



Republic of the Philippines

DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC2023-__ - _____

AMENDMENTS TO THE DEPARTMENT CIRCULAR NO. DC2019-10-0013,
ENTITLED “OMNIBUS GUIDELINES GOVERNING THE AWARD AND
ADMINISTRATION OF RE CONTRACTS AND REGISTRATION OF RE
DEVELOPERS”

(WIND)

WHEREAS, pursuant to Section 2, Article XII, of the 1987 Philippine Constitution, 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, under Section 2 of Republic Act (RA) No. 7638, as amended, otherwise known as the “*Department of Energy Act of 1992*”, the Department of Energy (DOE) is mandated 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, Section 5(b) of the same Act empowers the DOE to develop and update the existing Philippine energy program which shall provide for an integrated and comprehensive exploration, development, utilization, distribution and conservation of energy resources, with preferential bias for environment-friendly, indigenous, and low-cost sources of energy, and which program shall include a policy direction towards the privatization of government agencies related to energy, deregulation of the power and energy industry and reduction of dependency on oil-fired plants;

WHEREAS, Section 2 of RA No. 9136, otherwise known as the “*Electric Power Industry Reform Act of 2001*” or “*EPIRA*”, declares that it is the policy of the State to, among others, (i) ensure and accelerate the total electrification of the country; (ii) enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors; (iii) assure socially and environmentally compatible energy sources and infrastructure; and (iv) promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy;

WHEREAS, Joint Administrative Order (JAO) No. 2008-1, Series of 2008, otherwise known as the “*Guidelines Governing the Biofuel Feedstocks Production, and Biofuels and Biofuel Blends Production, Distribution and Sale*”, provides for the accreditation of biofuel producers, among others, under RA No. 9367, otherwise known as the “*Biofuels Act of 2006*”;

42 **WHEREAS**, Section 2 of RA No. 9513, otherwise known as the “*Renewable Energy*
43 *Act of 2008*” or “*RE Act*”, directs the State to encourage and accelerate the exploration,
44 development and utilization of renewable energy (RE) resources such as, but not
45 limited to, biomass, solar, wind, hydropower, geothermal, and ocean energy sources,
46 and including hybrid systems;

47 **WHEREAS**, Section 19(c), Rule 6 of Department Circular (DC) No. DC2009-05-0008
48 which prescribes the Implementing Rules and Regulations (IRR) of the RE Act,
49 requires the DOE to issue a regulatory framework containing the guidelines that shall
50 govern the transparent and competitive system of awarding RE Service/Operating
51 Contracts from Pre-Development to Development onto Commercial Operations stage,
52 or the awarding of direct operating contracts to specific RE technologies, among
53 others;

54 **WHEREAS**, under Section 2 of RA No. 11032, otherwise known as the “*Ease of Doing*
55 *Business and Efficient Government Service Delivery Act of 2018*”, it is the duty of the
56 State to, among others, promote integrity, accountability, proper management of public
57 affairs and public property, aimed at efficient turnaround of the delivery of government
58 services and the prevention of graft and corruption in government;

59 **WHEREAS**, in Section 2 of RA No.11234, otherwise known as the “*Energy Virtual*
60 *One-Stop Shop Act*” or “*EVOSS Act*”, the State is likewise commanded to, among
61 others, ensure transparency and accountability in the process of approving power
62 generation, transmission, or distribution projects, and deliver efficient and effective
63 service to the public;

64 **WHEREAS**, on 01 August 2019, the DOE issued DC No. DC2019-08-0012 which aims
65 to introduce Energy Storage System (ESS) technologies to serve a variety of functions
66 in the generation, transmission, and distribution of electric energy;

67 **WHEREAS**, after DC No. DC2019-10-0013 took effect, the DOE implemented further
68 enhancements in the award and administration of RE Contracts and the registration
69 of RE Developers, to wit:

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- 71 (a) DC2009-07-0011 dated 12 July 2009;
- 72 (b) DO2013-08-0011 dated 20 July 2013;
- 73 (c) DO2013-10-0018 dated 09 October 2013;
- 74 (d) DO2013-12-0020 dated 02 December 2013;
- 75 (e) DO2013-12-0023 dated 27 December 2013;
- 76 (f) DO2014-06-0010 dated 09 June 2014;
- 77 (g) DO2014-10-0018 dated 14 October 2014;
- 78 (h) DO2016-09-0011 dated 05 September 2016;
- 79 (i) DO2016-06-0010 dated 24 June 2016;
- 80 (j) DO2017-04-0005 dated 07 April 2017;
- 81 (k) DO2018-03-0003 dated 16 March 2018;
- 82 (l) DO2019-01-0003 dated 11 January 2019; and
- 83 (m) DO2019-07-0018 dated 30 July 2019.

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WHEREAS, after DC No. DC2019-10-0013 took effect, the DOE implemented further enhancements in the award and administration of RE Contracts and the registration of RE Developers, to wit:

- 89 (a) DC2022-11-0034 dated 15 November 2022;
 - 90 (b) Advisory No. 1 dated 15 March 2023;
 - 91 (c) Advisory No. 2 dated 15 March 2023; and
 - 92 (d) Advisory No. 3 dated 29 April 2023.
- 93

94 **WHEREAS**, there is a need to integrate the above issuances and the DOE’s recent
95 policies for an effective and efficient award and administration of RE Contracts and
96 registration of RE Developers.

97 **NOW, THEREFORE**, in consideration of the foregoing premises, the DOE hereby
98 issues the following revised guidelines and procedures governing the awarding of RE
99 Contracts, and the registration and management of RE Projects:

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CHAPTER I - GENERAL PROVISIONS

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103 **Section 1. Title.** This Circular shall be known as the *“Revised Omnibus Guidelines*
104 *Governing the Award and Administration of Renewable Energy Contracts and the*
105 *Registration of Renewable Energy Developers.”*

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107 **Section 2. Coverage.** This Circular shall prescribe the guidelines and procedures on:

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2.1. The pre-application, application, and award of RE Contracts;

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2.2. The conversion of existing service contracts to RE Contracts for the
exploration, development or utilization of RE resources with the DOE,
subject to Section 39, Rule 13, of the IRR of the RE Act;

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2.3. The issuance by the DOE of Certificates of Registration (COR) for RE
Developers of projects with or without RE Contracts; and

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2.4. The administration of RE Contracts.

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119 **Section 3. Definition of Terms.** As used in this Circular and in other issuance of the
120 DOE, the following terms shall be understood to mean, as follows:

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3.1. *“Biomass Energy Operating Contract”* or *“BEOC”* refers to the RE
Contract issued for the development and operation of RE Projects
utilizing biomass as RE Resource.

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3.2. *“Blocking System”* refers to the subdivision of the Philippines, for
purposes of RE Applications for wind, geothermal and ocean resources,

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127 into RE meridional blocks (RE blocks) of 30 seconds of latitude and 30
128 seconds of longitude using Philippine Reference System of 1992
129 (PRS'92) as the standard reference system. One (1) RE block shall have
130 an approximate area of eighty-one (81) hectares. Each block shall have
131 a unique number designated by the DOE.

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133 3.3. *“Certificate of Authority”* refers to the certificate duly signed by the DOE
134 Secretary exclusively authorizing an RE Developer to procure the
135 necessary permits and tenurial instruments for the exploration,
136 development, construction and installation, and commercial operation of
137 the RE Project and conduct reconnaissance and other activities needed
138 for pre-feasibility studies.

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140 3.4. *“Certificate of Confirmation of Commerciality”* or *“COCOC”* refers to the
141 certificate duly signed by the DOE Secretary confirming the Declaration
142 of Commerciality by the RE Developer and shall serve as a notice to
143 proceed for the construction of the RE Project or the installation of the
144 RE Facilities. The date of issuance of the COCOC shall be considered
145 as the commencement date of the Development Stage of the RE Project.

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147 3.5. *“Commercial Operations”* refers to the phase commencing at the
148 operation of the RE Project, following its successful testing and
149 commissioning, and confirming its readiness to inject power into the grid
150 to sell or supply its produced energy, as duly confirmed by the DOE and
151 other relevant regulatory bodies.

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153 3.6. *“Commercial Quantities”* refers to quantities of energy to be produced
154 from the RE Resources using commercially available technology to
155 develop the RE Systems which have a reasonable chance of being
156 sufficient and technically compliant to support the Commercial
157 Operations of the project.

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159 3.7. *“Contract Area”* refers to the total area, which is the subject of the RE
160 Contract as detailed and outlined in the map with its technical
161 description, and where the RE Developer has the exclusive right to
162 explore, develop and utilize the RE Resources.

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164 3.8. *“Declaration of Commerciality”* or *“DOC”* refers to a written declaration
165 made by the RE Developer to the DOE, stating that the RE Resource is
166 of Commercial Quantities.

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168 3.9. *“Direct Application”* refers to the mode of RE Application whereby the RE
169 Applicant identifies a Contract Area it wishes to explore and develop.
170 The identified Contract Area must first be certified by the DOE to be free

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and open for exploration or development.

- 3.10. *“Energy Application Management System”* or *“EAMS”* refers to an intranet-based system utilizing radio frequency identification (RFID) technology to uniquely identify an application and monitor its real-time location.
- 3.11. *“Financial Closing”* refers to such milestone in the Pre-Development or Development Stage of the RE Project when the RE Developer has secured a written commitment from the financier/s to provide its full funding requirements through equity and/or commercial borrowings, or other financing schemes.
- 3.12. *“Financial Qualifications”* refers to the criteria and procedures set out by the DOE to establish the financial capability of the RE Developer to implement the RE Project.
- 3.13. *“Force Majeure”* refers to extraordinary events not foreseeable or avoidable, events that could not be foreseen, or which, though foreseen, are inevitable.
- 3.14. *“Geothermal Service Contract”* or *“GSC”* refers to the RE Contract issued for the exploration, development and/or utilization of geothermal resources as RE Resource for the operation of RE Projects.
- 3.15. *“Hydropower Service Contract”* or *“HSC”* refers to the RE Contract for the exploration, development and/or utilization of hydropower resources as RE Resource for the operation of RE Projects.
- 3.16. *“Letter of Intent”* or *“LOI”* refers to the written notice or document submitted by a Person to the DOE, indicating interest in the exploration, development, utilization and commercialization of RE Resource.
- 3.17. *“Ocean Energy Service Contract”* or *“OESC”* refers to the RE Contract for the exploration, development and/or utilization of ocean resources for the operation of RE Projects.
- 3.18. *“Pre-Determined Area”* or *“PDA”* refers to area/s with RE Resource potential through sufficient available technical data as may be determined by the REMB, and approved by the DOE Secretary for its inclusion in the Open and Competitive Process (OCSP).
- 3.19. *“Person”* refers to a natural or juridical person, as the case may be.

- 215 3.20. *“Production Area”* refers to that portion of the Contract Area identified in
216 metes and bounds by the RE Developer and approved by the DOE,
217 where RE Resources are utilized to produce electricity in Commercial
218 Quantities.
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- 220 3.21. *“RE Applicant”* refers to any Person, subject to the limitations provided
221 in this Circular, who applies for the assessment, exploration, harnessing,
222 development, utilization and commercialization of RE Resources.
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- 224 3.22. *“RE Application”* refers to the set of documents submitted by RE
225 Applicants pertaining to their legal, technical and financial qualifications
226 to enter into an RE Contract with the government, through OCSP or
227 Direct Application, in accordance with the requirements under this
228 Circular.
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- 230 3.23. *“RE Contract”* refers to the service agreement between the Government,
231 through the DOE, and an RE Developer over an appropriate period as
232 determined by the DOE which grants to the RE Developer the exclusive
233 right to explore, develop, or utilize the RE Resource within a particular
234 area. The RE Contract may be in the nature of a financial or technical
235 assistance agreement which shall be entered into by the Government,
236 through the President of the Philippines, pursuant to Article XII, Section
237 2 of the Philippine Constitution.
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- 239 3.24. *“RE Developer”* refers to an individual or juridical entity created,
240 registered and/or authorized to operate in the Philippines in accordance
241 with existing Philippine laws, and engaged in the exploration,
242 development and/or utilization of RE Resources, and actual operation of
243 RE Project. It shall include existing entities engaged in the exploration,
244 development and/or utilization of RE Resources, or the generation of
245 electricity from RE Resources, or both.
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- 247 3.25. *“RE Operating Contract”* refers to the service agreement between the
248 DOE and RE Developer for the development and/or utilization of
249 biomass, solar and other RE Resources as may be determined by the
250 DOE which, due to their inherent technical characteristics, need not go
251 through Pre-Development Stage.
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- 253 3.26. *“RE Project”* refers to the power generation and related facilities utilizing
254 RE Resources under a particular RE Contract or COR issued by the
255 DOE pursuant to the RE Act.
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- 257 3.27. *“RE Project for Non-Commercial Operations”* refers to an RE Project
258 which is intended for demonstration purposes of any new or modified RE

259 technologies, and those that are covered by Official Development
260 Assistance (ODA), and all other programs and projects which are not
261 designed and operated for profit.

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263 3.28. *“RE Project for Own-Use”* refers to an RE Project located within the
264 premises of or in an area contiguous to an End-User’s premises, and
265 operated solely for the supply of a portion or all of the electricity
266 requirements of such End-User. For this purpose, an *“End-User”* shall
267 refer to any person or entity requiring the supply and delivery of
268 electricity generated by the RE Project dedicated for its own
269 consumption, which facility is installed either by the End-User or through
270 a third-party provider.

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272 3.29. *“RE Resource”* refers to energy resources that do not have an upper limit
273 on the total quantity to be used. Such resources are renewable on a
274 regular basis, and whose renewal rate is relatively rapid to consider
275 availability over an indefinite period of time. These include, but are not
276 limited to, biomass, solar, wind, geothermal, ocean energy, and
277 hydropower, conforming to internationally accepted norms and
278 standards on dams, and other emerging RE technologies.

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280 3.30. *“RE Service Contract”* refers to a service agreement between the
281 Philippine Government, through the President or the DOE Secretary,
282 and RE Developer, covering an appropriate period as stated therein, in
283 which the RE Developer shall have the exclusive right to explore,
284 develop and utilize geothermal, hydropower, wind, ocean and other RE
285 Resources within a particular area.

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287 3.31. *“RE Zone”* refers to area/s or region/s as may be identified by the DOE,
288 in partnership with other stakeholders, pursuant to DC No. DC2018-09-
289 0027, entitled *“Establishment of Competitive Renewable Energy Zones
290 in the Country”* which shall be included in the REZA.

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292 3.32. *“Renewable Energy Management Bureau”* or *“REMB”* refers to the unit
293 of the DOE created under Section 32 of the RE Act, mandated to, among
294 others, implement policies, plans, and programs aimed at accelerating
295 the development, transformation, utilization, and commercialization of
296 RE Resources and technologies.

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298 3.33. *“Solar Energy Operating Contract”* or *“SEOC”* refers to the RE Contract
299 issued for the development and operation of RE Projects utilizing solar
300 energy as RE Resource.

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302 3.34. *“Wind Energy Service Contract”* or *“WESC”* shall refer to the RE Contract

303 issued for the exploration, development and/or utilization of wind energy
304 as RE Resource for the operation of RE Projects.

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306 3.35. *“Offshore Wind Energy Service Contract” or “OSWESC”* refers to the RE
307 Contract issued and awarded by the DOE for the exploration,
308 development and/or utilization of wind energy in offshore areas, which
309 include estuaries and other bodies of water. This includes WESCs
310 awarded for offshore wind development prior to the issuance of
311 Executive Order No. 21 and its Implementing Guidelines.

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313 3.36. *“Work Program”* refers to the plans and programs and other related
314 activities formulated for the performance of the work obligations under
315 the RE Contract by the RE Developer, along with the corresponding
316 budgetary estimate, duly approved by the DOE.

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318 **CHAPTER II – BIOMASS ENERGY RESOURCE**
319 **CHAPTER III – GEOTHERMAL ENERGY RESOURCE**
320 **CHAPTER IV – SOLAR ENERGY RESOURCE**
321 **CHAPTER V – HYDROPOWER ENERGY RESOURCE**
322 **CHAPTER VI – OCEAN ENERGY RESOURCE**

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325 **CHAPTER VII – ONSHORE WIND ENERGY RESOURCE**

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327 **Section 1. Eligibility of Wind Energy Service Contract Applicant.** Any Person,
328 local or foreign, may apply for Wind Energy Service Contract (WESC), subject to the
329 relevant provisions in this Chapter.

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331 1.1. The WESC Applicant may be a Filipino and/or a foreign citizen, or a
332 Filipino- and/or foreign-owned corporation or association which is
333 authorized by its articles or deed of incorporation to engage in the
334 exploration, development, and utilization of wind energy resources.

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336 1.2. In case the WESC Applicant is a joint venture or a consortium, the
337 partners of the joint venture or members of the consortium shall organize
338 themselves as a corporation under the RA No. 11232, otherwise known
339 as the “Revised Corporation Code of the Philippines” or secure the
340 appropriate license from the Securities and Exchange Commission, in
341 case the joint venture or consortium was incorporated outside of the
342 Philippines; Provided, that the incorporated joint venture or consortium
343 which applies for an WESC that involves activities reserved to Filipino
344 citizens or corporations or associations at least sixty percent (60%) of
345 whose capital is owned by Filipinos shall comply with the nationality
346 requirements as provided for in the preceding paragraph, and
347 Commonwealth Act No. 108, or the “Anti-Dummy Law,” on the
348 appointment of officers of the corporation.

