

**OMNIBUS GUIDELINES GOVERNING THE AWARD AND ADMINISTRATION OF
RENEWABLE ENERGY SERVICE AND OPERATING CONTRACTS AND THE
REGISTRATION OF RENEWABLE ENERGY DEVELOPERS**

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

WHEREAS, Section 2 of Republic Act (R.A.) No. 7638, as amended, otherwise known as the "Department of Energy Act of 1992," mandates the Department of Energy (DOE) to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation, among others;

WHEREAS, Section 2 of R.A. No. 9513, otherwise known as the "Renewable Energy Act of 2008" (RE Act), provides the policy of the State to encourage and accelerate the exploration, development and utilization of renewable energy (RE) resources such as, but not limited to, biomass, solar, wind, hydropower, geothermal, and ocean energy sources, and including hybrid systems;

WHEREAS, Department Circular No. 2009-05-0008 prescribes the Implementing Rules and Regulations (IRR) of the RE Act and reiterates the mandates of the DOE to issue a regulatory framework containing the guidelines that shall govern the transparent and competitive system of awarding Renewable Energy Service/Operating Contracts (RE Contracts) from pre-development to development onto commercial operations stage, or the awarding of direct operating contracts to specific RE technologies, among others;

WHEREAS, biofuels, which are defined as fuels made from biomass, are considered as a RE resource under the scope of biomass energy, pursuant to Section 4(b) of the RE Act;

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

WHEREAS, in pursuing the efficient and transparent exploration, development and utilization of RE resources, the DOE promulgated various policies and guidelines in the awarding of RE Contracts and issuance of Certificates of Registration to RE

Developers, with the view to increase the development and utilization of RE to contribute in the attainment of energy supply security in the country, to wit:

- (a) DC2009-07-0011 dated 12 Jul 2009
- (b) DO2013-08-0011 dated 20 July 2013
- (c) DO2013-10-0018 dated 09 October 2013
- (d) DO2013-12-0020 dated 02 December 2013
- (e) DO2013-12-0023 dated 27 December 2013
- (f) DO2014-06-0010 dated 09 June 2014
- (g) DO2014-10-0018 dated 14 October 2014
- (h) DO2016-09-0011 dated 05 September 2016
- (i) DO2016-06-0010 dated 24 June 2016
- (j) DO2017-04-0005 dated 07 April 2017
- (k) DO2018-03-0003 dated 16 March 2018
- (l) DO2019-01-0003 dated 11 January 2019

WHEREAS, recent developments necessitate the harmonization and enhancement of the existing guidelines and procedures governing the transparent and competitive system of awarding RE Contracts and the registration of RE projects;

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

CHAPTER I

GENERAL PROVISIONS

Section 1. Title. This Circular shall be known as the “OMNIBUS GUIDELINES GOVERNING THE AWARD AND ADMINISTRATION OF RENEWABLE ENERGY SERVICE AND OPERATING CONTRACTS AND THE REGISTRATION OF RENEWABLE ENERGY DEVELOPERS.”

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

- 2.1. The pre-application, application and award of RE Contracts;
- 2.2. The transition of the existing Service Contracts to RE Contracts on the exploration, development or utilization of RE resources with the DOE, subject to Section 39, Rule 13, of the IRR of the RE Act;
- 2.3. The issuance by the DOE of Certificates of Registration (COR) for RE Developers of projects with or without RE Contracts; and
- 2.4. The administration of RE Contracts.

Section 3. Definition of Terms. As used in this Circular, the following terms shall be understood to mean, as follows:

- 3.1. "Blocking System" shall refer to the subdivision of the Philippine territory into RE meridional blocks (RE blocks) of 30 seconds of latitude and 30 seconds of longitude using Philippine Reference System of 1992 (PRS'92) as the standard reference system. One (1) RE block shall have approximate area of eighty-one (81) hectares. Each block shall have a unique number designated by the DOE which shall be used exclusively in identifying the coverage of a contract area.
- 3.2. "Certificate of Confirmation of Commerciality" or "COCOC" shall refer to the Certificate duly signed by the DOE Secretary confirming the Declaration of Commerciality by the RE Developer and shall serve as a Notice to Proceed for the construction of the RE project or the installation of the RE facilities. The date of issuance of the COCOC shall be considered to be the start of the Development Stage of the RE project;
- 3.3. "Commercial Operations" shall refer to the phase of the RE development when the RE Developer has completed the testing and commissioning of its power plant and is ready to inject power into the grid, or to sell or supply its produced energy, as duly confirmed by the DOE and other relevant regulatory bodies;
- 3.4. "Contract Area" shall refer to the total area, which is the subject of the RE Contract as detailed and outlined in the map with its technical description, and where the RE Developer has the exclusive right to explore, develop and utilize the RE resources;
- 3.5. "Declaration of Commerciality" or "DOC" shall refer to a written declaration by the RE Developer stating that the project is commercially feasible and sustainable;
- 3.6. "Direct Application" shall refer to the submission of the RE Application and the acceptance thereof by the DOE, where the RE Applicant identifies the proposed RE area and verified by the DOE that such area is free and open for RE development;
- 3.7. "Financial Closing" shall refer to the stage when the RE Developer has secured its full financing requirement to implement its RE project, either through equity or commercial borrowings, or other financing schemes, intended to pursue the implementation and the completion of the RE project;
- 3.8. "Financial Qualifications" shall refer to the criteria and procedures set out by the DOE, to establish the financial capability of the RE Developer to implement the RE project;
- 3.9. "Person" shall refer to a natural or juridical person, as the case may be;
- 3.10. "Production Area" shall refer to that portion of the Contract Area identified by the RE Developer, where the RE resources shall be utilized to produce electricity in commercial quantities;
- 3.11. "RE Applicant" shall refer to any Person, whether natural or juridical, including

joint venture or consortium of local, foreign, or local and foreign-owned firms, subject to the limitations provided in Section 4.2 hereof, who applies for the assessment, exploration, extraction, harnessing, development, utilization or commercialization of the RE resources;

