FINANCIAL BENEFITS TO HOST COMMUNITIES

ENERGY REGULATIONS NO. 1-94

Rural Electrification Administration and Management Division (REAMD)

Electric Power Industry Management Bureau (EPIMB)





ENERGY REGULATIONS NO. 1–94

Promulgated by the DOE on 01 August 1994 to operationalize the implementation of Section 5 (i) of RA 7638, otherwise known as the "Department of Energy Act of 1992," which mandates the **DOE to devise ways and means of** giving direct benefits to the province, city or municipality, especially the community and people affected and equitable and preferential benefit to the region that Host the energy resource and/or the energy generating facility.

ENERGY REGULATIONS NO. 1–94 TIMELINE

DC2020-04-0008

Rationalizing the Utilization of ER 1-94 Funds by Host Local Government Units in Response Health/ to Covid-19 Public Emergency

2019

2024

DC2024-01-0006

Guidelines on the Conduct of Audit and Reportorial and Remittance Obligation of ... Power Generating Companies and/or Energy Resource Developer...

DC2024-02-0008

Providing a Supplemental Policy for the Systematic Management of the DOE Reportorial Requirements of Electric Power Industry Participants -**Generation Companies**

Promulgating the Revised Guidelines Allocation, Government the Monitoring and Audit of Financial Benefits to Host Communities Pursuant to Sections 6, 7, 10, and 11 id DC 2018-08-0021

ADVISORY 2024-08-002-SEC

Electrification Fund Pursuant to the Implementation of DC 2018-08-0021

RA 9136

Electric Power **Industry Reform Act** Section 66 - Benefits to Host Communities

RA 9136 - IRR

Rule 29 Part (A) -Benefits to Host Communities

ER 1-94

Rules and Regulations

Implementing Section 5

(i) of Republic Act No.

7638, Otherwise known as

the DOE Act of 1992

1994

1995 2001

Prescribing Guidelines Recognizing the Rights of Indigenous Cultural (ICCs)/ Communities Indigenous Peoples (IPs)

DC2018-08-0021

Providing Amendments to Rule 29 Part (A) of the Implementing Rules and Regulations of Act No. 9136 Republic

DO2019-01-0001

Providing Internal Guidelines and Procedures for the Transfer of Existing Funds in Relation to the Financial Benefits under ER1-94

DC2019-06-0010

Prescribing Administrative Operating Guidelines for the Availment and Utilization of Financial Benefits by the ICCs/IPs....



2020

DC2024-09-0029

Guidance on the Utilization of

DEPARTMENT CIRCULAR NO. DC2018-08-0021

"Providing Amendments to Rule 29 Part (A) of the Implementing Rules and Regulations of Republic Act No. 9136"

Issued to accelerate socio-economic development and to have a more effective and efficient utilization of funds and to enforce the immediate provision of benefit to Host Communities through the amendment of administration of Financial Benefits under ER 1-94 Program



PURPOSE OF ISSUANCE

To provide the rules and guidelines for the effective administration, management, utilization and implementation of the Financial Benefits to the Host communities

SCOPE OF APPLICATION

Shall apply to Generation Facilities and/or energy resource development projects located in all barangays, cities or municipalities, provinces, regions, and ancestral lands/domains of the ICCs/IPs



OBLIGATION TO PROVIDE FINANCIAL BENEFIT



Generation facilities and/or Energy Resource Development Facilities that are required to provide Financial Benefits to Host LGUs, Regions, and ICCs/IPs

- Spin-off facilities of NPC or their transferees
- Agus and Pulangi Complexes
- Facilities owned and operated by NPC-SPUG
- Facilites under BOT arrangements and other variants such as NPC-IPPs, NPC-SPUG, NIA and other government agencies
- Facilities under BOT arrangement and other variants with the IPPs of DUs
- Facilities owned by a DU
- Integrated energy resource development and/or energy generating facilities
- Energy Generating Facilities operating in Economic Zones
- Self Generating Facilities that sell excess power to the Grid
- Other emerging technologies for power generation.

HOST BENEFICIARIES

Host LGU, especially the community and people affected, while equitable preferential benefits to the Host Region and ICC/IP, as determined by the NCIP, Host LGU, Region and ICC/IP

A. With respect to Generation Facilities

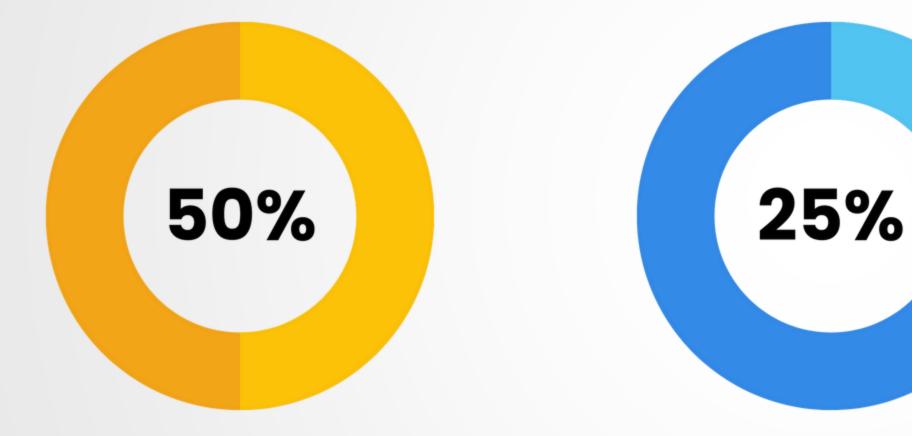
 Beneficiaries where the generating facility is physically located.

