

1 DEPARTMENT CIRCULAR NO. 2023-__-____
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4 REVISED OMNIBUS GUIDELINES GOVERNING THE AWARD AND
5 ADMINISTRATION OF RENEWABLE ENERGY CONTRACTS AND THE
6 REGISTRATION OF RENEWABLE ENERGY DEVELOPERS
7
8

9 **WHEREAS**, pursuant to Section 2, Article XII, of the 1987 Philippine Constitution, all
10 forces of potential energy and other natural resources within the Philippine territory belong
11 to the State and their exploration, development and utilization shall be under the full
12 control of the State;
13

14 **WHEREAS**, under Section 2 of Republic Act (RA) No. 7638, as amended, otherwise
15 known as the "Department of Energy Act of 1992", the Department of Energy (DOE) is
16 mandated to prepare, integrate, coordinate, supervise and control all plans, programs,
17 projects and activities of the Government relative to energy exploration, development,
18 utilization, distribution and conservation, among others;
19

20 **WHEREAS**, Section 5(b) of the same Act empowers the DOE to develop and update the
21 existing Philippine energy program which shall provide for an integrated and
22 comprehensive exploration, development, utilization, distribution and conservation of
23 energy resources, with preferential bias for environment-friendly, indigenous, and low-
24 cost sources of energy, and which program shall include a policy direction towards the
25 privatization of government agencies related to energy, deregulation of the power and
26 energy industry and reduction of dependency on oil-fired plants;
27

28 **WHEREAS**, Section 2 of RA No. 9136, otherwise known as the "*Electric Power Industry*
29 *Reform Act of 2001*" or "*EPIRA*", declares that it is the policy of the State to, among others,
30 (i) ensure and accelerate the total electrification of the country; (ii) enhance the inflow of
31 private capital and broaden the ownership base of the power generation, transmission
32 and distribution sectors; (iii) assure socially and environmentally compatible energy
33 sources and infrastructure; and (iv) promote the utilization of indigenous and new and
34 renewable energy resources in power generation in order to reduce dependence on
35 imported energy;
36

37 **WHEREAS**, Joint Administrative Order (JAO) No. 2008-1, Series of 2008, otherwise
38 known as the "*Guidelines Governing the Biofuel Feedstocks Production, and Biofuels*
39 *and Biofuel Blends Production, Distribution and Sale*", provides for the accreditation of
40 biofuel producers, among others, under RA No. 9367, otherwise known as the "*Biofuels*
41 *Act of 2006*";
42

43 **WHEREAS**, Section 2 of RA No. 9513, otherwise known as the "*Renewable Energy Act*
44 *of 2008*" or "*RE Act*", directs the State to encourage and accelerate the exploration,
45 development and utilization of renewable energy (RE) resources such as, but not limited

46 to, biomass, solar, wind, hydropower, geothermal, and ocean energy sources, and
47 including hybrid systems;

48
49 **WHEREAS**, Section 19(c), Rule 6 of Department Circular (DC) No. DC2009-05-0008
50 which prescribes the Implementing Rules and Regulations (IRR) of the RE Act, requires
51 the DOE to issue a regulatory framework containing the guidelines that shall govern the
52 transparent and competitive system of awarding RE Service/Operating Contracts from
53 Pre-Development to Development onto Commercial Operations stage, or the awarding of
54 direct operating contracts to specific RE technologies, among others;

55
56 **WHEREAS**, under Section 2 of RA No. 11032, otherwise known as the “*Ease of Doing*
57 *Business and Efficient Government Service Delivery Act of 2018*”, it is the duty of the
58 State to, among others, promote integrity, accountability, proper management of public
59 affairs and public property, aimed at efficient turnaround of the delivery of government
60 services and the prevention of graft and corruption in government;

61
62 **WHEREAS**, in Section 2 of RA No.11234, otherwise known as the “*Energy Virtual One-*
63 *Stop Shop Act*” or “*EVOSS Act*”, the State is likewise commanded to, among others,
64 ensure transparency and accountability in the process of approving power generation,
65 transmission, or distribution projects, and deliver efficient and effective service to the
66 public;

67
68 **WHEREAS**, on 01 August 2019, the DOE issued DC No. DC2019-08-0012 which aims
69 to introduce Energy Storage System (ESS) technologies to serve a variety of functions in
70 the generation, transmission, and distribution of electric energy;

71
72 **WHEREAS**, after DC No. DC2019-10-0013 took effect, the DOE implemented further
73 enhancements in the award and administration of RE Contracts and the registration of
74 RE Developers, to wit:

- 75
76 (a) DC2009-07-0011 dated 12 Jul 2009;
77 (b) DO2013-08-0011 dated 20 July 2013;
78 (c) DO2013-10-0018 dated 09 October 2013;
79 (d) DO2013-12-0020 dated 02 December 2013;
80 (e) DO2013-12-0023 dated 27 December 2013;
81 (f) DO2014-06-0010 dated 09 June 2014;
82 (g) DO2014-10-0018 dated 14 October 2014;
83 (h) DO2016-09-0011 dated 05 September 2016;
84 (i) DO2016-06-0010 dated 24 June 2016;
85 (j) DO2017-04-0005 dated 07 April 2017;
86 (k) DO2018-03-0003 dated 16 March 2018;
87 (l) DO2019-01-0003 dated 11 January 2019; and
88 (m) DO2019-07-0018 dated 30 July 2019;
89

90 **WHEREAS**, after DC No. DC2019-10-0013 took effect, the DOE implemented further
91 enhancements in the award and administration of RE Contracts and the registration of
92 RE Developers, to wit:

- 93
- 94 (a) DC2022-11-0034 dated 15 November 2022;
- 95 (b) Advisory No. 1 dated 15 March 2023;
- 96 (c) Advisory No. 2 dated 15 March 2023; and
- 97 (d) Advisory No. 3 dated 29 April 2023;
- 98

99 **WHEREAS**, there is a need to integrate the above issuances and the DOE's recent
100 policies for an effective and efficient award and administration of RE Contracts and
101 registration of RE Developers;

102

103 **NOW, THEREFORE**, in consideration of the foregoing premises, the DOE hereby issues
104 the following revised guidelines and procedures governing the awarding of RE Contracts,
105 and the registration and management of RE Projects:

106

107

108 **CHAPTER I - GENERAL PROVISIONS**

109

110

111 **Section 1. Title.** This Circular shall be known as the ***“Revised Omnibus Guidelines***
112 ***Governing the Award and Administration of Renewable Energy Contracts and the***
113 ***Registration of Renewable Energy Developers.*”**

114

115 **Section 2. Coverage.** This Circular shall prescribe the guidelines and procedures on:

- 116
- 117 2.1. The pre-application, application, and award of RE Contracts;
- 118
- 119 2.2. The conversion of existing service contracts to RE Contracts for the exploration,
120 development or utilization of RE resources with the DOE, subject to Section 39,
121 Rule 13, of the IRR of the RE Act;
- 122
- 123 2.3. The issuance by the DOE of Certificates of Registration (COR) for RE Developers
124 of projects with or without RE Contracts; and
- 125
- 126 2.4. The administration of RE Contracts.
- 127

128 **Section 3. Definition of Terms.** As used in this Circular and in other issuance of the
129 DOE, the following terms shall be understood to mean, as follows:

- 130
- 131 3.1. “Biomass Energy Operating Contract” or “BEOC” refers to the RE Contract issued
132 for the development and operation of RE Projects utilizing biomass as RE
133 Resource.
- 134
- 135 3.2. “*Blocking System*” refers to the subdivision of the Philippines, for purposes of RE
136 Applications for wind, geothermal and ocean resources, into RE meridional blocks

137 (RE blocks) of 30 seconds of latitude and 30 seconds of longitude using Philippine
138 Reference System of 1992 (PRS'92) as the standard reference system. One (1)
139 RE block shall have an approximate area of eighty-one (81) hectares. Each block
140 shall have a unique number designated by the DOE.

141
142 3.3. *“Certificate of Authority”* refers to the certificate duly signed by the DOE Secretary
143 exclusively authorizing an RE Developer to procure the necessary permits and
144 tenurial instruments for the exploration, development, construction and installation,
145 and commercial operation of the RE Project and conduct reconnaissance and
146 other activities needed for pre-feasibility studies.

147
148 3.4. *“Certificate of Confirmation of Commerciality”* or *“COCOC”* refers to the certificate
149 duly signed by the DOE Secretary confirming the Declaration of Commerciality by
150 the RE Developer and shall serve as a notice to proceed for the construction of the
151 RE Project or the installation of the RE Facilities. The date of issuance of the
152 COCOC shall be considered as the commencement date of the Development
153 Stage of the RE Project.

154
155 3.5. *“Commercial Operations”* refers to the phase commencing at the operation of the
156 RE Project, following its successful testing and commissioning, and confirming its
157 readiness to inject power into the grid to sell or supply its produced energy, as duly
158 confirmed by the DOE and other relevant regulatory bodies.

159
160 3.6. *“Commercial Quantities”* refers to quantities of energy to be produced from the RE
161 Resources using commercially available technology to develop the RE Systems
162 which have a reasonable chance of being sufficient and technically compliant to
163 support the Commercial Operations of the project.

164
165 3.7. *“Contract Area”* refers to the total area, which is the subject of the RE Contract as
166 detailed and outlined in the map with its technical description, and where the RE
167 Developer has the exclusive right to explore, develop and utilize RE Resources.

168
169 3.8. *“Declaration of Commerciality”* or *“DOC”* refers to a written declaration made by
170 the RE Developer to the DOE, stating that the RE Resource is of Commercial
171 Quantities.

172
173 3.9. *“Direct Application”* refers to the mode of RE Application whereby the RE Applicant
174 identifies a Contract Area it wishes to explore and develop. The identified Contract
175 Area must first be certified by the DOE to be free and open for exploration or
176 development.

177
178 3.10. *“Financial Closing”* refers to such milestone in the Pre-Development or
179 Development Stage of the RE Project when the RE Developer has secured a
180 written commitment from the financier/s to provide its full funding requirements
181 through equity and/or commercial borrowings, or other financing schemes.

182

- 183 3.11. *“Force Majeure”* refers to extraordinary events not foreseeable or avoidable,
184 events that could not be foreseen, or which, though foreseen, are inevitable.
185
- 186 3.12. *“Geothermal Service Contract”* or *“GSC”* refers to the RE Contract issued for the
187 exploration, development and/or utilization of geothermal resources as RE
188 Resource for the operation of RE Projects.
189
- 190 3.13. *“Geothermal Operating Contract”* or *“GOC”* refers to the RE Contract issued for
191 the development and operation of Optimization Projects utilizing geothermal
192 energy as RE Resource resulting from new and additional investments as set forth
193 under Sections 11.2.1 and 11.3 of Chapter III.
194
- 195 3.14. *“Hydropower Service Contract”* or *“HSC”* refers to the RE Contract for the
196 exploration, development and/or utilization of hydropower resources as RE
197 Resource for the operation of RE Projects.
198
- 199 3.15. *“Letter of Intent”* or *“LOI”* refers to the written notice or document submitted by a
200 Person to the DOE, indicating interest in the exploration, development, utilization
201 and commercialization of RE Resource.
202
- 203 3.16. *“Ocean Energy Service Contract”* or *“OESC”* refers to the RE Contract for the
204 exploration, development and/or utilization of ocean resources for the operation of
205 RE Projects.
206
- 207 3.17. *“Person”* refers to a natural or juridical person, as the case may be.
208
- 209 3.18. *“Production Area”* refers to that portion of the Contract Area identified in metes and
210 bounds by the RE Developer and approved by the DOE, where RE Resources are
211 utilized to produce electricity in Commercial Quantities.
212
- 213 3.19. *“RE Applicant”* refers to any Person, subject to the limitations provided in this
214 Circular, who applies for the assessment, exploration, harnessing, development,
215 utilization and commercialization of RE Resources.
216
- 217 3.20. *“RE Application”* refers to the set of documents submitted by RE Applicants
218 pertaining to their legal, technical and financial qualifications to enter into an RE
219 Contract with the government, OCSP or Direct Application, in accordance with the
220 requirements under this Circular. For this purpose, the RE Application shall be
221 comprised of one (1) electronic copy and four (4) printed copies, where one (1) set
222 of the printed copy shall be in the original.
223
- 224 3.21. *“RE Contract”* refers to the service agreement between the Government, through
225 the DOE, and an RE Developer over an appropriate period as determined by the
226 DOE which grants to the RE Developer the exclusive right to explore, develop, or
227 utilize the RE Resource within a particular area. The RE Contract may be in the
228 nature of a financial or technical assistance agreement which shall be entered into

229 by the Government, through the President of the Philippines, pursuant to Article
230 XII, Section 2 of the Philippine Constitution.

231
232 3.22. *“RE Developer”* refers to an individual or juridical entity created, registered and/or
233 authorized to operate in the Philippines in accordance with existing Philippine laws,
234 and engaged in the exploration, development and/or utilization of RE Resources,
235 and actual operation of RE Project. It shall include existing entities engaged in the
236 exploration, development and/or utilization of RE Resources, or the generation of
237 electricity from RE Resources, or both.

238
239 3.23. *“RE Operating Contract”* refers to the service agreement between the DOE and
240 RE Developer for the development and/or utilization of biomass, solar and other
241 RE Resources as may be determined by the DOE which, due to their inherent
242 technical characteristics, need not go through Pre-Development Stage.

243
244 3.24. *“RE Project”* refers to the power generation and related facilities utilizing RE
245 Resources under a particular RE Contract or COR issued by the DOE pursuant to
246 the RE Act.

