



Republic of the Philippines  
**National Electrification Administration**  
Quezon City

12 May 2008

**MEMORANDUM No. 2008-013**

TO : ALL ELECTRIC COOPERATIVES (ECs)

SUBJECT : Performance-Based Incentive for Electric Cooperative Employees (PIECE)

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**I. RATIONALE**

The increasing pressure for Electric Cooperatives (ECs) to perform well in order to ably compete with private investor-owned utilities in an environment of open access calls for the development of a rigorous set of measurements/benchmarks that will determine the contribution of individuals and departments/units toward the achievement of the over-all organizational goals.

This way, performance of officers and employees will be maximized, recognized, and rewarded for the interest of both the cooperative management and employees. The new scheme shall be called Performance-Based Incentive for Electric Cooperative Employees (PIECE).

This shall help rationalize any query from government regulators and from the public on grant of performance incentives.

**II. OBJECTIVES**

- To recognize the performance of officers and employees who contributed largely to the overall accomplishment of the coop.
- To provide incentives for the departments, units and individual whose combined efforts resulted to the achievement of their performance targets.
- To incorporate in the annual Coop Operating Budget the necessary funds for the implementation of PIECE.
- To increase awareness and responsibility, and to systematize the grant of incentives, specifically for the Year-end.

### III. DEFINITION OF TERMS

1. Coop-Wide Incentive(CWI) - refers to the identified corporate targets/parameters in accordance with its approved Integrated Strategic Plan found in its Integrated Computerized Planning Model (ICPM)
2. Department-Wide Incentive (DWI) – refers to the departmental accomplishment report vis-à-vis action plan which shall be the basis for the computation of the department wide incentive.
3. Individual Performance Incentive (IPI) – refers to individual accomplishment in accordance with the EC's Performance Evaluation System (PES)
4. Total Incentive Package – (TIP) – refers to the combined total points of the CWI, DWI, and IPI rating
5. Maximum Potential Incentive (MPI) = refers to the amount to be given to an official/employee at a given period

### IV. MECHANICS

1. The coop shall set corporate parameters or targets in accordance with its approved Integrated Strategic Plan found in its Integrated Computerized Planning Model (ICPM) with corresponding assigned percentage (%) weight. Example: (barangay energization, consumer connections, collection efficiency, system loss, payables of contractual obligations, compliance to Grid and Distribution Code, etc.)
2. A formal consultation with employees should be held in the formulation of the plan in regard to its operations and distribution of rewards, and in monitoring the implementation of PIECE.
3. To be able to interrelate the above procedures, the Performance-Based Incentive as part of the policy shall be made up of three parts, namely:
  1. Coop Wide Incentive
  2. Department Wide Incentive
  3. Individual Performance Incentive

The computation shall be as follows:

1.	CWI	-	50%
2.	DWI	-	30%
3.	IPI	-	<u>20%</u>
	EC-TIP	-	100%

Thus, the formula of EC-TIP:

$$TIP = MPI (CWI \times \%Acc) + MPI (DWI \times \%Acc) + MPI (IPI \times PES)$$

Where Acc = Accomplishment

TIP = Total Incentive Package

MPI = Maximum Potential Incentive

PES = Performance Evaluation System

