Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

BAGONG PILIPINAS

DEPARTMENT CIRCULAR NO. DC2025-10-0023

PROMULGATING THE ENHANCED POLICY TO RATIONALIZE THE PROVISION OF BENEFITS TO COMMUNITIES HOSTING ENERGY GENERATION AND RESOURCE DEVELOPMENT FACILITIES, INCLUDING GENERATING FACILITIES WITH INTEGRATED ENERGY STORAGE SYSTEM FACILITIES, AMENDING RULE 29 (A) OF THE IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9136

WHEREAS, Republic Act No. 7638, otherwise known as the "Department of Energy (DOE) Act of 1992", declares it a policy of the State to: (i) ensure a continuous, adequate, and economic supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements through the integrated and intensive exploration, production, management, and development of the country's indigenous energy resources, and through the judicious conservation, renewal and efficient utilization of energy to keep pace with the country's growth and economic development and taking into consideration the active participation of the private sector in the various areas of energy resource development; and (ii) rationalize, integrate, and coordinate the various programs of the Government towards self-sufficiency and enhanced productivity in power and energy without sacrificing ecological concerns;

WHEREAS, Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" or EPIRA, states that it is the policy of the State to: (i) ensure the quality, reliability, security, and affordability of the supply of electric power; (ii) ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market; (iii) protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power; and (iv) assure socially and environmentally compatible energy sources and infrastructure;

WHEREAS, the EPIRA mandates the DOE, among others, to: (i) supervise the restructuring of the electric power industry; (ii) devise ways and means of giving direct benefit to the province, city, or municipality, especially the community and people affected, and equitable preferential benefit to the region that hosts the energy resource and/or the energy generating facility: Provided, however, That the other provinces, cities, municipalities, or regions shall not be deprived of their energy requirements; (iii) formulate rules and regulations as may be necessary to implement the objectives of the EPIRA; and, (iv) exercise such other powers as may be necessary or incidental to attain the objectives of the EPIRA;

WHEREAS, Section 66 of the EPIRA states that the obligations of generation companies and energy resource developers to communities hosting energy generating facilities and/or energy resource development as defined under Chapter II, Sections 289 to 294 of the Local Government Code and Section 5(i) of Republic Act No. 7638 and their implementing rules and regulations and applicable orders and circulars consistent with this Act shall continue: Provided, That the obligations mandated under Chapter II, Section 291 of Republic Act No. 7160, shall apply to privately-owned corporations or entities utilizing the national wealth of the locality;

WHEREAS, the DOE deems it necessary to provide a new regime for the benefits that will have a direct and significant impact on all local government units and communities and peoples hosting a facility for power generation, and/or energy resource development, through a transparent, holistic, and collaborative framework for all concerned energy stakeholders;

WHEREAS, on 20 April 2023, the DOE issued Department Circular (DC) No. DC2023-04-0008, titled "Prescribing the Policy for Energy Storage System (ESS) in the Electric Power Industry." This directive acknowledged the significance of ESS in ensuring the quality, reliability, security, sustainability, and affordability of electric power. It also established general policies and delineated the responsibilities of all DOE-attached agencies, industry participants and all other stakeholders concerning the development, operation and integration of ESS into the Philippine Grid;

WHEREAS, on 19 August 2025 and 12 September 2025, the DOE conducted public consultations, including online viewing through Microsoft Teams and Facebook Live, on the proposed amendments to enhance the provision of benefits to the host communities;

NOW, THEREFORE, in consideration of the foregoing, the DOE hereby issues this enhanced policy for the benefits of communities hosting a power generation and/or energy resource development facility:

RULE I
GENERAL PROVISIONS

Section 1. Title.

This Circular shall be known and referred to as the "Enhanced Energy Regulations for the Benefits to Host Communities".

Section 2. Purpose.

This Circular sets the general rules and guidelines for the appropriate, transparent, efficient, and rationalized allocation, management, utilization and distribution of Benefits to Local Government Units (LGUs), Regions and communities, i.e., Indigenous Cultural Communities/ Indigenous Peoples (ICCs/IPs) (collectively, "Host Beneficiaries"), including the implementation, administration, and monitoring of projects and programs funded by these Benefits.

Section 3. General Principles.

The following principles shall govern the interpretation and implementation of the benefits to Host Beneficiaries:

3.1. The process of providing Benefits to Host Beneficiaries shall be simple, direct, transparent, and shall promote full accountability among all concerned beneficiaries, generation companies, and energy resource developers;

3.2. The provision thereof shall contribute to the acceleration of total electrification in the country, lowering of electricity rates, and upliftment of the social and economic status of the Host Beneficiaries in accordance with the provisions of this Circular;

3.3. The availment of Benefits by the Host Beneficiaries shall be consistent with and contribute to the implementation of local plans and programs and the development needs of the Host Beneficiaries; and

3.4. Inclusion of generation facilities, offshore energy facilities, and new technologies, among others, in the provision of Benefits to Host Beneficiaries shall be in accordance with the provisions of this Circular and as may be prescribed in other issuances of the DOE.

Section 4. Definition of Terms.

