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USER MANUAL

PHILIPPINE GEOTHERMAL RESOURCE DERISKING FACILITY

This User Manual forms an integral part of Department Circular No. DC2026-XX-XXXX, titled, "Establishing the Philippine Geothermal Resource Derisking Facility (PGRDF), Prescribing the General Guidelines for Its Implementation, and Adopting the User Manual Therefor" and serves as the operational guide adopted by the Department of Energy (DOE) and the Land Bank of the Philippines (LBP) for the implementation of the Facility.

RULE I. GENERAL PROVISIONS

1. **Purpose and Scope.** The Philippine Geothermal Resource Derisking Facility (PGRDF) is established to provide support to eligible Renewable Energy (RE) Developers undertaking greenfield geothermal exploration activities through the provision of sub-loans, subject to grant conversion mechanisms and the terms and conditions prescribed under this Manual, the applicable financing agreements, and relevant laws, rules, and regulations.
2. This Manual prescribes the policies, procedures, and requirements governing the PGRDF, including project eligibility, application and evaluation processes, sub-loan administration, disbursement, monitoring and reporting, repayment, and grant conversion. It shall apply to all Developers, implementing entities, participating government agencies, and other stakeholders involved in the Facility.
3. **Funding Structure.** The funding structure, including the terms of financial assistance, eligible expenditures, disbursement arrangements, repayment obligations, and grant conversion mechanisms, is implemented in accordance with this Manual and other applicable issuance.
4. Unless otherwise specified, 'days' refers to working days for technical processes and banking days for financial processes."

RULE II. DEFINITION OF TERMS

5. For purposes of this User Manual, the following terms shall be defined as follows, unless the context clearly indicates otherwise:

- i. **Asian Development Bank (ADB)** - refers to the regional development bank providing international financial, advisory, and monitoring oversight support to the PGRDF.
- ii. **Budget Year (Year T)** - refers to the specific fiscal year in which a project's budget is formally incorporated into the Department of Energy's (DOE) fiscal program for the Facility. This serves as the primary baseline period for establishing the implementation timelines of the Pre-Qualification and Full Project Application stages. Although Year T designates the official budget allocation period, project eligibility and the allowable window for retroactive financing may take effect in the preceding fiscal year (Year T-1).
- iii. **Certificate of Confirmation of Commerciality (COCOC)** - refers to the official certificate issued by the Department of Energy (DOE) confirming that a geothermal resource within a contract area has been established as commercially viable.
- iv. **Commercial Discovery** - refers to the determination that a geothermal reservoir possesses sufficient temperature, enthalpy, permeability, and fluid capacity to support economically viable power generation or direct-use applications, as validated by the DOE.
- v. **Conditional Notice to Proceed (CNTP)** - refers to the provisional authorization issued by the PGRDF Management Committee to a Category A applicant, allowing advancement to the next stage while requiring full compliance with specific outstanding environmental and social safeguard requirements prior to the issuance of a final NTP.
- vi. **Declaration of Commerciality (DOC)** - refers to the declaration submitted by a Developer to the DOE signifying that a geothermal resource has been determined to be commercially viable.
- vii. **Department of Energy (DOE)** - refers to the executive department of the Philippine Government responsible for the administration and oversight of the country's energy resources and the primary technical governing entity of the PGRDF
- viii. **DOE-Technical Team (DOE-TT)** - refers to the specialized unit within the DOE acting as the technical arm of the PGRDF, responsible for project

origination, technical due diligence, expenditure eligibility validation, and technical monitoring.

- ix. **Developer** - refers to a Renewable Energy (RE) Developer holding a valid Geothermal Service Contract (GSC) and applying for, or availing of, assistance under the PGRDF.
- x. **Environmental and Social Management System (ESMS)** – refers to the comprehensive framework established under the PGRDF to screen, categorize, evaluate, monitor, and mitigate environmental and social impacts associated with funded geothermal projects. A classification system is employed to indicate the potential environmental and social impacts of a project. The category is determined by the category of its most environmentally sensitive component, including direct, indirect, cumulative, and induced impacts in the project's area of influence, and social receptors. Category A projects are considered high risk denoting that the project may result in the most significant adverse effects. Category B deemed medium risk, and Category C projects classified as low risk.
- xi. **Facility (or PGRDF)** – refers to the Philippine Geothermal Resource Derisking Facility established under Department Circular No. DC2026-XX-XXXX to de-risk greenfield geothermal exploration.
- xii. **Geothermal Energy Management Division (GEMD)** – refers to the division within the Renewable Energy Management Bureau (REMB) of the DOE designated to act as the official Secretariat of the PGRDF.
- xiii. **Geothermal Service Contract (GSC)** - refers to the contract executed between the Government of the Philippines and a qualified Developer granting the right to explore, develop, and utilize geothermal resources within a specified contract area.
- xiv. **Grant Conversion** – refers to the risk-sharing mechanism under the PGRDF whereby an outstanding Sub-Loan, including accrued interest and fees, is converted into a non-repayable grant upon the occurrence of a Non-Commercial Discovery, voluntary surrender/relinquishment of the GSC, and full compliance with environmental closure and Facility requirements.
- xv. **Greenfield Geothermal Project** - refers to a geothermal project located in an area where commercial geothermal resources have not yet been established or developed.

- xvi. **Independent Peer Reviewer** - refers to an independent technical expert, consultant, or firm engaged by the Facility to review, evaluate, and validate integrated surface studies, proposed drilling targets, well discharge testing, and expenditure eligibility.
- xvii. **Land Bank of the Philippines (LBP)** - refers to the government financial institution serving as the Facility Administrator responsible for fund administration, credit evaluation, environmental and social safeguards screening, loan servicing, and repayment management.
- xviii. **LBP Loan Management Team (LBP-LMT)** - refers to the designated unit within LBP responsible for credit evaluation, financial and legal due diligence, sub-loan execution, repayment monitoring, and default processing.
- xix. **LBP Program and Fund Management Team (LBP-PFMT)** - refers to the designated unit within LBP responsible for environmental and social safeguard screening, compliance monitoring, sub-loan disbursements, and program management.
- xx. **Non-Commercial Discovery** - refers to an exploration outcome where drilling and well testing fail to prove a commercially viable geothermal reservoir, justifying project abandonment and potential grant conversion.
- xxi. **Notice to Proceed (NTP)** - refers to the authorization issued by the PGRDF Management Committee allowing a qualified Developer to submit a Full Project Application.
- xxii. **PGRDF Management Committee (ManCom)** - refers to the operational governing body composed of key officials from the DOE and LBP responsible for operational oversight, review of evaluations, issuance of NTPs, and implementation monitoring
- xxiii. **PGRDF Oversight Board** - refers to the highest policy-making and governing body of the Facility, composed of the Secretaries of the Department of Finance (DOF) and the Department of Energy (DOE).
- xxiv. **PGRDF Secretariat** - refers to the DOE-GEMD, which handles incoming/outgoing communications, official record-keeping, and coordination between Developers, the Management Team, ManCom, and the Oversight Board.

- xxv. **Post-Exploration Closure Stage** – refers to the operational phase immediately following exploration drilling and well testing during which final technical assessments, site rehabilitation/abandonment, loan settlement, or grant conversion processes are concluded.
- xxvi. **Retroactive Financing** – refers to the mechanism allowing eligible Developers to seek reimbursement for qualified exploration expenditures incurred prior to Sub-Loan execution, subject to prescribed cutoff dates and evaluation limits.
- xxvii. **Risk-Sharing Financing Framework** - refers to the financing arrangement under the PGRDF through which exploration risks are shared between the Facility and eligible Developers through sub-loan assistance and grant conversion mechanisms.
- xxviii. **Sub-Loan** - refers to the financial assistance extended under the PGRDF to an eligible Developer for qualified geothermal exploration expenditures, subject to the terms and conditions of the corresponding Sub-Loan Agreement.
- xxix. **Sub-Loan Agreement** - refers to the binding legal agreement entered into between an eligible Developer and the Land Bank of the Philippines outlining the covenants, repayment terms, disbursement schedules, and conditions governing the Sub-Loan.

RULE III. GOVERNANCE STRUCTURE

6. The governance and management framework of the PGRDF shall consist of the following bodies:

- i. PGRDF Oversight Board;
- ii. PGRDF Management Committee; and
- iii. PGRDF Management Team.

7. **PGRDF Oversight Board.** The PGRDF Oversight Board serves as the highest governing body of the Facility and is responsible for strategic oversight, policy direction, and overall guidance for the implementation of the PGRDF.

8. The Oversight Board is composed of the Secretaries of the Department of Finance (DOF) and the Department of Energy (DOE).

9. **Management Committee.** The PGRDF Management Committee (ManCom) serves as the principal coordinating body responsible for the operational oversight, strategic direction, and implementation monitoring of the Facility. It ensures effective coordination among the members of the Management Team, oversees the implementation of Facility policies and procedures, reviews recommendations submitted by the Management Team, and monitors the overall performance of the PGRDF.

10. The Chairperson of ManCom issues **the Notice to Proceed (NTP) or the Conditional Notice to Proceed (CNTP), as applicable, to qualified Developers upon the recommendation of the Management Team and, where required, the concurrence of ADB.**

11. **PGRDF Management Team.** The PGRDF Management Team is responsible for the day-to-day administration and implementation of the Facility. It consists of the following independent teams:

- i. DOE-Technical Team (DOE-TT);
- ii. LBP Program and Fund Management Team (LBP-PFMT); and
- iii. LBP Loan Management Team (LBP-LMT).

12. **DOE-Technical Team (DOE-TT).** The DOE-TT serves as the technical arm of the Facility and is responsible for project origination, technical evaluation, expenditure validation, and technical monitoring of projects supported under the PGRDF. The duties and responsibilities of DOE-TT are set forth in Table 1.

Table 1: DOE-TT's Duties and Responsibilities

No.	Stage	Responsibility
1	Pre-Qualification Process Management	• Conduct annual call for proposals; • Ensure that the application process including the requirements are properly communicated with Developers and act as the point of contact to manage any queries that Developers may have regarding the PGRDF; • Evaluate the proposal for completeness and compliance with stated requirements; and • Manage and implement Pre-Qualification Process timelines.
2	Sub-Loan Credit Evaluation	• Clearly define technical evaluation criteria and requirement at each stage of process;

		- Facilitate and conduct the technical evaluation of full-project applications on a first-come-first-served basis, subject to the availability of funds; - Engage 3rd Party Peer Reviewer for the review of the Integrated Resource Assessment report and validation of drilling targets; and result of well testing / discharge test; and - Endorse the technical evaluation report to LBP for loan processing/evaluation.
3	Sub-Loan Management & Repayment	- Review expenditure claims and issue certification for eligibility of the allowable percentage share of the claimed expenses to the Developer; - Establish monitoring and evaluation mechanisms to track the technical and financial progress of PGRDF-funded geothermal projects (site inspections and verification, validation of physical progress and use of funds); and - Evaluate the success or failure of the exploration drilling in relation to the determination of the Developer's obligation for repayment upon Declaration of Commerciality (DOC), or if the results qualify for grant or loan forgiveness.

