



Renewables  
Corporation

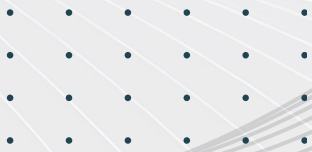


BAGONG PILIPINAS

# ANNUAL REPORT

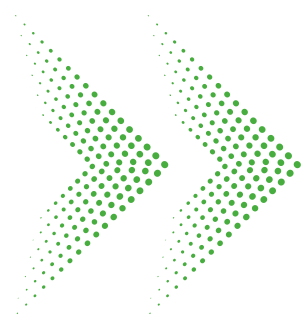
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For the Calendar Year  
ending December 31, 2024



GF PNOC Bldg. 5, Energy Center, Rizal Drive  
Bonifacio Global City, Taguig





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## *About the Cover*

As the sole government agency under the Department of Energy mandated to develop and implement renewable energy initiatives, PNOC RC reflects on its achievements since 2015, when it successfully installed a 100KWp solar rooftop at the Philippine Heart Center. Today, this project, along with other installations totaling 2.57MWp across nine (9) government agencies, continues to operate efficiently and sustainably—generating revenue for PNOC RC while promoting energy efficiency and cost savings.

The year 2024 has presented challenges for PNOC RC. But where does the arrow point? What lies ahead for the agency? Despite these hurdles, PNOC RC remains steadfast in its mission, successfully installing an additional 290KWp across two (2) government agencies—demonstrating its continued commitment to advancing renewable energy in the Philippines.



# Corporate Information

## Corporate Profile

The reactivation of the PNOC Dockyard and Engineering Corporation (PDEC) and the amendment of its corporate purposes to serve as the corporate vehicle for the creation of PNOC New and Renewable Energy Sources Corporation (PNOC-NRES) was passed by the Board of Directors of Philippine National Oil Company (PNOC) on March 13, 2002 per Board Resolution No. 1393, approving the recommendation of PNOC Management for the creation of PNOC-NRES.

On October 17, 2007, PNOC reactivated the PDEC through its Board Resolution No. 1706 for the purpose of reorganizing it into PNOC Renewables Corporation (herein referred to as PNOC RC or the Corporation). The amended Articles of Incorporation was approved by the Securities and Exchange Commission on March 7, 2008.

PNOC RC was created primarily to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environmental-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel based, artificial, organic or otherwise, and of energy systems that use new, renewable and any energy resources applying new and efficient energy conversion and/or utilization of technologies for commercial application and promote their efficient utilization.

PNOC RC, a wholly-owned subsidiary of Philippine National Oil Company (PNOC), is the primary vehicle of the government in promoting, developing and implementing new and renewable energy sources in the country. Through renewable energy, the country would be able to reduce its dependence on imported oil while mitigating climate change. It is an important component in the country's drive towards energy self-sufficiency, security and independence.

