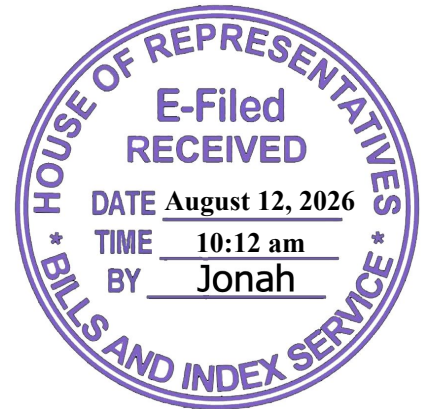




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
Second Regular Session

HOUSE BILL NO. 10734



Introduced by Representatives
**Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez and Andrew
Julian K. Romualdez**

AN ACT
AUTHORIZING DISTRIBUTION UTILITIES OPERATING IN
PROVINCES AND CITIES HOSTING GEOTHERMAL ENERGY
RESOURCES OR GEOTHERMAL POWER GENERATION
FACILITIES, INCLUDING PROVINCES ADJACENT TO HIGHLY
URBANIZED CITIES AND INDEPENDENT COMPONENT CITIES
HOSTING SUCH RESOURCES OR FACILITIES, TO DIRECTLY
PURCHASE ELECTRICITY FROM QUALIFIED GEOTHERMAL
POWER PRODUCERS, EXEMPTING SUCH PURCHASES FROM THE
COMPETITIVE SELECTION PROCESS, AMENDING FOR THE
PURPOSE SECTION 23 OF REPUBLIC ACT NO. 9136, OTHERWISE
KNOWN AS THE “ELECTRIC POWER INDUSTRY REFORM ACT OF
2001,” AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Provinces and local communities that host geothermal resources make a continuing and substantial contribution to the country’s energy security. They provide the land, infrastructure, workforce, and local environment that allow indigenous geothermal energy to be explored, developed, generated, and transmitted to consumers throughout the country. Yet the presence of a geothermal power facility within or near a locality does not automatically result in lower electricity rates for the families, schools, hospitals, farms, and businesses in the host and surrounding communities.

The Constitution recognizes that local governments and their inhabitants must receive an equitable share in the benefits derived from the utilization and development of national wealth within their respective areas. This principle is reflected in the Local Government Code, which provides that a significant portion of the proceeds derived from hydrothermal, geothermal, and other sources of energy shall be applied to lowering the cost of electricity in the locality where such energy source is located.

The same principle must apply when the geothermal resource or facility is located within a highly urbanized city or independent component city. Although these cities are politically and administratively independent from the provinces around them, their geothermal resources and power facilities form part of a wider geographic, economic, environmental, and energy ecosystem. The neighboring provinces and their communities may provide the workforce, transport routes, watersheds, transmission corridors, public infrastructure, and other resources necessary for the continued operation of the geothermal facility. They may likewise experience the environmental, social, and economic consequences of geothermal development.

For this reason, the benefits granted under this measure should also extend to the province within which a highly urbanized city or independent component city is geographically situated, as well as to provinces whose territorial boundaries are directly adjacent to such host city. Political boundaries should not prevent surrounding communities from receiving a fair and measurable share in the benefits arising from geothermal resources located within their immediate geographic area.

Under Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” or EPIRA, distribution utilities are required to supply electricity to their captive markets in the least-cost manner. In implementing this obligation, distribution utilities are generally required to procure their long-term power requirements through a Competitive Selection Process.

Competition remains an important consumer-protection mechanism. However, the Competitive Selection Process may become impracticable when a distribution utility seeks to purchase electricity from a particular geothermal power producer located within its own host province, or within a highly urbanized city or independent component city adjacent to the province, and the intended transaction is designed specifically to reduce or stabilize electricity costs for host and neighboring communities.

The law must therefore provide a carefully defined exception. Distribution utilities, including electric cooperatives, operating in geothermal host provinces, geothermal host cities, and qualified adjacent provinces should be permitted to negotiate directly with geothermal power producers operating within the relevant host locality. Such agreements should be exempt from the Competitive Selection Process while remaining subject to the full review and approval of the Energy Regulatory Commission.

