Enhancing Benefits to the Host Communities and Accelerating Country's Total Electrification Program Rule 29(A) of EPIRA-IRR

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E-POWER MO!

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Presentation Outline

- A. Energy Regulations No. 1-94, As Amended
 - Background/Situationer
 - Non-Monetary Benefits to Host Communities
 - 3. Implementing Prioritization of Load Dispatch (PLD)
 - Implementing Annual Work Program by the Host Communities
- B. Total Electrification Program of the Government



ENERGY REGULATIONS NO. 1-94, AS AMENDED

(BENEFITS TO HOST COMMUNITIES)

1

BACKGROUND AND STATUS OF IMPLEMENTATION

BENEFITS TO HOST COMMUNITIES



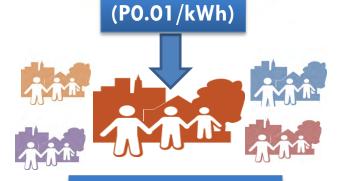




Distribution Utilities

DLF – for projects supporting development and livelihood opportunities

RWMHEEF – for projects supporting environmental and health agenda



EF – for projects suporting electrification projects.

Host Communities

Energy Regulations No. 1-94 is a program intended to **recompense** for the contribution made by the communities hosting Energy Resources and/or Energy Generating Facilities.

Extending Electricity Access



Fostering Growth and Development ...











Caring for Lives and the Environment





Ambulances





AVAILABLE FINANCIAL BENEFITS

Php4.78 Billion

for Electrification, Development & Livelihood, and Reforestation, Watershed Management, Heath and/or Environment Enhancement Projects

As of 30 June 2017



2

NON-MONETARY BENEFITS

Non-Monetary Benefits Under ER No. 1-94

Section 6.a(2) and 6.b to d of IRR of Section 5(i) of RA7638 (Department of Energy Act of 1992)



Prioritization of Load Dispatch



Preference of Employment



Skills Development



Preference in Procurement of Local Supplies And Services

3

PRIORITIZATION OF LOAD DISPATCH (PLD) IMPLEMENTATION

PRIORITIZATION OF LOAD DISPATCH

Under Section 6(a)(2) that, "the energy generating facility, relevant electric utility, and such other party that may be **contractually involved** with the generation, transmission, and distribution of power shall reach an **agreement** to ensure the implementation of this benefit (PLD), which agreement shall be approved by the DOE."

The NPC, unless another government owned and/or controlled corporation engaged in energy projects is designated by the Secretary of the DOE, shall effect the prioritization of load dispatch benefit in the absence of a power purchase agreement or arrangement between the power producer and the electric utility in the relevant resettlement/relocation sites or host LGU/s.



