

## Annexes to TOR on IC for the Affiliated RE Centers (AREC)

**Annex 1: Description of Component 2** (Source: DREAMS Project Document, 2016 July pages 36-41)

Component 2: Institutional strengthening for RE Mainstreaming				
outcome	Project Result Framework Indicators	unit of measure	target	target date
Strengthened institutional capacity that leads to increased RE investment at the local level	# of funded and implemented RE projects championed or facilitated by LGU based RE focal points	projects	5	EOP
	# of RE projects facilitated by operational provincial level RE MSC	projects	5	EOP
	# of RE projects designed based on information and technical advice obtained from the established RE knowledge platform	projects	6	EOP

**56. Component 2: Institutional Strengthening for RE Mainstreaming.** This component is intended to address the barriers associated with the need for improved capacity in the Philippines, mainly at the local level on RE issues and the development, operation and management of RE projects. The outcome resulting from the outputs from this component is strengthened institutional capacity that leads to increased RE investment at the local level. The following outputs will contribute to the achievement of this outcome:

▪ **Output 2.1: Harmonized local level development plans and RE programs with national DOE programs.** The delivery of this output will involve coordination and technical assistance to integrate local RE and economic development plans with national RE plans for a selected number of pilot provinces<sup>1</sup> and their LGUs. To deliver this output, the following activities will be carried out:

- a) **Harmonizing local energy plans with national RE plan** or policies through preparation of a standard methodology and template, a coordination plan for the various entities and its dissemination through an LGU outreach program. Selected pilot LGUs will prepare potential RE projects for local development and submitted to DOE during Years 1 and 2 as a part of the RE and economic development plans that work towards meeting national and regional RE targets. This would involve DOE energy planners who will be based at the LGUs;
- b) Organize and conduct training programs to **improve the knowledge of local officers in the LGUs** of the provinces of Palawan and Iloilo on RE project development issues. LGUs ongoing efforts will be supplemented by training

<sup>1</sup> To date, this includes the Provinces of Palawan and Iloilo

workshops organized for DOE outreach officers (one workshop annually the entire 5-year Project period) to assist and guide implementation of local energy plans and development of pilot RE projects, some of which are RE projects funded by private RE investors as discussed in Output 4.7. Early lessons learned from the implementation of the energy plans will be incorporated during the review and update of the plans. Accordingly, technical assistance will be provided to DOE in supporting additional LGUs in the formulation of local energy plans;

- c) **Streamlining of the regulatory process** to be conducted from Years 2 to 3. This will involve identification of several RE projects within a particular pilot LGU<sup>2</sup> that would have similar regulatory permitting requirements, and facilitate setting of a streamlined local regulatory approval process for that LGU. This approach will be reviewed for further streamlining of the regulatory approval every 3 years and could include:
- Timing of the RE applications to partially mitigate the risks of local elections and possible administrative changes in LGUs every 3 years<sup>3</sup>;
  - Conducting meetings on the contents mechanisms and policy actions to improve LGU efficiency for approvals and permits for RE-based projects in cooperation with the private sector<sup>4</sup> that will be drafted, established and adopted by the LGU;
  - Screening of RE projects to prevent LGUs from pursuing RE projects whose capacity may not be compatible for feeding into the grid; and
  - Conducting workshops with other LGUs to share the lessons learned on the streamlining the LGU regulatory processes, and applying them or replicating to other LGUs.

• **Output 2.2: Streamlined system of issuance of permits and licenses:** An RE project developer is required to obtain a multiple number of permits and in light of the experience to date, there are still a number of RE applications that are stalled in the regulatory process which includes approvals from both inside and outside of the DOE. The delivery of this output entails streamlining the permitting process to provide confidence to RE developers in the entire permitting process for the commercial application of RE resources. To deliver this output, the following activities will be carried out:

- a) Capacity development of DOE personnel on the **evaluation and issuance of RE Service contracts**. In addition to ongoing DOE training for the issuance and management of Service Contracts<sup>5</sup>, incremental workshops will be conducted with NWRB and DENR, as well as the analysis of the recently imposed

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<sup>2</sup> Ibid 41

<sup>3</sup> In terms of local elections, the problem encountered by the private sector arises from the consistency and security of project implementation. No security or risk reduction strategy has been proposed to ensure that RE projects continue towards implementation after the term of the LGU official.

<sup>4</sup> The LGUs have mentioned that the PPP mechanism of the national GoP remains unclear on how to facilitate project development and eventual implementation.