The proposed measure preserves the fundamental principle of least-cost electricity. It requires the Energy Regulatory Commission to determine whether the resulting generation rate is just, reasonable, prudent, and beneficial to consumers. It likewise establishes safeguards against excessive pricing, overcontracting, self-dealing, market abuse, imprudent costs, and anti-competitive conduct. All savings, discounts, rebates, and other economic benefits arising from direct geothermal power procurement must be fully and transparently passed on to electricity consumers.

By allowing host and adjacent provinces to source power directly from geothermal resources located within their immediate geographic area, this measure gives concrete meaning to the constitutional principle that the people who host, sustain, and are directly affected by the development of national wealth must be among its primary beneficiaries.

In view of the foregoing, approval of this bill is earnestly requested.



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2001,” AND FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines
in Congress assembled:*

SECTION 1. *Short Title.* This Act shall be known as the “Geothermal Host and
Adjacent Provinces Direct Power Purchase Act.”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to ensure that provinces, cities, municipalities, barangays, and local communities hosting or directly affected by the exploration, development, extraction, utilization, and generation of geothermal energy receive direct, substantial, and measurable benefits from the use of such indigenous natural resources.

Toward this end, the State shall:

- a. Promote the availability of reliable, affordable, stable, and environmentally sustainable electricity in provinces and cities hosting geothermal resources and geothermal power generation facilities;
- b. Recognize the province within which a highly urbanized city or independent component city hosting a geothermal resource or facility is geographically situated, as well as provinces directly adjacent to such host city, as qualified beneficiaries under this Act;
- c. Authorize distribution utilities, including electric cooperatives, operating in geothermal host provinces, geothermal host cities, and qualified adjacent provinces to obtain electricity directly from qualified geothermal power producers;
- d. Harmonize the State's policies on least-cost electricity, renewable-energy development, local autonomy, consumer protection, energy security, and the equitable sharing of benefits derived from the utilization of national wealth;
- e. Reduce unnecessary regulatory and procurement barriers that prevent host and surrounding communities from accessing affordable electricity generated from geothermal resources located within their immediate geographic area;

- f. Ensure that all savings, discounts, rebates, and other economic benefits resulting from direct geothermal power procurement are fully and transparently passed on to electricity consumers; and
- g. Maintain transparency, accountability, system reliability, reasonable pricing, environmental responsibility, and protection against self-dealing, overcontracting, market abuse, and anti-competitive conduct.

SEC. 3. *Definition of Terms.* – For purposes of this Act:

- a. **Adjacent Province** refers to:
 - 1. The province within whose geographic area a Geothermal Host City is situated, notwithstanding the political and administrative independence of such city; or
 - 2. Any province whose territorial boundary is contiguous or directly adjacent to the territorial boundary of a Geothermal Host City.

The Department of Energy shall certify whether a province qualifies as an Adjacent Province under this Act.

- b. **Available Capacity** refers to the capacity and associated energy of a Geothermal Power Producer that is not subject to an existing power supply agreement, energy supply agreement, concession, independent power producer administration agreement, financing covenant, or other legally binding commitment, or which may otherwise be lawfully made available for sale.
- c. **Competitive Selection Process or CSP** refers to the transparent and competitive procedure prescribed by the Department of Energy, Energy Regulatory Commission, National Electrification Administration, or any

other government agency for the procurement of power supply by a Distribution Utility for its captive market.