247
248 3.25. *“RE Project for Non-Commercial Operations”* refers to an RE Project which is
249 intended for demonstration purposes of any new or modified RE technologies, and
250 those that are covered by Official Development Assistance (ODA), and all other
251 programs and projects which are not designed and operated for profit.

252
253 3.26. *“RE Project for Own-Use”* refers to an RE Project located within the premises of or
254 in an area contiguous to an End-User’s premises, and operated solely for the
255 supply of a portion or all of the electricity requirements of such End-User. For this
256 purpose, an *“End-User”* shall refer to any person or entity requiring the supply and
257 delivery of electricity generated by the RE Project dedicated for its own
258 consumption, which facility is installed either by the End-User or through a third-
259 party provider.

260
261 3.27. *“RE Resource”* refers to energy resources that do not have an upper limit on the
262 total quantity to be used. Such resources are renewable on a regular basis, and
263 whose renewal rate is relatively rapid to consider availability over an indefinite
264 period of time. These include, but are not limited to, biomass, solar, wind,
265 geothermal, ocean energy, and hydropower, conforming with internationally
266 accepted norms and standards on dams, and other emerging RE technologies.

267
268 3.28. *“RE Service Contract”* refers to a service agreement between the Philippine
269 Government, through the President or the DOE Secretary, and RE Developer,
270 covering an appropriate period as stated therein, in which the RE Developer shall
271 have the exclusive right to explore, develop and utilize geothermal, hydropower,
272 wind, ocean and other RE Resources within a particular area.

273

- 274 3.29. *“Renewable Energy Management Bureau”* or *“REMB”* refers to the unit of the DOE
275 created under Section 32 of the RE Act, mandated to, among others, implement
276 policies, plans, and programs aimed at accelerating the development,
277 transformation, utilization, and commercialization of RE Resources and
278 technologies.
279
- 280 3.30. *“Solar Energy Operating Contract”* or *“SEOC”* refers to the RE Contract issued for
281 the development and operation of RE Projects utilizing solar energy as RE
282 Resource.
283
- 284 3.31. *“Wind Energy Service Contract”* or *“WESC”* shall refer to the RE Contract issued
285 for the exploration, development and/or utilization of wind energy as RE Resource
286 for the operation of RE Projects.
287
- 288 3.32. *“Offshore Wind Energy Service Contract”* or *“OSWESC”* refers to the RE Contract
289 issued and awarded by the DOE for the exploration, development and/or utilization
290 of wind energy in offshore areas, which include estuaries and other bodies of water.
291 This includes WESCs awarded for offshore wind development prior to the issuance
292 of Executive Order No. 21 and its Implementing Guidelines.
293
- 294 3.33. *“Work Program”* refers to the plans and programs and other related activities
295 formulated for the performance of the work obligations under the RE Contract by
296 the RE Developer, along with the corresponding budgetary estimate, duly
297 approved by the DOE.
298
299

300 **CHAPTER II – BIOMASS ENERGY RESOURCE**

301
302

303 **CHAPTER III – GEOTHERMAL ENERGY RESOURCE**

304
305

306 **Section 1. Eligibility of Geothermal Service Contract Applicant.** Any Person, local or
307 foreign, may apply for Geothermal Service Contract (GSC), subject to the provisions in
308 this Chapter.
309

- 310 1.1. The GSC Applicant must be a Filipino or, if a corporation, must be a Filipino
311 corporation duly registered with the Securities and Exchange Commission (SEC),
312 with at least sixty percent (60%) of its capitalization duly owned and controlled by
313 Filipinos, duly registered with the Securities and Exchange Commission (SEC) and
314 organized or authorized for the purpose of engaging in renewable energy
315 exploration, development and utilization.
316
- 317 1.2. For the large-scale exploration, development and utilization of geothermal
318 resources, defined under Section 4(s) of the RE Act as a mineral resource, the
319 Government through the President may enter into agreements with foreign-owned
320 corporations involving technical or financial assistance pursuant to Article XII,

321 Section 2 of the Philippine Constitution. Provided that large-scale exploration,
322 development, and utilization of geothermal resources refers to a project with an
323 initial investment of at least Fifty Million US Dollars (US\$ 50 Million). The initial
324 investment shall include capitalization necessary during the Pre-Development
325 stage up to drilling of appropriate number of production wells.
326

- 327 1.3. In case the GSC Applicant is a joint venture or a consortium, the partners of the
328 joint venture or members of the consortium shall organize themselves as a
329 corporation under the RA No. 11232, otherwise known as the “Revised Corporation
330 Code of the Philippines” or secure the appropriate license from the Securities and
331 Exchange Commission, in case the joint venture or consortium was incorporated
332 outside of the Philippines; Provided, that the incorporated joint venture or
333 consortium which applies for an GSC that involves activities reserved to Filipino
334 citizens or corporations or associations at least sixty percent (60%) of whose
335 capital is owned by Filipinos shall comply with the nationality requirements as
336 provided for in the preceding paragraph, and Commonwealth Act No. 108, or the
337 “Anti-Dummy Law,” on the appointment of officers of the corporation.
338

339 **Section 2. Modes of Awarding Geothermal Service Contract.** GSC shall be awarded
340 through (a) Direct Application, and (b) an Open and Competitive Selection Process
341 (OCSP)
342

- 343 2.1. The OCSP shall be adopted for the selection and award of GSCs for Pre-
344 Determined Areas (PDAs) covering geothermal resources for commercial
345 purposes. This shall be governed by Sections 3 and 4 of this Chapter.
346

- 347 2.2. Direct Application shall be available for the selection and award of:

- 348 (a) Geothermal Operating Contract (GOC);
349
350 (b) GSCs covering PDAs, following a failed OCSP pursuant to Section 4.4 and
351 the procedures in Section 4 of this Chapter; and
352
353 (c) GSC in an area identified by a-GSC Applicant and verified with or confirmed
354 by the DOE-Information Technology and Management Services (ITMS) as
355 available for exploration, development and/or utilization of geothermal
356 resources.
357
358

359 **Section 3. Pre-Determined Areas (PDAs).** Interested parties may apply for GSC for
360 PDAs offered by the DOE during a prescribed period.
361

- 362 3.1. **Selection of PDAs.** The REMB shall identify and submit a list of PDAs for GSC
363 Application, with the respective location maps and technical descriptions thereof,
364 to the DOE Secretary, through its Supervising Assistant Secretary and
365 Undersecretary, for approval.
366

367 3.2. **Launch and Publication.** PDAs approved by the DOE Secretary shall be
368 scheduled for launch and shall be publicly announced by the DOE for submission
369 of GSC Applications.
370

371 3.3. **Data Packages and Promotional Activities.** The REMB shall arrange for the
372 availability of data packages for the approved PDAs that can be purchased by
373 interested parties in support of their applications. The REMB shall conduct
374 promotional activities to promote OCSP and the corresponding data packages so
375 as to ensure maximum participation and awareness of prospective investors and
376 stakeholders.
377

378 **Section 4. Procedure for Awarding Geothermal Service Contract under Open and** 379 **Competitive Selection Process.** 380

381 4.1. **GSC Application.** Applications may be submitted a day after the publication date
382 until the last day of submission which shall be sixty (60) days from the date of first
383 publication in accordance with the following requirements:
384

385 4.1.1. The GSC Applicant shall submit to the DOE a Letter of Intent (LOI) together with
386 the GSC Application in accordance with prescribed Checklist of Requirements
387 (Annex L). The LOI shall be addressed to the REMB Director and shall indicate
388 that the interested participant will avail the Certificate of Authority referred to in
389 Sections 6 and 7.1 of this Chapter.
390

391 Each GSC Application shall cover only one (1) PDA as published;
392

393 4.1.2. The GSC Application must be in both paper and electronic (flash drive in Portable
394 Data Format) copies, which shall use Times New Roman in 12-point font size and
395 employ single line spacing. Figures and maps shall be printed and submitted in a
396 document that is not smaller than A3 size.
397

398 4.1.3. An application fee shall be paid by each GSC Applicant, along with the submission
399 of GSC Application. All payments may be made in cash, manager/company
400 cheque, payable to "Department of Energy" or by wire/bank transfer. All wire/bank
401 transfers should be net of all applicable bank and financial charges.
402

403 4.2. **Opening and Evaluation of Geothermal Service Contract Applications.** The
404 DOE shall open the applications at exactly 1300H, on the last day of the
405 submission of GSC Applications.
406

407 4.3. **Evaluation, Selection and Award.** The evaluation and selection of GSC
408 Applications and award of GSC shall be conducted following the criteria and
409 procedures set hereunder:
410

411 4.3.1 Applications with incomplete documents based on the Checklist of Requirements
412 shall be automatically disqualified during the opening of GSC Applications. No

413 additional documents shall be accepted after the deadline for submission of GSC
414 Applications.

415
416 4.3.2 GSC Applicants shall be duly informed by the Review and Evaluation Committee
417 (REC) Chairperson whether their application passed the completeness check and
418 shall be subjected to further legal, technical, and financial evaluations. Applicants
419 who were disqualified for submitting incomplete documents shall likewise be
420 informed by the REC Chairperson of the fact of their disqualification and the
421 reasons therefor.

422
423 4.3.3 GSC Applications which passed the completeness check shall be evaluated based
424 on the following criteria:

Legal Qualification	Pass/Fail
Work Program	40%
Technical Qualification	20%
Financial Qualification	40%

426
427 The guidelines and procedures, including the qualification criteria per scoring item,
428 of every OCSP shall be determined at the beginning of every OCSP round and will
429 be covered by a Department Circular.

430
431 4.3.4 The highest ranked GSC Application that meets the legal, technical, and financial
432 requirements shall be selected.

433
434 4.3.5 After a complete review and evaluation of the legal, technical and financial
435 qualifications of the GSC Applications, the REC Chairperson, shall transmit to the
436 DOE Secretary a written endorsement of the selected GSC Application.

437
438 4.3.6 The DOE Secretary shall act on the GSC Application in accordance with Section
439 7 of this Chapter after the concurrence of ITMS, Financial Services (FS), REMB
440 and Legal Services (LS) on the endorsement.

441
442 4.4 An OCSP, with respect to any or all PDAs included therein, as applicable, shall be
443 declared a failure when any of the following circumstances exists:

444
445 4.4.1 No GSC Application was received by the DOE;

446
447 4.4.2 No GSC Application passed the legal requirements; or

448
449 4.4.3 When one or more GSC Applications passed the legal requirements but after the
450 evaluation of technical and financial proposals, none of such GSC Applications
451 were able to meet either the technical or financial requirements.

452
453 In any of the foregoing cases, the PDA shall be opened for Direct Application. To initiate
454 the change of mode of awarding GSC from OCSP to Direct Application for the relevant

455 areas, the DOE shall include in the announcement of the result of the OCSP the area/s
456 which shall be open for Direct Application, indicating thereat when the new application
457 process shall commence.

458
459 **Section 5. Procedure for Awarding Geothermal Service Contract under Direct**
460 **Application.**

461
462 5.1. **Coverage.** Direct Application shall be observed in processing GSC Applications
463 for: (a) geothermal resources located in PDAs which the DOE shall declare as
464 available under this mode pursuant to Section 4.4 of this Chapter, and (b)
465 geothermal resources in areas other than those included in the PDAs, subject to
466 the procedures provided herein.

467
468 ***Part 1. Pre-Application Process***

469
470 5.2. **Registration in the EVOSS System.** If the interested participant has no EVOSS
471 System account yet, it shall submit a request for registration in the EVOSS System
472 with Geothermal Energy Management Division (GEMD). The list of requirements
473 necessary for registration is detailed in Annex J.

474
475 5.3. **Submission of Letter of Intent.** All interested participants shall submit through
476 the EVOSS System an LOI to develop a certain area, in accordance with the
477 mapping requirements (Annex K). The LOI shall be addressed to the REMB
478 Director and shall indicate whether the interested participant will avail of the
479 Certificate of Authority referred to in Sections 6 and 7.1 of this Chapter. The
480 submission of the LOI shall not be considered as a filing of an GSC Application
481 and shall not commence the application process.

482
483 5.4. **Orientation of Interested Participant.** The orientation is intended to inform
484 interested participants about the GSC Application requirements, and to guide them
485 through the process for evaluation thereof, awarding of GSC and the registration
486 of a geothermal project.

487
488 5.4.1. All interested participants shall be informed of the schedule of orientation or
489 briefing on the GSC Application requirements and processes.

490
491 5.4.2. Any interested participant may waive attendance to the orientation in writing either
492 in its LOI or in response to the notice of the schedule of orientation provided in the
493 preceding paragraph.

494
495
496 ***Part 2. Area Verification and Technical Guidelines***

497
498 5.5. **Configuration of GSC Area.** The proposed Contract Area for geothermal shall
499 either be polygonal or in blocks following the Blocking System or a combination of
500 both.