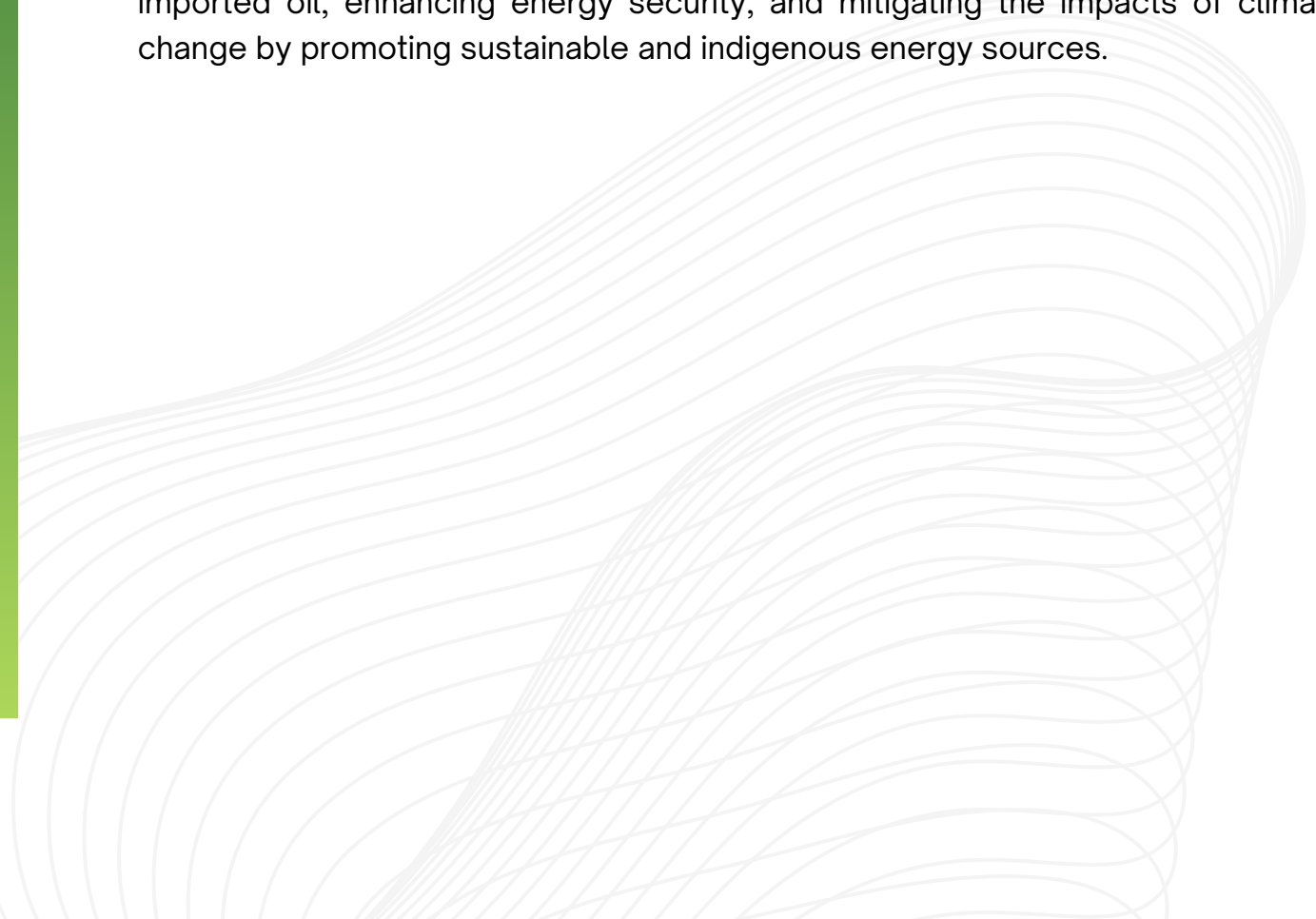


# Corporate Information

## Key Initiatives

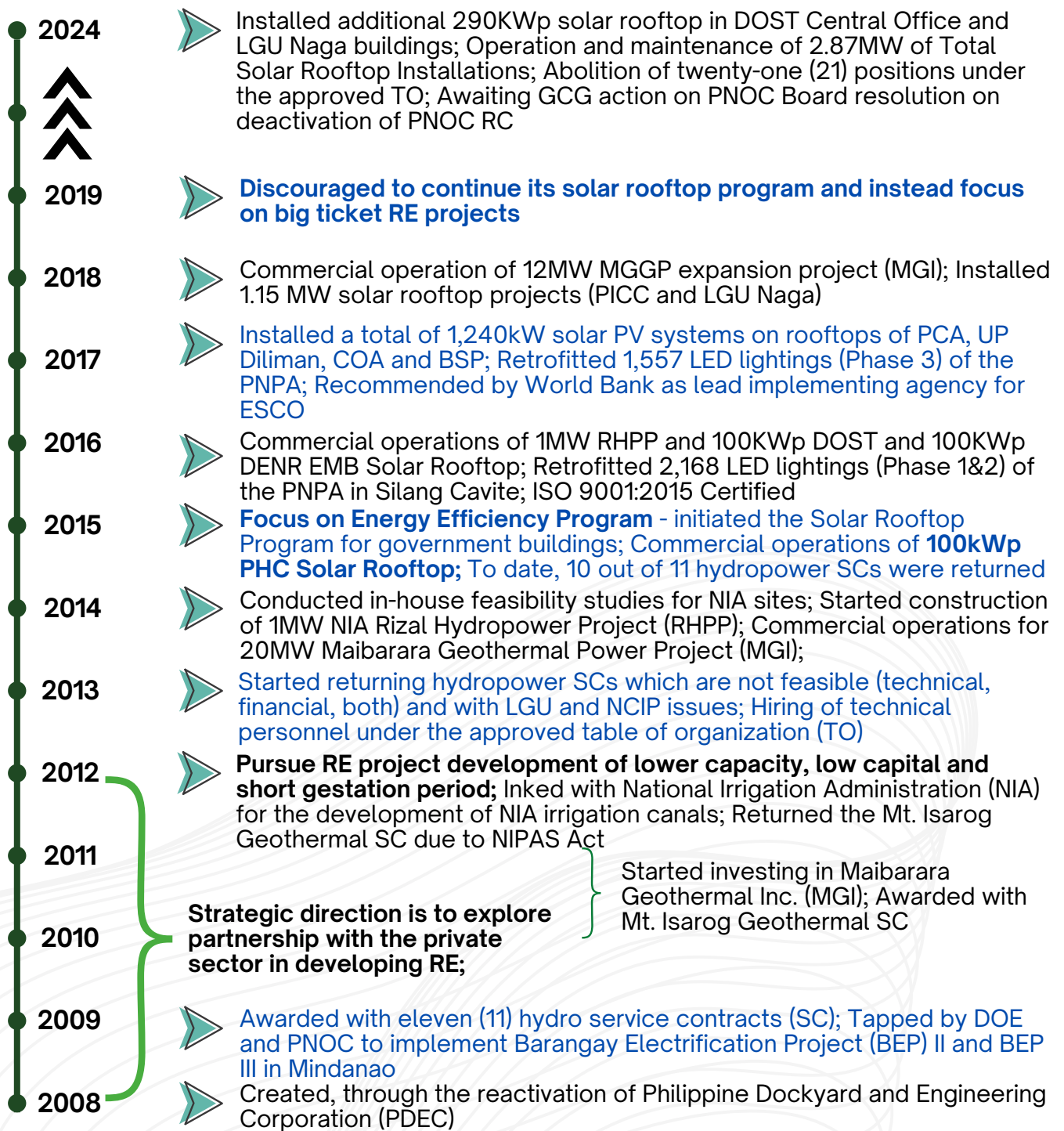
- **Hydropower Projects:** PNOC RC is involved in developing mini-hydropower projects to harness the country's water resources for clean energy.
- **Solar Power Projects:** The corporation engages in solar electrification projects, including rooftop solar photovoltaic systems for government entities, aiming to achieve significant energy efficiency in the public sector.
- **Wind and Geothermal Projects:** Exploration and development of wind and geothermal energy sources are part of PNOC RC's efforts to diversify the Philippines' renewable energy portfolio.
- **Public-Private Partnerships:** PNOC RC collaborates with private sector entities through joint ventures and service contracts to advance renewable energy infrastructure.

PNOC RC's initiatives contribute to reducing the country's dependence on imported oil, enhancing energy security, and mitigating the impacts of climate change by promoting sustainable and indigenous energy sources.



# Corporate Information

## Corporate Timeline





# Corporate Information

## Mandate

To promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new renewable, non-conventional and environment-friendly energy sources and systems.

## Vision

PNOC RC is the government arm for the development and implementation of sustainable Renewable Energy and Energy Efficiency programs; to achieve operational excellence, superior stakeholder satisfaction, and robust financial performance in the Philippines by 2030.

## Mission

1. To provide renewable energy and promote energy efficiency to improve the quality of life of the Filipino people.
2. To enhance customer and stakeholder interest, employee welfare, environmental stewardship, and community well-being.

## Core Values

We pursue **EXCELLENCE**

We promote result-driven **PERFORMANCE**

We accept **ACCOUNTABILITY**

We demonstrate **STEWARDSHIP**

We cultivate **SOCIAL RESPONSIBILITY**



# Corporate Information

## Business Review and Strategic Planning

PNOC RC's Top Management, together with its managers and supervisors—collectively forming the Management Committee—regularly convenes to review and assess the organization's competitive advantage (disadvantage), risks and opportunities. These sessions play a crucial role in ensuring that the Risk Management Plan remains current, responsive, and aligned with organizational goals. The findings and recommendations are then regularly reported to the Board of Directors Risk Committee for their review, comments and appropriate action.

In addition to challenges stemming from changes in PNOC's charter statement—specifically the inclusion of renewable energy (RE) and energy efficiency (EE) programs in its investment portfolio, which led to overlapping mandates with PNOC RC in 2023—the fiscal year 2024 has proven to be even more difficult for the organization. The abolition of plantilla positions, aimed at reducing high operational costs—particularly employee expenses—resulted in the resignation of affected personnel even before the Governance Commission for GOCCs (GCG) issued a memorandum order approving the abolition. This order hindered the completion of new solar rooftop installations, the performance of existing installations, the procurement of essential repairs and maintenance. Furthermore, the absence of approved investment projects contributed to the organization's inability to achieve its revenue targets.

In July 2024, PNOC RC received notice that the PNOC Board of Directors had resolved and approved its deactivation. This decision further exacerbated the impact of the position abolitions, significantly lowering employee morale and affecting overall performance.

In response, the Management Committee conducted a thorough review of the organization's business model/s, identifying the relevant strengths, weaknesses, threats, and opportunities to address the emerging risks—particularly PNOC RC's ability to continue operations as a going concern.

To address these pressing concerns, the PNOC RC Board of Directors' Risk Committee convened on 26 July 2024 and took a decisive action by submitting a formal protest letter to the Office of the President, which was subsequently forwarded to the GCG. As a result, PNOC RC was granted a participatory meeting with the GCG, providing an opportunity to present its case and advocate against the proposed deactivation.

To date, PNOC RC remains committed to sustaining operational stability and minimizing the financial impact of these challenges while navigating the uncertainties that lie ahead.



# Corporate Information

## Organizational Analyses – Internal

PNOC RC has identified its competitive advantage (disadvantage) over its peers. Peers are the private entities engaged in renewable energy and the Department of Energy (DOE) - attached agencies with a portfolio in renewable energy (RE) and energy efficiency (EE) e.g. National Electrification Administration, National Power Corporation and now, PNOC RC's parent company, Philippine National Oil Company.