B. With respect to Energy Resources

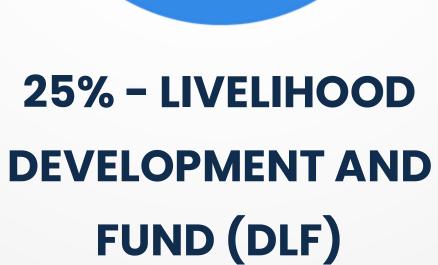
- Integrated Geothermal (where the producing geothermal reservoir is located)
- Integrated Hydropower (where the hydropower reservoir is located)
- All other emerging generating facilities is physically located.

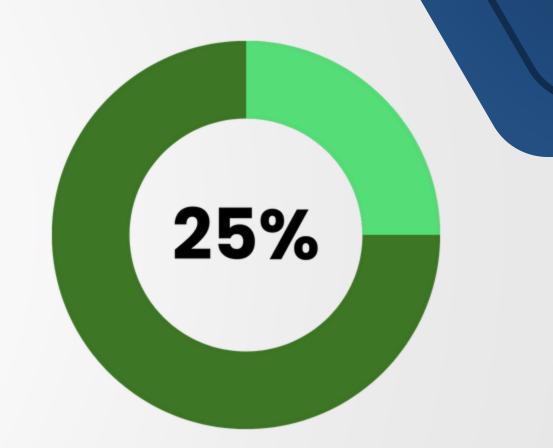


TYPE OF ER 1–94 FUNDS



50% - ELECTRIFICATION
FUND (EF)





25% - REFORESTATION,
WATERSHED MANAGEMENT,
HEALTH, ENVIRONMENT
ENHANCE FUND (RWMHEEF)

GUIDANCE ON THE UTILIZATION OF ELECTRIFICATION **FUND PURSUANT TO** DC2018-08-0021

- All DUs are advised to program ALL AVAILABLE
 Accrued financial benefits from pertinent GenCos and/or ERDs to host communities they serve.
- Execute a MOA for the establishment of Trust Account, as attached, for the administration and utilization of EF from their respective GenCos and/or ERDs within their franchise areas, including those within the ecozone;







ADVISORY 2024-08-002-SEC

TO : NATIONAL ELECTRIFICATION ADMINISTRATION (NEA)

NATIONAL POWER CORPORATION (NPC)

DISTRIBUTION UTILITIES (DUs)

GENERATION COMPANIES AND/OR ENERGY RESOURCE

DEVELOPERS

FROM : SECRETARY OF ENERGY

SUBJECT: GUIDANCE ON THE UTILIZATION OF ELECTRIFICATION FUND

(EF) PURSUANT TO THE IMPLEMENTATION OF DEPARTMENT

CIRCULAR NO. DC2018-08-0021

DATE : AUG 0 7 2024

DLF & RWMHEEF SHARING OF BENEFITS

COMMUNITY AND PEOPLE AFFECTED

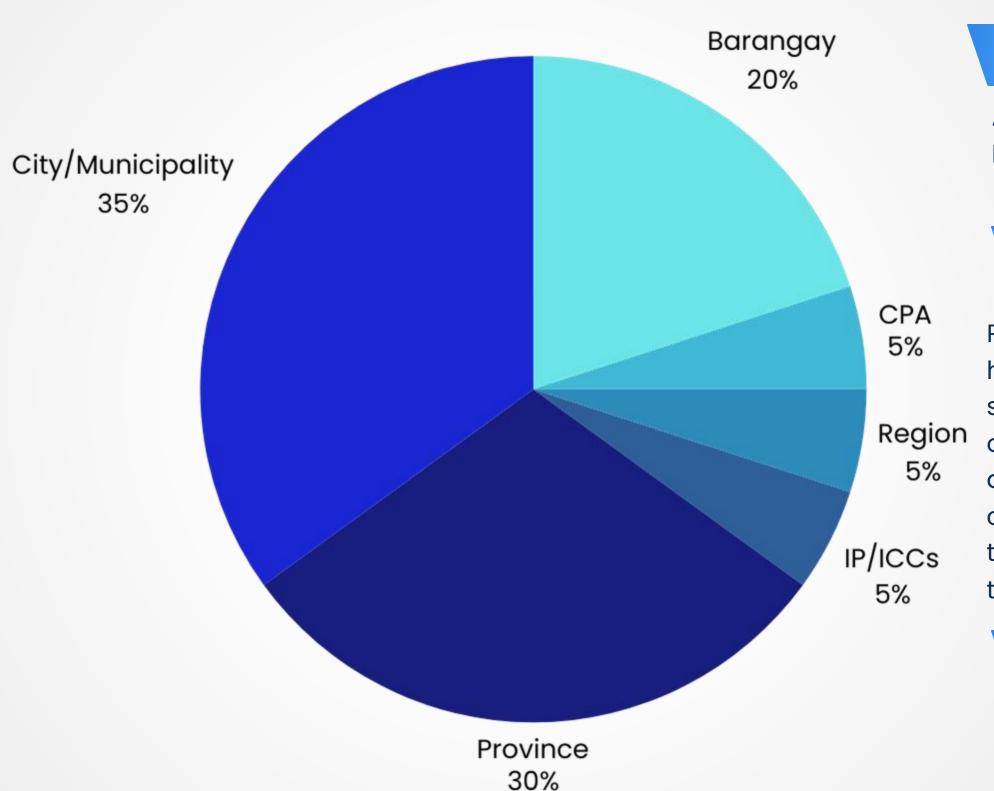
Bonafide residents of a
Host LGU and who were City/Municipality
affected and/or relocated 35%
as a result of the
construction and/or
operation of an energy
generating facility or the
development of an energy
resource project

