M55 | <ul style="list-style-type: none"> ▪ Project completed on December 7, 2022 |

| Item No. | Project Title | Work Order No. | Status / Accomplishment |
|----------|--|----------------|---|
| 10 | Supply, Delivery and Installation of Collapsible/Containerized Bunker for Burias Mini Grid Power Plants | E601A36 | <ul style="list-style-type: none"> Project completed on October 29, 2022 |
| 11 | Concreting of Pathwalk from Forebay to Dam at Balongbong HEPP | E601A17 | <ul style="list-style-type: none"> Project completed on October 13, 2022 |
| 12 | Construction of Perimeter Fence at Viga DPP | E601A53 | <ul style="list-style-type: none"> Project completed on September 9, 2022 |
| 13 | Expansion and Repair of Powerhouse and Transfer of Switchyard of Itbayat DPP | H600I01 | <ul style="list-style-type: none"> Project accomplishment, 2.00 per cent PMD issued a show cause order and warning that NPC may pursue the provisions of Contract Termination should it find no improvement on the project accomplishment of DCLABRO3 per letter dated October 5, 2022. Verified report dated 24 October 2022 was approved. Notice of Contract Termination dated November 4, 2022 was approved on November 23, 2022, the same was received by DCL3C on November 24, 2022. DCL3C submitted a verified position paper on November 29, 2022 citing various reasons for NPC's consideration and not to terminate the Contract. PMD responded to the letter of DCL3C dated December 1, 2022 requiring the contractor to provide a catch-up plan and resume the activity at site until November 9, 2022. As per contractor's catch-up plan dated December 7, 2022, the commitment schedule to complete the Civil Works will be until December 31, 2022 while for Electrical Works will be on January 31, 2023. |
| 14 | Slope Protection Works for Roxas-Taytay 69kV Transmission Line Project | J302A04 | <ul style="list-style-type: none"> Project completed on December 14, 2022. |
| 15 | Supply of Labor and Materials for the Construction of Perimeter Fence and Guard House of Marinduque 69kV Stockyard | E601A31 | <ul style="list-style-type: none"> Project accomplishment, 98.20 per cent Joint Final Inspection conducted together with SPUG last November 11, 2022 with 10 punch list items identified. 7 out of 10 punch listed were closed. |
| 16 | Supply, Delivery, Installation and Testing of 1x200kL FOST including Construction of Containment Wall for Existing FOST and Associated Facilities for Torrijos DPP | E801A49 | <ul style="list-style-type: none"> Project accomplishment, 48.03 per cent Field Change Notice (FCN) for the proposed modification/adjustment of the containment wall of the 200kL and 2x50kL FOST to suit the actual site was approved on December 2, 2022. Ongoing fabrication of 200kL FOST shell plate, roof plate, bottom plate and manholes. Ongoing construction of the existing 2x50kL containment wall and the 200kL FOST ring foundation. |
| 17 | Renovation of NPC Office and Staffhouse at Bo. Obrero, Iloilo City | E990M01 | <ul style="list-style-type: none"> Project accomplishment, 17.54 per cent Ongoing CHB laying for interior walls. Ongoing fabrication of steel roof trusses. Ongoing plastering of windows. Ongoing demolition of flooring. Ongoing evaluation of PERT-CPM/Bar Chart. Ongoing processing of 15 per cent Advance Payment. |

