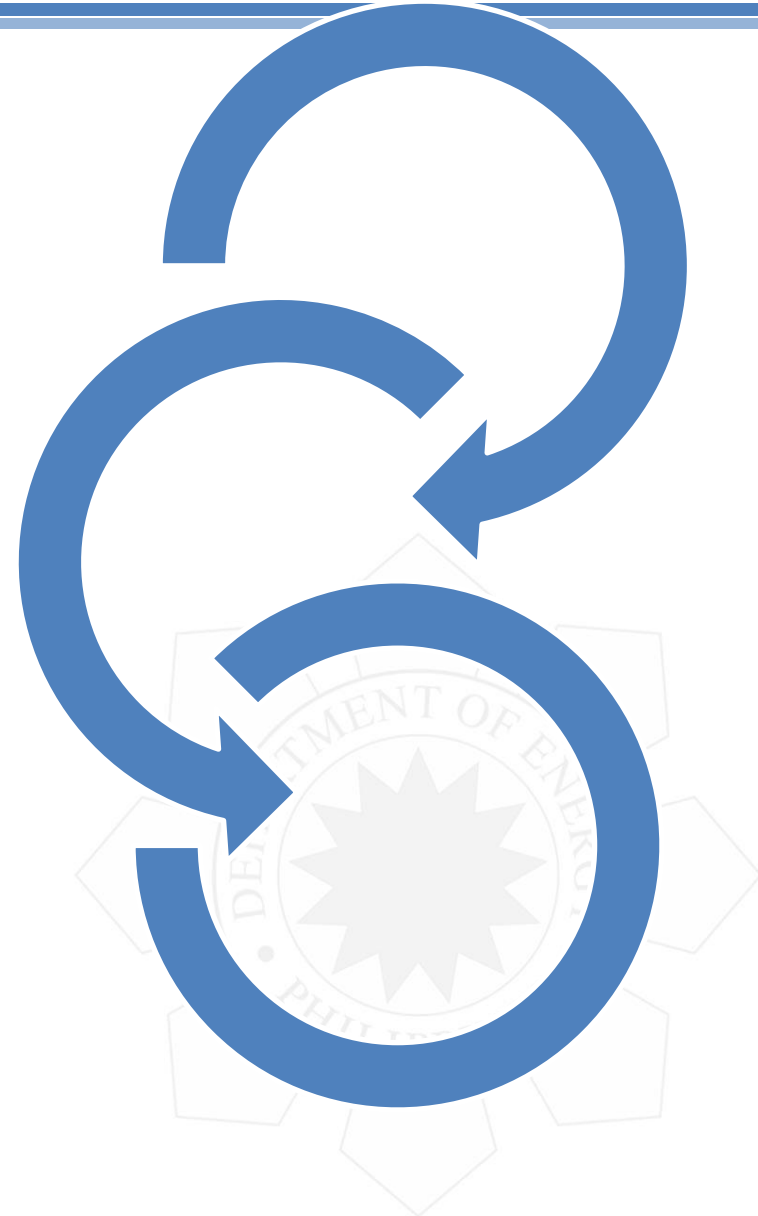


---

# **Administrative Procedures In Awarding of Renewable Energy Service/Operating Contracts (RESC)**



# Outline of Presentation

---

## Regulatory Framework

## Process Flow

- Direct Negotiation
- Open and Competitive Selection
- Conversion from Pre-Development Stage to Development/Commercial Stage of an RE Contract
- Conversion of Existing Service Contract/Agreement on RE Resources to RE Contract under R.A. No. 9513

## Importance of Requirements

## Role of Concerned Institutions



# Regulatory Framework

---

## Department Circular No. 2009-07-0011

Guidelines Governing a  
Transparent and  
Competitive System of  
Awarding Renewable  
Energy Service / Operating  
Contracts and Providing for  
the Registration Process of  
Renewable Energy  
Developers

## Department Circular No. 2009-07-0010

Guidelines for Accreditation  
and Manufacturers,  
Fabricators and Suppliers of  
Locally-Produced Renewable  
Energy Equipment and  
Components



# Renewable Energy Service Contract (RESC)

---

*(Refers to service agreement between the Government, through the President or the DOE, and an RE Developer over an appropriate period as determined by the DOE)*

## Who may Apply

- Any person, natural or juridical, local or foreign subject to certain limits.
- For Accreditation of Manufacturers, Fabricators and Suppliers of Locally-Produced Renewable Energy Equipment and Components. Any person, natural or juridical, registered and/or authorized to operate in the Philippines under existing laws and engaged in the manufacture, fabrication and supply of locally-produced RE equipment and components may apply for accreditation with the REMB.