### Our Competitive Advantage

- It is the sole government agency with primary mandate in RE development;
- Since its incorporation has been carrying-out its mandate and an operating company;
- It has varying renewable energy portfolios – geothermal, hydropower, solar rooftop developments and energy efficiency;
- It is engaged in solar rooftop of government agencies for the last fifteen (15) years, from: (1) conduct of technical and feasibility studies, (2) government to government procurement, (3) up-to-date and no hidden costing for solar PV systems, (4) public bidding for supply, delivery, installation, testing and commissioning, (5) owners engineering, and (6) operation and maintenance;
- It is manned by experienced plant operators/ managers;
- It is composed of young professionals/personnel with advocacy for renewable energy development and qualities of a public servant e.g. utmost responsibility, integrity, competence, uphold public interest over personal interest;
- It was recommended by the World Bank as the lead Implementing Agency of the investment component, serving as a super ESCO;
- It is strategically located within the Energy Center; and
- It has a pending support from the Philippine Congress (Senate/House of Representatives) through Philippine Renewable Energy Corporation which empowers PNOC RC's initiatives.

### Our Challenges

- It has broad mandate with low seed capital;
- It lacks empowerment and changing strategic directions from its parent company, PNOC and its lead agency, the DOE;
- Some of its plans and programs did not contribute sustainable revenue stream which resulted to wasted resources, accumulating losses, decline and dwindling funds;
- Over the years, it has high attrition rate (“churn rate”) and employee turn-over rate due to lack of strategic direction, lack of agency empowerment and support, and continuing threats of abolition, etc.;
- It has high operational costs - employee costs due to changing strategic directions and flawed organizational structure (supervisory/ management personnel outnumbers rank-and-file personnel, not aligned with vision and mission);
- Mismatch of employee qualification and organizational roles, and lack of quality role specification; and
- As a GOCC, it is subject to government rules and regulations, and oversight of the Governance Commission for GOCCS.



# Corporate Information

## Organizational Analyses - Internal

Challenges	Proposed Actions	Champion
Broad Mandate	Reorganization - to amend mandate, to provide focus on RE and EE development	Top Management
Low Seed Capital/ Dwindling Funds	Optimize use of investment property (lease or sale); Adding new revenue streams	General Services Department; Corporate Planning Office
Lacks empowerment and changing strategic directions from PNOC and DOE;	Regular meetings with PNOC and DOE; Active participation and support to PNOC and DOE activities	Top Management
Some did not contribute sustainable revenue stream	Formulate better strategies to address current challenges - target spending and investments	Top Management
High attrition rate ("churn rate") and employee turn-over rate	Regular capacity building and empowerment to employees; Give positive outlook on company profitability and growth by making better strategies	Top Management
High operational costs	Implement cost efficiency or reduction strategies to preserve capital investment; Reorganization (minimize management positions, cost-effective compensation structure, etc.)	Finance (Budget, Treasury and Accounting Department)
Mismatch of employee qualification and organizational roles, and lack of quality role specification	Reorganization; Improve hiring policy and procedures	Top Management; Human Resources Department



# Corporate Information

## Organizational Analyses – External

In addition to assessing its strengths and weaknesses relative to its peers, PNOC RC has identified key opportunities and threats that may impact its operations. Recognizing these external factors is essential for the organization, particularly the Management (including the Board of Directors) to develop effective strategies for growth, continuous improvement, and proactive risk management.

Opportunities	Proposed Actions
<p>Philippines’ commitment to global initiatives e.g. Global Net Zero by 2050</p> <p>PBBM remained committed in promoting and developing renewable energy in the country (<i>SONA, 2022-24</i>);</p> <p>DOE's Energy Sector Strategic Framework is achieving clean and sustainable energy by 2050 (<i>DOE, PEP 2023-2050</i>)</p>	<p>Vigorously pursue and close deals with Private Entities for the development of big-ticket projects including RE and EE projects with Government Agencies (GAs).</p> <p>Actively ink partnership with GAs in promoting renewable energy and energy efficiency, engaging PNOC RC as partner for a 15-year lease model or as a procurement agent.</p> <p>Coordinate regularly with the different DOE-attached agencies on RE and EE projects.</p>
<p>Green Energy Management Program (GEMP) of the DOE</p> <p>Creation of Inter-Agency Energy Efficiency and Conservation Committee (IAEECC)</p>	<p>Become an implementing agency for DOE-initiated GEMP projects.</p> <p>Market PNOC RC to be the Lead Implementing Agency to help IAEECC in its powers and functions.</p> <p>Actively ink partnership with GAs in promoting renewable energy and energy efficiency, engaging PNOC RC as partner for a 15-year lease model or as a procurement agent.</p>



# Corporate Information

## Organizational Analyses - External

Opportunities	Proposed Actions
<p>RE and EE development and implementation:</p> <ul style="list-style-type: none"> <li>• Help to combat climate change and global warming</li> <li>• Reduce the exacerbation of natural disasters</li> <li>• Meets six (6) out of seventeen (17) of United Nations Sustainable Development Goals - affordable and clean energy, decent work and economic growth, sustainable cities and communities, responsible consumption and production, climate action and partnerships for the goals</li> </ul>	<p>Continue to operate and to carry out its mandate pending the GCG action on deactivation</p>
<p>Increased awareness and interest in adopting energy savings and energy efficiency solutions</p>	<p>Ink more partnerships with GAs and Private Entities</p>
<p>Creation of Philippine Renewable Energy Corporation (House Bill No. 4205 and Senate Bill No. 1875)</p>	<p>Participate and cooperate in hearings to be conducted by the House of Representatives and the Senate of the Philippines.</p>
<p>Absence of business organizations engaged with or government agency in-charge with managing future RE and EE waste</p>	<p>Proactively seal partnership/s with countries/ organizations which are adopting advance technologies in managing future RE and EE wastes e.g. PV panels, inverters, etc.</p>



# Corporate Information

## Organizational Analyses – External

Risks	Proposed Actions
<p>In an effort to meet the GCG recommendation to require PNOC to become an operating company since 2014, resulted to overlapping of mandate and functions with PNOC RC.</p> <p>PNOC Board of Directors resolved to deactivate PNOC RC due to: (1) PNOC RC has not been able to generate sufficient revenues to realize net income for the past 13 years due to its high operational costs and ineffective strategies, and (2) There is a need to mitigate further losses and allow to PNOC to optimize resources in accelerating the installation of rooftop solar systems in government buildings throughout the country.</p> <p>Currently, pending the GCG action on deactivation, PNOC and DOE no longer involves PNOC RC in RE and EE initiatives/ activities.</p> <p>Potential approval of deactivation of PNOC RC by the GCG.</p>	<p>Continue to operate and to carry out its mandate pending the GCG action on deactivation.</p> <p>Appeal to the Office of the President for business continuity and support (operational and financial support) leverage on the following merits:</p> <ul style="list-style-type: none"> <li>• <b>Operating</b> since incorporation</li> <li>• PNOC RC pioneered <b>sustainable</b> solar rooftop installation in GAs (15-year cooperation period)</li> <li>• Prior to RA11285 , PNOC RC is <b>already engaged</b> in promoting and implement RE and EE projects in GAs</li> <li>• In 2018, before PNOC RC was discouraged to continue its solar rooftop program, it is <b>already accelerating the solar rooftop program</b> in various GAs</li> <li>• With capital constraint, <b>partnered with either GAs or Private Sector</b> for solar rooftop installation in various GA (including SUCs)</li> </ul>
<p>Limited to no access for additional funding</p>	<p>Optimize use of investment property (lease or sale)</p> <p>Work towards adding new revenue streams to increase usable capital,</p> <p>Implement cost efficiency or reduction strategies to preserve capital investment</p>



