

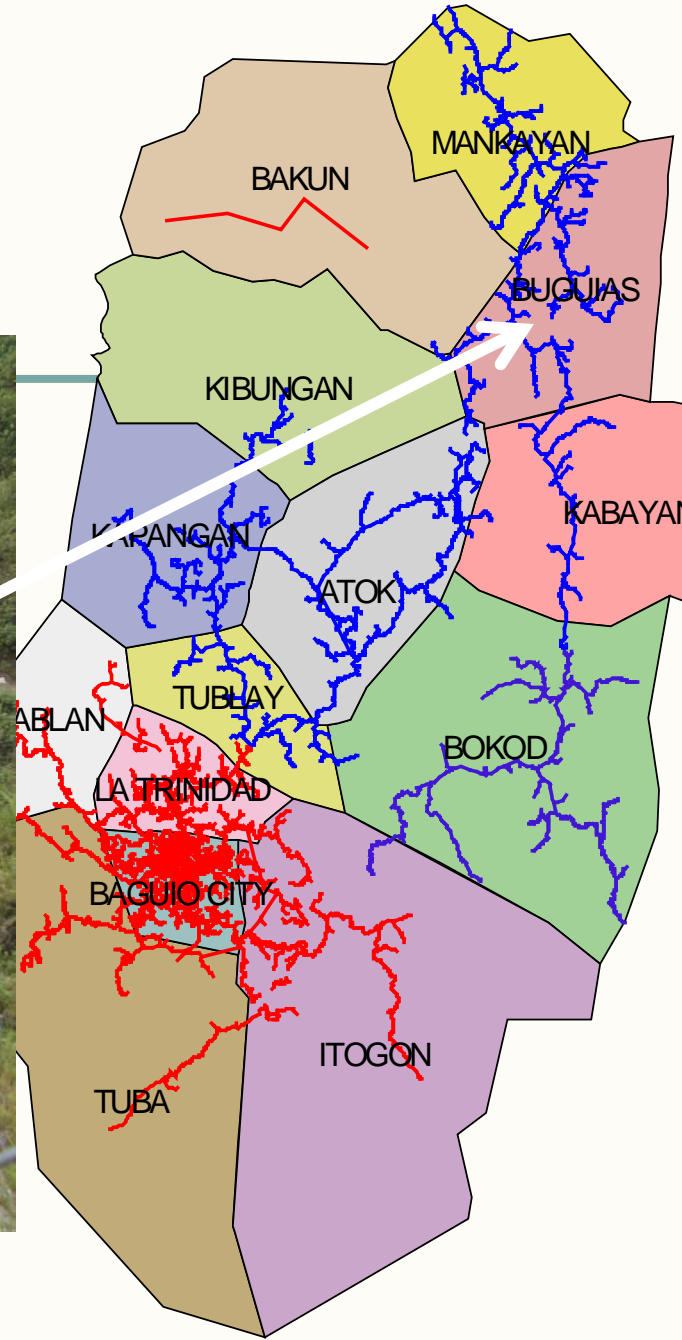
Man-asok: From Still Waters to Current

Conference on Exercising the
Green Option and Reclaiming
the Right to Develop
Renewable Energy Resources

BENECO

South Drive, Baguio City

September 29-30, 2017



Legal Basis

(1) Sec. 15. Chapter III – PD 269


“(d) To **generate**, manufacture, purchase, acquire, accumulate and transmit electric power and energy, and to distribute, sell, supply and dispose of electric energy ...”

(2) Sec. 6, Chapter III – RA 9513 – Renewable Energy Law

– “**All stakeholders** in the electric power industry **shall contribute** to the **growth of the renewable energy** industry of the country”

(3) Par. (j-1), Sec. 16, Chapter III – RA 10531

– “(j-1) To **construct, acquire, own, operate and maintain generating facilities** within its franchise area.”



Why did BENEKO choose to go renewable?

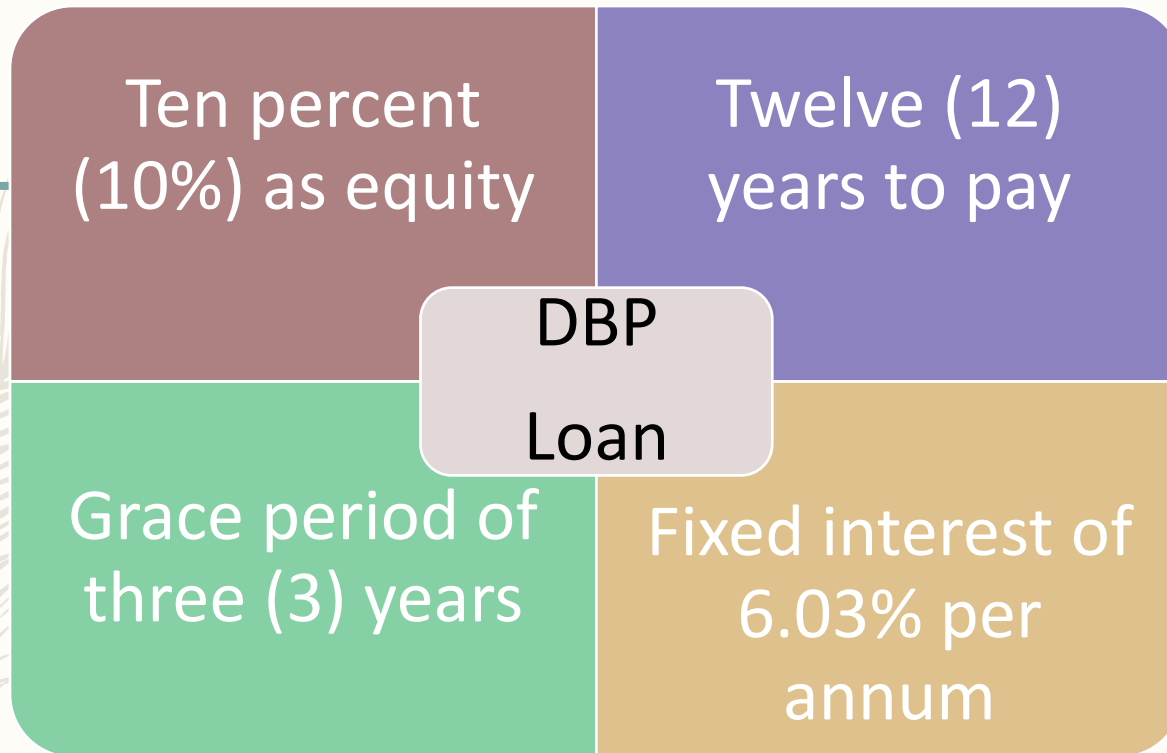
Operating its own generation facility would essentially:

- 1) Reduce rates that would help unburden the gripes of consumers and hopefully attain long-term power supply security
- 2) Provide more benefits to the host communities (IPs/ICCs) that are often dependent on the IRA
- 3) Confirm the EC's commitment to the development of renewable energy

Stacking the stocks

-
- (1) Non-stock and non-profit EC
 - (2) No investment capital
 - (3) Benguet has lots of RE potentials
 - (4) Franchise area is home to ICCs and IPs
 - (5) Policy directions

Funding? Credit Worthy 4



- ✓ Available COLLATERAL-FREE and COMMITMENT-FREE lines of P300 Million from DBP at 3.5% interest rate and another P200 Million from Metrobank

3MW MAN-ASOK EXPENSES, REVENUE AND EQUIVALENT RATES

EXPENSES (PHP)								
YEAR	DEBT SERVICE	MANDATORY BENEFITS	VOLUNTARY BENEFITS	LAND RENTAL (OPEX)	OPEX	GROSS GENERATION EXPENSE	GROSS REVENUE @ FIT RATE	NET DIFFERENCE
1	58,057,763	7,526,330	1,713,000	1,138,080	12,335,585	80,770,758	88,500,000	7,729,242
2	58,057,763	7,290,330	1,713,000	1,138,080	12,364,276	80,563,450	88,500,000	7,936,550
3	58,057,763	7,053,330	1,713,000	1,138,080	12,300,766	80,262,939	88,500,000	8,237,061
4	58,057,763	6,817,330	1,713,000	1,138,080	12,237,255	79,963,428	88,500,000	8,536,572
5	58,057,763	6,581,330	1,713,000	1,138,080	12,173,744	79,663,917	88,500,000	8,836,083
6	58,057,763	6,344,330	1,900,500	1,194,984	12,115,833	79,613,410	88,500,000	8,886,590
7	58,057,763	6,108,330	1,900,500	1,194,984	12,052,322	79,313,899	88,500,000	9,186,101
8	58,057,763	5,872,330	1,900,500	1,194,984	11,988,811	79,014,388	88,500,000	9,485,612
9	58,057,763	5,635,330	1,900,500	1,194,984	11,925,300	78,713,878	88,500,000	9,786,122
10	58,057,763	5,399,330	1,900,500	1,194,984	11,861,789	78,414,367	88,500,000	10,085,633
11	58,057,763	5,163,330	5,388,000	1,251,888	11,964,962	81,825,943	88,500,000	6,674,057
12	58,057,763	4,926,330	5,388,000	1,251,888	11,901,451	81,525,432	88,500,000	6,974,568
13		4,690,330	5,388,000	1,251,888	11,837,940	23,168,158	88,500,000	65,331,842
14		4,454,330	5,388,000	1,251,888	11,587,223	22,681,441	88,500,000	65,818,559
15		4,218,330	5,388,000	1,251,888	11,523,712	22,381,930	88,500,000	66,118,070
16		3,981,330	5,575,500	1,308,792	11,469,576	22,335,198	88,500,000	66,164,802
17		3,745,330	5,575,500	1,308,792	11,406,065	22,035,687	88,500,000	66,464,313
18		3,509,330	5,575,500	1,308,792	11,342,554	21,736,176	88,500,000	66,763,824
19		3,272,330	5,575,500	1,308,792	11,279,044	21,435,666	88,500,000	67,064,334
20		3,036,330	5,575,500	1,308,792	11,215,533	21,136,155	88,500,000	67,363,845
21		2,800,330	5,650,500	1,365,696	10,869,412	20,685,938	88,500,000	67,814,062
22		2,563,330	5,650,500	1,365,696	10,805,901	20,385,427	88,500,000	68,114,573
23		2,327,330	5,650,500	1,365,696	10,742,390	20,085,916	88,500,000	68,414,084
24		2,091,330	5,650,500	1,365,696	10,678,879	19,786,405	88,500,000	68,713,595
25		1,854,330	5,650,500	1,365,696	10,615,368	19,485,894	88,500,000	69,014,106
TOTAL	696,693,161	117,262,250	101,137,500	31,297,200	290,595,689	1,236,985,799	2,212,500,000	975,514,201

Assuming project would be qualified to avail of FIT just like private developers, the net difference of P102 Million will be used to shorten the loan payment period to 10.5 years

STOP drawing FIT once loan is paid vs. private developers who will continue to draw FIT up to 20 years