- 3.12. "RE Application" shall refer to the submission by the RE Applicant of pertinent documents pertaining to the legal, technical and financial qualifications to enter into an RE Contract, in accordance with the requirements under this Circular;
- 3.13. "RE Developer" shall refer to an individual or juridical entity created, registered and/or authorized to operate in the Philippines in accordance with existing Philippine laws, and engaged in the exploration, development or utilization of RE resources and actual operation of RE systems or facilities. It shall include existing entities engaged in the exploration, development and/or utilization of RE resources, or the generation of electricity from RE resources, or both;
- 3.14. "RE Operating Contract" shall refer to the service agreement between the DOE and the RE Developer for the development and utilization of RE resources where, due to their inherent technical characteristics, need not go through Pre-Development Stage of a RE project;
- 3.15. "RE Resource" shall refer to energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and whose renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower, conforming with internationally accepted norms and standards on dams, and other emerging renewable energy technologies;
- 3.16. "Renewable Energy Management Bureau" or "REMB" refers to the unit of the DOE with the primary function of, among others, implementing policies, plans, and programs related to the accelerated development, transformation, utilization, and commercialization of renewable energy resources and technologies; and
- 3.17. "Work Program" refers to the plans and programs and other related activities formulated for the performance of the work obligations by the RE Developer, along with the corresponding budgetary estimate, submitted to the DOE for approval.

CHAPTER II

RE SERVICE AND OPERATING CONTRACTS

Section 4. RE Contract. A RE Contract is a service agreement between the Government, through the President or the DOE Secretary, and a RE Developer, covering an appropriate period as stated therein, in which the RE Developer shall have the exclusive right to explore, develop or utilize a particular RE area.

4.1. Modes of Awarding RE Contract. RE Contracts shall be awarded through (a) an open and competitive selection, (b) nomination or (c) direct application.

4.2. Who May Apply. Any Person, local or foreign, may apply for RE Contracts, subject to the limits provided in this Circular.

The RE Applicant must be a Filipino or, if a corporation, must be a Filipino corporation with at least sixty percent (60%) of its capitalization duly owned and controlled by Filipinos and is duly registered with the Securities and Exchange Commission (SEC), except when applying for biomass development and/or using waste to energy technology.

For the large-scale exploration, development and utilization of geothermal resources, the Government through the President may enter into agreements with foreign-owned corporations involving technical or financial assistance.

In case the RE Applicant is a joint venture or a consortium, the partners of the joint venture or members of the consortium shall organize themselves as a corporation registered under the Corporation Code of the Philippines and shall comply with the nationality requirements as provided for in the preceding paragraph.

4.3. Kinds of RE Contracts. A RE Contract that contains a Pre-Development Stage is considered a RE Service Contract, otherwise, it shall be considered a RE Operating Contract.

The development or utilization of solar or biomass resources, due to their inherent technical characteristics, shall be covered by a RE Operating Contract only.

4.4. Stages of RE Contract. The RE Contract shall cover two (2) stages of the RE project development, namely:

4.3.1. Pre-Development Stage, which involves the preliminary assessment and feasibility study up to Financial Closing and Declaration of Commerciality (DOC) of the RE project including the identification of the proposed Production Area; and

4.3.2. Development/Commercial Stage, which involves the development, production or utilization of RE resources, including the construction and installation of relevant facilities up to the operation phase of the RE facilities.

4.5. Conversion from Pre-Development Stage to Development/Commercial Stage. Upon the DOC by a RE Developer and after the confirmation by the DOE, the RE Contract shall be converted from Pre-Development Stage to Development/Commercial Stage.

The DOC with documentary requirements specified in Annex A of this Circular shall be submitted to the DOE prior to the expiration of the Pre-Development stage.

Failure by the RE Developer to submit its DOC within the Pre-Development stage shall be a cause for the termination of its RE Contract. The acknowledgment of receipt of the DOC by the DOE shall toll the running of the Pre-Development period.

Once the RE Developer has satisfactorily complied with all the requirements, the DOE shall issue a letter indicating the remaining contract term with the Certificate of Confirmation of Commerciality (COCOC) which shall likewise be considered the conversion of the RE Contract from Pre-Development Stage to Development/Commercial Stage.

If the results of the evaluation of the DOC are unsatisfactory, the RE Developer, upon receipt of notice, shall have the remainder of the Pre-Development period within which to correct such deficiencies.

The failure of the RE Developer to secure a COCOC before the expiration of its Pre-Development period shall be a cause for the termination of its RE Contract.

Section 5. Conversion from Existing Service Contract on RE Resources Prior to the RE Act. For existing RE projects that are operating prior to the effectivity of the RE Act, the contract holder may elect to convert its Service Contract or Agreement by applying for a RE Contract under this Circular. Consequently, the period of the RE Contract to be issued in relation thereto, shall be the balance of the contract term of the previous Service Contract or Agreement.

Section 6. RE Contract Area. Upon conversion from the Pre-Development to Development Stage of the RE Service Contract, the Contract Area shall be revised to cover the Production Area only. In the case of the RE Operating Contract, the Contract Area is equivalent to the Production Area.

