



DEPARTMENT ORDER NO. DO2013-12-0021

**GUIDELINES GOVERNING THE EVALUATION AND MONITORING
ON THE IMPLEMENTATION OF THE SERVICE AND OPERATING
CONTRACTS BETWEEN THE DEPARTMENT OF ENERGY
AND RENEWABLE ENERGY (RE) DEVELOPERS,
AND FOR OTHER PURPOSES**

WHEREAS, pursuant to Article XII, Section 2, of the 1987 Philippine Constitution, all forces of potential energy and other natural resources within the Philippine territory belong to the State and their exploration, development and utilization shall be under the full control of the State;

WHEREAS, Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008", provides that it is the policy of the State to encourage and accelerate the exploration, development and increase the utilization of renewable energy resources such as, but not limited to, biomass, solar, wind, hydropower, geothermal, and ocean energy sources, and including hybrid systems;

WHEREAS, Republic Act No. 7638, as amended, otherwise known as the "Department of Energy Act of 1992," mandates the Department of Energy (DOE or 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, the DOE is continuously adopting new mechanisms and strategies to effectively carry out its plans and programs as mandated under the RA 9513 and its implementing rules and regulations;

WHEREAS, Department Order No. DO2013-08-0011 was issued on July 26, 2013 which adopted policies in relation to the processing of Renewable Energy Service Contracts and mandated the adoption of the revised templates for Renewable Energy service contracts;

WHEREAS, Department Order No. DO2013-09-011 was issued on October 9, 2013 which provided, among others, the milestone approach in the implementation of the Work Programs of the different RE operating and service contracts;

WHEREAS, the automatic cancellation after milestone period based on the grounds provided in the various service contracts, shall be dealt with more prudence on the conduct of evaluation and monitoring in the performance of obligations to the satisfaction of the requirements set forth by the Department;

WHEREAS, there is a need to prescribe guidelines governing the evaluation and monitoring of the duly signed RE Service Contracts that shall guide the Secretary of the Department in executing the rights and powers of the Department over these contracts;

NOW THEREFORE, in consideration of the foregoing and upon favorable recommendation by the duly constituted Renewable Energy-Review and Evaluation Committee (RE-REC), it is hereby ordered as follows:

Section 1. **Objectives.** This Department Order is issued with the following objectives:

1. To establish the standards and protocols to ensure effective and efficient conduct of the monitoring and evaluation on the implementation of the different RE Service Contracts;
2. To provide intervening measures to any RE Developer with the end view of full compliance to the requirements set forth in the Service Contract and other relevant issuances of the Department;
3. To define the frequency in the conduct of monitoring and evaluation activities; and
4. To ensure proper and on-time submission of the appropriate reports.

Section 2. Evaluation and Monitoring Teams of the Renewable Energy Service Contracts. There shall be Evaluation and Monitoring Team of the Renewable Energy Service Contracts per RE Technology, hereinafter after referred to as the RESC-EMT composed of the following:

- Chairperson- REMB Division Chief concerned
- Vice Chair- Chief, Compliance Division, Financial Services
- Members- Chief, Contracts Division, Legal Services
Representative of the DOE Field Office concerned
Representative of the AREC concerned

The representative/s from the OSEC Legal Team and the Information Technology Management Services (ITMS) may be requested to join any of the RESC-EMT as the need arises.

To ensure proper representation during monitoring and evaluation activities and establish quorum for every meeting, the Directors concerned of the foregoing Offices are hereby directed to authorize as least four (4) of their staff as alternate representatives who shall immediately assume in a particular activity or meeting during the absence of their respective principals and with all the rights and duties as regular members. The Directors concerned shall consider seniority and the technical expertise in choosing the alternates.

Section 3. Functions and Duties of the Evaluation and Monitoring Team of the Renewable Energy Service Contracts per RE Technology or RESC-EMT. The duly constituted RESC-EMT shall perform the following functions and duties:

1. Conduct the evaluation and monitoring of the different Service Contracts based on the requirements provided in the Service Contracts and schedules prescribed under this Department Order and/or other issuances;
2. Submit appropriate report/s to the duly constituted Review and Evaluation Committee of the Renewable Energy (RE-REC) for further review and endorsement to the Secretary of the Department for appropriate action;
3. Recommend measures that may contribute for the full compliance of the RE Developers on their commitments indicated in the duly approved Work Program and other requirements prescribed under any issuance of the Department; and
4. Discharge such other responsibilities as may be delegated by the duly constituted RE-REC.

Section 4. Term of Office; Hold-Over Capacity. The Chair, Vice-Chair and Members of the RE-REC shall have a fixed term of three (3) years reckoned from the date of designation, renewable, at the discretion of the Secretary.

In case of resignation, retirement, separation, transfer, re-assignment or removal, the replacement shall serve only for the unexpired term, *provided, however*, that in case of leave or suspension, the replacement shall serve only for the duration of the leave or suspension.