- d. **Direct Geothermal Power Supply Agreement or DGPSA** refers to a bilateral power supply agreement directly negotiated and executed pursuant to this Act between a Qualified Distribution Utility and a Geothermal Power Producer without the conduct of a CSP.
- e. **Distribution Utility** shall have the same meaning provided under Republic Act No. 9136 and shall include electric cooperatives, private distribution utilities, local government-owned utilities, and other entities duly authorized to distribute electricity within a franchise or service area.
- f. **Geothermal Host City** refers to a highly urbanized city or independent component city within which any portion of a geothermal resource area, geothermal reservoir, steam field, production or reinjection well, fluid collection and disposal system, geothermal gathering system, or geothermal power generation facility is located.
- g. **Geothermal Host Locality** refers collectively to a Geothermal Host Province, Geothermal Host City, municipality, or barangay within which any portion of a geothermal resource or geothermal power generation facility is located.
- h. **Geothermal Host Province** refers to:
 - 1. Any province within which any portion of a geothermal resource area, geothermal reservoir, steam field, production or reinjection well, fluid collection and disposal system, geothermal gathering system, or geothermal power generation facility is located; and

2. For purposes of eligibility to directly procure geothermal power under this Act, an Adjacent Province as defined in paragraph (a) of this section.
 3. Where a geothermal resource area, reservoir, steam field, gathering system, or geothermal power generation facility extends across two or more provinces or cities, each affected province or city shall be considered a Geothermal Host Locality.
- i. **Geothermal Power Producer** refers to a generation company, renewable-energy developer, independent power producer, independent power producer administrator, facility operator, or other entity legally authorized to generate and sell electricity produced from geothermal energy.
 - j. **Qualified Distribution Utility** refers to a Distribution Utility that supplies electricity to end-users located wholly or partly within:
 1. A Geothermal Host Province;
 2. A Geothermal Host City; or
 3. An Adjacent Province certified by the Department of Energy under this Act.
 - k. **Qualified Geothermal Power Producer** refers to a Geothermal Power Producer operating a geothermal power generation facility situated within:
 1. The same Geothermal Host Province served by the Qualified Distribution Utility;
 2. A Geothermal Host City geographically situated within or directly adjacent to the province served by the Qualified Distribution Utility;or

3. A geothermal resource area or facility extending into or directly affecting the service area of the Qualified Distribution Utility, as certified by the Department of Energy.

SEC. 4. *Amendment of Section 23 of Republic Act No. 9136.* – Section 23 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001,” is hereby amended by inserting the following paragraphs:

“Notwithstanding any provision of this Act or any law, rule, regulation, department circular, resolution, guideline, or issuance to the contrary, a Distribution Utility operating within a Geothermal Host Province, Geothermal Host City, or Adjacent Province, as defined under the Geothermal Host and Adjacent Provinces Direct Power Purchase Act, may directly negotiate and enter into a power supply agreement with a Qualified Geothermal Power Producer.

“The direct power supply agreement may cover electricity generated by a geothermal power facility located within the same province, within a Geothermal Host City geographically situated in or directly adjacent to the province served by the Distribution Utility, or within a geothermal resource area otherwise qualified under the Geothermal Host and Adjacent Provinces Direct Power Purchase Act.

“A power supply agreement entered into pursuant to the preceding paragraphs shall be exempt from the Competitive Selection Process applicable to the procurement of electricity by Distribution Utilities for their captive markets: Provided, That the exemption shall apply only to the procurement of power generated from a qualifying geothermal resource or facility: Provided, further, That the agreement shall remain subject to review and approval by the Energy Regulatory Commission as to the reasonableness and prudence of its rates, costs, terms, contracted capacity, and effect upon consumers: Provided, furthermore,

That the Energy Regulatory Commission shall not require the submission of proof of compliance with a Competitive Selection Process as a condition for the filing, evaluation, provisional approval, or final approval of such agreement.

“The direct purchase authorized under this section shall be deemed consistent with the obligation of a Distribution Utility to supply electricity in the least-cost manner when the proposed agreement is reasonably expected to lower or stabilize generation costs, improve supply reliability, reduce exposure to volatile market prices, utilize indigenous energy resources, or produce other quantifiable benefits for consumers, as determined by the Energy Regulatory Commission.

“All savings, discounts, rebates, and other economic benefits resulting from a direct geothermal power supply agreement shall be fully and transparently passed on to the captive consumers of the Distribution Utility in accordance with the methodology prescribed by the Energy Regulatory Commission.”