349 **Section 2. Modes of Awarding Wind Energy Service Contract.** WESC shall be
350 awarded through (a) an Open and Competitive Selection Process (OCSP) or (b) Direct
351 Application.

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353 2.1. The OCSP shall be adopted for the selection and award of WESC or
354 Wind Energy Operating Contract (WEOC) for Pre-Determined Area
355 (PDA) covering wind energy resources for commercial purposes. This
356 shall be governed by Sections 3 and 4 of this Chapter.

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358 2.2. Direct Application shall be available for the selection and award of:

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360 (a) WESC or WEOC covering PDA, following a failed OCSP pursuant
361 to Section 4.4 and the procedures in Section 4 of this Chapter;
362 and

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364 (b) WESC in an area identified by a WESC Applicant and verified
365 with or confirmed by the DOE-Information Technology and
366 Management Services (ITMS) as available for exploration,
367 development and/or utilization of wind energy resources.

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369 2.3. Wind Energy Projects for Own-Use and/or Wind Energy Projects for
370 Non-Commercial Purposes shall not require the issuance of WESC but
371 shall comply with the registration requirements provided under Chapter
372 IX of this Circular.

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374 **Section 3. Pre-Determined Areas.** Interested parties may apply for WESC or WEOC
375 for PDA offered by the DOE during a prescribed period (Annex G).

376

377 3.1. **Selection of PDAs.** The REMB shall identify and submit a list of PDAs
378 for WESC and/or WEOC Applications, with the respective location maps,
379 technical descriptions, and wind resource data thereof, to the DOE
380 Secretary, through its Supervising Assistant Secretary and
381 Undersecretary, for approval.

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383 3.2. **Launch and Publication.** PDAs approved by the DOE Secretary shall
384 be scheduled for launch and shall be publicly announced by the DOE for
385 submission of WESC or WEOC Applications. PDAs for offer and
386 invitation to prospective WESC and/or WEOC Applicants shall be
387 published in at least two (2) newspapers of general circulation. The same
388 list and invitation shall, likewise, be posted on the DOE website.

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390 3.3. **Data Packages and Promotional Activities.** The REMB shall arrange
391 for the availability of data packages for the approved PDAs that can be
392 purchased by interested parties in support of their applications. The

393 REMB shall conduct promotional activities to promote the OCSP and the
394 corresponding data packages so as to ensure maximum participation
395 and awareness of prospective investors and stakeholders.
396

397 **Section 4. Procedure for Awarding of Wind Energy Service Contract and/or Wind**
398 **Energy Operating Contract under the Open and Competitive Selection Process.**
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400 4.1 **Wind Energy Service Contract and/or Wind Energy Operating**
401 **Contract Applications.** Applications may be submitted a day after the
402 publication date until the last day of submission which shall be sixty (60)
403 days from the date of first publication in accordance with the following
404 requirements:
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406 4.1.1. The WESC or WEOC Applicant shall submit to the DOE a Letter
407 of Intent (LOI) following the prescribed format (Annex B) together
408 with the WESC or WEOC Application in accordance with
409 prescribed Checklist of Requirements (Annex A). The LOI shall be
410 addressed to the REMB Director and shall indicate whether the
411 interested participant will avail of the Certificate of Authority
412 referred to in Sections 6 and 7.1 of this Chapter.
413

414 Each WESC or WEOC Application shall cover only one (1) PDA
415 as published.
416

417 4.1.2. The WESC or WEOC Application must be in both paper and
418 electronic (flash drive in Portable Data Format) copies, which shall
419 use Times New Roman in 12-point font size and employ single
420 line spacing. Figures and maps shall be printed and submitted in
421 a document that is not smaller than A3 size. For legibility, figures
422 and maps shall be submitted at a larger scale (1:10,000) as
423 appendices.
424

425 4.1.3. An application fee shall be paid by each WESC or WEOC
426 Applicant, along with the submission of WESC or WEOC
427 Application. All payments may be made in cash,
428 manager/company cheque, payable to "Department of Energy" or
429 by wire/bank transfer. All wire/bank transfers should be net of all
430 applicable bank and financial charges.
431

432 4.2. **Opening and Evaluation of Wind Energy Service Contract and/or**
433 **Wind Energy Operating Contract Applications.** The DOE shall stop
434 receiving Applications at exactly 1200H on the last day of the submission
435 of WESC and/or WEOC Applications. At exactly 1300H, the DOE shall
436 start the opening of the WESC and/or WEOC Applications.

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4.3. Evaluation, Selection and Award. The evaluation and selection of WESC and/or WEOC Applications and award of WESC and/or WEOC shall be conducted following the criteria and procedures set hereunder:

4.3.1. Applications with incomplete documents based on the Checklist of Requirements shall be automatically disqualified during the opening of WESC and/or WEOC Applications. No additional documents shall be accepted after the deadline for submission of WESC and/or WEOC Applications.

4.3.2. WESC and/or WEOC Applicants shall be duly informed by the Review Committee (REC) Chairperson whether their application passed the completeness check and shall be subjected to further legal, technical, and financial evaluations. Applicants who were disqualified for submitting incomplete documents shall likewise be informed by the REC Chairperson of the fact of their disqualification and the reasons therefor.

4.3.3. WESC and/or WEOC Applications which passed the completeness check shall be evaluated based on the following criteria:

Legal Qualification	Pass/Fail
Work Program	40%
Technical Qualification	20%
Financial Qualification	40%

The guidelines and procedures, including the qualification criteria per scoring item, of every OCSP shall be determined at the beginning of every OCSP round and will be covered by a Department Circular.

4.3.4. The highest ranked WESC and/or WEOC Application that meets the legal, technical, and financial requirements shall be selected.

4.3.5. After a complete review and evaluation of the legal, technical and financial qualifications of the WESC and/or WEOC Applications, the REC Chairperson, shall transmit to the DOE Secretary a written endorsement of the selected WESC and/or WEOC Application.

4.3.6. The DOE Secretary shall act on the WESC and/or WEOC Application in accordance with Section 7 of this Chapter after the

477 concurrence of ITMS, Financial Services (FS), REMB and Legal
478 Services (LS) on the endorsement.

479
480 4.4. An OCSP, with respect to any or all PDAs included therein, as applicable,
481 shall be declared a failure when any of the following circumstances
482 exists:

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484 4.4.1. No WESC and/or WEOC Application was received by the DOE;
485 or

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487 4.4.2. No WESC and/or WEOC Application passed the legal
488 requirements; or

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490 4.4.3. When one or more WESC and/or WEOC Applications passed the
491 legal requirements but after the evaluation of technical and
492 financial proposals, none of such WESC and/or WEOC
493 Applications were able to meet either the technical or financial
494 requirements.

495
496 In any of the foregoing cases, the PDA shall be opened for Direct
497 Applications. To initiate the change of mode of awarding WESC and/or
498 WEOC from OCSP to Direct Application for the relevant areas, the DOE
499 shall include in the announcement of the result of the OCSP the area/s
500 which shall be open for Direct Application, indicating thereat when the
501 new application process shall commence.

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503 **Section 5. Procedure for Awarding Wind Energy Service Contract under Direct**
504 **Application.**

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506 5.1. **Coverage.** Direct Application shall be observed in processing WESC
507 Applications for: (a) wind energy resources located in PDAs which the
508 DOE shall declare as available under this mode pursuant to Section 4.4
509 of this Chapter, and (b) wind energy resources in areas other than those
510 included in the PDAs, subject to the procedures provided herein.

511
512 ***Part 1. Pre-Application Process***

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514 5.2. **Registration in the EVOSS System.** The new WESC Applicant shall
515 submit a request for registration in the EVOSS System to the Wind
516 Energy Management Group (WEMG) or its successor. The request
517 should include the list of authorized EVOSS System account holder/s of
518 the WESC Applicant with the following information:

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520 a. Name

- 521 b. Designation
- 522 c. Email Address
- 523 d. Mobile and Telefax Number
- 524 e. Address

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526 The list must be supported with a duly signed Secretary's Certificate.

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528 Once the EVOSS System account/s are created for the WESC
529 Applicant's authorized user/s, the same may begin to submit its LOI in
530 the EVOSS System.

531
532 RE Developer with existing application or RE Contract may use its
533 existing EVOSS System account/s in filing the LOI.

534
535 **5.3. Submission of Letter of Intent.** All interested participants shall submit
536 through the EVOSS System an LOI to develop a certain area, in
537 accordance with the mapping requirements (Annex C). The LOI shall be
538 addressed to the REMB Director and shall indicate whether the
539 interested participant will avail of the Certificate of Authority referred to
540 in Sections 6 and 7.1 of this Chapter. The submission of the LOI shall
541 not be considered as a filing of a WESC Application and shall not
542 commence the application process.

543
544 **5.4. Orientation of Interested Participant.** The orientation is intended to
545 inform the interested participants about the Pre- and Application
546 requirements, and to guide them through the process for evaluation
547 thereof, awarding of WESC and the registration of a wind energy project.

548
549 **5.4.1.** To ensure the awareness of interested participants and other
550 concerned stakeholders on Pre-Application and Application
551 requirements and processes, WEMG or its successor shall
552 develop the attendant audio-video presentation, frequently -
553 asked-questions and other IEC materials. WEMG shall coordinate
554 with ITMS for the posting of the said materials to the DOE website
555 within sixty (60) days upon the effectivity of this Circular.

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557 This will provide the interested participants with the needed
558 information on Pre-Application and Application requirements and
559 processes anytime and anywhere.

560
561 The DOE shall issue an Advisory once the IEC materials are
562 posted on the DOE website to ensure that the sector is well
563 informed.

564

565 **Part 2. Area Verification and Technical Guidelines**

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567 5.5. **Configuration of Area of Interest.** Configuration of Area of Interest.
568 The area of interest (AOI) for the WESC Application shall either be
569 polygonal or in blocks following the Blocking System or a combination of
570 both.

571
572 5.6. **Area Verification.** Within fourteen (14) days from receipt of the LOI,
573 ITMS shall complete the area verification and determine whether the AOI
574 is:

575
576 5.6.1. Covered by an existing PDA for wind under the OCSP, WESC or
577 WEOC, WESC or WEOC pending application, or wind energy
578 resource assessment activity as submitted by the WEMG or its
579 successor and verified by ITMS;

580
581 5.6.2. Within or overlaps with the area of other energy resource
582 assessment activities as submitted by concerned DOE unit/s and
583 verified by ITMS, an existing energy service or operating contract
584 such as Petroleum Service Contract (PSC), Coal Operating
585 Contract (COC), Small-Scale Coal Mining Permit (SSCMP) or
586 Renewable Energy Service Contract (RESC), other than WESC
587 or WEOC;

588
589 5.6.3. Within or overlaps with the area of an existing energy service or
590 operating contract application such as Petroleum SC, COC,
591 SSCMP or RESC, other than WESC Application;

592
593 5.6.4. Within the protected and environmentally critical areas under RA
594 No. 11038, or the "Expanded National Integrated Protected Areas
595 System Act of 2018" ("ENIPAS"), *i.e.*, within or outside the strict
596 protection zones, ancestral domains with Certificate of Ancestral
597 Domain Title or Claim, areas with Tenurial Instruments from other
598 government agencies, areas prohibited, reserved, or used for
599 national defense, navigation, irrigation, and other development
600 projects, and other areas covered by significant geospatial data
601 that will be identified as necessary in the evaluation of the WESC
602 Application based on available data on file with ITMS and the
603 National Mapping Resource Information Authority's Philippine
604 Geoportal Project website.

605
606 5.6.5. Pursuant to the mandate of the DOE to supervise and control all
607 government activities relative to energy project under the EPIRA,
608 concerned government agencies and entities shall provide the

609 DOE the list of abovementioned areas with technical descriptions
610 and corresponding shapefiles;

611
612 5.6.6. Covered by the COA of the same energy resource;

613
614 5.6.7. Covered by the COA of other energy resource;

615
616 5.6.8. Covered by the LOI of the same and/or other energy resource; or

617
618 5.6.9. Open for WESC Applications.

619
620 5.7. **Area Verification Results.** ITMS shall verify the AOI of the interested
621 participants and upload the results of area verification and the map within
622 fourteen (14) working days. Accordingly, EVOSS System will
623 automatically notify WEMG or its successor with the results of area
624 verification. Within three (3) days from the receipt of the notification,
625 WEMG or its successor shall complete the following:

- 626
- 627 a. Evaluation of the results of the area verification;
 - 628
 - 629 b. Preparation of corresponding Notice to Apply (NTA), or letter to the
630 interested participant containing results of area verification, and
631 endorse the same for the approval/signature of the REMB Assistant
632 Director; and
 - 633
 - 634 c. Upload the NTA or letter containing the results of area verification in
635 the EVOSS System.

636
637 If the AOI is found to be partially occupied by:

- 638
- 639 a. Another RE Developer developing the same type of RE Resource
640 being applied for, the interested participant has the option to proceed
641 with filing an RE Application over the reconfigured and revalidated
642 area (net of the area outside the AOI or Contract Area of another RE
643 Developer); and/or
 - 644
 - 645 b. Another RE Developer developing other type of RE Resource, the
646 interested participant may file a request to allow the development of
647 multiple resources in the area, or comply with Section 5.7.3 of this
648 Chapter, as applicable.

649
650 5.7.1. **Reconfigured Area of Interest.** Within ten (10) days from
651 uploading of letter containing the results of area verification, the
652 interested participant may reconfigure its AOI to cover only such

653 portion outside the AOI or Contract Area of another Developer,
654 and submit in the EVOSS System the revised mapping
655 requirements. After confirmation by ITMS that no portion of the
656 reconfigured AOI falls under Sections 5.6.1, 5.6.2, 5.6.3 or 5.6.5
657 of this Chapter, WEMG or its successor shall upload in the
658 EVOSS System the corresponding NTA of the interested
659 participant.

660
661 **5.7.2. Multiple Resources in an Area.** If the AOI of the interested
662 participant overlaps with the area of an existing energy service or
663 operating contract therefor as provided under Section 5.6.2 of this
664 Chapter, the interested participant may still pursue the WESC
665 Application, subject to the provisions herein below set forth:

666
667 (a) The interested participant shall:

668 (i) Submit a notarized acknowledgment and
669 undertaking that the interested participant
670 recognizes and shall continue to recognize the
671 prior rights of the existing developers of other
672 energy resources within the overlapping area;
673 that the design of the proposed wind energy
674 project will ensure safe and optimal development
675 of other energy resources; and that all costs
676 needed therefor shall be borne by the interested
677 participant; and

678 (ii) Letter from the developer of other RE resource
679 confirming that it has “no objection to the
680 development of the proposed wind energy
681 project.”

682
683 (b) WEMG or its successor shall inform the developer on the
684 intent to develop the wind energy resources within the
685 overlapping area. Copies of the verification map shall be
686 furnished to the developer.

687
688 (c) If no objection is received from the developer within the
689 prescribed period, WEMG or its successor shall upload in
690 the EVOSS System the NTA to the interested participant
691 for the filing of the WESC Application.

692
693 (d) If the developer objects to the multiple resource
694 development, the said applicant or developer shall notify
695 WEMG or its successor thereof within ten (10) days from
696 receipt of notice, citing the impracticability of multiple

697 resource development as to additional costs, safety,
698 substantial decrease in the utilization of the energy
699 resource, and other relevant factors. Copies of the written
700 objection shall be furnished to WEMG or its successor. A
701 statement that multiple resource development in the
702 overlapping area is impracticable without technical basis
703 shall not be considered as an objection.

704
705 (e) Within five (5) days from receipt of an objection, WEMG
706 or its successor shall furnish the interested participant
707 with a copy thereof. Within the same period, WEMG or its
708 successor and the concerned DOE Division shall jointly
709 determine whether exploration of wind energy resources
710 within the overlapping area may be conducted without
711 material adverse effect on the activities of the developer.
712 Such determination shall consider the interested
713 participant's proposal, the objection and the technical
714 bases cited therein. The evaluation shall be endorsed to
715 the REMB Director.

716
717 (f) Upon receipt of the endorsement, the REMB Director may
718 issue a Notice to Apply if s/he concurs that the exploration
719 will not cause material injury. The contract area of the
720 WESC so awarded shall be finally determined by REMB
721 during the Pre-Development Stage based on the
722 feasibility of multiple resource development in the
723 overlapping area.

724
725 5.7.3. **Other Areas.** If the AOI of the interested participant overlaps with
726 the area as provided under Section 5.6.4 of this Chapter, the
727 interested participant may still pursue the WESC Application if
728 there is no material adverse effect on the feasibility of the
729 proposed wind energy project after applying the provisions herein
730 below set forth:

731
732 (a) If the AOI overlaps with areas within strict protection
733 zones under the ENIPAS, the interested participant shall
734 submit a revised AOI which is net of the said areas.

735
736 (b) If the AOI overlaps with areas outside strict protection
737 zones under the ENIPAS, the REMB Director shall issue
738 a Notice to Apply for the said AOI; provided, that the
739 contract area may be reduced shall be subject to the
740 ENIPAS and its implementing rules and regulations.

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(c) If the AOI overlaps with ancestral domains with Certificate of Ancestral Domain Title or Claim, the REMB Director shall issue a Notice to Apply for the said AOI; provided, that the contract area may be reduced subject to RA No. 8371 or “The Indigenous Peoples Rights Act of 1997” and its implementing rules and regulations.

(d) If the AOI overlaps with areas with Tenurial Instruments from other government agencies, the REMB Director shall issue a Notice to Apply for the said AOI; provided, that the contract area may be reduced subject to the relevant rules and regulations of the concerned government agency.