CHAPTER III

TYPES OF RE CONTRACT PER RESOURCE

Section 7. Biomass Energy Resource. The development of biomass shall be covered by a Biomass Renewable Energy Operating Contract (BREOC). The RE Developer shall be given a period of three (3) years from the award of BREOC to commission the biomass power plant. The BREOC following the prescribed template (Annex B) shall be valid for 25 years and may be renewed for the same period, subject to terms and conditions provided therein.

Section 8. Geothermal Energy Resource. Geothermal development shall be covered by Geothermal Service Contract (GSC) in accordance with the prescribed template (Annex C). The GSC shall start with the Pre-Development Stage where the RE Developer is given five (5) years to determine existence of Geothermal Resources in Commercial Quantities. If on the fifth year of the Work Program the RE Developer has discovered a resource, it shall be allowed to apply for an extension of the Pre-Development Stage for a period of two (2) years to determine viability of the resource: Provided, That it is not in default of its contractual obligations and it has submitted an acceptable Work Program covering the extended period. Upon Declaration of Commerciality, the GSC shall be converted from Pre-Development to

Development Stage and shall remain valid for 25 years less the period spent in Pre-Development Stage and the RE Developer shall commence with the construction of the power plant in accordance with the timeline set in the approved five-year Work Program. The GSC may be renewed for another 25 years, subject to terms and conditions provided therein.

Section 9. Solar Energy Resource. The development of solar shall be covered by Solar Energy Operating Contract (SEOC) following the prescribed template (Annex D). The Work Program depends on the type of development whether it is mounted, roof-top or floating. The RE Developer shall be given a period of two (2) years from the award of SEOC to commission the project. However, for projects that require re-classification of land, such period shall commence from the date of reclassification. The SEOC shall be valid for 25 years and renewable for the same period subject to terms and conditions provided therein.

Section 10. Hydropower Resource. The development of hydropower resource shall be covered by Hydropower Service Contract (HSC) following the prescribe template (Annex E). The Pre-Development Stage shall be for a period of three (3) years for run-of-river and five (5) years for hydropower with capacity of 50 MW and above. Upon Declaration of Commerciality, the HSC shall be valid for 25 years less the period spent for Pre-Development stage and may be extended for the same period subject to terms and conditions provided therein.

Section 11. Ocean Energy Resource. The development of ocean energy resource shall be covered by Ocean Service Contract (OSC) following the prescribe template (Annex F). The Pre-Development Stage shall be for a period of three (3) years to determine the viability of the resource. Upon Declaration of Commerciality, the OSC shall be valid for 25 years less the period spent for Pre-Development stage and may be extended for the same period subject to terms and conditions provided therein.

Section 12. Wind Energy Resource. The development of wind energy resource shall be covered by Wind Energy Service Contract (WESC) following the prescribe template (Annex G). The Pre-Development Stage shall be for a period of three (3) years to determine the viability of the resource. Upon Declaration of Commerciality, the WESC shall be valid for 25 years less the period spent for Pre-Development stage and may be extended for the same period subject to terms and conditions provided therein.

CHAPTER IV

PROCEDURE IN AWARDING RE CONTRACTS UNDER OPEN AND COMPETITIVE SELECTION PROCESS

Section 13. Open and Competitive Selection Process (OCSP). Interested parties may apply for RE Contracts on Pre-Determined Areas (PDAs) offered by the DOE during a prescribed period (Annex H).

13.1. Selection of PDAs. The REMB shall identify and submit a list of PDAs for RE projects, with the respective Location Maps and Technical Descriptions thereof, to the Secretary through its Supervising Assistant Secretary for

approval. PDAs shall refer to areas with renewable energy potential through sufficient available technical data as may be determined by the REMB and approved by the Secretary.

13.2. Launch and Publication. PDAs approved by the Secretary shall be scheduled for launch and shall be publicly announced by the DOE for applications. PDAs for offer shall be published for at least two (2) consecutive weeks in at least two (2) broadsheet newspapers of general circulation and shall likewise be posted at the DOE website.

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

13.4. PDA Application. Applications may be submitted a day after the publication date until the last day of submission which shall be sixty (60) calendar days from the date of publication in accordance with the following procedures:

13.4.1. The Applicant shall submit a Letter of Intent (LOI) following the prescribed format (Annex I) and four (4) complete sets of legal, technical, and financial documents in accordance with prescribed Checklist of Requirements (Annex J);

Each application shall cover only one predefined area of interest as published.

13.4.2. Submitted RE Application must be in both paper and digital (USB Drive in Microsoft Word or *.pdf format) copies. Times New Roman 12 font and single line spacing are recommended. Figures shall be submitted in an appropriate format, no smaller than A3 size. For legibility, figures and maps shall be submitted at a larger scale (1:10,000) as appendices;

13.4.3. An application fee shall be paid by each area applicant, along with the submission of complete application documents. All payments may be made in cash, manager/company cheque, payable to "*Department of Energy*" or wire/bank transfer. All wire/bank transfer should be net of all applicable bank and financial charges.

13.5. Opening and Evaluation of Applications. The DOE shall open the applications at exactly 1330H on the last day of submission of applications.

13.6. Evaluation, Selection and Award. The evaluation and selection of RE application and award of RE Contract shall be conducted following the criteria and procedures set hereunder:

13.6.1. Applications with incomplete documents based on the Checklist of

Requirements shall be automatically disqualified during the opening of the applications. No additional documents shall be accepted after the deadline for submission of applications.

