

Electric Power Industry Management Bureau

Rural Electrification Administration & Management Division

ER 1-94 Program Brief Overview and Updates

(Benefits to Host Communities)

26 July 2018
Santiago City, Isabela



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BENEFITS TO HOST COMMUNITIES



Generation Companies



Distribution Utilities

(P0.01/kWh)

DLF – for projects supporting development and livelihood opportunities

RWMHEEF – for projects supporting environmental and health agenda

EF – for projects supporting the total electrification

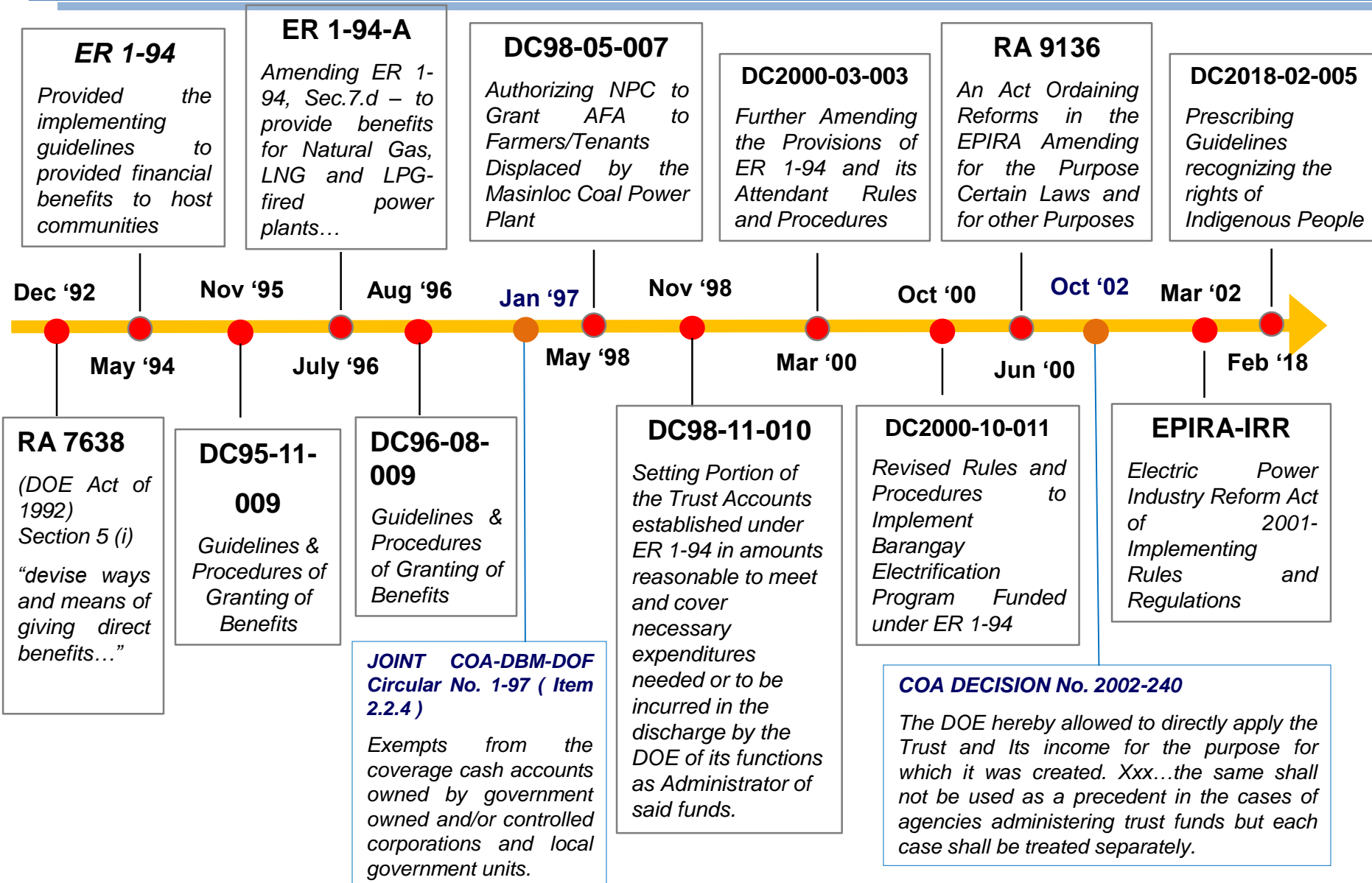


Host Communities

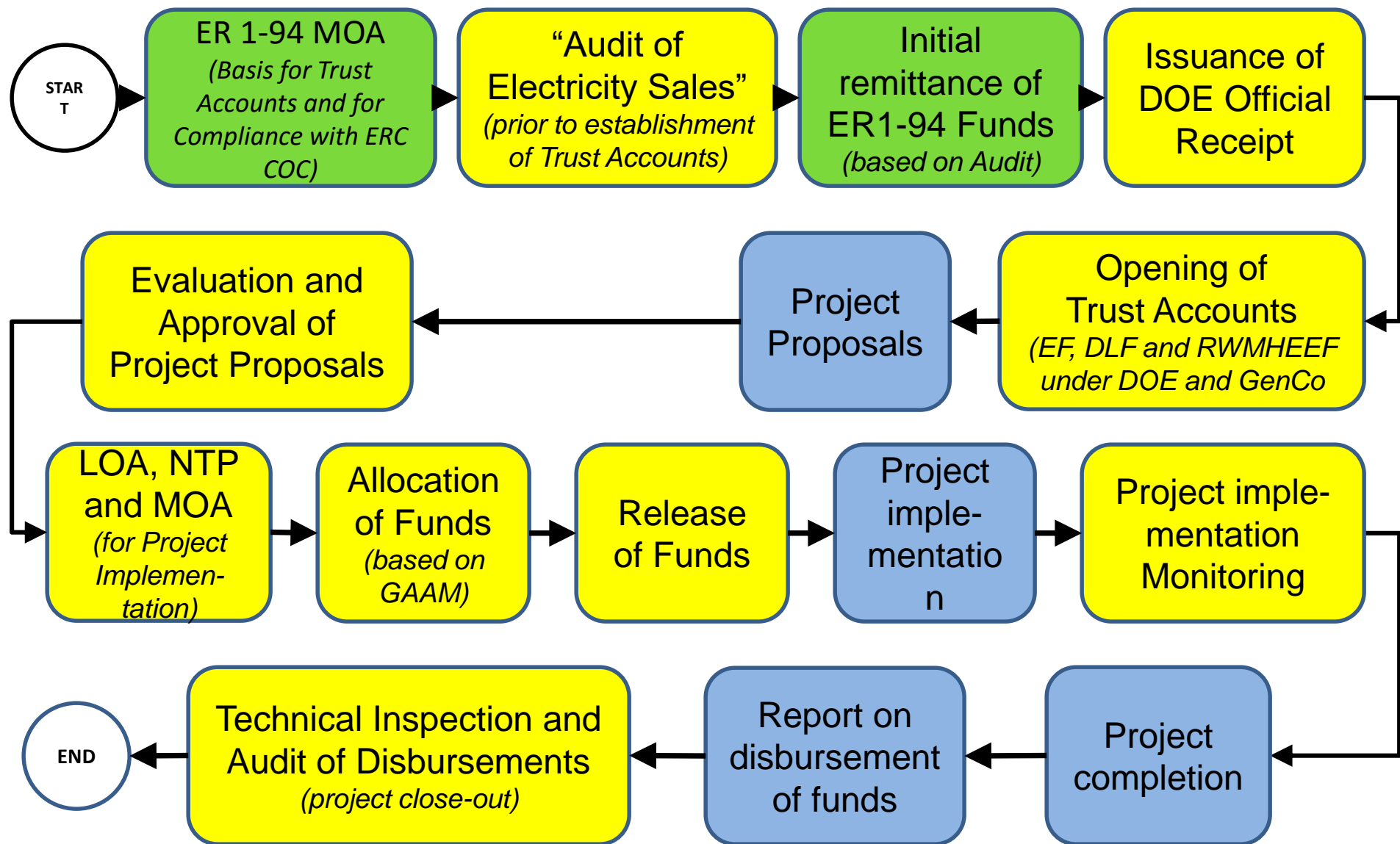
Energy Regulations No. 1-94 is a program intended to **recompense** for the contribution made by the communities hosting Energy Resources and/or Energy Generating Facilities.



