



Office of the President of the Philippines
GOVERNANCE COMMISSION
 FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
 3/F, BDO Towers Paseo, 8741 Paseo De Roxas, Makati City, Philippines 1226



18 MARCH 2026

MA. CRISTINA SHEILA C. CABARABAN
President and Chief Executive Officer
PHILIPPINE NATIONAL OIL COMPANY (PNOC)
 PNOC Building 6, Energy Center, Rizal Drive, Bonifacio Global City Taguig City

ACKNOWLEDGEMENT RECEIPT

LETTER **16 MARCH 2026**
 DATE:

RE: **[E] LETTER FROM PNOC TO GCG RE PNOC FOURTH QUARTER AND ANNUAL PERFORMANCE REPORT FOR CY 2025, INCLUDING APPEAL ON TARGETS NOT ACHIEVED DUE TO EXTERNAL FACTORS**

The said document was officially received by the Governance Commission on 18 March 2026 and has been forwarded to the responsible GCG Officer for appropriate action.

To follow-up for further action on the document, you may contact us through telephone numbers (02) 5328-2030 or (02) 5318-1000. Please cite the GCG Document Management System (DMS) Barcode Number: **0-1247-18-03-2026-008775**.

THIS RECEIPT IS COMPUTER GENERATED AND DOES NOT REQUIRE SIGNATURE.

Received by:

 Signature over Printed Name

 Date and Time

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March 16, 2026

ATTY. MARIUS P. CORPUS

Chairperson
Governance Commission for GOCCs
3/F BDO Paseo Towers (Formerly Citibank Centre),
Paseo de Roxas Avenue, Makati City

Subject: PNOC Fourth Quarter and Annual Performance Report for CY 2025, Including Appeal on Targets Not Achieved Due to External Factors

Dear **Chairperson Corpus,**

We respectfully submit **PNOC’s Monitoring Report on Performance Targets for the Fourth Quarter and the Annual Performance for CY 2025.**

As previously communicated on September 16, 2025, regarding the GCG’s response to PNOC’s August 28, 2025 appeal on its 2025 Scorecard, we are resubmitting our appeal for your consideration.

The requests are summarized as follows:

A. Cancellation of Targets

- **SM1:** Batangas Offshore Wind Power Integration Port (7.5%)
- **SM2:** Self-Generating Industrial Park (10%)
- **SM4:** Ground-Mounted Solar Project with the National Irrigation Administration (7.5%)

B. Adjustment of Commitment

- **SM10:** Disposal of Banked Gas – Reduction of committed petajoules

The request for reconsideration is based on three key considerations involving **circumstances beyond PNOC’s control**. First, the targets for the OSWIP and SGIP initiatives were not achieved due to external dependencies and prerequisites that delayed project progression within the committed period.

Second, the Ground-Mounted Solar Project with NIA encountered procurement delays due to multiple failed bidding processes, which prevented the completion of the Detailed Feasibility Study within the prescribed timeframe.



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Third, the Banked Gas Disposal target remains constrained by prevailing market conditions and other external factors, particularly the limited demand from merchant plants without long-term power supply agreements.

SM1 – Batangas Offshore Wind Power Integration Port(OSWIP)

PNOC pursued the development of the OSWIP Project in San Pascual, Batangas, which required securing site control through lease agreements with the National Development Company (NDC) and Batangas Land Company, Inc. (BLCI), as well as the completion of a consultant-led pre-feasibility study prior to the initiation of the bidding process. As BLCI rejected the proposal of PNOC, the prerequisites and 2025 commitment could not be achieved.

SM2 – Self-Generating Industrial Park (SGIP)

The SGIP initiative was originally included in the Scorecard as a strategic project aligned with PNOC's small-scale LNG (ssLNG) program, intended to explore energy solutions for Geographically Isolated and Disadvantaged Areas (GIDA). However, the endorsement of the project did not proceed as initially scheduled due to prerequisites outside PNOC's direct control. Specifically, the finalization of the Project Memorandum remains contingent upon the formal acceptance of PNOC's proposal by the Tawi-Tawi LGU's Technical Working Group (TWG), which required several rounds of revisions to ensure alignment, as well as the completion of administrative processes related to the renewal of the Memorandum of Understanding (MOU) with the LGU. Given these external dependencies, PNOC was unable to proceed with the project within the committed timeframe.