Applicants will be duly informed by the REMB Supervising Assistant Secretary whether its application passed the completeness check and shall be subjected to further legal, technical and financial evaluations. Disqualified applicants with incomplete documents shall also be duly informed by the REMB Supervising Assistant Secretary its lacking documents.

13.6.2. After the opening of application documents, the DOE shall immediately conduct evaluation of the submitted applications for all PDAs based on the following criteria:

1. Legal qualification	Pass or Fail
2. Work Program	40%
3. Technical qualification	20%
4. Financial qualification	40%

13.6.3. The highest ranked applicant who meets the legal, technical and financial requirements shall be selected.

13.6.4. After complete review and evaluation of the legal, technical, and financial qualifications of the applicant/s, the REMB Assistant Director through the Supervising Assistant Secretary, shall transmit to the Secretary a written endorsement of the winning applicant.

13.6.5. Based on the written endorsement of the REMB, the Secretary may approve the application for RE Contract.

13.7. An OCSP is declared failure when any of the following circumstances exist:

13.7.1. No RE Proposal was received by the DOE;

13.7.2. No one among the applicants was able to meet the legal requirements, as determined by the DOE; or

13.7.3. When one or more applicants have met the legal requirements but after the evaluation of technical and financial proposals, no applicant was able to meet either the technical or financial requirements, as certified by the DOE.

In any of the foregoing cases, the area may be applied for RE Contract under Direct Application. To initiate the change of mode of awarding RE Contract from OCSP to Direct Application, the DOE shall include in the announcement of the result of the OCSP the area/s which shall be open for Direct Application indicating when the process shall commence.

CHAPTER V

PROCEDURE FOR AWARDING OF RE CONTRACTS UNDER NOMINATION

Section 14. Coverage. The procedure for awarding RE Contracts under the Nomination Process shall cover geothermal, hydropower, and wind power with capacity of greater than 5MW for on-grid areas and greater than 3MW for off-grid areas.

Section 15. Nomination. The Nomination Process shall be comprised of the following:

15.1. Nomination and Publication.

- 15.1.1. Applicants shall nominate the proposed project area to the DOE-Information Technology and Management Services (ITMS) by specifying the location thereof in its LOI and specifying the location based on the mapping requirements (Annex K);
- 15.1.2. The LOI shall be addressed to the ITMS Director copy furnished the REMB Assistant Director, and submitted through the Records Management Division (RMD).
- 15.1.3. Upon receipt of the LOI, the RMD shall attach a Radio-frequency Identification (RFID) tag thereon, encode the document under Energy Application Monitoring System (EAMS) and forward the document to the ITMS Director and the REMB Assistant Director.
- 15.1.4. Within one (1) calendar day from receipt of the LOI, the ITMS shall issue the order of payment to the applicant for the processing fee on Area Verification which shall be paid within the same day.
- 15.1.5. The ITMS shall, within five (5) working days from receipt of the LOI and a copy of the Official Receipt of the payment of processing fee, complete the area verification, attach in EAMS the memorandum on the result of the area verification and endorse the nomination with its evaluation to the REMB Assistant Director. Thereafter, the REMB Assistant Director shall, within two (2) working days, endorse the nomination to the REMB Supervising Assistant Secretary, who shall inform the nominating applicant in writing, of the approval/rejection of such nomination within three (3) working days from receipt thereof and attach the letter in the EAMS.
- 15.1.6. Within fifteen (15) calendar days from its receipt of the notice of approval from the DOE, the nominating applicant shall, at its own expense, cause the publication of its nomination of the area/s of interest once a week for at least three (3) consecutive weeks in two (2) newspapers of general circulation. Such publication shall likewise contain an invitation to all interested parties to challenge the nomination. Failure of the nominating applicant to comply with the aforementioned requirements shall be a cause for the nullification of its

nomination, without need of notice, which shall open such area for new nominations. The template layout of the items for publication are more particularly described in Annex L hereof.

The nominating applicant shall submit to the REMB Assistant Director through RMD, proof of publication, including copies of the official receipt evidencing payment thereof within seven (7) days from the date of publication.

Within one (1) working day from the receipt of the documents, the RMD shall attach a RFID tag thereon, encode the document under EAMS and forward the documents to the REMB Assistant Director.

The REMB Assistant Director shall likewise cause the posting of the existence of a nomination of area/s of interest with an invitation for challenge on the DOE website as soon as practicable and attach the memorandum for and date of posting in the EAMS.

15.2. Submission of RE Contract Applications.

15.2.1. Upon the lapse of the period for publication, the subject area/s of interest shall be declared open for RE Contract applications by the REMB Supervising Assistant Secretary following the timeline as provided in the publication template.

15.2.2. The nominating applicant and challengers, if any, shall submit four (4) hard copies and one (1) soft copy of legal, technical, and financial documents for evaluation. The complete list of legal, technical, and financial documents, and the formatting of the digital submissions, are more particularly described in Annex J hereof.

Each application shall cover only the area/s of interest as duly nominated and published.

15.3. Evaluation, Selection, and Award.

15.3.1. After receiving the application documents through the RMD, the REMB Assistant Director shall endorse the RE Application to the concerned REMB division. The concerned REMB division shall within one (1) working day from receipt thereof from the RMD, furnish copies thereof to the Legal Services (LS) and Financial Services (FS) for legal and financial evaluation, respectively.

15.3.2. The concerned DOE units shall evaluate the applications within five (5) working days based on the following criteria:

Legal qualification	Pass/Fail
Work Program	30%
Technical qualification	40%
Financial qualification	30%

15.3.3. The applicant who garners the highest score and meets the legal, technical and financial requirements shall be selected.

