

## II. NATIONAL POWER CORPORATION

## SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2021

(In Thousand Pesos)

## SUMMARY

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P 776,381	P 480,776	P 873,998	P 2,131,155
a. Head Office Support Group	579,472	444,979	99,887	1,124,338
b. Engineering Administrative/Survey/ Development Studies Planning	196,909	35,797	774,111	1,006,817
2. Support to Operations		602,141		602,141
a. Other Expenses		602,141		602,141
3. Operations	1,145,108	9,930,304	2,809,272	13,884,684
a. Small Power Utilities Group	1,045,377	2,049,237	2,065,685	5,160,299
b. Spares			681,976	681,976
c. Production of Goods		7,793,231		7,793,231
d. Watershed Management	99,731	87,836	61,611	249,178
4. Debt Service		41,354		41,354
5. Other Expenditures	27,254	11,570,611	34,773	11,632,638
a. Input VAT		2,817,556		2,817,556
b. Bataan Nuclear Power Plant Preservation	27,254	30,507	34,773	92,534
c. New Power Provider Subsidy		8,722,548		8,722,548
6. Personnel Services and Maintenance and Other Operating Expenses	809,555	572,222		1,381,777
a. As Operator of PSALM's Assets	809,555	572,222		1,381,777
TOTAL BEFORE PRIOR YEARS' NG SUBSIDY	2,758,298	23,197,408	3,718,043	29,673,749
PRIOR YEARS' NG SUBSIDY (FY 2016-2018)			4,570,107	4,570,107
TOTAL	P 2,758,298	P 23,197,408	P 8,288,150	P 34,243,856

## II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2021  
(In Thousand Pesos)  
NATIONAL GOVERNMENT SUBSIDY

Schedule I

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. Operations			P 1,036,206 P	1,036,206
a. Small Power Utilities Group			1,036,206	1,036,206
TOTAL BEFORE PRIOR YEARS' NG SUBSIDY			1,036,206	1,036,206
PRIOR YEARS' NG SUBSIDY (FY 2016-2018)			4,570,107	4,570,107
TOTAL			P 5,606,313 P	5,606,313

## II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2021  
(In Thousand Pesos)  
CORPORATE FUNDS

Schedule II

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P 776,381 P	480,776	P 873,998 P	2,131,155
a. Head Office Support Group	579,472	444,979	99,887	1,124,338
b. Engineering Administrative/Survey/ Studies Planning	196,909	35,797	774,111	1,006,817
2. Support to Operations		602,141		602,141
a. Other Expenses		602,141		602,141
3. Operations	1,145,108	9,930,304	1,773,066	12,848,478
a. Small Power Utilities Group	1,045,377	2,049,237	1,029,479	4,124,093
b. Spares			681,976	681,976
c. Production of Goods		7,793,231		7,793,231
d. Watershed Management	99,731	87,836	61,611	249,178
4. Debt Service		41,354		41,354

5. Other Expenditures	27,254	11,570,611	34,773	11,632,638
a. Input VAT		2,817,556		2,817,556
b. Bataan Nuclear Power Plant Preservation	27,254	30,507	34,773	92,534
c. New Power Provider Subsidy		8,722,548		8,722,548
6. Personnel Services and Maintenance and Other Operating Expenses	809,555	572,222		1,381,777
a. As Operator of PSALM's Assets	809,555	572,222		1,381,777
<b>TOTAL</b>	<b>P 2,758,298</b>	<b>P 23,197,408</b>	<b>a/P 2,681,837</b>	<b>P 28,637,543</b>

a/ MOOE, net of allowance for depreciation at P680.651 Million

#### Special Provision(s)

1. Approval of the FY 2021 Corporate Operating Budget of the National Power Corporation under R.A. No. 7638. The FY 2021 Corporate Operating Budget (COB) of the NPC is hereby approved by the Congress of the Philippines pursuant to Section 13, Chapter III of R.A. No. 7638.