<sup>5</sup> Training is to support DOE's ongoing management system of issuing RE Service Contracts, and monitoring their development to ensure delivery of pre-development and development/commercial stages of the Contract within specified time periods. DOE personnel are trained and then provide approvals of RE projects, prepare and sign off service contracts, and oversee the RE regulatory process monitoring the delivery of pre-development and development/commercial stages of Service Contract within specified time periods, and also providing oversight and efforts to streamline the RE regulatory process

requirements for RE developers (2 workshops in Years 1 and 2 that will open discussions between NWRB and DENR on the water sustainability plans required from RE developers). The workshops would clarify what processes may be streamlined (e.g., 30-day posting of water rights application in LGUs and DPWH regional offices), what documents and specific contents may be required from RE developers on their submissions to both NWRB and DENR, and if the two agencies could agree to consolidate these requirements with the intention of accelerating the approval process for RE projects. Analysis and clarification on a recently imposed requirement for RE developers due to its perceived overlaps with the Environmental Impact Statement (EIS) System;

- b) Conduct coordination meetings among agencies such as National Commission on Indigenous Peoples (NCIP) and Environment Management Bureau (EMB) of the DENR on **streamlining the approval process for (i) compliance of the RE project application to the Indigenous People's (IPs) Right Act, as well as (ii) the Environmental Clearance Certificate (ECC) under the EIS**, respectively;
- c) Assessing and clarifying the consistency in the determination of **Government and IP share of revenues generated by RE resources** that are developed and utilized from national wealth. This will be completed in Year 1;
- d) Assessment and provision of recommended measures to streamline the long process at provincial offices to **convert public tenured lands to commercial land on which RE projects** are located; and
- e) Forming and convening a task force<sup>6</sup> (twice annually over the entire 5-year Project period) to facilitate development of and approve sustained **improvements in the regulatory process**.

**Output 2.3: Focal points established within LGUs:** The delivery of this output entails the implementation of activities to augment DOE's M&E capacity in the field offices or MSCs and strengthen linkages with LGUs. In this instance, the M&E activity of the DOE would go beyond the normal DOE protocols of simply informing the LGU of ongoing DOE activities at the local level. This provides a partial solution to the lack of DOE human resources for M&E of RE project developments at the local level. To deliver this output, the following activities will be carried out:

- a) Conduct technical training program for **AREC personnel, local officers at the LGU level** who are currently under Affiliated Renewable Energy Centers (ARECs)<sup>7</sup> on RE development. Joint training and exchange sessions will be organized during Years 2 and 3 (4 per year) to facilitate coordination among the LGU focal points and ARECs personnel. These personnel will eventually be based in Market Service Centers (see Output 2.4);
- b) Conducting seminars and workshops during Years 2, 3 and 4 (2 for each year) to improve the capacity of DOE officers on managing local development of RE projects. Workshop topics will include i) processing of financial mechanisms being activated under Output 1.4; ii) DOE M&E systems for RE project monitoring (including contract milestones, facets of establishing electro-

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<sup>6</sup> The task force would also have members who can manage NGCP issues and formulates a list of all proposed RE projects that will link with NGCP facilities

<sup>7</sup> With DOE support, AREC personnel conducted market assessments in rural areas and setup rural electrification programmes using RE.

mechanical completion, MRV systems from Output 1.1 and other aspects of M&E systems); iii) permitting requirements and obligations by project proponents for compliance as well as legal enforcement mechanisms as detailed under Output 2.2; and iv) best practices for maintaining community relations.

**Output 2.4: Operational provincial-level market service centers:** This output will be produced through the conduct of activities for revitalizing the DOE-supported MSCs that would assist RE project developers with a “one-stop shop” facility providing services to expedite the RE approval process and accelerate RE project development in concert with LGUs and local partners. To deliver this output, the following activities will be carried out:

- a) Conduct business planning for the **setup of strategically located MSC locations**<sup>8</sup> during Years 1, 2 and 3 for the purposes of providing regulatory guidance to private sector investors and project developers getting into a provincial RE market;
- b) Establishment of strategically located MSCs during Years 2 and 3 to interface with investors, civil society and financiers. This will include setting budgets and sustainability plans for DOE to sustain operations of each MSC office;
- c) Development of promotional materials (i.e. pamphlets, guidebooks, web postings) during Years 2 and 3 that would include **information on results of the RE resource assessment that DOE is currently undertaking** as a part of their baseline effort, and on financial mechanisms of Output 4.1 that would target potential RE developers, notably at the local level;
- d) Establishment of a local RE project database and monitoring system during Years 3 and 4 to **track RE development and GHG reductions that will be reported to the DOE**; and
- e) Launching and sustained updating of a **Provincial RE website**<sup>9</sup> during Years 4 and 5. Such a website will contain among other things products from the streamlined RE process developed in Component 1 that will boost the confidence of RE investors and developers that their RE project applications will be efficiently processed. Information from the RE resource assessments will be made available on the website.

**Output 2.5: Established and operational RE knowledge platforms.** This output will be delivered through activities that will augment DOE efforts to raise awareness of RE development in the Philippines. To deliver this output, the following activities will be carried out:

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<sup>8</sup> This may include Palawan and Iloilo Provinces that already have co-financing commitments to support local energy plans with RE investors.

<sup>9</sup> This would include the DOE’s RE priority projects, RE resource datasets, financial incentives for RE development offered under Output 1.4, participating financial institutions and funds for developing RE projects in a particular province, rules and regulations for receiving RE concessions in a particular province, rules and regulations for RE development, roster of accredited locally available technical assistance for RE, list of ongoing RE developments, and web-posting of national benefits of RE development including GHG reductions from the offsetting of fossil fuels for electricity