

<b>&lt;COMPANY NAME&gt; CALL FOR COMMENTS ON DRAFT DEPARTMENT CIRCULAR (DC) ON "PROMULGATING THE ENHANCE POLICY FOR BENEFITS TO COMMUNITIES HOSTING ENERGY GENERATION AND RESOURCE DEVELOPMENT FACILITIES, AND ENERGY STORAGE SYSTEMS FACILITIES, AMENDING RULE 29 (A) OF THE IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9136"</b>		
<b>SECTION</b>	<b>COMMENTS/RECOMMENDATION</b>	<b>PROPOSED/SUGGESTED REVISION</b>
<b>DEPARTMENT CIRCULAR NO. _____</b>		
<b>PROMULGATING THE ENHANCE POLICY FOR BENEFITS TO COMMUNITIES HOSTING ENERGY GENERATION AND RESOURCE DEVELOPMENT FACILITIES, AND ENERGY STORAGE SYSTEMS FACILITIES, AMENDING RULE 29 (A) OF THE IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9136</b>		
<b>WHEREAS</b> , Republic Act No. 7638, otherwise known as the "Department of Energy Act of 1992", declares it a policy of the State to ensure a continuous, adequate, and economic supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements through the integrated and intensive exploration, production, management, and development of the country's indigenous energy resources, and through the judicious conservation, renewal and efficient utilization of energy to keep pace with the country's growth and economic development and taking into consideration the active participation of the private sector in the various areas of energy resource development; and (b) to rationalize, integrate, and coordinate the various programs of the Government towards self-sufficiency and enhanced productivity in power and energy without sacrificing ecological concerns;		
<b>WHEREAS</b> , Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 or EPIRA", states that it is the policy of the State to: (i) ensure the quality, reliability, security, and affordability of the supply of electric power; (ii) ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market; (iii) protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power and (iv) assure socially and environmentally compatible energy sources and infrastructure;		
<b>WHEREAS</b> , the EPIRA mandates the DOE, among others, to: (i) supervise the restructuring of the electric power industry; (i) Devise ways and means of giving direct benefit to the province, city, or municipality, especially the community and people affected, and equitable preferential benefit to the region that hosts the energy resource and/or the energy-generating facility: Provided, however, That the other provinces, cities, municipalities, or regions shall not be deprived of their energy requirements; (ii) formulate rules and regulations as may be necessary to implement the objectives of the EPIRA; and, (iii) exercise such other powers as may be necessary or incidental to attain the objectives of the EPIRA;		
<b>WHEREAS</b> , Section 66 of the EPIRA states that the obligations of generation companies and energy resource developers to communities hosting energy generating facilities and/or energy resource developers as defined under Chapter II, Sections 289 to 294 of the Local Government Code and Section 5(i) of Republic Act No. 7638 and their implementing rules and regulations and applicable orders and circulars consistent with this Act shall continue: Provided, That the obligations mandated under Chapter II, Section 291 of Republic Act No. 7160, shall apply to privately-owned corporations or entities utilizing the national wealth of the locality;		
<b>WHEREAS</b> , the DOE deems it necessary to provide a new regime for the benefits that will have a direct and significant impact on all local government units and communities and peoples hosting a facility for power generation, storage and/or energy resource development, through a transparent, holistic and collaborative framework for all concerned energy stakeholders;		
<b>WHEREAS</b> , on _____ 2025, the DOE conducted public consultation, including online viewing through Microsoft Teams and Facebook Live, on the proposed amendments to enhance the provision of benefits to the host communities as well as power supply contracting of DUs from indigenous energy resources, thereby increasing the utilization of indigenous energy resources;		
<b>NOW THEREFORE</b> , in consideration of the foregoing, the DOE hereby issues the new policy for the benefits of communities hosting a power generation, energy storage and/or resource development facility:		

<b>RULE I GENERAL PROVISIONS</b>		
<b>Section 1. Title.</b>  This Circular shall be known and referred to the "Enhanced Energy Regulations for the Benefits to Host Communities".		
<b>Section 2. Purpose.</b>  This Enhanced Energy Regulations (Enhanced ER) sets the general rules and guidelines for the rationalized, appropriate, transparent and efficient allocation, management, utilization and distribution of financial benefits to Local Government Units (LGUs) and communities, i.e., Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs), and the implementation, administration and monitoring of projects, programs to Host Beneficiaries.		
<b>Section 3. General Principles.</b>  The following principles shall govern the interpretation and implementation of the benefits to Host Communities:		
3.1. The process of providing benefits to Host Communities shall be simple, direct, and transparent with full accountability of all concerned beneficiaries, generation companies, and energy resource developers;		
3.2. The provision thereof shall contribute to the acceleration of the total electrification and lowering of rates of end users hosting the energy facilities in accordance with the provisions of this circular; and		
3.3. The availment of the benefits by the Host Communities shall be consistent and contribute to the implementation of local plans and programs and the actual needs of the Host Beneficiaries;		
3.4. The provision of benefits to Host Communities by the generation companies and/or energy resource developers shall not form part of the total generation costs imposed by the generation company and/or energy resource developers; and		
3.5. Any exemption and/or inclusion of a generation facility, including new technologies, among others, energy storage and offshore facilities, in the provision of Benefits to Host Communities shall be in accordance with the provisions of this Circular.		