# Corporate Information

## Organizational Analyses - External

Risks	Proposed Actions
<p>Incapacity to loan due to high interest rates, volatility of FOREX, standing of the company before the GCG-DOF and the requirement to secure second approval from the parent company, PNOC</p>	<p>Coordinate with GFI's to lower interest rate and appeal for the assistance of PNOC on possible financial guaranty.</p>
<p>Members of the PNOC RC Board, including the President and CEO, are all Presidential appointees which may result to potential change in perspective and direction</p>	<p>Present and justify what has been done in the past; recommend projects that have been started; propose projects that are aligned to the pronouncements of the President of the Philippines, Secretary of the DOE, PNOC RC President and the Board.</p>
<p>Presence of RE in DOE-attached agencies</p>	<p>Talk with the DOE in streamlining of RE projects across attached agencies</p>

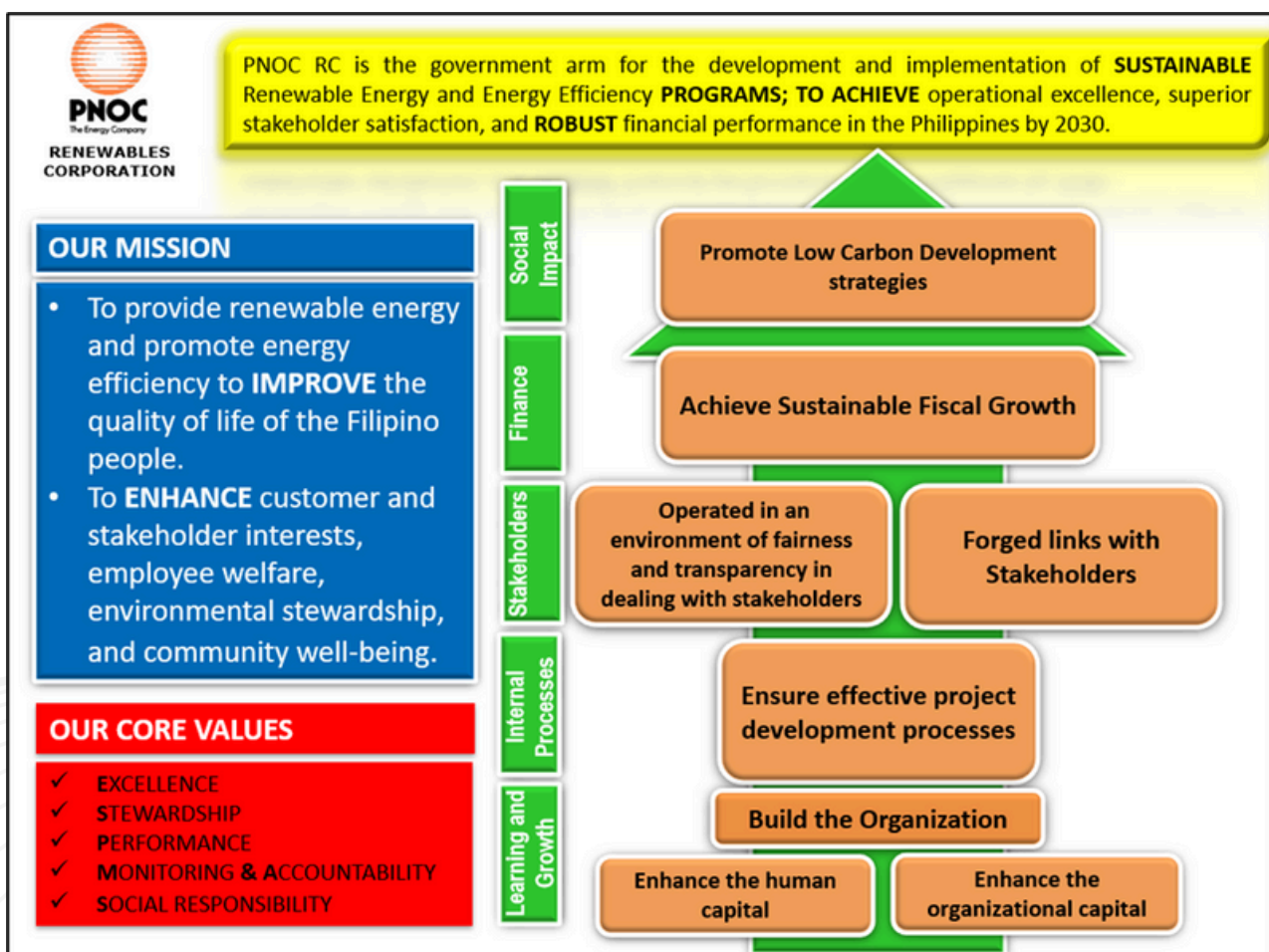
# Corporate Information

## Corporate Objectives and Key Performance Indicators

PNOC RC's corporate objectives are closely aligned with its vision and mission, serving as a foundation for strategic planning. These objectives are essential for developing effective strategies, ensuring organizational clarity and alignment, motivating stakeholders, and optimizing resource allocation. To assess the achievement of its objectives, PNOC RC has established key performance indicators (KPIs) to measure progress and performance.

The GCG-approved Performance Scorecard (PES) shows the KPIs for each corporate objective. The PES consists of the Strategy Map and Scorecard itself.

Presented below is PNOC RC's Strategy Map. The Strategy Map gives a visual representation of the organization's mandate, mission, core values, strategic objectives and the cause-and-effect relationships between them.



# Corporate Information

## Corporate Objectives and Key Performance Indicators

The scorecard has four (4) components: strategic objectives, strategic measures, targets and strategic initiatives.

Strategic Objectives are strategic priorities that the organization must undertake within the key facets of operations to achieve the Vision. These strategic objectives are mutually reinforcing and linked leading to the Vision. An objective is not a project; rather, it is a principle. These are not immediate outputs.

A Strategic Measure quantifiably defines and substantiates the objectives and tells whether the strategy's goals have been attained. It is sometimes referred to as success measure, metric, indicator or key performance indicator.

Target refers to the level of performance of improvement needed whilst strategic initiatives are key innovative action programs required to achieve the objective.

The strategic objectives and measures drafted by RC's technical working group are discussed with GCG's technical working group. The final scorecard is agreed by both GCG and PNOG RC.

Below is PNOG RC's 2024 GCG-Approved Performance Scorecard with Preliminary Actuals.

P	Component			Weight		Rating System	Target	Actual	Remarks
	Strategic Objectives (SO)/Strategic Measure (SM)	Formula		TARGET	ACTUAL		2024	Total	
Social Impact	SO 1	Promote Low Carbon Development Strategies							
	SM 1	Amount of CO2 (tCO2e) Reduced/Avoided (in metric tons)	Absolute Amount	15.00%	15.00%	Actual over Target	3,132	18,852	Corrected: for the year ending 31 December 2024
	<b>Subtotal</b>				<b>15.00%</b>	<b>15.00%</b>			
Finance	SO 2	Achieve Sustainable Fiscal Growth							
	SM 2	Gross Revenue (in P)	Absolute Amount	20.00%	14.46%	Actual over Target	22,450,000	16,234,046	for the quarter ending 31 December 2024 (based on unaudited balances)
	SM 3	Budget Utilization Rate	Actual Disbursement Total Approved Corporate Operating Budget (both Net of PS Cost)	10.00%	5.55%	Actual over Target	90%	49.93%	as of 31 December 2024 (based on unaudited balances)
	<b>Subtotal</b>				<b>50.01%</b>	<b>20.01%</b>			
Stakeholders	SO 3	Operated in an Environment of Fairness and Transparency in Dealing with Stakeholders							
	SM 4	Percentage of Satisfied Customers	Total No. of Respondents who gave at least Satisfactory Rating	15.00%	0.00%	Actual over Target (If less than 80% = 0%)	90%	Not available	On-going consolidation of departmental/ office surveys
	<b>Subtotal</b>				<b>15.00%</b>	<b>0.00%</b>			
	SO 4	Forged Links with Stakeholders							
SM 5	Number of Signed Management Contracts	Actual Accomplishment	15.00%	0.00%	Actual over Target	3	-	for the quarter ending 31 December 2024	
<b>Subtotal</b>				<b>15.00%</b>	<b>0.00%</b>				