4.1. "Barangay" refers to the smallest LGU, in accordance with the definition in the Local Government Code of 1991;

4.2. "Benefits" refer to the fiscal and non-fiscal assistance or services that can be extended to the Host LGUs, Regions and ICCs/IPs;

4.3. "City" shall be defined in accordance with the Local Government Code of 1991;

4.4. "Cogeneration Facility" refers to a facility which produces electricity or mechanical energy and forms of useful thermal energy, such as heat or steam, for industrial, commercial, heating, or cooling purposes through the sequential use of energy and is accredited as a cogeneration facility by the DOE;

4.5. "Community and People Affected" refers to bona fide residents of a Host LGU who were affected and/or relocated as a result of the development, construction, and/or operation of an energy generating facility or the development of an energy resource/facility project;

4.6. "Department of Environment and Natural Resources" or "DENR" refers to the department as reorganized by Executive Order No. 192, series of 1987, as amended;

4.7. "Distribution System" refers to the system of wires and associated facilities belonging to a franchised Distribution Utility extending between the delivery points on the transmission or sub transmission System or generator connection and the point of connection to the premises of the end-user;

4.8. "Distribution Utility" or "DU" refers to any electric cooperative, private corporation, local government-owned utility, or existing LGU which has an exclusive franchise to operate a distribution system in accordance with the EPIRA;

4.9. "Department of Energy" or "DOE" refers to the department created pursuant to Republic Act No. 7638, as amended;

4.10. "Electric Cooperative" or "EC" refers to a DU organized pursuant to Presidential Decree No. 269, as amended, or as otherwise provided in the EPIRA;

4.11. "Electricity Sales" refers to the proceeds from the actual generation of the energy facility and/or dispatch of energy when prompted net of station use and other allowed deductions;

4.12. "Electrification" refers to the provision of dependable and adequate electricity infrastructure and services;

4.13. "Energy Regulatory Commission" or "ERC" refers to the regulatory agency created under the EPIRA;

4.14. "Energy Resource" refers to either integrated conventional or renewable sources of energy used for the generation and/or storage of power and other forms of energy;

4.15. "Energy Resource Developer" or "ERD" refers to any person or entity, natural or juridical, engaged or intends to engage in the exploration, exploitation, extraction, and utilization of energy resources to generate and/or store power and other forms of energy;

4.16. "Energy Resource Development Facilities" refers to the facilities used for the exploration, exploitation, extraction, and utilization of energy resources to generate and/or store power and other forms of energy;

4.17. "Financial Benefits" refers to the three centavos per kilowatt-hour (P0.03/kWh) of Electricity Sales set aside by the GenCo, and/or ERD, in favor of the Host LGUs, Region and ICCs/IPs;

4.18. "Generation Company" or "GenCo" refers to any person or entity, natural or juridical, authorized by the ERC to operate facilities used in the generation of electricity;

4.19. "Generation Facility" refers to any power plant producing electricity and other forms of energy, such as steam or mechanical energy, authorized by the ERC. Generation Facilities shall not include transmission lines and substations;

4.20. "Host Beneficiaries" refers to the LGU, Regions, and ICCs/IPs entitled to the Benefits as determined under Section 7; For this purpose, all legitimate and bona fide ICCs/IPs, duly and formally recognized and accredited by the National Commission on Indigenous Peoples (NCIP), through a resolution by its Commissioners sitting en banc and/or by the concerned NCIP Regional Office, that host the generating facilities, energy resources, and energy storage system facilities shall be entitled to the benefits under this Circular.

4.21. "Host Local Government Unit" or "Host LGU" refers to the local government unit, i.e., barangay, municipality, city, or Highly Urbanized City, or province, where the energy resource and/or energy generation facility is located as determined under Section 7, Rule II hereof;

4.22. "Host Region" refers to the region where the energy resource and/or energy generating facility is located under Section 7, Rule II hereof;

4.23. "Indigenous Cultural Communities/Indigenous People" or "ICCs/IPs" refers to a group of people or homogenous societies identified by self-ascription and ascription by others, who have continuously lived as organized community on communally bounded and defined territory, and who have, under claims of territory since time immemorial occupied, possessed and utilized such territories, sharing common language, customs, traditions and other distinctive cultural traits, or who have through resistance to political, social and cultural inroads of colonization, non-indigenous religions and cultures, became historically differentiated from the majority of Filipinos. ICCs/IPs shall likewise include people who are regarded as indigenous on the account of their descent from the population which inhabited the country, at the time of conquest or colonization, or at the time of inroads of non-indigenous religions and cultures or the establishment of present state boundaries, who retain some or all of their own social, economic, cultural and political institutions, but who may have been displaced from their traditional domains or who may have resettled outside their ancestral domains;

4.24. "Municipality" shall be defined in accordance with the Local Government Code of 1991;

4.25. "Municipal Waters" refers to waters within 15 kilometers of the coastline of a municipality which are not included within the protected areas as defined under Republic Act No. 7586;

4.26. "National Commission on Indigenous People" or "NCIP" refers to the government entity created pursuant to Republic Act No. 8371;

4.27. "National Electrification Administration" or "NEA" refers to the government entity created pursuant to Presidential Decree No. 269, as amended;

4.28. "National Power Corporation" or "NPC" refers to the government entity created pursuant to Republic Act No. 6935, as amended;

4.29. "Offshore Energy Generating Facilities" refers to facilities for the exploration, development, and/or utilization of energy resources in offshore areas, which include estuaries and other bodies of water;

4.30. "Province" shall be as defined in accordance with the Local Government Code of 1991;

4.31. "Reservoir", for the purpose of this Circular, refers only to any of the following:

4.31.1. "Geothermal reservoir" refers to a subsurface geological environment where geothermal fluids accumulate, circulate, and/or are reinjected to produce geothermal steam for power generation;

4.31.2. "Hydropower reservoir" refers to either a natural or an artificial lake created by the impounding of stream flow, run-off, and subsurface water, including but not limited to intakes, diversion weirs, and trans basin underground tunnel which supplies water to a dam. It also refers to where river or rivers supply or supplies water to a dam reservoir through a trans basin underground tunnel to generate power;

4.32. "Sanggunian or Council Resolution" refers to an official act or expression of sentiment, opinion, or policy issued by a Sanggunian Barangay, Bayan, Sanggunian Panlungsod, Sanggunian Panlalawigan, ICCs/IPs or Regional Development Council (RDC), which shall be consistent with the provisions of Section 12 of this Circular; and

4.33. "Station Use" refers to the difference between the electric energy generated and the electric energy sold by the Generation Facility.