Evolution of ER 1-94 Program



PROCESS FLOW OF ER 1-94 PROGRAM



Extending Electricity Access



**3,903 Electrification
Projects amounting to
Php 3.420 Billion**



**7,000 ckt-kms of lines
and 6,992 PV SHS**



**Electrified at least
102,900 HH**



Fostering Growth and Development ...



Livelihood Food Cart



Concrete Flood Crossing Structure



Baywalk Lighting



Municipal Risk Reduction Center



Dress Making and Interior Design



Caring for Lives and the Environment



1,351 Reforestation, Watershed Management, Health and/or Environment Enhancement Projects amounting to Php1.850 Billion



Insights and Learnings

- Since the 13th Congress, our legislators both from the House of Representatives and the Senate of the Philippines have filed various bills for the direct remittance of the Financial Benefits to the Host LGUs or Host communities to ensure that the said benefits may be utilized immediately for their development and for the introduction of improvements;



Insights and Learnings

- In cognizance of RA 8371 also known as “The Indigenous Peoples’ Rights Act of 1997”, the DOE promulgated Department Circular No. DC2018-03-0005 on 20 March 2018 recognizing the rights of the Indigenous Cultural Communities (ICCs) and Indigenous Peoples (IPs) to their ancestral domain and the natural resources therein and provides for reasonable share in the DLF and RWMHEEF components of the ER 1-94 funds.



Directive and Way Forward

- ***EPIMB was tasked to prepare a Department Circular towards Redirection of Administration of ER 1-94 Funds.***
- ***In line with that, EPIMB has conducted series of consultative meeting with the concerned line units and government agencies in the drafting of the aforesaid Circular;***



Directive and Way Forward

- ***On 13 June 2018, the DOE conducted a nationwide public consultation held in Taguig City, for the presentation of the proposed Circular and at the same time gather inputs/comments from various stakeholders.***



Directive and Way Forward

- ***On 19 July 2018 at Usec. FWBF Conference Room, EPIMB presented to the House and Senate Committee on Energy, the proposed Circular, “Providing for the Amendments To Rule 29 Part (A) of the Implementing Rules And Regulations of Republic Act No. 9136” .***



Directive and Way Forward

- ***On 20 July 2018, EPIMB has finalized and endorsed to the Office of the Secretary, for possible approval the Circular entitled, “Providing for the Amendments To Rule 29 Part (A) of the Implementing Rules And Regulations of Republic Act No. 9136” in order to:***
 - a. accelerate socio-economic development;***
 - b. achieve effective and efficient utilization of the funds; and***
 - c. enforce the immediate provision of benefits***



Directive and Way Forward

- ***Upon signing, the Circular shall take effect within fifteen (15) days after its publication in two (2) newspapers of general circulation.***
- ***Sixty (60) days from the effectivity of the Circular, the DOE shall issue the guidelines and procedures for the transfer of existing funds to the DUs, Host LGUs, Regions and ICCs/IPs.***



Directive and Way Forward

- ***From the effectivity of the Circular, the DOE shall undertake Information and Education Campaign to impart the new policy under the Circular, as follows:***

Date	Location
August 24, 2018	Cagayan de Oro City
September 4, 2018	Cebu City
September 11, 2018	Baguio City
September 19, 2018	Davao City
September 25, 2018	Batangas City



Salient Features of the Circular

TITLE I. GENERAL PROVISION

Section 1. Purpose.