In case the nominating applicant loses to a challenger, the winning applicant shall reimburse the nominating applicant the costs it incurred in connection with the application for nomination and the publication thereof. Such reimbursement shall be effected within seven (7) calendar days from receipt of notice of award of RE Contract and shall be in the form of either cash or manager's/cashier's check made payable to the nominating applicant. Failure of the winning applicant to reimburse said costs within the said period shall automatically nullify the award of RE Contract and the second highest-ranked applicant shall be issued the notice of award of RE Contract and shall be subject to the same conditions.

If the losing nominating applicant refuses to accept the payment of reimbursement for costs it incurred, the winning applicant shall open an escrow account in a government banking institution in favor of the losing nominating applicant. The winning applicant shall, as soon as possible, submit proof of the creation of the escrow account or payment of reimbursement of costs incurred to the REMB Assistant Director.

15.3.4. An applicant who submitted incomplete or defective documents shall only be allowed to complete or correct the same if no other application was received during the application period.

The period within which a sole applicant shall be allowed to submit the lacking or rectify the defective documents shall not exceed thirty (30) calendar days from the opening of the application.

Failure of the sole applicant to submit or correct lacking or defective documents within the prescribed period shall result in the automatic disqualification of the application.

In the case of multiple applicants over the same area/s of interest, any lacking or defective documents submitted by such applicants shall result to the automatic disqualification of their applications.

15.3.5. After complete review and evaluation of the legal, technical, and financial qualifications of the applicant/s and the production of the RE Contract, the REMB Assistant Director shall transmit to the Secretary, through the REMB Supervising Assistant Secretary, a written endorsement of the winning applicant.

15.3.6. Within seven (7) calendar days from receipt of notice of award, the winning applicant shall pay the RE Contract application and processing fee based on the DOE's schedule of fees and charges.

15.3.7. The REMB Assistant Director shall prepare the final RE Contract using the template provided herein. No deviation from the template shall be allowed.

- 15.3.8. Based on the written endorsement of the REMB Supervising Assistant Secretary, the Secretary may approve the application for RE Contract.

CHAPTER VI

PROCEDURE FOR AWARDING RE CONTRACTS UNDER DIRECT APPLICATION

Section 16. Coverage. Direct Application shall govern the RE Contract Applications for biomass and solar, regardless of capacity, and other RE resources with capacity of not more than 5MW for grid area and 3MW for off-grid.

Part 1. Pre-Application of Interested Participant

Section 17. Submission of LOI. All interested participants shall prepare a LOI indicating the proposed area in accordance with the mapping requirements addressed to the REMB Director, and submitted through the RMD. Mere submission of a LOI shall not be considered as a filing of a RE Application.

Upon receipt of the LOI, the RMD shall attach a RFID tag thereon, encode the document under EAMS and forward the document to the REMB Assistant Director.

Section 18. Orientation of the Interested Participant. The orientation is intended to inform and guide the applicant on the requirements and processes in the evaluation and awarding of the RE Contract and the registration of a RE project.

- 18.1. Within three (3) working days from receipt of the LOI, the REMB Assistant Director shall issue an acknowledgment letter addressed to the applicant and attach the document in EAMS.
- 18.2. The interested participant shall be informed of the schedule of an orientation or briefing on the RE Application requirements and processes.

Section 19. Area Verification. The concerned technical division of REMB through its Director shall endorse the LOI and its attachments to the ITMS within two (2) days from receipt of the documents on the proposed project area. For solar and biomass development, the concerned REMB division shall also endorse the proof of ownership or possessory rights over real property covered by the proposed project area located in private lands to the LS.

- 19.1. Within one (1) calendar day from receipt of the LOI, the ITMS shall issue the order of payment to the applicant for the processing fee on Area Verification which shall be paid within the same day.
- 19.2. Within five (5) working days from receipt of the LOI and a copy of the Official Receipt of the payment of processing fee, the ITMS and the LS shall complete the area verification, attach in EAMS the memorandum on the result of the area verification and provide the concerned REMB division of the verification report.

Part 2. Filing and Evaluation of RE Application

Section 20. Receipt of RE Application. The Interested Participant that complies with the procedures and requirements provided herein may submit its RE Application as follows:

- 20.1. Four (4) hard copies and one (1) soft copy of the RE Application shall be submitted. Each hard copy shall have separate folders for legal, technical and financial documents, all of which shall be original documents or certified true copies thereof.
- 20.2. The concerned REMB division shall ascertain, on a pass or fail basis, whether the RE Application is complete based on the Checklist of Requirements, and thereafter issue an Order of Payment for the application and processing fees. No Order of Payment shall be issued unless all the documentary requirements in the RE Application are complied with.
- 20.3. Prior to submission of documents to the RMD, the applicant shall proceed to the concerned REMB division for the checking of the requirements. However, if the proposed area is found to be partially occupied by other RE developer, the concern RE developer has the option to proceed with their application on the remaining revalidated area which shall be the basis of the amount of their application and processing fees.
- 20.4. After payment of the application and processing fees, the Interested Participant shall submit all five (5) copies of the RE Application, together with the photocopy of the official receipt of the said fees, to the RMD.

At this stage, the RE Application is deemed filed and submitted and any amendment thereof by the RE Applicant shall not be allowed.

The ITMS shall make the area available to other applicants only when the RE Applicant failed to qualify, or withdrew, or abandoned his application and after due notice to the RE Applicant on such information by the REMB Assistant Director copy furnished the ITMS.

Section 21. Evaluation Process. The Records Management Division shall, within one (1) working day from receipt of RE Application, forward the same to concerned REMB division.