SEC. 5. Authority to Enter into Direct Geothermal Power Supply Agreements.

– A Qualified Distribution Utility may directly negotiate and enter into a DGPSA with a Qualified Geothermal Power Producer for the supply of electricity to its captive market without conducting a CSP.

The authority granted under this section shall apply to:

- a. A Distribution Utility operating within a province directly hosting a geothermal resource or geothermal power generation facility;
- b. A Distribution Utility operating within a highly urbanized city or independent component city directly hosting a geothermal resource or geothermal power generation facility;

- c. A Distribution Utility operating within the province in which a Geothermal Host City is geographically situated, notwithstanding the political or administrative independence of the city; and
- d. A Distribution Utility operating within a province whose territorial boundary is contiguous or directly adjacent to the territorial boundary of a Geothermal Host City.

The exemption shall apply only to electricity generated from the geothermal resource or facility forming the basis for the locality's qualification under this Act.

Nothing in this section shall prevent a Qualified Distribution Utility from conducting a CSP or procuring electricity from other sources for any portion of its power requirements not covered by a DGPSA.

SEC. 6. *Qualifications and Conditions for Direct Procurement.* – A Qualified Distribution Utility may enter into a DGPSA upon compliance with the following conditions:

- a. The electricity shall be generated by a Qualified Geothermal Power Producer;
- b. The capacity and energy to be purchased shall constitute Available Capacity or capacity that the Geothermal Power Producer is legally authorized to sell;
- c. The contracted capacity shall be consistent with the Qualified Distribution Utility's actual and reasonably forecast demand, approved power supply procurement plan, distribution development plan, and obligation to avoid overcontracting;

- d. The proposed agreement shall contain a pricing formula or generation rate that is reasonable, transparent, and reasonably expected to result in lower, more stable, or otherwise more advantageous electricity costs than the Distribution Utility's existing or projected power supply portfolio;
- e. The agreement shall provide adequate safeguards concerning availability, scheduled and unscheduled outages, replacement power, force majeure, performance security, billing, metering, settlement, and other matters necessary to protect electricity consumers;
- f. The agreement shall be consistent with the Philippine Grid Code, Philippine Distribution Code, Wholesale Electricity Spot Market Rules, applicable renewable-energy laws, environmental laws, system-operation requirements, and technical standards;
- g. The governing board of the Qualified Distribution Utility shall approve the agreement through a duly adopted resolution stating the expected consumer benefits, contracted capacity, contract period, pricing structure, and reasons for resorting to direct geothermal power procurement;
- h. The Qualified Distribution Utility and Geothermal Power Producer shall disclose their beneficial owners, affiliates, related interests, and any relationship that may give rise to an actual or potential conflict of interest;
- i. The agreement shall expressly provide that all savings, discounts, rebates, and other benefits shall be passed on to electricity consumers; and
- j. The parties shall comply with all filing, disclosure, monitoring, and reporting requirements imposed under this Act and its implementing rules and regulations.

SEC. 7. *Certification of Host and Adjacent Province Status.* – Within sixty days from the effectivity of this Act, the Department of Energy shall prepare and publish an initial list of:

- a. Geothermal Host Provinces;
- b. Geothermal Host Cities;
- c. Provinces within which Geothermal Host Cities are geographically situated;
- d. Provinces whose territorial boundaries are contiguous or directly adjacent to Geothermal Host Cities;
- e. Geothermal resource areas;
- f. Geothermal power generation facilities; and
- g. Qualified Distribution Utilities and Geothermal Power Producers.

The Department of Energy shall update the list annually and whenever a new geothermal service contract, resource area, production facility, or power generation facility becomes operational.

Upon application by a local government unit, Distribution Utility, Geothermal Power Producer, or other interested party, the Department of Energy shall issue a certification of qualification under this Act within thirty days from receipt of complete supporting documents.

