

IMPLEMENTING GUIDELINES

**SUPPORT FACILITY FOR RENEWABLE ENERGY (SF4RE)
OF THE DEVELOPMENT FOR RENEWABLE ENERGY APPLICATIONS
MAINSTREAMING AND MARKET SUSTAINABILITY
(DREAMS) PROJECT
JUNE 2020**

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1. INTRODUCTION

The Department of Energy (DOE) is the implementing agency of the **Development of Renewable Energy Applications Mainstreaming and Market Sustainability (DREAMS)** Project. The DREAMS project is supported by a grant from the Global Environment Facility (GEF) and the United Nations Development Programme (UNDP). The Renewable Energy Management Bureau (REMB) of the DOE is the implementing unit of the DREAMS Project.

The goal of the DREAMS Project is to reduce the GHG emissions from the power sector. The objective is to promote and facilitate the commercialization of RE markets through the removal of barriers to increase investments in RE-based power generation projects.

Among the key barriers that hinders the growth of the RE Industry are the lack of financial mechanisms to assist smaller RE proponents in RE development and the limitations on the knowledge about RE technologies and their applications especially among stakeholders located in areas without access to reliable and stable sources of energy.

DREAMS Project has four (4) components that is designed to achieve the following outcomes:

- ☐ A supportive policy and regulatory environment for RE development and deployment at the local level
- ☐ Enhanced local institutional capacity that leads to increased RE investments
- ☐ Increased share of RE-based power capacity in the generation mix, and
- ☐ Enhanced confidence among RE developers to promote the deployment of more RE technologies, particularly in off-grid areas and far flung communities, e.g island communities.

To address the barriers, the DREAMS project established the **“Support Facility for Renewable Energy” (SF4RE)**.

SF4RE is not a cash grant facility. SF4RE will instead provide services and goods to help eligible partners to implement renewable energy endeavors that will lead to the outcomes stated above.

2. SUPPORT FACILITY FOR RENEWABLE ENERGY (SF4RE)

2.1 Objectives

The overall output of SF4RE is to enhance local RE investment by accelerating the deployment and enhancing the local capability on the application of renewables energy systems. The SF4RE is designed to achieve the following outputs:

- a. Install a total of 5MW of renewable energy capacities in areas that lack access to reliable energy sources
- b. Facilitate the access of at least 20,000 households in far-flung areas to stable sources of RE
- c. Generate RE investments or financial support to implement bankable RE applications
- d. Increase the number of funded and implemented RE projects
- e. Contribute in the reduction of GHG emission from the power sector
- f. Contribute to higher RE source in the Philippine Energy Mix

2.2 Priority Sites

SF4RE will prioritize support in communities, municipalities, provinces or franchise areas where financing is limited and where there are few investors and developers.

The typical priority sites are small islands, upland zones or geographically disadvantaged communities that are not connected to an existing power grid due to geographic or physical barriers, absence of grid infrastructures and financial unviability to be connected to a grid, among others.

A second key consideration is the presence of institutions like a Local Government Unit or a Distribution Utility, e.g. Electric Cooperatives and other local community based associations that are committed to locally lead and work together to attain the objectives of SF4RE .

2.3 Types of Support

SF4RE will provide two types of support:

- a. Technical Assistance only, e.g. provision of experts/consultants (firms or individuals) to prepare pre-feasibility/feasibility studies, package investment proposals, conduct resource assessment, rehabilitate an equipment or a RE facility, or other forms of expertise.
- b. Technical Assistance including the supply and installation of goods, capital outlay or facilities, e.g. equipment, machineries

There will be NO direct transfer of funds to a Proponent whose proposal has been approved. The goods (hardware, capital outlay) and services, e.g. experts, shall be procured and delivered/provided to the Proponent by the UNDP based on the UNDP's Program and Operations Policies and Procedures (POPP).

2.4 Eligible Partners/Qualified Proponents

Qualified organizations are Local Government Units (Provincial and Municipal Level), Electric Cooperatives, Affiliated Renewable Energy Centers, Non-Government/Community-Based Organizations/Enterprises that may benefit from the use of RE technologies, New Power Providers and Qualified Third Parties that are operating or will operate in areas where financing is limited and where there are few Investors and Developers. Proposals that will be implemented via joint-ventures or partnerships like for example between a LGU and an EC, an EC with a Community association or NPP are being encouraged.

All Proponents should be registered officially with a government accreditation body preferably Securities and Exchange Commission (SEC), the Cooperative Development Authority (CDA) or with the Department of Social Welfare and Development (DSWD) in case of Community Associations.