RULE II
SCOPE AND COVERAGE

Section 5. Scope and Coverage.

This Circular shall apply to the following entities:

5.1. GenCos owning and/or operating generation facilities, including pump storage hydro, and generation facilities with integrated ESS as defined under DC No. DC2023-04-0008, unless otherwise amended or superseded;
5.2. ERDs;
5.3. DUs; and
5.4. Host LGUs, ICCs/IPs, Regions and Communities and People Affected.

Section 6. Obligations to Provide Financial Benefits.

All entities owning and/or operating Generation Facilities and/or Energy Resource Development Facilities, including pump storage hydro, and generation facilities with integrated ESS as defined under DC No. DC2023-04-0008, except those operated by Microgrid Systems Providers and NPC - Small Power Utilities Group in areas it serves as both generator and distribution, shall provide Benefits to all Host Beneficiaries as defined herein. For clarity, all entities shall refer to:

6.1. Power Sector Asset and Liabilities Management Corporation with respect to generation facilities operated by NPC or other Independent Power Producers (IPPs) under Build Operate and Transfer arrangement and other variants with IPPs;

6.2. GenCos authorized by the ERC to operate Generation Facilities;

6.3. DU-owned embedded generators;

6.4. Integrated energy resource development and/or Generating Facilities;

6.5. Generating Facilities operating in Economic Zones; and

6.6. Other emerging technologies for power generation, as may be declared in future DOE policy issuances.

Section 7. Host Beneficiaries.

Benefits shall be provided to the Host Beneficiaries, comprising the Host LGUs, Regions, the Communities and People Affected, and the Host ICCs/IPs, as determined by the NCIP. For purposes of benefit allocation, the Host LGUs, Regions, and ICCs/IPs shall be identified as follows:

7.1. With respect to Generation Facilities:

7.1.1. The Host LGU, Region and ICCs/IPs are those where the Generation Facility is physically located. In the case of power barges, the Host LGU, Region and ICCs/IPs are those where the power barge is moored.

7.1.2. The determination of the franchised DU shall be based on the franchise area where the Generation Facility or energy resource development facility is located.

7.2. With respect to Energy Resources:

7.2.1. Integrated Geothermal. The Host LGU, Region, ICCs/IPs, and franchised DU are those where the producing geothermal reservoir is located, as delineated by geological, geochemical, geophysical, and exploration surveys. A producing geothermal reservoir refers to the subsurface geological environment where the geothermal fluids accumulate and circulate, inclusive of the production and reinjection/recharge zone.

7.2.2. Integrated Hydropower. The Host LGU, Region, ICCs/IPs, and franchised DUs are those where the hydropower reservoir is located, as delineated by detailed topographic, geological, and geotechnical investigations, reservoir and dam height optimization studies, and as delineated by detailed ground surveys.

In case of boundary dispute(s) which affects the determination of the Host LGU, the latter shall submit to the GenCo or ERD pertinent documents and information from relevant agencies or from decisions of courts of competent jurisdiction to support the determination of the bonafide beneficiary and the corresponding allocation of Financial Benefits pursuant to this Circular.

7.3. With respect to Offshore Energy Generating Facilities

The Host LGUs and Region are those where the Offshore Energy Generating Facility is located as follows:

7.3.1. Within Municipal Waters

The Host LGU and Region are those where the Generation Facilities are located, as delineated by detailed topographic, geological, and geotechnical investigations, and as delineated by the production area.

7.3.2. Outside Municipal Waters

The Host LGU and Region shall solely be the province nearest to the Generation Facility. In the event that the Generation Facilities are nearest to two (2) or more provinces, the benefits shall be equally divided among the respective provinces and Region.

7.4. For all other emerging energy facilities, the Host LGU, Region and ICCs/IPs shall be those where the Generation Facility is physically located, pursuant to applicable DOE issuances.

RULE III
FINANCIAL BENEFITS

Section 8. Allocation of Financial Benefits.

The GenCo, and/or ERD shall set aside three centavos per kilowatt-hour (PhP 0.03/kWh) of the Electricity Sales as Financial Benefits to the franchised DU, Host LGU, Region and ICCs/IPs, and Communities and People Affected.

8.1. The Financial Benefits shall be allocated in the following manner:

8.1.1. Electrification Fund (EF)

Half of one centavo per kilowatt-hour (PhP 0.005/kWh) of Electricity Sales.

8.1.2. Development and Livelihood Fund (DLF) and Reforestation Watershed Management, Health, and/or Environment Enhancement Fund (RWMHEEF)

Two and a half centavos per kilowatt-hour (PhP 0.025/kWh) of Electricity Sales shall be equally divided between DLF and RWMHEEF, resulting in PhP 0.0125/kWh for each fund.

8.2. A periodic review and adjustment of the rate, based on prevailing rates and other relevant economic indicators, as determined by the DOE, shall be conducted in consultation with appropriate government agencies. This adjustment mechanism shall be institutionalized to safeguard host communities from the long-term effects of the possible devaluation of the Financial Benefits.

