

Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC2024- 01-0006

**GUIDELINES ON THE CONDUCT OF AUDIT AND REPORTORIAL AND
REMITTANCE OBLIGATIONS OF UPSTREAM CONVENTIONAL AND
RENEWABLE ENERGY SERVICE CONTRACTORS, SMALL-SCALE COAL
MINING PERMITTEES, ACCREDITED COAL TRADERS, POWER GENERATING
COMPANIES, AND/OR ENERGY RESOURCE DEVELOPERS INCLUDING
REPORTORIAL OBLIGATION OF COAL END-USERS**

WHEREAS, pursuant to Section 5(e) of Republic Act (RA) No. 7638 or the "Department of Energy Act of 1992", the Department of Energy (DOE) is mandated to regulate private sector activities relative to energy projects as provided for under existing laws;

WHEREAS, pursuant to Section 5(g) of RA 7638 and Section 37(l) of RA 9136 or the "Electric Power Industry Reform Act of 2001", the DOE is mandated to formulate and implement programs, including a system of providing incentives and penalties, for the judicious and efficient use of energy in all energy-consuming sectors of the economy;

WHEREAS, pursuant to Section 5(k) of RA 7638, the DOE is mandated to formulate such rules and regulations;

WHEREAS, pursuant to Section 24 of RA 7638, the DOE has visitorial and examining authority over non-governmental entities with contracts for the exploration, development or utilization of the natural resources for energy purposes in order to ascertain all funds collectible and due the Government have actually been collected; during such examination, the non-government entity concerned shall produce all the reports, records, books of accounts, and other papers that may be required; and the refusal by any such non-government entity to allow an examination of its books of accounts and pertinent records or its concealment of any material information concerning its financial status shall be considered a breach of its contract with the government and shall constitute a legal ground for the cancellation thereof;

WHEREAS, pursuant to Section 36 of RA 9513 or the "Renewable Energy Act of 2008", the DOE is empowered to impose administrative fines and penalties for any violation of the provisions thereof, its Implementing Rules and Regulations and other issuances relative thereto; and

WHEREAS, pursuant to Section 2 of Administrative Order (AO) No. 38 issued on 23 August 2002, the DOE, through the Financial Services (FS), is mandated to formulate and implement fiscal policies, programs, and regulations on indigenous Energy Resource Service Contractors (SCs) and Power Generating Companies (GenCos) and/or Energy Resource Developers (ERDs.)

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE FOREGOING PREMISES, the DOE hereby promulgates the following guidelines:

Section 1. Purpose

This Circular is issued to provide guidelines on the conduct of DOE's audit, ensure that timelines in the submission of financial reports and remittances to government are adhered to, and impose penalties for non-compliance thereof.

Section 2. Scope of Application

This Circular shall apply to all entities engaged in the exploration, development and utilization of coal, petroleum, renewable energy resources, and power generation. In particular, this applies to the following:

- i. Submission of mandated financial reports;
- ii. Remittance to the DOE of government share by the upstream conventional and renewable energy Service Contractors (SCs), Small Scale-Coal Mining Permittees (SSCMPs) and Accredited Coal Traders (ACTs);
- iii. Direct remittance of financial benefits to the host local government units and designated beneficiaries by the power Generating Companies (GenCos) and Energy Resource Developers (ERDs); and
- iv. Audit and validation of said reports and remittances.

Section 3. Reportorial Submissions

All submissions of mandated financial reports shall be complied with in accordance with the prescribed timelines as provided under existing DOE issuances.

GenCos and/or ERDs shall be required to submit to the DOE a duly accomplished Electricity Sales Report and Allocation and Remittance Report on a per power plant basis within sixty (60) calendar days after the end of each billing quarter of a calendar year.

The list of financial reports is hereby attached as ***Annex "A"***. The DOE may require submission of other reportorial requirements as it deems necessary.

Section 4. Penalty for Late and Non-submission of Financial Reports

1. Failure to timely submit any financial reports shall be subject to a penalty of PhP1,000.00 per quarter per report and any fraction of a quarter is considered one (1) quarter.
2. Late or non-submission of reports after four (4) consecutive quarters may be subject to the initiation of the suspension and/or cancellation of the Coal, Petroleum and RE Service Contracts and/or revocation of permits and accreditation certificates.