13. **LBP Program and Fund Management Team (LBP-PFMT).** The LBP-PFMT serves as the Facility Administrator for environmental and social safeguards, program management, and fund administration. It is responsible for environmental and social screening and due diligence, monitoring compliance with safeguard requirements, and administering disbursement activities under the Facility. The duties and responsibilities of the LBP-PFMT are set forth in Table 2.

Table 2: LBP-PFMT's Duties and Responsibilities

No.	Stage	Responsibility
1	Pre-Qualification Process Management	- Responsible for answering queries on E&S questions and safeguard protocols that Developers may ask; - Conduct Environmental and Social screening and categorization of the sub-projects; Determine the E&S Category of the sub-projects and endorse to ADB for confirmation; - For Category A sub-projects, conduct joint site visit with ADB and endorse safeguard document (EIA/RP/IPP) to ADB for review/clearance and public disclosure in

		accordance with the Environmental and Social Management System (ESMS). As part of technical evaluation, upon DOE endorsement, conduct due diligence to assess the E&S implications focusing on site sensitivities, environmental and social risks, ecological and resource impacts, and safety and health risks.
2	Sub-Loan Credit Evaluation	- Responsible for answering queries on E&S questions and safeguard protocols that Developers may ask; - Evaluate the E&S compliance of subproject loan proposal with national E&S laws and with ESMS; - Conduct E&S due diligence of subproject; and - Set E&S conditions in the loan based on assessment in Environmental Social Compliance Report (ESCR).

14. **LBP Loan Management Team (LBP-LMT).** The LBP-LMT serves as the Facility Administrator for credit evaluation, loan administration, and repayment management. It is responsible for conducting financial and legal due diligence of project applications, facilitating credit approval processes, and monitoring loan performance and repayment obligations throughout the sub-loan tenor. The duties and responsibilities of the LBP-LMT are set forth in Table 3.

Table 3: LBP-LMT's Duties and Responsibilities

No.	Stage	Responsibility
1	Fiduciary Management and Reporting	Support LBP-PFMT on monitoring disbursement and fund utilization.
2	Sub-Loan Credit Evaluation	- Evaluate financial, legal aspect of the full-project loan application, and incorporates Environment and Social Compliance Report findings & E&S conditions of the loan set out by LBP-PFMT; - Inform the project developer on any E&S pre-release/post-release requirements; and - Facilitate credit approval process following LBP's internal policies and guidelines.
3	Sub-Loan Management & Repayment	- Manage and monitor repayment schedules, ensuring accurate tracking of principal and interest payments in accordance with the sub-loan agreement; - Issue payment notices and manage the reconciliation of loan repayments and associated fees; and

		• Monitor and assess the credit performance of project developers, identifying early warning signs of underperformance or potential default to enable timely intervention and risk mitigation.
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15. **PGRDF Secretariat.** The Geothermal Energy Management Division (GEMD) of the Department of Energy serves as the Secretariat of the PGRDF.

16. Project Developers, Applicants, and other stakeholders seeking clarification, assistance, or information regarding the Facility shall direct all communications and inquiries to the Secretariat. The Secretariat shall facilitate the resolution of such inquiries and, where necessary, endorse or escalate matters to the PGRDF ManCom and the Oversight Board for appropriate action.

RULE IV. ELIGIBILITY REQUIREMENTS

17. **Pre-qualification Eligibility.** To be eligible for the Pre-Qualification Stage of the PGRDF, an RE applicant shall:

- i. Have a valid Geothermal Service Contract (GSC);
- ii. Have a greenfield project;
- iii. Have obtained the applicable environmental and social permits and clearances required under the PGRDF ESMS; and
- iv. Have ensured the attendance of an authorized representative at an official PGRDF Orientation conducted by the PGRDF Management Team.

The PGRDF Environmental and Social Management System is attached as Annex A of this Manual and shall govern the environmental and social safeguard requirements applicable to projects supported under the Facility.

The complete list of documentary requirements for the Pre-Qualification Stage is set forth in Annex B of this Manual.

18. The Applicant may be required to submit the results of an economic analysis during the Pre-Qualification Stage, where deemed necessary by the DOE-TT for purposes of project evaluation.

19. **Full Project Application Eligibility.** To be eligible for the Full Project Application stage, an Applicant shall:

- i. Have received a Notice to Proceed (NTP) from the PGRDF Management Committee (ManCom); or
- ii. For Category A projects, the ManCom may issue a Conditional Notice to Proceed (CNTP), provided that all environmental and social assessment and mitigation requirements under the PGRDF ESMS are fully satisfied prior to final NTP issuance;
- iii. Demonstrate readiness to undertake exploration drilling through the submission of an acceptable implementation plan;
- iv. Demonstrate financial capability to undertake and complete exploration drilling by:
 - a. Meeting the following financial ratios at the entity level:
 - i. debt-to-equity ratio not exceeding 3.00x,
 - ii. current ratio of at least 1.20, and
 - iii. a Debt Service Coverage Ratio of 1.20x; or
 - b. Providing acceptable financial security in the form of a Parent Company Guarantee or a Bank Guarantee, accompanied by such collateral or security enhancers as may be required; and
- v. Submit the environmental and social documents applicable to the project's environmental and social category in accordance with the requirements of the PGRDF ESMS.

The complete list of documentary requirements for the Full Project Application Stage is set forth in Annex B of this Manual.

RULE V. APPLICATION PROCESS

- 20. The application process under the PGRDF shall consist of the following stages:
 - i. Pre-Qualification Stage; and
 - ii. Full Project Application Stage.
- 21. The application process commences from the orientation and ends upon the execution of the Sub-Loan Agreement. The indicative application timeline for is shown in Figure 3, attached as Annex C of this Manual.

Pre-Qualification Stage

- 22. The Pre-Qualification Stage shall serve as the initial screening phase of the PGRDF application process, commencing in Q4 of Year T-2 and concluding in Q1 of Year T-1. To ensure a systematic evaluation, the Pre-Qualification Stage is divided

into two (2) distinct substages, the Pre-Qualification Preparation Substage and Pre-Qualification Evaluation Substage.

Pre-Qualification Preparation Substage

22. **Timeline and Scope.** The Pre-Qualification Preparation Substage shall commence in the fourth quarter (Q4) of the year that is two fiscal years prior to the Budget Year (Year T-2). Conducted annually through a Call for Proposals, this stage comprises two main activities: the PGRDF Orientation and the Pre-Qualification Call for Proposals.

23. **PGRDF Orientation.** All RE Developers intending to apply for Facility support shall mandate an authorized representative to attend the official PGRDF Orientation. The Orientation provides prospective applicants with detailed guidance on eligibility criteria, application procedures, operational timelines, and required documentation.

24. **Call for Proposals and Document Submission.** Following the Orientation, DOE-TT shall issue the Call for Proposals. RE Developers shall submit the documentary requirements specified in Annex B within the prescribed deadline. Applications received after the cutoff date and time shall be automatically disqualified from consideration for that cycle.

25. **Duration.** The Pre-Qualification Preparation Substage is expected to be completed within twenty-five (25) working days. The indicative timeline and the detailed process flow for the Pre-Qualification Preparation Stage are set forth in Figures 4 and 5 of Annex C of this Manual.

Pre-Qualification Evaluation Substage

26. **Timeline and Scope.** The Evaluation Substage shall serve as the initial screening phase of the PGRDF application process and shall commence in Q4 of Year T-2 and conclude in Q1 of the year immediately preceding the Budget Year (Year T-1).

27. **Scope of Evaluation.** The Evaluation Substage shall determine whether the RE Developer and its proposed project satisfy the minimum technical, legal, financial, environmental, and social eligibility requirements of the Facility. It shall consist of the Initial Pre-Qualification Evaluation, Resubmission Period, where applicable, and Final Evaluation.

28. The Pre-Qualification Evaluation shall commence immediately upon the close of the Call for Proposals. DOE-TT shall evaluate the completeness and compliance of

the submitted proposals and supporting documents, while LBP-PFMT shall undertake environmental and social screening and categorization in accordance with the ESMS. Where applicable, project documentation shall be endorsed to ADB for review and confirmation of categorization based on identified E&S risks and impacts.

29. Where the DOE-TT determines that the project does not satisfy the Pre-Qualification requirements and that resubmission is not warranted, the DOE-TT shall notify the Applicant of the disapproval of its Pre-Qualification application within ten (10) working days from the close of the Call for Proposals.

30. Applicants shall be notified of any deficiencies identified during the Initial Pre-Qualification Evaluation within five (5) working days from the close of the Call for Proposals and shall be given ten (10) working days from receipt of notice within which to submit the required documents or information.

31. Applicants that fail to submit the required documents within the prescribed period, or whose resubmissions remain incomplete or deficient, shall not be considered for further evaluation and shall not proceed to the next stage of the application process. Late submissions shall not be accepted.

32. The DOE-TT and LBP-PFMT shall evaluate all resubmitted documents and finalize the results of the Pre-Qualification Evaluation.

33. For Category B and Category C projects, the ManCom shall communicate the final results of the Pre-Qualification Evaluation. Successful Applicants shall be issued a Notice to Proceed (NTP) authorizing the submission of a Full Project Application.

34. For projects classified as Category A under the ESMS, ManCom may issue a Conditional Notice to Proceed (CNTP) and shall inform the Applicant of the terms of reference (TOR) for the preparation of the applicable Environmental Impact Assessment (EIA), Resettlement Plan (RP), Indigenous Peoples Plan (IPP), and other required safeguard documents. The issuance of the NTP shall be subject to the completion of the applicable review, disclosure, and clearance requirements.

35. **Processing Timelines.** The indicative timeline and the detailed process flow for the Pre-Qualification Stage are set forth in Figures 6 and 7 of Annex C of this Manual .

- i. **Processing Timelines for Category B and C.** For Category B and Category C projects, the Pre-Qualification Stage is expected to be completed within thirty-one (31) working days, where no resubmission is required, and within forty-six (46) working days, where resubmission is required. Safeguards documents will be disclosed on ADB's website.