8.3. The EF shall be allocated solely to the franchised DU.

8.4. The DLF and RWMHEEF shall be distributed based on the facility's location following the radiating order of benefits:

8.4.1. Allocation to Host LGUs and IPs/ICCs

8.4.1.1. Community and People Affected	– 5%;
8.4.1.2. Host Barangay/s	– 20%;
8.4.1.3. Host Municipality/ies or City/ies	– 35%;
8.4.1.4. Host Province/s	– 30%;
8.4.1.5. Host Region	– 5%;
8.4.1.6. Host ICCs/IPs	– 5%.

8.4.2. In the event that the GenCo and/or ERD covers more than one host LGUs and/or franchised DUs, the Financial Benefits shall be equally allocated.

8.4.3. In cases where there is a conflict or dispute regarding the political boundaries of the Host LGUs where the Generating Facility and/or Energy Resource is located, the settlement of said dispute shall be based on the following:

8.4.3.1. Population, based on the latest census - seventy percent (70%);

8.4.3.2. Land area occupied by the said Genco and/or ERD which shall be based on the delineated land surveys duly approved by the DENR-Land Management Bureau– thirty percent (30%).

8.4.4. Pending resolution of boundary disputes between LGUs of the same rank, Section 8.4.2 shall apply until decided by the competent court.

8.4.5. In the absence of the Community and People Affected, funds allocated for the same shall form part of the allocation for the Host Barangay.

8.4.6. In the absence of the ICCs/IPs, funds allocated for the same shall form part of the allocation for the Host Region.

8.4.7. Any additional Host LGUs and/or ICCs/IPs may be included in the list of entitled Host Beneficiaries, upon joint endorsement by the concerned GenCos and/or ERDs and the concerned LGUs and/or ICCs/IPs, and upon approval of the DOE. The Financial Benefits shall be provided prospectively, subject to compliance with this Circular.

8.5. The DLF, and RWMHEEF Provincial Share for Highly Urbanized Cities (HUCs) shall be allocated in the following manner:

8.5.1. HUCs geographically located within a Province:

Community and People Affected	– 5%
Host Barangay/s	– 20%
Host Municipality/ies or City/ies	– 35%
Host Province/s	– 30%
Host Region	– 5%
Host ICCs/IPs	– 5%

8.5.2. HUCs located in the National Capital Region and in Zamboanga Peninsula:

Host Barangay/s	– 25%
Host Highly Urbanized City/ies	– 35%
Host Region	– 40%

RULE IV
ELIGIBLE PROJECTS

Section 9. Eligible Projects for EF.

9.1. Electrification Projects to be implemented by the franchised DU/s, consistent with the Local Total Electrification Roadmap (LTER) and/or Distribution Development Plan (DDP) approved by the DOE and the NEA for the case of ECs:

9.1.1. Provision of electric service connections to marginalized unenergized households through house wiring subsidy and kilowatt-hour meter requirement or individual stand-alone home solar systems;

9.1.2. Extension of distribution line facilities to unenergized areas/households;

9.1.3. Alternative electrification solutions for unenergized areas where the extension of distribution lines is not feasible, as assessed by the franchised DU; and

9.1.4. Improvement, rehabilitation, or restoration of the distribution system, including the incorporation of emerging technologies.

9.2. Should the franchised DU of the Host Beneficiaries have already achieved 100% electrification for a specific year, the EF shall be utilized to subsidize the electricity rate of all customers, or a certain customer type, within its franchise area.

Section 10. Eligible Projects for DLF and RWMHEEF.

For DLF and RWMHEEF, the following shall be qualified as projects for funding:

10.1. Subsidy to reduce electricity rates for all customers, or a certain customer type, within the jurisdiction of Host LGUs served by the franchised DU; and

10.2. Livelihood and Community Development, which shall include:

10.2.1. Basic, Secondary and Tertiary education scholarships for courses or vocations vital to the host community;
10.2.2. Training and upskilling;
10.2.3. Acquisition of books, educational materials, teaching equipment, and other related to uplifting the education status in the community;
10.2.4. Improvement of feeder roads;
10.2.5. Farm-to-market arrangements or other mechanisms;
10.2.6. Construction of satellite market;
10.2.7. Construction/repair of barangay markets;
10.2.8. Deep wells;
10.2.9. Irrigation system;
10.2.10. Purchase of farming/fishery equipment and machineries;
10.2.11. Agricultural support services such as seed distribution, planting materials and farm operation support;
10.2.12. Support, maintenance, and protection of livestock;
10.2.13. Promotion of culture and tourism; and
10.2.14. Other projects, programs, and assets connected with the above items.

10.3. Watershed and Environmental Enhancement which shall include:

10.3.1. Flood control or mitigation infrastructure or measures;

10.3.2. Training and upskilling of talents related to the economic activities of the community;
10.3.3. Disaster response and resiliency tools, infrastructures, equipment, and other related assets;
10.3.4. Recovery assistance for disaster-stricken areas;
10.3.5. Infrastructures, equipment, and other essential assets for the protection of protected areas;
10.3.6. Riprapping of canal/riverbanks;
10.3.7. Construction of water supply system;
10.3.8. Construction of structural measures against erosion;
10.3.9. Establishment of plant or tree nursery/ies;
10.3.10. Tree seedling dispersal initiatives;
10.3.11. Programs and tools for the equitable promotion of eco-tourism;
10.3.12. Information campaigns on various aspects of health, based on the demography and needs of the community or LGU; and
10.3.13. Other projects, programs, and assets connected with the above items.

10.4. Health Service Enhancement, such as:

10.4.1. Establishment or improvement of hospitals, clinics, health centers, or medical stations;
10.4.2. Construction of hygiene and sanitation facilities;
10.4.3. Construction of sports facilities;
10.4.4. Procurement of ambulances or other health service-related vehicles;
10.4.5. Secured and sustained provision of medicines and other medical paraphernalia for the treatment of diseases;
10.4.6. Creation of measures and acquisition of health apparatus, equipment, and tools for the mitigation and control of communicable illnesses, and prevention and control of outbreaks;
10.4.7. Appropriate preparations for other related health emergencies; and
10.4.8. Other projects, programs, and assets connected with the above items.