For non-compliance of power generation companies and energy resource developers, the DOE shall endorse its recommendation for the suspension or

revocation of relevant permits, certificates, i.e., Certificate of Compliance, and other authorizations to the Energy Regulatory Commission (ERC) for its appropriate action.

3. Partial submission shall be considered as non-compliance and shall be treated as delayed submission until such time that the filing of the required reports has been fully complied with.

Section 5. Period to Conduct Audit

The DOE shall commence the audit of the books of accounts of the auditee within thirty-six (36) months following the end of each calendar year. Any audit shall be completed within twelve (12) months from the commencement thereof.

Within sixty (60) calendar days following the completion of such audit, the DOE shall issue an initial audit report, including audit exceptions on the reported revenues, expenditures, and electricity sales in kWh, if any.

Section 6. Prescriptive Period of Audit

Pursuant to Section 5 of this Circular, the DOE shall consider the financial reports submitted to DOE as deemed correct and validated after the prescribed period.

Provided, that this Section shall not apply in the event that fraud or gross misrepresentation or omission in the financial reports is subsequently discovered by the DOE.

Section 7. Review and Appeals Process of Audit and/or Assessments

Within forty-five (45) calendar days upon receipt of the initial audit report, the auditee may file a Letter of Reconsideration (LR) contesting the exceptions and/or assessment. The LR shall be addressed to the Director of the Financial Services (FS) and shall contain supporting documents, records and/or data, and evidence.

Unless the auditee timely files an LR, the exceptions and/or assessment in the initial audit report shall be deemed final, due, and demandable. The auditee shall then be given a period of seven (7) calendar days from the finality of the exceptions and/or assessment to pay the amount due without imposition of interest. Failure to pay within the said seven (7) calendar days will result in the imposition of interest following the date of finality of the assessment.

When the auditee timely contests the validity of the audit exceptions and/or assessments, the FS Director shall resolve the contested assessment and/or exceptions within forty-five (45) calendar days from receipt of the LR and pertinent documents, records and/or data. Such decision of the FS Director shall become final and executory if not appealed within ten (10) calendar days from receipt thereof by the auditee to the Office of the Supervising Undersecretary of FS. The auditee shall then

be given a period of seven (7) calendar days from the finality of the exceptions and/or assessment to pay the amount due.

The concerned Supervising Undersecretary of FS shall resolve within forty-five (45) calendar days the issues raised by the auditee in its appeal. Such decision shall become final and executory if not appealed within seven (7) calendar days upon receipt thereof. The auditee shall then be given seven (7) calendar days from the finality of the exceptions and/or assessment to pay the amount due.

However, the auditee may further appeal to the Office of the Secretary the decision of the Supervising Undersecretary within seven (7) calendar days. The Secretary shall issue its decision within thirty (30) calendar days, which shall become final and executory. The auditee shall then be given a period of seven (7) calendar days from the finality of the exceptions and/or assessment to pay the amount due.

The process flow is hereby attached as **Annex "B"**.

Section 8. Interest for Failure to Remit the Reported Government Share on Coal, Petroleum and Renewable Energy Resources Produced, Generated and/or Sold

The SCs, COCs, SSCMPs, ACTs and RESCs shall remit the reported government share within sixty (60) calendar days from the end of each related calendar quarter.

For failure to remit within the mandated period, an interest of ten percent (10%) per annum shall be imposed for non-remittance of reported government share, which shall be computed from the end of each calendar quarter.

The sample computation is hereby attached as **Annex "C"**.

Section 9. Interest and Surcharge for Failure to Remit the Assessed Government Share on Coal, Petroleum and Renewable Energy Resources Produced, Generated and/or Sold

For failure to remit the assessed government share, an interest and/or surcharges shall be computed from the date when the assessment has become final and executory.

INTEREST	
Ten percent (10%) interest per annum	For non-remittance of assessed government share which shall be computed on the date when the final assessment was issued by the FS Director and received by the auditee.

SURCHARGES	
Twelve percent (12%) surcharge	For failure to include sales proceeds in the reported sales which have been found to be in the accounting records of the service contractor/operator.
Fifteen percent (15%) surcharge	In case the return/ revenue report is not filed, and the corresponding assessed government share is not remitted.

The assessed government share plus surcharge shall be subject to the computation of applicable interest.