# Corporate Information

## Corporate Objectives and Key Performance Indicators

P	Component			Weight		Rating System	Target	Actual	Remarks
	Strategic Objectives (SO)/Strategic Measure (SM)	Formula		TARGET	ACTUAL		2024	Total	
Internal Processes	<b>SO 5</b>	<b>Ensure Effective Project Development Processes</b>							
	SM 6	Creation of Operation and Maintenance Manual for Solar Rooftop Project	Actual Accomplishment	10.00%	0.00%	All or Nothing	Operation and Maintenance Manual for Solar	<b>Not available</b>	Moved to 2025 PES
	SM 7	Compliance to Quality Standards	Actual Accomplishment	7.50%	0.00%	All or Nothing	ISO 9001:2015 (2nd Surveillance Audit)	<b>Not available</b>	Considering the abolition of positions, PNOC RC did not pursue the 2nd surveillance audit
	<b>Subtotal</b>				<b>17.50%</b>	<b>0.00%</b>			
Learning and Growth	<b>SO 6</b>	<b>Build the Organization</b>							
	<b>SO 7</b>	<b>Enhance Human Capital</b>							
	<b>SO 8</b>	<b>Enhance the Organizational Capital</b>							
	SM 8	Percentage of Employees with Required Competencies Met	$\frac{\text{No. of Employees with Required Competencies Met}}{\text{Total employees}}$	7.50%	7.50%	Actual over Target	90%	94%	Corrected; for the year ending 31 December 2024
<b>Subtotal</b>				<b>7.50%</b>	<b>7.50%</b>				
<b>TOTAL</b>				<b>100.00%</b>	<b>42.51%</b>				

# Operational Highlights

**2.57MWp**

Operation and Maintenance of Existing Solar Rooftop Installations

**100KWp**

Commercial Operations of DOST Expansion

**190KWp**

Completion of LGU Naga Expansion

**200KWp**

Operation and Maintenance of HRep Installation



On-going pre-development activities for **1MW Station 3+611 Agno River Irrigation System (ARIS) Hydropower Project**



On-going pre-disposal activities for **10% Interest in Maibarara Geothermal Inc.**



On-going pre-disposal activities for **1MWRizal (PRISMIC) Hydropower Plant**



Completion of **10kWp DOE Solar PV with Battery System** and under GEMP – EVCS



Start of construction activities for **EVCS Stations in DOE LFO, Clark and Subic** under GEMP – EVCS

# Operational Highlights

## *Operation and Maintenance of 2.57MW Existing Solar Rooftop Installations*



100KWp



131,968KWh



51.90 metric tons

**PHILIPPINE HEART CENTER**

Completed: April 2016

Commercial Operations: December 2015



100KWp



145,760KWh



57.40 metric tons

**DEPARTMENT OF SCIENCE AND TECHNOLOGY**

Completed: March 2016

Commercial Operations: February 2016



100KWp



65,070KWh



25.60 metric tons

**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

**Energy Management Bureau**

Completed: September 2016 (To date, net metering is still pending with MERALCO)

Commercial Operations: September 2016

# Operational Highlights

## *Operation and Maintenance of 2.57MW Existing Solar Rooftop Installations*



80KWp



57,224KWh



22.50 metric tons

**PHILIPPINE COCONUT AUTHORITY**  
Completed: February 2017  
Commercial Operations: February 2017



240KWp



194,471KWh



76.50 metric tons

**UNIVERSITY OF THE PHILIPPINES - DILIMAN**  
Completed: March 2017  
Commercial Operations: March 2017



200KWp



204,320KWh



80.40 metric tons

**COMMISSION ON AUDIT**  
Completed: March 2017  
Commercial Operations: March 2017

# Operational Highlights

## *Operation and Maintenance of 2.57MW Existing Solar Rooftop Installations*



**586,920KWh**

**600KWp**



**231.00 metric tons**

**BANGKO SENTRAL NG PILIPINAS**

Completed: July 2017

Commercial Operations: July 2017



**139,452KWh**

**100KWp**



**54.90 metric tons**

**LGU Naga City, Cebu**

Completed: June 2018

Commercial Operations: June 2018



**283,040KWh**

**1,050KWp**



**111.00 metric tons**

**PHILIPPINE INTERNATIONAL CONVENTION CENTER**

Completed: September 2019

Commercial Operations: September 2019

# Operational Highlights

## *Commercial Operations of 100KWp DOST - Central Office Solar Rooftop Installation*



100KWp



34,080KWh



13.40 metric tons

Completed: July 2024

Commercial Operations: July 2024



# Financial Highlights

## Results of Operations

The results of operations for the year ended December 31, 2024, reflect the significant impact of the reduced work plan, abolition of plantilla positions, and the proposed deactivation of PNOC RC as resolved by the PNOC Board of Directors.

For the year, PNOC RC incurred a net loss of ₱44.132 million, bringing the accumulated net losses from 2013 to 2024 to ₱477.174 million.

The decline in other income, primarily composed of revenue from technical services, was largely due to the voluntary separation of three (3) junior engineers. These engineers were key personnel in the technical services business of the company, and their departure—prior to the Governance Commission for GOCCs (GCG) approval in September 2024—resulted in the absence of new technical service contracts thereafter.

There were also notable changes in the company's expense structure during the year. In addition to the increase in government-mandated benefits, personnel services costs rose significantly due to the payment of separation pay to four (4) employees affected by the position abolition. Most of these employees had rendered service for over ten (10) years.

The reduction in Renewable Energy (RE) and Energy Efficiency (EE) activities led to lower maintenance and other operating expenses. However, there was an increase in direct costs, particularly in employee-related expenses and travel costs, associated with the commercial operations of the 100kWp DOST-Central Office project and the completion of the 190kWp LGU Naga solar rooftop installation, both awarded at the end of 2023.

As of December 31, 2024, approximately 60% of the company's assets are attributed to its 10% investment in Maibarara Geothermal Inc. and its investment property in Batangas, both of which are currently under litigation. An additional 17% of total assets relates to investments in RE and EE projects, including the Rizal Hydropower Project and the 2.86MWp solar rooftop installations.

Furthermore, the company utilized ₱45.989 million in cash flows from operations during the year, resulting in an ending cash balance of ₱125.672 million as of December 31, 2024.

## Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of PNOC RC as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).



# Financial Highlights

## *Audited Financial Statements*

### Statement of Compliance

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS). The Corporation likewise adhered to COA Circular No. 2017-004 dated December 13, 2017, which lays down the guidelines on the preparation of financial statements and other financial reports and implementation of the PFRS by Government Corporations classified as Commercial Public Sector Entities, previously known as Government Business Enterprises.

The accounting policies have been consistently applied throughout the year presented.

