



Republic of the Philippines  
**DEPARTMENT OF ENERGY**  
(Kagawaran ng Enerhiya)

**DEPARTMENT CIRCULAR NO. DC2018-08-0021**

**PROVIDING FOR THE AMENDMENTS TO RULE 29 PART (A) OF THE  
IMPLEMENTING RULES AND REGULATIONS OF  
REPUBLIC ACT NO. 9136**

**WHEREAS**, Section 5 (i) of Republic Act No. 7638 (RA 7638), otherwise known as the "Department of Energy Act of 1992" mandates the Department of Energy (DOE) to devise ways and means of giving direct benefits to the province, city or municipality, specially the community and people affected and equitable and preferential benefit to the region that Hosts the energy resource and/or the energy-generating facility;

**WHEREAS**, Energy Regulations No. 1-94 (ER 1-94) was promulgated by the DOE on 01 August 1994 to operationalize the implementation of Section 5 (i) of RA 7638;

**WHEREAS**, Section 66 of Republic Act No. 9136 (RA 9136), otherwise known as the "Electric Power Industry Reform Act of 2001" or EPIRA provides the obligation of Generation Companies (GenCos) and/or Energy Resource Developers to communities hosting the Generation Facilities and/or Energy Resource Development Projects as defined under Chapter II, Sections 289 to 294 of the Local Government Code and Section 5 (i) of RA No. 7638 and their implementing rules and regulations and applicable orders and circulars;

**WHEREAS**, Rule 29 (A) of the Implementing Rules and Regulations or EPIRA-IRR provides that Generation Facilities and/or Energy Resource Development Facilities, are required to provide Financial Benefits under ER 1-94 equivalent to one centavo per kilowatt-hour (P0.01/kWh) of its total electricity sales to the Host region, province, city or municipality and barangay;

**WHEREAS**, Section 22 of the EPIRA provides that the distribution of electricity to end-users shall be regulated common carrier business requiring a national franchise. Distribution of electric power to all end-users may be undertaken by private utilities, cooperatives, local government units presently undertaking this function and other duly authorized entities, subject to regulation by Energy Regulatory Commission.

**WHEREAS** Section 23 of the EPIRA mandates the Distribution Utilities to prepare and submit to the DOE their annual Distribution Development Plan (DDP) which



include among others, provision of universal service within their respective franchise areas;

**WHEREAS**, Section 4 of Rule 29 (A) of the EPIRA-IRR states that the nature of benefits provided under ER 1-94 shall be allocated for the electrification fund (EF), to be applied in a radiating order, for the development and livelihood fund (DLF), and for the reforestation, watershed management, health and/or environment enhancement fund (RWMHEEF);

**WHEREAS**, Sections 5 and 7 of Rule 29 (A) of the EPIRA-IRR, respectively, provide that the DOE shall establish trust accounts specific for the EF, DLF, RWMHEEF in the name of the DOE and the Generation Facilities and/or Energy Resource Developer and the administration of the trust accounts shall be undertaken by the DOE;

**WHEREAS**, Section 6 (a) of Rule 29 (A) of the EPIRA-IRR provides for the procedure that the GenCo and/or Energy Resource Developer, through the designated Community Relations Officer (COMREL) shall assist the Host local government unit (LGU) and Host region in the preparation of the Annual Work Program (AWP) or project proposals qualified by the DOE to be implemented in a given year;

**WHEREAS**, Section 6 (e) of Rule 29 (A) of the EPIRA-IRR provides for the procedure that the GenCo and/or Energy Resource Developer shall coordinate with the concerned DU in the development of electrification program under the AWP for the barangay energization and prioritization in any given year and National Electrification Administration (NEA) shall assist the electric cooperatives (ECs) in the preparation of the needed documents such as by not limited to the staking sheets and single line diagram and cost estimate;

**WHEREAS**, Section 2 (a) of the EPIRA declares the policy of the State to ensure and accelerate the total electrification of the country;

**WHEREAS**, in accordance with Republic Act No. 8371 (RA 8371) also known as "The Indigenous Peoples' Rights Act of 1997", the DOE promulgated Department Circular No. DC2018-03-0005 on 20 March 2018 recognizing the rights of the Indigenous Cultural Communities (ICCs) and Indigenous Peoples (IPs) to their ancestral domain and the natural resources therein and provides for reasonable share in the DLF and RWMHEEF components of the ER 1-94 funds;

