



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT ORDER NO. DD2013-10-0018

**ADOPTING THE REVISED EVALUATION PROCESS FLOW
AND TIMELINES OF RENEWABLE ENERGY SERVICE CONTRACTS (RESC)
AND MANDATING THE ADOPTION OF THE MILESTONE APPROACH**

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

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

WHEREAS, RA 9513, otherwise known as the "Renewable Energy Act of 2008", provides that it is the policy of the State to encourage and accelerate the exploration, development and increase the utilization of renewable energy (RE) resources such as, but not limited to, biomass, solar, wind, hydropower, geothermal, and ocean energy sources, and including hybrid systems;

WHEREAS, the DOE is continuously adopting new mechanisms and strategies to effectively carry out its plans and programs as mandated under the RA 9513 and its implementing rules and regulations;

WHEREAS, the RE Review Committee (REC) was created under Department Circular No. DC2009-07-0011 to provide recommendations to the DOE Secretary for the award of RE Service Contracts; and

WHEREAS, after careful review of the existing application processes flow and timelines on RE Service Contract application, the REC has recommended the adoption of a new evaluation process flow and timeline, and to further enhance monitoring, the REC has recommended the adoption of a Milestone Approach during the Pre-Development and Development Stages of the RE Service Contract.

NOW THEREFORE, for and in consideration of the foregoing premises, the DOE hereby orders the following:

OCT 17 2013

Energy Center, Rizal Drive., Fort Bonifacio, Taguig City, Metro Manila, Philippines
Trunkline: 479-2900

Website: www.doe.gov.ph E-mail: info@doe.gov.ph

Section 1. Enhanced Process Flow of RE Service Contract Applications. For the enhanced evaluation process of RE Service Contracts applications, the attached flow chart on Evaluation Process and Timelines shall be adopted ("Annex A").

Section 2. Enhanced Monitoring of RE Service Contracts. For the enhanced monitoring process of all awarded RE Service Contracts, the attached matrix on the Milestone Approach during the Pre-Development and Development Stages of the RE Service Contract shall be adopted ("Annex B-1" and "Annex B-2").

Section 3. Enhanced Timelines in the Application Process. Except for reasons attributable to force majeure or other justifiable reasons, the evaluation process of RE Service Contracts shall not exceed forty five (45) working days.

Section 4. Applicability of this Department Order to Pending RE Applications. This DO shall be applicable to all pending applications for RE service contracts: *Provided*, That all RE service contracts already issued at the time of the effectivity of this Department Order shall remain valid.

Section 5. Advisory to RE Applicants. Acting as Chairman of REC, the Assistant Secretary in charge of the Renewable Energy Management Board (REMB) is hereby directed to inform all concerned RE Developers of the revised templates and the requirements thereof.

Section 6. Supervision and Proper Implementation. The Assistant Secretary in charge of REMB shall strictly supervise and ensure the implementation of this Department Order and other issuances relevant thereto.

Section 7. Repealing Clause. All circulars and all other issuances which are inconsistent with any of the provisions of this Department Order are hereby amended or repealed accordingly

Section 8. Separability Clause. If for any reason, any provision of this Department Order is declared unconstitutional or invalid, such parts which are not affected shall remain in full force and effect.

This Department Order shall take effect immediately.