All Proponents must have been in continuous operation for at least five (5) years in the Philippines prior to the submission of the proposal.

2.5 Amount of Support

Given the limited fund, eligible proposals requiring not more than Five (5) Million pesos are ideal and will be given preference. However, the PSC has the right to overturn the limit and provide goods and services at a value higher than PhP5M, if the proposal merits it.

If the requested cost exceeds what the SF4RE may provide, the other cost items shall be shouldered by the Proponent or may be submitted for co-financing to other investors or donors. The Proponent and

the PMU will agree which cost items will be financed by SF4RE and which will be paid for by the Proponent.

The Proponent shall be required to provide counterpart resources. The counterpart may be in cash or in-kind, e.g. labor, local materials, food, lodging to consultants, valued time of the staff. There is no set requirement for the amount of counterpart. However, a 10% costed or actual counterpart will be ideal.

At the minimum, Table 1 lists the initial items that are not eligible under the SF4RE.

Table 1: Budget items that are “Not Eligible” under the SF4RE

Variable Costs	Fixed Costs
Salaries, benefits or per diem of the staff of the proponent (either full or part-time) that may be involved in the implementation of the proposal. Hiring of a separate staff during the implementation of the approved proposal may be considered on a case to case basis.	Building (stand alone). Construction or repair of buildings to house RE facilities is a very low priority and will be evaluated on a case to case basis.
office supplies	office equipment, furnitures, office repair
light, water, communication expenses	purchase/repair of vehicles (of any kind)
foreign travels, attendance in conferences, meetings. The cost of field related travels (per diem) during the implementation process will be considered but is preferably a local counterpart.	dikes, canals, roads (whether new or for rehabilitation)
Insurance for staff or equipment	posts and distribution lines, house lines and meters
honoraria, additional salary, allowance of any kind to any staff, officer, official or board member	solar lanterns /solar home systems that will be used for relief operations or as start-up inventory materials that will be later sold.

2.6 Types of RE Applications or Clusters of Support

A study conducted by the DREAMS project identified four (4) eligible clusters that may be supported by SF4RE. The clusters spans from market creation to project implementation including compliance to the implementing mechanisms of the RE law. A single activity may be able to achieve multiple objectives.

The “off-grid space” emerged as a significant missed opportunity that could have a high impact but few active players.

Each cluster is described below with the available interventions that will qualify for SF4RE.

A. RE Policy Enabler	
Objective	Enhance the implementation of specific Renewable Energy mechanisms under the RE Law (RA 9513)
Compliance with RA 9513	
<p>The intervention supports mandated and voluntary organizations to comply with the provisions or participate in the implementation of a mechanisms of the RE Law like the Renewable Portfolio Standards (RPS), Green Energy Option Program (GEOP) and initiation or expansion of an existing Net Metering system.</p> <p>The support may include provision of Energy Experts that may assist the Proponent to conduct studies, develop plans and manuals for Net Metering, Total Electrification or strategies to comply with RPS or participate in the implementation of a GEOP.</p>	

B. RE Spark	
Objective	Promote emerging innovations in RE technologies and applications. It cultivates new ideas that contribute to the growth in local RE capability and explores how RE can be used to support inclusive social growth.
Intervention B1: Applications on the Productive Use of Renewable Energy (PURE)	
The intervention promotes PURE for the delivery of basic social services, e.g potable water systems, health care or installation of RE-powered production/processing/post harvest facilities specially in rural or off-grid areas.	
Intervention B2: Prototypes / Demonstration or Pilot of New RE Technologies or Equipment	
This intervention supports local RE research and development (R&D). It aims to bring to life the results of technical studies and researches by building prototypes or RE technology to test the technical feasibility of new or emerging RE systems or develop standards. Theoretical desk studies or research are not eligible.	

C. RE Catalyst	
Objective	Fast track the progress, catalyze or bring to a tipping point level the expansion of an existing or on-going RE projects
Intervention C1: Rehabilitation or Expansion of Micro-Hydropower Facilities	

The intervention supports the rehabilitation, expansion, hybridization of RE facilities like micro-hydropower plants. It may provide Energy experts/engineers to prepare rehabilitation, expansion or hybridization plan or other engineering designs to improve access and supply of electricity.

The intervention may also subsidize part of the equipment costs for rebuilding, upgrading or expansion of a RE facility.

The intervention can also support the RE – hybridization of diesel generation systems in missionary areas to lead to 24/7 electricity services. Proposals are preferred to be part of an existing electrification or development plan. Materials for distribution lines (new or extension) is not an eligible activity under this intervention.