BARANGAY

Refers to the smallest local government unit, in accordance to Local Government Code of 1991

CITY/MUNICIPALIT

As defined in accordance with the Local Government Code of 1991



PROVINCE

As defined in accordance with the Local Government Code of 1991

IPs/ICC

S

Refers to a group of people or homogenous societies identified by self-ascription and ascription by others, who have continuously lived as organized community on communal bounded and defined territory, who have under claims of territory

REGION

as defined in accordance with the Local Government Code of 1991

DLF & RWMHEEF SHARING OF BENEFITS

*In the event that there are more than 1 host LGU, by default, there will be equal sharing of benefits.

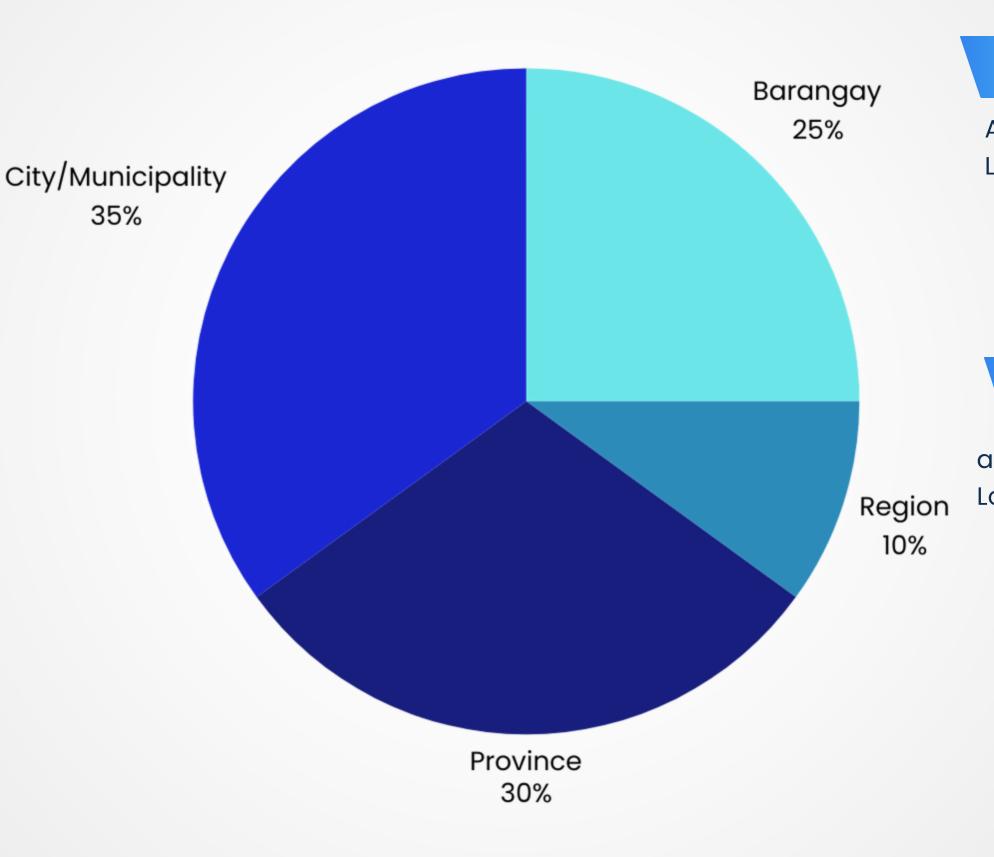
But should there be dispute, the sharing shall observe 70% population and 30% area occupied by the facility.

BARANGAY

Refers to the smallest local government unit, in accordance to Local Government Code of 1991