3MW MAN-ASOK EXPENSES, REVENUE AND EQUIVALENT RATES

EXPENSES (PHP/KWH)								
YEAR	DEBT SERVICE RATE	MANDATORY BENEFITS RATE	VOLUNTARY BENEFITS RATE	LAND RENTAL (OPEX)	OPEX	GROSS EXPENSE RATE (GENERATION COST)	FIT RATE	DIFFERENCE LOWER THAN FIT RATE*
1	3.8705	0.5018	0.1142	0.0759	0.8224	5.3847	5.9000	0.5153
2	3.8705	0.4860	0.1142	0.0759	0.8243	5.3709	5.9000	0.5291
3	3.8705	0.4702	0.1142	0.0759	0.8201	5.3509	5.9000	0.5491
4	3.8705	0.4545	0.1142	0.0759	0.8158	5.3309	5.9000	0.5691
5	3.8705	0.4388	0.1142	0.0759	0.8116	5.3109	5.9000	0.5891
6	3.8705	0.4230	0.1267	0.0797	0.8077	5.3076	5.9000	0.5924
7	3.8705	0.4072	0.1267	0.0797	0.8035	5.2876	5.9000	0.6124
8	3.8705	0.3915	0.1267	0.0797	0.7993	5.2676	5.9000	0.6324
9	3.8705	0.3757	0.1267	0.0797	0.7950	5.2476	5.9000	0.6524
10	3.8705	0.3600	0.1267	0.0797	0.7908	5.2276	5.9000	0.6724
11	3.8705	0.3442	0.3592	0.0835	0.7977	5.4551	5.9000	0.4449
12	3.8705	0.3284	0.3592	0.0835	0.7934	5.4350	5.9000	0.4650
13		0.3127	0.3592	0.0835	0.7892	1.5445	5.9000	4.3555
14		0.2970	0.3592	0.0835	0.7725	1.5121	5.9000	4.3879
15		0.2812	0.3592	0.0835	0.7682	1.4921	5.9000	4.4079
16		0.2654	0.3717	0.0873	0.7646	1.4890	5.9000	4.4110
17		0.2497	0.3717	0.0873	0.7604	1.4690	5.9000	4.4310
18		0.2340	0.3717	0.0873	0.7562	1.4491	5.9000	4.4509
19		0.2182	0.3717	0.0873	0.7519	1.4290	5.9000	4.4710
20		0.2024	0.3717	0.0873	0.7477	1.4091	5.9000	4.4909
21		0.1867	0.3767	0.0910	0.7246	1.3791	5.9000	4.5209
22		0.1709	0.3767	0.0910	0.7204	1.3590	5.9000	4.5410
23		0.1552	0.3767	0.0910	0.7162	1.3391	5.9000	4.5609
24		0.1394	0.3767	0.0910	0.7119	1.3191	5.9000	4.5809
25		0.1236	0.3767	0.0910	0.7077	1.2991	5.9000	4.6009
25-YEAR LEVELIZED COST		0.3127	0.2697	0.0835	0.7749	3.2986	5.9000	2.6014

*Difference is the equivalent rate LOWER than the FIT which the consumers may avoid in case BENEKO will not avail of the FIT. Take note of the avoided burden starting the 13th year in terms of rates once the loan will be paid

MATRIX OF MANDATORY BENEFITS

Mandatory Benefits	Ave. Rate	Ave. Annual	25-year Benefit
Real Property Tax remitted to LGU	P 0.2048/kWh	P 3,072,160.00	P 76,804,000.00
Business Tax remitted to LGU	P 0.0298/kWh	P 447,600.00	P 11,190,000.00
ER 1-94 remitted to DOE Trust Account	P 0.0100/kWh	P 150,000.00	P 3,750,000.00
National Wealth Tax remitted to BIR	P 0.0497/kWh	P 746,000.00	P 18,650,000.00
Watershed Mgmt remitted to DOE	P 0.0017/kWh	P 250,000.00	P 6,250,000.00
LGU Permits to construct and operate	P 0.0016/kWh	P 24,730.00	P 618,250.00
TOTAL	P 0.3127/kWh	P 4,690,490.00	117,262,250

MATRIX OF **ADDITIONAL VOLUNTARY** BENEFITS

8

ADDITIONAL BENEFITS	RATE @ Php/kWh					AVERAGE
	Year 1-5	Year 6-10	Year 11-15	Year 16-20	Year 21-25	
Buguias LGU	P 0.0100/kWh	P 0.0150/kWh	P 0.0400/kWh	P 0.0450/kWh	P 0.0500/kWh	P 0.0320/kWh
5 Barangays	P 0.0667/kWh	P 0.0667/kWh	P 0.2667/kWh	P 0.2667/kWh	P 0.2667/kWh	P 0.1867/kWh
BADANG	P 0.0275/kWh	P 0.0275/kWh	P 0.0425/kWh	P 0.0500/kWh	P 0.0500/kWh	P 0.0410/kWh
CSR	P 0.0100/kWh	P 0.0100/kWh	P 0.0100/kWh	P 0.0100/kWh	P 0.0100/kWh	P 0.0100/kWh
TOTAL	P 0.1142/kWh	P 0.1192/kWh	P 0.3592/kWh	P 0.3717/kWh	P 0.3767/kWh	P 0.2697/kWh

Additional Benefits	Ave. Rate	Ave. Annual	25-year Benefit
Buguias LGU	P 0.0320/kWh	P 480,000.00	P 12,000,000.00
5 IP Barangays	P 0.1867/kWh	P 2,800,500.00	P 70,012,500.00
BADANG (IP Group)	P 0.0410/kWh	P 465,000.00	P 11,625,000.00
CSR	P 0.0100/kWh	P 150,000.00	P 3,750,000.00
TOTAL	P 0.2697/kWh	P 4,045,500.00	P 101,137,500.00

**GRAND TOTAL OF
BENEFITS (MANDATORY +
VOLUNTARY)**

P 0.5824/kWh

P 8,735,990.00

P 218,399,750.00

COMPARATIVE **ADDITIONAL VOLUNTARY** BENEFITS

BENECO 3 MAN-ASOK MHP	
Additional Benefits	Ave. Rate
Buguias LGU	P 0.0320/kWh
5 IP Barangays	P 0.1867/kWh
BADANG (IP Group)	P 0.0410/kWh
CSR	P 0.0100/kWh
TOTAL	P 0.2697/kWh

13MW PROJECT OF PRIVATE DEVELOPER NEAR THE BENECO PROJECT MAN-ASOK MHP	
Additional Benefits	Ave. Rate
Provincial Gov'T	P 0.0200/kWh
Municipal LGU	P 0.0200/kWh
IP/ICC	P 0.0150/kWh
TOTAL	P 0.0550/kWh