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


CARLOS JERICO L. PETILLA
Secretary

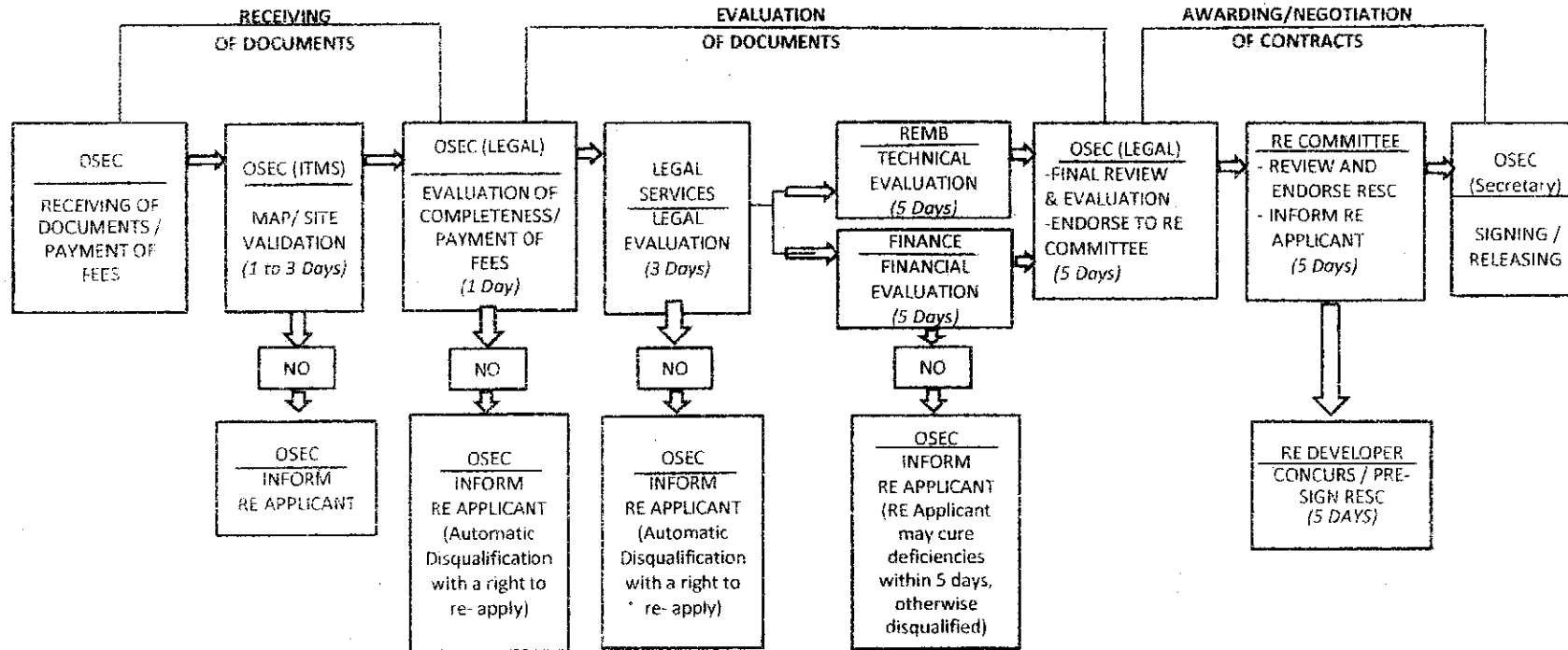


IN REPLYING PLS CITE:
SOE-JLP-13005523



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EVALUATION PROCESS FLOW AND TIMELINES OF RESC APPLICATIONS
(DIRECT NEGOTIATIONS)



**MILESTONE APPROACH MATRIX
(PRE-DEVELOPMENT STAGE)**

RESC Type	Milestone Activity	Milestone Period (From Effective Date)	Milestone Cost (At 100%)	Remarks
Geothermal	<ol style="list-style-type: none"> 1. Completion of Reconnaissance Geological/Geochemical Surveys 2. Mandatory Activities * <ol style="list-style-type: none"> 2.1 LGU Endorsements 2.2 Licenses/Permits Acquisition 	12 Months	Php 6,500,000.00	Pre-Development at 5 years
Ocean	<ol style="list-style-type: none"> 1. Pre-Feasibility Study/Prelim. Resource Assessment 2. Detailed Site Survey 3. Field Based Investigation (NCIP) ** 4. Mandatory Activities * <ol style="list-style-type: none"> 4.1 LGU Endorsements 4.2 Licenses/Permits (BFAR, MARINA, PPA, PN, PCG) 	12 months	Php 1,500,000.00	Pre-Development at 3 years
Hydropower	<ol style="list-style-type: none"> 1. Pre-Feasibility Study/Reconnaissance Study 2. Detailed Topography Survey 3. Completion of Hydrological Study 4. Field Based Investigation (NCIP) ** 5. Mandatory Activities * <ol style="list-style-type: none"> 5.1 LGU Endorsements 5.2 Licenses/Permits (BFAR, MARINA, PPA, PN, PCG) 	12 months	Php 1,500,000.00	Pre-Development at 2 years
Wind	<ol style="list-style-type: none"> 1. Procurement of meteorological mast 2. Installment of meteorological mast * 3. Land rights acquisition ** 4. Mandatory Activities * <ol style="list-style-type: none"> 4.1 Public consultations 4.2 LGU Endorsements 	12 months	Php 2,000,000.00	Pre-Development at 3 years

Solar	<ol style="list-style-type: none"> 1. Initial modeling and annual energy yield estimates * 2. Land/rights acquisition ** 3. Mandatory Activities * <ol style="list-style-type: none"> 3.1 Public consultations 3.2 LGU Endorsements 	6 months	Php 500,000.00	Pre-Development at 2 years
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Notes:

* *Mandatory Activities are those activities that are indispensable during the Pre-Development Stage & common to all RE Applicants under the same type of technology*

** *Non-mandatory Activities are those activities that may or may not be applicable during the Pre-Development Stage, depending on the type of technology and the contract area*

**MILESTONE APPROACH MATRIX
(DEVELOPMENT STAGE)**

RESC Type	Milestone Activity	Milestone Period (From Effective Date)	Milestone Cost (At 100%)	Remarks
Geothermal	<ol style="list-style-type: none"> 1. Site preparation and civil/structural works 2. Drilling of production and reinjection wells 3. Flow Test and Bore Output Measurement 4. Construction of Fluid Collection and Disposal System 5. Power Plant and Cooling Tower site preparation and construction 6. Construction of switching station to connect to the Transmission Lines of NGCP 7. Commissioning/Commercial Operations 	Year 6 to 8	Php200,000,000.00 / MW	
Ocean	Procurement of Electromechanical Equipment (EME) or Proof of Contract with the supplier of EME	Year 5 to 6	Php 30,000,000.00 / MW	
Hydropower	Procurement of Electromechanical Equipment (EME) or Proof of Contract with the supplier of EME	Year 5 to 6	Php 30,000,000.00 / MW	
Wind	Electro-Mechanical Equipment (At 80% Completion)	Year 5 to 6	Php 95,000,000.00 / MW	
Solar	Electro-Mechanical Completion (At 80% Completion)	Year 4	Php 95,000,000.00 / MW	
Biomass	<ol style="list-style-type: none"> 1. Site acquisition and pre-development activities (groundwater test, soil and geotechnical analyses) 2. Licensing, Permits, and Clearances 3. Signed Feedstock Supply Agreements (FSAs) 	Milestone: 6 months Development: 3 years	Milestone: Php 7,000,000.00 (fixed) Development: P100,000,000.00 / MW	Biomass (Non - Existing Facility) - the Pre-Development stage is subsumed and made part of the Development Stage already

				Biomass (Existing Facility) - this automatically goes to Development Stage
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