<b>Section 4. Definition of Terms.</b>  For this Circular, the terms are herein defined as follows:		
4.1. "Barangay" refers to the smallest local government unit, in accordance with the definition in the Local Government Code of 1991;		
4.2. "Benefits" refer to the fiscal and non-fiscal assistance or services that can be extended to the Host LGUs, and ICCs/IPs;		
4.3. "Beneficiaries" refer to the Host LGU, and ICCs/IPs entitled to the Benefits;  For this purpose, all legitimate and bona fide ICCs/IPs, duly and formally recognized and accredited by the National Commission on Indigenous People (NCIP), through a resolution by its Commissioners sitting en banc, that host the generating facilities and/or energy resources shall be entitled to the Benefits under this New Energy Regulations.		
4.4. "City" shall be defined in accordance with the Local Government Code of 1991;		
4.5. "Cogeneration Facility" refers to a facility which produces electricity or mechanical energy and forms of useful thermal energy, such as heat or steam, for industrial, commercial, heating, or cooling purposes through the sequential use of energy and is accredited as a cogeneration facility by the DOE;		
4.6. "Community and People Affected" refers to bona fide residents of a Host LGU and who were affected and/or relocated as a result of the construction, and/or operation of an energy generating facility or the development of an energy resource project;		
4.7. "Department of Environment and Natural Resources" or "DENR" refers to the department as reorganized by Executive Order No. 192, series of 1987, as amended.		
4.8. "Department of Interior and Local Government" or "DILG" refers to the created department pursuant to Republic Act No. 6975, as amended.		

4.9.	"Distribution System" refers to the system of wires and associated facilities belonging to a franchised Distribution Utility extending between the delivery points on the transmission or subtransmission System or generator connection and the point of connection to the premises of the End-user;		
4.10.	"Distribution Utility" or "DU" refers to any electric cooperative, private corporation, local government-owned utility, or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with the EPIRA;		
4.11.	"Department of Energy" or "DOE" refers to the department created pursuant to Republic Act No. 7638, as amended;		
4.12.	"Electric Cooperative" or "EC" refers to a distribution utility organized pursuant to Presidential Decree No. 269, as amended, or as otherwise provided in the EPIRA;		
4.13.	"Electricity Sales" refers to the proceeds derived by the power producer from the actual generation of the Energy Generating facility net of station use;		
4.14.	"Electrification" refers to the provision of dependable and adequate electric services;		
4.15.	"Energy Regulatory Commission" or "ERC" refers to the regulatory agency created under the EPIRA;		
4.16.	"Energy Resource" refers to either integrated conventional or renewable sources of energy to generate, store power and other forms of energy;		
4.17.	"Energy Resource Developer" or "ERD" refers to any person or entity, natural or juridical, engaged or intends to engage in the exploration, exploitation, extraction, and utilization of energy resources to generate, store power and other forms of energy.		
4.18.	"Energy Resource Development Facilities" refers to the facilities covered by exploration, exploitation, extraction, and utilization of energy resources to generate power and other forms of energy;		
4.19.	"Energy Storage System" or "ESS" refers to the energy facilities capable of absorbing energy directly from the Grid of Distribution System, or from a renewable energy plant or from a conventional plant connected to the Grid or Distribution System and storing it for a time period, and injecting stored energy when prompted, needed to ensure reliability and balance power system; For purpose of this Circular, the ESS shall only refer to Integrated ESS Facilities that is co-located with a power generation facility and form part of the generation process and deemed an integrated generation asset.		
4.20.	"Financial Benefits" refers to the five centavos per kilowatt-hour (P0.05/kWh) of Electricity Sales set aside by the Genco, and/or ERD, and ESS in favor of the Host LGU, and ICC/IP.		
4.21.	"Generation Company" or "GenCo" refers to any person or entity, natural or juridical, authorized by the ERC to operate facilities used in the generation of electricity.		