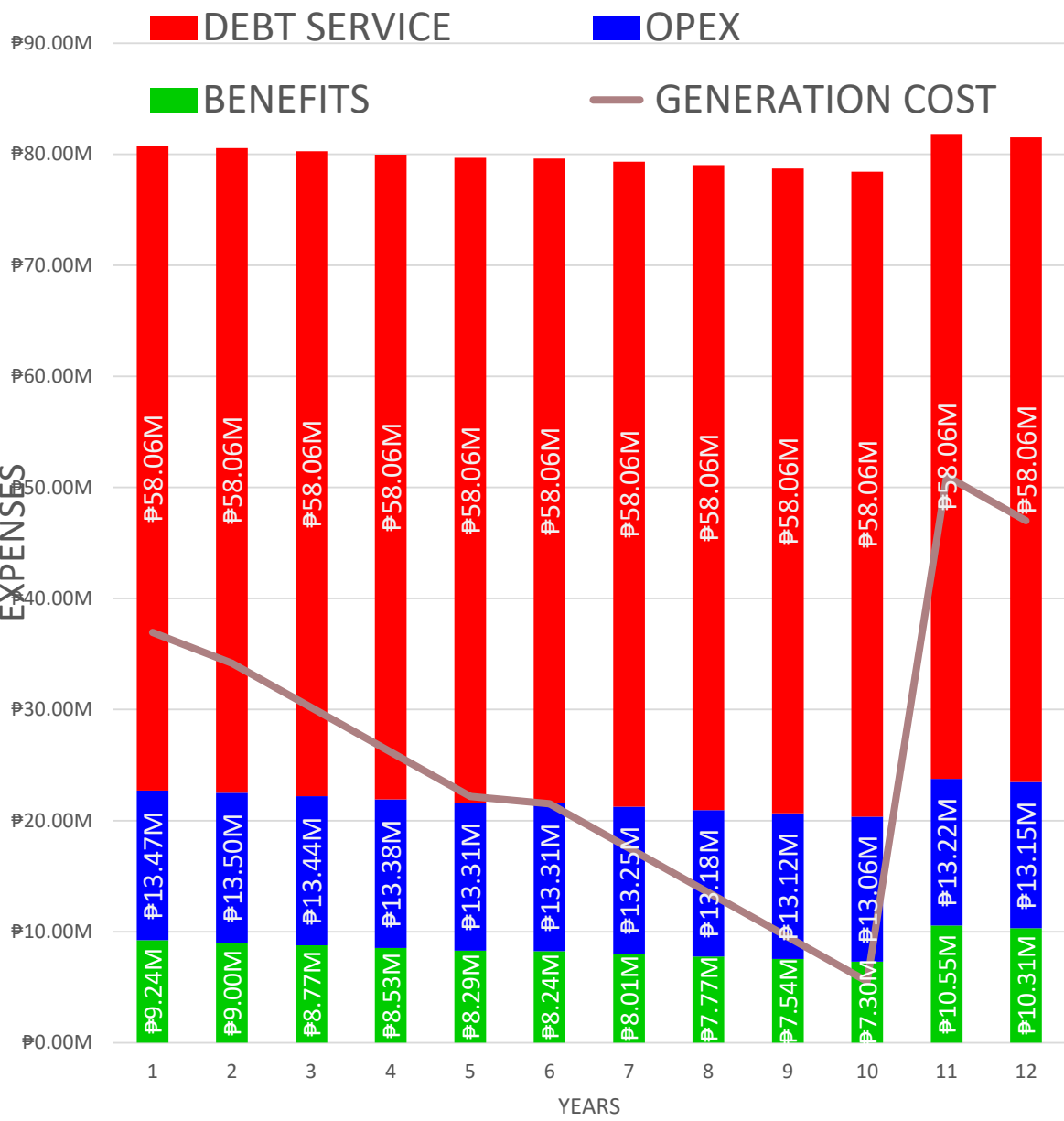
DIFFERENCE	P 0.2147/kWh greater 390% greater
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COMPARATIVE MONTHLY **LOT RENTAL**

LOT RENTAL	BENECO	PRIVATE DEVELOPER	DIFFERENCE
Years 1 to 5	P 4.00/sqm/mo	P 2.00/sqm/mo	Php 0.005/sqm/mo
Years 6 to 10	P 4.20/sqm/mo	P 2.10/sqm/mo	Php 0.010/sqm/mo
Years 11 to 15	P 4.40/sqm/mo	P 2.21/sqm/mo	Php 0.015/sqm/mo
Years 16 to 20	P 4.60/sqm/mo	P 2.32/sqm/mo	Php 0.020/sqm/mo
Years 21 to 25		P 2.43/sqm/mo	
AVERAGE	P 4.30/sqm/mo	P 2.16/sqm/mo	P 2.14/sqm/mo