10.5. Public Service Facility/ies, which may include:

10.5.1. Expansion or improvement of road network;
10.5.2. Promotion of public order and safety;
10.5.3. Construction or improvement of communal facilities based on the needs of the community;
10.5.4. Tools and equipment for the maintenance of peace and order;
10.5.5. Acquisition of closed-circuit television (CCTV);
10.5.6. Programs and projects for crime prevention and mitigation; and
10.5.7. Other projects, programs, and assets connected with the above items.

RULE V
PROCEDURE FOR THE REMITTANCE, UTILIZATION AND AUDIT OF FINANCIAL BENEFITS

Section 11. Establishment of Trust Accounts.

11.1. The Host LGUs and ICCs/IPs shall establish an Interest-Bearing Current Account (IBCA) with the Land Bank of the Philippines (LBP) or any authorized government depository bank, specifically for DLF and RWMHEEF.

In case the LGUs and ICCs/IPs encounter difficulties beyond their control in opening an LBP account or in any authorized government depository bank, they may nominate an existing depository account where the funds shall be remitted, provided that the Host LGUs and ICCs/IPs shall maintain a subsidiary ledger to monitor the remittance and disbursement of the said funds. The Host LGUs and ICCs/IPs shall provide justification through an official letter addressed to GenCos and/or ERDs.

11.2. The franchised DU shall establish an IBCA specific for the EF.

Section 12. Issuance of Sanggunian or Council Resolution for the Availment of DLF and RWMHEEF.

The Host Beneficiaries shall prepare and issue a Sanggunian or Council Resolution for the remittance and availment of the Financial Benefits under this Circular. The Sanggunian or Council Resolution shall be submitted to the GenCos and/or ERDs before commencement of the project implementation. The Sanggunian or Council Resolution shall contain the following:

12.1. The priority projects pursuant to Section 10, hereof, for funding subject to the availability of the accrued Financial Benefits, as confirmed by the GenCos and/or ERD;

12.2. Brief description of the project/s and implementation timelines;

12.3. Copy of certification of the established trust accounts from the authorized government depository bank, pursuant to Section 11 hereof and

12.4. The manner of remittance of the financial benefits. In accordance with its Sanggunian or Council Resolution, for the implementation of identified lowering of electricity rate pursuant to Section 10.1, hereof, the Host Beneficiaries may allow the Genco and/or ERD to directly remit the DLF and RWMHEEF to the franchised DU. The Host Beneficiaries shall maintain oversight on the remittance of DLF and RWMHEEF by the GenCos and/or ERD to the franchised DU.

A sample Sanggunian or Council Resolution template is attached herein as Annex "A", containing the above-mentioned minimum provisions. This is without prejudice to the modifications and additional provisions that the Host LGU may deem appropriate and necessary for the implementation of projects consistent with this Circular. Any changes in the template in this Annex shall be posted by the DOE through an Advisory.

The Host Beneficiaries shall ensure the proper dissemination of the adopted Sanggunian or Council Resolution for the availment and utilization of the Financial Benefits.

Section 13. *Remittance of the Financial Benefits.*

13.1. For EF

The franchised DU beneficiary of the EF shall nominate its IBCA to GenCo and/or ERD for the remittance of the EF. For the allocation and utilization of the EF, the franchised DU shall prepare its proposed project and workplan, consistent with the DDP and LTER, approved by the DOE or NEA, in the case of the ECs, and submit the same to the GenCo and/or ERD before the latter remit the EF to the franchised DU nominated IBCA. The remittance shall be made by GenCo and/or ERD within sixty (60) days upon receipt of the required documents from the DU.

13.2. For DLF and RWMHEEF.

The GenCo and/or ERD shall commence remittance of the Financial Benefits within sixty (60) days upon receipt of the Sanggunian or Council Resolution by the Host Beneficiaries, except in cases provided in Section 15 under this Circular.

13.3. The GenCo and/or ERD shall continuously remit the Financial Benefits, subject to Section 13.2, except when the Commission on Audit (COA) orders the suspension of such remittance and the franchised DU and Host Beneficiaries are required to take action relative to any audit findings. Upon COA's issuance of a resolution that the findings have been addressed, GenCo and/or ERD shall continue to remit the allocation to the franchised DU and Host Beneficiaries.

Section 14. *Audit and Project Monitoring.*

14.1. Electricity Sales Audit

The DOE, through its Power Compliance Division-Financial Services (FS-PCD), shall conduct post audit and periodic review of reported electricity sales, fund allocation, and remittances of Financial Benefits of the GenCos and/or ERDs to the franchised DUs and Host Beneficiaries. The DOE shall maintain a database of the reported/validated Electricity Sales and remitted Financial Benefits.

14.2. Monitoring of Benefits to Host Communities

For policy formulation and development purposes, the GenCo and/or ERD shall submit to the DOE, through the DOE Electric Power Data Management System (DEPDMS), the list of priority projects submitted and availed by the Host Beneficiaries, in accordance with its Sanggunian or Council Resolution or, for the case of EF, the proposed project and work plan submitted by the DU.

14.3. Project Implementation Audit by the COA

14.3.1. Audit of DLF and RWMHEEF

The report/s and other documentary requirements in support of the utilization and liquidation of the Financial Benefits shall be audited by the Local COA of the Host LGU. All disbursements must observe government accounting and auditing rules and regulations.