Provided that a fifty percent (50%) surcharge shall be imposed for failure to record and report revenues from the sale of coal, petroleum, and renewable energy resources, which failure shall be presumed to have been intended to defraud the government of its lawful share of the sales proceeds, and which shall be a ground for the cancellation of the service contract. Provided further that nothing herein shall prejudice all rights and remedies available to the DOE under the relevant Coal, Petroleum and RE Service/Operating Contracts and/or terms and conditions of permits and accreditation certificates.

The computation shall be based on the gross revenues without considering any deductible expenses.

The sample computation is hereby attached as **Annexes "D-1" and "D-2"**.

Section 10. Interest for Failure to Remit the Assessed and/or Reported Financial Benefits to Host and Designated Beneficiaries under Energy Regulations 1-94

- a) For reported financial benefits, an interest of ten percent (10%) per annum shall be imposed for non-allocation and non-remittance of financial benefits to Host and Designated Beneficiaries which have complied with the remittance requirements, and/or for not setting aside or depositing to the dedicated interest-bearing current accounts of the GenCos and ERDs the Energy Regulations (ER) 1-94 Funds allocated to the non-compliant host and designated beneficiaries. The interest shall be computed from the end of each calendar quarter when the financial benefits become due and demandable.
- b) For the assessed financial benefits, an interest of ten percent (10%) per annum shall be imposed, which shall be computed from the date when the final assessment was issued by the FS Director and received by the auditee.
- c) The Surcharges provided in Section 9 hereof shall likewise be imposed under this Section, if applicable.

The sample computation is hereby attached as **Annexes "E-1" and "E-2"**.

Section 11. Application of Payment of Government Share Due or Financial Benefits to Host Communities

Payment made shall be applied in the following order: penalty, surcharge, and interest due. Any excess thereof shall be used to settle the principal.

Section 12. Waiver to Submit Financial Reports and Records

The submission of mandatory reportorial obligations may be waived upon favorable endorsement by the FS Director and duly approved by the Supervising Undersecretary, in case of destruction of financial reports and records due to acts of God, fortuitous event or force majeure, including but not limited to fire, storms or other natural calamities.

For a valid waiver, the auditee shall give written notice to the DOE within fifteen (15) days and shall submit a Certification issued by the local government unit (LGU) or Barangay Certificate where the principal office of the auditee is located stating the occurrence of such force majeure or fortuitous event and other relevant documents to support the same.

Section 13. Transitory Provision. SCs, ERDs, COCs, SSCMPs, GenCos, and ACTs which paid interest and surcharges under protest or with pending resolution of assessed government share shall be covered by this Circular.

Section 14. Repealing Clause. The provision of the other circulars, orders, issuances, rules, and regulations, which are inconsistent with the provisions of the DC, are hereby repealed, amended, modified, or superseded accordingly.

Section 15. Separability Clause. If, for any reason, any section or provision of this DC is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 16. Effectivity. This DC shall take effect fifteen (15) days following its publication in at least two (2) national newspaper of general circulation. A copy of this DC shall be filed with the University of the Philippines Law Center – Office of the National Administrative Register.

Issued on JAN 12 2024 at the DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City, Metro Manila.


RAPHAEL P.M. LOTILLA
Secretary





Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

ANNEX A

LIST OF FINANCIAL REPORTS

I. CONVENTIONAL ENERGY SCS/ COCS/ SSCMPS/ CTS/ CEUS

DEADLINE

Petroleum Service Contractor

- A. Expenditure Reports
 - CERCD Form 1 - Exploration, Development and Production Summary
 - CERCD Form 2 - Summary of Inventory
 - CERCD Form 3 - Depreciable/ Amortizable Assets
 - CERCD Form 4 - Direct Survey Expenditures
 - CERCD Form 5 - Details of Direct Well Costs
 - CERCD Form 6 - Direct Intangible Development Costs
 - CERCD Form 8 - Overhead/ Indirect Expenses
- B. Production Reports
 - CERCD Form 7 - Direct Production Expense Summary
- C. Reports of Revenue and Distribution
 - CERCD Form 9 - Recoverable Investment and Production Sharing
- D. Budget Report
 - CERCD Form 10 - Guidelines in the preparation of Budget Summary