The concerned REMB division shall record the date of filing of the RE Application and within the same day of receipt from the Records Management Division, distribute one (1) copy of the RE Application each to the Legal Services for legal evaluation and Financial Services for financial evaluation.

Thereafter, the concerned divisions of REMB, Legal Service and Financial Services shall evaluate the RE Application at the same time which should be completed within five (5) working days from date of receipt of the RE Application.

- 21.1. If the RE Application passed the legal, technical and financial evaluations, the evaluation documents shall be collated, facilitated, reviewed and endorsed by the Assistant Director of REMB to the REMB supervising Assistant Secretary with the assistance of the concerned REMB division who shall prepare, within three (3) working days from receipt thereof, an endorsement memo, the template contract and the corresponding COR.
- 21.2. In case the RE Application is not qualified either legally, technically or financially, the concerned REMB division under the supervision of the REMB Assistant Director shall, within three (3) working days from receipt of all the evaluations, prepare a letter to be signed by REMB Director requiring the RE Applicant to submit supporting documents to clarify pertinent information in its submission within a period of five (5) working days from receipt of such notice.
- 21.3. Failure of the RE Applicant to submit supplementary documents within the prescribed period shall mean abandonment of the RE Application. Thereafter, a notice to the RE Applicant shall be prepared by the REMB for approval by its Assistant Secretary that the RE Application is deemed abandoned.
- 21.4. In case the RE Applicant submits supplementary documents within the prescribed period under sub-paragraph 21.2 hereof, the concerned divisions shall re-evaluate the RE Application and submit the result within two (2) working days from receipt thereof. The REMB Assistant Director shall collate the results and follow the procedure in item 21.1 if the RE Application have passed the legal, technical and financial requirements.
- 21.5. In case the RE Application failed to pass either the legal, technical or financial requirements, the REMB Assistant Director shall recommend such disqualification to its supervising Assistant Secretary who shall issue a formal notice to the RE Applicant stating the basis of disqualification and a memorandum to ITMS to immediately re-open the area for RE Application by posting such information in the DOE website.

Part 3. Award of RE Contracts

Section 22. Approval and Signing of the RE Contract. The following shall govern the awarding of the RE Contract and the registration of the RE Developer on a specific project:

- 22.1. The DOE shall notify the winning or qualified RE Applicant of the award and the schedule of signing of the RE Contract: Provided, That the RE Contract in the nature of a financial or technical assistance agreement shall be approved and executed by the President of the Philippines, upon the recommendation by the DOE Secretary.
- 22.2. The concerned REMB division under the supervision of its Assistant Director shall prepare the memorandum to the Secretary endorsing the award of the RE Contract through its Assistant Secretary. Endorsement must include complete attachments on the original copy of the results of legal, technical and financial evaluations, project area map and its technical descriptions.

REMB Assistant Director shall release these documents within three (3) working days from receipt of complete evaluation results.

- 22.3. Within two (2) working days from approval of the Secretary of the recommendation, the REMB Director shall inform the RE Applicant to pre-sign original copies of the RE Contract following the prescribed template.
- 22.4. Within one (1) working day from the date of pre-signing, REMB Assistant Director thought the Supervising Assistant Secretary shall submit to the Secretary the pre-signed RE Contract with the corresponding Certificate of Registration (COR), and all the attachments. The Secretary shall act on it within seven (7) working days from receipt.
- 22.5. The REMB Assistant Director shall send a written notice to the RE Applicant with an Order of Payment within one (1) working day from the signing of the RE Contract to pay the signing fee and post the performance bond covering the first Contract Year.
- 22.6. The notarized copy of the RE Contract and the COR shall be furnished to the RE Applicant upon submission by the latter of a copy of the official receipt of the DOE of payment of the corresponding signing fee which shall be paid directly to the treasury and the performance bond. A copy of the original RE Contract and a photocopy of the COR shall be provided each the concerned REMB division and the Records Management Division.
- 22.7. The concerned REMB division shall create a record of the signed RE Service/Operating Contract in the Energy Virtual One Shared System (EVOSS) and attach a copy of the signed RE Service/Operating Contract and its annexes, COR and performance bond.
- 22.8. Failure of the RE Developer to submit proof of payment of the signing fee within fifteen (15) working days from receipt of notice shall be deemed as an abandonment of the RE Application and shall cause the revocation of the COR and the RE Contract. Further, non-posting of the performance bond within thirty (30) working days from execution thereof shall cause the RE Contract to be deemed ineffective.

The evaluation of the RE Application and award of RE Contract shall be conducted following the Flow Diagram (Annex M).

CHAPTER VII

TECHNICAL GUIDELINES

Section 23. Configuration of RE Contract Area. The configuration of the proposed RE Contract area shall depend on the type of resource being applied for as follows:

- 23.1. For solar and biomass resources, the area shall be in one (1) parcel polygon.

The interested participant shall specify the type of system of the project, whether it is ground-mounted, roof-mounted or floating solar and submit the technical requirements based on the chosen system.

- 23.2. For hydropower resources, the applied area shall indicate the geographic coordinates of the proposed location of weir, with elevation, and the powerhouse.
- 23.3. For wind, geothermal and ocean resources, the applied area shall either be polygonal or in blocks following the Blocking System or a combination of both.