4.22.	"Generation Facility" refers to any power plant producing electricity and other forms of energy, such as steam or mechanical energy, authorized by the ERC. Generation Facilities shall not include transmission lines and substations;		
4.23.	"Host Local Government Unit" or "Host LGU" refers to a local government unit, i.e., barangay, municipality, city or Highly Urbanized City or province, where the energy resource and/or energy-generating facility is located as determined under Section 3, Rule II hereof;		
4.24.	"Indigenous Cultural Communities/Indigenous People" or "ICC/IP" refers to a group of people or homogenous societies identified by self-ascription and ascription by others, who have continuously lived as organized community on communally bounded and defined territory, and who have, under claims of territory since time immemorial occupied, possessed and utilized such territories, sharing common language, customs, traditions and other distinctive cultural traits, or who have through resistance to political, social and cultural inroads of colonization, non-indigenous religions and cultures, became historically differentiated from the majority of Filipinos. ICCs/IPs shall likewise include people who are regarded as indigenous on the account of their descent from the population which inhabited the country, at the time of conquest or colonization, or at the time of inroads of non-indigenous religions and cultures or the establishment of present state boundaries, who retain some or all of their own social, economic, cultural and political institutions, but who may have been displaced from their traditional domains or who may have resettled outside their ancestral domains;		
4.25.	"Municipality" shall be defined in accordance with the Local Government Code of 1991;		
4.26.	"Municipal Waters" refers to waters within 15 kilometers of the coastline of a municipality which are not included within the protected areas as defined under Republic Act No. 7586;		

4.27. "National Commission on Indigenous People" or "NCIP" refers to the government entity created pursuant to Republic Act No. 8371;		
4.28. "National Electrification Administration" or "NEA" refers to the government entity created pursuant to Presidential Decree No. 269, as amended;		
4.29. "National Power Corporation" or "NPC" refers to the government entity created pursuant to Republic Act No. 6935, as amended;		
4.30. "Offshore Generating Facilities" refers to facilities for the exploration, development and/or utilization of energy resources in offshore areas, which include estuaries and other bodies of water;		
4.31. "Province" shall be as defined in accordance with the Local Government Code of 1991;		
4.32. "Reservoir" for the purpose of this Department Circular, refers only to any of the following:  4.32.1. "Geothermal reservoir" refers to a subsurface geological environment where the geothermal fluids accumulate, circulate and/or re-injected to generate power;  4.32.2. "Hydropower reservoir" refers to either a natural lake or an artificial lake created by the impounding of stream flow, run-off and subsurface water including but not limited to intakes, diversion weirs and transbasin underground tunnel which supplies water to a dam. It also refers to where river or rivers supply or supplies water to a dam reservoir through a transbasin underground tunnel to generate power;		
4.33. "Council or Sangguniang Resolution" refers to an official act or expression of sentiment, opinion, or policy issued by a Sangguniang Barangay, Bayan, Sangguniang Panlungsod, or Sangguniang Panlalawigan, which shall be consistent with the provisions of Section 8 of this Circular.		
4.34. "Station Use" refers to the difference between the electric energy purchased and/or generated and the electric energy sold by the ESS and Generation Facility.		
<b>Rule II</b> <b>Scope and Coverage</b>		
<b>Section 5. Scope and Coverage.</b>  This Circular shall apply to the following entities:  5.1. GenCos and its subsidiaries and affiliates; 5.2. End-users owning and operating ESS; 5.3. ERDs; 5.4. DU; and 5.5. Host LGUs, ICCs/IPs and Communities and People Affected.		
<b>Section 6. Obligations to Provide Financial Benefits.</b>  All entities operating Generation Facilities and/or Energy Resource Development Facilities, and ESS Facilities, except those operated by Microgrid Systems Provider, NPC-SPUG and by power generation companies with a rating of 5MW and below, shall provide benefits to all Beneficiaries as defined herein. For clarity all entities shall refer to:  6.1. Power Sector Asset and Liabilities Management Corporation with respect to generation facilities operated by NPC or other IPPs under Build Operate and Transfer (BOT) arrangement and other variants with Independent Power Producers (IPPs); 6.2. Generation companies authorized by the ERC to operate generation facilities; 6.3. DU with respect to their embedded generation; 6.4. Integrated energy resource development and/or Energy Generating Facilities; 6.5. Energy Generating Facilities operating in Economic Zones; 6.6. Energy Storage System facilities ; and 6.7. Other emerging technologies for power generation, as may be declared in DOE policy issuances.		
<b>Section 7. Beneficiaries.</b>  Benefits shall be provided to the Host LGU, especially the Community and People Affected, to the Host ICC/IP, as determined by the NCIP, and designated DUs. The host LGU, ICC/IP, and designated DUs shall be understood as follows:		

<p>7.1. With respect to ESS and Generation Facilities</p> <p>7.1.1. The Host LGU, and ICC/IP is where the ESS and Generation Facility is physically located. In the case of power barges, the Host LGU, and ICC/IP is where the power barge is moored.</p> <p>7.1.2. The determination of the designated DU shall be based on the franchise area where the generation facility or energy resource development facility is located.</p>		