### Basis of Preparation

The accompanying financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The financial statements are also presented in Philippine Peso (P), which is the functional and presentation currency of the Philippines. Amounts are rounded off to the nearest peso, unless otherwise stated.

The preparation of financial statements in compliance with the adopted PFRS requires the use of certain accounting estimates. It also requires the Corporation to exercise judgment in applying the Corporation's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 4.

### Going Concern

The financial statements have been prepared on a going concern basis which assumes that PNOC RC will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. However, based on the current financial condition, the company's ability to continue as a going concern is subject to substantial doubt.

On July 15, 2024, PNOC RC received a letter dated July 10, 2024 from its parent company, PNOC, informing the latter that the PNOC Board of Directors resolved and approved the deactivation of PNOC RC during its special meeting held on 7 June 2024. As of the date of approval of these financial statements, deactivation is still pending approval from the Governance Commission for GOCCs (GCG). This decision, along with the pending approval, creates significant uncertainty regarding the future viability of the company.



# Financial Highlights

## *Audited Financial Statements*

### Going Concern (continuation)

#### *Management's Assessment and Plans to Address Going Concern Doubt*

Given the ongoing losses, negative cash flow, and the deactivation decision, management believes that these conditions raise substantial doubt about the company's ability to continue as a going concern within the next 12 months. However, management is actively pursuing various measures to address these challenges, including:

#### **1. Financing Options**

- a. Loans from PNOC: PNOC RC may seek funding through loans from its parent company, PNOC, for specific projects, subject to PNOC's internal funding rules and guidelines.
- b. Project Financing: The company is exploring project financing options through local banks for its renewable energy initiatives.
- c. Partnerships: PNOC RC is considering potential partnerships with government agencies such as the National Electrification Administration (NEA), the National Development Corporation (NDC), and private entities to secure additional funding.

**2. Asset Divestment** - Management is evaluating the option of divesting certain assets to generate funds required for pre-development activities of ongoing and future projects.

#### **3. Cost-Cutting Measures**

- a. The PNOC RC Board of Directors, through Board Resolution No. 7, s. 2024 approved the abolition of twenty-one (21) positions under the existing table of organization to address operational losses, attributed to the high operating expenses, particularly its Personnel Cost. Accordingly, the GCG issued Memorandum Order No. 2024-15 approving the abolition of positions on September 27, 2024.
- b. In light of the negative cash flow situation, PNOC RC further plans to implement cost-cutting initiatives to reduce operating expenses and mitigate the impact of financial challenges.

#### *Conclusion*

In light of the aforementioned conditions, the going concern assumption is subject to significant uncertainty. The company's ability to continue as a going concern is heavily dependent on securing adequate financing, achieving positive cash flows, and successfully executing its renewable energy projects. Given the ongoing financial challenges, management is committed to implementing measures to address these issues; however, there is no assurance that these efforts will be successful.

The financial statements do not include any adjustments related to the outcome of the going concern assumption, which could be required if the company is unable to continue operations as currently planned.

# Financial Highlights

Financial Position  
As at December 31, 2024 and December 31, 2023  
(In Philippine Peso)

	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	125,672,301	113,001,826
Receivables	8,355,445	8,961,719
Other Current Assets	39,905,536	38,829,578
<b>Total Current Assets</b>	<b>173,933,282</b>	<b>160,793,123</b>
<b>Non-Current Assets</b>		
Financial Assets	9,254,092	68,409,608
Investments in Associates	161,820,200	161,820,200
Investment Property	273,082,350	273,082,350
Property, Plant and Equipment	109,302,351	127,396,093
Other Non-Current Assets	2,443,627	3,289,189
<b>Total Non-Current Assets</b>	<b>555,902,620</b>	<b>633,997,440</b>
<b>TOTAL ASSETS</b>	<b>729,835,902</b>	<b>794,790,563</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Financial Liabilities	13,053,460	15,568,663
Inter-Agency Payables	17,447,094	24,218,324
Trust Liabilities	9,299,381	9,700,389
Other Payables	21,017,297	30,530,828
<b>Total Current Liabilities</b>	<b>60,817,232</b>	<b>80,018,206</b>
<b>Non Current Liabilities</b>		
Deferred Credits/Unearned Income	731,910	798,855
Deferred Tax Liabilities	15,835,989	15,835,989
<b>Total Non-Current Liabilities</b>	<b>16,567,899</b>	<b>16,634,844</b>
<b>TOTAL LIABILITIES</b>	<b>77,385,131</b>	<b>96,653,050</b>
<b>EQUITY</b>		
Retained Earnings/(Deficit)	277,478,771	323,165,512
Stockholders' Equity	374,972,000	374,972,000
<b>TOTAL EQUITY</b>	<b>652,450,771</b>	<b>698,137,512</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>729,835,902</b>	<b>794,790,563</b>



# Financial Highlights

Financial Performance  
For the Years Ending December 31, 2024 and December 31, 2023  
(In Philippine Peso)

	2024	2023
<b>Revenue</b>		
Business Income	19,959,407	19,132,300
Other Non-Operating Income	1,432,443	5,799,020
	<u>21,391,850</u>	<u>24,931,321</u>
<b>Expenses</b>		
Personnel Services	31,074,689	28,549,689
Maintenance and Other Operating Expenses	14,858,389	16,565,186
Financial Expenses	649,041	790,236
Direct Costs	14,810,478	11,852,519
Non-Cash Expenses	4,057,550	4,461,927
	<u>65,450,146</u>	<u>62,219,556</u>
<b>Loss Before Tax</b>	(44,058,296)	(37,288,236)
<b>Income Tax Expense/(Benefit)</b>	74,144	209,455
<b>Net Income/(Loss)</b>	<u>(44,132,440)</u>	<u>(37,497,691)</u>
<b>Other Comprehensive Income for the Period</b>	-	-
<b>Total Comprehensive Income/(Loss)</b>	<u>(44,132,440)</u>	<u>(37,497,691)</u>

# Financial Highlights

## Cash Flows

For the Years Ending December 31, 2024 and December 31, 2023  
(In Philippine Peso)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2024</b>	<b>2023</b>
<b>Cash Inflows</b>		
Proceeds from Sale of Goods and Services	16,693,041	13,823,380
Collection of Income/Revenue	4,529,811	3,361,743
Collection of Receivables	255,585	52,941,533
Receipt of Inter-Agency Fund Transfers	-	17,915,311
Other Receipts	1,432,443	5,799,020
<b>Total Cash Inflows</b>	<b>22,910,879</b>	<b>93,840,988</b>
<b>Cash Outflows</b>		
Payment of Expenses	- 61,362,849	- 72,290,484
Grant of Cash Advances	-	-
Remittance of Personnel Benefit Contributions and Mandatory Deductions	- 7,536,876	- 8,577,875
<b>Total Cash Outflows</b>	<b>- 68,899,725</b>	<b>- 80,868,359</b>
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>- 45,988,846</b>	<b>12,972,630</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from Matured Investments	342,500,242	314,367,283
<b>Total Cash Inflows</b>	<b>342,500,242</b>	<b>314,367,283</b>
<b>Cash Outflows</b>		
Purchase/Construction of Property, Plant and Equipment	- 496,196	- 2,528,865
Purchase of Investments	- 283,344,725	- 251,971,504
<b>Total Cash Outflows</b>	<b>- 283,840,921</b>	<b>- 254,500,369</b>
<b>Net Cash Provided By/(Used In) Investing Activities</b>	<b>58,659,320</b>	<b>59,866,915</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>12,670,474</b>	<b>72,839,544</b>
Effects of Exchange Rate Changes on Cash and Cash Equivalents	-	-
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>113,001,826</b>	<b>40,162,282</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>125,672,301</b>	<b>113,001,826</b>



