



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

DEPARTMENT ORDER NO. DO2019-03-0007

**AMENDING DEPARTMENT ORDER NO. DO2013-12-0019 ENTITLED,
"STRENGTHENING THE MANAGEMENT AND OPERATIONS OF THE
AFFILIATED RENEWABLE ENERGY CENTERS (ARECS) IN THE PHILIPPINES"**

WHEREAS, in the 1980s and prior to the enactment of Republic Act (RA) No. 9513, or the "*Renewable Energy Act of 2008*" (RE Act), the Department established various Affiliated Non-Conventional Energy Centers (ANEC), later known as Affiliated Renewable Energy Centers (AREC), in partnership with select state universities and colleges (SUC) and private academic institutions which would assist the Department in the implementation, promotion, and commercialization of non-conventional/renewable energy systems;

WHEREAS, the ARECs were established and operationalized through memoranda of agreement with the Department, which governed their operation and management, as well as the technical, financial, and legal obligations of the parties;

WHEREAS, after the promulgation of the RE Act, Section 31(e), Rule 10 of the Rules and Regulations Implementing the RE Act recognized the existence of ARECs and mandated their strengthening;

WHEREAS, the private academic institutions were excluded from those to be selected as ARECs in order to comply with the existing government accounting and auditing rules and regulations at that time;

WHEREAS, on 02 December 2013, the Department issued Department Order No. DO2013-12-0019 (the "AREC DO") which aimed to reinforce and rationalize the AREC program, particularly, the selection and accreditation process of ARECs;

WHEREAS, while the AREC DO had laudable purposes, the subsequent implementation of the AREC program revealed that: a) the process allowed the accreditation of additional ARECS in areas already served by other ARECs; b) certain entities which are exempt from the government auditing rules and regulations are able to apply as ARECs which makes them impervious to financial checks and audits; c) it imposed difficult requirements on the ARECs; and d) the program allows the accreditation of ARECs in areas with little to no potential for renewable energy;

WHEREAS, the said requirements imposed on ARECs by the AREC DO stifled the implementation of the Department's programs, more specifically, the electrification of households in off-grid areas, assessment of renewable (RE) resources, monitoring and evaluation of completed RE projects, inventory of RE installations, conduct of information and education campaigns on RE, and provision of technical assistance to RE project partners and beneficiaries;

WHEREAS, on 28 May 2018, RA No. 11032 or the “*Ease of Doing Business and Efficient Delivery of Government Service Delivery Act of 2018*” was enacted in order to establish effective practices, aimed at efficient turnaround of the delivery of government service through the adoption of simplified requirements and procedures that will reduce red tape and expedite business and non-business related transactions in government;

WHEREAS, there is a need to amend the AREC DO to be compliant with the avowed purpose of RA No. 11032, which is to streamline the criteria, requirements, and process of selecting ARECs, which shall be need-driven and conducted in a competitive and cost-effective manner, as far as practicable.

NOW, THEREFORE, in consideration of the foregoing, the following are hereby promulgated and ordered:

Section 1. Section 1 of the AREC DO is hereby amended to read as follows:

“Section 1. Application and Coverage. This Order shall govern the criteria, requirements, and process of selecting and establishing ARECs and shall be applied to all prospective selections except for SUCs with on-going RE programs, projects, or activities with the Department prior to the effectivity of this Order.”

Section 2. A new Section 2 is hereby introduced into the AREC DO and shall read as follows:

“Section 2. Who May Be Selected/Accredited. Any SUC capable of implementing the RE plans, programs, projects, and activities of the Department may apply to be accredited as an AREC through the Renewable Energy Management Bureau (REMB) of the Department.”