SM4 – Ground-Mounted Solar Project with NIA

The target under this measure was the Board approval of the Detailed Feasibility Study (DFS) for a proposed 7-MW Solar PV Project. However, the DFS could not be completed nor presented to the PNOC Board in 2025 due to procurement delays caused by multiple failed bidding processes, which significantly compressed the project timeline and necessitated a shift to Negotiated Procurement.

SM10 – Disposal of Banked Gas

The original target for 2025 was the disposal of 9 PJ of banked gas. As of July 2025, PNOC has disposed of 3.407 PJ, reflecting limited market absorption despite sustained marketing efforts. Demand has been constrained by the fact that First NatGas Power Corporation (FNPC) and Philippine Merchant Power Corporation (PMPC) are currently operating as merchant plants without active Power Supply Agreements (PSAs). In the absence of long-term contracting arrangements, PNOC faces challenges in securing stable disposal volumes. Based on prevailing market conditions, the Corporation projects that approximately 4 PJ of banked gas may be disposed of within the year.

Accordingly, PNOC respectfully recommends the adjustment of the disposal commitment from 9 PJ to 4 PJ for CY 2025.

In light of these developments, **PNOC respectfully submits this appeal to ensure that its performance assessment reflects prevailing conditions, strategic priorities, and realistic outcomes.** We therefore request the cancellation of targets SM1, SM2, and SM4, and an adjustment of the commitment for SM10, recognizing that these targets became unattainable due to external dependencies and the strategic recalibration of the Corporation's priorities.

PNOC remains committed to driving strategic, sustainable initiatives in support of the nation's energy agenda, and values the Governance Commission for GOCCs' guidance in ensuring its performance evaluation aligns with sound policy and operational realities.

We trust that the submitted documents are in order. Should you have any questions, clarifications, or require additional information, please coordinate with our focal person, Ms. Alma B. Taganas, Department Manager A of the Strategy Management Office. She may be reached via email at abtaganas@pnoc.com.ph.

Thank you very much.

Very truly yours,


MA. CRISTINA SHEILA C. CABARABAN
President and Chief Executive Officer

**PHILIPPINE NATIONAL OIL COMPANY
MONITORING REPORT OF CY 2025 PERFORMANCE TARGETS
FOURTH QUARTER REPORT**

Strategic Perspective	Strategic Objective	Formula	Weight	Rating System	Proposed	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		ANNUAL PERFORMANCE REPORT
					2025	Actual	Actual	Actual	Target	Actual	
CUSTOMERS/STAKEHOLDERS	SO 1	Act as Strategic Catalyst to the Energy Sector in partnership with the private sector									
	SM 1	Batangas Offshore Wind Power Integration Port	Actual Accomplishment	7.5%	All or Nothing	Board-Approved Project Memorandum	Ongoing preparation of the Project Memorandum	Completed technical scoping of the property, indicating vital features of the land. Completed bid opening and technical evaluation for the consultancy agreement for the preparation of the Pre-feasibility Study.	PNOC sought to develop the OSWIP Project in San Pascual, Batangas, which required securing site control through a lease agreement with National Development Company (NDC) and Batangas Land Company, Inc. (BLCI) and completing a consultant-led pre-feasibility study as prerequisites to the bidding process. The target was contingent on both site control and the completion of the study. Since neither prerequisite was met due to the change in priorities, the 2025 commitment could not be achieved.	Start of development activities	The target was contingent upon the acquisition of site control and the completion of the required study. As neither prerequisite was fulfilled due to a shift in priorities, the 2025 commitment was not achieved.