60 days from the
end of the
calendar quarter

Coal Operating Contract Operator

- A. Coal Operations Return
 - CERCD Coal Form 1 - Coal Operations Return
- B. Coal Production/Sales/Inventory Report
 - CERCD Coal Form 2 - Monthly Coal Inventory/ Production/ Sale Report
- C. Coal Purchased from Small Scale Coal Mining Permittee
 - CERCD Coal Form 3 - Coal - Purchase from Permittee
- D. Expenditures Report
 - CERCD Coal Form 4 - Coal Exploration. Development/ Production Summary Investment and Recoverable Cost
 - CERCD Coal Form 5 - Depreciable/ Amortizable Assets
 - CERCD Coal Form 6 - Exploration and Development Expenditure Summary
 - CERCD Coal Form 7 - Production and Marketing Expenditure Summary

60 days from the
end of the
calendar quarter

Small Scale Coal Mining Permittee

- A. CERCD SSCMP Form 1 - Monthly Coal Production/ Sales / Inventory Report

60 days from the
end of the
calendar quarter

Coal Trader

- A. CERCD CT Form 1 - Coal Purchases Report
- B. CERCD CT Form 2 - Coal Sales Report
- C. CERCD CT Form 3 - Coal Sales Inventory Report

60 days from the
end of the
calendar quarter

Coal End-user

- A. CERCD CEU Form 1 - Coal Purchases and Utilization Report

60 days from the
end of the
calendar quarter



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ANNEX A

LIST OF FINANCIAL REPORTS

II. RENEWABLE ENERGY SCS

DEADLINE

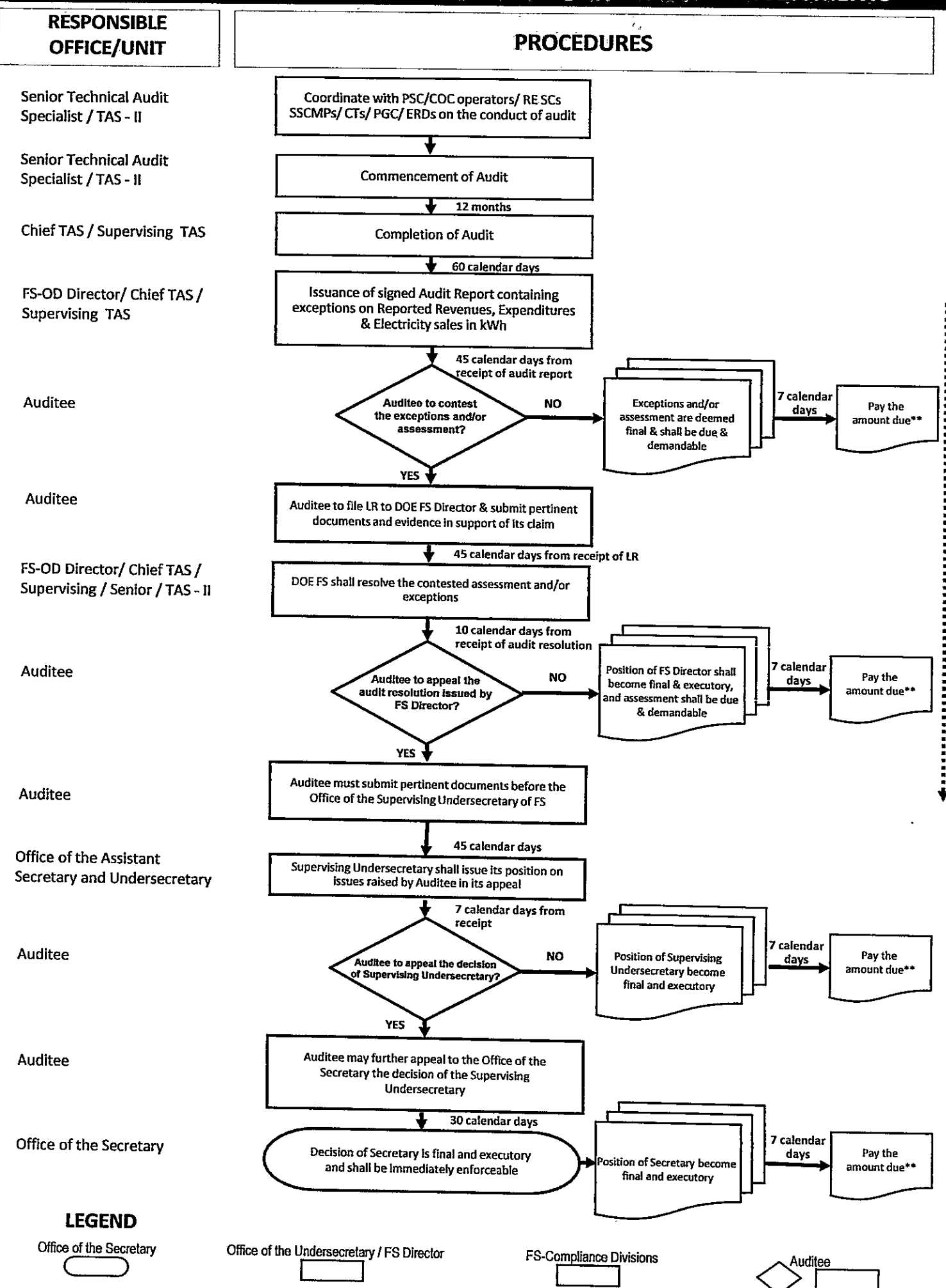
- | | |
|---|--|
| A. RERCD Form No. 1 Summary of Revenues and Computation of Government Share | |
| B. RERCD Form No. 2 Summary of Cost of Goods Sold | |
| B.1. RERCD Form No. 2A Schedule of Tangible Expenditures | |
| B.2. RERCD Form No. 2B Schedule of Exploration/ Pre-Development Costs | |
| B.3. RERCD Form No. 2C Schedule of Development and Production Expenses | |
- 60 days from the
end of the
calendar quarter