DIFFERENCE	P 2.14/sqm/mo greater 100% greater
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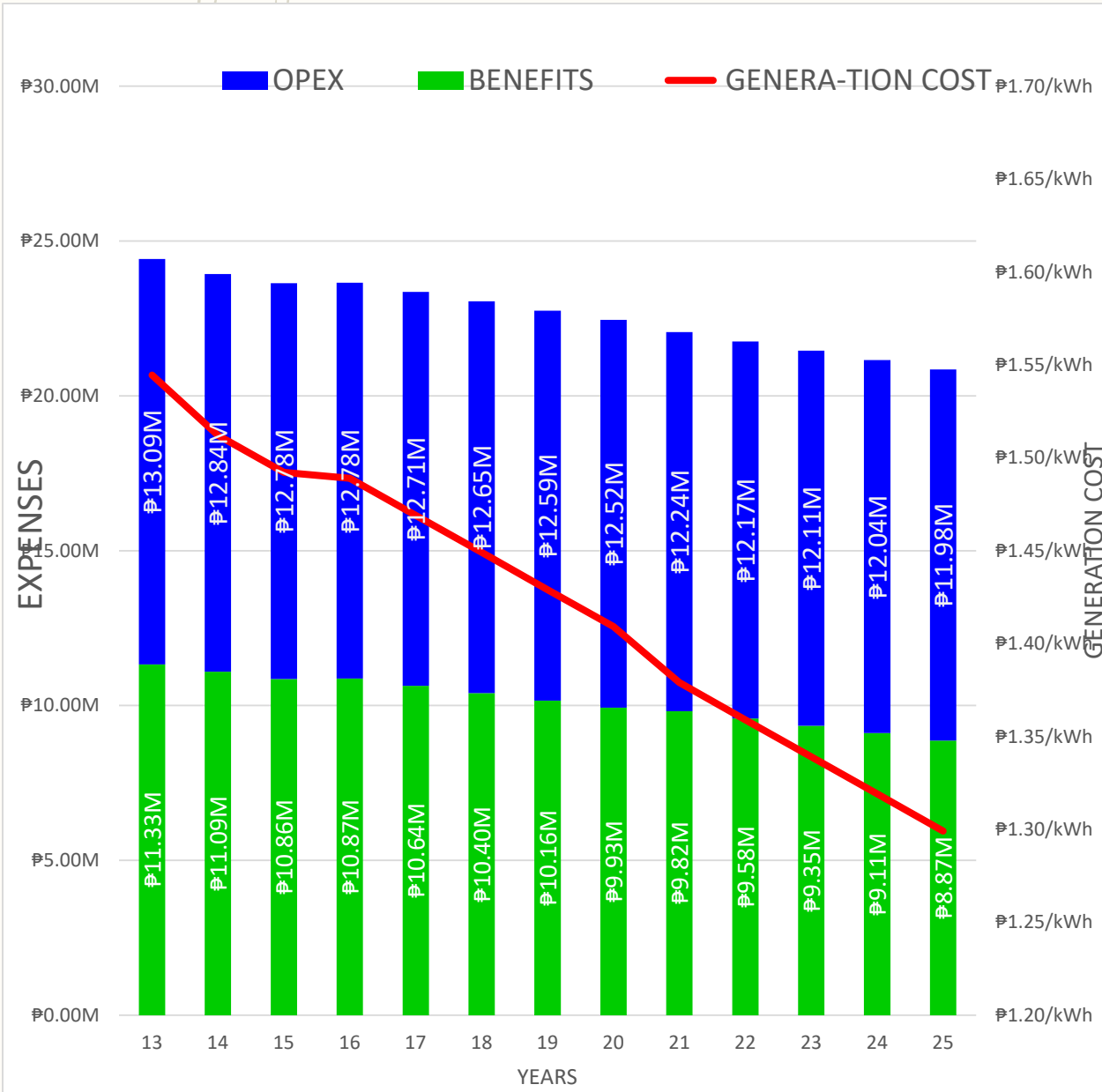
EXPENSES & GENERATION COST DURING PAYMENT OF LOAN



EXPENSES (PHP 'MILLION)						
YEAR	DEBT SERVICE	MANDATORY BENEFITS	ADD'L VOLUNTARY BENEFITS	LAND RENTAL (OPEX)	OPEX	GROSS EXPENSE
1	58.06	7.53	1.71	1.14	12.34	80.77
2	58.06	7.29	1.71	1.14	12.36	80.56
3	58.06	7.05	1.71	1.14	12.30	80.26
4	58.06	6.82	1.71	1.14	12.24	79.96
5	58.06	6.58	1.71	1.14	12.17	79.66
6	58.06	6.34	1.90	1.19	12.12	79.61
7	58.06	6.11	1.90	1.19	12.05	79.31
8	58.06	5.87	1.90	1.19	11.99	79.01
9	58.06	5.64	1.90	1.19	11.93	78.71
10	58.06	5.40	1.90	1.19	11.86	78.41
11	58.06	5.16	5.39	1.25	11.96	81.83
12	58.06	4.93	5.39	1.25	11.90	81.53

EXPENSES (PHP/KWH)						
YEAR	DEBT SERVICE RATE	MANDATORY BENEFITS RATE	ADD'L VOLUNTARY BENEFITS RATE	OPEX-LAND RENTAL	OPEX	GROSS EXPENSE RATE
1	3.8705	0.5018	0.1142	0.0759	0.8224	5.3847
2	3.8705	0.4860	0.1142	0.0759	0.8243	5.3709
3	3.8705	0.4702	0.1142	0.0759	0.8201	5.3509
4	3.8705	0.4545	0.1142	0.0759	0.8158	5.3309
5	3.8705	0.4388	0.1142	0.0759	0.8116	5.3109
6	3.8705	0.4230	0.1267	0.0797	0.8077	5.3076
7	3.8705	0.4072	0.1267	0.0797	0.8035	5.2876
8	3.8705	0.3915	0.1267	0.0797	0.7993	5.2676
9	3.8705	0.3757	0.1267	0.0797	0.7950	5.2476
10	3.8705	0.3600	0.1267	0.0797	0.7908	5.2276
11	3.8705	0.3442	0.3592	0.0835	0.7977	5.4551
12	3.8705	0.3284	0.3592	0.0835	0.7934	5.4350
12-YEAR LEVELIZED	3.8705	0.4151	0.1602	0.0787	0.8068	5.3314