CITY/MUNICIPALIT

As defined in accordance with the Local Government Code of 1991



PROVINCE

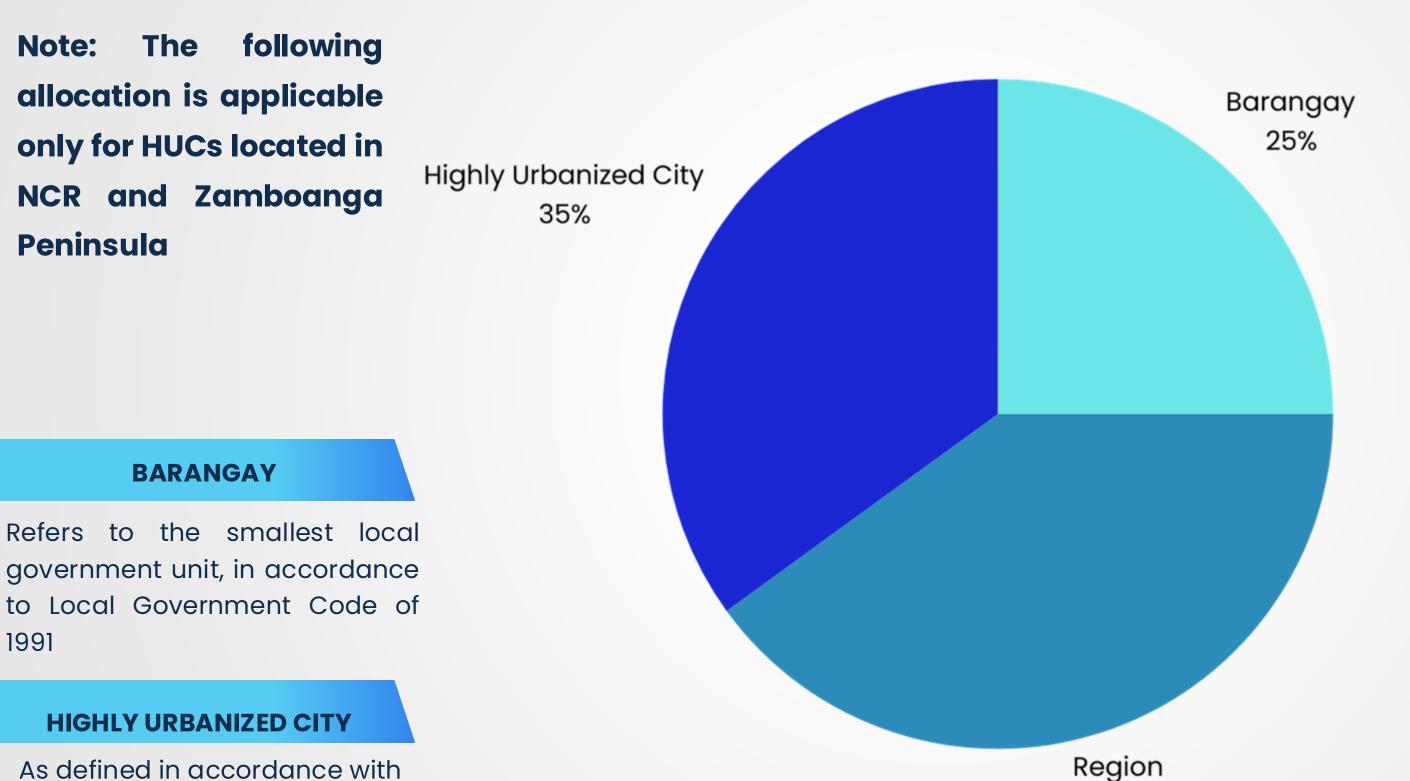
As defined in accordance with the Local Government Code of 1991

REGION

as defined in accordance with the Local Government Code of 1991

DLF & RWMHEEF SHARING OF BENEFITS

following The Note: allocation is applicable only for HUCs located in NCR and Zamboanga **Peninsula**



40%

REGION

as defined in accordance with the Local Government Code of 1991

HIGHLY URBANIZED CITY

1991

BARANGAY

As defined in accordance with the Local Government Code of 1991

ER 1–94 MEMORANDUM OF AGREEMENT

GENCO WITH DESIGNATED DUS AND HOST LGU AND IPS/ICCs

- Responsibilities of Parties
- Administration of the established ER 1-94
 Trust Accounts
- Allocation of Funds
- AWP Preparation and Implementation of ER 1-94 Projects

GENCO WITH REGIONAL DEVELOPMENT COUNCIL (RDC)

- Responsibilities of Parties
- Coordination for the Allocation and Remittance of Funds
- Identification of priority projects/beneficiaries by RDC
- AWP Preparation and Implementation of ER 1– 94 Projects



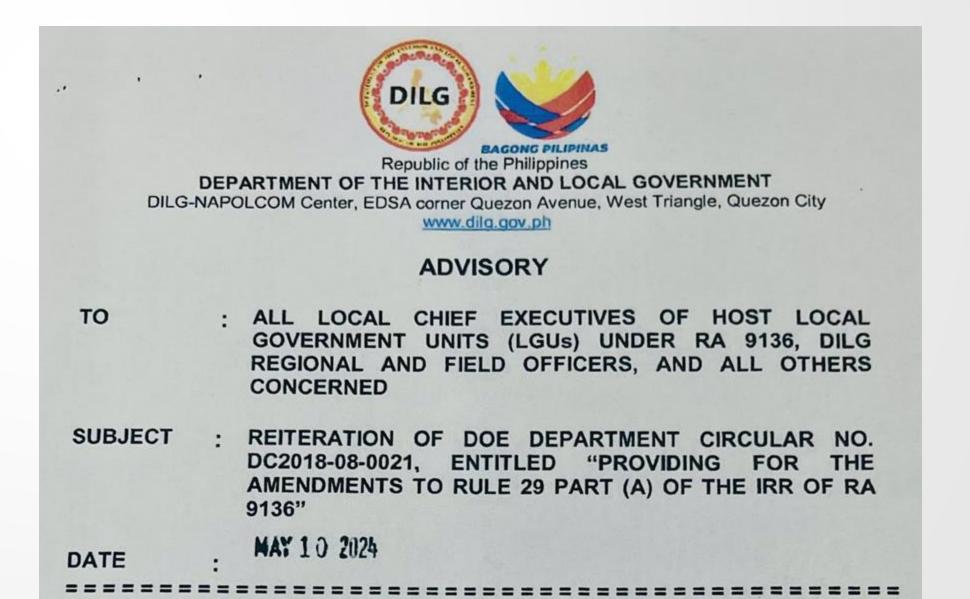




REITERATION OF DOE's DC2018-08-0021 2021 requirements

Under the DOE Department Circular (DC) No. DC2018-08-0021, Host LGUs are hereby reminded to fully observe the provisions under ER 1-94 Program, as follows:

- All HOST LGUs to execute a MOA with GenCos/ERDs.
- Establish trust accounts intended exclusively for ER 1-94 funds with any Authorized Government Depository Bank.
- Submit an Annual Work Plan (AWP) to GenCos/ERDs.