501
502 5.6. **Area Verification.** Within fourteen (14) days from receipt of the LOI, ITMS shall
503 complete the area verification and determine whether the AOI is:
504
505 5.6.1. Covered by an existing PDA under the OCSP, GSC pending application, COA area
506 or other energy resource assessment activities as submitted by the concerned
507 DOE unit and verified by ITMS;
508
509 5.6.2. Within or overlaps with the area of an existing energy service or operating contract
510 such as Petroleum Service Contract (PSC), Coal Operating Contract (COC),
511 Small-Scale Coal Mining Permit (SSCMP) or Renewable Energy Service Contract
512 (RESC), other than GSC or GOC;
513
514 5.6.3. Within or overlaps with the area of an existing energy service or operating contract
515 application such as Petroleum SC, COC, SSCMP or RESC, other than GSC
516 Application;
517
518 5.6.4. Within the protected areas under RA No. 11038, or the “Expanded National
519 Integrated Protected Areas System Act of 2018 (ENIPAS),” ancestral domains with
520 Certificate of Ancestral Domain Title or Claim, areas with Tenurial Instruments from
521 other government agencies, and other areas covered by significant geospatial data
522 that will be identified as necessary in the evaluation of the GSC Application based
523 on available data on file with ITMS and the National Mapping Resource Information
524 Authority’s Philippine Geoportal Project website;
525
526 Pursuant to the mandate of the DOE to supervise and control all government
527 activities relative to energy project under the EPIRA, concerned government
528 agencies and entities shall provide the DOE the list of abovementioned areas with
529 technical description;
530
531 5.6.5. Covered by the LOI of the same or other energy resource; or
532
533 5.6.6. Open for GSC Application.
534
535 5.7. **Area Verification Results.** ITMS shall provide GEMD with the results of area
536 verification through the EVOSS System. Within three (3) days upon receipt of the
537 verification results, GEMD, through the REMB Assistant Director, shall endorse the
538 final verification results and upload the letter containing the results of area
539 verification in the EVOSS System.
540
541 If the GSC Application cannot proceed based on the final technical verification
542 results, the interested participant may either (a) reconfigure the AOI, (b) file a
543 request to allow the development of multiple resources in the area; or (c) comply
544 with Section 5.7.3 of this Chapter, as applicable.
545

546 5.7.1. **Reconfigured Area of Interest.** Within ten (10) days from uploading of the area
547 verification results, the interested participant and GEMD may conduct an
548 assessment if the AOI may be reconfigured without material adverse effect on the
549 feasibility of the proposed geothermal project. The interested participant may
550 reconfigure its AOI to cover only such portion as may allow the GSC Application to
551 proceed. After confirmation by ITMS that no portion of the reconfigured AOI falls
552 under Sections 5.6.1, 5.6.2, 5.6.3 or 5.6.5 of this Chapter, GEMD shall upload in
553 the EVOSS System a Notice to Apply to the interested participant for the filing of
554 the GSC Application.

555
556 5.7.2. **Multiple Resources in an Area.** If the AOI of the interested participant overlaps
557 with the area of an existing energy service or operating contract or an application
558 therefor as provided under Sections 5.6.2 and 5.6.3 of this Chapter, the interested
559 participant may still pursue the GSC Application, subject to the provisions herein
560 below set forth:

- 561 (a) The interested participant shall:
 - 562 (i) Provide justification on why the proposed geothermal project will not be
563 feasible without the overlapping area.
 - 564 (ii) Submit a notarized acknowledgment and undertaking that the interested
565 participant recognizes and shall continue to recognize the prior rights of
566 the existing applicants and/or developers of other energy resources
567 within the overlapping area; and that all costs needed therefor shall be
568 borne by the interested participant.
- 569 (b) GEMD shall inform the applicant or energy contractor/developer on the intent
570 to develop the geothermal resources within the overlapping area. Copies of the
571 interested participant's LOI, the written explanation, and their supporting
572 documents shall be furnished to the applicant or contractor/developer.
- 573 (c) If no objection is received from the applicant or energy contractor/developer
574 within ten (10) days, GEMD shall issue a Notice to Proceed within five (5) days
575 to the interested participant for the filing of the GSC Application.
- 576 (d) If the applicant or energy contractor/developer objects to the proposal, the said
577 applicant or energy contractor/developer shall notify GEMD thereof within ten
578 (10) days from receipt of notice, citing the impracticability of multiple resource
579 development as to additional costs, safety, substantial decrease in the
580 utilization of the energy resource, and other relevant factors. Copies of the
581 written objection shall be furnished to the DOE Division processing the
582 application or administering the energy project. A statement that multiple
583 resource development in the overlapping area is impracticable without
584 technical basis shall not be considered as an objection.

592 (e) Within five (5) days from receipt of an objection, GEMD shall furnish the
593 interested participant with a copy thereof. Within ten (10) days, GEMD and the
594 concerned DOE Division shall jointly determine whether exploration of
595 geothermal resources within the overlapping area may be conducted without
596 material adverse effect on the activities of the energy contractor/developer.
597 Such determination shall consider the interested participant's proposal, the
598 objection and the technical bases cited therein. The evaluation shall be
599 endorsed to the REMB Director.
600

601 (f) Upon receipt of the endorsement, the REMB Director may issue a Notice to
602 Proceed if s/he concurs that the exploration will not cause material injury. The
603 contract area of the GSC so awarded shall be finally determined by REMB
604 during the Pre-Development Stage based on the feasibility of multiple resource
605 development in the overlapping area.
606

607 (g) In the event that the REMB Director concludes that the proposed exploration
608 may cause material injury, or if the evaluation does not support the feasibility of
609 multiple resource development in the overlapping area, the REMB Director
610 shall issue a formal Notice of Non-Approval. This Notice shall be furnished to
611 the interested participant and the applicant or energy contractor/developer,
612 outlining the reasons for the decision, including any relevant technical or safety
613 concerns. The interested participant may choose to amend their proposal in
614 response to these concerns, or to withdraw their application for the GSC.
615

616 5.7.3. **Other Areas.** If the AOI of the interested participant overlaps with the area as
617 provided under Section 5.6.4 of this Chapter, the interested participant may still
618 pursue the GSC Application if there is no material adverse effect on the feasibility
619 of the proposed geothermal project after applying the provisions herein below set
620 forth:
621

622 (a) If the AOI overlaps with areas within strict protection zones under the ENIPAS,
623 the interested participant shall submit a revised AOI net of the said areas;
624

625 (b) If the AOI overlaps with areas outside strict protection zones under the ENIPAS,
626 the REMB Director shall issue a Notice to Apply for the said AOI; Provided, that
627 the contract area may be reduced shall be subject to the ENIPAS and its
628 implementing rules and regulations;
629

630 (c) If the AOI overlaps with ancestral domains with Certificate of Ancestral Domain
631 Title or Claim, the REMB Director shall issue a Notice to Apply for the said AOI;
632 Provided, that the contract area may be reduced subject to RA No. 8371 or
633 "The Indigenous Peoples Rights Act of 1997" and its implementing rules and
634 regulations.
635

636 (d) If the AOI overlaps with areas with Tenurial Instruments from other government
637 agencies, the REMB Director shall issue a Notice to Apply for the said AOI;

638 Provided, that the contract area may be reduced subject to the relevant rules
639 and regulations of the concerned government agency.

640
641 (e) If the AOI overlaps with areas prohibited, reserved, or used for national
642 defense, navigation, irrigation, and other development projects, and other
643 areas, the REMB Director shall issue a Notice to Apply for the said AOI;
644 Provided, that the contract area may be reduced subject to the relevant rules
645 and regulations of the concerned government agency.
646

647 ***Part 3. Filing and Evaluation of Geothermal Service Contract Applications***

648
649
650
651 **5.8. Receipt of Geothermal Service Contract Applications.** After the Notice to Apply
652 is uploaded in the EVOSS System, the interested participant may file its GSC
653 Application by complying with the procedures and requirements, as follows:
654

655 5.8.1. The GSC Applicant shall submit through the EVOSS System the complete set of
656 documentary requirements based on the Checklist of Requirements (Annex L).
657

658 5.8.2. GEMD shall check the completeness and consistency of the submission and ITMS
659 shall validate the area applied for the geothermal project within three (3) working
660 days.
661

662 5.8.3. If the submission is complete, GEMD shall upload a copy of the Billing Statement
663 for the application and processing fees. The EVOSS System shall notify the GSC
664 Applicant through a system-generated email to pay the application and processing
665 fees within five (5) days. Failure to do so will result in the abandonment of the GSC
666 application.
667

668 5.8.4. The EVOSS System shall notify LS, FS and ITMS of the complete submission.
669

670 **5.9. Evaluation of Geothermal Service Contract Applications.**
671

672 5.9.1. After the payment of the processing fee, GEMD, LS, and FS shall conduct the
673 simultaneous technical, legal, and financial evaluations within five (5) days from
674 uploading of the proof of payment of application and processing fees in the EVOSS
675 System.
676

677 5.9.2. GEMD shall consolidate all the evaluation results and proceed with the processing
678 of the application, as follows:
679

680 (a) If the GSC Application passes the evaluations, GEMD shall, within two (2) days
681 from its receipt of the evaluation documents, prepare REMB's memorandum
682 for the Secretary endorsing the award of the GSC Application, the draft
683 Certificate of Authority, and the draft GSC. The endorsement must include the

684 original copy of the results of area verification and the legal, technical and
685 financial evaluations with all their attachments, and the project area map and
686 its technical descriptions. Upon concurrence of ITMS, FS, REMB and LS on
687 the endorsement, the Secretary shall act on the GSC Application in accordance
688 with Section 7 of this Chapter.

689
690 (b) If the GSC Application does not pass the legal, technical, and/or financial
691 evaluations, GEMD shall notify the GSC Applicant through the EVOSS System
692 to rectify the submission within ten (10) days.

693
694 (i) Failure of the GSC Applicant to submit supplementary documents within
695 the prescribed period shall be deemed an abandonment of the GSC
696 Application. GEMD shall notify the GSC Applicant, LS, FS, and ITMS of
697 the disqualification through the EVOSS System.

698
699 (ii) If the GSC Applicant submits supplementary complete documents within
700 the prescribed period above, GEMD, LS and FS shall be notified by the
701 EVOSS System of the submission. GEMD, FS and LS shall finish the
702 simultaneous technical, legal, and financial evaluations within three (3)
703 days.

704
705 (iii) Should the GSC Application still fail to pass any of the subsequent legal,
706 technical, or financial evaluations, GEMD shall notify the GSC Applicant,
707 LS, FS, and ITMS of the disqualification through the EVOSS System.
708 Upon receipt of the RE Applicant of the letter of disqualification, the
709 REMB shall prepare a memorandum to the ITMS to immediately re-open
710 the area for RE Applications by posting such information on the DOE
711 website.

712
713 5.9.3. No Request for Reconsideration (RR) of any of the legal, technical, financial
714 evaluation or the disqualification shall be entertained, except when the GSC
715 Applicant failed to submit the required documents within the prescribed timelines
716 due to a fault in the EVOSS System, as confirmed by Investment Promotion Office
717 (IPO). In such circumstances, the GSC Applicant shall file the RR with REMB
718 within three (3) days from uploading of the Notice of Disqualification.

719
720 (a) Upon receipt of the RR, GEMD shall request IPO to confirm the occurrence of
721 the technical problem. If so confirmed and the same prevented the timely
722 submission, GEMD, FS and/or LS shall evaluate the GSC Application
723 considering the additional submission.

724
725 (b) If the GSC Application passes the evaluation, REMB shall grant the RR.
726 Thereafter, GEMD shall proceed in accordance with Section 5.9.2(a) of this
727 Chapter.

728

729 5.10. If the Geothermal Developer waived the COA during the pre-application process,
730 GEMD shall proceed with the application in accordance with Section 7.2 of this
731 Chapter.
732

733 **Section 6. Terms of Certificate of Authority.** The awardee of a GSC shall have
734 exclusive authority to procure permits or certifications and tenurial instruments needed
735 for the exploration, development and utilization of the geothermal resources within an
736 area specified in the GSC Application and conduct reconnaissance and other activities
737 needed for pre-feasibility studies upon the issuance of Certificate of Authority by the DOE.
738

739 6.1. The Certificate of Authority shall be valid for a period not exceeding three (3) years.
740 During its validity, the Certificate of Authority shall serve as the DOE's exclusive
741 endorsement for the Geothermal Developer to secure the necessary permits or
742 certifications and tenurial instruments from government agencies, entities or
743 instrumentalities having jurisdiction over any aspect of the geothermal operations.
744 The denomination of each permit or certification or tenurial instrument to be
745 procured for the geothermal project shall be listed in the Certificate of Authority.
746

747 6.2. The Certificate of Authority shall reflect the metes and bounds of the area as
748 proposed in the GSC Application over which reconnaissance and other pre-
749 feasibility activities may be conducted and permits and tenurial instruments may
750 be secured by the Geothermal Developer for the project. For this purpose, a copy
751 of the technical description of the area to be covered by the GSC shall form part
752 of the Certificate of Authority.
753

754 6.3. The validity of the Certificate of Authority shall not be extendible. Any
755 reconnaissance activity and other pre-feasibility studies that are not conducted
756 and/or permit or certification or tenurial instrument that remains unissued upon the
757 lapse of the Certificate of Authority shall be procured and the necessary activities
758 therefor conducted, as part of the Pre-Development Stage.
759

760 6.4. The Geothermal Developer shall have the option to shorten the period of validity
761 of the Certificate of Authority or utilize its full term.
762

763 6.4.1. If the Geothermal Developer opts to shorten the period of validity, it shall give
764 written notice to the DOE with a request to execute the GSC and a proposed Work
765 Program.
766

767 6.4.2. If the Geothermal Developer opts to utilize the full term, it shall give written notice
768 to the DOE with a request to execute the GSC and a proposed Work Program not
769 earlier than six (6) months but not later than three (3) months prior to the expiration
770 of the validity of the Certificate of Authority.
771

772 6.4.3. Failure of the Geothermal Developer to give written notice to the DOE within the
773 period mentioned in the preceding paragraph shall be deemed an abandonment
774 of the GSC Application, following the procedure set forth in Section 5.9.2.(b)(iii).