(e) If the AOI overlaps with areas prohibited, reserved, or used for national defense, navigation, irrigation, and other development projects, and other areas, the REMB Director shall issue a Notice to Apply for the said AOI; provided, that the contract area may be reduced subject to the relevant rules and regulations of the concerned government agency.

Part 3. Filing and Evaluation of Wind Energy Service Contract Applications

5.8. Receipt of Wind Energy Service Contract Applications. After the Notice to Apply is uploaded in the EVOSS System, the interested participant may file its WESC Application by complying with the procedures and requirements, as follows:

5.8.1. The WESC Applicant shall submit through the EVOSS System the complete set of documentary requirements based on the Checklist of Requirements (Annex D).

The WESC Applicant shall indicate in its application whether the WESC Applicant will avail a COA or not.

5.8.2. WEMG or its successor shall check the completeness and consistency of the submission and ITMS shall validate the area applied for the wind energy project within three (3) days.

5.8.3. If the submission is complete, WEMG or its successor shall upload a copy of the order of payment for the application and processing fees. The EVOSS System shall notify the WESC

785 Applicant through a system-generated email to pay the application
786 and processing fees within five (5) days. Failure to do so will result
787 in the abandonment of the application.

788
789 5.8.4. The EVOSS System shall notify LS, FS and ITMS of the complete
790 submission.

791
792 **5.9. Evaluation of Wind Energy Service Contract Applications.**

793
794 5.9.1. After the payment of the processing fee, HOEMD, LS, and FS
795 shall conduct the simultaneous technical, legal, and financial
796 evaluations within five (5) days from uploading of the proof of
797 payment of application and processing fees in the EVOSS
798 System.

799
800 5.9.2. Preference shall be given to proposed wind energy projects that
801 are situated in close proximity to existing and available
802 transmission facilities. Alternatively, preference may also be given
803 to WESC Applicants with a proposal for the construction of the
804 necessary transmission facilities.

805
806 5.9.3. WEMG or its successor shall consolidate all the evaluation results
807 and proceed with the processing of the application, as follows:

808
809 (a) If the WESC Application passes the evaluations, WEMG
810 or its successor shall, within two (2) days from its receipt
811 of the evaluation documents, prepare REMB's
812 memorandum for the Secretary endorsing the award of
813 WESC Application, and draft Certificate of Authority or
814 the draft WESC. The endorsement must include the
815 original copy of the results of area verification and the
816 legal, technical and financial evaluations with all their
817 attachments, and the project area map and its technical
818 descriptions. Upon concurrence of ITMS, FS, REMB
819 and LS on the endorsement, the Secretary shall act on
820 the WESC Application in accordance with Section 7 of
821 this Chapter.

822
823 (b) If the WESC Application does not pass the legal,
824 technical, and/or financial evaluations, WEMG or its
825 successor shall notify the WESC Applicant through the
826 EVOSS System to rectify the submission within ten (10)
827 days.

- 828 (i) Failure of the WESC Applicant to submit
829 supplementary documents within the prescribed
830 period shall be deemed an abandonment of the
831 WESC Application. WEMG or its successor shall
832 notify the WESC Applicant, LS, FS, and ITMS of
833 the disqualification through the EVOSS System.
834
- 835 (ii) If the WESC Applicant submits supplementary
836 complete documents within the prescribed period
837 above, WEMG or its successor, LS and FS shall
838 be notified by the EVOSS System of the
839 submission. WEMG or its successor, FS and LS
840 shall finish the simultaneous technical, legal, and
841 financial evaluations within three (3) days.
842
- 843 (iii) Should the WESC Application still fail to pass any
844 of the subsequent legal, technical, or financial
845 evaluations, the REMB Assistant Director shall
846 recommend the disqualification of the WESC
847 Application to the supervising Assistant
848 Secretary who shall then issue a formal notice to
849 the RE Applicant stating the basis of the
850 disqualification. WEMG or its successor shall
851 notify the WESC Applicant, LS, FS, and ITMS of
852 the disqualification through the EVOSS System.
853 Upon receipt of the RE Applicant of the letter of
854 disqualification, the REMB shall prepare a
855 memorandum to the ITMS to immediately re-
856 open the area for RE Applications by posting
857 such information on the DOE website.
858

859 5.9.4. The WESC Applicant shall submit all supplemental documents
860 through the EVOSS System. Documents submitted outside the
861 EVOSS System and those submitted through the EVOSS System
862 but beyond the prescribed period shall not be accepted or
863 evaluated.
864

865 5.9.5. No Request for Reconsideration (RR) of any of the legal,
866 technical, financial evaluation or the disqualification shall be
867 entertained, except when the WESC Applicant failed to submit the
868 required documents within the prescribed timelines due to a fault
869 in the EVOSS System, as confirmed by the EVOSS Secretariat.
870 In such circumstances, the WESC Applicant shall file the RR with

871 REMB within three (3) days from uploading of the Notice of
872 Disqualification.
873

874 (a) Upon receipt of the RR, WEMG or its successor shall
875 request the EVOSS Secretariat to confirm the
876 occurrence of the technical problem. If so confirmed and
877 the same prevented the timely submission, WEMG or its
878 successor, FS and/or LS shall evaluate the WESC
879 Application considering the additional submission.
880

881 (b) If the WESC Application passes the evaluation, REMB
882 shall grant the RR. Thereafter, WEMG or its successor
883 shall proceed in accordance with Section 5.9.3(a) of this
884 Chapter.
885

886 5.10. If the Wind Energy Developer waived the COA during the pre-application
887 process, WEMG or its successor shall proceed with the application in
888 accordance with Section 7.2 of this Chapter.
889

890 **Section 6. Terms of Certificate of Authority.** The awardee of a WESC shall have
891 exclusive authority to procure permits or certifications and tenurial instruments needed
892 for the exploration, development and utilization of the hydropower wind energy
893 resources within an area specified in the WESC Application and conduct
894 reconnaissance and other activities needed for pre-feasibility studies upon the
895 issuance of COA by the DOE.

896
897 6.1. The COA shall be valid for a period not exceeding three (3) years. During
898 its validity, the COA shall serve as the DOE's exclusive endorsement for
899 the Wind Energy Developer to secure the necessary permits or
900 certifications and tenurial instruments from government agencies,
901 entities or instrumentalities having jurisdiction over any aspect of the
902 wind energy operations. The denomination of each permit or certification
903 or tenurial instrument to be procured for the wind energy project shall be
904 listed in the COA.
905

906 6.2. The COA shall reflect the metes and bounds of the area as proposed in
907 the WESC Application over which reconnaissance and other pre-
908 feasibility activities may be conducted and permits and tenurial
909 instruments may be secured by the Wind Energy Developer for the
910 project. For this purpose, a copy of the technical description of the area
911 to be covered by the WESC shall form part of the COA.
912

913 6.3. The validity of the COA shall not be extendible. Any reconnaissance and
914 other pre-feasibility study activity that is not conducted and/or permit or
915 certification or tenorial instrument that remains unissued upon the lapse
916 of the COA shall be procured and the necessary activities therefor
917 conducted, as part of the Pre-Development Stage.

918
919 6.4. The Wind Energy Developer shall have the option to shorten the period
920 of validity of the COA or utilize its full term.

921
922 6.4.1. If the Wind Energy Developer opts to shorten the period of
923 validity, it shall give written notice to the DOE with a request to
924 execute the WESC and a proposed Work Program.

925
926 6.4.2. If the Wind Energy Developer opts to utilize the full term, it shall
927 give written notice to the DOE with a request to execute the WESC
928 and a proposed Work Program not earlier than six (6) months but
929 not later than three (3) months prior to the expiration of the validity
930 of the COA.

931
932 6.4.3. Failure of the Wind Energy Developer to give written notice to the
933 DOE within the period mentioned in the preceding paragraph shall
934 be deemed an abandonment of the WESC Application and
935 disqualified following the procedure set forth in Section
936 5.9.3(b)(iii).

937
938 6.5. Within three (3) days from notice, WEMG or its successor shall prepare
939 REMB's memorandum for the Secretary endorsing the execution of the
940 WESC in accordance with Section 7.2 of this Chapter.

941
942 **Section 7. Award of Wind Energy Service Contracts and Registration of Wind**
943 **Energy Developers.**

944
945 **7.1. Issuance of Certificate of Authority.** After the approval of a WESC
946 Application and before the execution of a WESC, the DOE shall issue a
947 COA; Provided, that the COA may be waived in accordance with Section
948 5.8.1 of this Chapter.

949
950 **7.2. Signing of the Wind Energy Service Contract.** The following
951 procedure shall govern the awarding of WESC:

952
953 **7.2.1. Notification of Award.** The DOE shall notify the selected (under
954 the OCSP) or qualified (under Direct Application) WESC Applicant
955 of the award of the WESC.

956

957 **7.2.2. Signing of the Wind Energy Service Contract.** The signing of
958 the WESC shall be divided into two stages, namely: a) pre-signing
959 by the WESC Applicant; and b) signing of the DOE Secretary.
960

961 7.2.2.1. The REMB Supervising Assistant Secretary shall review
962 the recommendation and endorse the same to the REMB
963 Supervising Undersecretary within two (2) days from
964 receipt thereof. The Undersecretary shall act on the
965 endorsement within two (2) days from receipt of the
966 documents. Within one (1) day from the concurrence of
967 the Undersecretary with the REMB's recommendation,
968 the REMB Director shall require the WESC Applicant to
969 pre-sign the four (4) original copies of the WESC following
970 the prescribed template.
971

972 7.2.2.2. Within one (1) working day, the WEMG or its successor
973 shall validate the pre-signed WESC, and shall forward the
974 pre-signed WESC, along with the endorsement and all its
975 attachments to the Office of the DOE Secretary.
976

977 7.2.2.3. The Office of the DOE Secretary shall receive the pre-
978 signed WESC and all its attachments, and the DOE
979 Secretary shall act on the documents within seven (7)
980 days from receipt thereof.
981

982 **7.2.3. Payment of Signing Fee.** The WEMG or its successor, through
983 the EVOSS System, shall issue the Order of Payment within one
984 (1) day. The WESC Applicant shall pay the signing fee within
985 fifteen (15) days, which shall be paid directly to the Treasury, and
986 post the performance bond, within the relevant period, covering
987 the first contract year.
988

989 The WESC Applicant shall upload proof of payment of the signing
990 fee within fifteen (15) days from receipt of notice. The failure of
991 the Wind Energy Developer to do so shall be deemed as an
992 abandonment of the WESC Application and shall cause the
993 revocation of the WESC. Further, non-posting of the performance
994 bond within thirty (30) days from receipt of notice shall cause the
995 WESC to be deemed void.
996

997 **7.2.4. Delivery of the Signed Wind Energy Service Contract.** The
998 WEMG or its successor shall upload in the EVOSS System the
999 signed and notarized copy of the WESC and COR, as applicable,
1000 and inform the Wind Energy Developer to pick up the said

1001 documents. Simultaneous with the receipt of the WESC, the Wind
1002 Energy Developer shall surrender to the DOE the COA issued
1003 pursuant to this Circular.

1004
1005 **7.2.5. Duty to Maintain Records.** The WEMG or its successor shall
1006 maintain a record of all LOIs received, pending WESC
1007 Applications, and signed WESC in the EVOSS System.

1008
1009 **7.2.6.** The ITMS shall make the area available to other applicants only
1010 when: a) the WESC Applicant failed to qualify; or b) withdraws or
1011 abandons its WESC Application, as the case may be, and only
1012 after due notice is given to the concerned WESC Applicant of such
1013 information by the REMB Supervising Assistant Secretary, copy
1014 furnishing the ITMS with the said notice. Once an area is declared
1015 to be available, subsequent WESC Applications covering the
1016 same may be allowed, and only on a first-come, first-served basis.

1017
1018 **7.3. Registration of Wind Energy Developers.** The DOE, through the
1019 REMB, shall issue a COR to a Wind Energy Developer holding a valid
1020 WESC for purposes of entitlement to the incentives under **Chapter X** of
1021 this Circular upon the issuance of the COCOC. Notwithstanding the
1022 foregoing, the issuance of a COR may be availed of upon the award of
1023 the WESC, at the option of the Wind Energy Developer.

1024
1025 **Section 8. Terms of Wind Energy Service Contract.** The development of wind
1026 energy resources shall be covered by a WESC following the prescribed template
1027 (Annex E).

1028
1029 **8.1.** The Wind Energy Developer shall be given a non-extendible period of
1030 five (5) years from the date of execution of the WESC to determine the
1031 existence of wind energy resource in Commercial Quantities and shall
1032 be called Pre-Development Stage.

1033
1034 **8.2.** The Development/Commercial Stage shall commence prior to the
1035 expiration of the Pre-Development Stage and upon the issuance of the
1036 Certificate of Confirmation of Commerciality (COCOC), and shall
1037 continue for the remainder of term of the WESC.

1038
1039 **8.3.** The WESC shall have a term of twenty-five (25) years from the date of
1040 execution, which shall include the Pre-Development Stage and
1041 Development/Commercial Stage but shall exclude the period covered by
1042 the COA.

1043

- 1044 **8.4.** Not earlier than six (6) months prior to the expiration of the twenty-five
1045 (25) year period, the WESC may be renewed for another twenty-five (25)
1046 years, subject to the terms and conditions of the WESC.
1047

1048 **Section 9. Stages of Wind Energy Contracts.**
1049

- 1050 **1.1. Stages of a Wind Energy Operating Contract.** A WEOC shall cover
1051 only the Development/Commercial Stage, which involves the
1052 development, construction and installation, commercial operation and
1053 de-commissioning of the wind energy project, including the achievement
1054 of Financial Closing.
1055

- 1056 **1.2. Stages of a Wind Energy Service Contract.** An WESC shall cover two
1057 (2) stages of the wind energy project, namely:
1058

1059 (a) **Pre-Development Stage.** It involves the conduct of resource
1060 assessment and feasibility study up to Financial Closing and
1061 Declaration of Commerciality (DOC) of the wind energy
1062 project, including the identification of the proposed Production
1063 Area; and
1064

1065 (b) **Development/Commercial Stage.** It involves the
1066 development, construction, and commercial operation of the
1067 wind energy project, production, and utilization of wind energy
1068 resources.
1069

- 1070 **1.3. Transition from Pre-Development Stage to**
1071 **Development/Commercial Stage.** The WESC shall transition from the
1072 Pre-Development Stage to Development/Commercial Stage only after
1073 issuance by the DOE of a COCOC. The process of the issuance of a
1074 COCOC is provided in Section 3, Chapter IX of the Circular.
1075

- 1076 **1.4. Contract Area.** Upon transition from the Pre-Development to
1077 Development Stage of the WESC, the Contract Area shall be amended,
1078 if necessary, to cover the Production Area only. In the case of WEOC,
1079 the Contract Area is equivalent to the Production Area.
1080

1081 **Section 10. Conversion of Existing Wind Energy Service Contract.** For existing
1082 wind energy projects that have been operating prior to the effectivity of the RE Act
1083 pursuant to contracts issued under the relevant preceding laws and those that have
1084 been issued WESCs after the RE Act but prior to this Circular, the contract holder may
1085 elect to convert its service contract or agreement by applying for an WESC under this
1086 Circular, within one (1) year from the effectivity of this Circular. However, the period of
1087 the WESC to be issued in relation thereto shall be the balance of the contract term

1088 remaining under the existing and valid service/operating contract or agreement. The
1089 requirements and procedures for conversion to WESC templates in Annex E(?) is
1090 provided in Section 4, Chapter IX of this Circular.

1091

1092 **Section 11. Investments.**

1093

1094 **3.1. New Investments.** Wind Energy Developers undertaking discovery,
1095 exploration, development and/or utilization of new wind energy
1096 resources or the development of new generation facilities within the
1097 Contract Area distinct from the originally registered operations may
1098 qualify as new projects, subject to setting up of new separate books of
1099 accounts. The Wind Energy Developer may, upon its discretion,
1100 relinquish the Contract Area and apply for a new WESC over the area of
1101 new investment, subject to constitutional term limits.

1102

1103 **3.2. Additional Investments.** Additional investment may cover investment
1104 for improvements, modernization, rehabilitation, or expansion duly
1105 registered with the DOE, which may or may not result in increased
1106 capacity, subject to the conditions to be determined by the DOE, such
1107 as, but not limited to, the following:

1108

1109 (a) Identification of and investment in sequential phases/stages
1110 of production, or undertaking scheduled modernization or
1111 rehabilitation of the wind energy systems; and

1112

1113 (b) Improvements to the wind energy systems such as reduced
1114 production/operational costs, increased production, improved
1115 operational efficiency, and better -reliability of the wind energy
1116 project.

1117

1118 If, by reason of the additional investment, the capacity of the wind energy
1119 project will be increased by at least thirty percent (30%), the Wind Energy
1120 Developer shall have the option to pre-terminate its existing contract and
1121 enter into a new WESC, subject to constitutional term limits. Upon the
1122 award of the new WESC, the incentives under the RE Act shall be reset.

1123

1124 If the additional investment will not increase the capacity of the wind
1125 energy project by thirty percent (30%), the Wind Energy Developer shall
1126 only be entitled to such incentives as may be warranted under the RE
1127 Act.