ER 1-94 TRUST ACCOUNT

The interest-bearing current accounts (IBCA) intended exclusively for ER 1-94 funds held in trust by the GenCos and/or ERDs, concerned DUs, Designated Beneficiaries and ICCs/IPs

BY GENERATION COMPANIES

IBCA with any bank

- GenCo and/or ERD EF (ER 1-94)
- GenCo and/or ERD DLF (ER 1-94)
- GenCo and/or ERD RWMHEEF (ER 1-94)

BY DESIGNATED DU AND HOST LGU AND IPS/ICCS

IBCA with Authorized Government Depository Bank (AGDB)

- Distribution Utility GenCo and/or ERD EF
 (ER 1-94) or Distribution Utility EF (ER 1 94)
- Host Beneficiary GenCo and/or ERD DLF (ER 1-94)
- Host Beneficiary GenCo and/or ERD RWMHEEF (ER 1-94)

BY REGIONAL SHARE BENEFICIARIES

All Non-Host LGUs may utilize the LGU's General Fund Account

CEREMONIAL MOU SIGNING BETWEEN DOE & LBP



On 18 October 2024 the Department of Energy and the Land Bank of the Philippines signed a Memorandum of Understanding to boosts support for communities impacted by energy projects under Energy Regulation (ER) 1-94 Program at the DOE Head Office in Taguig City.

KEY FEATURES OF THE MOU WITH THE LANDBANK

The MOU facilitates banking transactions by Program beneficiaries, especially marginalized host beneficiaries, in meeting the Opening and Maintaining balance requirements under ER No. 1-94's Interest-Bearing Current Account (IBCA).

- Provision of a special product type for each IBCA opened by the Program beneficiary under the ER No. 1-94 Program; and,
- Provide a waiver of the Php200.00 service charge per month for falling below the minimum required Average Daily Balance (ADB) of Php30,000.00 and Php20,000.00 for Government and Private Program Beneficiaries, respectively.

LBP DOCUMENTARY REQUIREMENTS FOR OPENING OF TRUST ACCOUNTS

**The Host Beneficiaries and/or Genco/ERDs needs to secure a letter endorsement from the DOE prior to the opening of the account.

Government (Province/Municipality/Barangay)

- 1. Resolution issued by Sanggunian indicating therein the ff:
 - Authority to open an account with LANDBANK Branch
 - Authorized signatories and nature and extent of such authority
 - Secretary's Certification that such resolution remains effective and subsisting and has not been amended, revoked, or superseded.

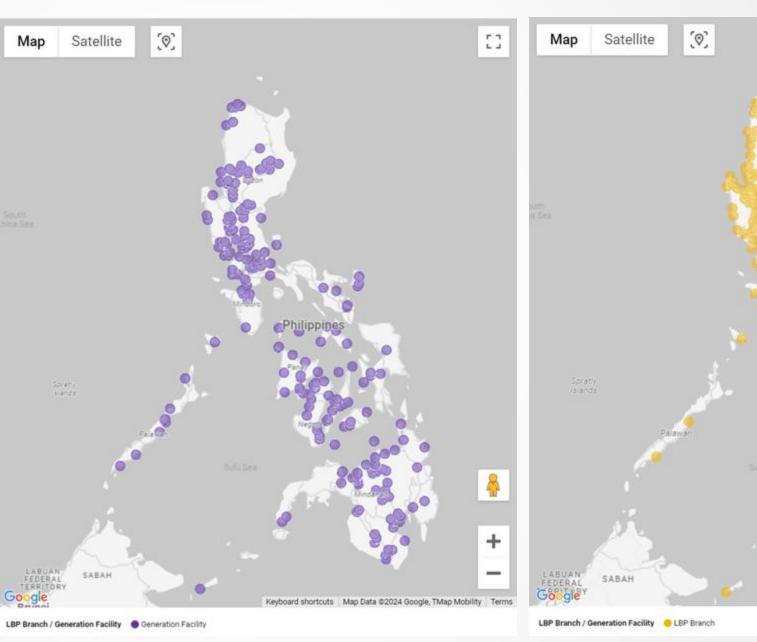
1. One (1) Photographed valid ID authorized signatories 2.Oath of office/appointment letter of numorzed signatories