The certification shall identify:

- a. The relevant geothermal resource or facility;
- b. Its geographic and territorial location;

- c. The directly hosting provinces, cities, municipalities, and barangays;
- d. The province within which a Geothermal Host City is geographically situated;
- e. The provinces directly adjacent to the Geothermal Host City;
- f. The qualified Distribution Utilities; and
- g. The qualified Geothermal Power Producers.

In determining whether a province is directly adjacent to a Geothermal Host City, the Department of Energy shall consider official administrative and territorial maps issued or recognized by the National Mapping and Resource Information Authority and other competent government agencies.

SEC. 8. *Available Capacity and Voluntary Contracting.* – Nothing in this Act shall be construed as compelling a Geothermal Power Producer to terminate, modify, or violate an existing power supply agreement, energy supply agreement, concession, financing arrangement, independent power producer administration agreement, or any other valid contractual obligation.

Direct procurement shall apply only to Available Capacity or capacity that may lawfully be released, reassigned, renewed, reallocated, or contracted by the Geothermal Power Producer.

The Qualified Distribution Utility and Geothermal Power Producer shall freely negotiate the commercial terms of the agreement, subject to the review and approval of the Energy Regulatory Commission and the consumer-protection safeguards provided under this Act.

Nothing in this Act shall create a guaranteed market, minimum purchase requirement, mandatory dispatch right, guaranteed rate, or obligation on the part

of any Geothermal Power Producer to sell electricity to a particular Distribution Utility.

SEC. 9. *Priority in the Allocation of Available Capacity.* – Where the Available Capacity of a geothermal power generation facility is insufficient to meet the requirements of all Qualified Distribution Utilities seeking to enter into a DGPSA, the Geothermal Power Producer shall allocate the available capacity in a fair, reasonable, and transparent manner.

In allocating Available Capacity, due priority shall be given in the following order:

- a. Distribution Utilities serving the city, province, municipality, or barangay directly hosting the geothermal resource or generation facility;
- b. Distribution Utilities serving the province within which a Geothermal Host City is geographically situated; and
- c. Distribution Utilities serving other provinces directly adjacent to the Geothermal Host City.

The Department of Energy and the Energy Regulatory Commission shall prescribe guidelines to ensure that the allocation of capacity is equitable, transparent, technically feasible, and consistent with the objective of maximizing benefits to electricity consumers.

SEC. 10. *Joint and Aggregated Procurement.* – Two or more Qualified Distribution Utilities may aggregate their power requirements and jointly negotiate a DGPSA with a Qualified Geothermal Power Producer.

For this purpose, participating Distribution Utilities may designate a lead utility, establish a joint negotiation, procurement, allocation, billing, or settlement

arrangement, or execute separate agreements containing common commercial terms.

Joint or aggregated procurement undertaken pursuant to this section shall likewise be exempt from the CSP, subject to the review and approval of the Energy Regulatory Commission and the requirements of this Act.

The Department of Energy and, in the case of electric cooperatives, the National Electrification Administration shall provide technical assistance in the aggregation of demand, allocation of contracted capacity, preparation of financial and technical studies, and negotiation of fair and reasonable commercial terms.

SEC. 11. *Filing with the Energy Regulatory Commission.* – A DGPSA shall be filed with the Energy Regulatory Commission within fifteen days from its execution.

The application shall include:

- a. The complete DGPSA and all its annexes, schedules, side agreements, and related documents;
- b. The board resolution authorizing the execution of the agreement;
- c. The certification issued by the Department of Energy confirming the qualification of the Distribution Utility, host or adjacent province, host city, and Geothermal Power Producer;
- d. The demand forecast and existing power supply portfolio of the Qualified Distribution Utility;
- e. A comparison of the proposed rate with the Distribution Utility's existing and projected generation costs;

- f. An assessment of the expected savings, rate stability, reliability benefits, reduction in market exposure, and other advantages to consumers;
- g. The proposed allocation and pass-through of benefits to consumers;
- h. The disclosure of beneficial ownership, affiliates, and related interests;
- i. The available capacity certification of the Geothermal Power Producer; and
- j. Such other technical, commercial, and financial information as may reasonably be required by the Energy Regulatory Commission.