III. POWER GENERATING COMPANIES AND / OR ENERGY RESOURCE DEVELOPERS

DEADLINE

- | | |
|--|--|
| A. DOE-ER 1-94 Fund - PCD-1 Electricity Sales Report | |
| B. DOE-ER 1-94 Fund - PCD-1A Report on Allocation and Remittance of Financial Benefits to Host Beneficiaries | |
- 60 days from the
end of the
calendar quarter

ANNEX B: REVIEW AND APPEALS PROCESS OF AUDIT EXCEPTIONS AND ASSESSMENTS



LEGEND

Office of the Secretary

Office of the Undersecretary / FS Director

FS-Compliance Divisions

Auditee

**Sec. 8 of DC provides Interest on Assessed Government Share shall be computed from the date when the final assessment was issued by the FS Director and received by the auditee.

ANNEX C:

Sample Computation under Section 8. Interest for Failure to Remit the Reported Government Share on Coal, Petroleum and Renewable Energy Resources Produced, Generated and/or Sold.

On Reported Government Share

Government Share Due	: Php100,000.00
1 st Quarter Report due	: May 30, 2023
Payment made	: June 1, 2023
Period of delay	: April 1 to May 31, 2023 (61 days)

Sample Computation:

Interest due:

$$\text{Php100,000.00} \times 10\% \times 61/365 = \underline{\text{Php1,671.23}}$$

Total amount due:

$$\text{Php100,000.00} + \text{Php1,671.23} = \underline{\text{Php101,671.23}}$$

Annex D-1:

Sample Computation under Section 9: Surcharge plus Interest for Failure to Remit the Uncontested Assessed Government Share on Coal, Petroleum and Renewable Energy Resources Produced/ Generated and/or Sold.

Scenario 1: Surcharge at 12% & Payment was made within the 7-day Grace Period:

Assessment for CY 2022 Audit

- Failed to include in the reported sales proceeds, which have been found to be in the accounting records of the service contractor/operator.
- Difference Between Reported and Recorded Sales
- Assessed Government Share on the Difference between Reported and Recorded is assumed at Php15,000.00

Date of Audit Report	:	June 20, 2023
Receipt of the Assessment by the Auditee:	:	June 30, 2023
Audit Assessment deemed final	:	August 14, 2023 (w/in 45 days)
Due Date	:	August 21, 2023 (w/in 7 days)
Payment made	:	August 20, 2023

Sample Computation:

Surcharge due:

$$\text{Php15,000.00} \times 12\% = \underline{\text{Php1,800.00}}$$

Total outstanding obligations:

Principal + Surcharge

$$\text{Php15,000.00} + \text{Php1,800.00} = \underline{\text{Php16,800.00}}$$

Scenario 2: Surcharge at 12% & Payment was made beyond the 7-day Grace Period

Assessment for CY 2022 Audit

Payment made	:	September 19, 2023
Period of delay	:	July 1 to Sept. 18, 2023 (80 days)

Sample Computation:

Surcharge due:

$$\text{Php15,000.00} \times 12\% = \underline{\text{Php1,800.00}}$$

Interest due:

$$(\text{Php15,000.00} + \text{Php1,800.00}) \times 10\% \times 80/365 = \underline{\text{Php368.22}}$$

Total outstanding obligations:

Principal + Surcharge + Interest

$$\text{Php15,000.00} + \text{Php1,800.00} + \text{Php368.22} = \underline{\text{Php17,168.22}}$$

Scenario 3: Surcharge at 15% & Payment was made beyond the 7-day Grace Period

Assessment for CY 2022 Audit

- In case the return is not filed, and the corresponding government share is not remitted.
- **Assessed Government Share for CY 2022: Php30,000.00**

Date of Audit Report	: June 20, 2023
Receipt of the Assessment by the Auditee:	June 30, 2023
Audit Assessment deemed final	: August 14, 2023 (45 days)
Due Date	: August 21, 2023 (7 days)
Payment made	: September 19, 2023
Period of delay	: July 1 to Sept. 18, 2023 (80 days)

Sample Computation:

Surcharge due:

$$\text{Php30,000.00} \times 15\% = \text{Php4,500.00}$$

Interest due:

$$(\text{Php30,000.00} + \text{Php4,500.00}) \times 10\% \times 80/365 = \underline{\text{Php756.16}}$$

Total outstanding obligations:

Principal + Surcharge + Interest

$$\text{Php30,000.00} + \text{Php4,500.00} + \text{Php756.16} = \underline{\text{Php35,256.16}}$$

Scenario 4: Surcharge at 50% & Payment was made beyond the 7-day Grace Period.

Assessment for CY 2022 Audit

- Failure to record and report certain revenue from the sale of coal, petroleum, and renewable energy resources which shall be presumed to have been intended to defraud the government of its lawful share of the sales proceeds, and which shall be a ground for the cancellation of the service contract.
- **Unreported and Unrecorded Sales: Php500,000.00**

Date of Audit Report	: June 20, 2023
Receipt of the Assessment by the Auditee:	June 30, 2023
Audit Assessment deemed final	: August 14, 2023 (45 days)
Due Date	: August 21, 2023 (7 days)
Payment made	: September 19, 2023
Period of delay	: July 1 to Sept. 18, 2023 (80 days)

Sample Computation:

Surcharge/Total outstanding obligations:

$$\text{Php500,000.00} \times 50\% = \underline{\text{Php250,000.00}}$$

Annex D-2:

Sample Computation under Section 9: Interest for Failure to Remit the Contested Assessed Government Share on Coal, Petroleum and Renewable Energy Resources Produced/ Generated and/or Sold.

- Assessed Government Share for CY 2022: Php100,000.00
- No Surcharge was imposed. Findings relate only to expenses.

Scenario R1: *Resolution – FS-Director*

Assessment for CY 2022 Audit

Date of Audit Report	:	June 20, 2023
Receipt of the Assessment by the Auditee:	:	June 30, 2023
Audit Assessment deemed final	:	Aug. 14, 2023 (45 days)
Date of Letter of Reconsideration	:	July 10, 2023
Receipt of Letter of Reconsideration	:	July 15, 2023 (filed w/in 45 days)
Date of Audit Resolution	:	Aug. 14, 2023 (w/in 45 days)
Receipt of Audit Resolution	:	Aug. 15, 2023
Audit Resolution deemed final	:	Aug. 25, 2023 (w/in 10 days)
Due Date	:	Sept. 1, 2023
Payment made	:	Sept. 19, 2023
Period of delay	:	July 1 to Sept. 18, 2023 (80 days)

Scenario R1.1: Resolution resulted in a decrease in the principal assessment.

