

Electric Power Industry Management Bureau

Rural Electrification Administration & Management Division

ER 1-94 Program Brief Overview and Updates

(Benefits to Host Communities)

16 August 2018
N Hotel, Cagayan de Oro City



PRESENTATION OUTLINE

1

Background

2

Evolution of the ER 1-94 Program

3

Accomplishments, Insights and Learnings

4

Updates on ER 1-94 Program

5

Salient Features of the Circular



BENEFITS TO HOST COMMUNITIES



Generation Companies



Distribution Utilities

(P0.01 /kWh)



Host Communities

DLF – for projects supporting development and livelihood opportunities

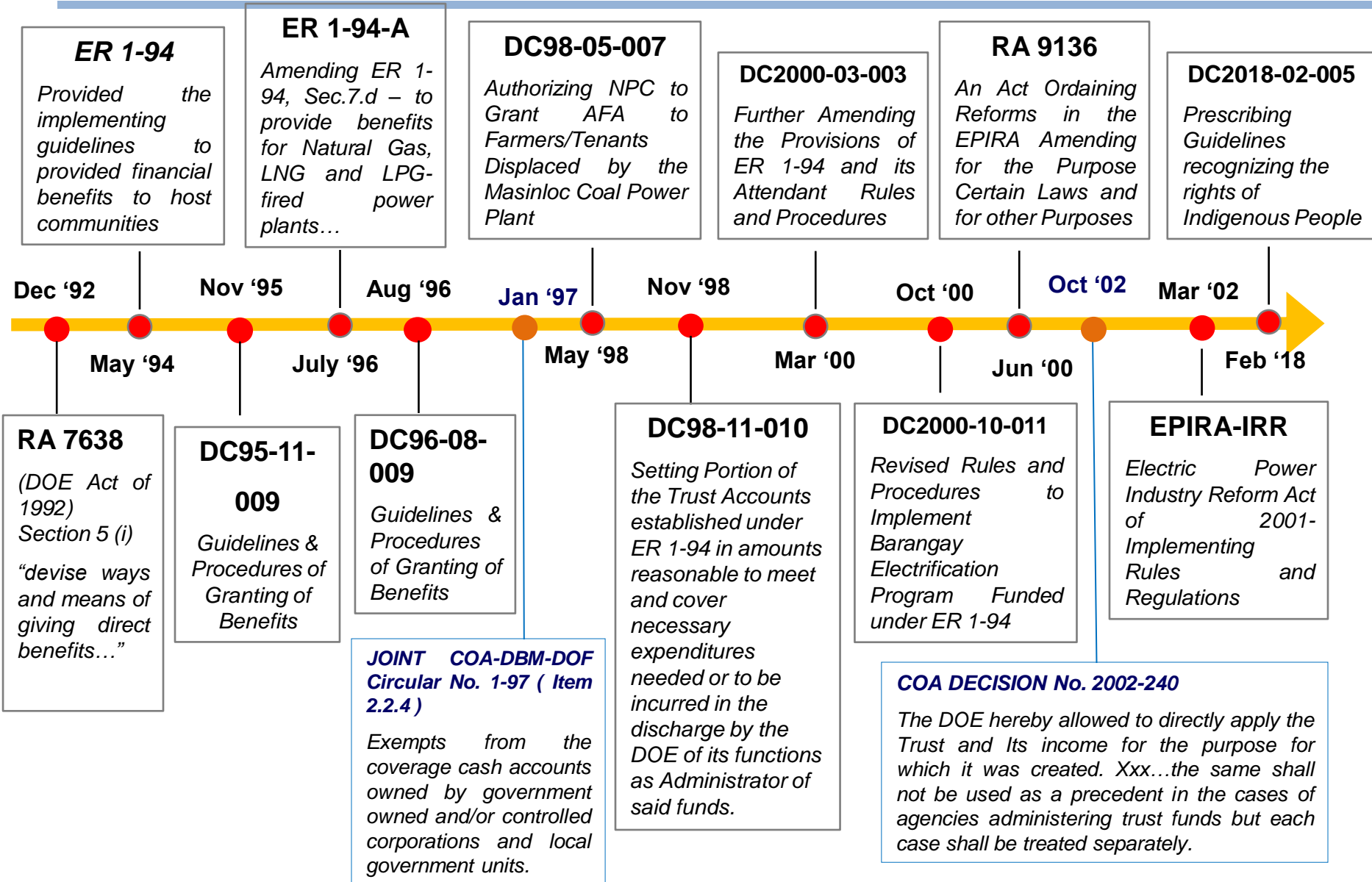
RWMHEEF – for projects supporting environmental and health agenda