- ii. **Processing Timelines for Category A.** Projects classified as Category A under the ESMS is subject to additional environmental and social safeguard requirements, including the preparation, review, disclosure, and clearance of the applicable Environmental Impact Assessment (EIA), Resettlement Plan (RP), Indigenous Peoples Plan (IPP), and other safeguard documents required by ADB and LBP. Consequently, Category A projects may require a longer processing period than Category B and Category C projects since safeguards documents will be subject to peer review and ADB clearance and 120-day disclosure of EIA report on ADB's website.

36. **Issuance of Notice to Proceed.** Successful applicants shall be issued a Notice to Proceed (NTP) authorizing the submission of a Full Project Application. For Category A projects, the PGRDF Management Committee (ManCom) may issue a Conditional Notice to Proceed (CNTP), subject to compliance with the applicable safeguard requirements. The NTP shall be issued upon confirmation of compliance with such requirements.

Full Project Application Stage

37. **Timeline and Scope.** The Full Project Application Stage shall commence upon the issuance of an NTP commencing in the first quarter (Q1) of Year T-1 and concluding in the fourth quarter (Q4) of the Budget Year (Year T). RE Developers that have successfully completed the Pre-Qualification Stage is invited to submit the full-project requirements within the prescribed six (6)-month submission period. Applications are processed on a first-come, first-served basis, subject to the availability of Facility funds.

38. During this stage, RE Developers shall demonstrate their technical, financial, legal, and operational readiness to undertake geothermal exploration activities. Developers shall submit the required implementation plans, revised environmental and social documentation, applicable permits and clearances, and other supporting documents prescribed in Annex B.

39. It shall consist of the following components:

- i. Technical Due Diligence; and
- ii. Credit Evaluation and Loan Processing.

40. DOE-TT shall conduct Technical Due Diligence with support from an Independent Peer Reviewer. Upon successful completion of the Technical Due

Diligence, the application shall be endorsed to LBP-LMT for Credit Evaluation. LBP-LMT shall incorporate the Environmental and Social Compliance Report prepared by LBP-PFMT into the credit assessment process and prepare the Credit Facility Proposal for consideration by the appropriate approving authority.

41. **Technical Due Diligence.** The Technical Due Diligence process shall be completed within thirty-nine (39) working days from receipt of a complete Full Project Application.

42. Where the DOE-TT determines that additional information, clarification, or supporting documents are required, the Applicant shall be given one (1) opportunity to submit the required documents within fifteen (15) working days from receipt of notice. The DOE-TT shall inform the Applicant of the specific documents, information, or clarifications required for further evaluation. Late submissions shall not be accepted.

43. In cases where resubmission is required, the Technical Due Diligence process may extend up to fifty-four (54) working days from receipt of the Full Project Application.

44. Upon completion of the Technical Due Diligence, the DOE-TT shall communicate the results of the evaluation to the Applicant. Applications that satisfy the technical requirements of the Facility shall be endorsed to the LBP-LMT for Credit Evaluation, while applications that fail to satisfy such requirements shall be informed of the disapproval of their application.

45. **Credit Evaluation.** The Credit Evaluation process shall be completed within seventy-one (71) banking days. For successful applicants, loan documentation, execution, and signing are expected to require an additional eight (8) banking days. Where collateral appraisal or other enhanced due diligence activities are required by LBP, the Credit Evaluation period may be extended by up to twenty (20) banking days.

46. The Applicant shall ensure the complete and timely submission of all documentary requirements prescribed under this Manual, including any additional documents, information, or clarifications that may be required by the DOE-TT, LBP-PFMT, and LBP-LMT during the evaluation process. Failure to submit the required documents within the prescribed six (6)-month Full Project Application submission period shall result in disqualification from the applicable PGRDF funding cycle.

47. Upon completion of the Technical Due Diligence, Legal Due Diligence, Financial Due Diligence, and Environmental and Social Due Diligence processes, the LBP-LMT shall prepare a Credit Facility Proposal (CFP) for evaluation by the

appropriate LBP approving authority. Applications shall be evaluated on a first-come, first-served basis, subject to the availability of Facility funds. The costs associated with the due diligence process are expected to be borne by the developers.

48. For a successful applicant, the Full Project Application Stage is expected to be completed within one hundred eighteen (118) working days, excluding delays resulting from requests for additional information, site visits, collateral appraisal activities, and other circumstances beyond the control of the PGRDF Management Team. The indicative timeline and detailed process flow for the Full-Project Application are set forth in Figures 8 and 9 of Annex C of this Manual.

49. **E&S Due Diligence.** In addition to the environmental and social review conducted during the Pre-Qualification Stage, the Applicant shall be subject to Environmental and Social (E&S) Due Diligence during the Full Project Application Stage. The E&S Due Diligence shall be conducted by the LBP-PFMT with support from an ADB-appointed environmental and social expert, as applicable.

50. The LBP-PFMT shall conduct Environmental and Social (E&S) Due Diligence and prepare an Environmental and Social Compliance Report (ESCR), which shall identify the applicable risks, impacts, mitigation measures, and loan conditions.

51. The LBP-LMT shall incorporate the ESCR findings into the Credit Facility Proposal (CFP) and related loan documentation. The Applicant shall comply with all applicable environmental and social pre-release requirements prior to loan release.

52. **Notification of Sub-Loan Results.** The LBP-PFMT shall notify Applicants of the results of their Sub-Loan application through written notice and such other means of communication as may be appropriate.

53. Applicants that are not approved during the Pre-Qualification Stage or the Full Project Application Stage may reapply in subsequent application cycles, subject to compliance with the eligibility requirements and availability of Facility funds.

RULE VI. SUB-LOAN TERMS

54. The PGRDF Facility loans will utilize LBP's risk-rating and risk management framework. Developers are to note that violation of the terms and agreements of the Sub-Loan Agreement will result in associated penalties.

55. Developers whose applications have been approved under the PGRDF shall be eligible to avail of a Sub-Loan, subject to the terms and conditions prescribed by the Land Bank of the Philippines (LBP). The indicative terms of the PGRDF Sub-Loan are set forth in Table 4. The final terms and conditions applicable to each Sub-Loan shall be governed by the executed Sub-Loan Agreement and related financing documents.

56. The Sub-Loan shall have a tenor of six (6) years commencing from the Sub-Loan Signing Date. Upon the expiration of the Sub-Loan tenor, the RE Developer shall either file a Declaration of Commerciality (DOC) and repay the Sub-Loan in accordance with the approved Sub-Loan Agreement or surrender its Geothermal Service Contract (GSC), subject to the conditions governing grant conversion under the Facility.

Table 4: Indicative Terms of the PGRDF Sub-Loan

Terms	Indicative Terms
Sub-Loan Amount	To be determined based on submission at the Full Project Application stage and at sub-loan signing stage
Tenor	6 years
Availability Period	6 years
Interest Rate	3.00% per annum
Fees and Charges	- Commitment fee: 1.50% of the Sub-Loan Amount - Other charges: Minimal charges from i.e. telegraphic transfer or foreign exchange as requested
Currency of sub-loan	USD
Repayment	Bullet payment of principal, and accrued interest and commitment fee at the end of six years, or upon receipt of COCOC, whichever comes first
Drawdown	- Based on 50% of eligible expenditures, as submitted through sales invoices by Developers - Developers may draw down any eligible amount within the approved sub-loan limit during scheduled quarterly drawdown windows. Drawdowns are optional for each window.
Taxes	All applicable taxes, such as but not limited to Gross Receipts Tax, Documentary Stamp Tax and other taxes, is for the account of the Borrower
Security	- Security Interest over the Geothermal Service Contract; and - Guarantee Cover / Corporate Guarantee from Parent / Bank Guarantee; and - Additional collateral consisting of any or combination of the following that may be required by LBP: - Real Estate Mortgage - Chattel Mortgage - Hold-out on deposits, government bonds and securities - Assignment of All risk insurance cover - Pledge of Shares of Stocks

	• Other collateral as may be determined or agreed by the parties
Borrower's Obligations	• Sub-borrower must comply with the terms and conditions of the finalized sub-loan agreement throughout the sub-loan period • Sub-borrower must comply with PGRDF ESMS requirements throughout the sub-loan period
Events of Default and Termination	Based on Event of Default as defined in the sub-loan agreement. This includes, but is not limited to, non-compliance with the reporting requirements, corrective action plans, or conditions subsequent.

RULE VII. ELIGIBLE EXPENDITURES

57. Funding assistance under the PGRDF shall be limited to eligible expenditures directly associated with geothermal resource exploration activities. Eligible expenditures shall include:

- i. site preparation and construction of drilling infrastructure,
- ii. exploration drilling using standard-hole or big-hole drilling methods for up to three (3) exploration wells,
- iii. well testing and resource validation activities, and
- iv. retroactive financing, subject to the conditions prescribed under this Manual.

58. The PGRDF may finance up to fifty percent (50%) of total eligible expenditures. The categories of eligible expenditures are set forth in Table 5.

59. Other exploration-related expenditures not specifically identified in Table 5 may be considered for financing, subject to DOE-TT evaluation and validation by the Independent Peer Reviewer. DOE-TT shall determine the eligibility and reasonableness of all expenditures submitted by the Developer for funding under the Facility.

Table 5: Eligible Expenditure for Sub-Loan

No	Type of Expenditure	Cost Description
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1	Site preparation and construction of drilling infrastructures	• The cost of civil construction to create the required infrastructures to support the exploration drilling project. • The cost may include the construction of well pads, access road, drilling water supply, site office, basecamp, warehouse, staging area, explosive bunker (if needed) and other facilities that are required to support the exploration drilling project to be proposed for PGRDF financing.
2	Exploration drilling using standard hole or big hole	• The cost of drilling exploration wells using standard hole or big hole type. • The expenditure may include the cost of consulting services of well design, drilling design / drilling program and drilling planning, drilling risk assessment workshop, rig mobilization and demobilization, drilling equipment rental, drilling services, drilling materials, well materials, downhole data acquisition (coring, cutting sampling, downhole logging, etc.), drilling supervision, drilling reporting, and other costs related to the standard or big hole drilling activity.
3	Well Testing	• The cost of testing the well during and after drilling to get the required downhole data. • The expenditure may include the cost of downhole logging during drilling, completion testing, heating up testing, well testing supervision, well test interpretation and analysis, peer-review process on the well testing result, and other costs related to the well testing activity.
4	Retroactive financing	• Costs related to drilling incurred by the developer starting from the issuance of the NTP are eligible.