1128

1129

1130

1131

1132 **CHAPTER VIII – OFFSHORE WIND ENERGY RESOURCE**

1133
1134 **Section 1. Eligibility of Offshore Wind Energy Service Contract Applicant.** Any
1135 Person, local or foreign, may apply for Offshore Wind Energy Service Contract
1136 (OWESC), subject to the relevant provisions in this Chapter.
1137

- 1138 1.1. OWESC Applicant may be a Filipino and/or a foreign citizen, or a Filipino-
1139 and/or foreign-owned corporation or association which is authorized by
1140 its articles or deed of incorporation to engage in the exploration,
1141 development, and utilization of OSW resources.
1142
- 1143 1.2. In case the OWESC Applicant is a joint venture or a consortium, the
1144 partners of the joint venture or members of the consortium shall organize
1145 themselves as a corporation under the RA No. 11232, otherwise known
1146 as the “Revised Corporation Code of the Philippines” or secure the
1147 appropriate license from the Securities and Exchange Commission, in
1148 case the joint venture or consortium was incorporated outside of the
1149 Philippines; Provided, that the incorporated joint venture or consortium
1150 which applies for an OWESC that involves activities reserved to Filipino
1151 citizens or corporations or associations at least sixty percent (60%) of
1152 whose capital is owned by Filipinos shall comply with the nationality
1153 requirements as provided for in the preceding paragraph, and
1154 Commonwealth Act No. 108, or the “Anti-Dummy Law,” on the
1155 appointment of officers of the corporation.
1156

1157 **Section 2. Modes of Awarding Offshore Wind Energy Service Contract. OWESC**
1158 **shall be awarded through (a) an Open and Competitive Selection Process**
1159 **(OCSP) or (b) Direct Application.**
1160

- 1161 2.1. The OCSP shall be adopted for the selection and award of OWESC or
1162 Offshore Wind Energy Operating Contract (OWEOCs for Pre-
1163 Determined Area (PDA) covering offshore wind energy resources for
1164 commercial purposes. This shall be governed by Sections 3 and 4 of this
1165 Chapter.
1166
- 1167 2.2. Direct Application shall be available for the selection and award of:
1168
- 1169 (a) OWESC or OWEOC covering PDA, following a failed OCSP
1170 pursuant to Section 4.4 and the procedures in Section 4 of this
1171 Chapter; and
1172
 - 1173 (b) OWESC in an area identified by an OWESC Applicant and
1174 verified with or confirmed by the DOE-Information Technology
1175 and Management Services (ITMS) as available for exploration,
1176 development and/or utilization of offshore wind energy resources.
1177

1178 2.3. OSW Energy Projects for Own-Use and/or OSW Energy Projects for
1179 Non-Commercial and Non-Power Purposes shall not require the
1180 issuance of OWESC but shall comply with the registration requirements
1181 provided under Chapter IX of this Circular.
1182

1183 **Section 3. Pre-Determined Areas.** Pre-Determined Areas. Interested parties may
1184 apply for OWESC or OWEOC for PDA offered by the DOE during a prescribed period
1185 (Annex A).
1186

1187 3.1. **Selection of PDAs.** The REMB shall identify and submit a list of PDAs
1188 for OWESC Applications, with the respective location maps, technical
1189 descriptions, and wind resource data thereof, to the DOE Secretary,
1190 through its Supervising Assistant Secretary and Undersecretary, for
1191 approval.
1192

1193 3.2. **Launch and Publication.** PDAs approved by the DOE Secretary shall
1194 be scheduled for launch and shall be publicly announced by the DOE for
1195 submission of OWESC or OWEOC Applications. PDAs for offer and
1196 invitation to prospective OWESC or OWEOC Applicants shall be
1197 published in at least two (2) newspapers of general circulation. The same
1198 list and invitation shall, likewise, be posted at the DOE website.
1199

1200 3.3. **Data Packages and Promotional Activities.** The REMB shall arrange
1201 for the availability of data packages for the approved PDAs that can be
1202 purchased by interested parties in support of their applications. The
1203 REMB shall conduct promotional activities to promote the OCSP and the
1204 corresponding data packages so as to ensure maximum participation
1205 and awareness of prospective investors and stakeholders.
1206

1207 **Section 4. Procedure for Awarding Offshore Wind Energy Service Contract**
1208 **and/or Offshore Wind Operating Contract under the Open and Competitive**
1209 **Selection Process.**
1210

1211 4.1 **Offshore Wind Energy Service Contract and/or Offshore Wind**
1212 **Energy Operating Contract Applications.** Applications may be
1213 submitted a day after the publication date until the last day of submission
1214 which shall be sixty (60) days from the date of first publication in
1215 accordance with the following requirements:
1216

1217 4.1.1 The OWESC or OWEOC Applicant shall submit to the DOE a
1218 Letter of Intent (LOI) following the prescribed format (Annex B)
1219 together with the OWESC or OWEOC Application in accordance
1220 with prescribed Checklist of Requirements (Annex A). The LOI
1221 shall be addressed to the REMB Director and shall indicate

1222 whether the interested participant will avail of the Certificate of
1223 Authority referred to in Sections 6 and 7.1 of this Chapter.

1224
1225 Each OWESC Application shall cover only one (1) PDA as
1226 published.

1227
1228 4.1.2 The OWESC or OWEOC Application must be in both paper and
1229 electronic (flash drive in Portable Data Format) copies, which shall
1230 use Times New Roman in 12-point font size and employ single
1231 line spacing. Figures and maps shall be printed and submitted in
1232 a document that is not smaller than A3 size. For legibility, figures
1233 and maps shall be submitted at a larger scale (1:10,000) as
1234 appendices.

1235
1236 4.1.3 An application fee shall be paid by each OWESC or OWEOC
1237 Applicant, along with the submission of OWESC or OWEOC
1238 Application. All payments may be made in cash,
1239 manager/company cheque, payable to "Department of Energy" or
1240 by wire/bank transfer. All wire/bank transfers should be net of all
1241 applicable bank and financial charges.

1242
1243 4.2 **Opening and Evaluation of Offshore Wind Energy Service Contract**
1244 **and/or Offshore Wind Energy Operating Contract Applications.** The
1245 DOE shall stop receiving Applications at exactly 1200H on the last day
1246 of the submission of OWESC and/or OWEOC Applications. At exactly
1247 1300H, the DOE shall start the opening of the OWESC and/or OWEOC
1248 Applications.

1249
1250 4.3 **Evaluation, Selection and Award.** The evaluation and selection of
1251 OWESC and/or OWEOC Applications and award of OWESC and/or
1252 OWEOC shall be conducted following the criteria and procedures set
1253 hereunder:

1254
1255 4.3.1 Applications with incomplete documents based on the
1256 Checklist of Requirements shall be automatically
1257 disqualified during the opening of OWESC and/or OWEOC
1258 Applications. No additional documents shall be accepted
1259 after the deadline for submission of OWESC and/or
1260 OWEOC Applications.

1261
1262 4.3.2 OWESC and/or OWEOC Applicants shall be duly informed
1263 by the Review Committee (REC) Chairperson whether their
1264 application passed the completeness check and shall be
1265 subjected to further legal, technical, and financial

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evaluations. Applicants who were disqualified for submitting incomplete documents shall likewise be informed by the REC Chairperson of the fact of their disqualification and the reasons therefor.

4.3.3 OWESC and/or OWEOC Applications which passed the completeness check shall be evaluated based on the following criteria:

Legal Qualification	Pass/Fail
Work Program	40%
Technical Qualification	20%
Financial Qualification	40%

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The guidelines and procedures, including the qualification criteria per scoring item, of every OCSP shall be determined at the beginning of every OCSP round and will be covered by a Department Circular.

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1283
1284

4.3.4 The highest ranked OWESC and/or OWEOC Application that meets the legal, technical, and financial requirements shall be selected.

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1286
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1290

4.3.5 After a complete review and evaluation of the legal, technical and financial qualifications of the OWESC and/or OWEOC Applications, the REC Chairperson, shall transmit to the DOE Secretary a written endorsement of the selected OWESC and/or OWEOC Application.

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4.3.6 The DOE Secretary shall act on the OWESC and/or OWEOC Application in accordance with Section VII of this Chapter after the concurrence of ITMS, Financial Services (FS), REMB and Legal Services (LS) on the endorsement.

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1298
1299

4.4 An OCSP, with respect to any or all PDAs included therein, as applicable, shall be declared a failure when any of the following circumstances exists:

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1302

4.4.1 No OWESC and/or OWEOC Application was received by the DOE; or

1303
1304
1305

4.4.2 No OWESC and/or OWEOC Application passed the legal requirements; or

1306 4.4.3 When one or more OWESC and/or OWEOC Applications passed
1307 the legal requirements but after the evaluation of technical and
1308 financial proposals, none of such OWESC and/or OWEOC
1309 Applications were able to meet either the technical or financial
1310 requirements.

1311
1312 In any of the foregoing cases, the PDA shall be opened for Direct
1313 Applications. To initiate the change of mode of awarding OWESC and/or
1314 OWEOC from OCSP to Direct Application for the relevant areas, the
1315 DOE shall include in the announcement of the result of the OCSP the
1316 area/s which shall be open for Direct Application, indicating thereat when
1317 the new application process shall commence.

1318
1319 **Section 5. Procedure for Awarding Offshore Wind Energy Service Contract**
1320 **under Direct Application.**

1321
1322 5.1. **Coverage.** Direct Application shall be observed in processing OWESC
1323 Applications for: (a) offshore wind energy resources located in PDAs
1324 which the DOE shall declare as available under this mode pursuant to
1325 Section 4.4 of this Chapter, and (b) offshore wind energy resources in
1326 areas other than those included in the PDAs, subject to the procedures
1327 provided herein.

1328
1329 **Part 1. Pre-Application Process**

1330
1331 5.2. **Registration in the EVOSS System.** The new OWESC Applicant shall
1332 submit a request for registration in the EVOSS System to the Wind
1333 Energy Management Group (WEMG) or its successor. The request
1334 should include the list of authorized EVOSS System account holder/s of
1335 the WESC Applicant with the following information:

- 1336
1337 a. Name
1338 b. Designation
1339 c. Email Address
1340 d. Mobile and Telefax Number
1341 e. Address

1342
1343 The list must be supported with a duly signed Secretary's Certificate.

1344
1345 Once the EVOSS System account/s are created for the WESC
1346 Applicant's authorized user/s, the same may begin to submit its LOI in
1347 the EVOSS System.

1348

1349 RE Developer with existing application or RE Contract may use its
1350 existing EVOSS System account/s in filing the LOI.

1351

1352 5.3. Submission of Letter of Intent. All interested participants shall submit
1353 through the EVOSS System an LOI to develop a certain area, in
1354 accordance with the mapping requirements (Annex C). The LOI shall be
1355 addressed to the REMB Director and shall indicate whether the
1356 interested participant will avail of the Certificate of Authority referred to
1357 in Sections 6 and 7.1 of this Chapter. The submission of the LOI shall
1358 not be considered as a filing of an OWESC Application and shall not
1359 commence the application process.

1360

1361 5.4. **Orientation of Interested Participant.** The orientation is intended to
1362 inform the interested participants about the Pre- and Application
1363 requirements, and to guide them through the process for evaluation
1364 thereof, awarding of OWESC and registration of an OSW project.

1365

1366 5.1.1. To ensure the awareness of interested participants and other
1367 concerned stakeholders on Pre-Application and Application
1368 requirements and processes, WEMG or its successor shall
1369 develop the attendant audio-video presentation, frequently -
1370 asked-questions and other IEC materials. WEMG shall coordinate
1371 with ITMS for the posting of the said materials to the DOE website
1372 within sixty (60) days upon the effectivity of this Circular.

1373

1374 This will provide the interested participants with the needed
1375 information on Pre-Application and Application requirements and
1376 processes anytime and anywhere.

1377

1378 The DOE shall issue an Advisory once the IEC materials are
1379 posted on the DOE website to ensure that the sector is well
1380 informed.

1381

1382 ***Part 2. Area Verification and Technical Guidelines***

1383

1384 5.5. **Configuration of Area of Interest.** The area of interest (AOI) for the
1385 OWESC Application shall either be polygonal or in black following the
1386 Blocking System or a combination of both.

1387

1388 5.6. **Area Verification.** Within fourteen (14) days from receipt of the LOI,
1389 ITMS shall complete the area verification and determine whether the AOI
1390 is:

1391

- 1392 5.6.1. Covered by an existing PDA for offshore wind under the OCSP,
1393 OWESC or OWEOC, OWESC or OWEOC pending application, or
1394 offshore wind energy resource assessment activity as submitted
1395 by the WEMG or its successor and verified by ITMS;
1396
- 1397 5.6.2. Within or overlaps with the area of other energy resource
1398 assessment activities as submitted by concerned DOE unit/s and
1399 verified by ITMS, an existing energy service or operating contract
1400 such as Petroleum Service Contract (PSC), Coal Operating
1401 Contract (COC), Small-Scale Coal Mining Permit (SSCMP) or
1402 Renewable Energy Service Contract (RESC), other than OWESC
1403 or OWEOC;
1404
- 1405 5.6.3. Within or overlaps with the area of an existing energy service or
1406 operating contract application such as Petroleum SC, COC,
1407 SSCMP or RESC, other than OWESC Application;
1408
- 1409 5.6.4. Within the protected and environmentally critical areas under RA
1410 No. 11038, or the "Expanded National Integrated Protected Areas
1411 System Act of 2018" ("ENIPAS"), *i.e.*, within or outside the strict
1412 protection zones, ancestral domains with Certificate of Ancestral
1413 Domain Title or Claim, areas with Tenurial Instruments from other
1414 government agencies, areas prohibited, reserved, or used for
1415 national defense, navigation, irrigation, and other development
1416 projects, exclusion and no build zones identified under the Marine
1417 Spatial Planning (MSP) of the DOE, safety and exclusion zones
1418 under Proclamation No. 72, series of 2001, and other areas
1419 covered by significant geospatial data that will be identified as
1420 necessary in the evaluation of the OWESC Application based on
1421 available data on file with ITMS and the National Mapping
1422 Resource Information Authority's Philippine Geoportal Project
1423 website.
1424
- 1425 Pursuant to the mandate of the DOE to supervise and control all
1426 government activities relative to energy project under the EPIRA,
1427 concerned government agencies and entities shall provide the
1428 DOE the list of abovementioned areas with technical description
1429 and corresponding shapefiles;
1430
- 1431 5.6.5. Covered by the COA of the same energy resource;
1432
- 1433 5.6.6. Covered by the COA of other energy resource;
1434
- 1435 5.6.7. Covered by the LOI of the same and/or other energy resource; or

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5.6.8. Open for OWESC Applications.

5.7. **Area Verification Results.** ITMS shall verify the AOI of the interested participants and upload the results of area verification and the map within fourteen (14) working days. Accordingly, EVOSS System will automatically notify WEMG or its successor with the results of area verification. Within three (3) days from the receipt of the notification, WEMG or its successor shall complete the following:

- a. Evaluation of the results of the area verification;
- b. Preparation of corresponding Notice to Apply (NTA), or letter to the interested participant containing results of area verification, and endorse the same for the approval/signature of the REMB Assistant Director; and
- c. Upload the NTA or letter containing the results of area verification in the EVOSS System.

If the AOI is found to be partially occupied by:

- a. Another RE Developer developing the same type of RE Resource being applied for, the interested participant has the option to proceed with filing an RE Application over the reconfigured and revalidated area (net of the area outside the AOI or Contract Area of another RE Developer); and/or
- b. Another RE Developer developing other type of RE Resource, the interested participant may file a request to allow the development of multiple resources in the area, or comply with Section 5.7.3 of this Chapter, as applicable.

5.7.1. **Reconfigured Area of Interest.** Within ten (10) days from uploading of letter containing the results of area verification, the interested participant may reconfigure its AOI to cover only such portion outside the AOI or Contract Area of another Developer, and submit in the EVOSS System the revised mapping requirements. After confirmation by ITMS that no portion of the reconfigured AOI falls under Sections 5.6.1, 5.6.2, 5.6.3 or 5.6.5 of this Chapter, WEMG or its successor shall upload in the EVOSS System the corresponding NTA of the interested participant.

1480 5.7.2. **Multiple Resources in an Area.** If the AOI of the interested
1481 participant overlaps with the area of an existing energy service or
1482 operating contract therefor as provided under Section 5.6.2 of this
1483 Chapter, the interested participant may still pursue the OWESC
1484 Application, subject to the provisions herein below set forth:

1485
1486 (a) The interested participant shall:

1487 (i) Submit a notarized acknowledgment and
1488 undertaking that the interested participant
1489 recognizes and shall continue to recognize the
1490 prior rights of the existing developers of other
1491 energy resources within the overlapping area;
1492 that the design of the proposed OSW project will
1493 ensure safe and optimal development of other
1494 energy resources; and that all costs needed
1495 therefor shall be borne by the interested
1496 participant; and

1497
1498 (ii) Letter from the developer of other RE resource
1499 confirming that it has “no objection to the
1500 development of the proposed OSW project.”

1501
1502 (b) WEMG or its successor shall inform the developer on the
1503 intent to develop the OSW resources within the overlapping
1504 area. Copies of the verification map shall be furnished to
1505 the developer.

1506
1507 (c) If no objection is received from the developer within the
1508 prescribed period, WEMG or its successor shall upload in
1509 the EVOSS System the NTA to the interested participant
1510 for the filing of the OWESC Application

1511
1512 (d) If the developer objects to the multiple resource
1513 development, the said applicant or developer shall notify
1514 WEMG or its successor thereof within ten (10) days from
1515 receipt of notice, citing the impracticability of multiple
1516 resource development as to additional costs, safety,
1517 substantial decrease in the utilization of the energy
1518 resource, and other relevant factors. Copies of the written
1519 objection shall be furnished to WEMG or its successor. A
1520 statement that multiple resource development in the
1521 overlapping area is impracticable without technical basis
1522 shall not be considered as an objection.

