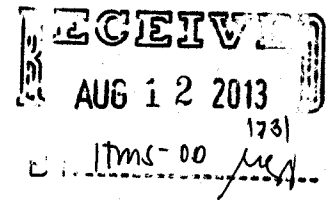




Republic of the Philippines
DEPARTMENT OF ENERGY



DEPARTMENT CIRCULAR NO. DC 2013-08-0019

**IMPLEMENTING RULES AND REGULATIONS FOR THE MINDANAO MODULAR
GENERATOR PROGRAM**

Pursuant to Section 5 of Executive Order No. (EO) 137, Series of 2013, "The Mindanao Modular Generator Sets (Gensets) Program," hereinafter referred to as "the Program," the Department of Energy (DOE) in coordination with the Mindanao Development Authority (MinDA) and the Mindanao Power Monitoring Committee (MPMC) hereby issues, adopts and promulgates the following implementing rules and regulations for the effective and efficient implementation of the Program.

**RULE I.
GENERAL PROVISIONS**

Section 1. Title. These rules and regulations shall be referred to as the "Implementing Rules and Regulations (IRR) of the Program."

Section 2. Coverage. This IRR shall provide for the guidelines in the implementation of the Program.

Section 3. Definition of Terms. For the purpose of this IRR, the following terms are defined as follows:

- a. "AMRECO" refers to the Association of Mindanao Electric Cooperatives;
- b. "BTr" refers to the Bureau of Treasury;
- c. "COA" refers to the Commission on Audit;
- d. "DBM" refers to the Department of Budget and Management;
- e. "DOE" refers to the Department of Energy;
- f. "EC" refers to an electric cooperative;
- g. "ERC" refers to the Energy Regulatory Commission;
- h. "MinDA" refers to the Mindanao Development Authority;
- i. "MPMC" refers to the Mindanao Power Monitoring Committee;
- j. "NEA" refers to the National Electrification Administration;
- k. "OP" refers to the Office of the President; and
- l. "Program" refers to the Mindanao Modular Generator Sets (Gensets) Program;

**RULE II.
MINDANAO MODULAR GENERATOR PROGRAM**

Section 4. Program Description. The Program is intended to provide an immediate relief or an alternative measure to supply the needed power in each of the franchised areas of ECs in Mindanao while power generation projects are still under various development stages. Under the Program, the EC managements have the options to eventually retain the generator sets or return the generator sets to the Government when the power supply situation in Mindanao have stabilized due to entry of new power generation projects.

Section 5. Fund Sourcing. The funding of FOUR BILLION FIVE HUNDRED MILLION PESOS (P4,500,000,000.00) for the Program shall be sourced from the DOE-Special Account in the General Fund (SAGF)-151 specifically from Gas-Malampaya Revenue (Service Contract No. 38 - Malampaya), to be released to the NEA.

The DOE through the BTr shall provide the DOE with the certification of available fund collections under DOE SAGF-151 of Service Contract No. 38 - Gas Malampaya Collection, copy furnished the DBM.

Section 6. Fund Release. The DBM shall approve the special budget submitted by the NEA through the DOE and release to the NEA the Special Allotment Release Order (SARO) and the corresponding Notice of Cash Allocation (NCA) to the schedule of availing EC of the Program

The release of the NCA shall be based on the projected funding requirements stated in the Cash Program to be submitted by the NEA through the DOE. Requests of the NEA relative to the Program will be expeditiously resolved by the DBM and BTr.

Section 7. Guidelines for the Program. Consistent with the Program's objectives of providing an immediate short-term solution to the electricity requirements of Mindanao until new power plants come online by 2015, the NEA shall develop the following plans for the Program guided by the following:

- a. **For the Loan Facility.** The loan facility shall provide that:
 - i. Open to Mindanao ECs that decide to acquire modular generator sets or gensets;
 - ii. Low interest rate of six percent (6%) or less;
 - iii. Priority of fund release for those delivering modular gensets within three (3) months or less;
 - iv. Participating ECs must execute a Loan Agreement with the NEA: *Provided*, That the NEA shall have the templates of this agreements approved by the DOE;
- b. **For the Acquisition of Modular Gensets.** The NEA shall ensure that participating ECs observe the following:
 - i. Participating ECs or AMRECO may resort to other methods of procurement apart from bidding: *Provided*, That such method shall meet the standards of competitive selection process of the NEA or the DOE; and
 - ii. Fund release shall be directly made to the selected proponent of the availing EC;

For this purpose, the NEA shall require the presence of its representatives and that of the DOE, in the conduct of all processes relating to the acquisition of modular gensets by the participating ECs.

Section 8. Cost Recovery of the Gensets. All ECs that have availed of the Program shall be responsible for the operation and maintenance of the gensets, either through a third party or by their own administration. The NEA shall assist the ECs in the preparation and filing of the petition before the Energy Regulatory Commission (ERC) for the cost recovery.

Section 9. Guidelines for Disposal of Returned Gensets. The NEA shall develop a plan for the disposal of returned gensets: *Provided*, That priority shall be given to Small Power Utilities Group (SPUG) areas experiencing power service of six (6) hours or less, then SPUG areas experiencing power service of six (6) hours to twelve (12) hours: *Provided further*, That the NEA shall seek the approval of the DOE prior to any disposal of returned gensets: *Provided finally*, That the DOE may likewise direct the NEA to retain the returned gensets for purposes of energy security.

RULE III.
OTHER PROVISIONS

Section 10. Reportorial Requirement. The NEA shall submit a quarterly report of the implementation of the Program that among other contains the following information:

- a. Details on the Beneficiaries;
- b. Amounts of Actual Use and Disbursements; and
- c. Such other information that may be required by the COA and the DOE.

The quarterly report shall be submitted to the DOE on or before the twentieth day (20th) for the period covering the preceding month for transmittal to the Office of the President, copy furnished the MinDA.

Section 11. Information, Education and Communication Activities to Stakeholders. The DOE, through the NEA shall develop and implement an intensive and massive information, education and communication (IEC) activities that are designed to increase the public awareness of the impact of the Program to the public.

Section 12. Separability Clause. If any provision of this Circular is declared unconstitutional, the remainder of this Circular or the provisions not otherwise affected shall remain valid and subsisting.

Section 13. Repealing Clause. Any Department Circular or issuance, contrary to or inconsistent with this IRR is hereby repealed, modified or amended accordingly.

Section 14. Effectivity. This Circular shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Issued at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.


CARLOS JERICO L. PETILLA
Secretary



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