Note: An explosive bunker refers to a storage facility intended for materials used in geothermal drilling operations.

60. PGRDF financing is limited to direct costs associated with geothermal resource exploration and related activities. Expenditures associated with normal business operations, corporate overhead, administrative expenses, and activities included in ADB's prohibited investment activities list shall not be eligible for financing under the Facility.

61. DOE-TT, with support from the Independent Peer Reviewer, shall review and validate all expenditures submitted for drawdown. Expenditures determined to be ineligible, unsupported, unreasonable, or inconsistent with the approved scope of work shall be excluded from the eligible drawdown amount.

62. Where a drawdown request includes ineligible expenditures, the amount approved for disbursement shall be adjusted accordingly based on the eligible expenditures validated by DOE-TT. Only expenditures certified as eligible by DOE-TT is processed for disbursement by LBP-LMT.

RULE VIII. SUB-LOAN DISBURSEMENT

63. **Drawdown Availability.** Sub-Loans shall be made available for drawdown on a quarterly basis throughout the six (6)-year Sub-Loan tenor, subject to the approved Sub-Loan amount and compliance with all applicable conditions precedent and drawdown requirements.

64. **Eligible Basis.** All drawdown requests must be based strictly on eligible expenditures and supported by valid sales invoices, documentary evidence demonstrating compliance with applicable conditions precedent, and any additional documentation required by the Department of Energy – Technology Transfer (DOE-TT) and the Land Bank of the Philippines (LBP).

65. **Currencies of invoices.** All drawdown requests, supporting documents, and disbursement records shall be prepared and submitted in United States Dollars (USD). Where supporting sales invoices or other expenditure documents are denominated in Philippine Pesos (PHP), such amounts shall be converted to USD using the Bangko Sentral ng Pilipinas (BSP) spot exchange rate prevailing on the invoice date for purposes of determining the eligible expenditure amount and processing the corresponding disbursement.

66. **Processing Timeline.** The standard processing period for Sub-Loan disbursements is within thirty (30) working days from receipt of a complete application. The indicative timeline for the Sub-Loan Disbursement process is set forth in Figure 10 of Annex C of this Manual.

Sub-Loan Disbursement Process

67. **Application Window.** The Sub-Loan Disbursement Application Window shall open on a quarterly basis during January, April, July, and October and shall remain open for ten (10) working days. During this period, Developers shall submit to DOE-

TT the Withdrawal Request Form, supporting sales invoices, documents evidencing compliance with conditions precedent, and any additional documents required under the Sub-Loan Agreement.

68. **Invoice Verification.** Upon receipt of the drawdown request, DOE-TT shall verify the completeness and validity of the submitted sales invoices, including the accuracy of the seller and buyer information, transaction dates, description of goods and services, total invoice value, and banking information required for payment processing.

69. **Conditions Precedent Validation.** Concurrently, DOE-TT shall transmit the conditions precedent documentation to LBP-PFMT for validation. LBP-PFMT shall verify the completeness and adequacy of the submitted documentary requirements and may request additional information from the Developer where necessary.

70. **Eligibility Evaluation & Independent Peer Review.** DOE-TT, with the support of the Independent Peer Reviewer, shall evaluate the submitted expenditures and determine their eligibility for financing under the Facility. Where invoices contain both eligible and ineligible items, the Developer may be required to provide a detailed cost breakdown sufficient to identify the portion attributable to eligible expenditures.

71. Only expenditures determined by DOE-TT to be eligible and reasonable shall be considered for financing. Ineligible expenditures, unsupported costs, or expenditures not aligned with the approved scope of work shall be excluded from the drawdown amount.

72. **Certification and Fund Release.** Upon completion of the evaluation, DOE-TT shall certify the eligible amount for disbursement and communicate its recommendation to LBP-PFMT. LBP-PFMT shall process the approved drawdown and release the corresponding Sub-Loan proceeds to the Developer's designated Loan Proceeds Account within five (5) banking days from receipt of the certification. The detailed process flow for Sub-Loan Disbursement is set forth in Figure 11 of Annex C of this Manual.

Conditions for Sub-Loan Disbursement

73. **Satisfaction of Preconditions.** Following the execution of the Sub-Loan Agreement, the Developer shall satisfy all applicable conditions precedent prior to any drawdown. Such conditions may include, but are not limited to:

- i. Approved Certification Precondition (CP) and Memorandum of Agreement (MOA) or Certificate of Non-Overlap (CNO), where applicable;

- ii. Certificate of No Coverage (CNC) for seismic survey, gravity survey, geophysical survey, geo-scientific, geophysical survey, reconnaissance, exploration, feasibility studies, piloting, core drilling/sampling research and development involving drilling that do not involve significant earth moving activities or pose significant ecological/vegetative disturbance, where applicable;
- iii. Tree-Cutting Permit (TCP), Special Use Agreement in Protected Area (SAPA), Sustainable Forest Land Management Agreement (SFLMA), or other applicable permits required under prevailing DENR regulations;
- iv. National water Resources Bureau (NWRB) Water Rights for surface water or deep well water abstraction; and
- v. Final Environmental and Social Management Plan (ESMP), Environmental Compliance Certificate (ECC), and other environmental and social safeguard documents, where applicable.

74. **Review and Monitoring of Compliance.** The LBP-PFMT shall review the submitted documentation for completeness and compliance with environmental and social requirements. LBP-LMT shall monitor compliance with conditions precedent and drawdown requirements throughout the Sub-Loan tenor.

75. **Expenditure Certification and Cap.** Developers shall submit valid sales invoices and supporting documents corresponding to eligible expenditures. DOE-TT shall determine the eligibility of the expenditures and certify the amount qualified for financing. In all cases, the approved drawdown amount shall not exceed fifty percent (50%) of the eligible expenditures validated by DOE-TT.

Retroactive Financing

76. **Eligibility.** Developers who have successfully completed the Full Project Application Stage may be eligible for retroactive financing of qualifying expenditures incurred from the date of issuance of the Notice to Proceed (NTP) may be considered for retroactive financing.

77. **Standard Review & Approval.** Drawdown requests for retroactive financing are subject to the same review, validation, and approval procedures applicable to regular drawdowns. Only expenditures determined by DOE-TT to be eligible and certified for financing are processed for disbursement.

78. **Excluded costs.** Expenditures incurred outside the applicable retroactive financing period shall not be eligible for financing under the Facility. The applicable retroactive financing period is illustrated in Figure 12.

Grounds for Partial or Non-Disbursement

79. A drawdown request may be approved in whole, in part, or denied based on the results of DOE-TT's evaluation and validation.

80. Partial or non-disbursement may result from any of the following:

- i. Submission of expenditures that are not included in the list of eligible expenditures;
- ii. Submission of expenditures determined by DOE-TT and the Independent Peer Reviewer to be unreasonable or unrelated to the approved project scope;
- iii. Failure to satisfy applicable conditions precedent;
- iv. Incomplete, inaccurate, or deficient documentary submissions;
- v. Submission of retroactive financing claims outside the applicable retroactive financing period; or
- vi. Findings from monitoring or site inspections indicating that the requested funds are inconsistent with project progress, approved project activities, or the terms and conditions of the Facility.

81. Where a drawdown request includes both eligible and ineligible expenditures, only the portion corresponding to expenditures certified by DOE-TT as eligible shall be approved for disbursement. The approved drawdown amount shall be adjusted accordingly, and no resubmission of the same drawdown request shall be required solely for the purpose of removing ineligible expenditures.

RULE IX. MONITORING AND REPORTING

82. Throughout the Sub-Loan tenor, the Developer shall submit the financial, technical, environmental and social (E&S), and legal reports required under this Manual. The PGRDF Management Team shall monitor the Developer's compliance with the terms and conditions of the Facility and the Sub-Loan Agreement, including the implementation of approved corrective action plans, where applicable.

Technical Monitoring

83. The Developer shall submit technical reports and related documentation required by DOE-TT to demonstrate that geothermal exploration activities are being implemented in accordance with the approved work program, drilling plans, technical milestones, and other technical requirements of the Facility.

84. The DOE-TT may conduct site inspections, validation activities, and technical reviews, as necessary.

Financial Monitoring

85. The Developer shall submit financial reports and supporting documents required by the LBP-LMT and LBP-PFMT to facilitate the monitoring of:

- i. Fund utilization;
- ii. Compliance with loan terms and covenants;
- iii. Repayment obligations;
- iv. Conditions precedent and conditions subsequent; and
- v. The overall financial condition of the Developer.

Legal Monitoring

86. The Developer shall submit updated permits, licenses, corporate documents, and other legal documents required by the LBP-LMT to demonstrate continued compliance with applicable laws, regulations, contractual obligations, and Facility requirements.

Environmental and Social Monitoring

87. The Developer shall comply with the environmental and social safeguard requirements prescribed under the PGRDF ESMS and shall submit the corresponding monitoring reports to the LBP-PFMT.

88. Environmental and social monitoring shall include, as applicable:

- i. Implementation of the Environmental and Social Management Plan (ESMP);

- ii. Compliance with environmental and social permits and approvals;
- iii. Monitoring of environmental and social safeguard issues and incidents;
- iv. Site assessments and inspections; and
- v. Monitoring of project commitments and voluntary initiatives.

89. Developers shall submit environmental and social monitoring reports in accordance with the environmental and social categorization of the project, as follows:

- i. Category A Projects - Quarterly monitoring reports and semi-annual site assessments;
- ii. Category B Projects - Semi-annual monitoring reports and annual site assessments; and
- iii. Category C Projects - Annual monitoring reports and site assessments, as necessary.

90. The LBP-PFMT shall review submitted reports and conduct site visits, as necessary, until completion of the post-exploration phase. The ADB may likewise conduct review missions and site visits, particularly for Category A projects, to assess compliance with the ESMS.