Sample computation:

Interest due:

$$\text{Php}60,000.00 \times 10\% \times 80/365 = \underline{\text{Php}1,315.07}$$

Total outstanding obligations:

Principal + Interest

$$\text{Php}60,000.00 + \text{Php}1,315.07 = \underline{\text{Php}61,315.07}$$

Scenario R1.2: Resolution has no effect in the principal assessment.

Sample computation:

Interest due:

$$\text{Php}100,000.00 \times 10\% \times 80/365 = \underline{\text{Php}2,191.78}$$

Total outstanding obligations:

Principal + Interest

$$\text{Php}100,000.00 + \text{Php}2,191.78 = \underline{\text{Php}102,191.78}$$

Scenario R2: Resolution – Supervising Undersecretary of FS

Assessment for CY 2022 Audit

Date of Audit Report	:	June 20, 2023
Receipt of the Assessment by the Auditee:	:	June 30, 2023
Audit Assessment deemed final	:	Aug. 14, 2023 (45 days)
Date of Letter of Reconsideration	:	July 10, 2023
Receipt of Letter of Reconsideration	:	July 15, 2023 (filed w/in 45 days)
Date of Audit Resolution (FS Dir.)	:	Aug. 14, 2023 (w/in 45 days)
Receipt of Audit Resolution (FS Dir.)	:	Aug. 15, 2023
Audit Resolution deemed final	:	Aug. 25, 2023 (w/in 10 days)
Date of LR to Supvg. Usec-FS	:	Aug. 20, 2023
Receipt of LR to Supvg. Usec-FS	:	Aug. 21, 2023 (w/in 10 days)
Audit Resolution Supvg. Usec - FS.	:	Sept. 30, 2023 (w/in 45 days)
Date of Receipt of Supvg.Usec Resolution:	:	Sept. 30, 2023
Resolution Supvg.Usec.-FS deemed final :	:	Oct. 7, 2023 (w/in 7 days)
Due Date	:	Oct. 14, 2023
Payment made	:	Oct. 21, 2023
Period of delay	:	July 1 to Oct. 20, 2023 (112 days)

Scenario R2.1: Resolution resulted in a decrease in the principal assessment.

Sample computation:

Interest due:

$$\text{Php}50,000.00 \times 10\% \times 112/365 = \underline{\text{Php}1,534.25}$$

Total outstanding obligations:

Principal + Interest

$$\text{Php}50,000.00 + \text{Php}1,534.25 = \underline{\text{Php}51,534.25}$$

Scenario R2.2: Resolution has no effect in the principal assessment.

Sample computation:

Interest due computed as follows:

$$\text{Php}100,000.00 \times 10\% \times 112/365 = \text{Php}3,068.49$$

Total outstanding obligations as follows:

Principal + Interest

$$\text{Php}100,000.00 + \text{Php}3,068.49 = \text{Php}103,068.49$$

Scenario R3: *Resolution – DOE Secretary*

Assessment for CY 2022 Audit

Date of Audit Report	:	June 20, 2023
Receipt of the Assessment by the Auditee:	:	June 30, 2023
Audit Assessment deemed final	:	Aug. 14, 2023 (45 days)
Date of Letter of Reconsideration	:	July 10, 2023
Receipt of Letter of Reconsideration	:	July 15, 2023 (filed w/in 45 days)
Date of Audit Resolution (FS Dir.)	:	Aug. 14, 2023 (w/in 45 days)
Receipt of Audit Resolution (FS Dir.)	:	Aug. 15, 2023
Audit Resolution deemed final	:	Aug. 25, 2023 (w/in 10 days)
Date of LR to Supvg. Usec-FS	:	Aug. 20, 2023
Receipt of LR to Supvg. Usec-FS	:	Aug. 21, 2023 (w/in 10 days)
Audit Resolution Supvg. Usec - FS.	:	Sept. 30, 2023 (w/in 45 days)
Date of Receipt of Supvg.Usec Resolution:	:	Sept. 30, 2023
Resolution Supvg.Usec.-FS deemed final :	:	Oct. 7, 2023 (w/in 7 days)
Date of LR to DOE Sec	:	Oct. 5, 2023
Receipt of LR by the DOE	:	Oct. 6, 2023
Date of Audit Reso of DOE Sec.	:	Nov. 4, 2023 (w/in 30 days)
Receipt of DOE Sec. Resolution	:	Nov. 4, 2023
Due Date	:	Nov. 11, 2023 (7 days GP)
Payment made	:	Feb. 1, 2024
Period of delay	:	July 1, 2023 to Jan. 31, 2024 (215 days)

Scenario R3.1: Resolution resulted in a decrease in the principal assessment.