**WHEREAS**, it is essential in the interest of efficiency, economy and effectiveness to integrate and harmonize the planning, coordination and control of the proposed development projects in the developmental plans of the Host communities such as, but not limited to, Comprehensive Development Plan (CDP), Comprehensive Land Use Plan (CLUP), Regional Development Plan (RDP), Regional Physical Framework

Plan (RPPF), DDP, Ancestral Domain Sustainable Development and Protection Plan (ADSDPP), Indigenous People Development Plan (IPDP) under the ER 1-94 Program;

**WHEREAS**, the DOE in the exercise of its mandate, may call upon all concerned government or private agencies and entities with functions relating to the promotion and achievement of total electrification in the country, to assist the Department in crafting or reviewing its policies and programs for the attainment of the objectives of EPIRA;

**WHEREAS**, our legislators both from the House of Representatives and the Senate of the Philippines, filed since the 13<sup>th</sup> Congress various bills for the direct remittance of the Financial Benefits to the Host LGUs or Host communities to ensure that the said benefits may be utilized immediately for their development and for the introduction of improvements;

**WHEREAS**, on 13 June 2018, the DOE conducted a nationwide public consultation for this Department Circular held in Taguig City which was participated in by various stakeholders, including concerned Host communities, LGUs, Government Agencies, DUs and GenCos; and

**WHEREAS**, to accelerate socio-economic development and to have a more effective and efficient utilization of the funds and to enforce the immediate provision of benefits to Host communities, it is imperative to amend Rule 29 (A) of the EPIRA-IRR and other issuances related to the administration of Financial Benefits under ER 1-94 program.

**NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE FOREGOING PREMISES**, the DOE hereby promulgates the following amendments to Rule 29 (A) of the EPIRA-IRR:

## **TITLE I. GENERAL PROVISION**

### **Section 1. Purpose.**

This Department Circular is issued to provide the rules and guidelines for the effective administration, management, utilization and implementation of the Financial Benefits to the Host communities.

### **Section 2. Scope of Application.**

This Circular 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.



### **Section 3. Definition of Terms.**

For the purpose of this Circular, the terms herein are defined as follows:

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- 3.1. "Annual Work Program or 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, RPPF, 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 AWPs shall be submitted to the GenCo and/or Energy Resource Developer for validation and consolidation in reference to the available and/or projected funds.

- 3.2. "Barangay" refers to the smallest local government unit, in accordance with the definition in the Local Government Code of 1991.
- 3.3. "Benefits" refer to the assistance or services that can be extended to the Host LGU, Region and ICCs/IPs.
- 3.4. "Beneficiaries" refer to the Host LGU, Region and ICCs/IPs entitled to the Benefits. For this purpose, all legitimate and bonafide ICCs/IPs, duly and formally recognized and accredited by the National Commission on Indigenous People (NCIP), through a resolution by its Commissioners sitting en banc, that host the generating facilities and/or energy resources shall be entitled to the Financial Benefits under this program.
- 3.5. "City" shall be defined in accordance with the Local Government Code of 1991.
- 3.6. "Cogeneration Facility" refers to a facility which produces electricity or mechanical energy and forms of useful thermal energy, such as heat or steam, for industrial, commercial, heating, or cooling purposes through the sequential use of energy and is accredited as a cogeneration facility by the DOE.
- 3.7. "Community and People Affected" refers to bonafide residents of a Host LGU and who were affected and/or relocated as a result of the construction, and/or

operation of an energy generating facility or the development of an energy resource project.

- 3.8. "Department of Environment and Natural Resources or DENR" refers to the department as reorganized by Executive Order No. 192, series of 1987, as amended.
- 3.9. "Department of Interior and Local Government or DILG" refers to the created department pursuant to Republic Act No. 6975, as amended.
- 3.10. "Distribution System" refers to the system of wires and associated facilities belonging to a franchised Distribution Utility extending between the delivery points on the transmission or Subtransmission System or generator connection and the point of connection to the premises of the End-user.
- 3.11. "Distribution Utility" refers to any electric cooperative, private corporation, local government-owned utility, or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with the EPIRA.
- 3.12. "Department of Energy or DOE" refers to the department created pursuant to Republic Act No. 7638, as amended.
- 3.13. "Electric Cooperative or EC" refers to a distribution utility organized pursuant to Presidential Decree No. 269, as amended, or as otherwise provided in the EPIRA.
- 3.14. "Electricity Sales" refers to the proceeds derived by the power producer from the actual generation of the Energy Generating facility net of station use.
- 3.15. "Electrification" refers to the provision of dependable and adequate electric services.
- 3.16. "Energy Regulatory Commission or ERC" refers to the regulatory agency created under the EPIRA.
- 3.17. "Energy Resource" refers to either integrated conventional or renewable sources of energy to generate power and other forms of energy.
- 3.18. "Energy Resource Developer" refers to any person or entity, natural or juridical, engaged or intends to engage in the exploration, exploitation, extraction, and utilization of energy resources to generate power and other forms of energy.