2. Acquisition of Equipment. The acquisition of equipment included in the approved COB shall be subject to the provisions of Corporate Budget Circular No. 17 dated February 9, 1996, Budget Circular No. 2016-5 dated August 22, 2016, as amended by Budget Circular No. 2017-1 dated April 26, 2017, Administrative Order No. 14 dated December 10, 2018 and other guidelines issued thereon.

3. Payment of Compensation and Benefits. Payment of salaries, allowances and other benefits shall be in accordance with applicable laws, rules and regulations such as, but not limited to P.D. No. 985, as amended, R.A. No. 6758, as amended, R.A. No. 10149, Corporate Compensation Circular No. 10 dated February 15, 1999, Memorandum Order No. 20, s. 2001 and Executive Order No. 36 dated July 28, 2017.

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

The amounts of Two Hundred Eighty Seven Million Four Hundred Eighty Six Thousand Pesos (P287,486,000) and Four Hundred Forty Eight Million Four Hundred Sixty Eight Thousand Pesos (P448,468,000) shall be used exclusively for the payment of terminal leave and separation benefits, respectively, to the affected NPC personnel based on the list submitted by NPC to the DBM. In no case shall said amount be used to pay affected personnel who are eligible to receive separation or retirement benefits under applicable laws.

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

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

(a) No acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses; and

(b) Personnel Services allocation in the approved COB shall not be augmented by new funding sources.

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

The fund shall be sourced from new funding sources, such as income arising from increase in universal and generation charges approved by the Energy Regulatory Commission or grant of financial assistance by LGUs as certified by the Chief Accountant and President of NPC.

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

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

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

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

10. **Audit of Government Funds.** Government funds authorized herein to be invested as equity by the corporation to its subsidiaries, as well as the grant of subsidy, loan contribution or any kind of financial assistance to end-user entities both in the private or public sector, shall be subject to audit by the COA pursuant to the provisions of P.D. No. 1445, as amended.

11. **Missionary Electrification.** The NPC, in the implementation of its missionary electrification function, shall prioritize the use of hybrid generation systems with renewable energy over diesel generator sets.

12. **Updating of Dam Discharge Protocols.** The NPC, in coordination with the National Disaster Risk Reduction and Management Council (NDRRMC) and the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA), shall update the dam discharge and flood warning protocols of all the dams that it operates, taking into account climate risk scenarios and ensuring that the dams equally provide a flood mitigation function aside from power generation and irrigation. The updated protocols should include improved coordination with the NDRRMC, PAGASA, and local government units, among other stakeholders, measures for pre-emptive safe discharge of water, and effective early warning systems for communities at risk of floods.

The NPC shall send a written notice when said dam discharge protocols have been updated and posted on its website to the House of Representatives and Senate of the Philippines. The date of notice to said agencies shall be considered the date of compliance with this requirement.

The NPC shall also determine the retrofitting needs of the dams that it operates in order to restore or improve the flood control functions of the dams.

13. **Transparency Seal.** To enhance transparency and enforce accountability, the NPC shall maintain a Transparency Seal to be posted on its website. The Transparency Seal shall contain the following: (i) corporation's mandates and functions, names of its officials with their position and designation, and its contact information; (ii) approved COB and corresponding targets including any amount of budgetary support from the National Government; (iii) budgetary adjustments made in its COB; (iv) annual procurement plan/s and contracts awarded with the winning suppliers, contractor or consultant; (v) major programs and projects categorized in accordance with the 0+10 point socioeconomic agenda; (vi) status of implementation, evaluation or assessment reports of said programs or projects; (vii) Budget and Financial Accountability Reports; (viii) Final People's Freedom of Information (FOI) Manual signed by head of agency, Agency Information Inventory, 2019 and 2020 FOI Summary Report, and 2019 and 2020 FOI Registry; and (ix) year-end financial reports and trial balances for the last three (3) fiscal years.

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

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

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