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PHILIPPINE NATIONAL OIL COMPANY

ANTONIO M. CAILAO
President & CEO



April 14, 2014

ATTY. CESAR L. VILLANUEVA
Chairman
Governance Commission for GOCCs
Office of the President of the Philippines
3rd Floor Citibank Center, 8741 Paseo de Roxas
Makati City, Philippines 1226

Dear Chairman Villanueva:

We are transmitting herewith PNOC's "Monitoring Report of Performance Targets" for the 1st Quarter of FY 2014.

For your information.


Very truly yours,


Performance Measures			Baseline Data (if available)			Agreed Targets		1st Quarter	
	Weight 2014	Formula	2010	2011	2012	2014	Target	Actual	
MFO 1- Evaluation and Approval of Projects and Programs									
PI 1: Evaluation and approval of the budget									
Quantity	No. of reviewed budget	10	Pass or fail	5	5	5	4	4	4
Timeliness	Percentage of submissions approved within 50 days from the receipt of completed documents.	5	100 % of submissions approved within 40 days from the receipt of complete documents.	80% of submissions approved within 50 days from the receipt of complete documents.	100 % of submissions approved within 50 days from the receipt of complete documents.	80% of submissions approved within 50 days from the receipt of complete documents.	100%	100% of submissions approved within 50 days from receipt of complete documents	100% of submissions approved within 32 days from receipt of complete documents
Subtotal of Weights:		15							
PI 2: Batangas to Manila Gas Pipeline Project									
IF alternative route:									
Quality (2a-alternative)	If shorter/alternative route: Complete the Technical Study, certified by the DOE	28	Pass or fail	N/A	N/A	N/A	100%		
Timeliness (2a- alternative)	Start in January 2014 with target completion date by 31 December 2014	12	0%- completion after 31 December 2014 90% -completion on 31 December 2014 95%- completion 1-15 days before 31 December 2014 100% - completion >15 days before 31 December 2014	N/A	N/A	N/A	100%		
		40							
Quality (2a-PPP)	If PPP Center: Complete the Technical Study, certified by the DOE	28	Pass or fail	N/A	N/A	N/A	100%		On track. RebelGroup, the winning Transaction Advisor, started the conduct of Feasibility Study (which includes the Technical Study) last March 10, 2014. Technical Study is targetted to be finished by November.
Timeliness (2a- PPP)	Start in January 2014 with target completion date by end December 2014	12	0%- completion after 31 December 2014 90% -completion on 31 December 2014 95%- completion 1-15 days before 31 December 2014 100% - completion >15 days before 31 December 2014	N/A	N/A	N/A	100%		
		40							
PI 3: Implementation of the Memorandum of Understanding (MOU) between PNOG and PetroleumBRUNEI									
Quality	Decision by the PetroleumBRUNEI to invest	3	Pass or fail	N/A	N/A	N/A	100%		During the March 19, 2014 meeting of PetroleumBRUNEI (PB) with the DOE Secretary, PB presented their target final investment decision which is end 2015. We are moving the target on PB's decision to invest from end 2014 to end 2015. PNOG is preparing the GCG request and Board approval to move this target. PB finished their initial Site Selection Study and singled out the decommissioned Aplaya Power Plant as a possible project site, which is owned by PSALM and is outside PHIVIDEC. The challenge now is to come up with an acceptable framework on how to make the site available for PB given the constraints i.e, 54 titles unregistered, public bidding as PSALM is in privatization mode, etc. Note that the original target was based on PB's plan to locate inside PHIVIDEC. With all the options in PHIVIDEC failed, we are now looking into the second alternative described above.
Timeliness	Started in July 2013 with target completion date in 31 December 2014	2	Pass or fail	N/A	N/A	N/A	100%		
		5							

Performance Measures			Baseline Data (if available)			Agreed Targets		1st Quarter	
		Weight 2014	Formula	2010	2011	2012	2014	Target	Actual
PI 4: Sale/ Monetization of Banked Gas									
Quality	Scenario 1 - If joint sale: completion of signed agreement between SC38 and PNOC Scenario 2 - If not joint sale: determination of need for Transaction Advisor, certified by the DOE	8	Pass or fail	N/A	N/A	N/A	100%		We are also proposing to move this target from June to August 2014 for the following reasons: 1) It is taking PSALM a long while to decide on the condition by which we are granting them access to the banked gas. This decision is a pre-condition for SC 38 consortium to have their head office approve the joint sale. Only then can we start drafting and finalizing the joint sale agreement. We have discussed this with PSALM in numerous meetings as early as February, in March 11 and the last one early April. But to date, PSALM has yet to decide. 2) We were also given indication by the SC38 consortium members that it will take months to secure both their HO approval and drafting and finalizing the joint sale agreement. These are circumstances that are not only beyond our control but also unforeseen until now.
Timeliness	Start in January 2014 with target completion date in 30 June 2014	5	0%- completion after 30 June 2014 90% -completion on 30 June 2014 95%- completion 1-15 days before 30 June 2014 100% - completion >15 days before 30 June 2014	N/A	N/A	N/A	100%		
Quality 2	Certification by the DOE of the acceptability of the Terms of Reference of the Sale or TA engagement	12	Pass or fail	N/A	N/A	N/A	100%		
Timeliness 2	Start in June 2014 with target completion date in 31 December 2014	5	0%- completion after 31 December 2014 90% -completion on 31 December 2014 95%- completion 1-15 days before 31 December 2014 100% - completion >15 days before 31 December 2014	N/A	N/A	N/A	100%		
		30							
MFO 2- Funding Support for Energy Projects									
PI I: Ability to Fund Projects									
Quantity	Amount of funding support appropriated for energy projects	4	Pass or fail	N/A	P1.5 billion for PNOC RC	P1.485 billion PNOC RC	P195.3 million for PNOC-RC		No drawdown request from PNOC RC for the first quarter
							P97.3 million for BATMAN		Release of operating expenses amounting to Php18,261.00 for the first quarter
							P15 million Banked Gas		No release of funds for the first quarter
Timeliness	Percentage of funding drawn within 7 banking days from the receipt of complete documents	5	Pass or fail	N/A	N/A	N/A	100%		Funds released within 2 days upon receipt of complete documents
Quality	Funds will be made available as and when needed. Certification of drawdown or non-drawdown (not needed) by Subsidiary or Treasurer	1	Pass or fail	N/A	N/A	N/A	100%		
Subtotal of Weights:		10							
Weights:		100							

Performance Measures				Baseline Data <i>(if available)</i>			Agreed Targets	1st Quarter	
	Weight 2014	Formula	2010	2011	2012	2014	Target	Actual	

Noted by:


RAINIER B. BUTALID
 Commisioner, GCG


ANTONIO M. CAILAO
 President, PNOC

CARLOS JERICHO L. PETILLA
 Secretary, DOE