<p>7.2. With respect to Energy Resources</p> <p>7.2.1. Integrated Geothermal. The Host LGU, ICC/IP, and designated DUs is where the producing geothermal reservoir is located as delineated by geochemical, geophysical, and exploration surveys. Producing geothermal reservoir refers to the subsurface geological environment where the geothermal fluids accumulate and circulate, inclusive of the production and re-injection/recharge zone.</p> <p>7.2.2. Integrated Hydropower. The Host LGU, ICC/IP, and designated DUs is where the hydropower reservoir is located as delineated by detailed topographic, geological and geotechnical investigations, reservoir and dam height optimization studies, and as delineated by detailed ground surveys.</p>		
<p>7.3. With respect to Offshore Generating Facilities</p> <p>The host LGUs are where Offshore Generating Facility is located as follows:</p> <p>7.3.1. Within Municipal Waters</p> <p>The Host LGU is where the generation facilities are located as delineated by detailed topographic, geological and geotechnical investigations, and as delineated by the production area.</p> <p>7.3.2. Outside Municipal Waters</p> <p>The Host LGU shall solely be the province nearest to the generation facility. In the event that the generation facilities are nearest to two (2) or more provinces, the benefits shall be divided in proportion to the energy consumption of the respective provinces.</p>		
<p>7.4. For all other emerging energy facilities, the Host LGU and ICC/IP shall be where the Generation Facility is physically located, pursuant to applicable DOE issuances.</p>		
<p><b>Section 8. Allocation of Financial Benefits.</b></p> <p>The Genco, and/or ERD, and ESS shall set aside five centavos per kilowatt-hour (P 0.05/kWh) of the Electricity Sales as Financial Benefits to the designated DU, Host LGU and ICC/IP, and Communities and Peoples affected.</p>		
<p>8.1. The Financial Benefits shall be allocated in the following manner:</p> <p>8.3.1. Electrification Fund (EF)</p> <p>Twenty percent of five centavos per kilowatt-hour (P 0.01/kWh) of the Electricity Sales shall be set aside as EF.</p> <p>8.3.2. Development and Livelihood Fund (DLF) and Reforestation, Watershed Management, Health and/or Environment Enhancement Fund (RWMHEEF)</p> <p>Forty percent of five centavos per kilowatt-hour (P 0.02/kWh) of the Electricity Sales shall be allocated as DLF, while the remaining Forty percent of FIVE centavos per kilowatt-hour (P 0.02/kWh) shall be allocated as RWMHEEF.</p>		

<p>8.2. The EF, DLF, and RWMHEEF shall be respectively distributed following radiating order benefits.</p> <p>8.2.1. Allocation to Host LGUs and IPs/ICCs</p> <p>8.2.1.1. Community and People Affected – 5%</p> <p>8.2.1.2. Host Barangay/s – 20%</p> <p>8.2.1.3. Host Municipality/ies or City/ies – 35%</p> <p>8.2.1.4. Host Province/s – 30%</p> <p>8.2.1.5. Host ICCs/IPs – 10%</p> <p>8.2.2. In the event that the Genco, and/or ERD, and ESS overlap more than one host LGU, host ICCs/IPs and designated DUs, the EF, DLF, and RWMHEEF shall be equally allocated among beneficiaries.</p> <p>8.2.3. In cases where there is a conflict or dispute only among the host LGUs political boundaries where the Generating Facilities and/or Energy Resource is located, the settlement of said dispute shall be based on the delineated land surveys duly approved by the DENR-Land Management Bureau, the respective allocation shall be computed based on the following criteria, in consonance with Section 292 of the Local Government Code:</p> <p>8.2.3.1. Population, based on the latest census - seventy percent (70%); and</p> <p>8.2.3.2. Land area occupied by the said Genco, and/or ERD, and ESS – thirty percent (30%).</p> <p>8.2.4. In the absence of the Community and People Affected or of ICCs/IPs, funds allocated for the same shall form part of the fund for the Host Barangay.</p>		
<p>8.3. For the allocation of EF, DLF and RWMHEEF Provincial Share for Highly Urbanized Cities (HUCs), it shall be determined based on the following conditions:</p> <p>8.3.1. HUCs within a Province where it is geographically located, the financial benefits shall be allocated in the following manner:</p> <p>8.3.2.1. Community and People Affected - 5%</p> <p>8.3.2.2. Host Barangay/s - 20%</p> <p>8.3.2.3. Host Municipality/ies or City/ies - 35%</p> <p>8.3.2.4. Host Province/s - 30%</p> <p>8.3.2.5. Host ICCs/IPs - 10%</p> <p>8.3.2. HUCs situated in the National Capital Region and in Zamboanga Peninsula, the financial benefits shall be applied in the following manner:</p> <p>8.3.2.1. Host Barangay/s - 45%</p> <p>8.3.2.2. Host High Urbanized City/ies - 55%</p>		
<p><b>Section 9. Remittance of Financial Benefits.</b></p>		
<p>9.1. In accordance with the Council or Sanggunian Resolution issued by the Host LGU pursuant to this Circular, the EF, DLF, and the RWMHEEF shall be remitted by the Genco, and/or ERD, and ESS to the Host LGUs and ICCs/IPs. Consistent with the Council or Sanggunian Resolution, the Host LGU and/or ICCs/IPs shall remit the pertinent portion of the EF to the designated DU.</p>		
<p>9.2. The Genco, and/or ERD, and ESS shall commence to remit the Financial Benefits within fifteen (15) days upon receipt of the Council or Sanggunian Resolution by the Host Beneficiaries, except in cases provided in Section 12 under this Rule.</p>		
<p>9.3. In case of adverse findings of the concerned auditor who has jurisdiction over the designated DU and the Host LGU and ICC/IP, the designated DU, Host LGU and ICC/IP shall address the findings within the prescribed period stated in the report. Unless the concerned auditor orders the suspension on the release of the fund, or as provided in Section 16 under this Rule, the obligation of the Genco, and/or ERD, and ESS shall continue.</p>		
<p><b>Section 10. Establishment of Trust Accounts.</b></p>		
<p>10.1. The Host LGU and ICC/IP shall establish an Interest-Bearing Current Account (IBCA) with the LandBank of the Philippines, or any authorized Government Depository Bank, specifically for EF, DLF and RWMHEEF.</p>		