# Nature of RE Service Contracts

---

## Pre-Development Stage

- Preliminary assessment, feasibility studies, up to financial closing of RE project

## Development Stage

- Development, production and utilization of RE resources
- Include construction and installation of relevant facilities



# Nature of RESCs

## Other types of contracts / accreditations

### Operating Contracts

- Limited to power plants / generating facilities
  - *Biomass generating facilities, non-integrated geothermal plants, RE facilities under BOT agreements*

### RE Accreditation / Registration

- Power generation projects for own-use
- Biofuels production, covered by Joint Administrative Order (JAO) No. 2008-1, Series of 2008, under RA 9367

**Manufacturers,  
Fabricators and  
Suppliers of locally-  
produced RE  
equipment,  
materials and  
components**

**(DC 2009-07-0010)**



# Modes of Awarding RESCs

## Open and Competitive Selection Process (OCSP)

- Public bidding, similar to Philippine Energy Contracting Round (PECR) for coal, oil and gas resources

## Direct Negotiation

- Frontier Areas
  - *Without sufficient available technical data*
  - *Not ready for immediate development and utilization of RE resource*

## Failed OCSP

- No proposal
- No qualified bidder



# Modes of Awarding RESCs

## Conversion of RE contracts

- Pre-development to Development/Commercial Stage
  - Upon declaration of commerciality
  - Compliance with other regulatory procedures; e.g., NCIP clearance, ECC, Water Rights Permit, LGU endorsements

## Existing Service Contracts (based on previous laws)

- PD 1442, RA 7156, EO 462/232 to RA 9513
- Accreditation under RA 9367 to RA 9513





# Department Order No. 2016-06-0010

## DIRECT NEGOTIATION

Prescribing the Revised Guidelines for the Processing of Applications, Amendments and Termination of Renewable Energy Service / Operating Contracts

Enhanced  
Process Flow of  
RE Service  
Contract  
Applications

Enhanced  
Processing of  
Amendments  
and Termination  
of RESCs

Enhanced  
timelines in the  
application  
process



# Legal Requirements

## *Individual or Single Proprietorship*

Birth Certificate; *NSO Certified copy*

Business permit; *Certified copy*

Department of Trade and Industry registration (if applicable). *Certified copy*

## *Corporation/Joint Venture/Consortium*

Securities and Exchange Commission (SEC) Registration; *SEC Certified copy*

By-Laws and Articles of Incorporation; *SEC Certified copy*

Certification authorizing its representative to negotiate and enter into RE Contract with the DOE; *Original*

Business Permit; *Certified copy*

Controlling Stockholders and Percentage of their Holdings; *Certified copy*

Organizational Chart of the Company; *Original*

Parent/Subsidiary/Affiliates (if applicable); *Original*

Company Profile. *SEC Certified copy*



# Technical Requirements

---

Track Record or Experience; *Original*

Work Program with financial commitment per activity; *Original*

Curriculum Vitae of Management and Technical Personnel; *Original*

List of Technical Consultants (*with corresponding contract between the developer and consultants showing their respective qualifications*); *Original*

List of existing company-owned and leased equipment appropriate for the RE project with corresponding description. *Original*



# Financial Requirements

**Audited Financial Statement** for the last two (2) years and unaudited Financial Statement if the filing date is three (3) months beyond the date of the submitted Audited Financial Statement; Original

**Bank Certification** to substantiate the cash balance; Original or certified copy

**Projected cash flow statement** for (2) years; Original

For newly organized or subsidiary corporation, **Audited Financial Statement and / or Letter of Undertaking/Support from parent company**, in case the corporation has insufficient funds for the proposed work program. *Original / certified copy / notarized guarantee*

For Foreign parent-company, **Audited Financial Statement and guarantee or Letter of Undertaking/Support, certifying commitment to support financial obligation of the subsidiary**. *Authenticated by the Consular office in the country of registration*



# Other Requirements

---

Letter of Intent

Duly accomplished RE Contract Application Form

Map showing applied area

Application/Processing fees



# Review and Evaluation Committee

---

## Chairperson

- Assistant Secretary In-Charge of REMB

## Vice Chairperson

- Director of REMB or his designated representative

## Members (Technical Working Group)

- One (1) Representative from concerned REMB Division, RE-Compliance Division of the Financial Services, RE-Legal Division of the Legal Services

## Secretariat

- REMB-Technical Services Management Division



# Conversion from Pre-Development Stage to Development/Commercial Stage

- Letter of Application For RESC or Conversion from Pre-development Stage to Development Stage
- For Explored Projects prior to RA 9513, same Requirements under Pre-development Stage
- Declaration of Commerciality based on Identified Market
- Detailed Feasibility Study and Engineering Design
- Permits, Clearances, Certificates, Agreements
  - *Environmental Compliance Certificate or Certificate of Non-Coverage*
  - *Free and Prior Informed Consent, Pre-condition and/or Non-overlap*
  - *Special Land Use Permit / Forest Lease Agreement, Proof of Ownership / Lease Agreement*
  - *Water Rights Permit (Hydropower)*
  - *Rights of Way*
  - *LGU Endorsements*
  - *Other applicable regulatory requirements*