Reporting Frequency and Expectations

91. The reporting requirements, submission frequency, and responsible reviewing entities are set forth in Table 10.

Table 6: Project Reporting Arrangement for Developers

Type of Reporting	Report	Frequency	Report Submitted to
Pre-Development Stage			
Financial	• Audited Financial Statement • Income Tax Return • General Information Sheet filed with SEC	Annual	PGRDF Management Team, led by LBP-LMT
	Quarterly Financial Statement	Quarterly	DOE-TT
Technical	Project Progress Reports on Project Physical Progress, including all	Quarterly	PGRDF Management

	activities related to drilling activities, such as but not limited to: • Financial reporting regarding expenditure reports • E&S Reporting regarding activities done related to acquisition of permits or similar clearances from other agencies or communities • Technical reporting regarding status of drilling progress, incidents and losses		Team, led by DOE-TT
E&S	Category A Monitoring Reports • Environmental Impact Assessment Report (Appendix 5 of ESMS) • Environmental & Social Monitoring Report (Appendix 10 of ESMS)	Quarterly	PGRDF Management Team, led by LBP-PFMT
	Category B Monitoring Reports • Environmental & Social Monitoring Report (Appendix 10 of ESMS)	Semi-Annual	
	Category C Monitoring Reports • Environmental & Social Monitoring Report (Appendix 10 of ESMS)	Annual	
	For all categories: • Gender Action Plan Monitoring Report • Resettlement Plan, if applicable (Appendix 6 of ESMS) • Indigenous Peoples Plan, if applicable (Appendix 7 of ESMS) • Stakeholder Engagement Plan (Appendix 8 of ESMS)	Biannual	
Legal	• Amended Articles of Incorporation and By-Laws (if applicable) • Permits and Licenses	Annual	LBP-LMT
Post-Exploration			
Technical	Drilling Completion Report	Once-off	PGRDF Management Team, led by DOE-TT
	Well Testing Report	Once-off	
	Feasibility Study Report	Once-off	
	Project Completion Report	Once-off	

Corrective Action Plans

92. In the event that any adverse findings are reported or identified in relation to the facility's operations or the projects financed under the PGRDF, the Developer shall prepare and implement a Corrective Action Plan (CAP) in coordination with the appropriate member of the PGRDF Management Team.

93. Corrective Action Plans shall be coordinated with the responsible Management Team, as follows:

- i. Environmental and social matters – LBP-PFMT;
- ii. Technical matters – DOE-TT; and
- iii. Financial, legal, and credit-related matters – LBP-LMT.

94. Upon approval of the Corrective Action Plan, the Developer shall implement the prescribed corrective measures within the approved timeframe and submit such progress reports as may be required by the PGRDF Management Team.

95. Failure to implement an approved Corrective Action Plan within the prescribed period may constitute non-compliance under this Manual and may result in the application of the remedies available under the Sub-Loan Agreement and other applicable Facility requirements.

RULE X. PROJECT OUTCOMES

96. The treatment of the Sub-Loan and the corresponding financial obligations of the Developer shall be determined based on the outcome of geothermal exploration activities, the status of the Geothermal Service Contract (GSC), and the Developer's full compliance with the terms and conditions of the Sub-Loan Agreement and this Manual.

97. **Sub-Loan Dispositions:** Depending on technical results and contractual compliance, a Sub-Loan shall be processed under one of three (3) dispositions:

- i. Full Repayment. Triggered upon Commercial Discovery and issuance of a Certificate of Confirmation of Commerciality (COCOC) or at the expiration of the six (6)-year Sub-Loan tenor, whichever occurs first, in accordance with the terms prescribed in Rule VI;
- ii. Grant Conversion. Triggered upon Non-Commercial Discovery and voluntary surrender or relinquishment of the GSC; or

iii. **Loan Acceleration and Cancellation.** Triggered upon an Event of Default or GSC termination for non-compliance, pursuant to Rule II of this Manual.

98. **Technical Evaluation.** Following the completion of exploration drilling, well testing, and associated exploration activities, DOE-TT shall evaluate the exploration results and determine whether the geothermal resource is commercially viable.

99. **Basis for Settlement.** The determination of project outcome shall serve as the basis for the Developer's repayment obligations and eligibility for grant conversion under the Facility.

100. **Financing Cap on Exploration Wells.** The PGRDF shall finance a maximum of three (3) exploration wells. A Developer that is unable to establish commercial viability after the drilling of such wells may continue exploration activities at its own expense, subject to compliance with the terms and conditions of its GSC and other applicable requirements.

101. The Developer shall file a Declaration of Commerciality (DOC) within the period prescribed under its GSC and obtain a Certificate of Confirmation of Commerciality (COCOC), where applicable.

Commercial Discovery

102. **Commercial Declaration Evaluation.** Where the Developer determines that the geothermal resource is commercially viable and files a DOC, the DOE shall evaluate the application in accordance with applicable rules, regulations, and issuances governing geothermal projects.

103. Upon issuance of the COCOC, the project is deemed commercially viable for purposes of the Facility. The Developer shall notify the PGRDF Management Team within five (5) working days from receipt of the COCOC.

104. **Repayment Liability.** Upon issuance of the COCOC, the Developer shall be liable to repay the Sub-Loan in accordance with the Sub-Loan Agreement.

105. **Repayment Terms.** The repayment obligation shall consist of the outstanding principal, accrued interest, commitment fees, and other applicable charges. Such amounts is payable through a bullet repayment upon issuance of the COCOC or at the expiration of the Sub-Loan tenor, whichever comes first.

106. **Certificate of Full Payment.** Within five (5) banking days from receipt of full payment, the LBP shall issue a Certificate of Full Payment to the Developer.

Non-Commercial Discovery and Continuation of Exploration

107. **Continued Exploration.** Where exploration drilling does not establish a commercially viable geothermal resource, the Developer may continue exploration activities at its own expense. In such case, the Developer shall continue to comply with the obligations under its GSC and shall file a DOC within the period prescribed under the GSC and the Sub-Loan Agreement.

108. **Pre-Development Term Extension.** Where additional time is required, the Developer may request an extension of the Pre-Development Stage of the GSC from the DOE in accordance with applicable rules and regulations.

109. Any extension granted by the DOE shall not exceed the applicable Sub-Loan repayment period, and the Developer shall commit to filing a DOC within such period.

110. Failure to file a DOC within the prescribed period may result in the termination of the GSC in accordance with applicable DOE rules and regulations. The Developer shall remain fully liable for the immediate repayment of all amounts previously drawn under the Sub-Loan, including accrued interest, commitment fees, early termination charges, and any other amounts due under the Sub-Loan Agreement.

Voluntary Surrender or Relinquishment of the Geothermal Service Contract

111. **Relinquishment Process.** Where the Developer determines that the geothermal resource is not commercially viable and elects not to continue exploration activities, the Developer may surrender or relinquish its GSC in accordance with applicable DOE rules, regulations, and the prevailing DOE Citizens Charter.

112. The Developer shall notify the PGRDF Management Team within five (5) working days from receipt of DOE approval of such surrender or relinquishment.

113. **Grant Conversion.** Upon confirmation of compliance with all applicable requirements, the outstanding Sub-Loan amount, accrued interest, and commitment fees is converted into a grant in accordance with the provisions of the Facility and the Sub-Loan Agreement.

114. **Prerequisites.** Prior to grant conversion, the Developer shall comply with all applicable abandonment, decommissioning, rehabilitation, and environmental

obligations prescribed under the Environmental Compliance Certificate (ECC), the approved abandonment plan, and other applicable laws, rules, and regulations.

115. **Liability for Closure Costs.** The costs associated with environmental abandonment, site rehabilitation, and closure activities shall not be eligible for financing under the PGRDF and shall be borne solely by the Developer.

Post-Exploration Closure

116. **Closure Stage Duration.** The Post-Exploration Closure Stage shall commence upon the completion of exploration activities and shall continue until the issuance of either:

- i. A Certificate of Full Payment by the LBP; or
- ii. Confirmation of grant conversion by the PGRDF Management Team.

117. **Commercial Settlement.** Where the project achieves commercial discovery and all outstanding obligations have been fully settled, the LBP shall issue a Certificate of Full Payment in accordance with Section 11 of this Rule.

118. **Grant Conversion Notice.** Where the GSC is surrendered, relinquished, or terminated and the applicable requirements have been satisfied, the PGRDF Management Team shall notify the Developer of the grant conversion within fifteen (15) banking days from confirmation of compliance with the requirements of the Facility.

119. **Force Majeure.** Where a Force Majeure event occurs during the Sub-Loan tenor, the obligations of the Developer may be suspended in accordance with the applicable GSC and relevant DOE issuances. The Sub-Loan tenor shall not be extended on account of such event.

120. If the commercial viability of the geothermal resource has not been established upon expiration of the Sub-Loan tenor, the Developer may either repay the Sub-Loan and retain the GSC, or surrender the GSC and apply for grant conversion in accordance with this Manual and the Sub-Loan Agreement.

RULE XI. EVENTS OF DEFAULT

121. Any of the following shall constitute an Event of Default:

- i. Failure to comply with the terms and conditions of the Sub-Loan Agreement;

- ii. Failure to comply with the terms and conditions of the Geothermal Service Contract;

122. **Sub-loan Breach.** In the event of a breach of the Sub-Loan Agreement, LBP and the PGRDF Management Team may declare the Sub-Loan in default, terminate the Sub-Loan Agreement, cancel any undrawn portion of the Sub-Loan, and accelerate the immediate repayment of all outstanding drawn amounts, accrued interest, and applicable fees.

123. **GSC Breach.** Where the DOE determines that the Developer has failed to comply with the terms and conditions of its GSC, including the approved drilling work program and other contractual obligations, and such non-compliance results in the termination of the GSC:

- i. Any undrawn portion of the approved Sub-Loan shall be immediately canceled;
- ii. The Sub-Loan Agreement shall be automatically terminated; and
- iii. The Developer shall remain fully liable for the immediate repayment of all amounts previously drawn under the Sub-Loan, including accrued interest, commitment fees, early termination charges, and any other amounts due under the Sub-Loan Agreement.

124. The termination of the GSC shall not relieve the Developer of its obligations relating to abandonment, site rehabilitation, environmental compliance, permit requirements, or other obligations imposed under applicable laws, rules, regulations, permits, and approvals.

RULE XII. Developer's Responsibilities

125. Upon execution of the Sub-Loan Agreement, the Developer shall comply with all obligations, terms, and conditions prescribed under the Sub-Loan Agreement, this Manual, and other applicable Facility requirements. The Sub-Loan Agreement shall govern the specific rights and obligations of the parties and shall serve as the controlling document in the event of any inconsistency.

126. The Sub-Loan Agreement shall remain in full force and effect until all obligations thereunder have been fully satisfied, extinguished, or otherwise resolved in accordance with this Manual and the Sub-Loan Agreement. Any failure to comply with the terms and conditions thereof may constitute an Event of Default and may render the outstanding obligations due and demandable.

127. **Compliance with Sub-Loan Agreement.** The Developer shall comply with all financial, legal, technical, environmental and social, reporting, operational, and other covenants prescribed under the Sub-Loan Agreement and related Facility documents throughout the Sub-Loan tenor.

128. **Maintenance of Regulatory Approvals.** The Developer shall maintain in good standing all permits, licenses, certifications, agreements, approvals, and authorizations required for the implementation of the project.