1523

1524 (e) Within five (5) days from receipt of an objection, WEMG or
1525 its successor shall furnish the interested participant with a
1526 copy thereof. Within the same period, WEMG or its
1527 successor and the concerned DOE Division shall jointly
1528 determine whether exploration of OSW resources within
1529 the overlapping area may be conducted without material
1530 adverse effect on the activities of the developer. Such
1531 determination shall consider the interested participant's
1532 proposal, the objection and the technical bases cited
1533 therein. The evaluation shall be endorsed to the REMB
1534 Director

1535
1536 (f) Upon receipt of the endorsement, the REMB Director may
1537 issue a Notice to Apply if s/he concurs that the exploration
1538 will not cause material injury. The contract area of the
1539 OWESC so awarded shall be finally determined by REMB
1540 during the Pre-Development Stage based on the feasibility
1541 of multiple resource development in the overlapping area.
1542

1543 **5.7.3. Other Areas.** If the AOI of the interested participant overlaps with
1544 the area as provided under Section 5.6.4 of this Chapter, the
1545 interested participant may still pursue the OWESC Application if
1546 there is no material adverse effect on the feasibility of the
1547 proposed OSW project after applying the provisions herein below
1548 set forth

1549
1550 (a) If the AOI overlaps with areas within strict protection
1551 zones under the ENIPAS, and exclusion and no build
1552 zones under the MSP of DOE, the interested participant
1553 shall submit a revised AOI which is net of the said areas.
1554

1555 (b) If the AOI overlaps with areas outside strict protection
1556 zones under the ENIPAS, the REMB Director shall issue
1557 a Notice to Apply for the said AOI; provided, that the
1558 contract area may be reduced shall be subject to the
1559 ENIPAS and its implementing rules and regulations.
1560

1561 (c) If the AOI overlaps with ancestral domains with
1562 Certificate of Ancestral Domain Title or Claim, the REMB
1563 Director shall issue a Notice to Apply for the said AOI;
1564 provided, that the contract area may be reduced subject
1565 to RA No. 8371 or "The Indigenous Peoples Rights Act
1566 of 1997" and its implementing rules and regulations.
1567

- 1568 (d) If the AOI overlaps with areas with Tenurial Instruments
1569 from other government agencies, the REMB Director
1570 shall issue a Notice to Apply for the said AOI; provided,
1571 that the contract area may be reduced subject to the
1572 relevant rules and regulations of the concerned
1573 government agency.
1574
- 1575 (e) If the AOI overlaps with areas prohibited, reserved, or
1576 used for national defense, navigation, irrigation, and
1577 other development projects, and other areas, the REMB
1578 Director shall issue a Notice to Apply for the said AOI;
1579 provided, that the contract area may be reduced subject
1580 to the relevant rules and regulations of the concerned
1581 government agency.
1582
- 1583 (f) If the AOI is within the safety and exclusion zones for
1584 offshore natural gas wells, flowlines, platform, pipelines,
1585 loading buoy and other related facilities related facilities
1586 for the Malampaya Deep Water Gas-To-Power Project
1587 over certain waters and submerged lands adjacent to
1588 Batangas, Mindoro and Palawan, the interested
1589 participants should secure a prior authorization from the
1590 DOE and the Department of National Defense, and prior
1591 consent from the SC 38 Service Contractor pursuant to
1592 Section 1 of Presidential Proclamation No. 72, series of
1593 2001.
1594

1595 ***Part 3. Filing and Evaluation of Offshore Wind Energy Service Contract***
1596 ***Applications***
1597

1598 **5.8. Receipt of Offshore Wind Energy Service Contract Applications.**

1599 After the Notice to Apply is uploaded in the EVOSS System, the
1600 interested participant may file its OWESC Application by complying with
1601 the procedures and requirements, as follows:
1602

1603 5.8.1. The OWESC Applicant shall submit through the EVOSS System
1604 the complete set of documentary requirements based on the
1605 Checklist of Requirements (Annex D).
1606

1607 The OWESC Applicant shall indicate in its application whether the
1608 OWESC Applicant will avail a COA or not.
1609

1610 5.8.2. WEMG or its successor shall check the completeness and
1611 consistency of the submission and ITMS shall validate the area
1612 applied for the OSW project within three (3) days.
1613

1614 5.8.3. If the submission is complete, WEMG or its successor shall
1615 upload a copy of the order of payment for the application and
1616 processing fees. The EVOSS System shall notify the OWESC
1617 Applicant through a system-generated email to pay the application
1618 and processing fees within five (5) days. Failure to do so will result
1619 in the abandonment of the application.
1620

1621 5.8.4. The EVOSS System shall notify LS, FS and ITMS of the complete
1622 submission.
1623

1624 **5.9. Evaluation of Offshore Wind Energy Service Contract Applications.**

1625 5.9.1. After the payment of the processing fee, HOEMD, LS, and FS
1626 shall conduct the simultaneous technical, legal, and financial
1627 evaluations within five (5) days from uploading of the proof of
1628 payment of application and processing fees in the EVOSS
1629 System.
1630

1631 5.9.2. Preference shall be given to proposed OSW projects that are
1632 situated in close proximity to existing and available transmission
1633 facilities. Alternatively, preference may also be given to OWESC
1634 Applicants with a proposal for the construction of the necessary
1635 transmission facilities.
1636

1637 5.9.3. WEMG or its successor shall consolidate all the evaluation results
1638 and proceed with the processing of the application, as follows:
1639

1640 (a) If the OWESC Application passes the evaluations,
1641 WEMG or its successor shall, within two (2) days from
1642 its receipt of the evaluation documents, prepare REMB's
1643 memorandum for the Secretary endorsing the award of
1644 the OWESC Application, and the draft COA or the draft
1645 OWESC. The endorsement must include the original
1646 copy of the results of area verification and the legal,
1647 technical and financial evaluations with all their
1648 attachments, and the project area map and its technical
1649 descriptions. Upon concurrence of ITMS, FS, REMB
1650 and LS on the endorsement, the Secretary shall act on
1651 the OWESC Application in accordance with Section 7 of
1652 this Chapter
1653

1654 (b) If the OWESC Application does not pass the legal,
1655 technical, and/or financial evaluations, WEMG or its
1656 successor shall notify the OWESC Applicant through the
1657 EVOSS System to rectify the submission within ten (10)
1658 days.

1659 (i) Failure of the OWESC Applicant to submit
1660 supplementary documents within the prescribed
1661 period shall be deemed an abandonment of the
1662 OWESC Application. WEMG or its successor
1663 shall notify the OWESC Applicant, LS, FS, and
1664 ITMS of the disqualification through the EVOSS
1665 System.

1666 (ii) If the OWESC Applicant submits supplementary
1667 complete documents within the prescribed period
1668 above, WEMG or its successor, LS and FS shall
1669 be notified by the EVOSS System of the
1670 submission. WEMG or its successor, FS and LS
1671 shall finish the simultaneous technical, legal, and
1672 financial evaluations within three (3) days.

1673 (iii) Should the OWESC Application still fail to pass
1674 any of the subsequent legal, technical, or
1675 financial evaluations, the REMB Assistant
1676 Director shall recommend the disqualification of
1677 the OWESC Application to the supervising
1678 Assistant Secretary who shall then issue a formal
1679 notice to the RE Applicant stating the basis of the
1680 disqualification. WEMG or its successor shall
1681 notify the OWESC Applicant, LS, FS, and ITMS
1682 of the disqualification through the EVOSS
1683 System. Upon receipt of the RE Applicant of the
1684 letter of disqualification, the REMB shall prepare
1685 a memorandum to the ITMS to immediately re-
1686 open the area for RE Applications by posting
1687 such information on the DOE website.

1688
1689 5.9.4. The OWESC Applicant shall submit all supplemental documents
1690 through the EVOSS System. Documents submitted outside the
1691 EVOSS System and those submitted through the EVOSS System
1692 but beyond the prescribed period shall not be accepted or
1693 evaluated.

1694
1695 5.9.5. No Request for Reconsideration (RR) of any of the legal,
1696 technical, financial evaluation or the disqualification shall be
1697 entertained, except when the OWESC Applicant failed to submit

1698 the required documents within the prescribed timelines due to a
1699 fault in the EVOSS System, as confirmed by the EVOSS
1700 Secretariat. In such circumstances, the OWESC Applicant shall
1701 file the RR with REMB within three (3) days from uploading of the
1702 Notice of Disqualification.

1703
1704 (a) Upon receipt of the RR, WEMG or its successor shall
1705 request the EVOSS Secretariat to confirm the
1706 occurrence of the technical problem. If so confirmed and
1707 the same prevented the timely submission, WEMG or its
1708 successor, FS and/or LS shall evaluate the OWESC
1709 Application considering the additional submission.

1710
1711 (b) If the OWESC Application passes the evaluation, REMB
1712 shall grant the RR. Thereafter, WEMG or its successor
1713 shall proceed in accordance with Section 5.9.3(a) of this
1714 Chapter.

1715
1716 5.10. If the Wind Energy Developer waived the COA during the pre-application
1717 process, WEMG or its successor shall proceed with the application in
1718 accordance with Section 7.2 of this Chapter.

1719
1720 **Section 6. Terms of Certificate of Authority.** The awardee of an OWESC shall have
1721 exclusive authority to procure permits or certifications and tenurial instruments needed
1722 for the exploration, development and utilization of the OSW resources within an area
1723 specified in the OWESC Application and conduct reconnaissance and other activities
1724 needed for pre-feasibility studies upon the issuance of COA by the DOE.

1725
1726 6.1. The COA shall be valid for a period not exceeding three (3) years. During
1727 its validity, the COA shall serve as the DOE's exclusive endorsement for
1728 the OSW Developer to secure the necessary permits or certifications and
1729 tenurial instruments from government agencies, entities or
1730 instrumentalities having jurisdiction over any aspect of the OSW
1731 operations. The denomination of each permit or certification or tenurial
1732 instrument to be procured for the OSW project shall be listed in the COA.

1733
1734 6.2. The Certificate of Authority shall reflect the metes and bounds of the area
1735 as proposed in the OWESC Application over which reconnaissance and
1736 other pre-feasibility activities may be conducted and permits and tenurial
1737 instruments may be secured by the OSW Developer for the project. For
1738 this purpose, a copy of the technical description of the area to be covered
1739 by the OWESC shall form part of the COA.

1740

- 1741 6.3. The validity of the COA shall not be extendible. Any reconnaissance and
1742 other pre-feasibility study activity that is not conducted and/or permit or
1743 certification or tenorial instrument that remains unissued upon the lapse
1744 of the COA shall be procured and the necessary activities therefor
1745 conducted, as part of the Pre-Development Stage.
1746
- 1747 6.4. The OSW Developer shall have the option to shorten the period of
1748 validity of the COA or utilize its full term.
1749
- 1750 6.4.1. If the OSW Developer opts to shorten the period of validity, it shall
1751 give written notice to the DOE with a request to execute the
1752 OWESC and a proposed Work Program.
1753
- 1754 6.4.2. If the OSW Developer opts to utilize the full term, it shall give
1755 written notice to the DOE with a request to execute the OWESC
1756 and a proposed Work Program not earlier than six (6) months but
1757 not later than three (3) months prior to the expiration of the validity
1758 of the COA.
1759
- 1760 6.4.3. Failure of the OSW Developer to give written notice to the DOE
1761 within the period mentioned in the preceding paragraph shall be
1762 deemed an abandonment of the WESC Application and
1763 disqualified following the procedure set forth in Section
1764 5.9.3(b)(iii).
1765
- 1766 6.5. Within three (3) days from notice, WEMG or its successor shall prepare
1767 REMB's memorandum for the Secretary endorsing the execution of the
1768 WESC in accordance with Section 7.2 of this Chapter.
1769

1770 **Section 7. Award of Wind Energy Service Contracts and Registration of Wind**
1771 **Energy Developers.**
1772

- 1773 **7.1. Issuance of Certificate of Authority.** After the approval of an OWESC
1774 Application and before the execution of an OWESC, the DOE shall issue
1775 a COA; Provided, that the COA may be waived in accordance with
1776 Section 6.4 of this Chapter.
1777
- 1778 **7.2. Signing of the Offshore Wind Energy Service Contract.** The following
1779 procedure shall govern the awarding of OWESC:
1780
- 1781 **7.2.1. Notification of Award.** The DOE shall notify the selected (under
1782 the OCSP) or qualified (under Direct Application) OWESC
1783 Applicant of the award of the OWESC.
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7.2.2. **Signing of the Offshore Wind Energy Service Contract.** The signing of the OWESC shall be divided into two stages, namely: a) pre-signing by the OWESC Applicant; and b) signing of the DOE Secretary.

7.2.2.1. The REMB Supervising Assistant Secretary shall review the recommendation and endorse the same to the REMB Supervising Undersecretary within two (2) days from receipt thereof. The Undersecretary shall act on the endorsement within two (2) days from receipt of the documents. Within one (1) day from the concurrence of the Undersecretary with the REMB's recommendation, the REMB Director shall require the OWESC Applicant to pre-sign the four (4) original copies of the OWESC following the prescribed template.

7.2.2.2. Within one (1) day, the WEMG or its successor shall validate the pre-signed OWESC, and shall forward the pre-signed OWESC, along with the endorsement and all its attachments to the Office of the DOE Secretary.

7.2.2.3. The Office of the DOE Secretary shall receive the pre-signed OWESC and all its attachments, and the DOE Secretary shall act on the documents within seven (7) days from receipt thereof.

7.2.3. **Payment of Signing Fee.** The WEMG or its successor, through the EVOSS System, shall issue the Order of Payment within one (1) day. The OWESC Applicant shall pay the signing fee within fifteen (15) days, which shall be paid directly to the Treasury, and post the performance bond, within the relevant period, covering the first contract year.

The OWESC Applicant shall upload proof of payment of the signing fee within fifteen (15) days from receipt of notice. The failure of the OSW Developer to do so shall be deemed as an abandonment of the OWESC Application and shall cause the revocation of the OWESC. Further, non-posting of the performance bond within thirty (30) days from receipt of notice shall cause the OWESC to be deemed void.

7.2.4. **Delivery of the Signed Offshore Wind Energy Service Contract.** The WEMG or its successor shall upload in the EVOSS System the signed and notarized copy of the OWESC and COR,

1829 as applicable, and inform the OSW Developer to pick up the said
1830 documents. Simultaneous with the receipt of the OWESC, the
1831 OSW Developer shall surrender to the DOE the Certificate of
1832 Authority issued pursuant to this Circular.

1833
1834 **7.2.5. Duty to Maintain Records.** The WEMG or its successor shall
1835 maintain a record of all LOIs received, pending OWESC
1836 Applications, and signed OWESC in the EVOSS System.

1837
1838 **7.2.6.** The ITMS shall make the area available to other applicants only
1839 when: a) the OWESC Applicant failed to qualify; or b) withdraws
1840 or abandons its OWESC Application, as the case may be, and
1841 only after due notice is given to the concerned OWESC Applicant
1842 of such information by the REMB Supervising Assistant Secretary,
1843 copy furnishing the ITMS with the said notice. Once an area is
1844 declared to be available, subsequent OWESC Applications
1845 covering the same may be allowed, and only on a first-come, first-
1846 served basis.

1847
1848 **7.3. Registration of Offshore Wind Energy Developers.** The DOE, through
1849 the REMB, shall issue a COR to an Offshore Wind Energy Developer
1850 holding a valid OWESC for purposes of entitlement to the incentives
1851 under Chapter VIII of this Circular upon the issuance of the COCOC.
1852 Notwithstanding the foregoing, the issuance of a COR may be availed of
1853 upon the award of the OWESC, at the option of the Offshore Wind
1854 Energy Developer.

1855
1856 **Section 8. Types of Offshore Wind Energy Projects.** Offshore wind energy projects
1857 shall include, but not be limited to:

1858
1859 **8.1.** Fixed-Bottom Platforms which are attached to the seabed by piles or
1860 gravity bases installed in shallow waters.

1861
1862 **8.2.** Floating Platforms which are anchored to the seabed by mooring lines
1863 or cables and deployed in deeper waters.

1864
1865 **Section 9. Terms of Offshore Wind Energy Service Contract.** Terms of Offshore
1866 Wind Energy Service Contract. The development of OSW energy resources shall be
1867 covered by an OWESC following the prescribed template (Annex E).

1868
1869 **9.1.** The Offshore Wind Energy Developer shall be given a period of five (5)
1870 years from the date of execution of the OWESC, extendible up to two (2)
1871 years, to determine the existence of OSW resource in Commercial
1872 Quantities and shall be called Pre-Development Stage.

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9.2. The Development/Commercial Stage shall commence prior to the expiration of the Pre-Development Stage and upon the issuance of the Certificate of Confirmation of Commerciality (COCOC), and shall continue for the remainder of term of the OWESC.

9.3. The OWESC shall have a term of twenty-five (25) years from the date of execution, which shall include the Pre-Development Stage and Development/Commercial Stage but shall exclude the period covered by the COA.

9.4. Not earlier than six (6) months prior to the expiration of the twenty-five (25) year period, the OWESC may be renewed for another twenty-five (25) years, subject to the terms and conditions of the OWESC.

Section 10. Stages of Offshore Wind Energy Contracts.

10.1. Stages of a Wind Energy Operating Contract. A OWEOC shall cover only the Development/Commercial Stage, which involves the development, construction and installation, and commercial operation and de-commissioning of the OSW project, including the achievement of Financial Closing.