# Conversion from Pre-Development Stage to Development/Commercial Stage

- Five (5)-year Work and Financial Plan, clearly indicating the start of completion of construction, completion of project facilities, power plant commissioning and start of commercial operation
- System (Grid) Impact Study
- Connection Agreement with National Grid Corporation of the Philippines
- Proof of Market for Generated Electricity
  - Bilateral Agreement with Distribution Utility/ies and / or End-use Consumer
  - For Feed-In Tariff System Eligible Projects:
    - *Renewable Energy Payment Agreement*
    - *Proof and/or Declaration that the project is not bound under any bilateral agreement, particularly for existing RE projects, which started commercial operation after effectivity of RA 9513*





# Conversion from Pre-Development Stage to Development/Commercial Stage

- **Proof of Technical Capability**
  - *List and CV of company technical personnel*
  - *EPC contract*
  - *Consultancy agreement/s*
  - *Proof of ownership of equipment, materials, supplies / Lease contract / negotiation for procurement*
  - *Operating and maintenance agreement (if any)*
- **Proof of Financial Capability**
  - *Latest / updated unaudited/audited Financial Statements*
  - *Projected Cash Flow Statement*
  - *Letter of Undertakings*
  - *Financial Closure / appropriate Bank Certifications*



## CONVERSION OF EXISTING SERVICE CONTRACT/AGREEMENT ON RE RESOURCES TO RE CONTRACT UNDER R.A. No. 9513

---

- Letter of Intent from the developer requesting for the conversion of the existing Contract/Agreement to RE Contract
- Accomplishment report vis-a-vis work and financial program
- Updated Work Program
- Such other documents that may be required by the DOE.



# ACCREDITATION PROCESS OF RE MANUFACTURERS, FABRICATORS AND SUPPLIERS (R.A. No. 9513)

- Letter of application to REMB;
- Company Profile or Business Background;
- Copy of Articles of Incorporation from SEC or a Certificate of Registration from DTI for single proprietorship;
- Nature and scope of RE activities;
- Appropriate Business Permit in the name of the company or proprietor;
- Proof of technical, financial and physical or logistical capabilities to handle RE equipment, machinery, components and parts appropriate and commensurate to the scope of activity applied for accreditation;
- Track record, if applicable; and
- Such other documents as may be required by the REMB.



# Why do we need such requirements?

## Pre-Development Stage

### *Legal Qualification*

#### **SEC / DTI Registration, By-Laws, Articles of Incorporation**

- *To ensure that the company's line of business is Renewable Energy (RE)*
  - *Ownership requirement*



# Why do we need such requirements?

## Pre-Development Stage *Technical Qualification*

### **Company Profile and Track Record**

- *To determine the company's experience in undertaking RE projects*

### **Proof of Technical Profile of the Applicant**

- *To determine the technical personnel or consultant's experience on RE projects;*

### **2-year work program with budget estimate**

- *To be used in project monitoring of activities.*
- *Determination of performance compliance mechanism (performance bond)*

### **Vicinity map of the project with coordinates (location)**

- *To identify the project location and avoid overlaps with existing RE projects and protected areas.*



# Why do we need such requirements?

## Pre-Development Stage *Financial Qualification*

### **Audited Financial Statement – existing company**

- *To determine cash balance of the company*

### **Unaudited financial statement – new company**

### **Bank Certificate – showing fund available for Feasibility Study (FS)**

- *To ensure the availability of cash for the conduct of FS*

### **Projected Cash Flow for two (2) years**

- *To determine the amount of performance bond to be posted by the developer*



# Why do we need such requirements?

## Development / Commercial Stage

### Declaration of Commerciality

- To verify the commercial viability of the project.

### Feasibility Studies / Detailed Engineering

- To ensure the profitability of the project based on its construction cost and operational cost.

### Water Rights Permit – NWRB

- To ensure compliance with permit requirement

### LGU Endorsement (Brgy/Municipal/Provincial)

- To ensure proper coordination with local officials and compliance with local ordinances as prescribed in R.A. No. 7160

### NCIP Certification (FPIC/CP/CNO)

- To ensure compliance with Republic Act 8371 otherwise known as "The Indigenous Peoples Rights Act of 1997."



# Why do we need such requirements?

## Development / Commercial Stage

### **ECC – DENR**

- *To ensure compliance with existing environmental laws and regulations*

### **Energy Sales Agreement/ Power Purchase Agreement/Renewable Energy Payment Agreement**

- *To ensure that the project has an off-taker.*

### **Proof of Financial Closing – Bank Certification**

- *To ensure the financial capability of the RE Developer in implementing project development and commercial operation.*

### **Performance Bond**

- *Guarantee by the RE Developer to faithfully comply with its technical and financial obligations.*





# Role of Respective Institutions

DOE

- lead agency to implement RE projects

NWRB

- water rights (Phil. Water Code 1976)

DENR

- environmental protection (RA 7586 & PD 1586 EIS)

ERC

- approval of tariff (RA 9136)

BOI

- fiscal incentives (EO 226 & RA 9513)

NCIP

- facilitation of FPIC (RA 8371)

BIR

- tax collection and tax incentives (NIRC, RA 9337)

LGU

- Local regulations and approvals (RA 7160)

TRANSCO

- Provide interconnections (Rule 9, IRR; Sec. 11, RA 9513)



**THANK YOU !!!**