EXPENSES & GENERATION COST AFTER PAYMENT OF LOAN

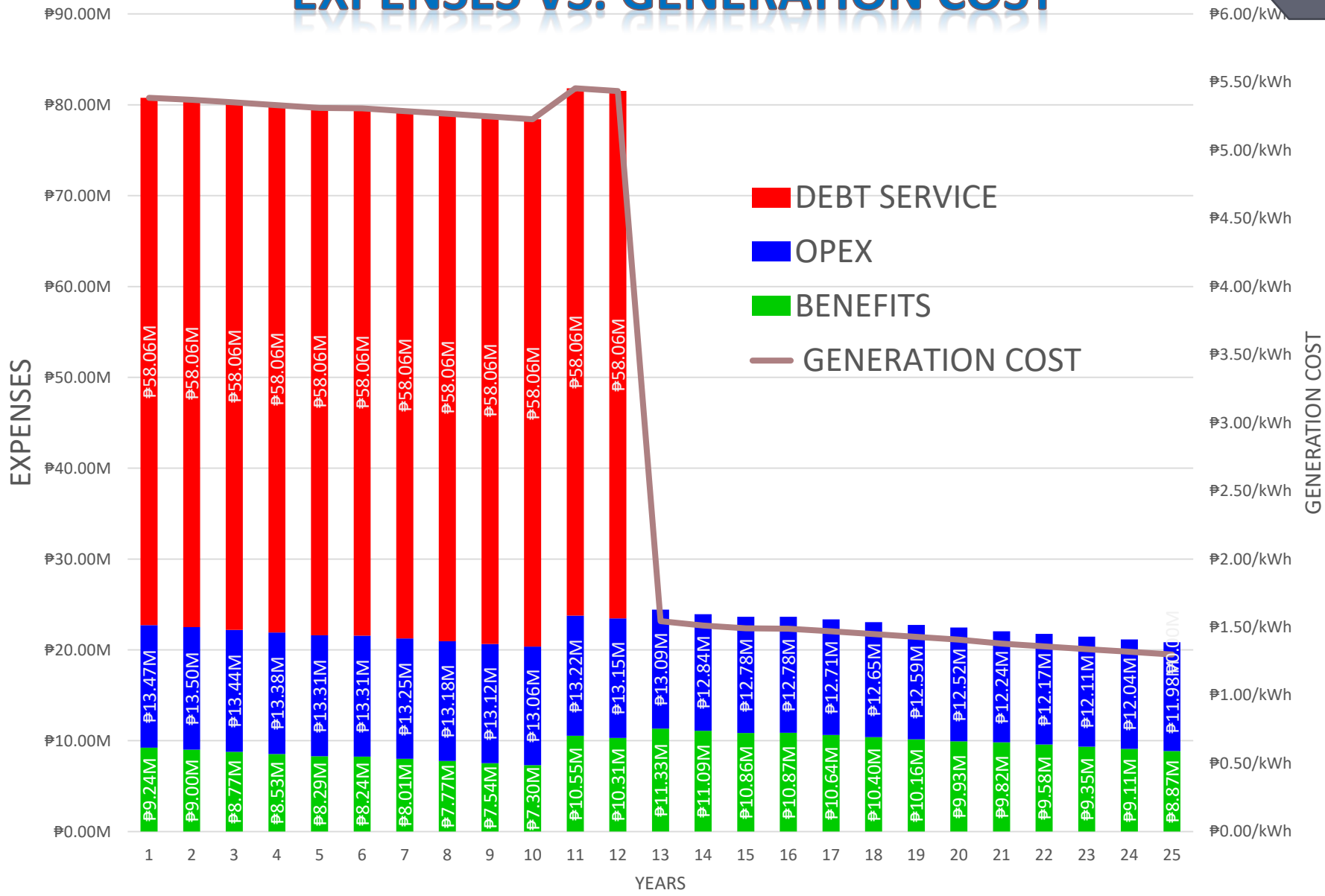


EXPENSES (PHP 'MILLION)					
YEAR	MANDATORY BENEFITS	ADD'L VOLUNTARY BENEFITS	LAND RENTAL (OPEX)	OPEX	GROSS EXPENSE
13	4.69	5.39	1.25	11.84	23.17
14	4.45	5.39	1.25	11.59	22.68
15	4.22	5.39	1.25	11.52	22.38
16	3.98	5.58	1.31	11.47	22.34
17	3.75	5.58	1.31	11.41	22.04
18	3.51	5.58	1.31	11.34	21.74
19	3.27	5.58	1.31	11.28	21.44
20	3.04	5.58	1.31	11.22	21.14
21	2.80	5.65	1.37	10.87	20.69
22	2.56	5.65	1.37	10.81	20.39
23	2.33	5.65	1.37	10.74	20.09
24	2.09	5.65	1.37	10.68	19.79
25	1.85	5.65	1.37	10.62	19.49

EXPENSES (PHP/KWH)					
YEAR	MANDATORY BENEFITS RATE	ADD'L VOLUNTARY BENEFITS RATE	OPEX-LAND RENTAL	OPEX	GROSS EXPENSE RATE
13	0.3127	0.3592	0.0835	0.7892	1.5445
14	0.2970	0.3592	0.0835	0.7725	1.5121
15	0.2812	0.3592	0.0835	0.7682	1.4921
16	0.2654	0.3717	0.0873	0.7646	1.4890
17	0.2497	0.3717	0.0873	0.7604	1.4690
18	0.2340	0.3717	0.0873	0.7562	1.4491
19	0.2182	0.3717	0.0873	0.7519	1.4290
20	0.2024	0.3717	0.0873	0.7477	1.4091
21	0.1867	0.3767	0.0910	0.7246	1.3791
22	0.1709	0.3767	0.0910	0.7204	1.3590
23	0.1552	0.3767	0.0910	0.7162	1.3391
24	0.1394	0.3767	0.0910	0.7119	1.3191
25	0.1236	0.3767	0.0910	0.7077	1.2991
13-YEAR LEVELIZED	0.2182	0.3707	0.0878	0.7455	1.4223

25-YEAR LEVELIZED	0.3127	0.2697	0.0835	0.7749	3.2986
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EXPENSES VS. GENERATION COST



We are saying the numbers make the project feasible

(1) Loan to be paid in 12 years

Generation cost at P5.38 to P5.44/ kWh

(2) After the 12 year of debt service

Generation cost at P1.50 per kWh (*inclusive already of the mandatory and additional voluntary benefits*) of which the consumers will eventually enjoy lower generation cost

Benefits

(1) BENEKO and IPs/ICCs

(a) MOA with affected barangays/NCIP on the FPIC (May 2, 2014)

Sebang, Baculongan Sur, Amgaleyguey, Lengaon and Poblacion (SBALP)

(b) MOA with the Indigenous Peoples Organization (IPO) on May 2, 2014

Buguias Ancestral Domain Alternative for Native Governance (BADANG)

(2) BENEKO and Landowners (July 28, 2015)

(3) BENEKO and LGUs (Dec. 20, 2014)