CUSTOMERS/STAKEHOLDERS

SM 2	Self-Generating Industrial Park (SGIP)	Actual Accomplishment	10%	All or Nothing	Board-Approved Project Memorandum	<p>Prepared TOR for the Pre-FS Consultancy, ongoing procurement of the consultancy contract</p> <p>Conducted Site Visit to Tawi-Tawi</p>	<p>Started preparation of the Project Memorandum based on the results of the Tawi-Tawi LGU meeting</p>	<p>In light of the recent changes in leadership and the ongoing realignment of organizational priorities, this commitment has been temporarily set aside for the year.</p>	<p>Secure board approval of the Project Memorandum</p>	<p>Finalized "Initial Evaluation of Renewable Energy Opportunities in Pababag Island" (To be further revised to include hydrogen technology in the study).</p>	<p>The endorsement of the project did not proceed as initially scheduled due to prerequisites outside PNOC's direct control. Finalization of the Project Memorandum remains contingent upon the formal acceptance of PNOC's proposal by the Tawi-Tawi LGU's Technical Working Group (TWG), which required several rounds of revisions to ensure alignment, as well as the administrative process for the renewal of the Memorandum of Understanding (MOU) with the LGU. The MOU has since been successfully finalized for 2026, formally sustaining the partnership.</p> <p>In addition, the project scope was refined to strengthen its technical and financial viability. The initial parameters lacked a definitive technical configuration, prompting the development of a more robust energy mix consisting of 40% solar and 60% LNG with Battery Energy Storage System (BESS), while also exploring the integration of biofuel, resulting in a more comprehensive and implementable master plan aimed at lowering the Levelized Cost of Electricity (LCOE).</p> <p>Furthermore, during the second quarter, management issued a strategic directive to prioritize the SsLNG initiatives, which required the temporary reallocation of internal resources and consequently placed the SGIP activities on hold to ensure alignment with PNOC's broader strategic priorities.</p>
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CUSTOMERS/STAKEHOLDERS	SO 2	Provide Energy-Related Services to Government Entities									
	SM 3	Rooftop Solar PV System for Government Agencies	Actual Accomplishment	10%	Actual over Target	Commercial Operations of 500 kWp	<p>Ongoing EPCC activities for the aggregate 385 kWp capacity;</p> <p>Ongoing procurement process for the EPCC contractor for the aggregate 153 kWp</p>	<p>Commercial operation of the 50kWp PNOC Building 6 installation</p> <p>Ongoing EPCC activities for the aggregate 335kWp capacity</p> <p>Awarding of EPCC contracts for the aggregate 153kWp</p>	<p>Commercial operation of the 285kWp:</p> <ol style="list-style-type: none"> PNOC Building 6 - 50kWp Angeles City Water District 1 (ACWD 1) - 150kWp NEDA - 50 kWp Tanza Water District - 35kWp <p>Notice to Proceed (NTP) and Ongoing EPCC activities for the aggregate 253kWp capacity:</p> <ol style="list-style-type: none"> NFA - 100kWp Carmona Water District - 25kWp ACWD 2 - 48kWp TESDA - 80kWp 	Commencement of commercial operations	<p>Additional Commercial operation of the 125kWp:</p> <ol style="list-style-type: none"> Carmona Water District - 25kWp NFA - 100kWp