Intervention C2: Tipping Point Assistance

This intervention will boost RE projects that

- 1) have encountered roadblocks that prevent it from moving to another milestone of project development or on the verge of a) securing financing, b) commencing construction, or c) starting operations.
- 2) RE applications that will allow a facility to initiate its mandated compliance to a RE mechanism e.g RPS, Net Metering or participate in the Green Energy Option Program (GEOP).

The intervention can deploy expert services that will facilitate projects to move forward, including technical and legal advice, third-party validation services, permitting support, or facilitate the process in the acquisition of Free and Prior Informed Consent for RE developers.

D. Energy Access

Objective Support the electrification of remote and rural areas.

Intervention D1: Electrification Activities

Renewable energy projects that facilitate the electrification of last-mile consumers. Projects may be mini-grids or deployment of stand-alone systems. Projects are preferred to be part of an existing electrification or development plan. Again, materials for distribution lines (new or extension) is not an eligible activity under this intervention.

Intervention D2: Expanding Micro-finance for small Renewable Energy Systems or PURE

This intervention aims to support Micro Finance Institutions (MFIs), Non-Electricity Cooperatives to develop and deploy end-user financing for small RE projects in off-grid or energy-poor communities.

The intervention can provide technical/engineering and finance experts to help MFIs or Cooperatives to develop their micro-finance/loan packages for RE products. It can also support the introduction of higher value products, such as RE-powered agricultural equipment to farmer cooperatives to with existing micro-finance/lending windows.

2.7 Criteria and Process for Evaluation

The proposals will be evaluated by a Technical Review Group (TRG) based on 4 Criteria (Table 2). The TRG is composed of experts and specialists from the REMB.

The threshold score is 70%. All proposals with a score lower than 70% will be returned to the proponent indicating the reason/s why the proposal is being returned and action required on the proposal if any. Proposals with scores above 70% will be further reviewed prior to submission to the PSC.

Table 2: Criteria for Evaluation of Proposals

CRITERIA	MAXIMUM POINTS
<p>Innovation (Wow! Factor)</p> <ul style="list-style-type: none"> α. The proposal presents unique solutions to energy issues or multi-sectoral challenges in the area. β. The proposal will use emerging or emerging RE systems and applications that suits local conditions χ. The proposal will use technology that is relevant to/will lead to attainment of national or local objectives δ. The proposal will implement new business models to deploy RE systems. ε. The cost of technology is reasonable and matches the willingness and capability to pay, if any, of its intended users. 	25
<p>Design (Cool Factor)</p> <ul style="list-style-type: none"> α. The RE technology to be deployed is easy to use or within the user's capacity to operate. β. The design will demonstrate various application of energy services (social services, environment, resilience) χ. The RE application will earn/have funds to sustain operating cost after the project turn-over δ. The assumptions on financial viability are credible or based on verifiable standards and includes costs and benefits and reasonable counterpart contributions ε. The proposal will contribute to the reduction of GHG emission 	25

Completion (“Mission Accomplished”) <ul style="list-style-type: none"> α. There will be capable stakeholders that will be in-charge of the operation of the RE system. β. The Proponent and/or local partners shows commitment to operate and maintain the systems even after the Project. χ. The proposal has a high likelihood of being completed within the time frame stated δ. Proposal has a clear risk management plan to ensure project completion ε. The partnership will create champions on RE applications at the local and even national level 	25
Learning (“Worth of the Journey”) <ul style="list-style-type: none"> α. The Proponent, LGU and community will enhance their understanding of renewable energy through the proposed RE application. β. The beneficiaries will have valuable participation in the implementation and management of the RE application χ. Lessons learned and best practices will be documented and disseminated. δ. Social and environmental impacts resulting from the project that can be backed by concrete evidence. ε. A clear Gender component is included. 	25

3. SF4RE OPERATIONAL FRAMEWORK

The DREAMS PMU will manage the implementation of SF4RE based on the Operational Framework presented below (Figure 2).