Sample computation:

Interest due:

$$\text{Php}30,000.00 \times 10\% \times 215/365 = \text{Php}1,767.12$$

Total outstanding obligations:

Principal + Interest

$$\text{Php}30,000.00 + \text{Php}1,767.12 = \underline{\text{Php}31,767.12}$$

Scenario R3.2: Resolution has no effect in the principal assessment.

Sample computation:

Interest due:

$$\text{Php}100,000.00 \times 10\% \times 215/365 = \underline{\text{Php}5,890.41}$$

Total outstanding obligations:

Principal + Interest

$$\text{Php}100,000.00 + \text{Php}5,890.41 = \underline{\text{Php}105,890.41}$$

Scenario R3.3: Resolution resulted in an increase in the principal assessment based on the subsequent confirmation of buyers. Assessed Government Share on the Difference between Reported and Recorded is assumed at Php20,000.00

Sample computation:

Surcharge:

$$\text{Php}20,000.00 \times 12\% = \underline{\text{Php}2,400.00}$$

Interest due:

$$(\text{Php}120,000.00 + \text{Php}2,400.00) \times 10\% \times 215/365 = \underline{\text{Php}7,209.86}$$

Total outstanding obligations:

Principal + Surcharge + Interest

$$\text{Php}120,000.00 + \text{Php}2,400.00 + \text{Php}7,209.86 = \underline{\text{Php}129,609.86}$$

ANNEX E-1:

Sample Computation under Section 10: Interest and Penalties for Failure to Remit the Reported Financial Benefits to Host and Designated Beneficiaries under Energy Regulations 1-94.

Section 10 (a):

- a) For reported financial benefits, an interest of ten percent (10%) per annum shall be imposed for non-allocation and non-remittance of financial benefits to Host and Designated Beneficiaries which have complied with the remittance requirements, and/or for not setting aside or depositing to the GenCos and ERDs' dedicated interest-bearing current accounts the ER 1-94 Funds allocated to the non-compliant host and designated beneficiaries. The interest shall be computed from the end of each calendar quarter when the financial benefits become due and demandable.

On Reported Financial Benefits

Financial Benefits Due	: Php100,000.00
1 st Quarter Report due	: May 30, 2023
Payment made	: June 1, 2023
Period of delay	: April 1 to May 31, 2023 (61 days)

Sample computation:

Interest due:

$$\text{Php}100,000.00 \times 10\% \times 61/365 = \underline{\text{Php}1,671.23}$$

Total amount due:

$$\text{Php}100,000.00 + \text{Php}1,671.23 = \underline{\text{Php}101,671.23}$$

ANNEX E-2:

Sample Computation under Section 10: Interest and Penalties for Failure to Remit the Assessed Financial Benefits to Host and Designated Beneficiaries under Energy Regulations 1-94.

Section 10 (b):

On the assessed financial benefits, an interest of ten percent (10%) per annum shall be imposed, which shall be computed from the date when the final assessment was issued by the FS Director and received by the auditee.

- **Assessed Government Share on the Difference between Reported and Recorded is assumed at Php15,000.00**

On Assessed Financial Benefits:

Assessment for CY 2022 Audit

Date of Audit Report	:	June 20, 2023
Receipt of the Assessment by the Auditee:	:	June 30, 2023
Audit Assessment deemed final	:	August 14, 2023 (w/in 45 days)
Due Date	:	August 21, 2023 (w/in 7 days)
Payment made	:	September 19, 2023
Period of delay	:	Jul. 1 to Sept. 18, 2023 (80 days)

Sample computation:

Surcharge due:

$$\text{Php15,000.00} \times 12\% = \underline{\text{Php1,800.00}}$$

Interest due:

$$(\text{Php15,000.00} + \text{Php1,800.00}) \times 10\% \times 80/365 = \underline{\text{Php368.22}}$$

Total outstanding obligations:

Principal + Surcharge + Interest

$$\text{Php15,000.00} + \text{Php1,800.00} + \text{Php368.22} = \underline{\text{Php17,168.22}}$$