| Item No. | Project Title | Work Order No. | Status / Accomplishment |
|----------|--|----------------|--|
| 18 | Supply, Delivery, Installation and Test of 1x500kL FOST of Dinagat DPP including Construction of Associated Facilities | E785A37 | <ul style="list-style-type: none"> ▪ Project accomplishment, 95.59 per cent ▪ Installation of Spiral Steel Staircase completed ▪ Painting Works of Primer Paint for Exterior and Interior Surface of Fuel Tank ▪ PMD advised the contractor to expedite the construction of the stone masonry/riprap to prevent further erosion which affects the tank area and existing receiving steel pole. |
| 19 | Renovation of ERSD Warehouse at NPC Minuyan, San Jose Del Monte, Bulacan | I99M01 | <ul style="list-style-type: none"> ▪ For submission of Implementation Schedule. ▪ For submission of Equipment Brochures/Drawings for review, evaluation and approval of DDD. |
| 20 | Construction of 10KL Rainwater Collector for Five island Barangays in Zamboanga City | E785A96 | <ul style="list-style-type: none"> ▪ Project accomplishment, 64.40 per cent ▪ Excavation and Gravel Bedding at Great Sta Cruz Island DPP. ▪ Wall Slab concreting at Manalipa and Tumulutab DPP. |
| 21 | Supply, Delivery, Installation, Test and Commissioning of Nationwide Intensification of Household Electrification (NIHE) for Samar Areas (Ilijan DPP, Takut DPP and Libucan DPP) | I600A05 | <ul style="list-style-type: none"> ▪ Contract effectivity on December 15, 2022 ▪ For submission of Implementation Schedule, Drawings/Brochures |

32.4 Watershed Management Department

The Watershed Management Department (WMD) manages 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 CY2022 are as follows:

a. Watershed Rehabilitation

- Rehabilitated/Restored 88 hectares of open and denuded areas. Out of the total, 70 hectares were rehabilitated thru the Energy Sector Carbon Sequestration Initiative (ESCSI) in partnership with the SMCGP Philippines Power Foundation, Inc. and the SN Aboitiz Power – Benguet, Inc. (SNAP-BI) for open areas inside the Angat and Upper Agno River Watershed Reservations, respectively. The 18-hectare area, on the one hand, was rehabilitated thru the remaining funds from the Universal Charge-Environmental Charge (UC-EC) fund covering the open areas of the Upper Agno River Watershed. The ESCSI program is part of the effort of NPC, with the support of the Department of Energy (DOE), to encourage the Independent Power Producers and energy sector companies to participate in the rehabilitation of open and marginal areas within NPC-managed watersheds.
- Maintained and protected 981 hectares as part of the three-year maintenance and protection program of previously established

plantations (Reforestation, Agroforestry and Non-Timber Forest Products). Activities include periodic brushing/weeding, spot cultivation, replanting, fertilizer application, pest and disease detection and control and patrol works.

- Produced and dispersed 216,176 and 99,680 indigenous seedlings of various species (both forest trees and fruit bearing), respectively, to communities/stakeholders in support of the rehabilitation effort.

b. Watershed Protection

- Sustained forest protection activities through the completion of 740 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 more than 140,000 hectares of forest area under the strict protection zone. Forest protection operations resulted in the confiscation of an equivalent of 3,465.26 board feet of illegally cut lumber/timber, 4 units of chainsaw and 2 units of conveyance and 44 sacks of wood charcoal.
- Pursuant to Executive Order No. 224, NPC is also vested with the authority to regulate land use and resource utilization activities within watersheds under its jurisdiction through the granting/issuance of permits and clearances. This is to ensure that potential adverse impacts to the environment and the communities are properly and effectively mitigated. For CY 2022, a total of 12 permits/clearances were issued including 115 Notice of Violations (NOV) and 107 Cease and Desist Orders (CDO). Total administrative fees/charges collected from the issued permits/clearances amounted to P1.40 million pursuant to NPC Circular Nos. 2011-010 and 2006-09.

c. Resource Development

- Supplemental to NPC's forest protection efforts are various community development and extension activities primarily to provide awareness (through Information, Education and Communication (IEC) campaigns, social mobilization activities, among others) and livelihood opportunities to communities within the watershed. For CY2022, a total of 43 IEC and social mobilization works were implemented which includes barangay meetings, school lectures, tree planting and clean-up drives and production and distribution of print materials. At least 62 swine gilts were also dispersed to qualified beneficiaries/indigents within the watersheds as part of NPC's Livestock Dispersal Program.