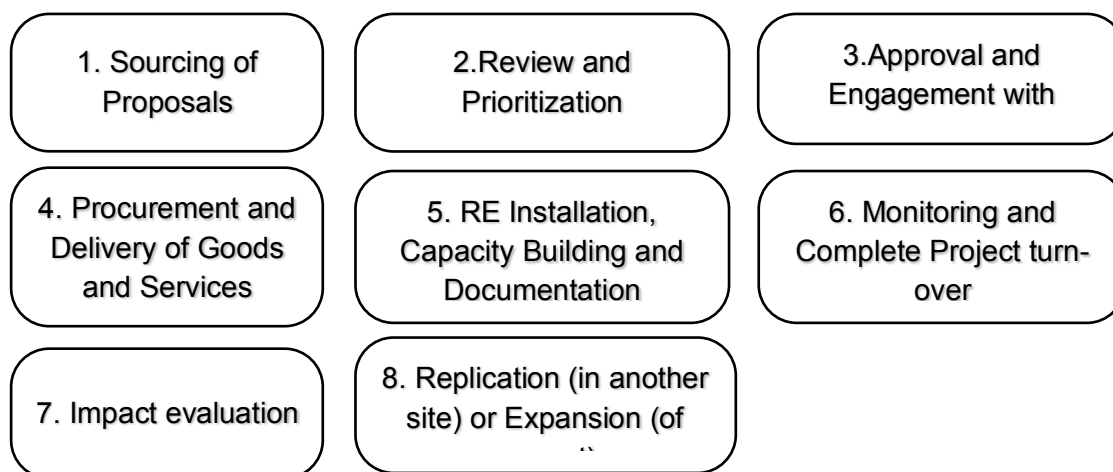


Figure 2. SF4RE Operational Framework

3.1 Sourcing of Proposals

Proponents may access SF4RE through two pathways: *Direct Application* or *Open Call*.

Direct Application: Proponents may submit project proposals anytime of the year under the Direct Application pathway. The Proponent may submit a proposal under any of the RE clusters (Section 2.6) .

Open Call: A nationwide “Call for Proposals” for SF4RE will be held annually or as needed. These proposals must be submitted within the given timeline of the Call. A SF4RE Call for proposals will focus on a specific theme/s based on the SF4RE RE Clusters.

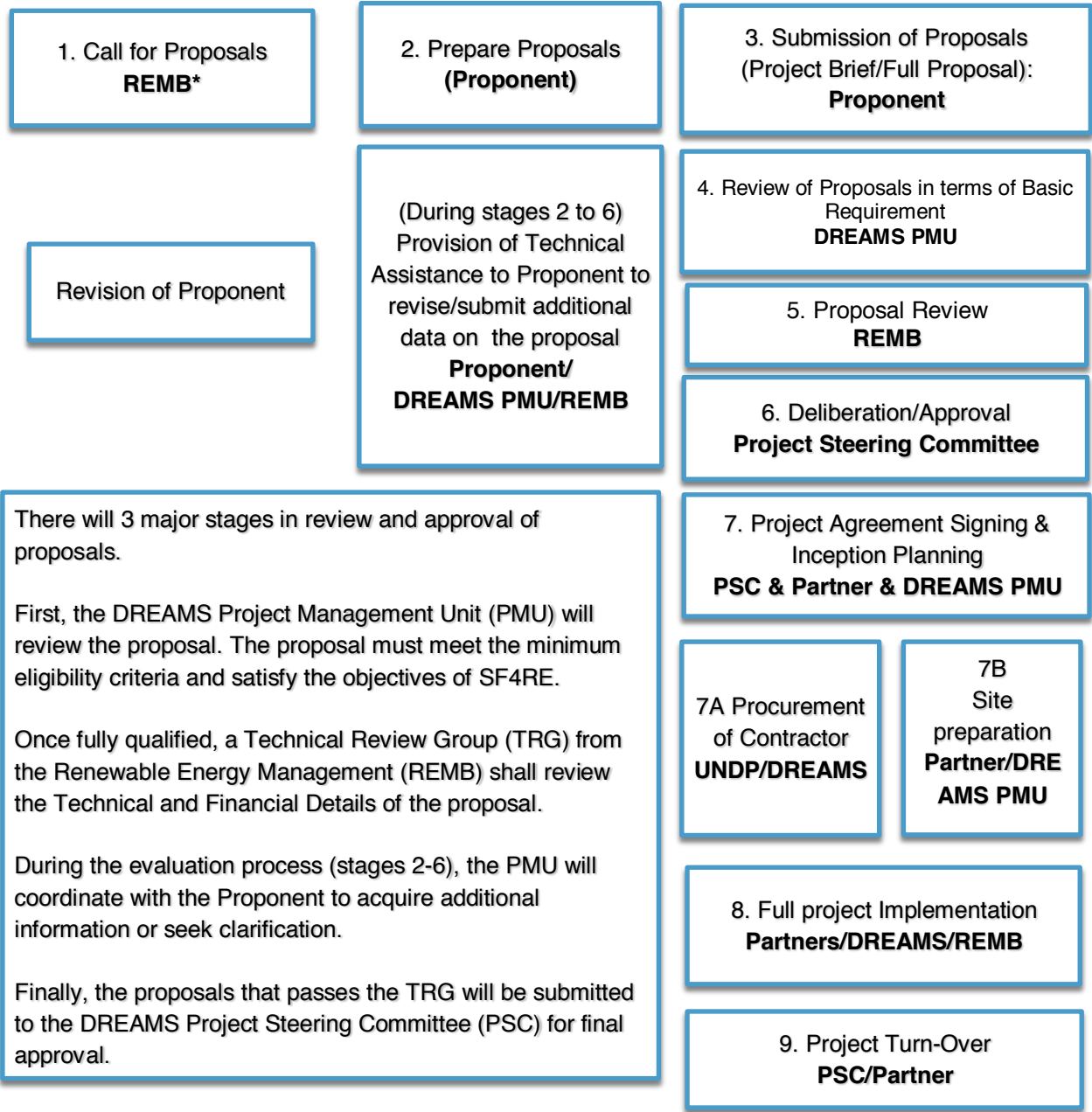
Proponents should prepare the proposals using the **SF4RE Proposal Template (Annex 1)**. A Proponent may hire an expert to prepare the proposal or request a Technical Specialist from the PMU. The DREAMS Project is offering this support especially to LGUs, ECs or Community Associations with limited staff or may not have the resources and capability to develop a cohesive proposal. This support will build the capability of the qualified organizations in RE planning, policy making, investment sourcing, compliance with RE law and its implementing guidelines, among others.