CUSTOMERS/STAKEHOLDERS

SM 4	Ground-Mounted Solar Project with the National Irrigation Administration (NIA)	Actual Accomplishment	7.5%	All or Nothing	Board-Approved Detailed Feasibility Study (DFS) for the proposed 7 MW Solar PV Project	Ongoing procurement process of the third-party consultant for the conduct of the DFS	Ongoing procurement process of the third-party consultant for the conduct of DFS	<p>Notice of Non-Proceeding with the Renewal of the Memorandum of Understanding (MOU) was sent to NIA on October 6, 2025</p> <p>Notice to Terminate was also sent to GreenDevelopment Sustainable Solutions, Inc. on October 1, 2025</p>	Board-approved Detailed Feasibility Study (DFS) for the proposed 7 MW Solar PV Project	<p>The Detailed Feasibility Study (DFS) was not completed nor presented for PNOC Board approval in 2025 primarily due to procurement delays arising from multiple failed bidding processes. The initial two failed biddings significantly compressed the project timeline, necessitating a shift to Negotiated Procurement, which itself required additional procedural steps before contract award.</p>	<p>The Detailed Feasibility Study (DFS) was not completed nor presented for PNOC Board approval in 2025 primarily due to procurement delays arising from multiple failed bidding processes. The initial two failed biddings significantly compressed the project timeline, necessitating a shift to Negotiated Procurement, which itself required additional procedural steps before contract award.</p> <p>By the time the consultancy contract was awarded and the NTP issued in September 2025, the remaining period under the MOU with NIA, set to expire on 6 November 2025, was insufficient to complete the DFS and fulfill PNOC's contractual deliverables. Given that the MOU carried a non-extendible term, continuation of the consultancy engagement would have exposed PNOC to implementation and contractual risks without assurance of meeting agreed milestones.</p> <p>In light of these constraints, termination of the consultancy contract was deemed the most prudent course of action. Consequently, the DFS could not be finalized nor elevated to the PNOC Board for approval within the 2025 period.</p> <p>See Annex C</p>
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CUSTOMERS/ STAKEHOLDERS	SO 3 Provide Responsive Services to PNOG Stakeholders											
	SM 5	Customer Satisfaction Survey (CSS)	Number of satisfied clients over Total number of clients	10%	Actual over Target If less than 80% = 0%	90% Satisfied Customers (External Customers Only)	Consolidated CSM Surveys for 1st Quarter The Overall Rating for PNOG ARTA CSM Surveys is 97.83%	Consolidated CSM Surveys for 2nd Quarter The Overall Rating for PNOG ARTA CSM Surveys is 99.06%	Consolidated CSM Surveys for 3rd Quarter The Overall Rating for PNOG ARTA CSM Surveys is 98.18%	Consolidation of CSM Surveys for 4th Quarter Conduct of Analysis of the Results of CSM Surveys CSM Report Preparation, Approval and Submission to ARTA	Compiled the completed survey forms from PNOG external services, comprising both online and onsite submissions, for the 4th quarter.	Consolidated CSM Surveys for January to December 2025 The Overall Rating for PNOG ARTA CSM Surveys is 98.72% See Annex D
INTERNAL PROCESSES	SO 5 Create Organizational Efficiency in all Aspects											
	SM 6	Percentage of Implementation of Information Systems Strategic Plan (ISSP)	Number of Deliverables Due for 2025 Completed over Total Number of Deliverables Due for 2025	5%	Actual over Target	100% attainment of Deliverables based on the Amended 2025 ISSP	TORs for BI Dashboard, REAMS, and HRIS were completed		Ongoing data migration on the two new systems	Kick-off/Start of contract implementation	Computerized Accounting System (CAS) and Asset Inventory Management System (AIMS) are now operational	The Computerized Accounting System (CAS) and the Asset Inventory Management System (AIMS) are now fully operational and in active use. See Annex E
	SO 8 Implement a Principle-Based Quality Management System											
SM 7	Compliance to Quality Standards (ISO QMS)	Actual Accomplishment	5%	All or Nothing	ISO 9001:2015 Certification	20 new Quality Process Flows were approved by PCEO Oliver B. Butalid. A Process Excellence (PREX) Workshop was conducted on April 2-3, 2025 as part of PNOG's ongoing ISO initiatives to enhance and standardize internal processes.	Ongoing Internal Quality Audit	Passed the ISO 9001:2015 Certification on September 16, 2025	Issuance of new Certification by Certifying Body		Successfully passed the ISO 9001:2015 Certification on 16 September 2025. See Annex F	