775
776 6.5. Within three (3) days from notice, GEMD shall prepare REMB's memorandum for
777 the Secretary endorsing the execution of the GSC in accordance with Section 7.2
778 of this Chapter.

779
780 **Section 7. Award of Geothermal Service Contract and Registration of Geothermal**
781 **Developers.**

782
783 7.1. **Issuance of Certificate of Authority.** After the approval and award of a GSC
784 Application and before the execution of a GSC, the DOE shall issue a Certificate
785 of Authority; Provided, that the Certificate of Authority may be waived in
786 accordance with Section 6.4 of this Chapter.

787
788 7.2. **Signing of the Geothermal Service Contract.** The following procedure shall
789 govern the awarding of GSC:

790
791 7.2.1. **Notification of Award.** The DOE shall notify the selected (under OCSP) or
792 qualified (under Direct Application) GSC Applicant of the award of the GSC.

793
794 7.2.2. **Signing of the Geothermal Service Contract.** The signing of the GSC shall be
795 divided into two stages, namely: a) pre-signing by the GSC Applicant; and b)
796 signing of the DOE Secretary; Provided, that any GSC in the nature of a financial
797 or technical assistance agreement shall be approved and executed by the
798 President of the Philippines, upon the recommendation by the DOE Secretary, in
799 accordance with Section 2, Article XII of the Philippine Constitution.

800
801 7.2.2.1. The REMB Supervising Assistant Secretary shall review the recommendation
802 and endorse the same to the REMB Supervising Undersecretary within two (2)
803 days from receipt thereof. The Undersecretary shall act on the endorsement
804 within two (2) days from receipt of the documents. Within one (1) day from the
805 concurrence of the Undersecretary with the REMB's recommendation, the
806 REMB Director shall require the GSC Applicant to pre-sign the original copies
807 of the GSC following the prescribed template. The GSC Applicant is then
808 required to pre-sign the GSC within 30 days upon receipt of the notice. Failure
809 to comply within this timeframe shall result in the GSC application being
810 deemed abandoned. Notifications will be sent through EVOSS at 10-day
811 intervals within this 30-day period to the GSC Applicant.

812
813 7.2.2.2. Within one (1) day, the GEMD shall validate the pre-signed GSC, and shall
814 forward the pre-signed GSC, along with the endorsement and all its
815 attachments to the Office of the DOE Secretary.

816
817 7.2.2.3. The Office of the DOE Secretary shall receive the pre-signed GSC and all its
818 attachments, and the DOE Secretary shall act on the documents within seven
819 (7) days from receipt thereof.

820

821 7.2.3. **Payment of Signing Fee.** The GEMD, through the EVOSS System, shall issue
822 the Billing Statement within one (1) day. The GSC Applicant shall pay the signing
823 fee within fifteen (15) days, which shall be paid directly to the Treasury, and post
824 the performance bond, within the relevant period, covering the first contract year.

825
826 The GSC Applicant shall upload proof of payment of the signing fee within fifteen
827 (15) days from receipt of notice. The failure of the Geothermal Developer to do so
828 shall be deemed as an abandonment of the GSC Application and shall cause the
829 revocation of the GSC. Further, non-posting of the performance bond within thirty
830 (30) days from receipt of notice shall cause the GSC to be deemed void.

831
832 7.2.4. **Delivery of the Signed Geothermal Service Contract.** The GEMD shall upload
833 the signed and notarized copy of the GSC and COR, as applicable, and inform the
834 Geothermal Developer to pick up the said documents. Simultaneous with the
835 receipt of the GSC, the Geothermal Developer shall surrender to the DOE the
836 Certificate of Authority issued pursuant to this Circular.

837
838 7.2.5. **Duty to Maintain Records.** The GEMD shall maintain a record of all LOIs
839 received, pending GSC Applications, and signed GSC in the EVOSS System.

840
841 7.2.6. The ITMS shall make the area available to other applicants only when: a) the GSC
842 Applicant failed to qualify; or b) withdraws or abandons GSC Application, as the
843 case may be, and only after due notice is given to the concerned interested
844 participant/GSC Applicant of such information by the REMB Supervising Assistant
845 Secretary, copy furnishing the ITMS with the said notice. Once an area is declared
846 to be available, subsequent GSC Applications covering the same may be allowed,
847 and only on a first-come, first-served basis.

848
849 7.3. **Registration of Geothermal Developers.** The DOE, through the REMB, shall
850 issue a COR to a Geothermal Developer holding a valid GSC for purposes of
851 entitlement to the incentives under Chapter XI of this Circular upon the issuance
852 of the COCOC. Notwithstanding the foregoing, the issuance of a COR may be
853 availed of upon the award of the GSC, at the option of the Geothermal Developer.

854
855 **Section 8. Terms of Geothermal Service Contract.** The development of geothermal
856 resources shall be covered by an GSC following the prescribed template (Annex B).

857
858 8.1. The Geothermal Developer shall be given a non-extendible period of five (5) years
859 from the date of execution of the GSC to determine the existence of geothermal
860 resource in Commercial Quantities and shall be called Pre-Development Stage.

861
862 8.2. The Development/Commercial Stage shall commence prior to the expiration of the
863 Pre-Development Stage and upon the issuance of the Certificate of Confirmation
864 of Commerciality (COCOC) and shall continue for the remainder of term of the
865 GSC.

866

- 867 8.3. The GSC shall have a term of twenty-five (25) years from the date of execution,
868 which shall include the Pre-Development Stage and Development/Commercial
869 Stage but shall exclude the period covered by the Certificate of Authority.
870
- 871 8.4. Not earlier than six (6) years but not later than three (3) years prior to the expiration
872 of the twenty-five (25) year contract term, the GSC may be renewed for another
873 twenty-five (25) years, subject to the terms and conditions of the GSC.
874

875 **Section 9. Stages of Geothermal Contract.**

876

- 877 9.1. **Stages of a Geothermal Service Contract.** An GSC shall cover two (2) stages of
878 the geothermal project, namely:
879
- 880 (a) Pre-Development Stage. Involves the conduct of preliminary assessment and
881 feasibility study up to Financial Closing and Declaration of Commerciality
882 (DOC) of the geothermal project, including the identification of the proposed
883 Production Area; and
884
- 885 (b) Development/Commercial Stage. Involves the development, construction, and
886 commercial operation of the geothermal project, production, and utilization of
887 geothermal resources.
888
- 889 9.2. **Transition from Pre-Development Stage to Development/Commercial Stage.**
890 The GSC shall transition from the Pre-Development Stage to
891 Development/Commercial Stage only after issuance by the DOE of a COCOC. The
892 process of the issuance of a COCOC is provided in Section 3 of Chapter IX.
893
- 894 9.3. **Contract Area.** Upon transition from the Pre-Development to Development Stage
895 of the GSC, the Contract Area shall be amended, if necessary, to cover the
896 Production Area.
897

898 **Section 10. Conversion of Existing Geothermal Service Contract.** For existing
899 geothermal projects that have been operating prior to the effectivity of the RE Act pursuant
900 to contracts issued under the relevant preceding laws and those that have been issued
901 GSCs after the RE Act but prior to this Circular, the contract holder may elect to convert
902 its service contract or agreement by applying for an GSC under this Circular, within one
903 (1) year from the effectivity of this Circular. However, the period of the GSC to be issued
904 in relation thereto shall be the balance of the contract term remaining under the existing
905 and valid service/operating contract or agreement. The requirements and procedures for
906 conversion to GSC templates in Annex B is provided in Section 4 of Chapter IX.
907

908 **Section 11. Investments.**

909

- 910 11.1. **New Investments.** Geothermal Developers undertaking discovery, exploration,
911 development and/or utilization of new geothermal resources or the development
912 of new generation facilities within the Contract Area distinct from the originally

913 registered operations may qualify as new projects, subject to setting up of new
914 separate books of accounts. The Geothermal Developer may, upon its discretion,
915 relinquish the Contract Area covered by the area of new investment and apply for
916 a new GSC, subject to constitutional term limits.

917
918 **11.2. Procedure for New Investments.** The RE Developer shall submit the documents
919 evidencing the presence of a new and distinct geothermal energy resource. GEMD
920 shall act on the submission and conduct initial technical evaluation.

921
922 Upon confirmation of a new resource, GEMD shall notify the RE Developer to
923 proceed with the filing of an application for a new GSC. The said application shall
924 follow the procedure and requirements provided in Section 5 of this Chapter.

925
926 **11.2.1. Procedure for GOC.** If the New Investment application is for a GOC, the RE
927 Developer, shall include in the application requirements the documents for the
928 Declaration of Commerciality, enumerated in Annex O. An additional seven (7)
929 days shall be allotted in the technical evaluation to account for the DOC.

930
931 **11.3. Additional Investments.** Additional investment may cover investment for
932 improvements, modernization, rehabilitation, or expansion duly registered with the
933 DOE, which may or may not result in increased capacity, subject to the conditions
934 to be determined by the DOE, such as, but not limited to, the following:

935
936 (a) Identification of and investment in sequential phases/stages of production, or
937 undertaking scheduled modernization or rehabilitation of the geothermal
938 energy systems; and

939
940 (b) Improvements to the geothermal energy systems such as reduced
941 production/operational costs, increased production, improved operational
942 efficiency, and better -reliability of the geothermal project.

943
944 If, by reason of the additional investment, the installed capacity of the
945 geothermal project will be increased by at least ten percent (10%), the
946 Geothermal Developer shall have the option to apply for a geothermal
947 operating contract. The said GOC shall be treated as a new investment, subject
948 to constitutional term limits. Upon the award of the new GOC, the incentives
949 under the RE Act shall be reset.

950
951 If the additional investment will not increase the capacity of the geothermal
952 project by ten percent (10%), the Geothermal Developer shall only be entitled
953 to such incentives as may be warranted under the RE Act.

954
955 **11.4. Procedure for Additional Investments.** An application for Additional Investments
956 shall result in the issuance of COCOC, the process which is provided in Section 3
957 of this Chapter IX.

958

- 959 11.4.1. The Geothermal Developer shall submit through the EVOSS System the
960 complete documentary requirements specified in Annex O of this Circular prior to
961 the expiration of the Pre-Development Stage. The GEMD shall determine the
962 completeness and consistency of the submission within three (3) days.
963
- 964 11.4.2. If the submission is complete, the GEMD, ITMS and LS shall conduct the
965 evaluations and upload the evaluation results through the EVOSS System within
966 seven (7) days.
967
- 968 11.4.3. The GEMD shall consolidate the evaluation results and endorse, through REMB
969 Director, the recommendation for approval of LS within two (2) days.
970
- 971 11.4.4. The Supervising Assistant Secretary and Undersecretary shall act on the
972 recommendation and endorse the same to the DOE Secretary for approval within
973 four (4) days.
974
- 975 11.4.5. The GEMD, through the EVOSS System, shall upload the signed letter and
976 COCOC and notify the Geothermal Developer to pick-up the said documents.
977
- 978 11.4.6. Within thirty-one (31) days from receipt of the DOC, the DOE shall either:
979
- 980 11.4.6.1. Issue the COCOC, if the results of the evaluation of the DOC are satisfactory;
981 or
982
- 983 11.4.6.2. Issue a written notice to the Geothermal Developer indicating that it has thirty
984 (30) days to correct any deficiencies and/or satisfy the requirements for
985 issuance of the COCOC, if the results of the evaluation of the DOC are
986 unsatisfactory. Said written notice shall be signed by the REMB Director.
987

988 **CHAPTER IV – SOLAR ENERGY RESOURCE**

989
990 **CHAPTER V – HYDROPOWER ENERGY RESOURCE**

991
992 **CHAPTER VI – OCEAN ENERGY RESOURCE**

993
994 **CHAPTER VII – WIND ENERGY RESOURCE**

995
996
997 **CHAPTER VIII – RE RESOURCES UNDER NEW EMERGING TECHNOLOGIES**
998

999 For other RE Resources which are developed through emerging RE technologies and are
1000 not enumerated in Chapter II to VII of this Circular, the REMB shall develop a regulatory
1001 framework for the exploration, development, utilization and commercialization of such RE
1002 Resources utilizing such emerging technologies. In the absence of such regulatory
1003 framework, the procedures governing a particular RE Resource that is most analogous
1004 to the emerging technology shall be adopted.
1005

1006
1007 **Chapter IX – ADMINISTRATION OF RENEWABLE ENERGY SERVICE/OPERATING**
1008 **CONTRACTS**
1009
1010

1011 **Section 1. Posting of a Performance Bond.** The RE Developer shall post a bond or any
1012 other guarantee of a sufficient amount, but not less than the minimum expenditures
1013 commitment for the first contract year, which shall be a condition precedent for the
1014 effectivity of the RE Contract. A valid and subsisting performance bond is required to be
1015 maintained annually until the pre-construction phase of the RE Project. The detailed terms
1016 of reference governing the Performance Bond are outlined in Annex N.
1017

1018 **Section 2. Updating of RE Projects Data to the EVOSS System and DOE Website.**
1019 The following shall govern the posting and updating of RE Contracts awarded and
1020 pending RE Applications on the DOE website.
1021

1022 2.1. The REMB-Technical Service Management Division (TSMD), in coordination with
1023 the relevant REMB divisions, shall collate and update the list of RE Contracts
1024 awarded and RE Applications filed and under evaluation on a quarterly basis. Upon
1025 full operation of the EVOSS System, updating of data shall be in accordance with
1026 the periods provided in the system.
1027