10.2. The designated DU shall establish an IBCA specific for the EF.		
10.3. The Genco, and/or ERD, and ESS shall establish an IBCA in favor of designated DUs and Host LGUs and ICCs/IPs who fail to comply with the requirements under Rule IV of this Circular. Any cost incurred by the Genco, and/or ERD, and ESS for the establishment of these accounts shall be deductible from the remittances.		
<b>Section 11. Administration of Financial Benefits.</b>  Pursuant to this Circular and the applicable Council or Sanggunian Resolution, the administration of the projects under EF, DLF and RWMHEEF -funded projects shall be initiated and completed by the Host LGU and ICC/IP.		
<b>Section 12. Project Implementation and Approval.</b>  Pursuant to this Circular, the Host LGU and ICC/IP shall issue the pertinent Council or Sanggunian Resolution for the determination, prioritization and implementation of eligible projects based on the remitted and available funds from GenCo and/or ERD and ESS.  The Council or Sanggunian Resolution shall contain the following minimum provisions or considerations:		
12.1. Promotion of rural development, uplifting of socio-economic conditions, or addressing environmental concerns consistent with applicable national and local development plans, and the list of eligible projects under this Circular;		
12.2. Identification of Target Beneficiaries;		
12.3. Specific Project(s), consistent with this Circular, with implementation plans and timelines;		
12.4. Availability of funds and allocation thereof;		
12.5. Status of liquidation and audit of project funds;		
12.6. Frequency of remittance, based on applicable DOE issuances,		
12.7. Copy of Bank Certification of the established trust accounts, pursuant to Section 10 to this Circular; and		
12.8. Other matters relevant to the efficient, transparent and judicious implementation of the identified projects and utilization of financial benefits.		
<b>Section 13. Council or Sanggunian Resolution.</b>  The Council or Sanggunian Resolution shall be prepared in consultation with the designated DU, Host LGU, ICC/IP, if any, under this Circular, and shall observed the following content:		
13.1. It shall identify the priority projects for funding under the EF, DLF, and RWMHEEF, which are feasible for implementation within the specified timeframe indicated in the Resolution.		
13.2. It shall be submitted in print and in electronic copy to the Genco, and/or ERD, and ESS not later than December 30 of each year.		
13.3. It shall be posted by the Host LGUs and ICCs/IPs on their websites and, in the absence thereof, in two (2) conspicuous places within their local office.		
<b>Section 14. Eligible Projects for EF.</b>		
14.1. The following programs and electrification projects are qualified to be financed by the EF:  14.1.1. Subsidy to reduce electricity rates for all customers, or a certain customer type, within the jurisdiction of Host LGUs served by the designated DU;  14.1.2. Provision of electric service connections to eligible unserved households through house wiring and/or subsidies;  14.1.3. Extension of distribution line facilities to unenergized areas/households;  14.1.4. Alternative electrification solutions for unenergized areas where the extension of distribution lines is not feasible, as assessed by the designated DU; and  14.1.5. Improvement, rehabilitation, or restoration of the Distribution System, including the incorporation of emerging technologies.		

14.2. At least fifty percent (50%) of the allocated EF of Host LGU shall be prioritized for eligible project that will contribute to the achievement of total electrification of the Host Communities. Should the Host LGU already achieve total electrification for specific year, the EF may be prioritized for subsidy scheme and other eligible project that will improve the reliability and availability of electricity service to the Host Communities.		
14.3. Should the Host LGU allocate EF under Section 14.1.1., the designated DU shall establish a mechanism for the proper allocation of the subsidy and implement the program within six (6) months from the issuance of the Council or Sanggunian Resolution.		
14.4. Within six (6) months after the effectivity of this Circular, the DOE, in consultation with NEA, shall issue the corresponding rules and guidelines for the implementation of the subsidy scheme pursuant to Section 14.1.1. including the possible use of the EF derived from the commercial operations of Genco, and/or ERD, and ESS to amortize the payment on the loan of the power bill arrears of the designated host DUs.		
<b>Section 15. Eligible Projects for DLF and RWMHEEF.</b>		
For DLF and RWMHEEF, the following shall be qualified as tangible and non-tangible projects for funding:		
15.1. Livelihood and Community Development, which shall include:		
15.1.1. Scholarships; 15.1.2. Training and upskilling; 15.1.3. Acquisition of books, educational materials, teaching equipment and other related to uplifting the education status in the community; 15.1.4. Improvement of feeder roads; 15.1.5. Farm-to-market arrangements or other mechanisms; 15.1.6. Construction/repair of barangay markets 15.1.7. Deep wells; 15.1.8. Irrigation system; and 15.1.9. Purchase of farming/fishery equipment and machineries; 15.1.10. Support, maintenance and protection to livestock; 15.1.11. Promotion of culture and tourism; and 15.1.12. Other projects, programs, and assets connected with the above items.		