LEARNING & GROWTH	SO 10 Create a PNOC Talent and Resources Pool (Internal and External)											
	SM 8	Percentage of Employees with Required Competencies Met	Increase number of Employees with matched competencies from 2024 baseline	5%	All or Nothing	Increase from 2024 Competency Level	Submitted Summary Competency Monitoring Report for Q1 2025. According to the report, based on the original baseline figures, 9 employees have one or more identified competency gaps. Of these, 2 are classified as resigned, separated, or retired; 4 are in pending status; and 3 are currently categorized as work in progress.	Submitted Summary Competency Monitoring Report for Q2 2025. Based on the report, nine employees have one or more identified competency gaps. Of these, four are in pending status, while five are currently undergoing development and are classified as work in progress.	Submitted Summary Competency Monitoring Report for Q3 2025. Based on the report, nine employees have one or more identified competency gaps. Of these, four remain in pending status, while five are currently undergoing development and are classified as works in progress. Additionally, a total of 46 employees participated in 15 training programs conducted during the 3rd quarter.	Submit to SMO the 4th Quarter ECGMR in January 2026	Increased from the 2024 baseline by two (2) additional employees who met the required competencies for their positions. Submitted Summary of Employees Competency Gap Monitoring Report for Q4 2025. Disseminated trainings/seminars to all employees offered by different training institutions to address their competency gaps. Facilitated attendance of employees to 47 local trainings. Facilitated 8 In-House Training Program	Increased from the 2024 baseline by two (2) additional employees who met the required competencies for their positions, as indicated in the Summary of the 2025 Baseline Competency Monitoring Report as of December 31, 2025. See Annex G
	SO 11 Institutionalize a Responsive Performance Management System											
	SM 9	Development and Implementation of Disaster Risk Reduction and Management (DRRM) Plan	Actual Accomplishment	5%	All or Nothing	Board-Approved Public Service Continuity Plan (PSCP)	Proposed Members of Public Service Continuity Plan (PSCP) Continuity Core Team (CCT) was approved by PCEO on April 15, 2025	Sent Request Letter to Office of Civil Defense (OCD) for the conduct of PSCP Training for PNOC Continuity Core Team (CCT) Members	Draft PSCP undergoing review of the Committee Head	Board Approval of the PSCP	PNOC Board of Directors approved the PSCP on December 9, 2025	The PNOC Board of Directors approved the PSCP during its meeting held on December 9, 2025, signifying Management's authorization to proceed with its implementation. See Annex H
FINANCIALS	SO 13 Optimize Assets for Improved Income Streams											
	SM 10	Disposal of Banked Gas	Actual Accomplishment	15%	Actual over Target	Delivery of 9 PJ of Banked Gas	Submitted Delivery reports to DOE (January to March 2025) Delivered a total of 1.412 PJ (covering a period of 1 January 2025 to 25 March 2025)	Submitted Delivery reports to DOE (April to June 2025) Delivered a total of 1.995 PJ (covering a period of 26 March 2025 to 25 June 2025)	Submitted Delivery reports to DOE (July to September 2025) Delivered a total of 0.466 PJ (covering a period of 26 June 2025 to 25 September 2025)	Continuation of GSPA Administration/Delivery of Contracted Banked Gas Submission of Delivery Reportorial Requirement to DOE	Submitted Delivery reports to DOE (October to December 2025) Delivered a total of 0.829993 PJ (covering a period of 26 September 2025 to 31 December 2025)	As of December 31, 2025, a total of 4.704 PJ of Banked Gas was delivered to FNPC and PMPC. See Annex I

FINANCIALS	SO 15 Establish an Effective COB Planning and Approval Process that is aligned to PNOC's Strategy											
	SM 11	Budget Utilization Rate (BUR)	Actual Disbursement over Approved Budget for CO and MOOE	5%	Actual over Target	90%	CO = 5.99% MOOE = 2.44% Total: 3.04%	CO = 21.21% MOOE = 10.50% Total: 12.31%	CO = 29.83% MOOE = 20.94% Total: 22.44% See Annex H		CO = 44.73% MOOE = 35.81% Total: 37.32%	CO = 44.73% MOOE = 35.81% Total: 37.32% See Annex J
	SM 12	Net Profit Margin	Total Revenues less Total Expenses over Total Revenue	15%	Actual over Target	53%	PNOC has achieved a net profit margin of 56.85% as of March 31, 2025	PNOC has achieved a net profit margin of 55.34% as of June 30, 2025	PNOC has achieved a net profit margin of 55.14% as of September 30, 2025	53%	PNOC has achieved a net profit margin of 63.48% as of December 31, 2025 <i>Note: This is as submitted to COA, per Accounting Department</i>	PNOC achieved a net profit margin of 63.48% as of December 31, 2025, reflecting strong financial performance and effective cost and revenue management. See Annex K
	Total Weight			100%								