SIGNIFICANT EVENTS

June 26, 1994

Section 5(i) of IRR of RA7638, ER1-94 was established. June 08, 2001

Electric Power Industry Reform Act of 2001 (EPIRA) 2008/2010

Power Supply Deficiency in Visayas and Mindanao April 18, 2012

Letter to JCPC of DOE's Assessment of PLD

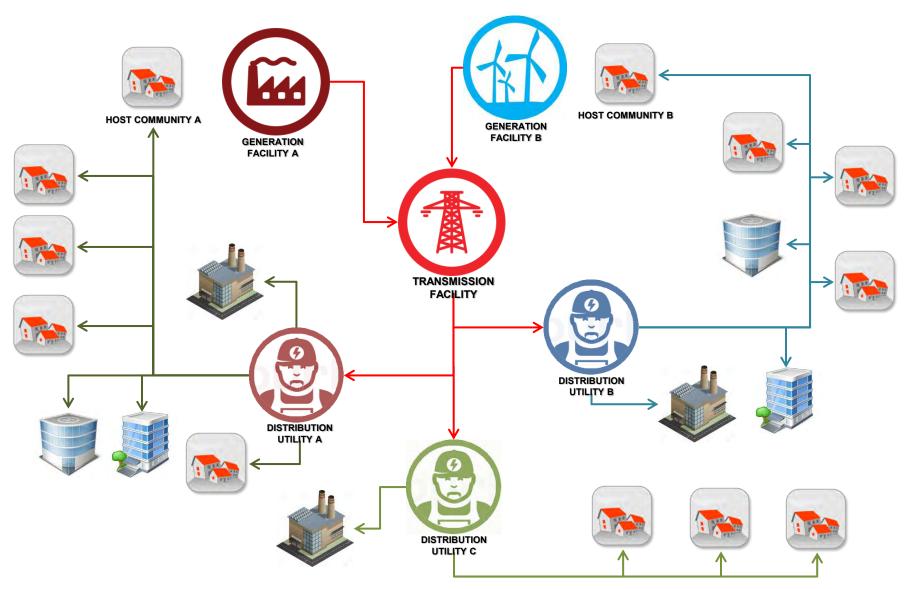
March 17, 2000

DOE Circular No. 2000-03-003 March 22, 2002

IRR of RA No. 9136 (EPIRA-IRR) 2011

OSG Opinion Rendered to DOE

SCENARIO OF IMPLEMENTATION OF PLD



CHALLENGES AND CONSIDERATIONS



Legal and Policy

- Definition of "Energy Shortage"
- Current PSAs Do Not Include Provision on PLD
- GENCO's Contract Obligations



Technical and Operational

- Delivery Mechanism to Host Communities
- Constraints on the Delivery of Power
- Implementation of Demand Control Protocol Whenever Required.



Economic Load Curtailment

- 1st to be Disconnected: Residential Customer;
- 2nd to be Disconnected: <u>Commercial Customers</u>;
- 3rd to be Disconnected : *Industrial Customers*.

EFFORTS TO IMPLEMENT PLD



Conducted a 1st Consultation Workshop with Mindanao Generators and Distribution Utilities Last 25 April 2017.

HIGHLIGHTS AND RECOMMENDATION TO PLD

- Define Energy Shortage and Scope.
- Establish Clear Policy on the Implementation of PLD.
- Include PLD Provisions on Reviews of PSAs.
- Utilize ER 1-94 Electrification Fund to Enhance Distribution System in PLD Implementation



NEXT STEPS ...

- Conduct Public Consultations in Luzon and Visayas
- Consult with the Regulator and Relevant Agencies
- Finalize and submit recommendation to the DOE Secretary



IMPLEMENTING ANNUAL WORK PROGRAM BY THE HOST COMMUNITIES

IMPLEMENTING ANNUAL WORK PROGRAM

Section 6 of Rule 29(A) of IRR of RA 9136 (Electric Power Industry Reform Act of 2001)

The Host LGU shall be assisted by designated Community Relation Officer of Generation Company in the preparation of Annual Work Programs and shall be submitted to DOE every 15 March of the year.

IMPLEMENTING AWP ...

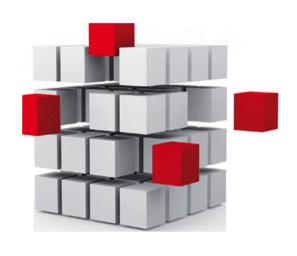
DRAFT DEPARTMENT CIRCULAR: IMPLEMENTING
GUIDELINES ON THE PREPARATION AND DEVELOPMENT
OF THE ANNUAL WORK PROGRAM ...
CALL FOR COMMENTS:

The Department of Energy (DOE) is hereby requesting all interested parties to submit their comments on the <u>Draft Department Circular: Implementing Guidelines on the Preparation and Development of the Annual Work Program Under Section 6(a), Rule 29 (A) of the Implementing Rules and Regulations of Republic Act No. 9136, Otherwise Known as "Electric Power Industry Reform Act of 2001".</u>



https://www.doe.gov.ph/announcements/draft-department-circular-implementing-guidelines-preparation-and-development-annual

SALIENT FEATURES ...



- Streamline the review and coordination process through introduction of AWP;
- Mobilize and optimize ER 1-94 resources for sustainable local growth and development;
- Promote transparency and good governance in the determination of projects;
- Broadened and strengthened participation of all concerned stakeholders; and
- Complies with the requirements of EPIRA-IRR

