

**DEPARTMENT OF ENERGY
RENEWABLE ENERGY MANAGEMENT BUREAU**

RENEWABLE ENERGY SERVICE/OPERATING CONTRACT APPLICATION

Nature of RE Contract:

An RE Contract is a service agreement between the Government, through the President or the DOE, and an RE Developer over an appropriate period as determined by the DOE in which the RE Developer shall have the exclusive right to explore, develop or utilize a particular RE area: Provided, that an agreement between the Government and the RE Developer for the exploration, development or utilization of biomass resources shall be covered by an RE Operating Contract only, subject to the provisions of Section 25 of this Circular: Provided, further, that JAO No. 2008-1, Series of 2008 under R.A. No. 9367 shall govern the registration and accreditation of biofuel producers, in lieu of an RE Contract.

A. Stages of RE Contract:

The RE Contract shall be divided into two (2) stages, namely:

- i. Pre-Development Stage - involves the preliminary assessment and feasibility study up to financial closing of the RE project; and
- ii. Development/Commercial Stage - involves the development, production or utilization of RE resources, including the construction and installation of relevant facilities up to the operation phase of the RE facilities.

B. Conversion of RE Contract:

- i. From Pre-Development Stage to Development Stage/Commercial Stage - Upon declaration of Commerciality by an RE Developer and after due confirmation by the DOE, the RE Developer shall apply for the conversion of the RE Contract, prior to its expiration, from Pre-Development Stage to Development/ Commercial Stage. The Declaration of Commerciality shall be based on the feasibility studies and/or exploration activities conducted by the RE Developer.
- ii. From Existing Service Contract/Agreement on RE Resources to RE Contracts under the Act. For an Existing RE project, the contract holder may elect to convert its Service Contract/ Agreement under applicable laws by applying for an RE Contract under the Act and this Circular. The approval of such application shall be carried out on the basis of its prior rights over the contact area. Any individual or juridical entity with a valid and existing service or development contracts and agreements with the DOE/Government for the exploration, development or utilization of RE resource shall be deemed provisionally registered as an RE Developer under the Act, which registration shall subsist until the issuance of DOE Certificate of Registration provided under Section 18 of the IRR. For this purpose, the DOE shall issue the corresponding provisional certificate of registration, pursuant to Section 39 of the IRR, upon receipt of the RE Developer's letter of intent from conversion to RE Contracts.

Who may apply:

All applicants for the issuance of an RE Contract shall comply with the following requirements:

1. For RE Contract both during Pre-Development and Development/Commercial Stages covering all RE resources and including hybrid systems, the RE Applicant must be a Filipino or, if a corporation, must be a Filipino corporation at least sixty percent (60%) of its capitalization must be owned by Filipinos and duly registered with the Securities and Exchange Commission (SEC).
2. In the case of the exploration, development or utilization of geothermal resources, the applicant may either be a Filipino, natural of juridical, or a foreign corporation.
3. Consistent with Article XII, Section 2 of the 1987 Philippine Constitution and applicable existing laws, any foreign-owner corporation duly authorized to operate in the Philippines may apply for an RE Contract in the nature of a financial or technical assistance agreement for large-scale exploration, development or utilization of geothermal resources.
4. In case the RE applicant is a joint venture or consortium, the partners of the joint venture or the members of the consortium shall organize themselves as a corporation registered under the Corporation Code of the Philippines.

Checklist of Requirements:

I. RE Contract Application/Proposal

A. Legal Requirements:

1. Individual or Single Proprietorship
 - a. Birth Certificate - duly authenticated by National Statistics Office (NSO)
 - b. Business Permit - certified true copy; and
 - c. Department of Trade and Industry (DTI) Registration (if applicable)
2. Corporation/Joint Venture/Consortium
 - a. Securities and Exchange Commission (SEC) Registration - SEC certified;
 - b. By-Laws and Articles of Incorporation - SEC certified;
 - c. Certification authorizing its representative to negotiate with the DOE;
 - d. Business Permit;
 - e. Controlling Stockholders and Percentage of their Holdings;
 - f. Organizational - Chart of the Company;
 - g. Parent/Subsidiary/Affiliates (if applicable); and
 - h. Company Profile

B. Technical Requirements:

1. Track Record or Experience;
2. Work Program with financial commitment per activity;
3. Curriculum Vitae of Management and Technical Personnel;
4. List of Technical Consultants with corresponding Contract between the Developer and Consultants showing their respective qualifications; and
5. List of existing company-owned and leased equipment appropriate for the RE project with corresponding description.

C. Financial Requirements:

1. Audited Financial Statement for the last two (2) years and unaudited Financial Statement if the filing date is three (3) months beyond the date of the submitted Audited Financial Statement;
2. Bank certification to substantiate the cash balance (exact amount in words and numbers);
3. Projected cash flow statement for two (2) years; and

4. For newly-organized or subsidiary corporation with insufficient funds to finance the proposed work program, it shall submit an Audited Financial Statement and duly certified and/or notarized guarantee or Letter of Undertaking/Support from its parent company or partners to fund the proposed Work Program. In the case of foreign parent-company, the Audited Financial Statement and the guarantee or Letter of Undertaking/Support shall be duly authenticated by the Philippine Consulate Office that has consular jurisdiction over the said parent company.

D. Other Requirements:

1. Letter of Intent / Application;
2. Duly Accomplished RE Contract Application Form;
3. Map showing the applied area (RE area of application: in case of ocean, solar, wind, and geothermal, must conform with the DOE Blocking System);
4. Application / Processing fees; and
5. Draft Pre-Development or Development / Commercial Service Contracts.

II. Requirements for Conversion from Pre-Development Stage to Development / Commercial Stage:

1. Letter of Declaration of Commerciality declaring the RE project is commercially feasible and viable; and
2. Feasibility study and / or detailed engineering design of the RE project with the following corresponding documents:
 - a. Resolution of Support from host communities and host municipality;
 - b. Proof of Public Consultation;
 - c. Any form of legal documents showing the consent of the landowner if the project falls under a private land;
 - d. Department of Environment and Natural Resources (DENR) Permits:
 - i. Environmental Impact Study
 - ii. Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage (CNC)
 - iii. Forest Land Use Agreement (FLAg) / Special Land Use Agreement (SLUP) for area applied in public domain
 - e. National Transmission Corporation (TRANSCO):
 - i. Grid System Impact Study
 - ii. Interconnection Agreement, if applicable
 - g. Energy (Electricity) Sales Agreement;
 - h. Other clearances from other concerned agencies (i.e., Maritime Industry Authority, Bureau of Fisheries and Aquatic Resources, Philippine Coast Guard, etc.);
 - i. Proof of Financial Closing;
 - j. Final area for development (geographical coordinates /Philippine reference System of 1992 (PRS92);
 - k. Payment of corresponding Application / Processing Fee; and
 - l. Draft Development / Commercial RE Contract.

III. Requirements for Conversion from Existing Contracts to RE Contracts:

1. Letter of Intent from the Developer requesting for the conversion of the existing Contract / Agreement to RE Contract;
2. Accomplishment report vis-à-vis work and financial program;
3. Updated Work Program; and
4. Such other documents that may be required by the DOE.