EF – for projects supporting the total electrification

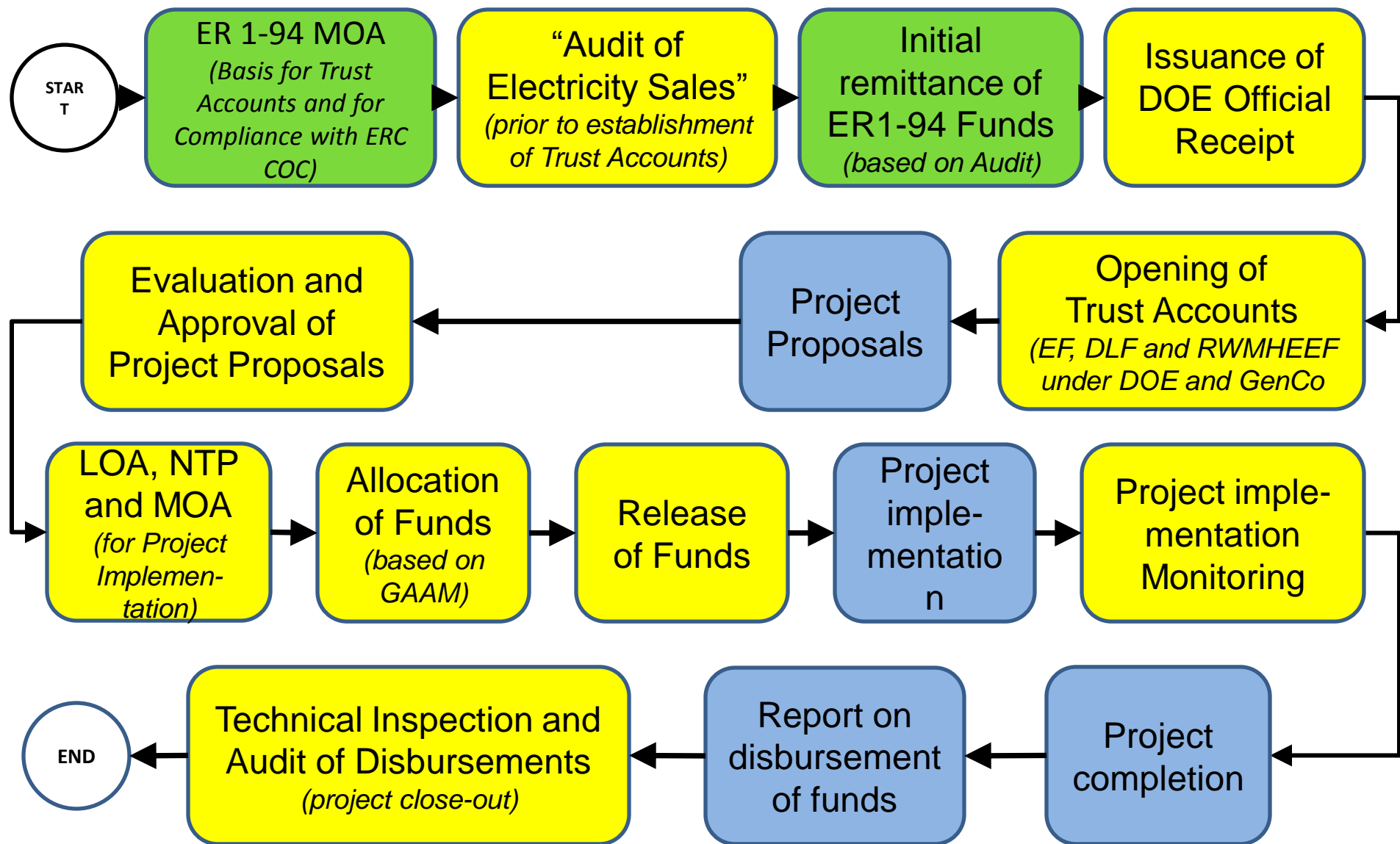
Energy Regulations No. 1-94 is a program intended to recompense for the contribution made by the communities hosting Energy Resources and/or Energy Generating Facilities.



Evolution of ER 1-94 Program



PROCESS FLOW OF ER 1-94 PROGRAM



Updates on ER No. 1-94

- ***EPIMB was tasked to prepare a Department Circular towards Redirection of Administration of ER 1-94 Funds.***
- ***EPIMB has conducted series of consultative meetings with the concerned line units and government agencies in the drafting of the aforesaid Circular.***



Updates on ER No. 1-94

- ***On 13 June 2018, the DOE conducted a nationwide public consultation held in Taguig City, for the presentation of the proposed Circular and at the same time gather inputs/comments from various stakeholders.***
- ***On 19 July 2018 EPIMB presented to the Joint Congressional Power Commission (JCPC) the proposed Circular, “Providing for the Amendments To Rule 29 Part (A) of the Implementing Rules And Regulations of Republic Act No. 9136”***



Updates on ER No. 1-94

- ***On 26 July 2018, the Department Circular was signed by the Secretary. The said Circular shall take effect within fifteen (15) days after its publication in two (2) newspapers of general circulation.***
- ***Sixty (60) days from the effectivity of the Circular, the DOE shall issue the guidelines and procedures for the transfer of existing funds to the DUs, Host LGUs, Regions and ICCs/IPs.***
- ***On 08-09 August 2018, the DOE conducted a writeshop on the drafting of implementing guidelines and procedures.***



Updates on ER No. 1-94

- ***On 08-09 August 2018, DOE conducted a writeshop on the drafting of implementing guidelines and procedures.***
- ***On 08 August 2018, EPIMB presented the signed Department Circular to the JCPC.***



Updates on ER No. 1-94

- ***The DOE shall undertake Information and Education Campaign to impart the new policy under the Circular, as follows:***

Date	Location
August 24, 2018	Cagayan de Oro City
September 4, 2018	Cebu City
September 11, 2018	Baguio City
September 19, 2018	Davao City
September 25, 2018	Batangas City



Salient Features of the Circular

TITLE I. GENERAL PROVISION

Section 3. Definition of Terms.