10.2. Stages of an Offshore Wind Energy Service Contract. An OWESC shall cover two (2) stages of the OSW project, namely:

(a) Pre-Development Stage. It involves the conduct of preliminary assessment and feasibility study up to Financial Closing and Declaration of Commerciality (DOC) of the OSW project, including the identification of the proposed Production Area; and

(b) Development/Commercial Stage. It involves the development, construction, and commercial operation of the OSW project, production, and utilization of OSW resources.

10.3. Transition from Pre-Development Stage to Development/Commercial Stage. The OWESC shall transition from the Pre-Development Stage to Development/Commercial Stage only after issuance by the DOE of a COCOC. The process of the issuance of a COCOC is provided in Section 3, Chapter IX of this Circular.

10.4. Contract Area. Upon transition from the Pre-Development to Development Stage of the OWESC, the Contract Area shall be

1917 amended, if necessary, to cover the Production Area only. In the case of
1918 OWEOC, the Contract Area is equivalent to the Production Area.

1919
1920 **Section 11. Conversion of Existing Wind Energy Service Contract of Offshore**
1921 **Wind Energy Projects.** For existing offshore wind projects that have been operating
1922 prior to the effectivity of this Circular, the contract holder shall convert its service
1923 contract or agreement by applying for an OWESC under this Circular, within one (1)
1924 year from the effectivity of this Circular. However, the period of the OWESC to be
1925 issued in relation thereto shall be the balance of the contract term remaining under the
1926 existing and valid service/operating contract or agreement. The requirements and
1927 procedures for conversion to OWESC templates in Annex E[?] is provided in Section
1928 4, Chapter IX of this Circular.

1929
1930 **Section 12. Investments.**

1931
1932 **4.1. New Investments.** OSW Developers undertaking discovery,
1933 exploration, development and/or utilization of new OSW resources or the
1934 development of new generation facilities within the Contract Area distinct
1935 from the originally registered operations may qualify as new projects,
1936 subject to setting up of new separate books of accounts. The OSW
1937 Developer may, upon its discretion, relinquish the Contract Area and
1938 apply for a new OWESC over the area of new investment, subject to
1939 constitutional term limits.

1940
1941 **4.2. Additional Investments.** Additional investment may cover investment
1942 for improvements, modernization, rehabilitation, or expansion duly
1943 registered with the DOE, which may or may not result in increased
1944 capacity, subject to the conditions to be determined by the DOE, such
1945 as, but not limited to, the following:

1946
1947 (a) Identification of and investment in sequential phases/stages
1948 of production, or undertaking scheduled modernization or
1949 rehabilitation of the OSW systems; and

1950
1951 (b) Improvements to the OSW systems such as reduced
1952 production/operational costs, increased production, improved
1953 operational efficiency, and better -reliability of the OSW
1954 project.

1955
1956 If, by reason of the additional investment, the capacity of the OSW
1957 project will be increased by at least thirty percent (30%), the OSW
1958 Developer shall have the option to pre-terminate its existing contract and
1959 enter into a new OWESC, subject to constitutional term limits. Upon the

1960 award of the new OWESC, the incentives under the RE Act shall be
1961 reset.

1962
1963 If the additional investment will not increase the capacity of the OSW
1964 project by thirty percent (30%), the OSW Developer shall only be entitled
1965 to such incentives as may be warranted under the RE Act.

1966
1967

1968 **CHAPTER IX – ADMINISTRATION OF RENEWABLE ENERGY** 1969 **SERVICE/OPERATING CONTRACTS**

1970

1971 **Section 1. Posting of a Performance Bond.** The RE Developer shall post a bond or
1972 any other guarantee of a sufficient amount, but not less than the minimum
1973 expenditures commitment for the first contract year, which shall be a condition
1974 precedent for the effectivity of the RE Contract. A valid and subsisting performance
1975 bond is required to be maintained annually until the pre-construction phase of the RE
1976 Project.

1977

1978 **Section 2. Updating of RE Projects Data to the EVOSS System and DOE**
1979 **Website.** The following shall govern the posting and updating of RE Contract awarded
1980 and pending RE Applications on the DOE website.

1981

1982 2.1. The REMB-Technical Service Management Division (TSMD), in
1983 coordination with concerned REMB Division, shall collate and update the
1984 list of awarded RE Contracts and filed RE Applications and under
1985 evaluation on a quarterly basis. Upon full operation of the EVOSS
1986 System, updating of data shall be in accordance with the periods
1987 provided in the system.

1988

1989 2.2. All concerned DOE units shall provide updates to the EVOSS System
1990 and DOE websites.

1991

1992 2.3. All RE Developers shall be required to register with the EVOSS System
1993 for regular updating of their respective RE Project.

1994

1995 **Section 3. Transition from Pre-Development to Development.** The RE Service
1996 Contract shall transition from the Pre-Development Stage to
1997 Development/Commercial Stage only after the issuance by the DOE of COCOC.

1998

1999 3.1. **Procedure for the Transition from Pre-Development to**
2000 **Development Stage.**

2001

2002 3.1.1. The RE Developer shall submit through the EVOSS System the
2003 complete documentary requirements specified in Annex L of this

2004 Circular prior to the expiration of the Pre-Development Stage. The
2005 concerned REMB Division shall determine the completeness and
2006 consistency of the submission within three (3) days.

2007
2008 3.1.2. If the submission is complete, the concerned REMB Division,
2009 ITMS and LS shall conduct the evaluations and upload the
2010 evaluation results through the EVOSS System within seven (7)
2011 days.

2012
2013 3.1.3. The concerned REMB Division shall consolidate the evaluation
2014 results and endorse, through the REMB Director, the
2015 recommendation for approval of LS within two (2) days.

2016
2017 3.1.4. The Supervising Assistant Secretary and Undersecretary shall act
2018 on the recommendation and endorse the same to the DOE
2019 Secretary for approval within four (4) days.

2020
2021 3.1.5. The concerned REMB Division, through the EVOSS System, shall
2022 upload the signed letter and COCOC and notify the RE Developer
2023 to fetch the said documents.

2024
2025 3.1.6. Within thirty-one (31) days from receipt of the DOC, the DOE shall
2026 either:

2027
2028 3.1.6.1. Issue the COCOC, if the results of the evaluation of the
2029 DOC are satisfactory, which shall likewise be considered
2030 the transition of the RE Contract from Pre-Development
2031 Stage to Development/ Commercial Stage; or

2032
2033 3.1.6.2. Issue a written notice to the RE Developer indicating that
2034 it has the remainder of the Pre-Development Stage to
2035 correct any deficiencies and/or satisfy the requirements
2036 for issuance of the COCOC, if the results of the
2037 evaluation of the DOC are unsatisfactory. Said written
2038 notice shall be signed by the REMB Director.

2039
2040 3.1.7. The failure of the RE Developer to correct any deficiencies or
2041 otherwise satisfy the requirements for issuance of the COCOC
2042 before the expiration of its Pre-Development Stage shall be a
2043 cause for the termination of its RE Contract.

2044
2045 **Section 4. Conversion to the New RE Contract Template.** Holders of
2046 contracts/agreements prior to the effectivity of this Circular may apply for conversion

2047 to the new RE templates provided in Annexes A to F hereof and are subject to the
2048 conditions and procedures hereinbelow provided.

2049

2050 **4.1. Requirements for Conversion to New RE Contract Template.**

2051 Contractors/RE Developers may apply for conversion to the new RE
2052 Contract templates subject to the following conditions:

2053

2054 4.1.1. Contractors/RE Developers must be fully compliant with the terms
2055 of the approved Work Program/Work Plan and the material terms
2056 and conditions of the contract/agreement for the past six (6)
2057 months prior to the date of filing its application for conversion. For
2058 RE Developers with RE Contracts executed less than six (6)
2059 months from date of application for conversion, the evaluation of
2060 their compliance of the commitments under the approved Work
2061 Program and of the material terms and conditions of the RE
2062 Contract shall be the basis of their performance.

2063

2064 4.1.2. Submission of a letter of application for conversion with the
2065 following documentary requirements:

2066

2067 (a) Work Program covering the first five (5) years of the
2068 remaining term of the old contract/agreement, reckoned
2069 from the date of its execution.

2070

2071 (b) Revised Contract Area following the mapping
2072 requirements provided in Annex J hereof. Any remaining
2073 portion of the original Contract Area shall be deemed
2074 relinquished.

2075

2076 4.1.3. The conversion of RE Contracts awarded under the RE Act but
2077 prior to the effectivity of this Circular shall be limited to those
2078 covering RE Projects which are under pre-
2079 commissioning/commercial operation phase.

2080

2081 **4.2. Procedures for Application.** Applications for conversion to the new RE
2082 Contract template shall be processed based on the following procedures:

2083

2084 4.2.1. The RE Developer shall submit through the EVOSS System the
2085 complete documents, and the concerned REMB Division shall
2086 check the completeness and consistency of the submission within
2087 three (3) days.

2088

2089 4.2.2. The concerned REMB Division and LS shall conduct technical and
2090 legal (if required) evaluation based on performance of the

2091 contractor/RE Developer of its contractual obligations under the
2092 old contract/agreement and its application documents within five
2093 (5) days.

2094
2095 4.2.3. The REMB shall then endorse the mapping requirements to the
2096 ITMS who shall produce/print the map of the Production Area
2097 within three (3) days.

2098
2099 4.2.4. Qualified applications shall be endorsed by the REMB to the
2100 Supervising Assistant Secretary and Undersecretary, which shall
2101 be acted upon within four (4) days.

2102
2103 4.2.5. Upon the concurrence of the Assistant and Undersecretary, the
2104 REMB shall notify the RE Developer of such fact and require the
2105 pre-signing of the RE Contract within two (2) days.

2106
2107 4.2.6. Within one (1) day from the pre-signing of RE Contract, the REMB
2108 shall endorse the pre-signed RE Contract along with the
2109 evaluation results to the DOE Secretary for approval. The DOE
2110 Secretary shall act on the documents within seven (7) days from
2111 receipt thereof.

2112
2113 4.2.7. The REMB, through the EVOSS System, shall upload the copy of
2114 the New RE Contract and notify the RE Developer to fetch a copy
2115 of said document.

2116

2117 **Section 5. Amendments of RE Contracts.**

2118

2119 5.1. **Amendment of RE Contracts.** RE Contracts shall be amended in any
2120 of the following instances:

2121
2122 5.1.1. Change to the Contract Area;

2123 5.1.2. Increase or decrease in the installed capacity of the RE Project
2124 except for wind; or

2125 5.1.3. Change of location of project site.

2126

2127 5.2. No amendment to the RE Contract is required when the RE project
2128 transitions from the Pre-Development to the Development Stage.
2129 However, the relinquishment of a portion of the Contract Area after
2130 identifying the Production Area pursuant to Section 3.2 of this Chapter
2131 shall result in the issuance of new annex to the RE Contract, indicating
2132 the revised Contract Area, with corresponding map and technical
2133 description.

2134

2135 5.3. **Requirements for the Amendments of Contract Area.** The RE
2136 Developer shall submit a request in writing addressed to the REMB
2137 Director, and shall comply with the following:

2138
2139 5.3.1. Technical description of proposed amendment to the Contract
2140 Area indicates the technical specifications and other mapping
2141 requirement for the purpose of area verification;

2142 5.3.2. The proposed amendment shall cover an area contiguous to the
2143 existing Contract Area and, upon verification by the ITMS
2144 pursuant to the process in Section [per RE Technology] of this
2145 [Chapter], is available and open for RE resource exploration,
2146 development and/or utilization;

2147
2148 5.3.3. The amendment of the Contract Area is justified and reasonable,
2149 which may be proven by: (a) the results of the resource
2150 assessment, duly verified by the concerned REMB Division; (b)
2151 proof that the RE Developer is not in default of its technical and
2152 financial obligations under the RE Contract; and (c) other relevant
2153 facts and/or documents; and

2154
2155 5.3.4. The Work Program with respect to the amended Contract Area is
2156 acceptable.

2157
2158 5.4. **Requirements for Other Amendments.** The RE Developer shall submit
2159 a request in writing addressed to the REMB Director, together with the
2160 following:

2161
2162 5.4.1. Proof that the amendment is justified and reasonable;
2163 5.4.2. Proof that the Wind Energy Developer is not in default of its
2164 technical and financial obligations under the WESC; and
2165 5.4.3. Other relevant facts and/or documents.

2166
2167 5.5. Only a revised COR shall be issued in case of the following changes:

2168
2169 5.5.1. Company name of the RE Developer; and/or

2170 5.5.2. Assignment of RE Contract in accordance with the terms thereof,
2171 to an entity that has the legal, technical, and financial
2172 qualifications to undertake the RE project.

2173
2174 The amendments under this Section shall require the surrender of the
2175 original COR prior to evaluation of the request; Provided, that in the case
2176 of an amendment solely for the change of the company name, the
2177 request shall be directly endorsed to the DOE Secretary after legal
2178 evaluation.

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5.6. **Evaluation of Requests for Amendment of RE Service Contract.** The RE Developer shall submit through the EVOSS System the complete set of documentary requirements for the request for amendment of RE Contract, which shall be processed as follows:

5.6.1. The concerned REMB Division shall check the completeness and consistency of the submission within three (3) days.

5.6.2. If the submission is complete, concerned REMB Division shall upload a copy of the order of payment to pay for the application and processing fees. The EVOSS System shall notify the RE Developer through a system generated email to pay the fees within five (5) days.

5.6.3. After payment of the processing fee, concerned REMB Division shall evaluate the request within five (5) days. In case the evaluation of the concerned REMB Division shows that: (a) there are additional costs to be incurred that should warrant another financial evaluation; (b) there are any legal concerns regarding the RE Project; and/or (c) there is a need of re-plotting the Contract Area, concerned REMB Division, through the EVOSS System, shall endorse the request to FS, LS and/or ITMS which shall conduct simultaneous financial and legal evaluations, and/or area verification within five (5) days.

5.6.4. The concerned REMB Division shall consolidate all the evaluation results and recommend the same to the REMB Director for further action and if the RE Developer passes the evaluation, endorse the Memorandum to the Undersecretary and Approval Letter / Revised COR through LS within two (2) days.

5.6.5. The Supervising Assistant Secretary and Undersecretary shall act on the recommendation and endorse the same to the DOE Secretary for approval within four (4) days.

5.7. **Revision of the Work Program.** Subject to terms and conditions stipulated in the RE Contract, the RE Developer may request for revision of its Work Program with justification on such revision; provided, that such revision shall not extend the Pre-Development Stage.

5.7.1. **Evaluation of Request for Revision of the Work Program.** The RE Developer shall submit through the EVOSS System the complete set of documentary requirements for the request for

2223 revision of the Work Program, which shall be processed as
2224 follows:

2225
2226 5.7.1.1. The concerned REMB Division shall check the
2227 completeness and consistency of the submission within
2228 three (3) days.

2229
2230 5.7.1.2. If the submission is complete, REMB, LS and FS shall
2231 conduct simultaneous technical, legal (if necessary),
2232 and financial (for Pre-Development Stage only)
2233 evaluations within five (5) days.

2234
2235 5.7.1.3. The concerned REMB Division shall consolidate all the
2236 evaluation results and recommend the same to the
2237 REMB Director for further action and if the RE Developer
2238 passes the evaluation, endorse the Memorandum to the
2239 Undersecretary and Approval Letter, through LS, within
2240 two (2) days. The concerned REMB Division, through
2241 the REMB Director, shall provide the Supervising
2242 Assistant Secretary with its recommendation on the
2243 request and the complete basis thereof.

2244
2245 5.7.1.4. The Supervising Assistant Secretary shall act on the
2246 recommendation and endorse the same to the
2247 Undersecretary for approval within two (2) days.

2248
2249 5.7.1.5. The concerned REMB Division, through the EVOSS
2250 System, shall notify the RE Developer of the approval
2251 and upload a copy of the letter approving the revised
2252 work program.

2253
2254 5.7.1.6. The concerned REMB Division shall immediately
2255 provide to the TSMD, ITMS, and DOE-Investment
2256 Promotion Office (IPO) the status of RE Contract and/or
2257 COR for timely update of database.

2258
2259 5.7.2. The changes to the Work Program necessitated by Force Majeure
2260 that extends the Pre-Development Stage shall be treated as an
2261 amendment of the RE Contract and shall be approved in
2262 accordance with Section 5.

2263

2264 **Section 6. Design Flexibility of Wind Energy Projects.**

2265

2266 6.1. To keep pace with the rapid progress in wind energy technological
2267 development and preserve commercial/market-based competition, the
2268 Wind Energy Developer may submit an application to change the design
2269 of the Wind Energy Project even after the issuance of the COCOC.

2270
2271 The DOE shall evaluate and approve the change in design, if acceptable,
2272 within thirty (30) working days from receipt of the application. The Wind
2273 Energy Developer shall present the DOE approval to other government
2274 agencies, instrumentalities, and/or local government units that issue
2275 applicable permits, licenses, and clearances for Wind Energy Project.

2276
2277 6.1.1. The Wind Energy Developer shall submit to the DOE a written
2278 request for the change of design indicating the major changes in
2279 the design and the corresponding reasons.

2280
2281 6.1.2. The request should be supported by the updated Technical Study
2282 containing, among others, the detailed and final engineering
2283 design.

2284
2285 **6.2. Evaluation for the Request of Change in the Design of Wind Energy**
2286 **Project**

2287
2288 6.2.1. WEMG shall check the completeness and consistency of the
2289 submission within three (3) days.