(4) BENEKO with DENR MOA on land use to be scheduled on November 11, 2017

**MANDATORY
BENEFITS****ADDITIONAL VOLUNTARY
BENEFITS PROVIDED BY BENECO**

- (1)ER 1-94
P0.010/kWh**
- (2)Real Property Tax
Business Tax
Local Fees and Permits**
- (3)Watershed Management
Fund
P0.005/kWh**
- (4)National Wealth Tax
P1% of annual gross income**

- (1)For the LGU of Buguias**
- (a)50% Co-ownership on the 26th year in addition to the average P0.2697/kWh which will continue beyond the 25th year
- (b)Restricted Fund (P0.01/kWh)
For the LGU's community projects

*Employment of residents (construction, maintenance, future managers) Use of available materials for the plant's construction

**MANDATORY
BENEFITS****ADDITIONAL VOLUNTARY
BENEFITS PROVIDED BY BENEKO****(1)ER 1-94****P0.010/kWh****(2)Real Property Tax****Business Tax****Local Fees and Permits****(3)Watershed Management
Fund****P0.005/kWh****(4)National Wealth Tax****P1% of annual gross income**

For the LGU of Buguias

(c)Additional ER 1-94**P.010/kWh (years 1-5)****P.015/kWh (years 6-10)****P.040/kWh (years 11-15)****P.045/kWh (years 16-20)****P.050/kWh (years 21-25)**

**MANDATORY
BENEFITS****(1)ER 1-94****P0.010/kWh****(2)Real Property Tax****Business Tax****Local Fees and Permits****(3)Watershed Management
Fund****P0.005/kWh****(4)National Wealth Tax****P1% of annual gross income****ADDITIONAL VOLUNTARY
BENEFITS PROVIDED BY BENEKO**

For the LGU of Buguias

(d)CSR Projects**(1)Educational Assistance**

Free enrolment and training for residents of the 5 barangays at the BENEKO Technical Vocational School in Abatan, Buguias

(2) Free educational scholarship for selected students who will eventually operate the minihydro power plant

**MANDATORY
BENEFITS****ADDITIONAL VOLUNTARY
BENEFITS PROVIDED BY BENEKO**

- (1)ER 1-94
P0.010/kWh**
- (2)Real Property Tax
Business Tax
Local Fees and Permits**
- (3)Watershed Management
Fund
P0.005/kWh**
- (4)National Wealth Tax
P1% of annual gross income**

For the LGU of Buguias

(3)Journalism trainings for school paper advisers and campus writers in the five barangays

(4)Computers with internet access to all public elementary schools in the five barangays

(5)Medical/Dental Assistance
Medical Dental missions in the 5 barangays

MANDATORY BENEFITS

(1)ER 1-94

P0.010/kWh

(2)Real Property Tax

Business Tax

Local Fees and Permits

(3)Watershed Management Fund

P0.005/kWh

(4)National Wealth Tax

P1% of annual gross income

ADDITIONAL VOLUNTARY BENEFITS PROVIDED BY BENECO

For the LGU of Buguias

(6)Pailaw sa Paaralan for unenergized schools; **73 schools accomplished as of October 2017 (5 in Buguias), 88 schools for implementation**

(7)Support for peace and order by providing CCTVs cameras; **installed 127 units as of October 2017 (10 in Buguias) & 34 units for installation (10 in Buguias)**

(8) Provide on or before December 31, 2017 one unit of brand new wheel loader to Buguias LGU which they will use to clear landslides. The cost of equipment will be charged to LGU's future benefits

MANDATORY BENEFITS

ADDITIONAL VOLUNTARY BENEFITS PROVIDED BY BENEKO

(1)ER 1-94

P0.010/kWh

(2)Real Property Tax

Business Tax

Local Fees and Permits

(3)Watershed Management

Fund

P0.005/kWh

(4)National Wealth Tax

P1% of annual gross income

(2)Five Barangays where the facilities are located

P0.0667/kWh (first 10 years)

P0.2667 (for the succeeding years)

*30% for livelihood

*projects determined by consensus among the elders/leaders

(3)For the Buguias Ancestral Domain
Alternative for Native Governance
(BADANG)

P0.0175/kWh (years 1-5)

P0.0250/kWh (years 6 -10)

P0.0325 /kWh (years 11-15)

P0.0400 (years 16-25)

*projects/programs pursuant to the Ancestral Domain Sustainable Development and Protection Plan (ADSDPP)

**MANDATORY
BENEFITS****ADDITIONAL VOLUNTARY
BENEFITS PROVIDED BY BENEKO**

(1)ER 1-94

P0.010/kWh

(2)Real Property Tax

Business Tax

Local Fees and Permits

(3)Watershed Management

Fund

P0.005/kWh

(4)National Wealth Tax

P1% of annual gross income

(4)For the Landowners

P4.00/sq, m.(years 1-5)

P4.20/sq m (years 6-10)

P4.40/sq/m (years 11-15)

P4.60/sq m (years 16-20)

Concerns/Issues

RENEWABLE ENERGY SERVICE CONTRACT (RESC) - On the exclusive right given to the RE Developer

*This means no other entity will be allowed to develop. This is too **restrictive** in terms of:

(1) This will deny the host communities the opportunity to explore other options to maximize their benefits

i.e. CO-OWNERSHIP OF THE MINIHYDRO POWER PLANT AFTER 25 YEARS which none among all existing minihydro power plant developed and owned by the private sector has effected.

The RESC will become the ticket for the RE Developer to enter and explore the resources on its own.

(2) This exclusivity must be viewed in the context of areas declared as ancestral domain land and where there are IPs/ICCs whose rights are clearly defined by IPRA law

Concerns/Issues

RENEWABLE ENERGY SERVICE CONTRACT (RESC) - On the exclusive right given to the RE Developer

(3) RE Developers will most likely provide the mandatory benefits only denying in effect the IPs the once in a lifetime chance to maximize their benefits from the to be derived from the use of the natural resources located in their communities.

The IPRA categorically provides that the IPs/ICCs should have priority rights in the development of their natural resources.