PLANNED ACTIVITIES



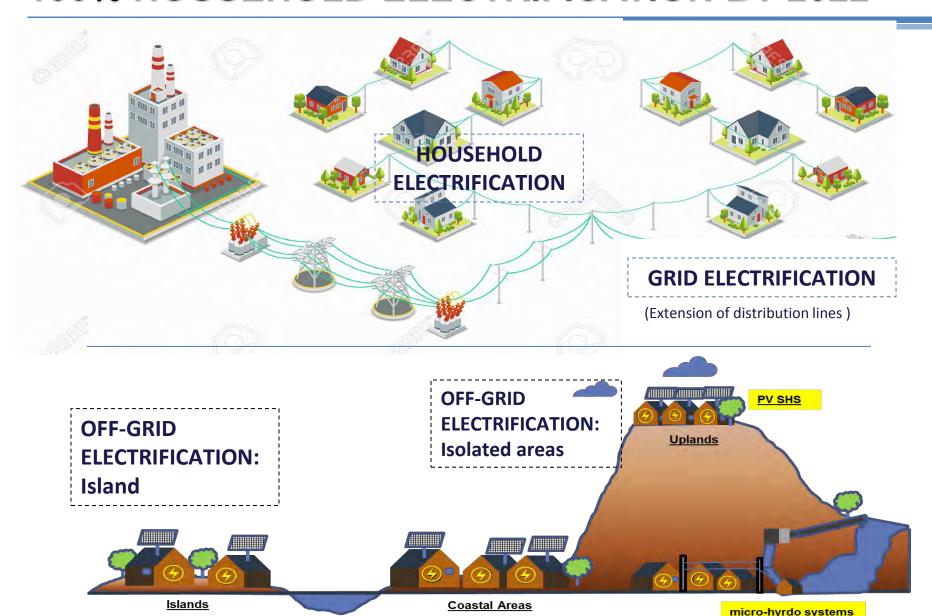


- 1. Conduct Semi-Annual/Annual Assembly of ER 1-94 Stakeholders
- 2. Develop Capacity Building Programs for Community Relations Officers (COMRELs), Local Government Units (LGUs) and Distribution Utilities (DUs), in the area of:
 - Project Identification
 - Preparation of Project Proposals
 - Project Management and Documentation



TOTAL ELECTRIFICATION PROGRAM

100% HOUSEHOLD ELECTRIFICATION BY 2022



Status of Household Electrification

As of 31 December 2016



20.5 Million Households have electricity

>2 Million Households to be electrified by 2022 based on 2015 Census



Status of Household Electrification

As of 31 December 2016

Provinces with **Highest Electrification Level**

Agusan Del Norte

Marinduque

Oriental Mindoro

Bataan

Pampanga

Tarlac

Zambales

Manila

Aurora

Bulacan



Provinces with Lowest **Electrification Level**

Sulu

Sultan Kudarat

Tawi-Tawi

Basilan

Maguindanao

Palawan

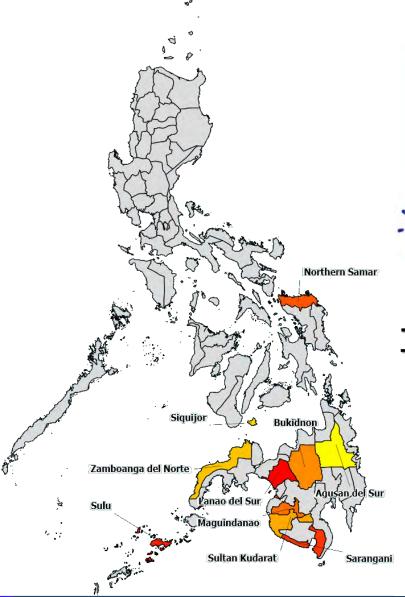
Sarangani

Masbate

Lanao Del Sur

Northern Samar

POVERTY SITUATION IN THE PHILIPPINES



POVERTY INCIDENCE

The proportion of families/ individuals with per capita income less than the per capita Poverty Threshold to the total number of families/individuals.

Poverty Threshold

is the minimum income required for a family/ individual to meet the basic food and non-food requirements, also known as the POVERTY LINE.



to meet both basic food and non-food needs.

Top 10 Poorest Province in the Philippines

- Lanao del Sur
- Sulu
- Saranggani Northern Samar
- Maguindanao
- Bukidnon

- Sultan Kudarat
- Zamboanga del Norte
- 9. Siquijor 10. Agusan Del Sur

Source: Philippine Statistics Authority Report on Country's Poverty Statistics for the 1st Semester of 2015

Potential Support to Total Electrification of Poorest Provinces

PROVINCE OF ZAMBOANGA DEL NORTE



No Generation Facility situated in the Province

Served by MOELCI I, ZAMSURECO II and ZANECO



72.6%

out of 168,000 HH Pop.

PROVINCE OF LANAO DEL SUR



2 Generation Facilities situated in the Muns. Of Marawi and Saguiran

Served by LASURECO and FIBECO



44.2%

out of 137,081 HH Pop.