Within fifteen days from receipt of the application, the Energy Regulatory Commission shall inform the applicants whether the submission is complete and shall specify any additional documents or information required.

The Energy Regulatory Commission shall act upon a complete application within ninety calendar days.

SEC. 12. *Provisional Authority.* – Upon a prima facie showing that a DGPSA will result in immediate consumer savings, prevent or address a supply deficiency, reduce exposure to volatile market prices, avoid reliance on emergency or replacement power, or improve system reliability, the Energy Regulatory Commission may issue provisional authority within thirty days from the completion of the application.

The provisional authority may include such conditions as may be necessary to protect consumers pending final disposition of the application.

The absence of a CSP shall not constitute a ground for the dismissal, rejection, suspension, denial, or disallowance of an application filed pursuant to this Act.

SEC. 13. *Regulatory Review and Consumer Protection.* – The Energy Regulatory Commission shall retain full authority to:

- a. Determine whether the proposed generation rate, pricing formula, escalation mechanism, and other charges are just, reasonable, and prudent;
- b. Determine whether the contracted capacity and energy are consistent with the actual and reasonably forecast requirements of the Qualified Distribution Utility;
- c. Disallow excessive, unsupported, unreasonable, unnecessary, or imprudent costs;
- d. Modify or disapprove contractual provisions that unduly prejudice electricity consumers;
- e. Prevent overcontracting, market abuse, cross-subsidization, self-dealing, transfer pricing, and anti-competitive behavior;
- f. Require the refund, credit, or adjustment of amounts improperly or excessively collected from consumers;
- g. Require periodic true-up, reconciliation, performance review, or rate adjustment mechanisms;
- h. Impose reporting, auditing, and disclosure requirements; and
- i. Adopt such other measures as may be necessary to protect the public interest and ensure compliance with this Act.

SEC. 14. *Rate Benchmark and Least-Cost Evaluation.* – Within ninety days from the effectivity of this Act, the Energy Regulatory Commission shall

establish a transparent methodology for evaluating the reasonableness, prudence, and consumer impact of DGPSAs.

The methodology may consider:

- a. The effective rates of comparable geothermal, indigenous, renewable, and baseload power supply agreements;
- b. The Qualified Distribution Utility's existing blended generation cost;\
- c. Historical and projected prices in the Wholesale Electricity Spot Market;
- d. Avoided fuel, congestion, transmission, replacement-power, and market-volatility costs;
- e. Contract duration, dispatch profile, availability, capacity factor, escalation, indexation, and risk allocation;
- f. The remaining operating life, rehabilitation requirements, production characteristics, and operating costs of the geothermal facility;
- g. The environmental, energy-security, and reliability benefits of indigenous geothermal power;
- h. The expected savings or rate stabilization arising from the agreement;
- i. The need to prevent overcontracting and stranded costs; and
- j. Other factors necessary to determine whether the agreement promotes least-cost, reliable, secure, and sustainable electricity service.

The benchmark shall be used solely for regulatory review and shall not operate as a mandatory price floor, guaranteed return, or guaranteed rate for any Geothermal Power Producer.

SEC. 15. *Treatment of Affiliate and Related-Party Transactions.* – Where the Qualified Distribution Utility and Geothermal Power Producer are affiliates, subsidiaries, related parties, or entities under common ownership or control, the DGPSA shall be subject to heightened review by the Energy Regulatory Commission.

The applicants shall submit an independent assessment demonstrating that the price, terms, conditions, and risk allocation are fair, reasonable, prudent, and comparable with an arm's-length transaction.

No cost arising from an affiliate or related-party transaction shall be passed on to consumers unless the Energy Regulatory Commission affirmatively finds that the transaction is prudent, reasonable, and advantageous to consumers.

Directors, officers, employees, consultants, and agents of the contracting parties shall disclose any direct or indirect financial or beneficial interest in the proposed agreement.