For the purpose of this Circular, the Annual Work Program (AWP) defined is defined follows:

- **3.1. “AWP” refers to the list of tangible projects to be implemented within the reference year.**

For the DLF and RWMHEEF, the AWP shall be supported by a Resolution from their respective Sanggunian for the LGUs, or Council for the Region and ICCs/IPs, certifying that the said list of tangible projects is in accordance with their respective CDP, CLUP, RDP, RPFP, ADSDPP and IPDP, whichever is applicable.

For the EF, the AWP refers to the document prepared by the DU/s in accordance with the DDP.

All AWP's shall be submitted to the GenCo and/or ERD for validation and consolidation in reference to the available and/or projected funds.



Salient Features of the Circular

TITLE II. ALLOCATION AND REMITTANCE

Section 6. Allocation and Application

6.1 EF (50% of P0.01/kwh) shall be applied in the following radiating order:

6.1.1 Community and People Affected;

6.1.2 Host Barangay/s;

6.1.3 Host Municipality/ies or City/ies;

6.1.4 Host Province/s;

6.1.5 Host Region/s; and

6.1.6 Other prioritized areas by the DUs, as may be approved by the DOE.



Salient Features of the Circular

TITLE II. ALLOCATION AND REMITTANCE

6.2 DLF and RWMHEEF (25% each of P0.01/kWh) shall be applied in the following allocation:

- | | |
|---|-------------|
| 6.2.1 Community and People Affected | -5% |
| 6.2.2 Host Barangay/s; | -20% |
| 6.2.3 Host Municipality/ies or City/ies; | -35% |
| 6.2.4 Host Province/s; | -30% |
| 6.2.5 Host ICCs/IPs; and | - 5% |
| 6.2.6 Host Region | - 5% |



Salient Features of the Circular

Section 7. Remittance

The remittance shall be made within fifteen (15) calendar days after the end of each billing quarter.

The EF shall be remitted to the DUs, while the DLF & RWMHEEF shall be remitted to the Host LGUs and ICCs/IPs, upon submission of the ff. requirements:

-For initial remittance, validated AWP by the Genco/ERD

-Succeeding remittance – liquidation of the project fund and AWP for the ensuing year

Note: AWP which should be submitted to the GenCo/ERD on March 15 of every year.



Salient Features of the Circular

TITLE III. ESTABLISHMENT & ADMINISTRATION

Section 8. Establishment of Trust Accounts

8.1. The Host LGU and ICC/IP shall establish trust accounts for DLF and RWMHEEF.

8.2. The DU shall establish a trust account specific for the EF.

8.3. The GenCo and/or ERD shall establish a dedicated trust accounts in favor of DUs and Host LGUs and ICCs/IPs who fail to comply with the requirements



Salient Features of the Circular

Section 9. Administration of Financial Benefits.

9.1. For the EF, the concerned DU shall administer the funds in accordance with the radiating manner of application; and

9.2. For DLF and RWMHEEF, the administration of the Financial Benefits shall be undertaken by the Host LGU and ICC/IPP.



Salient Features of the Circular

TITLE IV. PROJECT IMPLEMENTATION AND APPROVAL

Section 10. Project Implementation & Approval

The AWP shall be prepared by the Host LGU, Region and ICC/IP and shall be submitted to the GenCo and/or ERD not later than March 15 of every year. For electrification projects, the AWP shall be prepared by the DU in accordance with its DDP.



Salient Features of the Circular

TITLE V. AUDIT AND PROJECTS MONITORING

Section 11. Audit of Financial Benefits and Project Monitoring and Audit of AWP

On Electricity Sales Audit

The DOE, through Power Compliance Division (PCD) – Financial Services (FS), shall conduct periodic audit and review of reported electricity sales, fund allocation and remittances of Financial Benefits of the GenCos and/or ERDs to the DUs, Host LGU, Region and ICC/IP. The DOE shall maintain database of the reported/validated Electricity Sales and remitted Financial Benefits.



Salient Features of the Circular

Audit of DLF and RWMHEEF

The documentary report/s in support to the utilization and liquidation of the Financial Benefits shall be audited by the Local COA of the Host LGU. All disbursements shall follow government accounting and auditing rules and regulations.

The audit of the Host ICC/IP shall be conducted in accordance with the MOA between the GenCo and/or ERD and the Host ICC/IP. The NCIP shall assist the parties in developing the said MOA template.



Salient Features of the Circular

Audit of EF

The audit of the EF utilized by the ECs shall be conducted by the NEA.

In the case of private DUs, the audit shall be conducted by the entity determined in accordance with the MOA between the GenCo and/or ERD.





Thank you.

For any queries you may email us at
doe.er194@gmail.com

