



DEPARTMENT ORDER NO. DO2014-11-0019

**CREATING THE DIRECT CONNECTION REVIEW AND EVALUATION  
COMMITTEE FOR THE PURPOSE OF PROCESSING AND RESOLVING  
DIRECT CONNECTION APPLICATIONS OF INDUSTRIAL  
ENTERPRISES/END-USERS**

**WHEREAS**, Republic Act No. 7638 otherwise known as the "Department of Energy Act of 1992," or the Department of Energy (DOE) Charter mandates the Department 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**, Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001" or (EPIRA) states that it is the policy of the State to:

1. Ensure the quality, reliability, security, and affordability of the supply of electric power;
2. Ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
3. Protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power; and
4. Encourage the efficient use of energy and other modalities of demand side management.

**WHEREAS**, on 08 May 2014 the Energy Regulatory Commission (ERC or Commission) endorsed to the DOE all Direct Connection applications in compliance with the Supreme Court ruling in the Mactan Electric Company, Inc. (MECO) vs. NPC, etc. (G.R. No. 172960); and

**WHEREAS**, in the above-cited case the Supreme Court ruled that the jurisdiction over disputes involving distribution of energy resource, specifically direct supply of electricity, belongs to the DOE and not with the ERC.

NOW, THEREFORE, for and in consideration of the foregoing, it is hereby ordered as follows:

**Section 1. Declaration of Principles and Policies.** Consistent with the mandates of the DOE under the DOE Charter and EPIRA, the following principles and policies are hereby adopted relative to the review and evaluation of all Direct Connection applications, to wit:

- a. The DOE shall promote the economic and efficient generation and transmission of electricity, with due regard to the capability of the franchised electric distribution utility to serve the power requirements of such industrial enterprises; and
- b. The DOE shall ensure the provision of adequate and reliable power supplies for industrial enterprises with the end view of promoting investments and industrial development and generating exports and employment.

**Section 2. Creation and Structure of Direct Connection-Review and Evaluation Committee (D-REC).** To ensure orderly and transparent manner of processing and resolving Direct Connection applications, it is hereby constituted a Direct Connection- Review and Evaluation Committee (D-REC), with the following structure and composition:

**A. Direct Connection Review and Evaluation Committee (D-REC)**

	<b>Permanent</b>	<b>Alternate</b>
Chair	Undersecretary supervising the Electric Power Industry Management Bureau (EPIMB)	Assistant Secretary supervising the EPIMB
Vice Chair	Director - EPIMB	Assistant Director - EPIMB
Members	Director - Legal Service (LS)  Director - Financial Service (FS)  Representative, National Electrification Administration (NEA)  Representative - National Grid Corporation of the Philippines (NGCP)  Representative, National Transmission Corporation (TransCo)  Representative, Power Sector Assets and Liabilities Management Corporation (PSALM)  Representative, Philippine Electricity Market Corporation (PEMC)	Chief - Contract Division, LS  Chief - Compliance Division, FS

**B. Direct Connection Review and Evaluation Committee-Technical Working Group (D-REC-TWG)**

Chairperson	:	Director, EPIMB
Vice Chairperson	:	EPIMB Division Chief Concerned
Members	:	Staff/s from EPIMB
	:	Staff/s from FS
	:	Staff/s from LS

The D-REC TWG may also invite members from attached agencies or entities that can contribute on the proper evaluation and resolution of Direct Connection applications.

**C. D-REC Secretariat** There shall be a Secretariat of the D-REC to be pooled from the staff of EPIMB.

In order to ensure the timely evaluation of Direct Connection applications, which shall cover technical, financial and legal aspects, the DOE shall endeavor to provide logistics support to the EPIMB, subject to availability of funds, and usual accounting and auditing rules and regulations.

The maximum number of days for the processing of applications for Direct Connection shall be thirty (30) days from its submission at the Office of the Secretary. The evaluation and tracking system including the timelines in the different evaluation stages shall be strictly observed.

**Section 3. Functions and Duties.** The duly-constituted Direct Connection-Review and Evaluation Committee (D-REC), Direct Connection-Review and Evaluation Committee- Technical Working Group (D-REC-TWG), and Direct Connection-Review and Evaluation Committee Secretariat (D-REC Secretariat), shall perform the following functions and duties:

**A. Direct Connection-Review and Evaluation Committee (D-REC)**

- i. Reviews and evaluates the report submitted by the D-REC TWG.
  - ii. Meets at least every month or as often as may be necessary to ensure proper disposition of all applications and matters under its jurisdiction. Special meetings may be called upon by the Chairperson or upon the direction by the DOE Secretary.
  - iii. Conducts consultations, focused group discussions, and/or formal hearings, if necessary, in order to gather and determine all facts relating to the Direct Connection applications particularly from the petitioner industrial enterprises, concerned franchised distribution utilities, the NGCP and
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concerned generation companies, and other concerned groups. The evidences gathered will serve as bases for the recommendations to the DOE Secretary.

- iv. Endorses to the Secretary of the Department the recommendation made by the Committee for comments and/or approval.

**B. Direct Connection-Review and Evaluation Committee-Technical Working Group (D-REC TWG)**

- i. Conducts technical, financial and legal evaluation of Direct Connection applications based on the guidelines set by the Department.
- ii. Conducts coordination meetings with the petitioner, concerned franchised distribution utilities, and other concerned groups to clarify preliminary information.
- iii. Conducts site inspection and/or field verification to validate the technical, economics, and feasibility of the Direct Connection applications.
- iv. Endorses to D-REC the Evaluation Report based on information and evidences gathered for review and evaluation.

**C. Direct Connection-Review and Evaluation Committee Secretariat (D-REC Secretariat)**

- i. Prepares and distributes Notice of Meetings and order of business including invitation to concerned individuals duly issued by the D-REC Chairperson.
- ii. Records, prepares, and routes Minutes of Meetings, resolutions or decisions, and cause for the dissemination or publication thereof duly, approved by the D-REC;
- iii. Provide administrative support to the D-REC.
- iv. Assists in the preparation of reports to be submitted to the Office of the Secretary.
- v. Assist in the monitoring of status on the evaluation processes as provided in relevant issuances of the Department.
- vi. Discharge such other duties as may be directed by the D-REC Chairperson.

**Section 4. Appropriations and Sources.** All expenses so appropriated necessary in the performance of the duties and functions of the D-REC and its Secretariat shall be charged against the respective bureaus, offices, or agencies fund and/or such appropriate sources subject to usual accounting and auditing rules and regulations.

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**Section 5. Effectivity.** This Department Order shall take effect immediately. The EPIMB shall initiate the preliminary meeting of the D-REC together with the D-REC TWG and D-REC Secretariat.

Issued at Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Philippines.

  
**CARLOS JERICO L. PETILLA**  
Secretary



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