The provision by the DREAMS PMU of **technical support for the preparation of the proposal shall not guarantee the approval of the application**. All proposals and will still undergo the full proposal evaluation process. Proponents must submit their proposals to PHI.DREAMS@UNDP.ORG.

3.2 Review, Approval and Partner Engagement

The stages of proposal development are presented in Figure 3.

Figure 3: Proposal Development Process



The DREAMS PSC is the final approving authority for all proposals. The PSC will approve or return the proposal endorsed by the TRG to the Proponent. Once approved, the DOE through the PSC will enter into a Partnership Agreement with the Proponent and prepare an Inception Plan to guide the entire implementation particularly in the procurement of goods and services that will be delivered

3.3 Procurement of Goods and Services, Installation & Turn Over

The procurement, delivery and installation of goods and contracting of services will be managed by the DREAMS PMU based on an agreed upon Inception Plan with the Partner/s.

The UNDP will procure goods and services based on the UNDP's Program and Operations Policies and Procedures (POPP).

The budget proposal together with the detailed engineering design (if any) will be the primary bases for the procurement of goods and services through the UNDP procurement system. Thus, a Full Blown proposal must include:

- a. Criteria in the selection of a Firm or Individual consultant that will deliver the goods and services. In case of technical experts, the proposal must include the preferred qualification of the consultant, the expected deliverables, number of days the consultant will be hired and proposed rate.
- b. Detailed engineering design or specifications and cost estimates of the equipment or hardware that will be procured. The detailed TOR of the IC will be developed during the Inception Planning
- c. Work Breakdown Structure (WBS) indicating the deliverables and the roles and responsibilities of organizations involved
- d. Total Financial breakdown indicating amount and specific purpose of the items requested and cost counterparts from all sources (in cash and kind) as indicated in the Template. The basis of the procurement for hardware (materials and equipment) may be supported by a Proponent's existing or preliminary studies or plans like:
 - Feasibility Study, pre-feasibility study, or engineering design
 - Technical and economic and cost-benefit analysis of options
 - Technical engineering design of the system by a RE technology expert hired by the Proponent

As earlier stated, if a feasibility study or any preliminary study is unavailable, the DREAMS Project may extend technical support as part of the preparation of the Proposal. This support will be at the discretion of the DREAMS Project.

3.4 Monitoring and Documentation and Replication and Expansion

The PMU will monitor the progress of the undertaking based on agreed upon progress indicators between the Partner and the Contractor (Company or Individual) that has been selected by UNDP to deliver the goods or services. The monitoring method and deliverables will be contained in the Inception Plan and Contract of Services of the Contractor.

No payment shall be made by UNDP to the Contractor without the joint approval of the DOE and the Proponent.

All supported SF4RE applications must be documented to capture lessons learned and to facilitate replication and possible scale-up or expansion. The SF4RE partner/s shall allow the DREAMS PMU to gather data or capture in videograph or photograph the progress of the approved proposal.