1028 2.2. All concerned DOE units shall provide updates to the EVOSS System and DOE
1029 websites.
1030

1031 2.3. All RE Developers shall be required to register with the EVOSS System for regular
1032 updating of their respective RE Projects.
1033

1034 **Section 3. Transition from Pre-Development Stage to Development/Commercial**
1035 **Stage.** The RE Service Contract shall transition from the Pre-Development Stage to
1036 Development/Commercial Stage only after issuance by the DOE of a COCOC.
1037

1038 **3.1. Procedure for the Transition from Pre-Development to Development.**
1039

1040 3.1.1. The RE Developer shall submit through the EVOSS System the complete
1041 documentary requirements specified in Annex O of this Circular prior to the
1042 expiration of the Pre-Development Stage. The concerned REMB division shall
1043 determine the completeness and consistency of the submission within three (3)
1044 days.
1045

1046 3.1.2. If the submission is complete, the concerned REMB division, ITMS and LS shall
1047 conduct the evaluations and upload the evaluation results through the EVOSS
1048 System within seven (7) days.
1049

- 1050 3.1.3. The concerned REMB division shall consolidate the evaluation results and
1051 endorse, through REMB Director, the recommendation for approval of LS within
1052 two (2) days.
1053
- 1054 3.1.4. The Supervising Assistant Secretary and Undersecretary shall act on the
1055 recommendation and endorse the same to the DOE Secretary for approval within
1056 four (4) days.
1057
- 1058 3.1.5. The concerned REMB division, through the EVOSS System, shall upload the
1059 signed letter and COCOC and notify the RE Developer to pick-up the said
1060 documents.
1061
- 1062 3.1.6. Within thirty-one (31) days from receipt of the DOC, the DOE shall either:
1063
- 1064 3.1.6.1. Issue the COCOC, if the results of the evaluation of the DOC are satisfactory,
1065 which shall likewise be considered the transition of the GSC from Pre-
1066 Development Stage to Development/ Commercial Stage; or
1067
- 1068 3.1.6.2. Issue a written notice to the RE Developer indicating that it has the remainder
1069 of the Pre-Development Stage to correct any deficiencies and/or satisfy the
1070 requirements for issuance of the COCOC, if the results of the evaluation of the
1071 DOC are unsatisfactory. Said written notice shall be signed by the REMB
1072 Director.
1073
- 1074 3.1.7. The failure of the RE Developer to correct any deficiencies or otherwise satisfy the
1075 requirements for issuance of the COCOC before the expiration of its Pre-
1076 Development Stage shall be a cause for the termination of its RE Contract.
1077
- 1078 3.2. **Contract Area.** Upon transition from the Pre-Development to Development Stage
1079 of the RE Contract, the Contract Area shall be amended, if necessary, to cover the
1080 Production Area only.
1081

1082 **Section 4. Conversion to the New RE Contract Template.** Holders of
1083 contracts/agreements prior to the effectivity of this Circular may apply for conversion to
1084 the new RE Contracts templates provided in Annexes A to G hereof, and are subject to
1085 the conditions and procedures hereinbelow provided.
1086

1087 4.1. **Requirements for Conversion to New RE Contract Template.** Contractors/RE
1088 Developers may apply for conversion to the new RE Contract templates subject to
1089 the following conditions:
1090

1091 4.1.1. Contractors/RE Developers must be fully compliant with the terms of the approved
1092 Work Program/Work Plan and the material terms and conditions of the
1093 contract/agreement for the past six (6) months prior to the date of filing its
1094 application for conversion. For RE Developers with RE Contracts executed less
1095 than six (6) months from date of application for conversion, the evaluation of their

1096 compliance of the commitments under the approved Work Program and of the
1097 material terms and conditions of the RE Contract shall be the basis of their
1098 performance.
1099

1100 4.1.2. Submission of a letter of application for conversion with the following documentary
1101 requirements:
1102

1103 (a) Work Program covering the first five (5) years of the remaining term of the old
1104 contract/agreement, reckoned from the date of its execution; and
1105

1106 (b) Revised Contract Area following the mapping requirements provided in Annex
1107 M hereof. In the case of biomass and solar development, the revised Contract
1108 Area is its Production Area only. Any remaining portion of the original Contract
1109 Area shall be deemed relinquished.
1110

1111 4.1.3. The conversion of RE Contracts awarded under the RE Act but prior to the
1112 effectivity of this Circular shall be limited to those covering RE projects which are
1113 under pre-commissioning/commercial operation phase.
1114

1115 4.2. **Procedures for Application.** Applications for conversion to the new RE Contract
1116 template shall be processed based on the following procedures:
1117

1118 4.2.1. The RE Developer shall submit through the EVOSS System the complete
1119 documents, and the relevant REMB division shall check the completeness and
1120 consistency of the submission within three (3) working days.
1121

1122 4.2.2. The concerned REMB division and LS shall conduct technical and legal (if
1123 required) evaluation based on performance of the contractor/RE Developer of its
1124 contractual obligations under the old contract/agreement and its application
1125 documents within five (5) days.
1126

1127 4.2.3. The REMB shall then endorse the mapping requirements to the ITMS who shall
1128 produce/print the map of the Production Area within three (3) days.
1129

1130 4.2.4. Qualified applications shall be endorsed by the REMB to the Supervising Assistant
1131 Secretary and Undersecretary, which shall be acted upon within four (4) days.
1132

1133 4.2.5. Upon the concurrence of the Assistant and Undersecretary, the REMB shall notify
1134 the RE Developer of such fact and require the pre-signing of the RE Contract
1135 within two (2) days.
1136

1137 4.2.6. Within one (1) day from the RE Contract pre-signing, the REMB shall endorse the
1138 pre-signed RE Contract along with the evaluation results to the DOE Secretary for
1139 approval. The DOE Secretary shall act on the documents within seven (7) days
1140 from receipt thereof.
1141

1142 4.2.7. The REMB, through the EVOSS System, shall upload the copy of the New RE
1143 Contract and notify the RE Developer to pick-up a copy of said document.
1144

1145 **Section 5. Amendment of RE Contracts.**
1146

1147 5.1. **Amendment of RE Contracts.** RE Contracts shall be amended in any of the
1148 following instances:
1149

1150 5.1.1. Change to the Contract Area;
1151

1152 5.1.2. Increase or decrease in the installed capacity of the RE project; or
1153

1154 5.1.3. Change of location of project site (for hydropower).
1155

1156 5.2. No amendment to the RE Contract is required when the RE project transitions from
1157 the Pre-Development to the Development Stage. However, the relinquishment of
1158 a portion of the Contract Area after identifying the Production Area pursuant to
1159 Section 3.2 of this Chapter shall result in the issuance of new annex to the RE
1160 Contract, indicating the revised Contract Area, with corresponding map and
1161 technical description.
1162

1163 5.3. **Requirements for Amendments to the Contract Area.** The RE Developer shall
1164 submit a request in writing addressed to the REMB Director, and shall comply with
1165 the following:
1166

1167 5.3.1. Technical description of proposed amendment to the Contract Area indicates the
1168 technical specifications and other mapping requirement for the purpose of area
1169 verification;
1170

1171 5.3.2. The proposed amendment shall cover an area contiguous to the existing Contract
1172 Area and, upon verification by the ITMS pursuant to the process in Section 5.6 of
1173 this Chapter, is available and open for RE resource exploration, development
1174 and/or utilization;
1175

1176 5.3.3. The amendment of the Contract Area is justified and reasonable, which may be
1177 proven by: (a) the results of the resource assessment, duly verified by the
1178 concerned REMB unit; (b) proof that the RE Developer is not in default of its
1179 technical and financial obligations under the RE Contract; and (c) other relevant
1180 facts and/or documents; and
1181

1182 5.3.4. The Work Program with respect to the amended Contract Area is acceptable.
1183

1184 5.4. **Requirements for Other Amendments.** The RE Developer shall submit a request
1185 in writing addressed to the REMB Director, together with the following:
1186

1187 5.4.1. Proof that the amendment is justified and reasonable;
1188

1189 5.4.2. Proof that the RE Developer is not in default of its technical and financial
1190 obligations under the RE Contract; and

1191
1192 5.4.3. Other relevant facts and/or documents.

1193
1194 5.5. Only a revised COR shall be issued in case of the following changes:

1195
1196 5.5.1. Company name of the RE Developer; and/or

1197
1198 5.5.2. Assignment of RE Contract in accordance with the terms thereof, to an entity that
1199 has the same legal, technical, and financial qualifications to undertake the RE
1200 project.

1201
1202 The amendments under this Section shall require the surrender of the original COR
1203 prior to evaluation of the request; Provided, that in the case of an amendment
1204 solely for the change of the company name, the request shall be directly endorsed
1205 to the DOE Secretary after legal evaluation.

1206
1207 5.6. **Evaluation of Requests for Amendment of RE Service Contract.** The RE
1208 Developer shall submit through the EVOSS System the complete set of
1209 documentary requirements for the request for amendment of RE Contract, which
1210 shall be processed as follows:

1211
1212 5.6.1. The concerned REMB division shall check the completeness and consistency of
1213 the submission within three (3) days.

1214
1215 5.6.1.1. If the submission is complete, REMB shall upload a copy of the Billing
1216 Statement to pay for the application and processing fees. The EVOSS System
1217 shall notify the RE Developer through a system generated email to pay the fees
1218 within five (5) days.

1219
1220 5.6.2. After payment of the processing fee, the concerned REMB Division shall evaluate
1221 the request within five (5) days. In case the evaluation of the concerned REMB
1222 Division shows that: (a) there are additional costs to be incurred that should
1223 warrant another financial evaluation; (b) there are any legal concerns regarding
1224 the RE Project; and/or (c) there is a need of re-plotting the Contract Area, REMB,
1225 through the EVOSS System, shall endorse the request to FS, LS and/or ITMS
1226 which shall conduct simultaneous financial and legal evaluations, and/or area
1227 verification within five (5) days.

1228
1229 5.6.3. The concerned REMB Division shall consolidate all the evaluation results and
1230 recommend the same to the REMB Director for further action and if the RE
1231 Developer passes the evaluation, endorse the Memorandum to the
1232 Undersecretary and Approval Letter / Revised COR through LS within two (2) days.

1233

- 1234 5.6.4. The Supervising Assistant Secretary and Undersecretary shall act on the
1235 recommendation and endorse the same to the DOE Secretary for approval within
1236 four (4) days.
1237
- 1238 5.7. Requests to change the terms of the RE Contract other than those in Section 5.1
1239 of this Chapter may be considered by the DOE if the RE Developer complies with
1240 the conditions set forth in Section 5.4 hereof, subject to negotiations between the
1241 DOE and the RE Developer.
1242
- 1243 5.8. **Revision of the Work Program.** Subject to terms and conditions stipulated in the
1244 RE Contract, the RE Developer may request for revision of its Work Program with
1245 justification on such revision; Provided, that such revision shall not extend the Pre-
1246 Development Stage.
1247
- 1248 5.8.1. **Evaluation of Requests for Revision of the Work Program.** The RE Developer
1249 shall submit through the EVOSS System the complete set of documentary
1250 requirements for the request for revision of the Work Program, which shall be
1251 processed as follows:
1252
- 1253 5.8.1.1. The concerned REMB division shall check the completeness and consistency
1254 of the submission within three (3) days.
1255
- 1256 5.8.1.2. If the submission is complete, REMB, LS and FS shall conduct simultaneous
1257 technical, legal (if necessary), and financial (for Pre-Development Stage only)
1258 evaluations within five (5) days.
1259
- 1260 5.8.1.3. The concerned REMB Division shall consolidate all the evaluation results and
1261 recommend the same to the REMB Director for further action and if the RE
1262 Developer passes the evaluation, endorse the Memorandum to the
1263 Undersecretary and Approval Letter, through LS, within two (2) days. REMB,
1264 through the REMB Director, shall provide the Supervising Assistant Secretary
1265 with its recommendation on the request and the complete basis thereof.
1266
- 1267 5.8.1.4. The Supervising Assistant Secretary shall act on the recommendation and
1268 endorse the same to the Undersecretary for approval within two (2) days.
1269
- 1270 5.8.1.5. The concerned REMB Division, through the EVOSS System, shall notify the
1271 RE Developer of the approval and upload a copy of the letter approving the
1272 revised work program.
1273
- 1274 5.8.1.6. The concerned REMB Division shall immediately provide to the TSMD, ITMS,
1275 and DOE-Investment Promotion Office (IPO) the status of the RE Contract
1276 and/or COR for timely update of database.
1277

1278 5.8.1.7. The changes to the Work Program necessitated by Force Majeure that extends
1279 the Pre-Development Stage shall be treated as an amendment of the RE
1280 Contract and shall be approved in accordance with Section 5.
1281

1282 **Section 6. Assignment of RE Contracts.**
1283

1284 6.1. All assignments of RE Contracts shall be subject to prior written approval of the
1285 DOE.
1286

1287 6.2. The RE Developer may assign all of its rights and obligations under the RE
1288 Contract to its Affiliate or any third party, subject to Section 6.1 hereof, and in
1289 accordance with the following:
1290

1291 6.2.1. The RE Developer shall submit to the DOE copies of the written document which
1292 unequivocally shows the agreement of the parties thereat to the assignment of the
1293 RE Contract;
1294

1295 6.2.2. The RE Developer shall guarantee in writing to the DOE the performance of the
1296 assigned rights and obligations; and
1297

1298 6.2.3. The assignee shall be substituted for the RE Developer in the performance bond
1299 posted in accordance with Section 1 of this Chapter.
1300

1301 6.3. **Evaluation of Requests for Assignment of RE Contract.** The RE Developer
1302 shall submit through the EVOSS System the complete set of documentary
1303 requirements for the request for assignment of the RE Contract, which shall be
1304 processed as follows:
1305

1306 6.3.1. The concerned REMB Division shall check the completeness and consistency of
1307 the submission within three (3) days.
1308

1309 6.3.2. If the submission is complete, the concerned REMB shall upload a copy of the
1310 Billing Statement to pay for the application and processing fees. The EVOSS
1311 System shall notify the RE Developer through a system generated email to pay the
1312 fees within five (5) days.
1313

1314 6.3.3. After payment of the processing fee, REMB, LS and FS shall conduct simultaneous
1315 technical, legal, and financial evaluations within seven (7) days.
1316

1317 6.3.4. The concerned REMB Division shall consolidate all the evaluation results and
1318 endorse, through REMB Director, the recommendation for approval of LS within
1319 two (2) days.
1320

1321 6.3.5. The Supervising Assistant Secretary and Undersecretary shall act on the
1322 recommendation and endorse the same to the DOE Secretary for approval within
1323 four (4) days.

