

[NATIONAL POWER CORPORATION, February 27, 2012]

GUIDELINES TO IMPLEMENT PROVISION ON THE COLLECTION OF DELINQUENT RECEIVABLES OF NATIONAL POWER CORPORATION UNDER GENERAL APPROPRIATIONS ACT FOR FY 2008-2011

National Power Corporation adopts herein guidelines in the collection of delinquent receivables from Electric Cooperatives (ECs) and Missionary Independent Power Producers (IPPs) ("The Program") pursuant to the following provisions in the General Appropriations Act (GAA) for Fiscal Years 2008 to 2011:

GAA, FY2008

"Section 6. Collection of Delinquent Receivables from Electric Cooperatives and Missionary IPPs. In order to augment its source of funds necessary to support the budgetary requirements of National Power Corporation and ensure the viability of its operations, the National Power Corporation Board 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, interests and other charges due from electric cooperatives and missionary IPPs: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government: PROVIDED, FURTHER, That no penalties on interests shall be charged by the NPC on missionary areas: PROVIDED, FINALLY, That the implementation of this special provision shall be subject to guidelines to be issued by the NPC Board of Directors and DOF."

GAA, FY 2009

"Section 5. Collection of Delinquent Receivables from Electric Cooperatives. In order to augment its source of funds necessary to support the budgetary requirements of National Power Corporation and ensure the viability of its operations, the National Power Corporation Board 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 compromise and other charges due from electric cooperatives: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government: PROVIDED, FURTHER, That the implementation of this special provision shall be subject to guidelines to be issued by the NPC Board of Directors and DOF."

GAA, FY2010

"Section 4. Collection of Delinquent Receivables from Electric Cooperatives. In order to augment the fund sources necessary to support the budgetary requirements of National Power Corporation and ensure the viability of its operations, the National

Power Corporation Board 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: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government: PROVIDED, FURTHER, That the implementation of this provision shall be subject to guidelines to be issued by the NPC Board of Directors and DOF.”

GAA, FY2011

“Section 5. 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 NPC and ensure the viability of its operations, the NPC Board 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: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government: PROVIDED, FURTHER, That the implementation of this provision shall be subject to guidelines to be issued by the NPC Board of Directors and DOF.”

SECTION 1. SCOPE AND COVERAGE

1. These guidelines shall cover ECs which have an outstanding balance of accrued penalties and interests as of 30 June 2011.
2. These guidelines also apply to Missionary IPPs which have an outstanding balance of accrued penalties and interest as of 31 December 2008.
3. The availment of The Program shall start upon lapse of fifteen (15) days from publication of these guidelines in a newspaper of general circulation.

SECTION II. QUALIFICATIONS, TERMS AND CONDITIONS

1. The following ECs or IPPs shall be eligible to apply for The Program, when at the time of submission of application to NPC shall have:
 - a. duly approved supply agreement with NPC;
 - b. restructuring proposal duly approved by NPC Board which shall include the settlement and compromise of accrued penalties and interest;
 - c. duly executed commitment or performance contract or agreement containing performance targets or measures to improve operational efficiency (e.g. lowering systems loss, other cost-cutting measures, etc.) with the NEA or the CDA, properly concurred by NPC.