- 3.19. "Energy Resource Development Facilities" refers to the facilities covered by exploration, exploitation, extraction, and utilization of energy resources to generate power and other forms of energy.
- 3.20. "Financial Benefits" refers to the one centavo per kilowatt-hour (P0.01/kWh) of Electricity Sales set aside by the GenCos and/or Energy Resource Developers in favor of the Host LGU, Region and ICC/IP.
- 3.21. "Generation Company or GenCo" refers to any person or entity, natural or juridical, authorized by the ERC to operate facilities used in the generation of electricity.
- 3.22. "Generation Facility" refers to any power plant producing electricity and other forms of energy, such as steam or mechanical energy, authorized by the ERC.
- 3.23. "Host LGU" refers to a local government unit (barangay, municipality, city or province) where the energy resource and/or energy-generating facility is located as determined under Section 5 hereof.
- 3.24. "Host Region" refers to the region where the energy resource and/or Energy Generating facility is located under Section 5 hereof.
- 3.25. "Indigenous Cultural Communities/Indigenous People" or "ICC/IP" 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 communally bounded and defined territory, and who have, under claims of territory since time immemorial occupied, possessed and utilized such territories, sharing common language, customs, traditions and other distinctive cultural traits, or who have through resistance to political, social and cultural inroads of colonization, non-indigenous religions and cultures, became historically differentiated from the majority of Filipinos. ICCs/IPs shall likewise include people who are regarded as indigenous on the account of their descent from the population which inhabited the country, at the time of conquest or colonization, or at the time of inroads of non-indigenous religions and cultures or the establishment of present state boundaries, who retain some or all of their own social, economic, cultural and political institutions, but who may have been displaced from their traditional domains or who may have resettled outside their ancestral domains.
- 3.26. "Municipality" shall be defined in accordance with the Local Government Code of 1991.
- 3.27. "National Commission on Indigenous People or NCIP" refers to the government entity created pursuant to Republic Act No. 8371.

- 3.28. "National Electrification Administration or NEA" refers to the government entity created pursuant to Presidential Decree No. 269, as amended.
- 3.29. "National Power Corporation or NPC" refers to the government entity created pursuant to Republic Act No. 6935, as amended.
- 3.30. "Province" shall be as defined in accordance with the Local Government Code of 1991.
- 3.31. "Reservoir" for the purpose of this Department Circular, refers only to any of the following:
- 3.31.1. "Geothermal reservoir" refers to a subsurface geological environment where the geothermal fluids accumulate, circulate and/or re-injected to generate power.
- 3.31.2. "Hydropower reservoir" refers to either a natural lake or an artificial lake created by the impounding of stream flow, run-off and subsurface water including but not limited to intakes, diversion weirs and transbasin underground tunnel which supplies water to a dam. It also refers to where river or rivers supply or supplies water to a dam reservoir through a transbasin underground tunnel to generate power.
- 3.32. "Station Use" refers to the difference between the electric energy purchased and/or generated and the electric energy sold by the Generation Facility.

#### **Section 4. Obligations to Provide Financial Benefits.**

The Generation Facilities and/or Energy Resource Development Facilities, such as but not limited to the following, are required to provide the Financial Benefits to the Host LGUs, Regions and ICCs/IPs:

- 4.1. Spin-off Facilities of National Power Corporation (NPC) or their transferees, including Generation Facilities owned by NPC transferred to Power Sector Assets and Liabilities Management Corporation (PSALM) and subsequently privatized pursuant to the EPIRA;
- 4.2. Agus and Pulangui Complexes;
- 4.3. Facilities owned and operated by NPC-Small Power Utilities Group (NPC-SPUG);
- 4.4. Facilities under the Build Operate and Transfer (BOT) arrangement and other variants such as NPC-Independent Power Producers (NPC-IPPs), NPC-SPUG, National Irrigation Administration, and other government agencies;



- 4.5. Facilities under BOT arrangement and other variants with the IPPs of DUs;
- 4.6. Facilities owned or operated by a DU;
- 4.7. Integrated energy resource development and/or Energy Generating Facilities;
- 4.8. Energy Generating Facilities operating in Economic Zones;
- 4.9. Self-Generation Facilities that sell excess power to the grid; and
- 4.10. Other emerging technologies for power generation, deemed to be considered by the DOE.