2290
2291 6.2.2. If the submission is complete, WEMG shall upload a copy of the
2292 order of payment to pay for the application and processing fees.
2293 The EVOSS System shall notify the Wind Energy Developer
2294 through a system generated email to pay the fees within five (5)
2295 days.

2296
2297 6.2.3. After payment of the processing fee, WEMG shall conduct
2298 technical evaluation, and LS, FS and ITMS for the legal, financial
2299 evaluations and area verifications, if necessary, within seven (7)
2300 days.

2301
2302 6.2.4. WEMG shall consolidate all the evaluation results and endorse,
2303 through REMB Director, the recommendation for approval of LS
2304 within two (2) days.

2305
2306 6.2.5. The Supervising Assistant Secretary and Undersecretary shall act
2307 on the recommendation and endorse the same to the DOE
2308 Secretary for approval within four (4) days.

2309

2310 **Section 7. Assignment of RE Contracts.**

2311
2312 7.1. All assignments of RE Contract shall be subject to prior written approval
2313 of the DOE.

2314
2315 7.2. The RE Developer may assign all of its rights and obligations under the
2316 RE Contract to its Affiliate or any third party, subject to Section 7.1 of this
2317 Chapter, and in accordance with the following:

2318
2319 7.2.1. The RE Developer shall submit to the DOE copies of the written
2320 document which unequivocally shows the agreement of the
2321 parties thereat to the assignment of the RE Contract;

2322
2323 7.2.2. The RE Developer shall guarantee in writing to the DOE the
2324 performance of the assigned rights and obligations; and

2325
2326 7.2.3. The assignee shall be substituted for the RE Developer in the
2327 performance bond posted in accordance with Section 1 of this
2328 Chapter.

2329
2330 7.3. **Evaluation of Requests for Assignment of RE Contract.** The RE
2331 Developer shall submit through the EVOSS System the complete set of
2332 documentary requirements for the request for assignment of the RE
2333 Contract, which shall be processed as follows:

2334
2335 7.3.1. The concerned REMB Division shall check the completeness and
2336 consistency of the submission within three (3) days.

2337
2338 7.3.2. If the submission is complete, the concerned REMB Division shall
2339 upload a copy of the order of payment to pay for the application
2340 and processing fees. The EVOSS System shall notify the RE
2341 Developer through a system generated email to pay the fees
2342 within five (5) days.

2343
2344 7.3.3. After payment of the processing fee, REMB, LS and FS shall
2345 conduct simultaneous technical, legal, and financial evaluations
2346 within seven (7) days.

2347
2348 7.3.4. The concerned REMB Division shall consolidate all the evaluation
2349 results and endorse, through REMB Director, the
2350 recommendation for approval of LS within two (2) days.

2351

2352 7.3.5. The Supervising Assistant Secretary and Undersecretary shall act
2353 on the recommendation and endorse the same to the DOE
2354 Secretary for approval within four (4) days.
2355

2356 **Section 8. Change in Control.** Any sale or acquisition of shares or other share capital
2357 that results in a change in control over the RE Developer shall be subject to the prior
2358 written approval of the DOE. Such approval shall be given if the RE Developer remains
2359 legally, technically and financially qualified and capable of discharging the obligations
2360 under the RE Contract. For this purpose, the RE Developer shall submit to the DOE
2361 copies of the instrument of conveyance and other documents showing that the sale or
2362 acquisition will not affect its legal, technical and financial qualification. The procedure
2363 for evaluation approval of the sale or acquisition shall be in accordance with Section
2364 7.3 of this Chapter.
2365

2366 Control is presumed to exist when, as a result of the sale or acquisition, the buyer/s or
2367 transferee/s shall own more than one half (1/2) of the voting power of the RE
2368 Developer.
2369

2370 **Section 9. Abandonment.** The Abandonment and Termination Plan shall be prepared
2371 by the RE Developer and submitted as a requirement for issuance of a COCOC and
2372 approved by the Department of Environment and Natural Resources (DENR) and the
2373 DOE for the decommissioning, abandonment and surface restoration or rehabilitation
2374 of the Contract Area. Such abandonment work plan may be amended, supplemented
2375 or modified by the RE Developer, the DOE, and the DENR from time to time.
2376

2377 **Section 10. Performance Review and Audit.**
2378

2379 10.1. The DOE shall conduct a regular performance review of the RE
2380 Developers and recommend appropriate actions therefor.
2381

2382 10.2. The DOE shall have the right to inspect the RE Developers books and
2383 accounts directly relating to the RE Contract for any calendar or fiscal
2384 year sixty (60) months following the end of each calendar or fiscal year.
2385 Any such audit shall be completed within one (1) year from its
2386 commencement. Any exceptions must be made to the RE Developer in
2387 writing within ninety (90) days following the completion of such audit. If
2388 the DOE fails to give such written exception within such time, then the
2389 RE Developer's books of accounts and statements for such calendar or
2390 fiscal year shall be established as correct and final for all purpose.
2391

2392 10.3. The DOE, upon at least fifteen (15) days advance written notice to the
2393 RE Developer, is entitled to access, during reasonable hours without
2394 affecting RE operations, all books of accounts and records and may
2395 inspect such sites and facilities as necessary.

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- 10.4. If the DOE notifies the RE Developer of an exception to the RE Developer's books of accounts within the period specified in Section 10.2 of this Chapter, the RE Developer shall within ninety (90) days from receipt of written exception from the DOE, question its validity, otherwise, the same shall become final and binding on the RE Developer. If the DOE and the RE Developer are not able to agree on the exceptions or adjustments after ninety (90) days from the date of receipt of the RE Developer's response to the DOE's exception report, they shall resolve the dispute in accordance with the RE Contract.

Section 11. Suspension of Obligations under the RE Service Contract. In case the default of the RE Developer is attributable to Force Majeure, the obligation of the RE Developer may be suspended for a period of six (6) months or until the Force Majeure event ceases to exist, whichever comes earlier, subject to the following conditions:

- 11.1. The RE Developer shall file a notice of Force Majeure to the concerned REMB Division within fifteen (15) days from its existence along with proof that:
- 11.1.1. The Force Majeure exists;
 - 11.1.2. The event/s occurred independent of the will of the RE Developer;
 - 11.1.3. The event/s rendered it impossible for the RE Developer to fulfill its obligations in a normal manner;
 - 11.1.4. The RE Developer is free of participation in, or aggravation of, the injury to the DOE.
- 11.2. After due validation which shall be made within twenty (20) days from receipt of such notice, the REMB Director shall issue an approval of suspension of contractual obligation/s affected by Force Majeure; Provided, that if the suspension of the obligations will extend the Pre-Development Stage, the REMB Director shall endorse the approval to the DOE Secretary.
- 11.3. Within ten (10) days from receipt of the notice of approval, the RE Developer shall submit a new Work Program to be acted upon by the Supervising Assistant Secretary and thereafter endorsed to the Undersecretary for approval.
- 11.4. The RE Developer shall continue to post the performance bond, if necessary, observe administrative requirements and comply with reportorial obligations on its work commitments not affected by Force Majeure.

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- 11.5. Once the Force Majeure has ceased, the RE Developer shall notify the REMB within five (5) days from cessation together with the revised Work Program covering the remaining contract term.
- 11.6. Any failure or delay on the part of the RE Developer or the DOE in the performance of its obligations or duties under the RE Contract shall be excused to the extent attributable to Force Majeure.
- 11.7. If the RE operations are curtailed or prevented by such causes, then the time for enjoying the rights and carrying out the obligations thereby affected, and all rights and obligations hereunder shall be extended for a period equal to the period of delay, curtailment or prevention; Provided, however, that the suspension of obligation shall in no way extend the term of the contract; Provided, further, that if operations are delayed, curtailed or prevented by Force Majeure for a continuous period of six (6) months, the RE Developer may, at its option (a) terminate the RE Contract, or (b) request for the suspension of the RE Contract in accordance with Section 12 of this Chapter, subject to confirmation of the DOE.
- 11.8. The party whose ability to perform its obligations under the RE Contract is so affected shall notify the other party thereof in writing stating the cause and such affected party shall do all reasonably within its power to remove such cause.

Section 12. Suspension of the Wind Energy Service Contract. In case the RE operations are delayed, curtailed or prevented by Force Majeure for a continuous period of six (6) months, the efficacy of the WESC may be suspended for a maximum period of three (3) years or until the Force Majeure event ceases to exist, whichever comes earlier. The period of such suspension shall not be counted against the constitutional term limits.

The RE Developer and the DOE shall comply with the following conditions:

- 12.1. Upon strict compliance with the conditions under Section 11 of this Chapter, the RE Developer may file a request for suspension of the RE Contract with REMB within fifteen (15) days following the last day of the said six (6)-month period.
- 12.2. The concerned REMB Division shall endorse the request to the REMB. For a period of ninety (90) days from receipt of endorsement, REMB shall exert best efforts to enable the RE Developer to resume RE operations.

2484 12.3. If, despite such efforts, the Force Majeure persists and the RE operations
2485 cannot resume, the DOE shall approve the request for suspension of the
2486 RE Contract. Notice of suspension shall be given to the RE Developer
2487 within fifteen (15) days following the last day of the ninety (90)-day
2488 period.

2489
2490 12.4. Within ten (10) days from receipt of notice, the RE Developer shall submit
2491 a sworn undertaking to notify the DOE that the Force Majeure has
2492 ceased. Failure to give notice within ten (10) days from cessation shall
2493 be deemed a relinquishment of the RE Contract.

2494
2495 12.5. If the RE Developer intends to resume operations, it shall submit to
2496 REMB a request to resume RE operations together with the
2497 abovementioned notice.

2498
2499 12.6. After due evaluation and if warranted, the concerned REMB Division
2500 shall endorse the approval of the request to the REMB Director, who
2501 shall endorse the same to the DOE Secretary for approval.

2502
2503 12.7. The RE Developer may only avail of the above suspension of the RE
2504 Contract once during its term.

2505
2506 **Section 13. Power to Compel or Conduct Operations.** The DOE shall have the
2507 power to compel the RE Developer to perform RE operations when the following
2508 conditions exist:

2509
2510 (a) The RE Developer fails, refuses or neglects to perform the RE operations
2511 without any justifiable cause; and

2512
2513 (b) Such failure, refusal or neglect:

2514 (i) Results in or contributes to a shortage in the supply of electricity,
2515 based on the report of the EPIMB; and

2516 (ii) Poses a threat to the country's national security and/or economy,
2517 as determined by the DOE Secretary and as recommended by the
2518 concerned government agencies.

2519
2520 If the RE Developer does not comply with the DOE's directive within three (3) calendar
2521 days from receipt, such noncompliance shall be deemed sufficient authority for the
2522 DOE to conduct RE operations directly or through another government entity;
2523 Provided, that the DOE's authority herein set forth shall only subsist for such period
2524 as may be needed to avert or arrest the threat, or upon the RE Developer's resumption
2525 of RE operations, whichever comes earlier.

2526

2527 **Section 14. Wind Data Submission and Access.** To hasten the development of wind
2528 energy resources and reduce risk and costs from the private sector, the RE
2529 Developers shall submit wind data set to the DOE, through the Energy Data Center of
2530 the Philippines (EDCP).

2531

2532 14.1. **Wind Data Set.** The wind data set shall have an average time interval of
2533 ten (10) minutes and shall include, but are not limited to, wind speed
2534 measured at three (3) different heights, wind direction measured at two
2535 (2) different heights, and temperature. If encrypted, the RE Developer
2536 shall provide the data encryption.

2537

2538 14.2. **Submission of Wind Data Set.** The RE Developer, with RE Contract
2539 issued after the effectivity of this Circular or RE Contract converted into
2540 new template under this Circular, shall submit to REMB the electronic
2541 copy of wind data set described in Section 14.1 from the following RE
2542 Projects:

2543

2544 14.2.1. RE Project under Pre-Development Stage, the RE Developer
2545 shall submit the wind data set gathered during this Stage as part
2546 of the DOC requirement.

2547

2548 14.2.2. Operational RE Project Annual wind data set shall be submitted
2549 by operational RE Projects.

2550

2551 14.2.3. Upon Expiration, or Termination or Relinquishment of RE
2552 Contract, the RE Developer shall submit to DOE all the gathered
2553 wind data.

2554

2555 14.3. **Management of Data.** The EDCP shall manage the wind data set
2556 following the existing guidelines of the EDCP.

2557

2558 14.4. **Data Access.** The wind data set can be accessed by other RE
2559 Developers and other interested industry players for a fee following the
2560 guidelines of EDCP on data access/acquisition.

2561

2562 14.5. **Fee for Data Access.** Fee for the access/acquisition of one (1) year wind
2563 data set for one (1) site is One Hundred Thousand Pesos
2564 (Php100,000.00). To partially or fully recover the cost borne by the
2565 concerned RE Developer in the course of wind measurement campaign,
2566 half of the proceeds shall be paid to the concerned RE Developer while
2567 the other half shall be paid to the DOE.

2568

2569 **Section 15. Termination of RE Contracts.** The DOE shall have the power to
2570 terminate the RE Contract, after due notice to the RE Developer.

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15.1. **Evaluation Process for RE Contract Termination.** The concerned REMB Division shall recommend the termination of the RE Contract within the following timelines:

15.1.1. Five (5) days from the lapse of the Pre-Development Stage of the RE Contract where the RE Developer failed to submit its DOC;

15.1.2. Three (3) days from the voluntary relinquishment of the RE Developer of the RE Contract;

15.1.3. Prior to the pre-construction phase of the RE Contract, upon the discovery that the RE Developer failed to maintain the required performance bond;

15.1.4. During the Development Stage, upon the DOE's finding that the conditions set forth in Sections 13(a) and (b) of this Chapter exist; or

15.1.5. At any stage of the RE Contract, upon findings of any of the grounds for RE Contract termination as stipulated therein.

The failure of the DOE to adhere to the periods provided above shall not be construed as a waiver of its power to evaluate and recommend the termination of RE Contract at a later time.

15.2. With respect to Sections 15.1.1, 15.1.4 and 15.1.5 of this Chapter, the concerned REMB Division shall prepare a letter, signed by the REMB Director, requiring the RE Developer to explain in writing why its RE Contract should not be terminated. The RE Developer shall be given a non-extendible period of thirty (30) days to submit its explanation, which shall be accompanied by supporting documents.

15.3. No later than twenty (20) days from its receipt of the RE Developer's written explanation, the concerned REMB Division shall submit its findings and recommendation to the REMB Director.

15.4. Within three (3) days from receipt of the findings and/or recommendation, the REMB Director shall act upon the same and recommend a course of action to the DOE Secretary, through its Supervising Assistant Secretary and Undersecretary.

15.5. In case the DOE Secretary approves the REMB Director's recommendation, the RE Developer shall be notified in writing of the termination of its RE Contract. The concerned REMB Division shall inform the TSMD, ITMS, and IPO of such fact.

2614 15.6. Subject to the conditions under this Section, areas covered by
2615 terminated RE Contract shall be declared by the DOE open for
2616 development, specifying the mode of awarding of the RE Contract,
2617 which, if the area is determined as a PDA, RE Contract shall be through
2618 OCSP, as provided herein. Otherwise, the area shall be available to all
2619 interested parties for RE resource development under Direct Application,
2620 and only on a first- come first-served basis.
2621

2622 **Section 16. Request for Reconsideration.** An RE Developer whose RE Contract
2623 was terminated may request for the reconsideration of the same. The request shall be
2624 made in writing, addressed to the REMB Director, and filed within ten (10) days from
2625 the RE Developer's receipt of the notice of termination. The REMB Director shall
2626 evaluate the merits of the request for reconsideration and endorse such
2627 recommendations to the DOE Secretary, through the REMB Supervising Assistant
2628 Secretary and Undersecretary.
2629

2630 16.1. **Procedures for Processing of Request for Reconsideration.**
2631 Request for reconsideration shall be processed based on the following
2632 procedures:

2633 16.1.1. The RE Developer shall submit through the EVOSS System the
2634 complete documents, and the concerned REMB Division shall
2635 check the completeness and consistency of the submission
2636 within three (3) days.

2637 16.1.2. The REMB, LS, FS, ITMS shall conduct simultaneous technical,
2638 legal, financial evaluations and area verification within ten (10)
2639 days.

2640 16.1.3. The concerned REMB Division shall consolidate all the
2641 evaluation results and endorse, through the REMB Director, the
2642 recommendation for approval of LS within three (3) days.

2643 16.1.4. Qualified applications shall be endorsed by the REMB to the
2644 Supervising Assistant Secretary and Undersecretary, which
2645 shall be acted upon within six (6) days.

2646 16.1.5. Upon the concurrence of the Assistant and Undersecretary, the
2647 REMB shall endorse the recommendation to the DOE Secretary.
2648 The DOE Secretary shall act on the documents within five (5)
2649 days from receipt thereof.

2650 16.1.6. The concerned REMB Division, through the EVOSS System,
2651 shall upload a copy of the letter approving or denying the request
2652 for reconsideration and notify the RE Developer to fetch a copy
2653 of said document.
2654

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2656

CHAPTER X – INCENTIVES

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2658 **Section 1. Fiscal Incentives for Renewable Energy Projects and Activities.**
2659 Existing and new DOE-certified RE Developers of RE facilities, including Hybrid
2660 Systems, in proportion to and to the extent of the RE component, for both Power and
2661 Non-Power Applications, shall be entitled to the following incentives under the RE Act:

2662 **A. Income Tax Holiday (ITH)**

2663 (1) **Period of Availment.** The duly registered RE Developer shall be fully
2664 exempt from income taxes levied by the Government for the period as
2665 follows:

2666 (a) Existing RE Projects — seven (7) years from the start of
2667 Commercial Operations; All RE Developers that acquire, operate
2668 and/or administer existing RE facilities that were or have been in
2669 Commercial Operation for more than seven (7) years, upon the
2670 effectivity of the RE Act, shall not be entitled to ITH, except for
2671 any additional investment.