129. The Developer shall promptly notify the DOE and the LBP of any suspension, revocation, expiration, modification, or other material change affecting such permits, licenses, certifications, agreements, approvals, or authorizations.

130. **Notification of Material Events.** The Developer shall promptly notify the DOE and the LBP of any material event that may adversely affect the implementation or viability of the project, including but not limited to:

- i. Changes in ownership or control;
- ii. Insolvency, bankruptcy, or financial distress;
- iii. Force Majeure events;
- iv. Significant cost overruns; and
- v. Material deviations from approved drilling plans or work programs.

131. **Access to Sites, Records, and Documents.** The Developer shall provide the DOE, LBP, ADB, and their authorized representatives reasonable access to project sites, records, reports, and supporting documentation for purposes of monitoring, verification, inspection, audit, evaluation, and compliance review.

132. **Procurement.** The Developer shall procure goods, works, and services in accordance with sound commercial practices that promote economy, efficiency, transparency, competition, and value for money. Where practicable, the Developer shall obtain competitive quotations, ensure fair evaluation of suppliers and contractors, and comply with applicable ADB eligibility and debarment requirements.

133. **Record Keeping.** The Developer shall maintain complete, accurate, and up-to-date records relating to project implementation, including expenditures, procurement activities, technical reports, permits, invoices, contracts, and supporting documents.

134. Such records shall be retained for the period prescribed under the Sub-Loan Agreement and applicable laws, rules, and regulations and shall be made available for inspection upon request by the DOE, LBP, ADB, or other authorized entities.

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Annex A: PGRDF Environmental and Social Management System (ESMS)

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Annex B: Documentary Requirements

Key Documents Requirements during Pre-Qualification

No.	Document	Description	Evaluated
1	Letter of Intent (LOI)	- Company Details: Legal Name of the Company, registered address, registration number, brief company profile. - Project Name and Location: Clear identification of the geothermal project and its specific location - GSC Number: the official GSC number issued by the DOE for the project	Yes
2	Project Background	Concise narrative of the drilling plan, detailing the number and type of wells, target depths, and objectives.	Yes
3	Geothermal Service Contract (GSC) Documentation	- Certified True Copy of the GSC: A legally certified copy of the GSC covering the specific project - Certification of Good Standing: An official certification issued by DOE confirming that the applicant's GSC is in good standing. This certification should indicate: - Current development stage of the project - Applicant's compliance with all material terms and conditions of the GSC	Yes
4	Permits and Licenses	- Local Government Unit Resolution of Support - NCIP Certification Pre-condition or Certificate of Non-Overlap (CNO) - DENR Certificate of Non-Coverage (CNC) for surface studies including drilling - ECC for conventional drilling and construction activities, if applicable - PAMB Clearance - Relevant Land-use Agreements: SFLMA for area applied in public domain for drilling and construction activities, Special Use Agreement in Protected Area (SAPA), if applicable - Tree Cutting Permit - NWRB Water Rights, if applicable - Other permits identified by applicant that are needed to develop the geothermal area	Yes

		<i>Note:</i> <i>For pending permits, developers shall provide status and feedback from authorities.</i>	
5	Location Map	Detailed drilling site and infrastructure using a National Mapping and Resource Information Authority or equivalent map at a scale of 1:50,000 with Philippine Reference System of 1992 coordinates. Excel file containing the PRS '92 geographic coordinates of all infrastructure and well boundaries.	Yes
6	Authorized Representative	Letter of Authority/Secretary's Certificate for individual/proprietorship, if applicable or Secretary's Certificate/ Board Resolution for corporation authorizing its representative to transact and negotiate with the PGRDF Management Team and PGRDF Management Committee.	Yes
7	Affidavit of Undertaking	A notarized sworn statement from the applicant affirming that the company has no legal impediments or restrictions that would prevent it from applying for and receiving PGRDF funding.	Yes
8	PGRDF Orientation Attendance	Proof of attendance by at least one representative of the applicant company at an official PGRDF orientation session conducted by the PGRDF Management Team.	Yes
9	E&S Report(s)	- EIS/IEE document with EMP (E&S certificates needed for GSC) - EIA/RP/IPP or relevant E&S document/s, in accordance with subproject categorization under the ADB SPS (2009) <i>Note (while not relevant at Pre-Qualification stage):</i> - LBP will provide feedback on incremental data that are needed to confirm E&S categorization or other E&S gaps identified. - For Category A projects, EIA/IR/IPP will be required based on ADB SPS upon issuance of conditional NTP.	Yes
10	Drilling Program Cost	Estimated costs are to be provided, with high level breakdown of costs	Cost is not evaluated, but

		• Developers are to specify which of the 3 wells in the drilling plan they wish to use PGRDF funding for. <i>Note:</i> • <i>The Drilling Program Cost will be used in DOE's Budget Approval process</i>	submission is required
11	Notarized Board Resolution	• Notarized Board Resolution authorizing the management to obtain loan from LBP and designating the authorized signatories • Notarized list of the following: • Officers • Partners (Partnership only) • Board of Directors (Corporations only) • Principal stockholders and their stockholdings (Corporations only)	Not evaluated, but submission is required
12	Project Economic Analysis	• Completed Project Economic Analysis based on instructions as attached in the 'Project Economic Analysis' document • Only applicable if DOE informs Developer to undertake the Project Economic Analysis	Yes

ADB = Asian Development Bank, CP = Certification of Pre-Condition, CNC = Certification of Non-Coverage, CNO = Certificate of Non-Overlap, DENR = Department of Environment and Natural Resources, DOE = Department of Energy, E&S = environmental and social, ECC = Environmental Compliance Certificate, EIA = Environmental Impact Assessment, EIS = Environmental Impact Statement, EMP = environmental management plan, GSC = Geothermal Service Contract, IEE = Initial Environmental Examination, IPP = Indigenous Peoples Plan, IR = involuntary resettlement, LBP = Landbank of the Philippines, NCIP = National Commission on Indigenous Peoples, NTP = notice to proceed, NWRB = National Water Resource Board, PAMB = Protected Area Management Boards, PGRDF = Philippine Geothermal Resource De-Risking Facility, PRS = Philippines Reference System, SAPA = Special Use Agreement in Protected Areas, SFLMA = Sustainable Forest Land Management Agreement, SPS = Safeguard Policy Statement.

Key Documents and Requirement for Sub-Loan Credit Approval Process

Key Documents and Requirements		
Technical	Detailed Drilling Program	- Drilling plan, detailing the number and type of wells, target depths, and objectives, specifying the wells to be financed by PGRDF. It will include a detailed overview, its objectives, rationale, and expected outcomes, supported by completed comprehensive surface studies results. - Draft Notice of Intention to Drill of all proposed wells.
	Narrative Work Plan with a Gantt Chart	A narrative work plan with a Gantt Chart should outline drilling and infrastructure activities, specifying well and infrastructure details, timelines, and budgets.
	Risk Analysis and Mitigation	Risk analysis must cover geological, environmental, and operational aspects with mitigation strategies. If applicable, provide drilling contract scheme details and rig specifications, plus contractor info for rig and service operations.
	Financial and Economic Data	Financial and economic data should include financing schemes and analyses, with an economic viability assessment.
	Integrated Resource Assessment Report	Complete integrated surface studies including geology, geochemistry, geophysics, conceptual model, and drilling targets.
	Procurement Plan	Drilling contract scheme (including rig specifications) and details of service contractor/consultant (actual or pro-forma contract).
	Detailed Cost Estimate	Detailed cost breakdown covering infrastructure, drilling, surveys, mobilization/demobilization, and project management
Legal	Tax Identification Number or Certificate of Registration from BIR	Tax Identification Number or Certificate of Registration from BIR
	Corporation / Joint Venture / Consortium	- Certification of Registration with SEC/CDA - By-Laws and Articles of Incorporation of the renewable Applicant/s, and By-Laws and Articles of Incorporation of its corporate stockholders, or their equivalent, and license issued by the Securities and Exchange Commission

	/ Cooperative	• Latest GIS and latest GIS of its corporate stockholders, or their equivalent • Current Business Permit • Organizational Chart of the Company
	Notarized Board Resolution	• Notarized Board Resolution authorizing the management to obtain loan from LBP and designating the authorized signatories • Notarized list of the following: • Officers • Partners (Partnership only) • Board of Directors (Corporations only) • Principal stockholders and their stockholdings (Corporations only)
Financial	Latest Annual Report and BIR-Filed Audited Financial Statement	• Applicants must provide their latest annual report and BIR-Filed Audited Financial Statements for the past 3 years and latest interim Financial Statement if age of latest filed Financial Statement is 6 months and above from reporting date.
	Bank Certification	• Required to verify the cash balance shown. If funds are insufficient to finance operations, a notarized guarantee from majority shareholders with bank proof of capacity, or financial documents and a letter of guarantee from the parent company, must be submitted.
	Guarantee from Parent Company or Bank Guarantee	• Parent Company Guarantee: For <i>domestic</i> parent companies, the corporate guarantee should be notarized, and for <i>foreign</i> parent companies, documents must be certified true copies; or • Bank Guarantee: Duly signed and notarized Request for the Issuance of Certification with Authority to Hold and Debit Deposit Account (RIC with AHDDA)
	Collateral or Security Enhancers	• In addition to the guarantee, collateral or security enhancers may be required.^a
	Financial Model	• Applicants must provide their financial forecast for the entity in the financial model.

BIR = Bureau of Internal Revenue, CDA = Cooperative Development Authority, GIS = General Information Sheet, SEC = Securities and Exchange Commission.