## **Section 5. Beneficiaries.**

Financial Benefits shall be provided to the Host LGU, especially the community and people affected, while equitable preferential benefits shall be provided to the Host Region and ICC/IP, as determined by the NCIP. Host LGU, Region and ICC/ IP shall be understood as follows:

### 5.1. With respect to Generation Facilities:

The Host LGU, Region and ICC/IP is that where the Generation Facility is physically located. In the case of power barges, the Host LGU, Region and ICC/IP is that where the power barge is moored. Generation Facilities shall not include transmission lines and substations.

### 5.2. With respect to Energy Resources:

5.2.1. Integrated Geothermal. The Host LGU, Region and ICC/IP is that where the producing geothermal reservoir is located as delineated by geochemical, geophysical, and exploration surveys. Producing geothermal reservoir refers to the subsurface geological environment where the geothermal fluids accumulate and circulate, inclusive of the production and re-injection/recharge zone.

5.2.2. Integrated Hydropower. The Host LGU, Region and ICC/IP is that where the hydropower reservoir is located as delineated by detailed topographic, geological and geotechnical investigations, reservoir and dam height optimization studies, and as delineated by detailed ground surveys.

5.2.3. All other emerging energy facilities, the Host LGU, Region and ICC/IP where the Generation Facility is physically located, as approved by the DOE.



## TITLE II. ALLOCATION AND REMITTANCE OF THE FINANCIAL BENEFITS

### Section 6. Allocation and Application of Financial Benefits Fund.

The GenCo and/or Energy Resource Developer shall set aside one centavo per kilowatt-hour (P0.01/kWh) of the Electricity Sales as Financial Benefit to the Host LGU, Region and ICC/IP.

The Financial Benefit shall be allocated in the following manner:

#### 6.1. Electrification Fund (EF).

Fifty percent of one centavo per kilowatt-hour (P0.005/kWh) of the Electricity Sales shall be set aside as EF.

The EF 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.

#### 6.2. Development and Livelihood Fund (DLF) and Reforestation, Watershed Management, Health and/or Environment Enhancement Fund (RWMHEEF).

Twenty-five percent of one centavo per kilowatt-hour (P0.0025/kWh) of the Electricity Sales shall be allocated as DLF while the remaining Twenty-five percent of one centavo per kilowatt-hour (P0.0025/kWh) shall be allocated as a RWMHEEF.

The DLF and RWMHEEF shall be allocated in the following manner:

#### 6.3.

#### 6.4.

- |        |                                   |       |
|--------|-----------------------------------|-------|
| 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                     | - 5%  |
| 6.2.6. | Host Region/s                     | - 5%  |

In the event that the Generating Facilities and/or Energy Resource overlaps more than one host LGU, the DLF and RWMHEEF shall be equally allocated among host LGU. Provided, however that, in cases where political boundaries of the Generating

Facilities and/or Energy Resource are clearly delineated by land surveys duly approved by the DENR-Land Management Bureau, the respective allocation shall be computed on the basis of the population (based on latest census) – seventy percent (70%) and to land area occupied by the said Generating Facilities and/or Energy Resource – thirty percent (30%), pursuant to Section 292 of the Local Government Code.

In the absence of Community and People Affected, funds allocated for the same shall form part of the fund for the Host Barangay.

In the absence of ICCs/IPs, the funds allocated for the same shall form part of the fund for the Host Region.

For the regional share, the Regional Development Council (RDC) shall identify its Beneficiaries, which may be a Host or non-Host LGU, within the region. The allocated share for the identified Beneficiary shall then be remitted by the GenCo and/or Energy Resource Developer to the trust or general account/s of the identified LGU.