15.2. Reforestation, Watershed Management, and Climate Change Resiliency, such as:		
15.2.1. Flood control or mitigation infrastructure or measures; 15.2.2. Disaster response and resiliency tools, infrastructures, equipment and other related assets; 15.2.3. Recovery assistance for disaster-stricken areas; 15.2.4. Infrastructures, equipment and other essential assets for the protection of protected areas; 15.2.5. Riprapping of canal/riverbanks; 15.2.6. Construction of water supply system; 15.2.7. Construction of structural measures against erosion; 15.2.8. Establishment of plant or tree nursery/ies; 15.2.9. Seed dispersal initiatives; 15.2.10. Programs and tools for the equitable promotion of eco-tourism; 15.2.11. Information campaigns on various aspects of health, based on the demography and needs of the community or LGU; and 15.2.12. Other projects, programs, and assets connected with the above items.		
15.3. Health Service Enhancement, such as:		
15.3.1. Establishment or improvement of hospitals, clinics, health centers or medical stations; 15.3.2. Procurement of ambulances or other health service-related vehicles; 15.3.3. Secured and sustained provision of medicines and other medical paraphernalia for the treatment of diseases; 15.3.4. Creation of measures and acquisition of health apparatus, equipment and tools for the mitigation and control of communicable illnesses, and prevention and control of outbreaks; 15.3.5. Appropriate preparations for other related health emergencies; and 15.3.6. Other projects, programs, and assets connected with the above items.		



<p>15.4. Public Service Facility/ies, which may include:</p> <p>15.4.1. Expansion or improvement of road network;</p> <p>15.4.2. Promotion of public order and safety;</p> <p>15.4.3. Construction or improvement of communal facilities based on the needs of the community;</p> <p>15.4.4. Tools and equipment for the maintenance of peace and order;</p> <p>15.4.5. Acquisition of closed circuit television (CCTV);</p> <p>15.4.6. Programs and projects for crime prevention and mitigation; and</p> <p>15.4.7. Other projects, programs, and assets connected with the above items.</p>		
<p><b>Section 16. Automatic Allocation to Electricity Subsidy.</b></p> <p>16.1. Financial benefits allocated for EF, DLF, and RWMHEEF shall be automatically allocated as electricity tariff subsidy consistent with Section 14.1.1, in any of the following cases:</p> <p>16.1.1. Failure of the Host LGU and ICC/IP, if applicable, to submit the documentary report/s in support of the liquidation of the financial benefits for two (2) consecutive years;</p> <p>16.1.2. Failure of the Host LGU and ICC/IP to issue the Council or Sanggunian Resolution on or before December 30 of every year; or</p> <p>16.1.3. Refusal of the Host LGU and ICC/IP to accept or utilize the financial benefits, unless the Host LGU and ICC/IP issues a Council or Sanggunian Resolution manifesting their intent to defer the utilization thereof for a maximum of two (2) consecutive years.</p>		
<p>16.2. Within three (3) months from the occurrence of any of these events, the GenCo and/or ERD and ESS shall notify the designated DU/s of Host LGUs for the submission of subsidy scheme plan, copy furnished to the Host LGU. Upon receipt of such plan, the GenCo and/or ERD and ESS shall remit the Financial Benefits to the designated DU to implement the subsidy scheme plan pursuant to this Section.</p>		
<p><b>Section 17. Audit and Project Monitoring.</b></p> <p>17.1. Electricity Sales Audit</p> <p>The DOE, through its Power Compliance Division-Financial Services (FS), shall conduct periodic audits and reviews of reported electricity sales, fund allocation and remittances of Financial Benefits of the Genco, and/or ERD, and ESS to the Host LGUs, and ICCs/IPs. The DOE shall maintain a database of the reported/validated Electricity Sales and remitted Financial Benefits.</p>		
<p>17.2. Monitoring of Benefits to Host Communities Project Implementation</p> <p>For policy development and formulation as well as continued evaluation of the implementation projects funded by Financial Benefits to Host Communities, the Genco, and/or ERD, and ESS shall submit to the DOE through the DOE Electric Power Data Management System, or any subsequent or successor platform, the implementation status of the ongoing projects and audit findings for the completed projects, as identified in the Council or Sanggunian Resolution.</p>		

<p>17.3. Audit of Project Implementation</p> <p>17.3.1. Audit of DLF and RWMHEEF</p> <p>The documentary report/s in support to the utilization and liquidation of the Financial Benefits shall be audited by the Local COA of the Host LGU. All disbursements shall follow government accounting and auditing rules and regulations.</p> <p>The audit of the ICC/IP shall be conducted in accordance with the Council or Sanggunian Resolution.</p> <p>17.3.2. Audit of EF</p> <p>The designated DU shall submit to the Host LGU the pertinent liquidation document relative to the implementation of electrification projects funded by the EF sourced from the Host LGU. Further, the utilization and liquidation of EF shall be audited by the Local COA of the Host LGU.</p> <p>For the event that EF be utilized as electricity tariff subsidy, the designated DU is required to provide supporting document reflecting the utilization of allocated EF as electricity tariff subsidy. Similarly, the ERC shall likewise review the DU's rates relative to the Council or Sanggunian Resolution and this Circular.</p>		