# Financial Highlights

Changes in Equity  
For the Years Ending December 31, 2024 and December 31, 2023  
(In Philippine Peso)

	2024	2023
<b>SHARE CAPITAL</b>		
Ordinary Shares - P 1,000 par value		
Authorized - 500,000 shares		
Issued & Paid - 374,972 shares	374,972,000	374,972,000
<b>RETAINED EARNINGS</b>		
Retained Earnings (Deficit), beg.	323,163,230	359,464,777
Add/(Deduct) : Net Income/(Loss)	- 44,132,440	- 37,499,973
	- 1,552,019	1,198,426
<b>Retained Earnings (Deficit), end</b>	<b>277,478,771</b>	<b>323,163,230</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>652,450,771</b>	<b>698,137,512</b>

# Corporate Activities

## Enhancing the Human Capital

PNOC RC places a high value on its workforce, recognizing that the growth and success of the organization are deeply rooted in the strength of its people. As such, PNOC RC is committed to fostering continuous learning within its workforce by offering developmental programs aimed at enhancing employee competencies.

During the first quarter, while awaiting approval of the training budget, the HRD successfully conducted an in-house training on Personality Development. This training focused on enhancing self-awareness, confidence, emotional intelligence, adaptability, and resilience among employees.



PNOC RC, in partnership with TESDA RTC-NCR, conducted a 40-hour, face-to-face training on PV Systems Installation in the second quarter. As a result, eight (8) employees successfully completed the training and earned their NC II Certificate in PV Systems Installation.



In the third quarter, the Human Resources Department (HRD) conducted an in-house training titled “Leadership in the Digital Era,” attended by members of the Management Committee. The training aimed to help participants understand and embrace digital leadership, with a focus on navigating the new normal and driving strategic leadership, management, and organizational transformation.

In the fourth quarter, the HRD organized an in-house training session on the Orientation/Re-Oriented of the ISO 9001:2015 Quality Management System (QMS). This program offered participants a thorough understanding of the ISO 9001:2015 standard, covering its key principles, requirements, and best practices for successfully implementing and maintaining an effective QMS within the organization.

**As of 31 December 2024, 16 out of 17 employees have met the required relevant competencies, representing 94%. Please see the attached Employee Competency Report for the calendar year 2024.**

# Corporate Activities

## Upholding Our Commitment to Workplace Health and Safety

In compliance with its legal obligations under Republic Act No. 11058 and Department Order No. 198-18, PNOC RC conducted the Mandatory 8-Hour Safety and Health Seminar for Workers.



This seminar aims to educate employees on workplace safety and health regulations, collectively known as Occupational Safety and Health (OSH) standards. It covers key topics such as hazard identification, risk assessment, control measures, emergency preparedness, and incident reporting systems. By promoting a thorough understanding of OSH principles, the seminar helps prevent occupational accidents, injuries, and illnesses—ultimately fostering a strong culture of safety within the organization. The training was conducted by Mr. Rimmiel Inginte from HSS Philippines, who brought a wealth of expertise and engaging instructional methods to the session.



In addition, recognizing the need to ensure the safety of Operations and Maintenance personnel, as well as members of the Project Inspection Committee assigned to various PNOC RC solar rooftop installations, a specialized training on Working at Heights was conducted.

The training aimed to equip participants with essential knowledge and skills for safely working at heights, including understanding risks, using safety equipment, and implementing proper procedures to prevent accidents.

The session began with an overview of height-related hazards and legal requirements, followed by discussions on the proper use of personal protective equipment (PPE) and fall protection systems. The training included practical demonstrations of harnesses, lanyards, and anchor points, allowing participants to gain hands-on experience. Emergency procedures and real-life case studies were also covered to reinforce the importance of safety measures.



# Corporate Activities

## Collaborating with Communities

PNOC RC's corporate social responsibility (CSR) efforts are primarily focused on environmental sustainability, particularly in reducing carbon emissions. Beyond its core initiatives in the development and implementation of renewable energy (RE) and energy efficiency (EE) projects, the Company also supports the government's broader environmental objectives—most notably those of the Department of Environment and Natural Resources (DENR)—in areas such as solid waste management and the protection of marine and coastal ecosystems.

Simultaneous with its annual gender and development activity, the Company conducted a coastal clean up in Brgy. Poblacion, Morong, Bataan on April 12, 2024. The activity was participated in by both plantilla and contract-of-service employees, reflecting the organization's shared commitment to environmental protection and community engagement.



Further, the activity promoted safer and cleaner beaches, creating more pleasant recreational spaces for both residents and visitors in Morong, Bataan. This initiative not only enhanced the tourist appeal of the area but also contributed to improving the overall quality of life for the local community.

Increased tourism, as a result of cleaner coastal areas, generates significant economic benefits. Well-maintained beaches attract more visitors, driving business for hotels, restaurants, shops, and other tourism-related enterprises. This, in turn, helps create jobs and stimulates economic growth—particularly vital in communities where tourism is a primary source of income.

# Corporate Activities

## Promoting Environment-Friendly Value Chain

Empowered by its mandate, PNOC RC formulated and established that promoting low carbon development strategies is top of its strategic objectives. This strategic objective is measured on the number of CO2 reduced or avoided (in metric tons) using the greenhouse gas equivalencies calculator by the US Environmental Protection Agency (EPA). For 2024, PNOC RC boosts its activities to increase CO2 reduction towards climate change mitigation.



**2.67MW Solar Rooftop Installation**  
including DOST - Central Office



**32MW Maibarara Geothermal Inc.**  
(10%)

**11,182.90 METRIC TONS**



### Our aligned UN SDGs



# Corporate Activities

## Gender Mainstreaming

PNOC RC is firmly committed to promoting Gender and Development (GAD) as an integral part of its organizational values and operations. The Company actively upholds gender equality and inclusivity by integrating GAD principles into its policies, programs, and activities. Through the implementation of GAD-focused initiatives —awareness campaigns and trainings.



The Gender and Development (GAD) activity took place at Verde Azul Leisure Resort in Morong, Bataan, from April 11 to April 13, 2024. The event aimed to enhance understanding and capacity building in GAD within the organization, incorporating engaging team building activities to foster collaboration and unity among participants. Throughout the session, employees engaged in a series of interactive activities including icebreaker games, problem-solving challenges, trust-building exercises, and communication drills. These activities aimed to break down barriers, encourage open communication, and build trust among team members.



# Corporate Activities

## Gender Mainstreaming

### ***Discussion on Magna Carta of Women (RA 9710)***

In celebration of Women’s Month, PNOC RC conducted an awareness session on the Magna Carta of Women (RA 9710) on March 20, 2024. The session was facilitated by Atty. Arolf E. Suyom, who provided participants with a comprehensive understanding of the law’s legal framework, rights-based provisions, and its implications in both workplace and community settings.



The activity fostered robust dialogue and meaningful discussions, reinforcing PNOC RC’s commitment to promoting gender equality, empowerment, and informed participation among its workforce.

### ***Orientation on Safe Spaces Act (RA 11313)***

On March 26, 2024, PNOC RC held an orientation focused on the salient features of Republic Act 11313, also known as the Safe Spaces Act (#BawalBastosLaw).