PROVINCE OF MAGUINDANAO



No Generation Facility situated in the Province

Served by CLPC, MAGELCO and SUKELCO



39.6%

out of 148,561 HHs Pop.

PROVINCE OF SULU



No Generation Facility situated in the Province aside from **NPC SPUG**

Served by BASELCO, SIASELCO and SULECO



30.3%

out of 102,700 HH Pop.

PROVINCE OF SIQUIJOR



3 Generation Facilities situated in Muns of Larena, Lazi and Siquijor

Served by PROSIELCO



93.4%

out of 27,000 HHs Pop.

PROVINCE OF SULTAN KUDARAT



2 Generation Facilities situated in Muns of Ezperanza and Lebak

Served by SOCOTECO I and SUKELCO



39.6%

out of 148,561 HHs Pop.

PROVINCE OF NORTHERN SAMAR



No Generation Facility situated in the Province

Served by NORSAMELCO



66.8%

out of 103,200 HHs Pop.

PROVINCE OF AGUSAN DEL SUR



1 Generation Facility in Mun. of San Francisco

Served by ASELCO



97.3%

out of 146,600 HHs Pop.

PROVINCE OF BUKIDNON



Muns. of Baungon, Impasug-ong, Kalilangan, Kibawe, Libona, Manolo Fortich, Maramag, Pangantucan, Quezon, San Fernando, Sumilao and Valencia

17 Generation Facilities in

Served by BUSECO, FIBECO, MORESCO I



82.9%

out of 284,000 HHs Pop.

PROVINCE OF SARANGGANI



4 Generation Facilities in Muns of Maitum, Maasim and Alabel

Served by SOCOTECO II



43.2%

out of 115,000 HHs Pop.



CHALLENGES....

Rural Electrification:

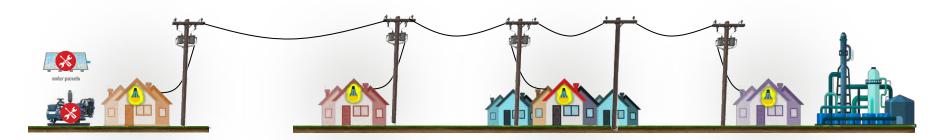
- Geographical Location
- Right of Way (RoW) Provision
- Peace and Order Situation
- Rehabilitation and Upgrading of Distribution Lines
- Absorptive capacity of ECs

Household (HH) Electrification:

- Geographical Location
- Financial Capability of HH for Service Connection
- Targeting of HH Beneficiaries
- Service ConnectionRequirements (Fees and Charges)

TOTAL ELECTRIFICATION PROGRAMS AND PROJECTS

GRID ELECTRIFICATION PROGRAMS



NEA- Barangay Line Enhancement Program (BLEP)

- Extension of DX lines to previous offgrid electrified areas, enhancement of lines and/or submarine cables

NEA- Sitio Electrification Program (SEP)

-Extension DX lines to far flung areas and sitios

Nationwide Intensification of Household Electrification (NIHE)

 Intensification of Household Electrification through grant housewiring subsidy

ER 1-94 Electrification Fund Program

 Provision of electrification projects leading to 100% electrification of to Host Communities

OFF-GRID ELECTRIFICATION PROGRAMS



DOE-PV Mainstreaming Program (PVM)

 Provision of individual PV SHS to off-grid/unviable areas

Qualified Third Program (QTP)

-Provision of Generation to Distribution services to areas deemed unviable and waived by the DUs



DOE- Household Electrification Program using RE System (HEP)

-Provision of individual PV SHS if a hydropower resource is available within a reasonable distance from the clustered household beneficiaries.

NPC Missionary Electrification Program (MEP)

-Provision of Generation Capacity to Off-grid Areas

PLANNED ACTIVITIES



CONSULTATION WORKSHOP

- ✓ Targeting for 100% Electrification by 2022 with NEA, NPC and DU
- ✓ Continue NIHE Program
- ✓ PVM Technical Workshop for ECs and Solar Business Units (SBU)
- ✓ QTP Consultation with Stakeholders

CONCLUSION ...

The efficient utilization of Financial Benefits to Host Communities and Total Electrification Program, ensure the reliability of supply of electricity and efficiency of services and shall achieve the ultimate goal of expanding energy access in the country, and uplift the lives of Filipino people.



CONCLUSION ...

E-DISKARTE MO! E-DISKARTE NATIN! Mas Aangat ang Antas ng Buhay at Pamayanan Natin



Thank You!

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