1324
1325 **Section 7. Change in Control.** Any sale or acquisition of shares or other share capital
1326 that results in a change in control over the RE Developer shall be subject to the prior
1327 written approval of the DOE. Such approval shall be given if the RE Developer remains
1328 legally, technically and financially qualified and capable of discharging the obligations
1329 under the RE Contract. For this purpose, the RE Developer shall submit to the DOE
1330 copies of the instrument of conveyance and other documents showing that the sale or
1331 acquisition will not affect its legal, technical and financial qualification. The procedure for
1332 evaluation approval of the sale or acquisition shall be in accordance with Section 6.3 of
1333 this Chapter.

1334
1335 Control is presumed to exist when, as a result of the sale or acquisition, the buyer/s or
1336 transferee/s shall own more than one half (1/2) of the voting power of the RE Developer.
1337

1338 **Section 8. Abandonment.** The Abandonment and Termination Plan shall be prepared by
1339 the RE Developer and submitted not later than three (3) months from the award of RE
1340 Contract and five (5) years from confirmation of the Declaration of Commerciality and
1341 approved by the Department of Environment and Natural Resources (DENR) and the
1342 DOE for the decommissioning, abandonment and surface restoration or rehabilitation of
1343 the Contract Area. Such abandonment work plan may be amended, supplemented or
1344 modified by the RE Developer, the DOE, and the DENR from time to time.

1345
1346 **Section 9. Performance Review and Audit.**

1347
1348 9.1. The DOE shall conduct regular performance review of the RE Developers and
1349 recommend appropriate actions therefor.

1350
1351 9.2. The DOE shall have the right to inspect the RE Developers books and accounts
1352 directly relating to the RE Contract for any calendar or fiscal year sixty (60) months
1353 following the end of each calendar or fiscal year. Any such audit shall be completed
1354 within one (1) year from its commencement. Any exceptions must be made to the
1355 RE Developer in writing within ninety (90) days following the completion of such
1356 audit. If the DOE fails to give such written exception within such time, then the RE
1357 Developer's books of accounts and statements for such calendar or fiscal year
1358 shall be established as correct and final for all purpose.

1359
1360 9.3. The DOE, upon at least fifteen (15) days advance written notice to the RE
1361 Developer, is entitled to access, during reasonable hours without affecting RE
1362 operations, all books of accounts and records and may inspect such sites and
1363 facilities as necessary.

1364
1365 9.4. If the DOE notifies the RE Developer of an exception to the RE Developer's books
1366 of accounts within the period specified in Section 9.2 of this Chapter, the RE
1367 Developer shall within ninety (90) days from receipt of written exception from the
1368 DOE, question its validity, otherwise, the same shall become final and binding on
1369 the RE Developer. If the DOE and the RE Developer are not able to agree on the

1370 exceptions or adjustments after ninety (90) days from the date of receipt of the RE
1371 Developer's response to the DOE's exception report, they shall resolve the dispute
1372 in accordance with the RE Contract.
1373

1374 **Section 10. Suspension of Obligations under the RE Service/Operating Contract.** In
1375 case the default of the RE Developer is attributable to Force Majeure, the obligation of
1376 the RE Developer may be suspended for a period of six (6) months or until the Force
1377 Majeure event ceases to exist, whichever comes earlier, subject to the following
1378 conditions:
1379

1380 10.1. The RE Developer shall file a notice of Force Majeure to the concerned REMB
1381 Division within fifteen (15) days from its existence along with proof that:

1382
1383 10.1.1. The Force Majeure exists;

1384
1385 10.1.2. The event/s occurred independent of the will of the RE Developer;

1386
1387 10.1.3. The event/s rendered it impossible for the RE Developer to fulfill its obligations in
1388 a normal manner;

1389
1390 10.1.4. The RE Developer is free of participation in, or aggravation of, the injury to the
1391 DOE.
1392

1393 10.2. After due validation which shall be made within twenty (20) days from receipt of
1394 such notice, the REMB Director shall issue an approval of suspension of
1395 contractual obligation/s affected by Force Majeure; Provided, that if the suspension
1396 of the obligations will extend the Pre-Development Stage, the REMB Director shall
1397 endorse the approval to the DOE Secretary.
1398

1399 10.3. Within ten (10) days from receipt of the notice of approval, the RE Developer shall
1400 submit a new Work Program. The new Work Program will be reviewed by the
1401 concerned REMB Division and thereafter endorsed to the Supervising Assistant
1402 Secretary and Undersecretary for approval.
1403

1404 10.4. The RE Developer shall continue to post the performance bond, if necessary,
1405 observe administrative requirements and comply with reportorial obligations on its
1406 work commitments not affected by Force Majeure.
1407

1408 10.5. Once the Force Majeure has ceased, the RE Developer shall notify the REMB
1409 within five (5) days from cessation together with the revised Work Program
1410 covering the remaining contract term.
1411

1412 10.6. Any failure or delay on the part of the RE Developer or the DOE in the performance
1413 of its obligations or duties under the RE Contract shall be excused to the extent
1414 attributable to Force Majeure.
1415

1416 10.7. If the RE operations are curtailed or prevented by such causes, then the time for
1417 enjoying the rights and carrying out the obligations thereby affected, and all rights
1418 and obligations hereunder shall be extended for a period equal to the period of
1419 delay, curtailment or prevention; Provided, however, that the suspension of
1420 obligation shall in no way extend the term of the contract; Provided, further, that if
1421 operations are delayed, curtailed or prevented by Force Majeure for a continuous
1422 period of six (6) months, the RE Developer may, at its option (a) terminate the RE
1423 Contract, or (b) request for the suspension of the RE Contract in accordance with
1424 Section 11 of this Chapter, subject to confirmation of the DOE.

1425
1426 10.8. The party whose ability to perform its obligations under the RE Contract is so
1427 affected shall notify the other party thereof in writing stating the cause and such
1428 affected party shall do all reasonably within its power to remove such cause.
1429

1430 **Section 11. Suspension of the RE Service/Operating Contract.** In case the RE
1431 operations are delayed, curtailed or prevented by Force Majeure for a continuous period
1432 of six (6) months, the efficacy of the RE Contract may be suspended for a maximum
1433 period of three (3) years or until the Force Majeure event ceases to exist, whichever
1434 comes earlier. The period of such suspension shall not be counted against the
1435 constitutional term limits.

1436
1437 The RE Developer and the DOE shall comply with the following conditions:
1438

1439 11.1. Upon strict compliance with the conditions under Section 10 of this Chapter, the
1440 RE Developer may file a request for suspension of the RE Contract with REMB
1441 within fifteen (15) days following the last day of the said six (6)-month period.
1442

1443 11.2. The concerned REMB Division shall endorse the request to the REMB. For a
1444 period of ninety (90) days from receipt of endorsement, REMB shall exert best
1445 efforts to enable the RE Developer to resume RE operations.
1446

1447 11.3. If, despite such efforts, the Force Majeure persists and the RE operations cannot
1448 resume, the DOE shall approve the request for suspension of the RE Contract.
1449 Notice of suspension shall be given to the RE Developer within fifteen (15) days
1450 following the last day of the ninety (90)-day period.
1451

1452 11.4. Within ten (10) days from receipt of notice of suspension, the RE Developer shall
1453 submit a sworn undertaking to notify the DOE and submit proof that the Force
1454 Majeure has ceased. Failure to give notice within ten (10) days from cessation
1455 shall be deemed a relinquishment of the RE Contract.
1456

1457 11.5. If the RE Developer intends to resume operations, it shall submit to REMB a
1458 request to resume RE operations together with the notice abovementioned.
1459

1460 **Section 12. Power to Compel or Conduct Operations.** The DOE shall have the power
1461 to compel the RE Developer to perform RE operations when the following conditions exist:

- 1462
1463 12.1. The RE Developer fails, refuses or neglects to perform the RE operations without
1464 any justifiable cause; and
1465
1466 12.2. Such failure, refusal or neglect:
1467
1468 12.2.1. Results in or contributes to a shortage in the supply of electricity, based on the
1469 report of the EPIMB; and
1470
1471 12.2.2. Poses an imminent threat to the country's national security and/or economy, as
1472 determined by the DOE Secretary and as recommended by the concerned
1473 government agencies.
1474

1475 If the RE Developer does not comply with the DOE's directive within three (3) calendar
1476 days from receipt, such noncompliance shall be deemed sufficient authority for the DOE
1477 to conduct RE operations directly or through another government entity; Provided, that
1478 the DOE's authority herein set forth shall only subsist for such period as may be needed
1479 to avert or arrest the threat, or upon the RE Developer's resumption of RE operations,
1480 whichever comes earlier.
1481

1482 **Section 13. Termination of RE Contracts.** The DOE shall have the power to terminate
1483 RE Contracts, after due notice to the RE Developer.
1484

- 1485 13.1. **Evaluation Process for RE Contract Termination.** The concerned REMB
1486 Division shall recommend the termination of the RE Contract within the following
1487 timelines:
1488
1489 13.1.1. Five (5) days from the lapse of the Pre-Development Stage of the RE Contract
1490 where the RE Developer failed to submit its DOC;
1491
1492 13.1.2. Three (3) days from the voluntary relinquishment of the RE Developer of the RE
1493 Contract;
1494
1495 13.1.3. Prior to the pre-construction phase of the RE Contract, upon the discovery that
1496 the RE Developer failed to maintain the required performance bond;
1497
1498 13.1.4. During the Development Stage, upon the DOE's finding that the conditions set
1499 forth in Section 12.1 and 12.2 of this Chapter exist; or
1500
1501 13.1.5. At any stage of the RE Contract, upon findings of any of the grounds for RE
1502 Contract termination as stipulated therein.
1503

1504 The failure of the DOE to adhere to the periods provided above shall not be
1505 construed as a waiver of its power to evaluate and recommend the termination of
1506 RE Contracts at a later time.
1507

- 1508 13.2. With respect to Sections 13.1.1, 13.1.4 and 13.1.5 of this Chapter, the concerned
1509 REMB Division shall prepare a letter, signed by the REMB Director, requiring the
1510 RE Developer to explain in writing why its RE Contract should not be terminated.
1511 The RE Developer shall be given a non-extendible period of thirty (30) days to
1512 submit its explanation, which shall be accompanied by supporting documents.
1513
- 1514 13.3. No later than twenty (20) days from its receipt of the RE Developer's written
1515 explanation, the concerned REMB Division shall submit its findings and
1516 recommendation to the REMB Director.
1517
- 1518 13.4. Within three (3) days from receipt of the findings and/or recommendation, the
1519 REMB Director shall act upon the same and recommend a course of action to the
1520 DOE Secretary, through its Supervising Assistant Secretary and Undersecretary.
1521
- 1522 13.5. In case the DOE Secretary approves the REMB Director's recommendation, the
1523 RE Developer shall be notified in writing of the termination of its RE Contract. The
1524 concerned REMB Division shall inform the TSMD, ITMS, and IPO of such fact.
1525
- 1526 13.6. Subject to the conditions under this Section, areas covered by terminated RE
1527 Contracts shall be declared by the DOE open for development, specifying the
1528 mode of awarding of the RE Contract, which, if the area is determined as within a
1529 PDA, RE Contract Applications shall be through OCSP, as provided herein.
1530 Otherwise, the area shall be available to all interested parties for RE resource
1531 development under Direct Application, and only on a first-come first-served basis.
1532

1533 **Section 14. Request for Reinstatement of RE Contract.** An RE Developer whose RE
1534 Contract was terminated may request for the reconsideration of the same. The request
1535 shall be made in writing, addressed to the REMB Director, and filed within ten (10) days
1536 from the RE Developer's receipt of the notice of termination. The REMB Director shall
1537 evaluate the merits of the request for reconsideration and endorse such
1538 recommendations to the DOE Secretary, through the REMB Supervising Assistant
1539 Secretary and Undersecretary.
1540

- 1541 14.1. **Procedures for Processing of Request for Reconsideration.** Request for
1542 reconsideration shall be processed based on the following procedures:
1543
- 1544 14.1.1. The RE Developer shall submit through the EVOSS System the complete
1545 documents, and the concerned REMB Division shall check the completeness and
1546 consistency of the submission within three (3) working days.
1547
- 1548 14.1.2. The REMB, LS, FS, ITMS shall conduct simultaneous technical, legal, financial
1549 evaluations and area verification within ten (10) days.
1550
- 1551 14.1.3. The concerned REMB Division shall consolidate all the evaluation results and
1552 endorse, through the REMB Director, the recommendation for approval of LS
1553 within three (3) days.