The audit of the ICCs/IPs' compliance with the provisions of this Circular shall be conducted by the COA-Special Audit Office through a special audit engagement in accordance with the Sanggunian or Council Resolution. The Host ICC/IP Accounting Officer or its duly franchised Accountant shall prepare and sign the Fund Utilization Report (FUR), duly approved by the ICC/IP Chieftain/Leader, along with fully accomplished supporting documents.

14.3.2. Audit of EF

The audit of EF shall be conducted by the COA Special Audit Team through a special audit engagement.

All tangible EF pursuant to Section 9.1 which are implemented and completed consistent with the DDP and the LTER shall be reported to the COA Special Audit Team by the franchised DU within six (6) months from the end of each fiscal year, copy furnished the DOE and the NEA in the case of ECs. All electrification projects funded by the EF shall not form part of the cost to be recovered by the franchised DU from its customers, except for those components and operation and maintenance funded through the franchised DUs' internally generated fund.

In the event that the EF was utilized for electricity tariff subsidy, the franchised DU shall submit to the ERC supporting documents reflecting the utilization of the EF allocated for electricity rate reduction. Similarly, the ERC shall exercise its regulatory functions to ensure the proper inclusion and accounting of the subsidy in accordance with the ERC regulation. The same will apply in the implementation of a subsidy scheme using DLF and RWMHEF.

In view of the cyclical audit by the COA Special Audit Team, the repository and/or custodian of liquidation reports and other supporting documents submitted by the Host ICCs/IPs, and franchised DUs shall be the authorized officials of their respective units for the duration of five (5) years. They shall ensure that all records and documents are properly labeled, including the disbursement vouchers relative to the utilization of funds, to facilitate easy access and retrieval during the audit of COA Special Audit Team.

Section 15. Automatic Allocation to Electricity Subsidy.

15.1. Accrued Financial Benefits set aside by the GenCo and/or ERD shall be utilized to reduce the electricity rate of the franchised DU serving the Host Beneficiaries in the following cases:

15.1.1. Voluntary allocation by the Host Beneficiary/ies of its accrued Financial Benefits to subsidize electricity rates in its area pursuant to its Sanggunian or Council Resolution submitted to the GenCo and/or ERD;

15.1.2. Failure of the franchise DU and Host Beneficiaries to utilize the Financial Benefits pursuant to Sections 9 and 10, hereof, for two (2) consecutive years from the date of the last remittance made by the GenCo and/or ERD: Provided, That the franchised DU and Host Beneficiaries may notify the GenCo and/or DU that it intends to utilize the Financial Benefits within six (6) months from the lapse of the two (2) year period. This notification must be submitted to the GenCo and/or ERD prior to the expiration of the said two (2) year period.

15.1.3. In the event that the Host Beneficiaries failed to notify and/or utilize the Financial Benefits within the timeline stated above, the GenCo and/ERD shall inform the ERC of the accrued Financial Benefits. The ERC shall issue an order for the immediate implementation of the rate reduction scheme to the franchised DU, copy furnished the GenCo and/or ERD. Upon receipt of such order, the GenCo and/or ERD shall cause the remittance of the accrued financial benefits to the franchised DU nominated IBCA which shall correspondingly be used by the latter to reduce electricity rates of all its customers.

15.2. Within three (3) months from the occurrence of any of these events, the GenCo and/or ERD shall notify the franchised DU/s on the subsidy scheme plan, provided under Sanggunian or Council Resolution under Section 15.1.1. In case Section 15.1.2. applies, the GenCo and /or ERD shall notify the franchised DU of the available accrued DLF and RMWHEED of the Host Beneficiaries that can be utilized to subsidize electricity rates, copy furnished the DOE and the ERC. For the unutilized EF, the franchised DU shall immediately reflect the prorated subsidy to all costumers within its franchise area, unless otherwise provided in subsequent policy.

For the DLF and RWMHEEF, the franchised DU shall immediately reflect in its next immediate billing cycle and statement the corresponding reduction in the electricity rates following the remittance by the GenCo and/or ERD of the accrued Financial Benefits.

No later than two (2) weeks from the implementation of the subsidy scheme, the franchised DU shall submit to the ERC a report on the subsidy allocated to all of its customers.

RULE VI
NON-FISCAL BENEFITS AND CORPORATE SOCIAL RESPONSIBILITY

Section 16. Non-fiscal Benefits.

16.1. In addition to the eligible projects funded through the Financial Benefits, Host Beneficiaries shall be granted preferential entitlement to the following non-fiscal benefits:

16.1.1. Skills Development

16.1.1.1. For the community and people affected, as well as bona fide residents of the host barangay, and the host community or city, the GenCo, ERD and/or power producer shall establish relevant skills development programs, which may include the development of skills pertinent to the business of energy generation or electrification, environmental protection, reforestation, agroforestry, and relevant technical-vocational skills, upon consultation with the appropriate government agencies.

16.1.1.2. Toward this end, a Memorandum of Understanding (MOU) may be entered into by the host barangay, the host city or municipality, and the GenCos and/or ERD. For monitoring purposes, a copy of such MOU or any other such instrumentality shall be submitted to the DOE.

16.2. Preference in Employment

Qualified members of the community and people affected, as well as qualified bona fide residents of the host barangay and the host municipality or city, shall be given preference in employment by the GenCo and ERD their contractors pursuant to applicable laws, rules, and regulations.

16.3. Preference in Procurement of Local Supplies and Services

Where practicable, all GenCos and/or ERD are encouraged to source at least fifty percent (50%) of their supplies and service requirements from within the Host LGUs, provided such supplies and services are available therein at a competitive price, delivery/service schedule, quantity, and quality.