<p style="text-align: center;"><b>RULE III</b> <b>NON-FISCAL BENEFITS</b></p>		
<p><b>Section 18. Other Benefits.</b></p> <p>In addition to the eligible projects funded through the Financial Benefits, host LGUs shall also enjoy the following non-fiscal benefits. The costs incurred in the implementation of these non-fiscal benefits for host LGUs and communities shall not be charged to electricity rates.</p>		
<p>18.1. Skills Development</p> <p>18.1.1. For the community and people affected as well as bona fide residents of the host barangay, and the host community or city, the ERD and/or power producer shall establish relevant training and skills development programs which may include the development of skills pertinent to the business of energy generation or electrification and skills in reforestation and other agro-industrial skills. Towards this end, upon consultation with the appropriate government agencies.</p> <p>18.1.2. A Memorandum of Agreement (MOA) may be entered into by the host barangay, the host city or municipality, and the Genco and/or ERD. For monitoring purposes, a copy of such MOA must be submitted to the DOE.</p>		
<p>18.2. Preference in Employment</p> <p>Qualified members of the community and people affected and qualified bona fide residents of the host barangay and the host municipality or city shall be given preference in employment with the Genco, and/or ERD, and ESS operation pursuant to applicable laws, rules and regulations.</p>		
<p>18.3. Preference in Procurement of Local Supplies and Service</p> <p>All Genco, and/or ERD, and ESS shall source at least fifty percent (50%) of their supplies and service requirements from within the Host LGU provided such supplies and services are available therein at competitive price, delivery/service schedule, quantity, and quality.</p>		
<p><b>Section 19. Corporate Social Responsibility Activities.</b></p> <p>The Genco, and/or ERD, and ESS are encouraged to voluntarily contribute to the development of their host communities as part of their Community Service Responsibility. Such participation must align with the principles of corporate social responsibility and foster goodwill while also supporting the DOE's mission of equitable energy development across the country: Provided, that such activities shall not be included in the pass-on rates to consumers.</p>		
<p style="text-align: center;"><b>RULE IV</b> <b>RESPONSIBILITIES OF ENTITIES</b></p>		

<b>Section 20. Responsibilities of the Designated DU.</b>		
The designated DU shall have the following responsibilities:		
20.1. Open the EF IBCA and maintain the required balance in the EF IBCA, which shall not be withdrawn by the designated DU.  The fees and charges relative to the maintenance of such IBCA shall be considered as an administrative expense and shall be deducted from the EF account;		
20.2. Accept all remittances made by the Host LGU and ICC/IP in consonance with the Council or Sanggunian Resolution, subject to post-audit rules and regulations;		
20.3. Issue official/acknowledgment receipt to Host LGU or ICC/IP;		
20.4. Coordinate with the Host LGU for the prioritization and identification of projects that may be funded by the EF, consistent with Section 14 of this Circular;		
20.5. Ensure timely implementation of projects consistent with specification and timeline provided under the issued Council or Sangguniang Resolution by the Host LGU and/or ICC/IP;		
20.6. Comply with all accounting and auditing rules applicable to the financial benefits received from the Host LGU and/or ICC/IP; and		
20.7. Other acts necessary for the efficient and transparent implementation of identified projects and utilization of EF.		
<b>Section 21. Responsibilities of the Host LGU and ICC/IP.</b>		
The Host LGU and ICC/IP shall have the following responsibilities:		
21.1. Open and maintain the separate EF, DLF and RWMHEEF IBCA;		
21.2. Maintain the required balance in the EF, DLF and RWMHEEF IBCA, which shall not be withdrawn by the Host LGU and ICC/IP.  The fees and charges relative to the maintenance of such trust account shall be considered as an administrative expense and shall be deducted from the EF, DLF and RWMHEEF regular accounts, whichever is applicable;		
21.3. Accept all remittances made by the Genco, and/or ERD, and ESS in consonance with the Council or Sanggunian Resolution, subject to post-audit rules and regulations;		
21.4. Issue official receipt and/or acknowledgement receipt to Genco, and/or ERD, and ESS;		
21.5. Coordinate with the designated DU for the identification of projects may be funded by the EF; Remit the allocated EF to the designated DU consistent with the issued Council or Sangguniang Resolution;		
21.6. Ensure timely implementation of projects consistent with specification and timeline provided under the issued Council or Sangguniang Resolution;  For the case of eligible EF projects, monitor the compliance of the designated DU consistent with the requirement of Council or Sangguniang Resolution;		
21.7. Comply with all accounting and auditing rules applicable to the financial benefits received from the Genco, and/or ERD, and ESS; and		
21.8. Other acts necessary for the efficient and transparent implementation of identified projects and utilization of EF, DLF and RWMHEEF.		