- 1554
1555 14.1.4. Qualified applications shall be endorsed by the REMB to the Supervising
1556 Assistant Secretary and Undersecretary, which shall be acted upon within six (6)
1557 days.
1558
1559 14.1.5. Upon the concurrence of the Assistant and Undersecretary, REMB shall endorse
1560 the recommendation to the DOE Secretary. The DOE Secretary shall act on the
1561 documents within five (5) days from receipt thereof.
1562
1563 14.1.6. The concerned REMB Division, through the EVOSS System, shall upload a copy
1564 of the letter approving or denying the request for reconsideration and notify the
1565 RE Developer to pick-up a copy of said document.
1566
1567

1568 **CHAPTER X – REGISTRATION OF RE PROJECTS FOR OWN-USE AND/OR NON-**
1569 **COMMERCIAL OPERATIONS**
1570

1571
1572 ***Part 1. General Provisions***
1573

1574 **Section 1. Certificate of Registration.** A Certificate of Registration is the proof of
1575 registration of the RE Developer with the DOE and is required to avail of the incentives
1576 under the RE Act. A RE Contract is required for the issuance of a COR except for RE
1577 Projects for Own-Use and/or Non-Commercial Operations
1578

1579 ***Part 2. Procedures for Registration***
1580

1581 **Section 2. Issuance of Certificate of Registration for RE Projects for Own-Use**
1582 **and/or for Non-Commercial Operations.** The COR shall be issued to the RE Developer
1583 only upon its complete submission of the requirements herein below provided, and only
1584 after the evaluation of the same by the REMB which shall recommend its approval to the
1585 DOE Secretary.
1586

1587 **Section 3. Documentary Requirements.** Any proponent intending to install, construct,
1588 and operate an RE Project under this Chapter shall strictly comply with the following:
1589

1590 **3.1. Technical Requirements.**
1591

1592 3.1.1. Application letter addressed to the REMB Director;
1593

1594 3.1.2. Project description detailing the following:
1595

1596 (a) Technical Design:
1597

- 1598 (i) Single Line Diagram of Alternating Current and Direct Current (if
1599 applicable)

1600
1601 (ii) Mass Energy Balance (if applicable)

1602
1603 3.1.3. Target Commissioning Date

1604
1605 3.1.4. Project Location

1606
1607 3.2. **Legal Requirements** – The same legal requirements in Checklist of Requirements
1608 in Annex L of this Circular shall be submitted.

1609
1610 To ensure the completeness of the application documents, the REMB may provide
1611 a venue to serve as the pre-filing conference/meeting/orientation among the
1612 concerned DOE units and the proponent, prior to submission of formal application
1613 to the RMD.

1614
1615 **Section 4. Pre-Qualification, Filing, and Processing of Application for Registration.**

1616
1617 4.1. **Pre-Qualification Process.** – The concerned REMB Division shall determine, on
1618 a pass or fail basis, whether the requirements for registration have been fully
1619 complied with and the proponent has submitted all the documents prescribed
1620 under Section 3 hereof. Thereafter, the concerned REMB Division shall issue a
1621 Billing Statement for application and processing fees.

1622
1623 No Billing Statement shall be issued unless all the documentary requirements have
1624 been complied with and submitted by the proponent.

1625
1626 4.2. **Payment of Application and Processing Fees.** – After determining the
1627 completeness of documents, the proponent shall be advised to pay the prescribed
1628 application fee for each application. No application shall be accepted without the
1629 payment of the application and processing fees.

1630
1631 4.3. **Processing Period.** – The application shall be processed within twenty-eight (28)
1632 days from the receipt of the complete documents and the payment of the
1633 application and processing fees.

1634
1635 **Section 5. Evaluation and Process for Issuance of COR.**

1636
1637 5.1. **Qualification Evaluation.** – After receipt of the Application and payment of fees,
1638 the Application is deemed filed and submitted for legal and technical evaluations:

1639
1640 5.1.1. The LS shall complete its review and evaluation within five (5) days from receipt of
1641 the endorsement of the Application by the concerned REMD Division.

1642
1643 5.1.2. The concerned REMB Division shall complete its technical evaluation within five
1644 (5) days from receipt of the registration documents from the REMB Director.

1645

- 1646 5.1.2.1. In case additional documents are required to support the legal qualifications of
1647 the Application, the LS shall immediately notify the concerned REMB Division
1648 of the documents required.
1649
- 1650 5.1.2.2. The concerned REMB Division has two (2) days from its receipt of the notice
1651 of the LS, to notify the Applicant of the additional documents required for the
1652 evaluation of its Application. Thereafter, the Applicant shall be given five (5)
1653 days to submit the documents required.
1654
- 1655 5.1.3. If the Application is deemed legally and technically qualified, the Application shall
1656 be submitted for final processing by the concerned REMB Division for the issuance
1657 of a COR.
1658
- 1659 5.2. **Request for Reconsideration.** – In case any Application is deemed not legally,
1660 technically or financially qualified, the REMB Assistant Secretary shall, within two
1661 (2) days from receipt of the full evaluation result from the concerned REMB
1662 Division, issue a written notice to the Applicant of the decision on its Application.
1663 The notice to the Applicant shall indicate the basis of or reasons for the
1664 disqualification.
1665
- 1666 5.3. The Applicant, however, may request for reconsideration in writing, addressed to
1667 the REMB Supervising Undersecretary, within ten (10) days from receipt of notice
1668 of disqualification.
1669
- 1670 5.4. The REMB Supervising Undersecretary shall resolve the request for
1671 reconsideration within five (5) days from receipt of the same.
1672

1673 **Section 6. Validity of the Registration.** The COR shall have an initial validity period of
1674 five (5) years, renewable for the same period until the end-of-project life is reached or a
1675 maximum of twenty-five (25) years.
1676

1677 **Section 7. Terms and Conditions of the Registration.** Any RE Developer and its
1678 Project shall be issued a COR (Annex P) which shall contain the terms and conditions
1679 thereof.
1680

1681 Chapter XI – INCENTIVES

1682
1683
1684
1685 **Section 1. Fiscal Incentives for Renewable Energy Projects and Activities.** DOE-
1686 certified existing and new RE Developers of RE facilities, including Hybrid Systems, in
1687 proportion to and to the extent of the RE component, for both Power and Non-Power
1688 Applications, shall be entitled to the following incentives under the RE Act:
1689

1690 1.1. **Income Tax Holiday (ITH)**
1691

1692 1.1.1. **Period of Availment.** The duly registered RE Developer shall be fully exempt from
1693 income taxes levied by the Government for the period as follows:

1694
1695 (a) **Existing RE Projects** — seven (7) years from the start of Commercial
1696 Operations;

1697
1698 All RE Developers that acquire, operate and/or administer existing RE facilities
1699 that were or have been in Commercial Operation for more than seven (7) years,
1700 upon the effectivity of the RE Act, shall not be entitled to ITH, except for any
1701 additional investment.

1702
1703 (b) **New investment in RE Resources** — seven (7) years from the start of
1704 Commercial Operations resulting from new investments; and

1705
1706 (c) **Additional investment in the RE Project** — not more than three (3) times the
1707 period of the initial availment by the existing or new RE project or covering new
1708 or additional investments.

1709
1710 The maximum period within which an RE Developer may be entitled to an ITH
1711 shall be twenty-one (21) years, inclusive of the initial seven (7)-year ITH for its
1712 new and additional investments in a specific RE facility.

1713
1714 1.1.2. **Entitlement for New and Additional Investments subject to prior approval by**
1715 **the DOE**

1716
1717 (a) **New Investment.** A fresh package of ITH from the start of commercial
1718 operations shall apply.

1719
1720 (b) **Additional Investment.** The ITH for additional investments in an existing RE
1721 project shall be applied only to the income attributable to the additional
1722 investment.

1723
1724 1.2. **Exemption from Duties on RE Machinery, Equipment, and Materials.** Within
1725 the first ten (10) years from the issuance of a COR to an RE Developer, the
1726 importation of machinery and equipment, and materials and parts thereof,
1727 including control and communication equipment, shall be exempt from tariff duties.

1728
1729 1.2.1. **Conditions for Duty-Free Importation.** An RE Developer may import machinery
1730 and equipment, materials and parts thereof exempt from the payment of any and
1731 all tariff duties due thereon subject to the following conditions:

1732
1733 (a) The machinery and equipment are directly and actually needed and will be
1734 used exclusively in the RE facilities for the transformation of and delivery of
1735 energy to the point of use;

1736

- 1737 (b) The importation of materials and spare parts shall be restricted only to
1738 component materials and parts for the specific machinery and/or equipment
1739 authorized to be imported;
1740
- 1741 (c) The kind of capital machinery and equipment to be imported must be in
1742 accordance with the approved work and financial program of the RE facilities;
1743 and
1744
- 1745 (d) Such importation shall be covered by shipping documents in the name of the
1746 duly registered RE Developer/operator to whom the shipment will be directly
1747 delivered by customs authorities.
1748

1749 **1.2.2. Sale or Disposition of Capital Equipment.** Any sale, transfer, assignment,
1750 donation, or other modes of disposition of originally imported capital
1751 equipment/machinery including materials and spare parts, brought into the RE
1752 facilities of the RE Developer which availed of duty-free importation within ten (10)
1753 years from date of importation shall require prior endorsement of the DOE. Such
1754 endorsement shall be granted only if any of the following conditions is present:
1755

- 1756 (a) If made to another RE Developer enjoying tax and duty exemption on imported
1757 capital equipment;
1758
- 1759 (b) If made to a non-RE Developer, upon payment of any taxes and duties due on
1760 the net book value of the capital equipment to be sold;
1761
- 1762 (c) Exportation of the used capital equipment, machinery, spare parts, or source
1763 documents or those required for RE development; and
1764
- 1765 (d) For reasons of proven technical obsolescence as may be determined by the
1766 DOE.
1767

1768 When the aforementioned sale, transfer, or disposition is made under any of
1769 the conditions provided for in the foregoing paragraphs after ten (10) years from
1770 the date of importation, the sale, transfer, or disposition shall require prior
1771 endorsement by the DOE and shall no longer be subject to the payment of
1772 taxes and duties.
1773

1774 **1.3. Special Realty Tax Rates on Equipment and Machinery** 1775

1776 **1.3.1.** Realty and other taxes on civil works, equipment, machinery, and other
1777 improvements by a registered RE Developer actually and exclusively used for RE
1778 facilities shall not exceed one and a half percent (1.5%) of their original cost less
1779 accumulated normal depreciation or net book value; Provided, that in the case of
1780 an integrated RE resource development and Generation Facility as provided under
1781 the RE Act, the real property tax shall be imposed only on the power plant.
1782

- 1783 1.3.2. "Original Cost" shall refer to (1) the tangible cost of construction of the power plant
1784 component, or of any improvement thereon, regardless of any subsequent transfer
1785 of ownership of such power plant; or (2) the assessed value prevailing at the time
1786 the RE Act took into effect or at the time of the completion of the power plant project
1787 after the effectivity of the RE Act, as the case may be, and in any case assessed
1788 at a maximum level of eighty percent (80%), whichever is lower.
1789
- 1790 1.3.3. "Net Book Value" shall refer to the amount determined by applying normal
1791 depreciation on the original cost based on the estimated useful life
1792
- 1793 1.4. **Net Operating Loss Carry-Over (NOLCO).** The NOLCO of the RE Developer
1794 during the first three (3) years from the start of commercial operation shall be
1795 carried over as a deduction from gross income for the next seven (7) consecutive
1796 taxable years immediately following the year of such loss, subject to the following
1797 conditions:
1798
- 1799 (a) The NOLCO had not been previously offset as a deduction from gross income;
1800 and
1801
- 1802 (b) The loss should be a result of the operation and not from the availment of
1803 incentives provided for in the RE Act.
1804
- 1805 1.5. **Corporate Tax Rate**
1806
- 1807 1.5.1. After availment of the ITH, all Registered RE Developers shall pay a corporate tax
1808 of ten percent (10%) on their net taxable income as defined in the National Internal
1809 Revenue Code (NIRC) of 1997, as amended; Provided, that the RE Developers
1810 shall pass on the savings to the end-users in the form of lower power rates.
1811
- 1812 1.5.2. All RE Developers that acquire, operate, and/or administer existing RE facilities
1813 that were or have been in commercial operation for more than seven (7) years,
1814 upon the effectivity of the RE Act, shall pay a corporate tax rate of ten percent
1815 (10%) on their net taxable income, upon registration with the DOE.
1816
- 1817 1.6. **Accelerated Depreciation**
1818
- 1819 1.6.1. If an RE project fails to receive an ITH before full operation, the RE Developer may
1820 apply for accelerated depreciation in its tax books and be taxed on the basis of the
1821 same.
1822
- 1823 1.6.2. If an RE Developer applies for accelerated depreciation, the project or its
1824 expansions shall no longer be eligible to avail of the ITH.
1825
- 1826 1.6.3. Plant, machinery and equipment that are reasonably needed and actually used for
1827 the exploration, development and utilization of RE Resources may be depreciated
1828 using a rate not exceeding twice the rate which would have been used had the

1829 annual allowance been computed in accordance with the rules and regulations
1830 prescribed by the Department of Finance (DOF) and the provisions of the NIRC of
1831 1997, as amended. Any of the following methods of accelerated depreciation may
1832 be adopted:

- 1833
- 1834 (a) Declining balance method; and
- 1835
- 1836 (b) Sum-of-the years digit method.
- 1837

1838 1.7. **Zero Percent Value-Added Tax Rate.** The following transactions/activities shall
1839 be subject to zero percent (0%) value-added tax (VAT), pursuant to the NIRC of
1840 1997, as amended:

- 1841
- 1842 (a) Sale of fuel from RE sources or power generated from renewable sources of
1843 energy such as, but not limited to, biomass, solar, wind, hydropower,
1844 geothermal, ocean energy, and other emerging energy sources using
1845 technologies such as fuel cells and hydrogen fuels;
- 1846
- 1847 (b) Purchase of local goods, properties and services needed for the development,
1848 construction, and installation of the plant facilities of RE Developers; and
- 1849
- 1850 (c) Whole process of exploration and development of RE sources up to its
1851 conversion into power, including, but not limited to, the services performed by
1852 subcontractors and/or contractors.
- 1853

1854 1.8. **Tax Exemption of Carbon Credits.** All proceeds from the sale of carbon emission
1855 credits shall be exempt from any and all taxes.

