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8.1 OPERATION PLANNING AND CONTROL

PNOC shall plan, implement, and control the processes as provided within its scope and described in the PNOC Business Process Map. Each process shall be guided with its context diagram, procedures, and work instructions. Deliverables have been defined in the Annual Work Plans, and shall then be implemented under controlled conditions.

8.2 REQUIREMENTS FOR PRODUCTS AND SERVICES

PNOC Mother caters to internal and external customers. For internal customers, their requirements and dependencies have been defined in the organizational structure, responsibilities, and authorities. Details of requirements are given in the request system, whether formal, e.g. Purchase Request or Job Order, or informal e.g. verbal or phoned in requests.

For external customers, particularly for the energy businesses, the review of requirements may be more complicated, high level, and may be covered with legal requirements, statutes, and mutual agreement.


8.3 ENERGY INVESTMENT

8.3.1.1 Business Research and Development

The primary objective of the department is to provide the PNOC Management viable business ideas and concepts for possible implementation. The department shall also provide recommendations on strategies for the acquisition, development and commercialization of energy and energy-related technologies and systems.

The department conducts research on energy-related ventures, then conceptualizes and prepares a project concept paper that is either internally generated from the department's business research activity and/or proposal/s from a third party or external source. This is eventually being developed into a project framework or pre-feasibility study with complete and reliable technical, economic, financial, environmental, and other relevant information on existing and emerging technologies.

The project proposal shall be evaluated and reviewed by the Investment Appraisal Committee to be endorsed and approved by the PNOC Management and the PNOC Board of Directors. A full-blown feasibility study shall be

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prepared to vet on the viability of the proposed project which shall be coursed through the approval process of the National Economic and Development Authority (NEDA), NEDA-Investment Coordination Committee and/or the NEDA Board.

Approved projects with corresponding implementation plans that include mobilization, logistics, and administrative, financial, technical and engineering requirements are submitted to the Project Management Department for implementation.


8.3.1.2 Project Management

The processes of the Project Management Department (PMD) include: project implementation that shall be based on the approved Detailed Feasibility Studies (DFS) received from the Business Research and Development Department; and the operation and management of the business/project until a separate business unit is created for its operation.

A detailed project implementation plan to include financial and personnel requirements had to be prepared based on the work plan and work schedule in the approved DFS. All the necessary activities had to be carried out based on said plan covering pre-implementation, implementation, and operation phases of the project. All the necessary monitoring and evaluation systems and tools have to be designed. These tools are vital to come up with recommendations on the necessary adjustments that need to be made on the detailed implementation plan.

The pre-implementation phase covers the following activities: site acquisition and surveys/investigation, planning/detailed engineering, bidding of contractors/concessionaires, and permitting. If necessary, PMD has to facilitate the procurement of the Engineering, Procurement and Construction (EPC) services based on the specifications and terms of reference in the approved DFS. In case of a joint venture/partnership/concession, PMD is also tasked to coordinate with essential stakeholders including government agencies, local government units, and the private sector.

In the implementation phase, PMD shall be involved in the monitoring and supervision of all related activities including materials procurement and construction based on the detailed implementation plan. PMD shall assess the progress of the project vis-à-vis the project implementation plan and shall prepare the necessary monitoring and evaluation reports.

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PMD shall also assume the operation and management of the completed projects until a separate business unit is created for its operation.

8.3.1.3 Asset Management Department (AMD)


The Asset Management Department (AMD) is the real estate unit of PNOC. It is mandated to ensure the productive and optimum use of the landholdings and facilities of the company through sale, lease, transfer/donation, land swap, and other appropriate modes. The objective is to generate maximum and long term steady flow of revenues from real estate assets for the company's energy/energy- allied projects.

As a Core Process of PNOC, AMD's mandates and processes emanate from the corporate strategic plans set by the PNOC Board of Directors. Inputs to AMD's performance of its processes are PNOC's policies, rules and regulations, requirements of different regulatory or oversight agencies, and customer's requirements.

AMD has two (2) main processes, namely, Disposal/Utilization and Maintenance of the properties. In the performance of its processes/tasks, AMD interacts with various Support Processes or Departments of PNOC. AMD ensures compliance to PNOC's (internal) and Regulatory/Oversight agencies' (external) policies, rules and regulations; and satisfaction of its customers.

8.4 BUSINESS PROCESS OUTSOURCING

Portions of PNOCs business processes are outsourced, such as security, utility and housekeeping, cargo handling (for ESB), and many technical services and consultancy. The selection and qualification have been discussed under Procurement. The operational arm, particularly the designated end-user, then monitors the planning and execution of these activities. Quality, compliance, environmental soundness, and safety need to be assured even in outsourced processes.

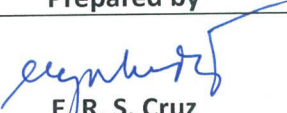

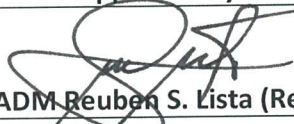
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8.5 ENERGY BUSINESS

8.5.1.1 Park Management Department – manages the PNOC Industrial Park in Bataan. The administration and facility management operation is governed through an Integrated Management System (IMS) for quality, environment and health and safety. This has been detailed in a separate IMS manual.

8.5.1.2 Energy Supply Base – manages the port facility and provides related port services.

Rev. No.	Affected pages/ section	Revision History
0	-	New version of PNOC QMS; to include PNOC Energy Supply Base and PNOC Industrial Park.

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