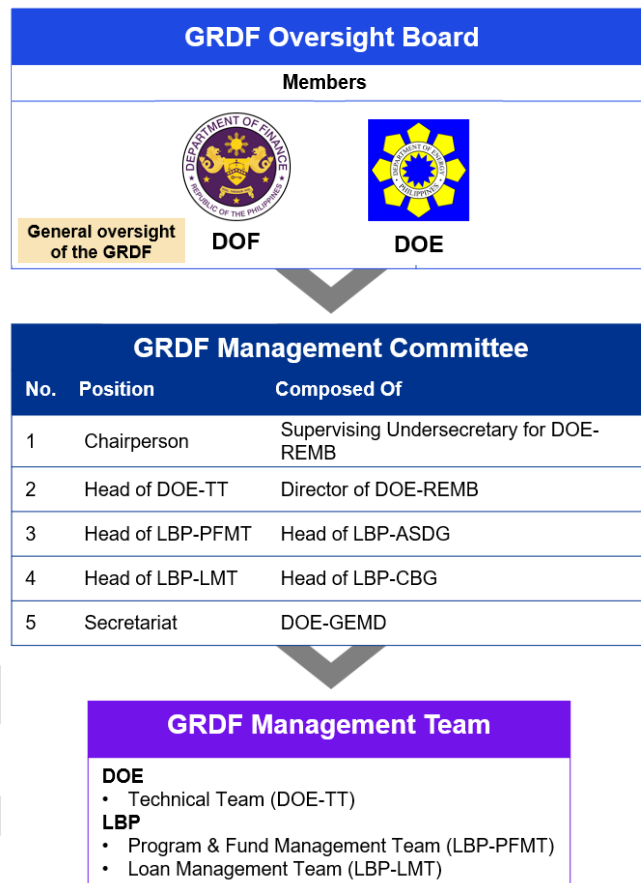
^a These may include any of the following, individually or in combination: Real Estate Mortgage, Chattel Mortgage; Deed of Assignment of Hold-out on Deposits, government bonds and securities; Assignment of all risk insurance cover, if applicable; Joint and Several Signatures (JSS) or Comprehensive Surety Agreement of Principal Stockholders/Officers; Post dated checks; Other collaterals acceptable to the Bank. LBP-LMT may require other documents, as necessary.

Annex C: Figures and Process Flows

Figure 1: Step-by-Step on How to Apply for PGRDF Funding



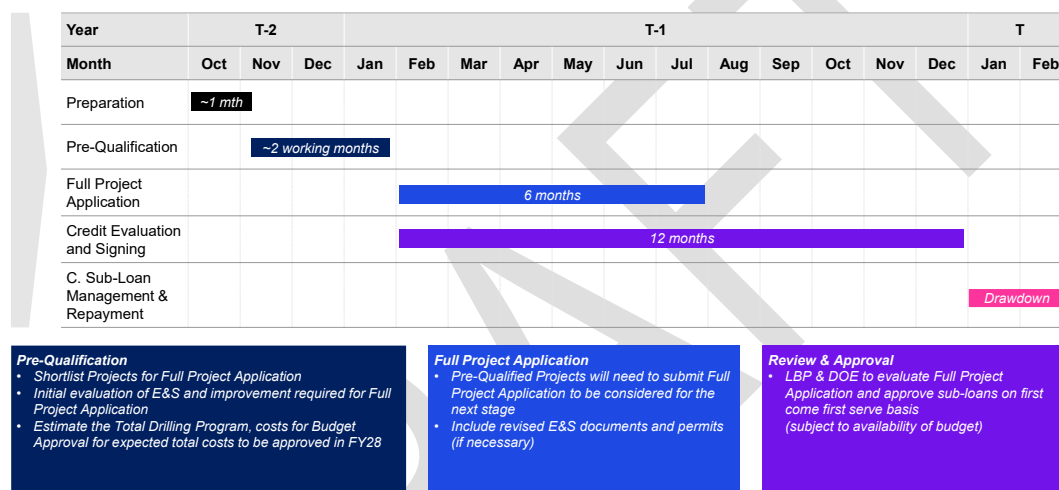
Figure 2: PGRDF Governance Structure



ADB = Asian Development Bank, ASDG = Agriculture and Sustainable Development Group, CBG = Corporate Banking Group, DOE = Department of Energy, DOF = Department of Finance, GEMD= Geothermal Energy Management Division, PGRDF = Philippine Geothermal Resource Derisking Facility, LMT = Loan Management Team, PFMT = Program & Fund Management Team, REMB = Renewable Energy Management Bureau, TT = Technical Team.

Source: Asian Development Bank and Department of Energy.

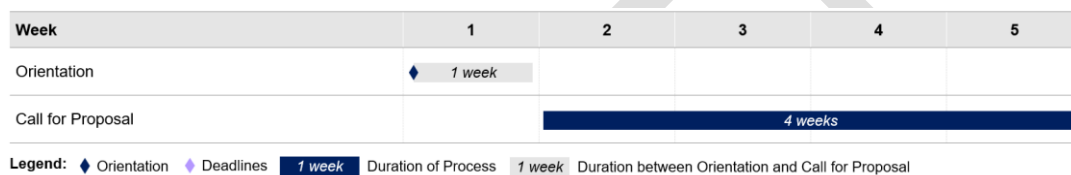
Figure 3: Indicative Timeline prior to Budget Year for Category B and C Projects



DOE = Department of Energy, E&S = Environmental and Social, LBP = Land Bank of the Philippines.

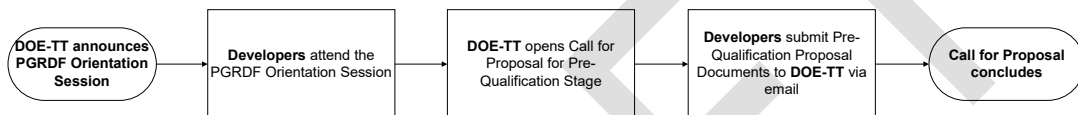
Source: Asian Development Bank and Department of Energy.

Figure 4: Sample Timeline of Preparation Substage for All Projects



Source: Asian Development Bank, Department of Energy, and Land Bank of the Philippines.

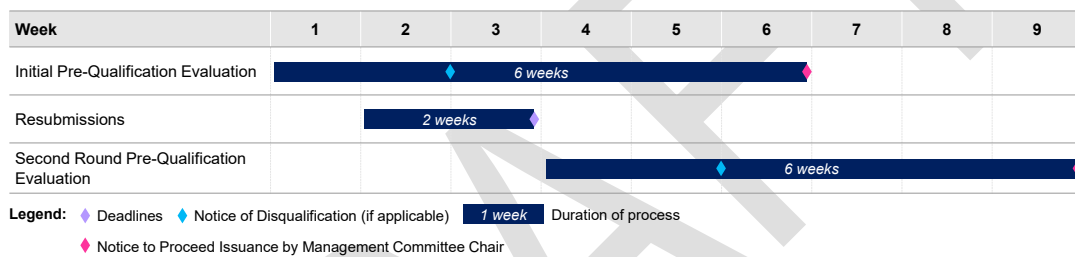
Figure 5: Process Flow for Pre-Qualification Preparation Substage



DOE = Department of Energy, TT= Technical Team.

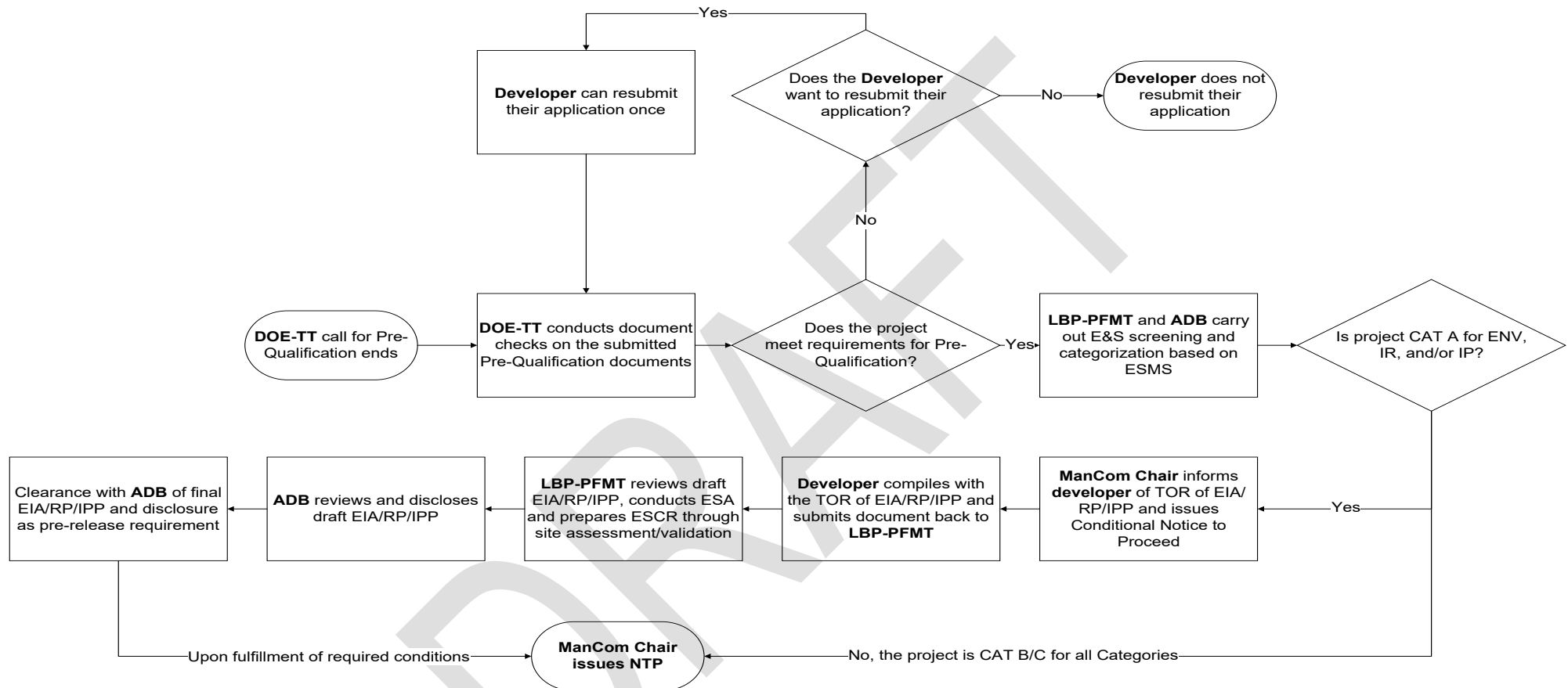
Source: Department of Energy.

Figure 6: Sample Timeline of Pre-Qualification Evaluation Substage for Category B and C Projects



Source: Asian Development Bank, Department of Energy, and Land Bank of the Philippines.