2672 (b) New investment in RE Resources — seven (7) years from the
2673 start of Commercial Operations resulting from new investments;
2674 and

2675 (c) Additional investment in the RE Project — not more than three
2676 (3) times the period of the initial availment by the existing or new
2677 RE Project or covering new or additional investments.

2678
2679 The maximum period within which an RE Developer may be
2680 entitled to an ITH shall be twenty-one (21) years, inclusive of the
2681 initial seven (7)-year ITH for its new and additional investments
2682 in a specific RE facility.

2683
2684 (2) **Entitlement for New and Additional Investments subject to prior**
2685 **approval by the DOE**

2686
2687 (a) New Investment. A fresh package of ITH from the start of
2688 commercial operations shall apply.

2689 (b) Additional Investment. The ITH for additional investments in an
2690 existing RE Project shall be applied only to the income
2691 attributable to the additional investment.

2692
2693 **B. Exemption from Duties on RE Machinery, Equipment, and Materials**

2694
2695 Within the first ten (10) years from the issuance of a COR to an RE
2696 Developer, the importation of machinery and equipment, and materials and
2697 parts thereof, including control and communication equipment, shall be
2698 exempt from tariff duties.

2699

2700 (1) Conditions for Duty-Free Importation. An RE Developer may import
2701 machinery and equipment, materials and parts thereof exempt from
2702 the payment of any and all tariff duties due thereon subject to the
2703 following conditions:

2704
2705 (a) The machinery and equipment are directly and actually needed
2706 and will be used exclusively in the RE facilities for the
2707 transformation of and delivery of energy to the point of use;

2708 (b) The importation of materials and spare parts shall be restricted
2709 only to component materials and parts for the specific machinery
2710 and/or equipment authorized to be imported;

2711 (c) The kind of capital machinery and equipment to be imported must
2712 be in accordance with the approved work and financial program
2713 of the RE facilities; and

2714 (d) Such importation shall be covered by shipping documents in the
2715 name of the duly registered RE Developer/operator to whom the
2716 shipment will be directly delivered by customs authorities.

2717
2718 (2) **Sale or Disposition of Capital Equipment.** Any sale, transfer,
2719 assignment, donation, or other modes of disposition of originally
2720 imported capital equipment/machinery including materials and spare
2721 parts, brought into the RE facilities of the RE Developer which availed
2722 of duty-free importation within ten (10) years from date of importation
2723 shall require prior endorsement of the DOE. Such endorsement shall
2724 be granted only if any of the following conditions is present:

2725
2726 (a) If made to another RE Developer enjoying tax and duty exemption
2727 on imported capital equipment;

2728 (b) If made to a non-RE Developer, upon payment of any taxes and
2729 duties due on the net book value of the capital equipment to be
2730 sold;

2731 (c) Exportation of the used capital equipment, machinery, spare
2732 parts, or source documents or those required for RE
2733 development; and

2734 (d) For reasons of proven technical obsolescence as may be
2735 determined by the DOE.

2736
2737 When the aforementioned sale, transfer, or disposition is made under
2738 any of the conditions provided for in the foregoing paragraphs after
2739 ten (10) years from the date of importation, the sale, transfer, or
2740 disposition shall require prior endorsement by the DOE and shall no
2741 longer be subject to the payment of taxes and duties.

2742
2743 **C. Special Realty Tax Rates on Equipment and Machinery**

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Realty and other taxes on civil works, equipment, machinery, and other improvements by a registered RE Developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value; Provided, that in the case of an integrated RE resource development and Generation Facility as provided under the RE Act, the real property tax shall be imposed only on the power plant.

“Original Cost” shall refer to (1) the tangible cost of construction of the power plant component, or of any improvement thereon, regardless of any subsequent transfer of ownership of such power plant; or (2) the assessed value prevailing at the time the RE Act took into effect or at the time of the completion of the power plant project after the effectivity of the RE Act, as the case may be, and in any case assessed at a maximum level of eighty percent (80%), whichever is lower.

"Net Book Value" shall refer to the amount determined by applying normal depreciation on the original cost based on the estimated useful life.

D. Net Operating Loss Carry-Over (NOLCO)

The NOLCO of the RE Developer during the first three (3) years from the start of commercial operation shall be carried over as a deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss, subject to the following conditions:

- (a) The NOLCO had not been previously offset as a deduction from gross income; and
- (b) The loss should be a result of the operation and not from the availment of incentives provided for in the RE Act.

E. Corporate Tax Rate

After availment of the ITH, all Registered RE Developers shall pay a corporate tax of ten percent (10%) on their net taxable income as defined in the National Internal Revenue Code (NIRC) of 1997, as amended; Provided, that the RE Developers shall pass on the savings to the end-users in the form of lower power rates.

All RE Developers that acquire, operate, and/or administer existing RE facilities that were or have been in commercial operation for more than seven (7) years, upon the effectivity of the RE Act, shall pay a corporate tax rate of ten percent (10%) on their net taxable income, upon registration with the DOE.

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F. Accelerated Depreciation

If an RE project fails to receive an ITH before full operation, the RE Developer may apply for accelerated depreciation in its tax books and be taxed on the basis of the same.

If an RE Developer applies for accelerated depreciation, the project or its expansions shall no longer be eligible to avail of the ITH. Plant, machinery and equipment that are reasonably needed and actually used for the exploration, development and utilization of RE Resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance (DOF) and the provisions of the NIRC of 1997, as amended. Any of the following methods of accelerated depreciation may be adopted:

- (a) Declining balance method; and
- (b) Sum-of-the years digit method.

G. Zero Percent Value-Added Tax Rate

The following transactions/activities shall be subject to zero percent (0%) value-added tax (VAT), pursuant to the NIRC of 1997, as amended:

- (a) Sale of fuel from RE sources or power generated from renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources using technologies such as fuel cells and hydrogen fuels;
- (b) Purchase of local goods, properties and services needed for the development, construction, and installation of the plant facilities of RE Developers; and
- (c) Whole process of exploration and development of RE sources up to its conversion into power, including, but not limited to, the services performed by subcontractors and/or contractors.

H. Tax Exemption of Carbon Credits

All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes.

I. Tax Credit on Domestic Capital Equipment and Services Related to the Installation of Equipment and Machinery

2832 A tax credit equivalent to one hundred percent (100%) of the value of the
2833 VAT and customs duties that would have been paid on the RE machinery,
2834 equipment, materials, and parts had these items been imported shall be
2835 given to a registered RE Developer who purchases machinery, equipment,
2836 materials, and parts from a domestic manufacturer, fabricator or supplier
2837 subject to the following conditions:

- 2838
- 2839 (a) That the said equipment, machinery, and spare parts are reasonably
2840 needed and shall be used exclusively by the Registered RE
2841 Developer in its registered activity;
 - 2842 (b) That the purchase of such equipment, machinery, and spare parts is
2843 made from an accredited or recognized domestic source, in which
2844 case, prior approval by the DOE should be obtained by the local
2845 manufacturer, fabricator, or supplier; and
 - 2846 (c) That the acquisition of such machinery, equipment, materials, and
2847 parts shall be made within the validity of the RE Service/Operating
2848 Contract.

2849

2850 Any sale, transfer, assignment, donation, or other mode of disposition of
2851 machinery, equipment, materials, and parts purchased from domestic
2852 source, if made within ten (10) years from the date of acquisition, shall
2853 require prior DOE approval.

2854

2855 **Section 2. Hybrid and Co-generation Systems.** The tax exemptions and/or
2856 incentives provided for in Section 13 and item D, Section 17 of the IRR of the RE Act
2857 shall be availed of by a registered RE Developer of hybrid and cogeneration systems
2858 utilizing both RE sources and conventional energy. However, the tax exemptions and
2859 incentives for hybrid and cogeneration systems shall apply only to the equipment,
2860 machinery, and/or devices utilizing RE Resources.

2861

2862 **Section 3. Incentives for RE Commercialization.** All manufacturers, fabricators, and
2863 suppliers of locally produced RE equipment and components shall be entitled to the
2864 privileges set forth below pursuant to the RE Act:

2865

2866 **A. Tax and Duty-free Importation of Components, Parts, and Materials**

2867

2868 All shipments necessary for the manufacture and/or fabrication of RE
2869 equipment and components shall be exempted from importation tariff and
2870 duties and value-added tax (VAT); Provided, that the said components,
2871 parts, and materials are:

- 2872 (1) Not manufactured domestically in reasonable quantity and quality at
2873 competitive prices;
- 2874 (2) Directly and actually needed and shall be used exclusively in the
2875 manufacture/fabrication of RE equipment; and

2876 (3) Covered by shipping documents in the name of the duly registered
2877 manufacturer/fabricator to whom the shipment will be directly
2878 delivered by customs authorities.
2879

2880 **B. Tax Credit on Domestic Capital Components, Parts, and Materials**

2881
2882 A tax credit equivalent to one hundred percent (100%) of the amount of the
2883 value-added tax (VAT) and customs duties that would have been paid on
2884 the components, parts, and materials had these items been imported shall
2885 be given to an RE equipment manufacturer, fabricator, and supplier who
2886 purchases RE components, parts, and materials from a domestic
2887 manufacturer; Provided, that such components and parts are directly
2888 needed and shall be used exclusively by the RE manufacturer, fabricator,
2889 and supplier for the manufacture, fabrication and sale of the RE equipment;
2890 Provided, further, That prior approval by the DOE was obtained by the local
2891 manufacturer.
2892

2893 **C. Income Tax Holiday and Exemption**

2894
2895 For seven (7) years starting from the date of recognition/accreditation
2896 provided under Section 18 of the IRR of the RE Act, an RE manufacturer,
2897 fabricator, and supplier of RE equipment shall be fully exempt from income
2898 taxes levied by the National Government on net income derived only from
2899 the sale of RE equipment, machinery, parts, and services.
2900

2901 **D. Zero-Rated Value-Added Tax Transactions**

2902
2903 All manufacturers, fabricators, and suppliers of locally produced RE
2904 equipment shall be subject to zero-rated value-added tax on their
2905 transactions with local suppliers of goods, properties, and services.
2906

2907 **Section 4. Incentives for Farmers Engaged in the Plantation of Biomass**
2908 **Resources.** All individuals and entities engaged in the plantation of crops and trees
2909 used as biomass resources shall be entitled to duty-free importation and exemption
2910 from payment of VAT on all types of agricultural inputs, equipment, and machinery
2911 within ten (10) years from the effectivity of the RE Act, subject to the certification by
2912 the DOE and the following conditions:

- 2913 (a) That the crops and trees such as, but not limited to, jatropha, coconut,
2914 and sugarcane shall be actually utilized for the production of biomass
2915 resources; and
2916 (b) That the agricultural inputs, equipment and machinery such as, but not
2917 limited to, fertilizers, insecticides, pesticides, tractors, trailers, trucks,
2918 farm implements and machinery, harvesters, threshers, hybrid seeds,
2919 genetic materials, sprayers, packaging machinery and materials, bulk

2920 handling facilities, such as conveyors and mini-loaders, weighing scales,
2921 harvesting equipment, and spare parts of all agricultural equipment shall
2922 be used actually and primarily for the production of said biomass
2923 resources.

2924

2925 **Section 5. Other Incentives and Privileges.**

2926

2927 **A. Tax Rebate for Purchase of RE Components**

2928

2929 To encourage the adoption of RE technologies, the DOF shall, in
2930 consultation with the Department of Science and Technology (DOST), DOE,
2931 and Department of Trade and Industry (DTI), provide rebates for all or part
2932 of the tax paid for the purchase of RE equipment for residential, industrial,
2933 or community use.

2934

2935 **B. Financial Assistance Program**

2936

2937 Government financial institutions (GFIs) such as the Development Bank of
2938 the Philippines (DBP), Land Bank of the Philippines (LBP), Philippine Exim
2939 Bank and others shall, in accordance with and to the extent allowed by the
2940 enabling provisions of their respective charters or applicable laws, provide
2941 preferential financial packages for the development, utilization, and
2942 commercialization of RE projects that are duly recommended and endorsed
2943 by the DOE.

2944

2945 **C. Exemption from the Universal Charge**

2946

2947 "Universal Charge" refers to the charge, if any, imposed for the recovery of
2948 the stranded cost and other purposes pursuant to Section 34 of the EPIRA.

2949

2950 All consumers shall be exempted from paying the Universal Charge under
2951 the following circumstances:

2952 (1) If the power or electricity generated through the RE System is
2953 consumed by the generators themselves; and/or

2954 (2) If the power or electricity through the RE System is distributed free
2955 of charge in the off-grid areas.

2956

2957 **D. Cash Incentive of Renewable Energy Developers for Missionary 2958 Electrification**

2959

2960 An RE Developer registered pursuant to Section 15 of the RE Act and
2961 Section 18 of the IRR of the RE Act, shall be entitled to a cash generation-
2962 based incentive per kilowatt-hour rate generated, equivalent to fifty percent
2963 (50%) of the universal charge for the power needed to service missionary

2964 areas where it operates the same, to be chargeable against the universal
2965 charge for Missionary Electrification. This provision shall apply to RE
2966 capacities for Missionary Electrification undertaken upon effectivity of the
2967 Act.

2968

2969 **E. Payment of Transmission Charges**

2970

2971 A registered RE Developer producing power and electricity from an
2972 intermittent RE Resource may opt to pay the transmission and wheeling
2973 charges of National Transmission Corporation (TRANSCO), its
2974 concessionaire or its successor-in-interests on a per kilowatt-hour basis at
2975 a cost equivalent to the average per kilowatt-hour rate of all other electricity
2976 transmitted through the Grid.

2977

2978 **F. Priority and Must Dispatch for Intermittent RE Resource**

2979

2980 Qualified and registered RE generating units with intermittent RE
2981 Resources shall be considered "must dispatch" based on available energy
2982 and shall enjoy the benefit of priority dispatch.

2983

2984 TRANSCO or its successor-in-interest shall, in consultation with
2985 stakeholders, determine, through technical and economic analysis, the
2986 maximum penetration limit of the intermittent RE-based power plants to the
2987 Grid.

2988

2989 The Philippine Electricity Market Corporation (PEMC) and TRANSCO or its
2990 successor-in-interest shall implement technical mitigation and
2991 improvements in the system in order to ensure safety and reliability of
2992 electricity transmission.

2993

2994 "RE generating units with intermittent RE Resources" refers to an RE
2995 generating unit or group of units connected to a common connection point
2996 whose RE Resource is location-specific, naturally difficult to precisely
2997 predict the availability of the RE Resource thereby making the energy
2998 generated variable, unpredictable and irregular, and the availability of the
2999 resource inherently uncontrollable, which include plants utilizing wind,
3000 solar, run-of-river hydropower, or ocean energy.

3001

3002 **Section 6. Incentive Regime.** In lieu of the incentives allowed under the RE Act, as
3003 enumerated in the preceding Sections of this Chapter, an RE Developer may elect to
3004 avail itself of the incentives under the NIRC of 1997, as amended by RA No. 11534,
3005 otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act"
3006 or "CREATE". Unless the RE Developer signifies its intention to avail itself of the
3007 incentives under CREATE at the time of issuance of COR, it shall be considered as

3008 having availed itself of the incentives under the RE Act. Once the RE Developer elects
3009 to avail itself of the incentives under CREATE, such election shall be considered
3010 irrevocable and no incentives under the RE Act shall be allowed thereafter.
3011

3012 **CHAPTER XI – TRANSITORY PROVISIONS**

3013
3014 **Section 1. Extension of Timelines.** Subject to the provisions of RA No. 11032, the
3015 respective timelines provided under this Circular may be extended for the same period
3016 prior to the lapse of the subject period, Provided, That the DOE shall notify the affected
3017 party in writing of the reason for the extension and shall provide the final date of
3018 release of the matter requested.

3019
3020 Only one extension is allowed and shall, in no case, exceed sixty (60) days. For this
3021 purpose, the Citizen’s Charter of the REMB shall be amended to reflect the timelines
3022 herein provided.

3023
3024 **Section 2. Information, Education and Communication Activities.** Pursuant to
3025 Section 31, Rule 10 of the IRR of the RE Act, the DOE, together with National
3026 Renewable Energy Board, shall develop and implement a comprehensive information,
3027 education and communication activities that are designed to increase the public
3028 awareness and appreciation of this Circular and the RE industry in general.

3029
3030 **Section 3. Separability Clause.** If for any reason, any provision of this Circular is
3031 declared unconstitutional or invalid by a court of competent jurisdiction, the other parts
3032 or provisions not affected thereby shall remain in full force and effect.

3033
3034 **Section 4. Repealing Clause.** The provisions of other circulars, orders, issuances,
3035 rules and regulations, which are inconsistent with the provisions of this Circular are
3036 hereby repealed, amended, superseded or modified accordingly.

3037
3038 **Section 5. Effectivity.** This Circular shall take into effect fifteen (15) days following its
3039 publication in at least two (2) newspapers of general circulation. Copies of this Circular
3040 shall be filed with the University of the Philippines Law Center – Office of the National
3041 Administrative Register.