1856

1857 1.9. **Tax Credit on Domestic Capital Equipment and Services Related to the**
1858 **Installation of Equipment and Machinery.** A tax credit equivalent to one hundred
1859 percent (100%) of the value of the VAT and customs duties that would have been
1860 paid on the RE machinery, equipment, materials, and parts had these items been
1861 imported shall be given to a registered RE Developer who purchases machinery,
1862 equipment, materials, and parts from a domestic manufacturer, fabricator or
1863 supplier subject to the following conditions:

- 1864
- 1865 (a) That the said equipment, machinery, and spare parts are reasonably needed
1866 and shall be used exclusively by the Registered RE Developer in its registered
1867 activity;
- 1868
- 1869 (b) That the purchase of such equipment, machinery, and spare parts is made from
1870 an accredited or recognized domestic source, in which case, prior approval by
1871 the DOE should be obtained by the local manufacturer, fabricator, or supplier;
1872 and
- 1873

1874 (c) That the acquisition of such machinery, equipment, materials, and parts shall
1875 be made within the validity of the RE Service/Operating Contract.

1876
1877 Any sale, transfer, assignment, donation, or other mode of disposition of
1878 machinery, equipment, materials, and parts purchased from domestic source, if
1879 made within ten (10) years from the date of acquisition, shall require prior DOE
1880 approval.

1881
1882 **Section 2. Hybrid and Co-generation Systems.** The tax exemptions and/or incentives
1883 provided for in Section 13 and item D, Section 17 of the IRR of the RE Act shall be availed
1884 of by a registered RE Developer of hybrid and cogeneration systems utilizing both RE
1885 sources and conventional energy. However, the tax exemptions and incentives for hybrid
1886 and cogeneration systems shall apply only to the equipment, machinery, and/or devices
1887 utilizing RE Resources.

1888
1889 **Section 3. Incentives for RE Commercialization.** All manufacturers, fabricators, and
1890 suppliers of locally produced RE equipment and components shall be entitled to the
1891 privileges set forth below pursuant to the RE Act:

1892
1893 3.1. **Tax and Duty-free Importation of Components, Parts, and Materials.** All
1894 shipments necessary for the manufacture and/or fabrication of RE equipment and
1895 components shall be exempted from importation tariff and duties and value-added
1896 tax (VAT); Provided, that the said components, parts, and materials are:

1897
1898 (a) Not manufactured domestically in reasonable quantity and quality at
1899 competitive prices;

1900
1901 (b) Directly and actually needed and shall be used exclusively in the
1902 manufacture/fabrication of RE equipment; and

1903
1904 (c) Covered by shipping documents in the name of the duly registered
1905 manufacturer/fabricator to whom the shipment will be directly delivered by
1906 customs authorities.

1907
1908 Prior approval of the DOE shall be required before the importation of such
1909 components, parts, and materials.

1910
1911 3.2. **Tax Credit on Domestic Capital Components, Parts, and Materials.** A tax credit
1912 equivalent to one hundred percent (100%) of the amount of the value-added tax
1913 (VAT) and customs duties that would have been paid on the components, parts,
1914 and materials had these items been imported shall be given to an RE equipment
1915 manufacturer, fabricator, and supplier who purchases RE components, parts, and
1916 materials from a domestic manufacturer; Provided, that such components and
1917 parts are directly needed and shall be used exclusively by the RE manufacturer,
1918 fabricator, and supplier for the manufacture, fabrication and sale of the RE

1919 equipment; Provided, further, That prior approval by the DOE was obtained by the
1920 local manufacturer.

1921
1922 3.3. **Income Tax Holiday and Exemption.** For seven (7) years starting from the date
1923 of recognition/accreditation provided under Section 18 of the IRR of the RE Act, an
1924 RE manufacturer, fabricator, and supplier of RE equipment shall be fully exempt
1925 from income taxes levied by the National Government on net income derived only
1926 from the sale of RE equipment, machinery, parts, and services.

1927
1928 3.4. **Zero-Rated Value-Added Tax Transactions.** All manufacturers, fabricators, and
1929 suppliers of locally produced RE equipment shall be subject to zero-rated value-
1930 added tax on their transactions with local suppliers of goods, properties, and
1931 services.

1932
1933 **Section 4. Incentives for Farmers Engaged in the Plantation of Biomass Resources.**
1934 All individuals and entities engaged in the plantation of crops and trees used as biomass
1935 resources shall be entitled to duty-free importation and exemption from payment of VAT
1936 on all types of agricultural inputs, equipment, and machinery within ten (10) years from
1937 the effectivity of the RE Act, subject to the certification by the DOE and the following
1938 conditions:

1939
1940 4.1. That the crops and trees such as, but not limited to, jatropha, coconut, and
1941 sugarcane shall be actually utilized for the production of biomass resources; and

1942
1943 4.2. That the agricultural inputs, equipment and machinery such as, but not limited to,
1944 fertilizers, insecticides, pesticides, tractors, trailers, trucks, farm implements and
1945 machinery, harvesters, threshers, hybrid seeds, genetic materials, sprayers,
1946 packaging machinery and materials, bulk handling facilities, such as conveyors
1947 and mini-loaders, weighing scales, harvesting equipment, and spare parts of all
1948 agricultural equipment shall be used actually and primarily for the production of
1949 said biomass resources.

1950
1951 **Section 5. Other Incentives and Privileges.**

1952
1953 5.1. **Tax Rebate for Purchase of RE Components.** To encourage the adoption of RE
1954 technologies, the DOF shall, in consultation with the Department of Science and
1955 Technology (DOST), DOE, and Department of Trade and Industry (DTI), provide
1956 rebates for all or part of the tax paid for the purchase of RE equipment for
1957 residential, industrial, or community use.

1958
1959 5.2. **Financial Assistance Program.** Government financial institutions (GFIs) such as
1960 the Development Bank of the Philippines (DBP), Land Bank of the Philippines
1961 (LBP), Philippine Exim Bank and others shall, in accordance with and to the extent
1962 allowed by the enabling provisions of their respective charters or applicable laws,
1963 provide preferential financial packages for the development, utilization, and

1964 commercialization of RE projects that are duly recommended and endorsed by the
1965 DOE.

1966
1967 **5.3. Exemption from the Universal Charge.** "Universal Charge" refers to the charge,
1968 if any, imposed for the recovery of the stranded cost and other purposes pursuant
1969 to Section 34 of the EPIRA.

1970
1971 All consumers shall be exempted from paying the Universal Charge under the
1972 following circumstances:

1973
1974 (a) If the power or electricity generated through the RE System is consumed by
1975 the generators themselves; and/or

1976
1977 (b) If the power or electricity through the RE System is distributed free of charge in
1978 the off-grid areas.

1979
1980 **5.4. Cash Incentive of Renewable Energy Developers for Missionary**
1981 **Electrification.** An RE Developer registered pursuant to Section 15 of the RE Act
1982 and Section 18 of the IRR of the RE Act, shall be entitled to a cash generation-
1983 based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%)
1984 of the universal charge for the power needed to service missionary areas where it
1985 operates the same, to be chargeable against the universal charge for Missionary
1986 Electrification. This provision shall apply to RE capacities for Missionary
1987 Electrification undertaken upon effectivity of the Act.

1988
1989 **5.5. Payment of Transmission Charges.** A registered RE Developer producing power
1990 and electricity from an intermittent RE Resource may opt to pay the transmission
1991 and wheeling charges of National Transmission Corporation (TRANSCO), its
1992 concessionaire or its successor-in-interests on a per kilowatt-hour basis at a cost
1993 equivalent to the average per kilowatt-hour rate of all other electricity transmitted
1994 through the Grid.

1995
1996 **5.6. Priority and Must Dispatch for Intermittent RE Resource**

1997
1998 **5.6.1.** Qualified and registered RE generating units with intermittent RE Resources shall
1999 be considered "must dispatch" based on available energy and shall enjoy the
2000 benefit of priority dispatch.

2001
2002 **5.6.2.** TRANSCO or its successor-in-interest shall, in consultation with stakeholders,
2003 determine, through technical and economic analysis, the maximum penetration
2004 limit of the intermittent RE-based power plants to the Grid.

2005
2006 **5.6.3.** The Philippine Electricity Market Corporation (PEMC) and TRANSCO or its
2007 successor-in-interest shall implement technical mitigation and improvements in the
2008 system in order to ensure safety and reliability of electricity transmission.

2009

2010 5.6.4. "RE generating units with intermittent RE Resources" refers to an RE generating
2011 unit or group of units connected to a common connection point whose RE
2012 Resource is location-specific, naturally difficult to precisely predict the availability
2013 of the RE Resource thereby making the energy generated variable, unpredictable
2014 and irregular, and the availability of the resource inherently uncontrollable, which
2015 include plants utilizing wind, solar, run-of-river hydropower, or ocean energy.
2016

2017 **Section 6. Incentive Regime.** In lieu of the incentives allowed under the RE Act, as
2018 enumerated in the preceding Sections of this Chapter, an RE Developer may elect to avail
2019 itself of the incentives under the NIRC of 1997, as amended by RA No. 11534, otherwise
2020 known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE".
2021 Unless the RE Developer signifies its intention to avail itself of the incentives under
2022 CREATE at the time of issuance of COR, it shall be considered as having availed itself of
2023 the incentives under the RE Act. Once the RE Developer elects to avail itself of the
2024 incentives under CREATE, such election shall be considered irrevocable and no
2025 incentives under the RE Act shall be allowed thereafter.
2026

2027 **CHAPTER XII – TRANSITORY PROVISIONS**

2028

2029

2030

2031 **Section 1. Evaluation of Pending Applications.** RE Applications filed prior to the
2032 effectivity of this Circular shall be governed by the existing guidelines at the time of the
2033 filing of the applications. The ITMS shall report to the REMB all areas covered by pending
2034 RE Applications and RE Contracts within fifteen (15) days from the date of this Circular.
2035 REMB shall use this information to commence the process of identifying PDAs for
2036 preparation of the OCSP. RE Applicants that have passed the legal, technical and
2037 financial requirements under the existing guidelines prior to the effectivity of this Circular
2038 shall be given an option to choose which RE Contract template to adopt: Provided,
2039 however, that should there be any new application requirements for RE Contract covering
2040 development of a particular type of RE resource, the applicant must satisfy first such
2041 requirement/s.
2042

2043 **Section 2. Re-filing of the Application for RE Contract and Certificate of**
2044 **Registration.** Pending applications for RE Contract or issuance of CORs may be re-
2045 applied, at the option of the RE Applicant, within (30) days from effectivity of this Circular
2046 without need of new or re-payment of the application fees. Failure of the applicants to re-
2047 file its application within the said period shall be construed as its decision to: (a) submit
2048 to the ongoing evaluation of its RE Application under the prior rules or guidelines, and (b)
2049 comply with the results of such evaluation of its pending RE Application.
2050

2051 **CHAPTER XIII – FINAL PROVISIONS**

2052

2053

2054

2055 **Section 1. Extension of Timelines.** Subject to the provisions of RA No. 11032, the
2056 respective timelines provided under this Circular may be extended for the same period
2057 prior to the lapse of the subject period, Provided, That the DOE shall notify the affected
2058 party in writing of the reason for the extension and shall provide the final date of release
2059 of the matter requested.

2060
2061 Only one extension is allowed and shall, in no case, exceed sixty (60) days.

2062
2063 For this purpose, the Citizen's Charter of the REMB shall be amended to reflect the
2064 timelines herein provided.

2065
2066 **Section 2. Information, Education and Communication Activities.** Pursuant to
2067 Section 31, Rule 10 of the IRR of the RE Act, the DOE, together with National Renewable
2068 Energy Board, shall develop and implement a comprehensive information, education and
2069 communication activities that are designed to increase the public awareness and
2070 appreciation of this Circular and the RE industry in general.

2071
2072 **Section 3. Separability Clause.** If for any reason, any provision of this Circular is
2073 declared unconstitutional or invalid by a court of competent jurisdiction, the other parts or
2074 provisions not affected thereby shall remain in full force and effect.

2075
2076 **Section 4. Repealing Clause.** The provisions of other circulars, orders, issuances, rules
2077 and regulations, which are inconsistent with the provisions of this Circular are hereby
2078 repealed, amended, superseded or modified accordingly.

2079
2080 **Section 5. Effectivity.** This Circular shall take into effect fifteen (15) days following its
2081 publication in at least two (2) newspapers of general circulation. Copies of this Circular
2082 shall be filed with the University of the Philippines Law Center – Office of the National
2083 Administrative Register.