<b>Section 22. Responsibilities of Genco, and/or ERD, and ESS .</b>		
The Genco, and/or ERD, and ESS shall have the following responsibilities:		
22.1. Establish an IBCA in favor of Host LGUs and ICCs/IPs who fail to comply with the requirements under Rule IV of this Circular;		
22.2. Report to the DOE through its DEPDMS the Electricity Sales, allocation and utilization of Financial Benefits; and		
22.3. Specifically for the ongoing ESS, Generation Facilities, report to the DOE the non-fiscal Benefits implemented in favor to the Host Barangay, City and Community and People Affected;		
<b>RULE V REGULATION AND TRANSITORY PROVISIONS</b>		

<p><b>Section 23. Financial Benefits as Non-Passable Charges.</b></p> <p>The financial benefits under this Circular shall not form part of the pass-on rates that shall be imposed by the concerned Genco, and/or ERD, and ESS .</p>		
<p><b>Section 24. Regulatory Support.</b></p> <p>The ERC shall provide the necessary regulatory support, including the issuance of necessary policies and regulations or the amendments to existing guidelines, for the implementation of this New Energy Regulations.</p> <p>The ERC shall provide streamlined requirements for the commencement and operations of Genco, and/or ERD, and ESS , including the issuance of the Certificate of Compliance based on the compliance of the Genco, and/or ERD, and ESS with for the establishment of dedicated trust accounts under this Circular. The ERC shall promulgate separate regulations, or amendments of existing issuances, for the implementation of programs funded by benefits under this Circular.</p>		
<p><b>Section 25. Transitory Provision.</b></p> <p>In recognition of the existing documents, funds and process that will be affected by this Circular, the following activities will be observed during the transition period:</p>		
<p>25.1. All Annual Work Plans approved and being implemented upon the effectivity of this Circular shall be recognized until the completion of the project(s) contained therein or for a period of two (2) years, whichever comes first.</p>		
<p>25.2. All Memorandum of Agreement for the Establishment of Trust Account (MOA-ETA) executed and implemented prior to this Circular shall be recognized and remain effective for a period of one (1) year or until the adoption of the Council or Sanggunian Resolution pursuant to this Circular, whichever is earlier.</p>		
<p>25.3. All projects and programs funded through the Regional Share be recognized until their completion, without prejudice to post-audit. Any Regional Share that is unutilized or earmarked upon the effectivity of this Circular shall be distributed pro rata to Host IPs/ICCs or Host Barangay/s of the region, consistent with Section 7 and 8.2 of this Circular</p>		
<p>25.4. All Genco, and/or ERD, and ESS , Host LGUs or ICCs/IPs and designated DUs are enjoined to revisit their programs and projects under the prevailing DOE policies and issuances and perform all necessary actions for the smooth transition to this Circular.</p>		
<p>25.5. The adoption of the Genco, and/or ERD, and ESS , the Host LGU or ICC/IP and designated DU to the arrangements and mechanisms under this Circular shall not affect the pending prior projects and programs implemented prior to the effectivity of this Circular.</p>		
<p>25.6. The increase in the allocation of the financial benefits to the host communities shall be undertaken on a staggered basis.</p> <p>25.6.1. In the first two years from the effectivity of this Circular, the financial benefits to be provided to the host beneficiaries shall be three centavos per kilowatt-hour from the electricity sales covering from the testing and commissioning up to the commercial operation of the energy facilities.</p> <p>25.6.2. Thereafter, it shall be increased to five centavos per kilowatt-hour. The DOE shall issue the appropriate advisory(ies) for the implementation of this paragraph.</p>		
<p><b>Section 26. Automatic Review.</b></p> <p>This Circular may be reviewed and revised through the conduct of periodic consultations with concerned stakeholders, including the possible increase in the allocation of financial benefits to the host communities, to ensure the policy objectives of this Circular are achieved, accordingly.</p> <p>If it deems necessary, the DOE shall issue the pertinent policy issuances in matters pertaining to the implementation of this New Energy Regulations.</p>		
<p style="text-align: center;"><b>RULE VI</b> <b>MISCELLANEOUS PROVISIONS</b></p>		
<p><b>Section 27. Separability.</b></p> <p>If for any reason, any section or provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.</p>		

<p><b>Section 28. Repealing Clause.</b></p> <p>Energy Regulations No. 1-94, Department Circular Nos. DC2018-08-0021 and DC2024-09-0029, and all of other related Department Orders and Advisories are hereby repealed.</p> <p>All other previous issuances, Rules, and Regulations inconsistent with the provisions of this Circular are likewise repealed or amended accordingly.</p>		
<p><b>Section 29. Effectivity.</b></p> <p>This Circular shall take effect after fifteen (15) days upon its publication in two (2) newspapers of general circulation.</p> <p>Let a copy of this Circular be furnished to the University of the Philippines Law Center-Office of National Administrative Register (UPLC-ONAR).</p> <p>Issued at Energy Center, Rizal Drive, Bonifacio Global City, Taguig City on _____ 2025.</p> <p>RAPHAEL P.M. LOTILLA Secretary</p>		