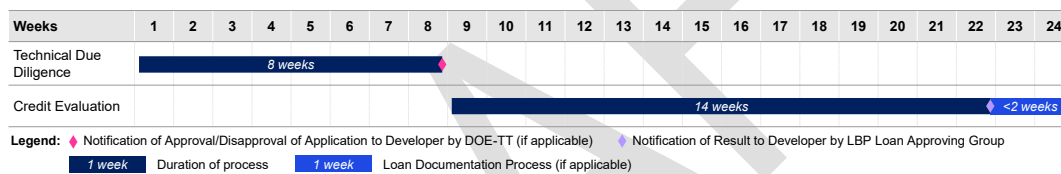
Figure 7: Process Flow for Pre-Qualification Evaluation Substage



ADB = Asian Development Bank, CAT = Category, DOE = Department of Energy, EIA = Environmental Impact Assessment, ENV = Environment, IP = Indigenous Peoples, IPP = Indigenous Peoples Plan, IR = Involuntary Resettlement, ESA = Environmental and Social Assessment, ESCR = Environmental and Social Compliance Report, ESMS = Environmental and Social Management System, E&S = Environment and Social, LBP = Land Bank of the Philippines, PFMT = Program and Fund Management Team, ManCom = Management Committee, NTP = Notice to Proceed, PGRDF = Philippine Geothermal Resource Derisking Facility, RP = Resettlement Plan, TOR = Terms of Reference, TT = Technical Team.

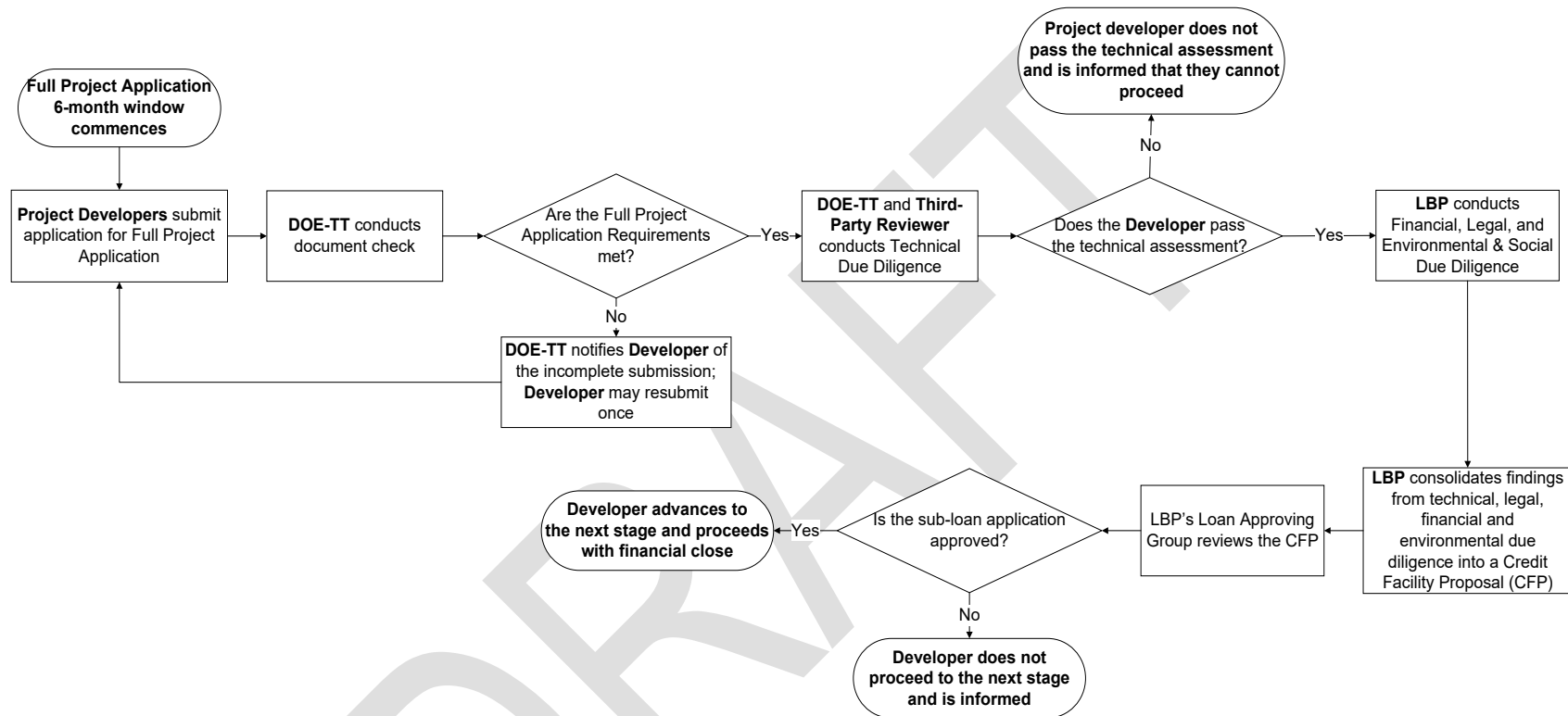
Source: Asian Development Bank, Department of Energy, Land Bank of the Philippines.

Figure 8: Sample Timeline of Full Project Application Stage



DOE = Department of Energy, LBP = Land Bank of the Philippines, TT = Technical Team.
 Source: Department of Energy and Land Bank of the Philippines.

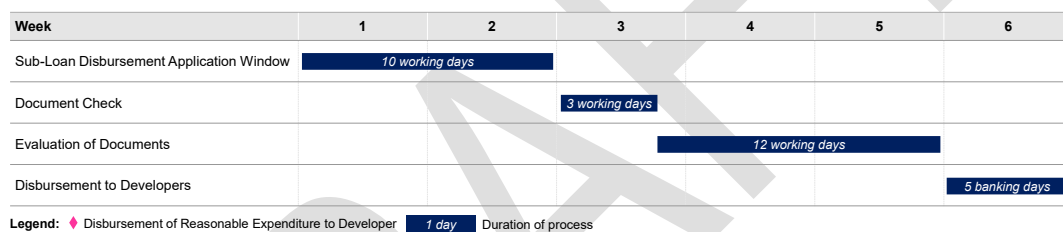
Figure 9: Process flow for Full Project Application Stage



ADB = Asian Development Bank, CFP = Credit Facility Proposal, DOE = Department of Energy, EIA = Environmental Impact Assessment, LBP = Land Bank of the Philippines, LMT = Loan Management Team, PFMT = Program and Fund Management Team, ManCom = Management Committee, NTP = Notice to Proceed, TT = Technical Team.

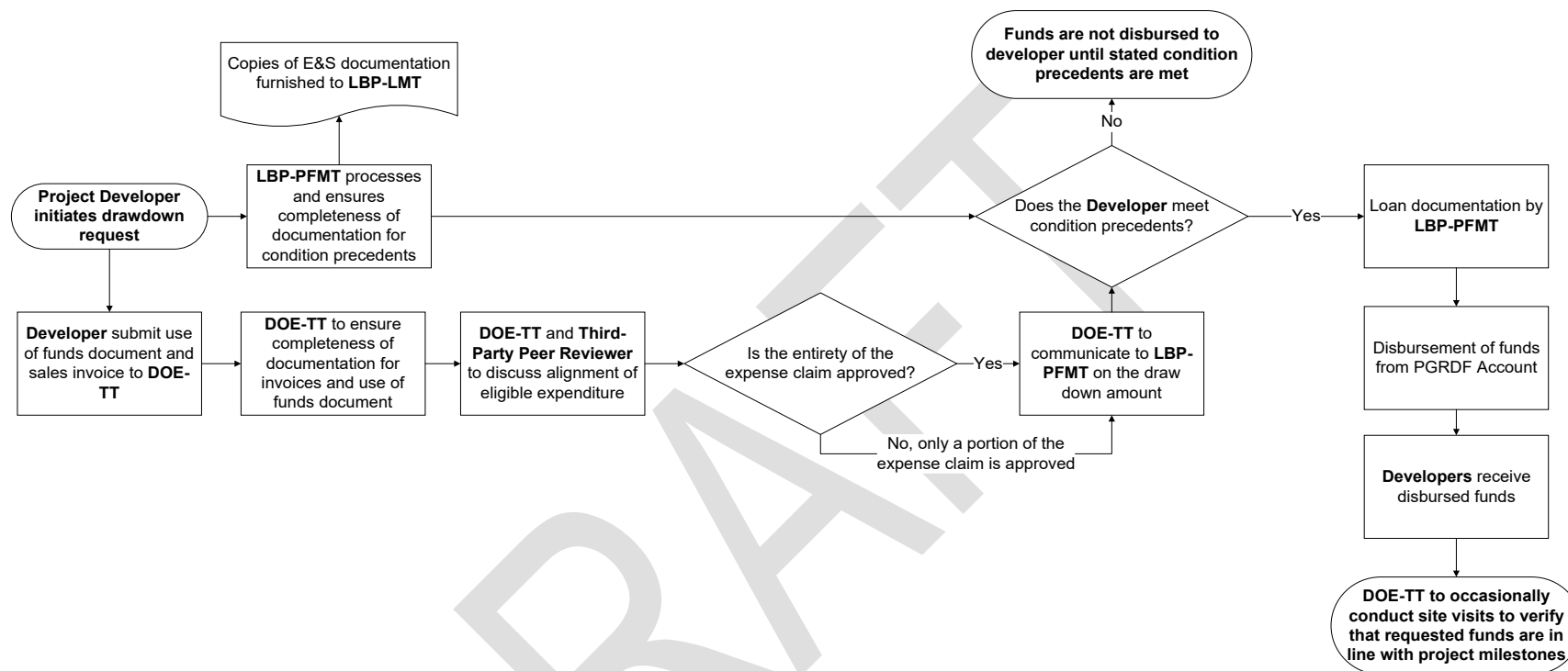
Source: Asian Development Bank, Department of Energy, Land Bank of the Philippines.

Figure 10: Sample Timeline of Sub-Loan Disbursement



Source: Asian Development Bank, Department of Energy, and Land Bank of the Philippines.

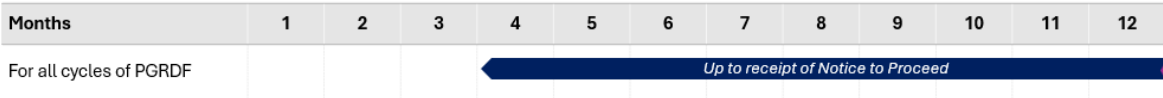
Figure 11: Sub-Loan Disbursement Process Flow



ADB = Asian Development Bank, CFP = Credit Facility Proposal, DOE = Department of Energy, EIA = Environmental Impact Assessment, LBP = Land Bank of the Philippines, LMT = Loan Management Team, PFMT = Program and Fund Management Team, ManCom = Management Committee, NTP = Notice to Proceed, TT = Technical Team.

Source: Asian Development Bank, Department of Energy, Land Bank of the Philippines.

Figure 12: Retroactive Financing Window



This timeline is meant for illustrative purposes only.

Legend: ♦ Sub-Loan Signing Date Between Developer and LBP Retroactive financing allowance period