33. CONTINGENCIES

The status of pending cases filed by or against the Corporation as of December 31, 2022 is summarized on the succeeding page for Non-OMA and OMA.

| Nature of Case | No. of Cases without amount involved | Non-OMA | | | |
|-----------------------------|--------------------------------------|-----------------------|-------------------|------------------------|--------------------|
| | | Contingent Receivable | | Contingent Liabilities | |
| | | No. of Cases | Total Amount | No. of Cases | Total Amount |
| Expropriation ¹¹ | 36 | 0 | 0 | 7 | 114,765,881 |
| Land Registration | 6 | 0 | 0 | 0 | 0 |
| ERC | 429 | 0 | 0 | 0 | 0 |
| Tax | 2 | 0 | 0 | 1 | 3,754,275 |
| Other Civil Cases | 37 | 5 | 49,571,538 | 1 | 4,000,000 |
| Other Land Related Cases | 9 | 0 | 0 | 3 | 3,683,780 |
| Just Compensation | 4 | 0 | 0 | 1 | 4,738,800 |
| Labor Cases | 5 | 0 | 0 | 1 | 380,781 |
| Administrative | 3 | 0 | 0 | 0 | 0 |
| Total | 531 | 5 | 49,571,538 | 14 | 131,323,517 |

| Nature of Case | No. of Cases without amount involved | OMA | | | | | |
|-----------------------------|--------------------------------------|-----------------------|-----------------------|------------------------|-----------------------|--------------|-----------------------|
| | | Contingent Receivable | | Contingent Liabilities | | | |
| | | No. of Cases | Total Amount | No. of Cases | Total Amount | No. of Cases | Total Amount (\$ USD) |
| Expropriation ¹² | 20 | 0 | 0 | 17 | 152,925,116 | 0 | 0 |
| Land Registration | 362 | 0 | 0 | 0 | 0 | 0 | 0 |
| ERC | 30 | 1 | 14,319,949,324 | 4 | 685,195,528 | 0 | 12,808,270 |
| Tax | 3 | 0 | 0 | 30 | 11,274,706,665 | 0 | 0 |
| Other Civil Cases | 25 | 4 | 51,205,122 | 11 | 58,610,798 | 0 | 5,000,000 |
| Ejectment ¹³ | 36 | 0 | 0 | 76 | 5,194,244,589 | 1 | 391,462 |
| Just Compensation | 39 | 0 | 0 | 4 | 12,316,906 | 0 | 0 |
| Labor | 10 | 0 | 0 | 2 | 721,606,114 | 0 | 0 |
| Cases Co- Handled w/ NPC | 7 | 0 | 0 | 1 | 1,905,000 | 0 | 0 |
| Criminal | 6 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative | 6 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 544 | 5 | 14,371,154,446 | 145 | 18,101,510,716 | 1 | 18,199,732 |

Of this list, there are eight additional OMA cases which are co-handled with the TransCo.

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 also Note No. 3.13.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, 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.

¹¹Plant-related

¹²Plant-related

¹³Or Recovery of Possession and Damages

34. RELATED PARTY TRANSACTIONS

34.1 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 | - Benjamin E. Diokno Secretary, Department of Finance (DOF) |
| Ex-Officio-Vice Chairman | - Raphael P.M. Lotilla Secretary, Department of Energy (DOE) |
| Ex-Officio-Member | - Amenah F. Pangandaman Secretary, Department of Budget and Management (DBM) |
| Ex-Officio-Member | - Arsenio M. Balisacan Secretary, National Economic and Development Authority (NEDA) |
| Ex-Officio-Member | - Alfredo E. Pascual Secretary, Department of Trade and Industry (DTI) |
| Ex-Officio-Member | - Ferdinand R. Marcos, Jr. <i>President, Republic of the Philippines</i> Secretary, Department of Agriculture (DA) |
| Ex-Officio-Member | - Benjamin D. Abalos, Jr. Secretary, Department of Interior and Local Government (DILG) |
| Ex-Officio-Member | - Maria Antonia Yulo-Loyzaga Secretary, Department of Environment & Natural Resources (DENR) |
| Appointive Member | - Fernando Martin Y. Roxas President and CEO, NPC |