#### **Section 7. Remittance of Financial Benefits.**

- 7.1. The EF shall be remitted by the GenCos and/or Energy Resource Developers to the DUs, while the DLF and RWMHEEF shall be remitted to the Host LGUs and ICCs/IPs.
- 7.2. The Financial Benefits shall be remitted quarterly based on the reported Electricity Sales and in accordance with the following:
  - 7.2.1. The Financial Benefits accruing from the billing period 26 October 2018 to 25 December 2018 shall be directly remitted within fifteen (15) days thereafter.
  - 7.2.2. For the succeeding quarterly billing periods, the remittance shall be made within fifteen (15) calendar days after the end of each billing quarter.
- 7.3. Remittance of Financial Benefits shall be subject to the compliance of the Host LGUs and ICCs/IPs of their submission of the following:
  - 7.3.1. AWP as provided in Section 10 of this Department Circular; and
  - 7.3.2. Liquidation of the completed projects funded and included in the AWP to the local Commission on Audit (COA) or in accordance with Memorandum of Agreement (MOA) between Host communities and the GenCos and/or Energy Resource Developers, whichever is applicable.

In case of an adverse findings of the concern auditor as mentioned in 11.3 of this Circular, the concerned DU, Host LGU and ICC/IP shall address the findings



within the prescribed period stated in the report. After compliance by the DU and the host beneficiaries, the auditor may issue a clearance for the release of fund.

- 7.4. In the event of non-compliance of the DU, Host LGU and ICC/IP of the requirements for the remittance of Financial Benefit, the corresponding fund shall be remitted to the dedicated trust account established by the GenCos and/or Energy Resource Developers as provided in Section 8 of this Circular.
- 7.5. For non-Host communities benefitting from the Regional Share, the GenCo and/or the Energy Resource Developer shall directly remit the Financial Benefit to the general fund account of the identified LGU, subject to a MOA between the RDC, GenCos and/or Energy Resource Developers and the identified LGU.

### **TITLE III. ESTABLISHMENT AND ADMINISTRATION OF FINANCIAL BENEFITS**

#### **Section 8. Establishment of Trust Accounts.**

- 8.1. The Host LGU and ICC/IP shall establish trust accounts specific for DLF and RWMHEEF.
- 8.2. The concerned DU of the Host communities shall establish a trust account specific for the EF.
- 8.3. The GenCo and/or Energy Resource Developer shall establish a dedicated trust accounts in favor of DUs and Host LGUs and ICCs/IPs who fail to comply with the requirements in accordance with Section 7.3 hereof.

#### **Section 9. Administration of Financial Benefits.**

The administration of the Financial Benefits under EF, DLF and RWMHEEF shall be undertaken by the concerned DU, Host LGU and ICC/IP.

- 9.1. For the EF, the concerned DU shall administer the funds in accordance with the radiating manner of application as provided in Sec. 6.1 of this Department Circular.
- 9.2. For DLF and RWMHEEF, the administration of the Financial Benefits shall be undertaken by the Host LGU and ICC/IP as provided in Sec. 6.2 of this Department Circular.

### **TITLE IV. PROJECT IMPLEMENTATION AND APPROVAL**

#### **Section 10. Project Implementation and Approval.**

10.1. The AWP shall be prepared and submitted subject to the following considerations:

10.1.1. Promotion of rural development, upliftment of socio-economic conditions or addressing environmental concerns;

10.1.2. Identification of target Beneficiaries;

10.1.3. Project implementation in accordance with specific target timelines;

10.1.4. Attachment of the required Sanggunian Resolution, in accordance with Section 3.1 hereof;

10.1.5. Availability of funds; and

10.1.6. No unliquidated project funds.

10.2. The AWP shall be prepared by the DU, Host LGU, Region and ICC/IP and shall be submitted in print and in electronic copy to the GenCo and/or Energy Resource Developer not later than March 15 of every year. It shall identify the priority tangible projects under EF, DLF and RWMHEEF that can be implemented within the reference year of the AWP.

For electrification projects, the AWP shall be prepared by the DU in accordance with its DDP.