SEC. 16. *Pass-Through of Benefits to Consumers.* – All savings, discounts, rebates, credits, incentives, and other economic benefits arising from a DGPSA shall accrue to electricity consumers and shall not be retained by the Qualified Distribution Utility as additional income or profit.

The corresponding generation charge and the savings or benefits arising from the DGPSA shall be separately identified in the regulatory filings and electricity bills of the Qualified Distribution Utility in the manner prescribed by the Energy Regulatory Commission.

Where a Qualified Distribution Utility serves areas both within and outside a Geothermal Host Locality or Adjacent Province, the Energy Regulatory Commission shall establish an equitable and transparent allocation methodology.

The methodology shall:

- a. Give due priority to end-users located within the directly hosting city, province, municipality, or barangay;
- b. Provide an equitable share to end-users located within the province geographically containing or directly adjacent to a Geothermal Host City;
- c. Reflect the source, quantity, and cost of electricity procured under the DGPSA;
- d. Avoid unjust discrimination among similarly situated consumers; and
- e. Prevent prohibited cross-subsidies and the transfer of unreasonable costs to consumers outside the qualified areas.

Nothing in this Act shall reduce, replace, diminish, or impair any subsidy, rebate, royalty share, national wealth share, electrification fund, financial benefit, or host-community entitlement granted under the Constitution, Republic Act No. 7160, Republic Act No. 9513, Energy Regulations No. 1-94, or any other law, rule, regulation, or contractual arrangement.

SEC. 17. *Transparency and Public Disclosure.* – Within five days from the execution of a DGPSA, the Qualified Distribution Utility shall publish on its official website, official social media account, and in at least one newspaper of general circulation within its franchise area a summary containing:

- a. The identity of the contracting parties;
- b. The source and location of the geothermal power;
- c. The basis for the qualification of the Distribution Utility under this Act;

- d. The contracted capacity and energy;
- e. The duration of the agreement;
- f. The applicable generation rate or pricing formula;
- g. The projected effect on electricity rates;
- h. The expected consumer savings and other benefits;
- i. Any affiliate or related-party relationship between the parties; and
- j. The status of the application before the Energy Regulatory Commission.

The complete agreement and all supporting documents shall be made accessible to the Energy Regulatory Commission, Department of Energy, National Electrification Administration, Commission on Audit, Philippine Competition Commission, Congress, and other competent government authorities.

Claims of confidentiality shall be narrowly construed and shall not cover information necessary to determine the generation rate, pricing formula, consumer impact, beneficial ownership, related-party interests, contracted capacity, or compliance with this Act.

SEC. 18. *Monitoring and Annual Report.* – The Department of Energy, in coordination with the Energy Regulatory Commission and National Electrification Administration, shall monitor the implementation of this Act and submit an annual report to the Senate Committee on Energy and the House of Representatives Committee on Energy.

The annual report shall contain:

- a. The list of Geothermal Host Provinces, Geothermal Host Cities, and Adjacent Provinces;
- b. The DGPSAs entered into pursuant to this Act;
- c. The capacity and energy procured under each agreement;
- d. The approved and effective generation rates;
- e. The savings, discounts, rebates, or rate reductions realized by consumers;
- f. The effects of the agreements on power supply reliability and market exposure;
- g. The Available Capacity and contracted capacity of geothermal facilities;
- h. The allocation of capacity among host and adjacent provinces;
- i. Compliance with consumer pass-through, transparency, and disclosure requirements;
- j. Complaints, disputes, and enforcement actions arising from the implementation of this Act; and
- k. Recommendations for administrative or legislative action.

SEC. 19. *Limited Nature of the CSP Exemption.* – The exemption granted under this Act shall apply exclusively to the Competitive Selection Process governing the procurement of power supply by Distribution Utilities.

It shall not be construed as an exemption from:

- a. Energy Regulatory Commission rate regulation and prudence review;
- b. Audit, accounting, and financial reporting requirements;

- c. Anti-graft and corrupt practices laws;
- d. Competition, market-abuse, and consumer-protection laws;
- e. Environmental, renewable-energy, labor, tax, and local-government laws;
- f. The Philippine Grid Code, Philippine Distribution Code, Wholesale Electricity Spot Market Rules, and system-operation requirements;
- g. Franchise obligations and standards of service applicable to Distribution Utilities; or
- h. Other transparency, public accountability, and disclosure requirements applicable to the contracting parties.