Section 24. Area Verification Results. The ITMS shall provide the concerned REMB division of the verification report which may indicate the following information:

- 24.1. The proposed or applied project area is covered by an existing RE Contract for the development of the same RE technology/resource being applied for;
- 24.2. The proposed area is not open for RE Contract Application and/or if it is covered by service contract of other energy/RE technologies, or if it is within a protected area;
- 24.3. The proposed area is with a pending RE Application for the same RE technology/resource;
- 24.4. The proposed area overlaps with an existing service/operating contract covering energy resources/technologies other than the RE resource/technology being applied for; and
- 24.5. The proposed area is open for RE Contract application.

Section 25. Multiple Resources in an Area. For item 23.4 above, the applicant may pursue his RE Application by submitting a notarized acknowledgment and undertaking on the following:

- 25.1. The recognition of the existence of the prior right of the existing contract holder; and
- 25.2. The interested participant shall secure the clearance and/or no opposition from the existing contract holder.

The concerned REMB division shall formally notify the Interested Participant within two (2) working days from receipt of the result of the Area Verification evaluation whether or not to proceed with the filing of RE Application and attach the letter in the EAMS.

CHAPTER VIII

ADMINISTRATION OF RE CONTRACT

Section 26. Posting of Performance Bond. The RE Developer shall post a bond or any other guarantee of sufficient amount, but not less than the minimum expenditures commitment for the first contract year, which shall be a condition precedent to the effectivity of the RE Contract. A valid and subsisting Performance Bond is required until completion of the construction of the RE project.

Section 27. Updating of RE Projects at the DOE Website. Posting and updating of RE Contract awarded and pending Application in the DOE website.

27.1. The REMB-Technical Service Management Division (TSMD), in coordination with the REMB technical divisions, shall quarterly collate and update the list of RE Contract awarded and RE Applications.

All concerned DOE units shall provide updates to the EVOSS and DOE websites.

27.2. All RE Developers shall be required to register with the EVOSS for regular updating of their respective projects.

Section 28. Amendment of RE Contracts. The evaluation of any proposed amendment shall undergo the same process of RE Application and the REMB Director, through the Supervising Undersecretary, shall recommend to the Secretary the action to be taken.

28.1. For RE Contract Area amendments, the RE Developer shall submit a request in writing addressed to the REMB Director, attention the concerned REMB division, with the following requirements:

28.1.1. Technical description of proposed contract area indicating the technical specifications and other Mapping Requirement for the purpose of area verification.

28.1.2. The proposed amendment to the Contract Area shall be contiguous with the existing Contract Area under the RE Contract and shall be open for RE development as verified by the ITMS.

28.1.3. Reasons and justifications for the amendment of the Contract Area, such as but not limited to: (a) the results of the resource assessment, duly verified by the REMB concerned unit, (b) proof of land rights, and (c) the RE Developer is not in default of its technical and financial obligations under the RE Contract.

28.1.4. An acceptable Work Program with respect to the amended Contract Area.

28.1.5. Holders of RE Contracts with provisions on Milestone Period shall be allowed to apply for Contract Area amendment during the Milestone Period provided that all approved Milestone activities under the RE Contract have already been accomplished.

- 28.1.6. All other RE Contracts entered into by the DOE in compliance with existing templates of RE Contracts at the time of signing shall only be allowed to apply for Contract Area amendment not later than sixty (60) days prior to the expiration of the Pre-Development Stage.

In case the DOC states that the viability of the project is subject to a Contract Area amendment and upon due confirmation by the DOE, such amendment may be allowed upon issuance of the COCOC.

- 28.2. The following templates for amendments of Contract Area under existing RE Contracts are hereby adopted as follows:

- 28.2.1. RE Contracts issued in compliance to Department Order No. DO2013-08-0011 entitled "Adopting Policies in Relation to the Processing of Renewable Energy Service Contracts and Mandating the Adoption of the Revised Templates for Renewable Energy Service Contracts" dated 26 July 2013 shall adopt the template for amendments of Contract Area attached hereto as Annex N; and

- 28.2.2. All other RE Contracts entered into by the DOE in compliance to the existing templates of RE Contracts at the time of signing shall adopt the prescribed RE Contract templates.

- 28.3. Issuance of amendment to RE Contract and revised COR shall be required in the following instances:

- 28.3.1. Increase or decrease in the installed capacity of the project;

- 28.3.2. Change of type of feedstock for biomass operations;

- 28.3.3. Change of location of project site (for biomass and hydro sources only)

- 28.4. Only a revised COR shall be issued in the following changes:

- 28.4.1. Company name of the RE Developer; and/or

- 28.4.2. Assignment of RE Contract.

The amendment under Section 28.4 shall require surrender of the original COR prior to evaluation of the request. Provided, That, in the case of purely change of company name, the request shall be directly endorsed to the Secretary after legal evaluation.

- 28.5. No amendment of RE Contract or COR is required in the contract conversion from Pre-Development to Development Stage. However, relinquishment of a portion of the Contract Area after identifying the Production Area as provided herein shall result to the issuance of new Contract Area with corresponding map and technical description.

- 28.6. Process for Evaluation of RE Contract Amendment. All request for RE Contract

amendment shall be submitted to REMB through RMD and shall be processed in accordance with the following:

- 28.6.1. Upon receipt of the request, the RMD shall attach a RFID tag thereon, encode the document under EAMS and forward the document to the REMB Director.
- 28.6.2. Within one (1) working day from receipt of the request for RE Contract Amendment, the REMB Director shall forward the documents to the concerned REMB division for evaluation.
- 28.6.3. The concerned REMB division shall evaluate the request within five (5) working days. In case the evaluation of the concerned REMB division shows that there are additional costs to be incurred that should warrant another financial evaluation or if there are any legal concerns on the RE project or if there is a need of re-plotting of Contract Area, it shall endorse it to FS, LS and/or ITMS which shall evaluate the request within five (5) working days from receipt of such endorsement.
- 28.6.4. Within two (2) working days from completion of evaluation, the concerned REMB Division, through the REMB Director, shall provide the REMB Supervising Undersecretary the complete basis of the recommendation.
- 28.6.5. The REMB Supervising Undersecretary shall, within three (3) working days from receipt of such recommendation, issue a memorandum that shall contain the highlights of the evaluation and a recommendation to the DOE Secretary for approval.
- 28.7. The concerned REMB division shall immediately provide to the TSMD, ITMS, and DOE-Investment Promotion Office (IPO) any RE Contract/COR status for timely update of database.