10.3. Eligible Projects

10.3.1. For EF, the following electrification projects are qualified for funding:

10.3.1.1. Provision of electric service connection to qualified unserved households through house wiring and/or subsidy;

10.3.1.2. Extension of distribution line facilities on unenergized areas/households;

10.3.1.3. Alternative electrification solution to unenergized areas where extension of distribution line is not technically or financially feasible, as determined by the DU;

10.3.1.4. Improvement/ Rehabilitation/ Restoration of the Distribution System, including the adoption of emerging technologies; and

10.3.1.5. Distribution System and facilities in unserved, underserved and unviable areas.



10.3.2. For DLF and RWMHEEF, the following infrastructures, tools and equipment acquisition, and livestock and seedlings dispersal shall be qualified as tangible projects for funding:

10.3.2.1. Livelihood and Community Development;

10.3.2.2. Reforestation, Watershed Management and Climate Change Resiliency;

10.3.2.3. Health Service Enhancement; and

10.3.2.4. Public Service Facility/ies.

10.3.3. For tangible projects under the DLF and RWMHEEF, it should be consistent with the CDP and CLUP for the Host LGU and the RDP and RFPF for Host region;

10.3.4. For tangible projects under the DLF and RWMHEEF of Host ICC/IP, it should be consistent with their ADSDPP/ IPDP;

10.3.5. For tangible projects requiring the participation or cooperation of non-government entities, the linkages and roles must be well-defined and stipulated in the appropriate legal document, such as but not limited to a Memorandum of Agreement;

10.3.6. The Host LGU, Region and ICC/IP shall conduct the minimum social preparation activities such as, but not limited to, community consultations and orientations in the preparation of the AWP to ensure greater stakeholder/ community participation;

10.4. The validation of the AWP by the GenCo and/or Energy Resource Developer shall be limited to the availability of the Financial Benefits in accordance with the specific target timelines, which shall be completed within thirty (30) days upon receipt of the complete documentation from the Beneficiary. Thereafter, the GenCo and/or Energy Resource Developer shall remit the Financial Benefits.

10.5. The GenCo and/or Energy Resource Developer shall post the validated AWP in their respective websites. In the absence of such websites, it shall be posted in the DOE website.

10.6. The Beneficiary shall likewise post the validated AWP in their websites and in the absence thereof, in two (2) conspicuous places within their respective areas.

## **TITLE V - AUDIT AND PROJECTS MONITORING**

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

#### **11.1. Electricity Sales Audit**

The DOE, through its 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 Energy Resource Developers to the DUs, Host LGU, Region and ICC/IP. The DOE shall maintain database of the reported/validated Electricity Sales and remitted Financial Benefits.

#### **11.2. Monitoring of AWP Implementation**

Within 30 days after the end of every year, the GenCos and/or Energy Resource Developers shall submit to DOE the implementation status of the tangible projects contained in the validated AWP vis-a-vis the utilization of the Financial Benefits as reported and submitted by the concerned DU, Host LGU, Region and ICC/IP.

#### **11.3. Audit of Project Implementation under validated AWP**

##### **11.3.1. 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 Energy Resource Developer and the Host ICC/IP. The NCIP shall assist the parties in developing the said MOA template.

##### **11.3.2. 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 Energy Resource Developer and the private DU, subject to the approval of DOE.

In the case of LGU-owned utilities, the audit shall be conducted by the Local COA.



## TITLE VI. OTHER PROVISIONS

### Section 12. Implementing Guidelines and Procedures.

Within sixty (60) days from the effectivity of this Circular, the DOE shall issue, among others, the necessary guidelines and procedures for the transfer of the existing funds to the DUs, Host LGUs, Regions and ICCs/IPs.

Upon effectivity of this Circular, the DOE shall undertake Information, Education and Communication activities to concerned stakeholders on this new policy regarding the benefit to Host communities Program to ensure its proper implementation.

### Section 13. Transitory Clause.

The Projects which were submitted to the DOE prior to the effectivity of this Circular shall be re-submitted in the form of consolidated AWP by the Beneficiaries to the GenCos and/or Energy Resource Developers within sixty (60) days from the effectivity of this Department Circular.

### Section 14. Separability Clause

If for any reason, any provision or section of this Department Circular is declared unconstitutional or invalid, such part not affected shall remain in full force and effect.

### Section 15. Repealing Clause.

All issuances inconsistent with the provisions of this Department Circular are hereby repealed or amended accordingly.

### Section 16. Effectivity.

This Circular shall take effect within fifteen (15) days after its publication in two (2) newspapers of general circulation and certified true copies thereof shall be filed with the University of the Philippines Law Center.

Signed at DOE Building, Energy Center, Rizal Drive, Fort Bonifacio Global City, Taguig City, this \_\_\_\_\_ day of 2018.

  
ALFONSO G. CUSI  
Secretary

JUL 26 2018