- ***This Department Circular is issued to provide the rules and guidelines for the effective administration, management, utilization and implementation of the Financial Benefits to the Host communities.***

Section 2. Scope of Application.

- ***This rule shall apply to Generation Facilities and/or energy resource development projects located in all barangays, cities or municipalities, provinces, regions, and ancestral lands/domains of the ICCs/IPs.***



Salient Features of the Circular

TITLE I. GENERAL PROVISION

Section 3. Definition of Terms.

For the purpose of this Circular, the Annual Work Program (AWP) defined is defined follows:

- ***3.1. “AWP” refers to the list of tangible projects to be implemented within the reference year.***

For the DLF and RWMHEEF, the AWP shall be supported by a Resolution from their respective Sanggunian for the LGUs, or Council for the Region and ICCs/IPs, certifying that the said list of tangible projects is in accordance with their respective CDP, CLUP, RDP, RPFP, ADSDPP and IPDP, whichever is applicable.

For the EF, the AWP refers to the document prepared by the DU/s in accordance with the DDP.

All AWP's shall be submitted to the GenCo and/or ERD for validation and consolidation in reference to the available and/or projected funds.



Salient Features of the DC

Section 4. Obligations to Provide Financial Benefits.

- 4.1 Spin-off Facilities of National Power Corporation (NPC) or their transferees, including Generation Facilities;***
- 4.2 Agus and Pulangui Complexes;***
- 4.3 Facilities owned and operated by NPC-SPUG;***
- 4.4 Facilities under the Build Operate and Transfer (BOT) arrangement & other variants such as NPC-IPPs, NPC-SPUG, NIA, & other government agencies;***
- 4.5 Facilities under BOT arrangement and other variants with the IPPs of DU***



Salient Features of the DC

- 4.6 Facilities owned or operated by a DU;***
- 4.7 Integrated Energy Resource Development (ERD) and/or Energy Generating Facilities;***
- 4.8 Energy Generating Facilities operating in Economic Zones;***
- 4.9 Self-Generation facilities that sell excess power to the grid; and***
- 4.10 Other emerging technologies for power generation, deemed to be considered by the DOE.***



Salient Features of the Circular

Section 5. Beneficiaries.

- ***5.1. With respect to Generation Facilities***
 - The Host LGU, Region and ICC/IP is that where the Generation Facility is physically located.***
 - Power barges, the Host LGU, Region and ICC/IP is where it is moored***
- ***5.1. With respect to Energy Resources***
 - Integrated Geothermal***
 - Integrated Hydropower***
 - All other emerging energy facilities approved by DOE***



Salient Features of the Circular

TITLE II. ALLOCATION AND REMITTANCE

Section 6. Allocation and Application

6.1 EF (50% of P0.01/kwh) shall be applied in the following radiating order:

6.1.1 Community and People Affected;

6.1.2 Host Barangay/s;

6.1.3 Host Municipality/ies or City/ies;

6.1.4 Host Province/s;

6.1.5 Host Region/s; and

6.1.6 Other prioritized areas by the DUs, as may be approved by the DOE.



Salient Features of the Circular

TITLE II. ALLOCATION AND REMITTANCE

6.2 DLF and RWMHEEF (25% each of P0.01/kWh) shall be applied in the following allocation:

6.2.1 Community and People Affected -5%

6.2.2 Host Barangay/s; -20%

6.2.3 Host Municipality/ies or City/ies; -35%

6.2.4 Host Province/s; -30%

6.2.5 Host ICCs/IPs; and - 5%

6.2.6 Host Region - 5%



Salient Features of the Circular

Section 7. Remittance

The remittance shall be made within fifteen (15) calendar days after the end of each billing quarter.