Section 3. Section 2 of the AREC DO is hereby amended to read as follows:

“Section 3. Selection/Accreditation Criteria. The minimum criteria for the selection/accreditation of SUCs as ARECs are as follows:

1. *Physical resources*
 - a. *Office space with complete facilities, ventilation, furniture, utilities, and fixtures that can accommodate the AREC Director/Head, Technical Division Head, Extension Division Head, researchers, utility staff, and at least five (5) contractual staff; and*
 - b. *Workshop/laboratory/storage area with equipment and tools to be used in the projects designated by the Department.*

2. *Manpower resources*

- a. *AREC Director/Head – A permanent academic or non-academic personnel assigned by the SUC President who shall allocate at least thirty percent (30%) of his/her professional time to the AREC. A comprehensive curriculum vitae and the corresponding special order assigning such person to the AREC shall be submitted to the Department;*
- b. *Technical Division Head – A permanent academic faculty assigned by the SUC President who shall allocate at least thirty percent (30%) of his/her professional time to the AREC. A comprehensive curriculum vitae and the corresponding special order assigning such person to the AREC shall be submitted to the Department;*
- c. *Extension Division Head – A permanent academic faculty assigned by the SUC President who shall allocate at least thirty percent (30%) of his/her professional time to the AREC. A comprehensive curriculum vitae and the corresponding special order assigning such person to the AREC shall be submitted to the Department;*
- d. *Researcher – A person engaged in research, extension, and training assigned by the SUC President who shall allocate at least fifty percent (50%) of his/her professional time to the AREC. A comprehensive curriculum vitae and the corresponding special order assigning such person to the AREC shall be submitted to the Department; and*
- e. *One full time utility staff assigned to the AREC by the SUC President, with the corresponding special order assigning such person to the AREC shall be submitted to the Department.*

3. *Other documents which the Department may deem necessary to aid the selection and accreditation process.”*

Section 4. Section 6 of the AREC DO is hereby amended to read as follows:

“Section 4. Memorandum of Agreement. Upon the SUC’s compliance with the requirements for accreditation as an AREC, a

Memorandum of Agreement (the "Agreement") shall be entered into between the Department and the SUC. The Agreement constitutes as a legally binding agreement between the parties which shall be followed in utmost good faith. The Agreement shall contain, among others, the project title, the scope of the program/project/activity, and the obligations of the parties thereto.

The Agreement shall take effect on the date of release of the Support Funds and its validity shall depend on the approved Work and Financial Plan of the program/project/activity, subject to the results of the periodic evaluation of the performance of the AREC.

Any breach of the AREC of the terms of the Agreement shall be cause for the Department's termination of the same, without need of further notice. Moreover, the persons who caused such breach may be held criminally, civilly, or administratively liable in accordance with relevant laws, rules, and regulations."

Section 5. Sections 4 and 5 of the AREC DO are hereby repealed. Section 3 of the AREC DO shall be amended to read as follows:

"Section 5. Management and Operation, Monitoring and Evaluation of the AREC. *The Department and SUC shall jointly manage the AREC in accordance with the provisions of this Order and the terms and conditions of the Agreement provided under Section 4 hereof. The concerned units of the Department shall supervise and monitor the performance and progress of the AREC and conduct quarterly evaluations reckoned from the effectivity of the Agreement."*

Section 6. Sections 7 and 8 of the AREC DO are hereby repealed. A new Section 6 is hereby introduced into the AREC DO and shall read as follows:

"Section 6. Support Funds. *The Support Funds shall be sourced from applicable items from the Department's Regular Funds (Fund 101) and Locally-Funded Projects (Fund 151). The Department shall release the Support Funds to the AREC within thirty (30) days from the execution of the Agreement and the AREC's compliance of the other requirements under existing government accounting and auditing rules and regulations."*

Section 7. Repealing Clause. Sections 4, 5, 7, 8, 9, 11, 12, 13, and 14 of the AREC DO, and all orders and other like issuances which are inconsistent with any part of this Order are hereby amended or repealed accordingly; *Provided*, that the provisions of those circulars, orders, and other issuances which are not affected hereof shall remain to be in full force and effect.

Section 8. Separability Clause. If, for any reason, any provision of this Order is declared unconstitutional or invalid, such other provisions which are not affected thereby shall remain to be in full force and effect.

Section 9. Effectivity. This Order shall take effect immediately upon its issuance.

Issued this ____ day of February 2019, at the Energy Center, Bonifacio Global City, Taguig City.


ALFONSO G. CUSI
Secretary



Republic of the Philippines
DEPARTMENT OF ENERGY
IN REPLYING PLS. CITE:

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