

DEPARTMENT ORDER NO. DO 2003-07-010

**CREATING THE DOE INVESTMENT MANAGEMENT CONTRACT
PHASE 2 (IMC P2) TEAM FOR THE PURPOSE OF FACILITATING THE
IMPLEMENTATION OF THE PROJECT**

WHEREAS, the Department of Energy (DOE) in consonance with Rule 3, Section 1(e)(i) of the Implementing Rules and Regulations (IRR) of Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001" or EPIRA, has to encourage private sector investments in the electric power industry;

WHEREAS, Section 1 (e)(ii) of Rule 3 of the IRR also mandates DOE to facilitate and encourage reforms in the structure and operations of distribution utilities for greater efficiency and lower cost;

WHEREAS, Section 1(j) of Rule 3 of the IRR also requires that DOE shall endeavor to provide an environment conducive to free and active private participation and investment in all energy activities;

WHEREAS, Section 7, Rule 7 of the IRR provides for the structural and operational reforms between and among Distribution Utilities which shall include but not limited, to mergers, consolidation, integration, bulk procurement and joint Ventures;

WHEREAS, the DOE believes that these reforms should be effected with lesser dependence on government capital infusion, but the encouragement of maximum private sector participation;

WHEREAS, one of the implementing strategies that the DOE has adopted to facilitate structural and operational reforms of electric cooperatives is Investment Management Contracts (IMC) with the private sector;

WHEREAS, a team of consultants, CMS Cameron McKenna Consortium had already undertaken Phase 1 of the IMC project by developing the IMC framework for ECs and identifying ECs with high potential for attracting investors.

NOW, THEREFORE, the DOE hereby creates an IMC Team to manage effectively the implementation of IMC Phase 2.

Section 1. Specific Objectives. It is hereby established the specific objectives of the IMC P2 Team;

- (a) Accelerate the reforms in the Distribution Utilities, particularly the Electric Cooperatives (ECs), by encouraging and attracting private investors to go into an Investment Management Contracts;
- (b) Review existing reports, including feasibility studies carried out for IMCS;
- (c) Assist the consultants in developing the bidding documents and procedures for awarding an IMC;
- (d) Prepare a draft model IMC contract citing specific rights, duties and responsibilities of the IMC investor and the EC under IMC arrangement;
- (e) Provide assistance in the evaluation and award of IMC contracts; and
- (f) Oversee the successful implementation of the project

Section 2. Composition and Responsibilities. The IMC P2 Team shall be composed of an Inter-Agency Technical Working Group (TWG) with the following responsibilities:

Chairman : Asst. Secretary Lasse A. Halopainen - DOE

Co-Chairman : Dir. Julinette M. Bayking - NEA

Members : Salome D. Soriano - NEA
Joselyn D. Carabuena- NEA
Sofe A. Soterana - NEA
(NEA Technical)
Dennis Gatbonton - NEA
(NEA Technical)

Responsibilities of the TWG:

- i) Develop timeline, action plans, and target implementation schedule of the project;
- ii) Recommend to the Secretary a model contract for IMC recipient ECs;
- iii) Recommend to the Secretary and/or Bid and Awards Committee the procedures for awarding an IMC;
- iv) Shortlist possible IMC contractors;
- v). Spearhead the implementation of the project in coordination with the concerned agencies/parties;
- vi) Oversee the implementation of the IMC P2 Project and conduct regular monitoring and feedback system io concerned agencies and parties; and
- vii) Conduct regular evaluation/assessment of the project to identify/address gaps and issues affecting the program implementation;

The TWG shall be assisted by a Secretariat which will undertake the documentation requirements of the project. including coordination and scheduling of meetings and trainings.

Section 3. Reporting. The IMC P2 Team shall report directly to the DOE Secretary thru Undersecretary Cyril C. del Callar.

Section 4. Funds. The funds required for the operation, travel, accommodations and meetings and trainings of the IMC P2 Team shall be chargeable against the EPIRA budget of the DOE and other funds that may be generated under the project.

Heads of the concerned agencies are hereby directed to give outmost support to the IMC P2 Team for the success of the project.

The Team shall hold office at the DOE office, Meritt Road Fort Bonifacio, Taguig Metro Manila.

All Order, Memoranda or other issuances or portions thereof~ which are inconsistent with this Department Order, are hereby superseded, modified or amended accordingly.

This Department Order shall take effect immediately.

(Sgd.)

VICENTE S. PEREZ, JR.

Secretary

11 July 2003
Fort Bonifacio, Taguig
Metro Manila