The EF shall be remitted to the DUs, while the DLF & RWMHEEF shall be remitted to the Host LGUs and ICCs/IPs, upon submission of the ff. requirements:

-For initial remittance, validated AWP by the Genco/ERD

-Succeeding remittance – liquidation of the project fund and AWP for the ensuing year

Note: AWP which should be submitted to the GenCo/ERD on March 15 of every year.



Salient Features of the Circular

TITLE III. ESTABLISHMENT & ADMINISTRATION

Section 8. Establishment of Trust Accounts

8.1. The Host LGU and ICC/IP shall establish trust accounts for DLF and RWMHEEF.

8.2. The DU shall establish a trust account specific for the EF.

8.3. The GenCo and/or ERD shall establish a dedicated trust accounts in favor of DUs and Host LGUs and ICCs/IPs who fail to comply with the requirements



Salient Features of the Circular

Section 9. Administration of Financial Benefits.

9.1. For the EF, the concerned DU shall administer the funds in accordance with the radiating manner of application; and

9.2. For DLF and RWMHEEF, the administration of the Financial Benefits shall be undertaken by the Host LGU and ICC/IPP.



Salient Features of the Circular

TITLE IV. PROJECT IMPLEMENTATION AND APPROVAL

Section 10. Project Implementation & Approval

The AWP shall be prepared by the Host LGU, Region and ICC/IP and shall be submitted to the GenCo and/or ERD not later than March 15 of every year. For electrification projects, the AWP shall be prepared by the DU in accordance with its DDP.



Salient Features of the Circular

The validation of the AWP by the GenCo and/or ERD shall be limited to the availability of the Financial Benefits in accordance with the specific target timelines, which shall be completed (30) days upon receipt of the documents.

The validated AWP shall be posted in the website of the GenCo and/or ERD. For the Beneficiary, it shall likewise be posted on their websites and in the absence thereof, in 2 conspicuous places within their respective areas.



Salient Features of the Circular

TITLE V. AUDIT AND PROJECTS MONITORING

Section 11. Audit of Financial Benefits and Project Monitoring and Audit of AWP

On Electricity Sales Audit

The DOE, through Power Compliance Division (PCD) – Financial Services (FS), shall conduct periodic audit and review of reported electricity sales, fund allocation and remittances of Financial Benefits of the GenCos and/or ERDs to the DUs, Host LGU, Region and ICC/IP. The DOE shall maintain database of the reported/validated Electricity Sales and remitted Financial Benefits.



Salient Features of the Circular

Audit of DLF and RWMHEEF

The documentary report/s in support to the utilization and liquidation of the Financial Benefits shall be audited by the Local COA of the Host LGU. All disbursements shall follow government accounting and auditing rules and regulations.

The audit of the Host ICC/IP shall be conducted in accordance with the MOA between the GenCo and/or ERD and the Host ICC/IP. The NCIP shall assist the parties in developing the said MOA template.



Salient Features of the Circular

Audit of EF

The audit of the EF utilized by the ECs shall be conducted by the NEA.

In the case of private DUs, the audit shall be conducted by the entity determined in accordance with the MOA between the GenCo and/or ERD.



Salient Features of the Circular

Section 12. Implementing Guidelines and Procedures.

Within sixty (60) days from the effectivity of this Circular, the DOE shall issue, among others, the necessary guidelines and procedures for the transfer of the existing funds to the DUs, Host LGUs, Regions and ICCs/IPs.



Salient Features of the Circular

Section 13. Transitory Clause.

The Projects which were submitted to the DOE prior to the effectivity of this policy shall be re-submitted in the form of consolidated AWP by the Beneficiaries to the GenCos and/or ERDs within sixty (60) days from the effectivity of this Department Circular.





Thank you.

For any queries you may email us at
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