b. Designated Alternates

The BOD members' designated alternates are as follows:

| | |
|---|------------------------------------|
| Department of Finance | - Catherine L. Fong |
| | - Danielle Marie S. Rieza-Culangen |
| Department of Energy | - Giovanni Carlo J. Bacordo |
| | - Rowena Cristina L. Guevara |
| Department of Agriculture | - Domingo F. Panganiban |
| | - Arnel V. De Mesa |
| Department of Budget and Management | - Leo Angelo M. Larcia |
| | - Ryan S. Lita |
| | - Elena Regina S. Brilliantes |
| National Economic and Development Authority | - Joseph J. Capuno |
| | - Jonathan L. Uy |
| | - Roderick M. Planta |
| Department of Trade and Industry | - Ceferino S. Rodolfo, PhD |
| | - Maria Veronica F. Magsino |
| | - Ma. Corazon H. Dichosa |
| Department of Interior and Local Government | - Lord A. Villanueva |
| Department of Environment & Natural Resources | - Analiza Rebuelta-Teh |
| | - Ignatius Loyola A. Rodriguez |

c. Senior Management and Members of the Management Committee

The Corporation's executive officers are as follows:

| | |
|--|----------------------------|
| President and Chief Executive Officer | - Fernando Martin Y. Roxas |
| 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 |

34.2 Key Management Personnel Compensation

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

| Particulars | 2022 | 2021 |
|--------------------|-------------------|-------------------|
| Salaries and Wages | 32,752,535 | 15,254,141 |
| Other Compensation | 10,342,822 | 7,696,017 |
| Total | 43,095,357 | 22,950,158 |

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

In compliance with the requirements set forth by the BIR RR No. 15-2010, the following are the information on taxes, duties, licenses and fees paid or accrued during the taxable year 2022:

35.1 VATable Revenues and Output tax

| Particulars | Net Sales/Receipts | Output VAT |
|---------------------|-----------------------|--------------------|
| VATable Sales | 2,067,594,914 | 248,111,390 |
| Sales to Government | 1,382,196,175 | 165,863,541 |
| Zero-rated Sales | 32,487,345 | 0 |
| Exempt Sales | 21,215,451,597 | 0 |
| Total | 24,697,730,031 | 413,974,931 |

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

- 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.
- 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.

35.2 Purchases and Input Taxes

| Particulars | Input VAT |
|--|-----------------------|
| Balance at January 1, 2022 | 9,809,145,027 |
| Add: Input tax on depreciation deferred from previous period | 509,068,796 |
| Total balance at January 1, 2022 | 10,318,213,823 |
| Less: Adjustment on NPPs & Fuel prior years Input Tax | |
| NPPs prior years Input Tax | 4,500,705,536 |
| Fuel prior years Input Tax | 4,318,877,295 |
| Adjusted balance at January 1, 2022 | 1,498,630,992 |
| Add: Current year's domestic purchases/payments for: | |
| Purchase of capital goods exceeding ₱1 million | 208,946,568 |
| Domestic goods | 547,654,740 |
| Services | 120,906,051 |
| Subtotal | 877,507,359 |
| Total Input Tax | 2,376,138,351 |
| Less: Deferred Depreciation | 382,063,182 |
| Total Allowable Input Tax for CY 2022 | 1,994,075,169 |

35.3 Withholding Taxes

| Particulars | Amount |
|--|----------------------|
| VAT and Other Percentage Taxes | 1,271,740,173 |
| Expanded Withholding Taxes | 436,721,916 |
| Withholding Taxes on Compensation and Benefits | 224,358,273 |
| Total | 1,932,820,362 |