The costs incurred in the implementation of these non-fiscal benefits for host LGUs and communities shall not be charged against electricity rates.

Section 17. Corporate Social Responsibility Activities.

The GenCos and/or ERD are encouraged to voluntarily contribute to the development of their host communities as part of their Corporate Social Responsibility. Such participation must align with the principles of corporate social responsibility and foster goodwill while also supporting the DOE's mission of equitable energy development across the country. Provided, however, that the cost for such activities shall not be included in the rates that will be passed on to consumers.

RULE VII
RESPONSIBILITIES

Section 18. Responsibilities of the Franchised DU.

The franchised DU shall have the following responsibilities:

18.1. Open the EF IBCA in any Authorized Government Depository Bank (AGDB) and maintain the required balance in the EF IBCA.

The fees and charges relative to the maintenance of such IBCA shall be considered as an administrative expense and shall be deducted from the EF account;

18.2. Accept all remittances made by the GenCo and/or ERD or the Host Beneficiaries in case of subsidy scheme, subject to post-audit rules and regulations;

18.3. Issue official/acknowledgment receipts to the GenCo and/or ERD or the Host Beneficiaries;

18.4. Prepare the LTER and DDP, which shall reflect the priority project using EF;

18.5. Ensure timely implementation of projects in accordance with its LTER and DDP;

18.6. Comply with all accounting and auditing rules and requirements as may be imposed by the COA; and

18.7. Other acts necessary for the efficient and transparent implementation and utilization of EF, including the implementation of subsidy as may endorsed by the Host Beneficiaries.

Section 19. Responsibilities of the Host Beneficiaries

The Host Beneficiaries shall have the following responsibilities:

19.1. Open and maintain the separate DLF, and RWMHEEF IBCA, except for the RDC-nominated LGU beneficiary, which shall only use its General Fund account to maintain the regional share of Financial Benefits.

19.2. Maintain the required balance in the DLF, and RWMHEEF IBCA, which shall not be withdrawn by the Host Beneficiaries.

The fees and charges relative to the administration of such trust account shall be considered as an administrative expense and shall be deducted from the relevant IBCA.

19.3. Accept all remittances made by the Genco and/or ERD in consonance with the Sanggunian or Council Resolution, subject to post-audit rules and regulations;

19.4. Issue official and/or acknowledgement receipts to the GenCo and/or ERD;

19.5. Coordinate with the franchised DU for the implementation of the subsidy scheme;

19.6. Ensure timely implementation of projects consistent with the specifications and timeline provided under the issued Sanggunian or Council Resolution;

19.7. Comply with all accounting and auditing rules and requirements as may be imposed by the COA;

19.8. Furnish a copy to the GenCos and/or ERDs of any COA audit findings, orders on suspension and/or resolution, relative to the utilization of the Financial Benefits to Host communities.

Section 20. Responsibilities of the GenCo and/or ERD.

The GenCo and/or ERD shall have the following responsibilities:

20.1. Identify the franchised DU and Host Beneficiaries and inform in writing the establishments/nomination of trust account;

20.2. Establish a dedicated IBCA covering EF, DLF, and RWMHEEF, including preparation of a subsidiary ledger for franchised DU and Host Beneficiaries;

20.3. Report to the DOE, through the DEPDMS Portal, the Electricity Sales, allocation, utilization of Financial Benefits, and status implementation of Enhanced ER Projects;

20.4. Furnish the Host Beneficiaries on their allocation of Financial Benefits to guide them in their planning function on the utilization of Enhanced ER funds;

20.5. Report to the DOE the non-fiscal Benefits implemented in favor of the Host Barangay, City, ICCs/IPs, and Community and People Affected;

20.6. Designate Community Relations Officer/s that shall assist the Host Beneficiaries in the implementation of this Circular; and

20.7. Conduct the Information Education and Communication Campaign in support of the effective implementation of this Circular.

RULE VIII
REGULATION AND TRANSITORY PROVISIONS

Section 21. Regulatory Support.

The ERC shall provide the necessary regulatory support, including the issuance of necessary policies and regulations or the amendments to existing guidelines, including administrative penalties, for the implementation of this Circular.

The requirement for the Memoranda of Agreement for the Establishment of Trust Account (MOA-ETA) will no longer apply in the ERC's issuance of COC, as such the ERC shall amend its rules accordingly.

The ERC shall issue rules on the implementation of subsidy scheme, use of EF for the upgrading and enhancement of DU system and other projects subsidized by the EF and as such shall not be recovered from the franchised DUs' customers. Further, the implementation of subsidy scheme shall be reflected as a separate component of the franchised DUs' rate in its electricity bills.

Section 22. Transitory Provision.

In consideration of the existing Financial Benefits, processes, and documents that will be affected by this Circular, the following activities will be observed during the transition period:

22.1. All Annual Work Plans approved and being implemented upon the effectivity of this Circular shall be recognized until the completion of the project(s) contained therein or for a period of one (1) year, whichever comes first;

22.2. All MOA-ETA executed and implemented prior to this Circular shall be recognized and remain effective for a period of one (1) year or until the adoption of the Sanggunian or Council Resolution pursuant to this Circular, whichever is earlier;

22.3. All GenCos and/or ERD by the Host Beneficiaries, and franchised DUs are enjoined to revisit their programs, projects, activities, and internal processes under the prevailing DOE policies and issuances and perform all necessary actions for the smooth transition to this Circular;

22.4. The adoption by the Host Beneficiaries of the Sanggunian or Council Resolution pursuant to this Circular and duly submitted to the GenCos and /or ERDs shall not affect all pending and ongoing projects prior to the effectivity of this Circular;

22.5. Any Financial Benefits, obligations, or entitlements that have accrued or become due from GenCos and/or ERDs prior to the effectivity of this Circular shall remain enforceable and shall be settled in accordance with applicable laws, rules, and previously existing agreements or regulations; and

22.6. All GenCos and/or ERDs shall start to allocate the P 0.03/kWh Financial Benefits under this Circular commencing in January of Calendar Year 2026. For the remaining months of Calendar Year 2025, the allocation under ER 1-94 and remittance of Financial Benefits pursuant to DC2024-09-0029 and DC2018-08-0021 shall be observed in the interim.