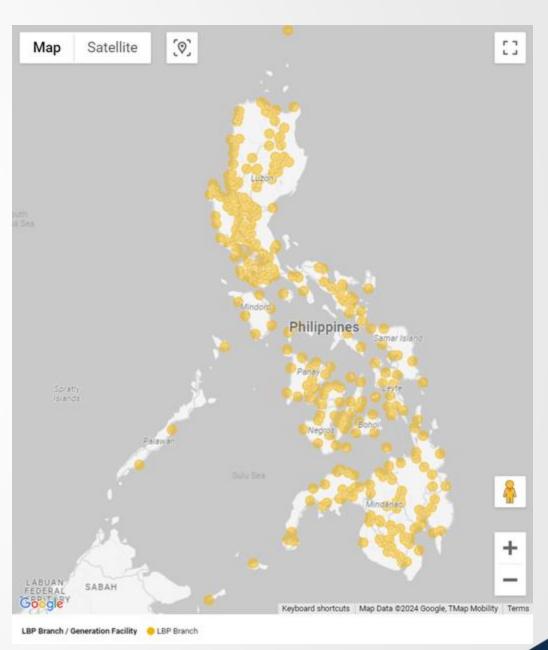
Private Corporation

- 1. Certificate of Registration with SEC, BIR, or any appropriate government agency
- 2. Articles of Incorporation Corporation By-Laws including amendments)
- 3. Latest General Information Sheet
- 4. Notarized Board Resolution indicating therein the ff
 - Authority to open an account with LANDBANK Branch
 - Authorized signatories and the nature and extent of such authority
 - Secretary's Certification that such resolution remains effective and subsisting and has not been amended, revoked, or superseded
- 5. Mayor's permit
- 6. Latest Audited Financial Statements
- 7. One (1) Photographed valid ID of authorized signatories

LOCATION OF GENERATION FACILITIES & LANDBANK BRANCHES

| REGION | NO. GENCOS | NO. OF LBP BRANCHES |
|-----------------------------|------------|------------------------|
| NCR | 7 | 138 |
| CAR | 19 | 13 |
| I (Ilocos Region) | 3 | 34 |
| II (Cagayan Valley) | 5 | 24 |
| III (Central Luzon) | 64 | 53 |
| IV-A (CALABARZON) | 39 | 44 |
| IV-B (MIMAROPA) | 32 | 42 |
| V (Bicol Region) | 7 | 30 |
| VI (Western Visayas) | 38 | 37 |
| VII (Central Visayas) | 30 | 44 |
| VIII (Eastern Visayas) | 6 | 22 |
| IX (Zamboanga Peninsula) | 2 | 16 |
| X (Northern Mindanao) | 41 | 37 |
| XI (Davao Region) | 19 | 26 |
| XII (Soccskargen) | 14 | 21 |
| XIII (CARAGA) | 6 | 12 |
| BARMM | 7 | 12 |
| TOTAL: | 339 | 607 |





https://lookerstudio.google.com/s/slsAh-10Fuo

PROCESS FLOW

AWP PREPARATION

VALIDATION BY GENCO

REMITTANCE OF ER 1-94 FUND

PROJECT CLOSEOUT AND LIQUIDATION

MONITORING AND REPORTING OF IMPLEMENTATION STATUS

IMPLEMENTATION OF PROJECTS

ANNUAL WORK PLAN (AWP)

Refers to the TANGIBLE PROJECT to be implemented within the reference year to be submitted to the Genco/ERDs

FOR EF

• Shall be prepared by the DU/s in accordance with the Local Total Electrification Roadmap as indicated in DDP and shouldbe submitted no later than 15th March of every year.

FOR DLF AND RWMHEEF

- Shall be prepared by the Host LGUs and ICCs/IPs 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, RDFP, ADSDPP and IPDP, whichever is applicable.





TANGIBLE PROJECTS (EF)

- Provision of electric service connection to unserve households;
- Extension of Distribution Lines facilities on unenergized areas/households;
- Alternative electrification solutions; and
- Improvement/rehabilitation/restoration of the distribution system, including adoption of emerging technologies; and
- Distribution System Facilities



TANGIBLE PROJECTS (DLF & RWMHEEF)

- Infrastructures, tools and equipment acquisition, and livestock and seedlings dispersal
- Livelihood and Community Development;
- Reforestation, Watershed Management and Climate Change Resiliency;
- Health Service Enhancement; and
- Public Service Facility/ies.

VALIDATION OF AWP

Shall be facilitated by Genco and/or ERDs and shall be limited to the availability of the Financial Benefits by the specific target timelines.

Shall be completed within 30 days upon receipt of complete documentation from the beneficiary

The allocation computation by Gencos is considered deemed certified and may immediately be transferred to the beneficiaries since said remittance shall be subject to post-audit of the DOE.

REMITTANCE OF ER 1–94 FUNDS

Remittance of Financial Benefits, EF to concerned DU and DLF and RWMHEEF to Designated Beneficiaries shall be subject to compliance of the following:

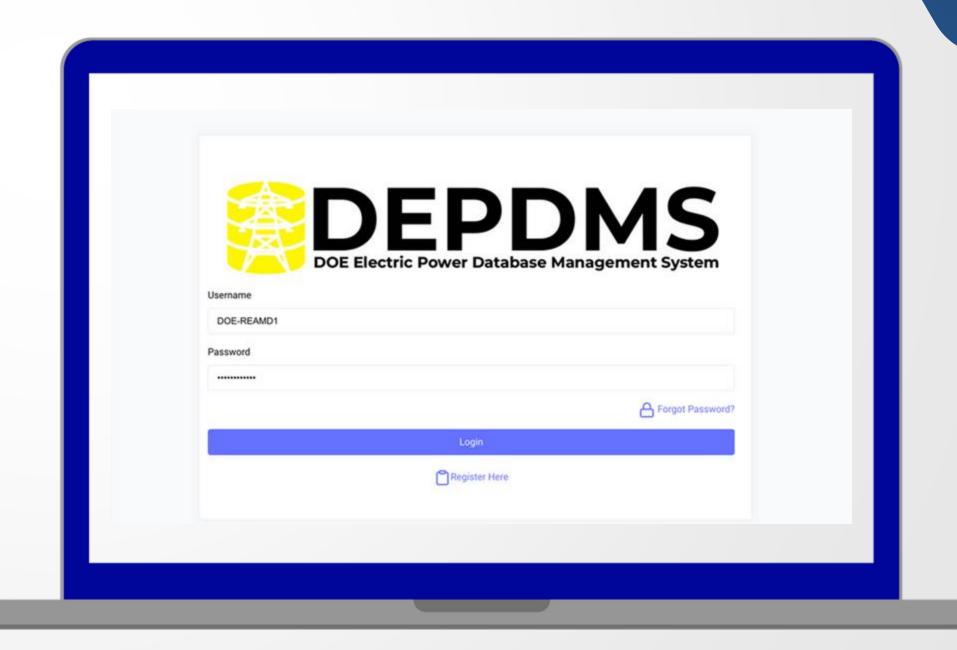
- Submission of AWP; and
- Copy of the duly signed Liquidation Report with any proof that the same has been received by the concerned COA

In the event of non-compliance of the requirements for the remittance of the Financial Benefit, the corresponding fund shall be setaside to the dedicated trust account established by the GenCos and/or ERDs.

Upon Receipt of Remittance, all beneficiaries are required to issue an Official Receipt (OR) / Acknowledge Receipt (AR) to the GenCos and/or ERDs.

MONITORING OF IMPLEMENTATION

- LGUs/DUs/IPs/ICCs upon receipt of allocated ER 1-94 Funds may implement their projects pursuant to timeline indicated in their AWP.
- GENCO TO REPORT IN THE DOE
 DEPDMS the quarterly status of the implementation of projects under validated AWP



ANNUAL WORK PROGRAM FOR THE YEAR 2023 NAME OF GENERATION COMPANY: LOCAL GOVERNMENT UNIT: WORK PROGRAM PROJECT COST REMARKS **AVAILABLE ER** NO. OF HOUSEHOLD/ PROJECT TITLE/ DESCRIPTION PROPONENT NO. 1-94 FUND BENEFICIARIES Q2 Q3 (Php) FUND SOURCE **PREVIOUS NEW DEPDMS FORM FORM** Prepared for Endorsement by Certified Correct and Attested by: LGU-PROJECT PROPONENT POWER PLANT REPRESENTATIVE/EA MANAGER 7 - Type of 8 - Project 10 - Total 9 - Brief 12 - Project 11 -13 - Further 5 - Type of 6 - Fund 1 - Plant ID 2 - Region 4 - Host 3 - Project Project Status Project Title Description Project Completion Information Beneficiary Type Proponent Host Cost of the Project and Community Corresponds to the brief Corresponds to Month and year Corresponds to the Type of Corresponds to the Project Title Corresponds to the Project Corresponds to Correspond to the total project the other key the Plant ID the Name of the Project the Name of the type of by the LGUs/DUs description of status by end of provided by the Administrative Project Proponent type Fund used for Project base on cost allocated of project important DEPDMS Region (e.g., Beneficiary predetermined the project and as provided in the quarter as remarks on the of host Implementor the project. previous DLF, its target the VALIDATED listed in (yyyy-mm-dd) latest status of R1, CAR, and (DLF/RWMHEE Administrator. community as implementation RWMHEEF For EF Project AWP of the Appendix I. beneficiaries. EOF (End Of NCR) where the For EF: F) / Recipient of listed in Kindly input host LGUs, Projects of the title includes report. 1. Name of DU · "EF" for File) shall be unit is located Project (EF) Appendix G. For EF RDC and /or LGUs and the · (No. of HHs placed after the as indicated in Electrificati EF projects Location Projects, no of DLF/RWMHEEF last filled-up Appendix B. on Fund, provided under and Nature cell in column 1. Name of LGU · "DLF" for DC2018-08beneficiaries of of Project, A. Implementor Developme such as line the project 0021 and its (Usually the t and Host LGU) Livelihood upgrading and the policy issuances as 2. For Regional Fund, or Share (Indicate "RWMHEEF likes)" listed in the concerned " for Appendix H. NEDA RDC) Reforestatio Watershed Managemen t. Health and/or Environmen Enhanceme nt Fund

LIQUIDATION

HOST LGUs:

Upon completion of a project, copy of the duly signed Liquidation Report by the Accountant of the Designated Beneficiaries with any proof that the same has been received by the concerned COA office is required to be submitted by the Host LGUs

HOST DUs and IPs/ICCs:

The Host ICC/IP Accounting Officer or its duly designated Accountant shall prepare and sign the Fund Utilization Report (FUR), duly approved by the ICC/IP Chieftain/Leader, along with fully accomplished supporting documents.