Section 29. Termination of RE Contracts.

- 29.1. Based on its regular monitoring of the performance of the Developer of its contractual obligations, REMB Director shall evaluate and recommend the termination of RE Contracts.
- 29.2. Evaluation Process for RE Contract Termination. The concerned REMB division shall recommend or endorse the termination the RE Contract within the following timeline:
 - 29.2.1. Five (5) working days from the lapse of the Pre-Development Stage of the RE Contract where the Developer failed to submit DOC of the project.
 - 29.2.2. Five (5) working days from the voluntary relinquishment of the Developer of the RE Contract.

- 29.2.3. During Pre-Commissioning phase of the RE Contract, upon findings that the Developer failed to post the required performance bond.
- 29.2.4. At any stage of the RE Contract, upon findings of any of the grounds for RE Contract termination as stipulated therein.
- 29.3. Within three (3) working days from receipt of the recommendation, the REMB Director shall endorse it to the REMB Supervising Undersecretary the complete basis of the recommendation.
- 29.4. The REMB Supervising Undersecretary shall, within three (3) working days, issue a memorandum that shall contain the highlights of the evaluation and a recommendation to the DOE Secretary for approval.
- 29.5. Thereafter, the concerned REMB division shall immediately provide to the TSMD, ITMS and IPO any RE Contract status for timely update of database.

Section 30. Letter of Reconsideration. An RE Developer may submit a Letter of Reconsideration addressed to the REMB Director within ten (10) days from their receipt of a letter of termination. The REMB Director shall evaluate the merits of the Letter of Reconsideration and endorse such recommendations to the Secretary through the REMB Supervising Undersecretary following the process provided under Section 29 hereof.

CHAPTER IX

RE PROJECTS FOR OWN-USE AND MICRO-SCALE RE PROJECTS FOR NON-COMMERCIAL OPERATIONS

Section 31. RE Projects for Own-Use and for Non-Commercial Operations. RE Developers generating power for own-use and for non-commercial operations shall register with the DOE to avail of incentives under the RE Act. For this purpose, non-commercial operations shall cover those projects which are intended for demonstration of new or modified RE technologies and those fully covered by grants and all other projects which are not designed for profit. The COR shall be issued upon complete submission of requirements for evaluation by the REMB for approval of the Secretary.

Section 32. Micro-Scale RE Projects. The issuance of COR for Micro-Scale RE Project with installed capacity of not more than 100 kilowatts (100 kW), shall be evaluated and endorsed by the REMB, for approval by the Secretary.

Section 33. RE Developer for Small-Scale, Mini-Grid or Hybrid Project. The DOE shall issue a COR covering RE systems of small-scale having installed capacity ranging from more than 100kW up to 1MW and RE components of not more than 1MW in mini-grid or hybrid projects.

For clarity, the Electric Power Industry Management Bureau (EPIMB) shall have the overall supervision in processing endorsements to the regulatory bodies for mini-grid

and hybrid projects, and that REMB shall cover the RE component of such projects such as technical and financial evaluation and COR processing.

Section 34. Requirements and Procedures for Registration. The DOE shall issue a separate guidelines providing for the requirements and procedures for the registration of the RE projects under this Chapter.

CHAPTER X

ISSUANCE OF CERTIFICATE OF REGISTRATION

Section 35. Registration of a RE Developer. The DOE shall issue the COR to the RE Developer on a per project basis.

35.1. The holder of a RE Contract shall be issued a COR covering the project upon the submission of the proof of posting of performance bond for the first Contract Year.

35.2. Accredited biofuel producers under R.A. No. 9367, otherwise known as the “Biofuels Act of 2006,” may apply for a COR as a biomass developer.

35.3. RE Developers of RE systems or facilities for own consumption and micro-scale RE projects for non-commercial operations may apply for a COR.

35.4. RE Developers for small-scale RE systems and hybrid systems as defined under Section 33 hereof, may register its project and shall be evaluated under a simplified process and issued a specific COR for the purpose.

CHAPTER XI

TRANSITORY PROVISIONS

Section 36. Evaluation of Pending Applications. Evaluation of applications filed prior to the effectivity of this Circular shall be evaluated based on the existing guidelines at the time of the filing of the applications.

Section 37. . Re-filing of the Application for RE Contract and Certificate of Registration. Pending applications for RE Contract or Certificate of Registration may be re-applied within (30) working days from effectivity of this Circular without need of payment of the application fee.

CHAPTER XII

FINAL PROVISIONS

Section 38. Separability Clause. If for any reason, any provision of this Circular is declared unconstitutional or invalid, the other parts or provisions not affected thereby shall remain in full force and effect.

Section 39. Repealing Clause. The provisions of other department circulars which are inconsistent with the provisions of this Circular are hereby repealed, amended or modified accordingly.

Section 40. Effectivity. This Circular shall take into effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

ALFONSO G. CUSI
Secretary