The objectives of the event were to raise awareness about the Safe Spaces Act and its implications, educate participants about their rights and how to report harassment, and ultimately promote a culture of respect in all spaces. Mr. Raymond Jay L. Mazo was the resource person who exhibited his expertise and knowledge by providing a comprehensive presentation outlining the key features of R.A 11313.



### ***Lay Lecture on Human Papillomavirus (HPV)***

The activity was conducted by Doctor Sybil Lizanne R. Bravo at PNOC RC on April 08, 2024, commenced promptly at 8:00 AM. It is aimed to provide the community with vital information regarding HPV, its transmission, associated health risks, prevention strategies, and available vaccines.





# Corporate Governance

## Confirmation Statement

PNOC Renewables Corporation (PNOC RC) firmly adheres to the principles of good corporate governance and is fully compliant with the Company's Manual for Corporate Governance/Code of Corporate Governance. As a Government-Owned and Controlled Corporation (GOCC) subject to government rules and regulations, we strictly adhere to the said manual and does not tolerate non-compliance thereof. PNOC RC is hereby confirming that its Board of Directors, officials and employees strictly comply with the Manual for Corporate Governance issued by the GCG and as made operational through the PNOC RC Code of Corporate Governance.

The strict observance of the Manual for Corporate Governance is implemented by the Board of Directors through its various committees who exercise oversight on the whole aspect of operations of PNOC RC as required in the Code of Corporate Governance. The Board of Directors annually meet and discuss the Corporate Strategy of PNOC RC as proposed and presented by the PNOC RC Management Committee. The Board of Directors aligns these strategies with the policies and directives of the Department of Energy and the PNOC. The output of these planning sessions is then translated into a Performance Scorecard, which is PNOC RC's commitment with the GCG.

As part of its good governance and best corporate practices, PNOC RC also has an Approvals Manual which is benchmarked with other subsidiaries within the PNOC group of companies. The Board of Directors through the Internal Control Department exercises oversight and strict implementation of the Manual.

PNOC RC's good governance processes also extends to its officers and employees. A Code of Ethics and Whistle blowing Policy is approved by the Board and is part of the initial training provided to new employees. PNOC RC also conducts an annual orientation program on the Code of Ethics and Code of Corporate Governance. Employees are assured of strict confidentiality and non-retaliation in relation to their complaints against any member of the Board of Directors, Management and fellow employees.

PNOC RC also strictly complies with the provisions of Republic Act 9184 otherwise known as the Government Procurement Reform Act and its implementing rules and regulations. The Bids and Awards Committee as well as the Technical Working Group regularly attends seminars and workshops for the proper implementation of the procurement law.

PNOC RC's commitment to the principles of good governance and best corporate practices remains steadfast and unwavering. Through the guidance of its Board of Directors and Management it will continue to safeguard the interest of all its stakeholders and the public in ensuring full accountability and transparency.

# Corporate Governance

## Our Board of Directors



**RAPHAEL P.M. LOTILLA**  
Secretary, DOE  
*Chairman*



**MYLENE C. CAPONGCOL**  
Assistant Secretary, DOE  
Permanent Alternate  
*Chairperson*



**JOHN J. ARENAS**  
*President & CEO*



**ABBIN S. DALHANI**  
*Director*



**MALOU C. ANDRADA**  
*Director*



**EDMUND DANTE E. JANDA**  
*Director*



**VICTOR EMMANUEL C. MARTIR**  
*Director*  
*Until April 15, 2024*



**REX ANTHONY R. VILLEGAS**  
*Director*  
*Until November 14, 2024*



**DANTE G. GUEVARRA**  
*Director*  
*Until December 6, 2024*



# Corporate Governance

## Our Newly Appointed Board of Directors



**RONALD R. ESTILLES**  
*Director*



**INOCENCIO G. SILBOL**  
*Director*



# Corporate Governance

## Board Committees

Based on BOARD RESOLUTION NO. 27 SERIES OF 2024

### EXECUTIVE COMMITTEE

#### **Chairperson**

Sec. Raphael Perpetuo M. Lotilla/  
ASec. Mylene C. Capongcol/Dir. Marissa P. Cerezo

#### **Members**

John J. Arenas  
Abbin S. Dalhani  
Inocencio G. Silbol, *vice Dante G. Guevarra*  
Edmund Dante E. Janda  
Ronald R. Estilles

#### **Secretariat**

Sittie Shahani M. Udasan

### GOVERNANCE COMMITTEE

#### **Chairperson**

Sec. Raphael Perpetuo M. Lotilla/  
ASec. Mylene C. Capongcol/Dir. Marissa P. Cerezo

#### **Members**

John J. Arenas  
Abbin S. Dalhani  
Edmund Dante E. Janda

#### **Secretariat**

Sittie Shahani M. Udasan

### NOMINATIONS AND REMUNERATIONS COMMITTEE

#### **Chairperson**

Malou C. Andrada

#### **Members**

John J. Arenas  
Inocencio G. Silbol, *vice Dante G. Guevarra*  
Ronald R. Estilles

#### **Secretariat**

Sittie Shahani M. Udasan



# Corporate Governance

## Board Committees

Based on BOARD RESOLUTION NO. 27 SERIES OF 2024

### RISK COMMITTEE

***Chairperson***

Abbin S. Dalhani

***Members***

John J. Arenas

Malou C. Andrada

Inocencio G. Silbol, *vice Dante G. Guevarra*

Edmund Dante E. Janda

Ronald R. Estilles

***Secretariat***

Sittie Shahani M. Udasan

### AUDIT, ETHICS AND COMPLIANCE COMMITTEE

***Chairperson***

Ronald R. Estilles

***Members***

Malou C. Andrada

Abbin S. Dalhani

Edmund Dante E. Janda

Inocencio G. Silbol, *vice Dante G. Guevarra*

***Secretariat***

Sittie Shahani M. Udasan

# Corporate Governance

## Our Key Officers



**JOHN J. ARENAS**  
*President & CEO*  
(02) 8840-3080 loc 8881  
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**JOHN JAMES V. SALVO**  
*Project Manager/  
OIC, VP for Operations*  
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**SITTIE SHAHANI M. UDASAN**  
*Attorney IV/ OIC Corporate Secretary*  
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**IRIS ANNE R. BALDONADO**  
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**GERARDO M. MAYO**  
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**DAVE E. ORLINA**  
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# Corporate Governance

## Our Key Officers



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**ARNEL P. CORONA**  
*Budget Manager/  
OIC, Chief Planning Officer*  
(02) 8840-3080 loc 8888  
apcorona@pnoc-rc.com.ph



**JAMES E. ZARAGOSA**  
*Treasurer/ Treasury Manager*  
Until December 31, 2024



# Corporate Governance

## **GRI REPORTING STANDARDS**

*“PNOC RC complies with standards in implementing its projects through its operations and compliance monitoring. It abides with the requirements set forth by the regulatory agencies particularly in the use of prescribed reports. Among these regulatory agencies are DOLE, DENR, DOE, COA, and BOI, among others. PNOC RC strives to use the topic-specific GRI Standards on Environmental and Social topics together with GRI 102 – General Disclosures and GRI 103 – Management Approach.*

*Selected GRI Standards was used as a set to prepare a sustainability report that is in accordance with the Standards. In this 2023 report, selected GRI Standards, or parts of the content of environmental and social was used.”*

# Our Team



**Renewables  
Corporation**



## **Main Office**

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(+632) 8840-3080  
info@pnoc-rc.com.ph

## **Rizal Hydropower Plant**

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