AUDIT OF PROJECT IMPLEMENTATION

FOR ELECTRIFICATION FUND

 DUs' fund utilization and disbursement shall be audited by the COA Special Audit Team through a special audit engagement

FOR DLF AND RWMHEEF

- Host LGUs and Regional Share LGU Beneficiaries' fund utilization and disbursement shall be audited by their respective Local COA Auditors
- Host ICCs/IPs fund utilization and disbursement shall be audited by the COA Special Audit Team through a special audit engagement

The repository and/or custodian of liquidation reports and other supporting documents submitted by the Host ICCs/IPs, LGUs and concerned DUs shall be the authorized officials of their respective units for the duration of five (5) years.

They shall ensure that all records and documents are properly labeled, including the disbursement vouchers relative to the utilization of funds, to facilitate easy access and retrieval during the audit of COA Special Audit Team.

RESPONSIBILITIES OF GENCOS AND/OR ERDS

- Enter into MOA with Host Beneficiaries
- Establish dedicated Trust Account for EF, DLF and RWMHEEF
- Allocate accrued ER 1-94 Funds to its host beneficiaries
- Submit to the DOE through the DEPDMS, the Monthly ER 1-94 Allocation and Remittance of funds to host beneficiaries
- Validate submitted AWP by Host Beneficiaries
- Remit ER 1-94 Fund to Host Beneficiaries
- Monitor implementation of projects under the validated AWP
- Submit to the DOE through the DEPDMS, the quarterly status of projects under validated AWP of the Host Beneficiaries

RESPONSIBILITIES OF HOST BENEFICIARIES

- Enter into MOA with Generation Company/ies
- Establish dedicated Trust Account for EF, DLF and RWMHEEF, whichever is applicable
- Prepare and submit AWP to GenCos based on available allocated ER 1-94 Fund
- Accept the allocated ER 1-94 Fund remittances and issue OR/AR
- Report to GenCo the implementation status of projects under the validated AWP
- Upon project completion and submit pertinent liquidation document to the designated Commission on Audit and GenCo

WAYSFORWARD



 Issuance of Supplemental Policy for ER 1-94 implementation

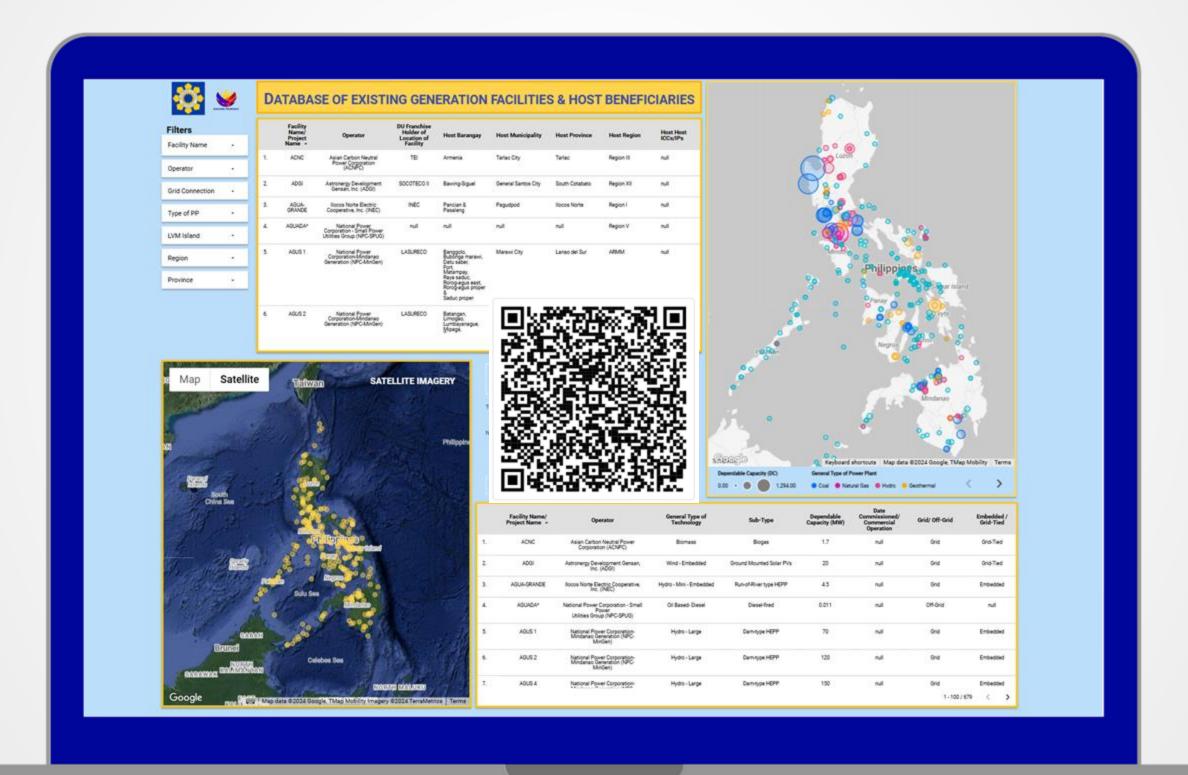


 Improvement of Existing DOE Website to include Dashboard - Visual Mapping of All Existing Power Plant and the identified Host Beneficiaries



 Posting of the calendared series of IEC activities related to the briefing/orientation of the ER 1-94 Program which the GenCos as well as their concerned host beneficiaries may avail online.

ER 1-94 DASHBOARD - VISUAL MAPPING FOR ON-GRID AREAS





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