SEC. 20. *Prohibited Acts.* – The following acts are prohibited:

- a. Knowingly submitting false, misleading, or materially incomplete information in connection with an application or certification under this Act;
- b. Concealing beneficial ownership, affiliate relationships, conflicts of interest, side agreements, rebates, commissions, or other material contractual arrangements;
- c. Entering into a DGPSA for the purpose of evading a CSP where the source of electricity does not qualify under this Act;
- d. Contracting for capacity substantially exceeding the actual and reasonably forecast requirements of the Distribution Utility without sufficient technical and economic justification;

- e. Retaining, diverting, or failing to pass on to consumers any savings, discount, rebate, credit, or other economic benefit arising from a DGPSA;
- f. Imposing excessive, unreasonable, unsupported, or unauthorized charges upon consumers;
- g. Engaging in collusion, market manipulation, self-dealing, or anti-competitive conduct; and
- h. Violating any lawful order, rule, or regulation issued pursuant to this Act.

The Energy Regulatory Commission, Department of Energy, National Electrification Administration, Philippine Competition Commission, and other competent government agencies shall impose the appropriate administrative penalties and initiate civil or criminal proceedings in accordance with existing laws.

SEC. 21. *Non-Impairment of Contracts.* – Nothing in this Act shall impair the obligations of contracts entered into before its effectivity.

Upon the expiration, lawful termination, renewal, restructuring, or release of capacity under an existing agreement involving geothermal capacity located within a Geothermal Host Locality, the parties may enter into a DGPSA in accordance with this Act.

SEC. 22. *Congressional Oversight.* – The Senate Committee on Energy and the House of Representatives Committee on Energy shall exercise oversight over the implementation of this Act.

The Department of Energy, Energy Regulatory Commission, National Electrification Administration, and other concerned agencies shall submit such

reports, data, and information as may be required in the exercise of congressional oversight.

SEC. 23. *Implementing Rules and Regulations.* – Within ninety days from the effectivity of this Act, the Department of Energy and the Energy Regulatory Commission, in consultation with the National Electrification Administration, National Renewable Energy Board, Philippine Competition Commission, local government units, Distribution Utilities, electric cooperatives, Geothermal Power Producers, consumer organizations, host communities, and other affected stakeholders, shall jointly promulgate the rules and regulations necessary for its effective implementation.

The implementing rules and regulations shall include:

- a. The procedures and documentary requirements for the certification of Geothermal Host Provinces, Geothermal Host Cities, and Adjacent Provinces;
- b. The procedure for identifying Qualified Distribution Utilities and Qualified Geothermal Power Producers;
- c. The standards for determining Available Capacity;
- d. The process for allocating Available Capacity among several Qualified Distribution Utilities;
- e. The filing, evaluation, and approval of DGPSAs;
- f. The methodology for evaluating rates, savings, reliability benefits, and consumer impact;
- g. The allocation and pass-through of benefits to consumers;

- h. The disclosure and treatment of affiliate and related-party transactions;
- i. The monitoring, reporting, auditing, and enforcement mechanisms; and
- j. Other matters necessary to carry out the purposes of this Act.

Failure to promulgate the implementing rules and regulations within the prescribed period shall not prevent qualified parties from filing an application under this Act. Pending the issuance of the implementing rules and regulations, the concerned agencies shall process applications in accordance with the express provisions and declared policies of this Act.

SEC. 24. *Separability Clause.* – If any provision or part of this Act is declared unconstitutional or invalid, the remaining provisions or parts not affected thereby shall continue to be in full force and effect.

SEC. 25. *Repealing Clause.* – All laws, decrees, executive orders, administrative orders, department circulars, resolutions, rules, regulations, guidelines, and other issuances inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SEC. 26. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,