RULE IX
MISCELLANEOUS PROVISIONS

Section 23. Separability.

If, for any reason, any section or provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 24. Repealing Clause.

Energy Regulations No. 1-94, Department Circular Nos. DC2018-08-0021 and DC2024-09-0029, and all other related Department Orders and Advisories are hereby repealed.

Pertinent provisions of DC2019-06-0010 inconsistent with this Circular are likewise repealed or modified accordingly. Otherwise, those parts shall remain effective.

All other previous issuances, rules, and regulations that are inconsistent with the provisions of this Circular are likewise repealed or amended accordingly.

Section 25. Effectivity.

This Circular shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

A copy of this Circular shall be furnished to the University of the Philippines Law Center - Office of National Administrative Register (UPLC-ONAR).

Issued at Energy Center, Rizal Drive, Bonifacio Global City, Taguig City on OCT 14 2025 ~~2025~~.

SHARON S. GARIN
Secretary

ANNEX A – Sample Sanggunian or Council Resolution template

Republic of the Philippines
Province of ___________________
Municipality/City of ___________________
Office of the Sangguniang <Bayan/Panlungsod>

Excerpts from the Minutes of the ___th Regular Session of the Sanggunian <Bayan/Lungsod/Lalawigan, held on the ___th day of _____________, 20__, at the Sangguniang <Bayan/Lungsod/Lalawigan> Session Hall.

Present:

Excused:

RESOLUTION NO. _______
Series of 20__

Authored by: ___________________________________

A RESOLUTION ADOPTING GUIDELINES FOR THE UTILIZATION OF FINANCIAL BENEFITS FOR THE PROMOTION OF RURAL DEVELOPMENT, SOCIO-ECONOMIC UPLIFTMENT, AND ENVIRONMENTAL PROTECTION, CONSISTENT WITH NATIONAL AND LOCAL DEVELOPMENT PLANS

WHEREAS, Section 16 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, empowers local government units (LGUs) to exercise such powers as are necessary and appropriate for the promotion of the general welfare;

WHEREAS, relevant policies of the Department of Energy (DOE) provide for the allocation and utilization of financial benefits derived from energy resource development projects to host communities, to be used for sustainable and inclusive local development;

WHEREAS, it is imperative to ensure that the use of such financial benefits is aligned with applicable national and local development plans, and that implementation is transparent, accountable, and responsive to the needs of the local community;

WHEREAS, pursuant to Department of Energy (DOE) Department Circular (DC) No. DC2025-__-____, entitled "*Promulgating the Enhanced Policy to Rationalized Benefits To Communities Hosting Energy Generation and Resource Development Facilities, And Integrated Energy Storage Systems Facilities, Amending Rule 29*

(A) of the Implementing Rules And Regulations Of Republic Act No. 9136", there is a need to adopt a clear framework for the:

a) Promotion of rural development, upliftment of socio-economic conditions, and addressing environmental concerns;
b) Coordination and consultation with various stakeholders and key entities under the said DOE Department Circular;
c) Identification of target beneficiaries;
d) Specification of eligible projects with corresponding implementation plans and timelines;
e) Allocation and proper utilization of funds;
f) Monitoring of liquidation and audit of project funds;
g) Compliance with DOE rules on frequency of remittance of financial benefits; and
h) Establishment and certification of trust accounts with authorized government depository banks;

WHEREAS, the <Municipal/City/Provincial> Government of _______________, have initiated coordination and consultations with _________________, and other relevant stakeholders and entities, for the issuance of this Resolution consistent with the above DOE DC and other related national and local rules, regulations, policies, plans and programs,

WHEREFORE, on motion of Hon. ________________________, duly seconded by Hon. _________________________, be it

RESOLVED, AS IT IS HEREBY RESOLVED, to issue this Sanggunian Resolution for the transparent, efficient and streamlined implementation of projects funded by Financial Benefits under DOE Department Circular No. DDC2025-__-______ and *other relevant provisions thereto consistent with the <City/Municipality/Province>*'s plans, programs and projects;

RESOLVED, FURTHER, that the Sanggunian adopts the guidelines, attached herein as Annex "A" including the schedules annexed thereto, pursuant to the above DOE Department Circular for observance the <Municipality/City/Province> and of all responsible entities;

RESOLVED, FINALLY, this Resolution and all its attachments shall be posted in the <Municipality/City/Province>'s websites or, in the absence thereof, in two (2) conspicuous places within the <Municipality/City/Province>'s offices. This Resolution and all its attachments, including amendments or supplements, if any, shall likewise be sent in print and in electronic copy to the Genco and/or ERD.

UNANIMOUSLY ADOPTED this __th day of ________________, 20__.

We hereby certify the correctness of the above Resolution which was adopted by the Sangguniang <Bayan/Panlungsod/Panlalawigan> of ________________________, on its ___th Regular Session, held on the ___th day of ________________, 20__, at the Sangguniang <Bayan/Lungsod/Lalawigan> Session Hall.

Certified Correct:

<Secretary of the Sanggunian>

Attested By:

<Presiding Officer>

Approved By:

<Local Chief Executive>