In order to avoid hiatus in the RE-REC, it's incumbent Chair, Vice-Chair and Members, shall continue to perform their respective duties and responsibilities, in hold-over capacity, until their corresponding replacements are duly designated or appointed by the Secretary.

Section 5. Schedules of Evaluation and Monitoring. Upon the instruction of the duly constituted RE-REC and/or as may be directed by the Assistant Secretary supervising the REMB, the RESC-EMT concerned shall undertake the necessary evaluation and the monitoring of the implementation of the Service Contracts as follows:

1. **During the Pre-Development Stage:** Taking into consideration the milestone period, the following schedules shall strictly be observed:

RE Technology and Service Contracts	Mid-term Monitoring and Evaluation	End-Term Monitoring and Evaluation
Solar and Wind	Within 5 days after the 3 rd month	Within ten (10) days after the 6 th month
Hydropower and Ocean	Within 5 days after the 6 th month	Within ten (10) days after the 12 th month
Geothermal	Within 5 days after the 6 th month	Within ten (10) days after the 12 th month

Provided, That the foregoing schedules may be adjusted later date based on grounds of the occurrence of natural calamities only.

Provided, further, That should the RE Developer concerned has accomplished the commitments before the schedule, the early conduct of the monitoring or evaluation of the RESC-EMT may be authorized upon proper instruction by the Assistant Secretary supervising the REMB or any official designated by the Secretary.

2. **During the Development/Commercial Stage:** Shall be based on the schedules indicated in the duly approved Work Plan.

Section 6. Exit Conference during the Mid-Term Monitoring and Evaluation. An exit conference will be conducted during mid-term evaluation or monitoring activity to be attended by the RESC-EMT and officials of the RE-Developer or company concerned. The conference shall be the venue for the RESC-EMT to present salient information on its findings and recommendations for the RE-Developer to undertake to further improve its compliance of the obligations and requirements.

Section 7. Travel Authority and Order of the RESC-EMT and RE-REC. This Department Order shall serve as the automatic issuance of travel authority by the Secretary of the Department to all Chair, Vice Chair, Members of the RESC-EMT and the RE-REC. *Provided*, That the Assistant Secretary for REMB as Chair of the RE-REC shall issue travel orders on the specific dates and locations of the monitoring and evaluation will be conducted.

Section 8. Submission of Reports. The duly constituted RESC-EMT shall submit the appropriate reports to the Chair of the RE-REC within three (3) days after the conduct of the actual monitoring and evaluation activities. The RE-REC shall act on

the report within three (3) days upon receipt thereof and the same be submitted to the Secretary of the Department for appropriate action.

Section 9. Issuance of the Notice of Automatic Cancellation. The Secretary of the Department shall have the sole discretion to issue the notice of automatic cancellation.

Section 10. Prohibitions. The Chair, Vice Chair and Members of the RESC-EMT and RE-REC including its Secretariat are prohibited, among others, (a) to collude with the RE Developer Official or employee, (b) to solicit or receive anything as a gift or assistance that would influence the outcome of the evaluation or monitoring results, and (c) to commit such other act/s that shall undermine the integrity of the evaluation processes and objectives setforth under this Department Order.

The Officials and employees of the RE Developer or company under evaluation or review are also prohibited, among others, (a) to collude with the Chair, Vice Chair or Members of the RESC-EMT and RE-REC, (b) to request any favor or provide anything that shall enhance or diminish the evaluation findings or results, (d) and to commit such other act/s that shall undermine the integrity of the evaluation processes and objectives setforth under this Department Order. Violation by the official/s employee/s of the RE Developer or company shall be a ground for automatic cancellation of the service contract.

Section 11. Funds Allotment. All expenses so appropriated or allotted necessary in the performance of the duties and functions of the RESC-EMT and RE-REC shall be charged against the REMB fund and/or such appropriate sources subject to usual accounting and auditing rules and regulations.

Section 12. Supplementary Application of Relevant Laws, Rules and Regulations. The provisions of laws, rules and regulations promulgated by the Office of the President, Congress of the Philippines, all relevant issuances of the Department shall, if applicable, be integral parts of this Department Order and shall serve as part of the governing policies of the RE-REC.

Section 13. Forms of Reports and Notices. The RE-REC shall design the necessary forms of reports and notices to facilitate the preparation, deliberation and review thereof.

Section 14. Repealing Clause. Department Circular No. DC2009-07-0011 and all circulars, orders, issuances and the like which are inconsistent with any of the provisions or parts of this Department Order are hereby amended or repealed accordingly: *Provided*, That the provisions of those circulars or issuances and the like which are not affected hereof shall remain in full force and effect.

Section 15. Separability Clause. If for any reason, any provision of this Department Order is declared unconstitutional or invalid, such part/s which are not affected shall remain in full force and effect.

Section 16. Effectivity. This Department Order shall take effect immediately upon its issuance.

Issued this 02 day of DECEMBER 2013 at the Department of Energy, Rizal Drive, Bonifacio Global City, Taguig City, Philippines.


CARLOS JERICO L. PETILLA
 Secretary