Concerns/Issues

RENEWABLE ENERGY SERVICE CONTRACT (RESC) - On the exclusive right given to the RE Developer

(4) The possible opportunity for “flippers”

*NEDA-CAR Report to RDC

- 67 service contracts issued by the energy department covering various river systems around the region for the production of more than 4,200 kilowatts of renewable energy

- Concerned IP leaders in the region called the attention of the RDC-CAR to intervene in the alleged questionable issuance of the service contracts

The IPRA (RA 8371)

- ✓ IPs/ICCs shall have priority in the development of their resources
- ✓ FREE PRIOR INFORMED CONSENT (FPIC) – The Hydropower Service Contract (HSC) will not lead to actual development if the local IPs will not favorably endorse the project with HSC.
- ✓ Certification Precondition
- ✓ Exercise of Priority Rights

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IPs want 30 percent share from developers' fee

KIBUNGAN, Benguet – Indigenous peoples and indigenous cultural communities (IPs/ICCs) are demanding from an enterprising Korean businessman at least 30 percent share from his profit on the so-called developers' fee from the sale of the Cordillera Hydroelectric Power Corporation (COHECO) to fund the implementation of their social programs and other related activities for the entire benefit of their ancestral domain.

Under Resolution No. 10,

series of 2017, the Kibungan Kankana-ey Ancestral Domain Tribe Organization (KKADTRIBO), the duly registered IP organization of this town, stipulated the since Larry Howon Kim, COHECO chairman, profited from the unilateral sale of the town's natural resources and their consent for his supposed 60-megawatt hydro power project in Cuba, Kapangan, it is but just and fair that the IPs be given a reasonable share of 30 percent from his profit

to be directly deposited to the group's bank account to be used for its social programs and projects.

The KKADTRIBO alleged that during the free and prior informed consent of the COHECO run-of-river hydro project in Cuba, Kapangan sometime in 2013, Kim presented himself as the foreign investor of the company that will infuse the needed funds for the implementation of the project and the company's corporate social responsibili-

ty (CSR) projects for the sustained growth and development of the IP communities in Kapangan and Kibungan.

The group added some concerned IPs exposed that Kim allegedly sold his shares in COHECO to new investors for at least P1 billion that allowed him to earn a substantial income in terms of the so-called developers' fee even before the start of the implementation of the project.

When Kim went to

Continued on page 10

On bombing of hydro tapping station in MP

I READ WITH AWE YOUR FRONT PAGE story titled: "MP communities slam hydro station bombing" because of the truth, half-truths and lies. It made my breakfast complete.

First, my heartfelt congratulations to the municipal and provincial governments of Mountain Province for condemning the bomb-

ing of the tapping point of Hedcor Sabangan, Inc. in Otucan, Bauko. May your tribe increase.

Here is a "factual true or false," as to your story.

The construction started in 2013 and

(Continued on page 32)

started operating in 2015.
True. "The bombing caused a temporary blackout in Mountain Province and some parts of Benguet, Kalinga and Cervantes, Ilocos Sur, but power was restored in less than 24 hours."

False. What was bombed is the tapping point of Hedcor which power output is sold to National Grid Corporation of the Philippines/ Wholesale Electricity Spot Market then returns to the consumers. The power output of Hedcor does not go direct to Mountain Province Electric Cooperative; or Benguet, Kalinga and Cervantes, Ilocos Sur.

"The NPA accused the corporation of undermining the Free and Prior Informed Consent (FPIC) process of the community in 2011." That's true but in conspiracy with the National Commission on Indigenous Peoples.

Here is why. In the NCIP report, it stated; "The finalized version of the final draft memorandum of agreement was prepared and printed in six copies for signing of the parties. The FPIC team agreed that the MOA would be coined as the FPIC-MOA, which is the content itself, thus the finalized version of the final draft now titled FPIC-MOA." Meaning, the NCIP only coined/invented the FPIC. There is no FPIC for the Sabangan hydroelectric power project.

On Nov. 21, 2012, the National Water Resources Board (NWRB) issued a conditional water permit allowing Hedcor to use a water volume of 814.94 liters per second. On Sept. 27, 2013, the NWRB issued Hedcor's permanent water permit 022982 with the same vol-

ume of water, 814.94 liters per second.

According to Professor Wally Del Mundo of the University of the Philippines in Diliman, Quezon City, the pipes to be used for this approved water volume has a diameter of 1.5 feet. When Hedcor installed their pipes from the reservoir/tunnel, they installed steel pipes, which is approximately six inches, which according to the UP professor can accommodate 8,000 to 9,000 liters per second, and which can produce more electricity.

We queried the National Electrification Administration and their written estimate is that Hedcor at 8,000 to 9,000 liters per second water volume can produce around 250 million kilowatt hours per year.

Hedcor Sabangan, Inc. in all their legal manifestations assert they are producing 55 million kWh per year. Amazing.

Now, my first question is: The Sabangan LGU, the provincial government and NCIP had been dutifully informed of these matters, why didn't they denounce these deceptions done to the people of Sabangan and Mountain Province?

My second question is: We and concerned IPs of Sabangan have been fighting that 20 million kilowatt hours per year of the power output of Hedcor be sold directly to Mopreco that will make our electricity bills lower. Why don't the LGUs and the provincial government help us in this advocacy?

We brought these anomalies to the national government during the Aquino administration and they were "deaf, mute and blind." I filed a petition for declaratory relief to declare the coined/invented FPIC at a regional trial court in Mountain Province but was unluckily dismissed due to unattached certificate of non-forum shopping.

We are going to re-file the petition. That is the truth. -- JUNIPER C. DOMINGUEZ, Sabangan, Mountain Province



We bat for:

(1) Allowing the ECs to challenge the holders of RESC over resources within its franchise area. The holders of the RESCs may however have the option to match the benefits offered by the ECs for the IPs.

(2) Asking the DOE to seriously consider bidding RESCs prior to award in areas where IPRA law is applicable

(3) Recommending that the TOR must be in terms of the highest benefits the applicant could give the host communities

BENECO Board Resolution No. 2017-122

(1) For the DOE and the NWRB to issue a **moratorium** on the issuance of permits for hydroelectric power plant generation projects and water permits in the Cordillera without the prior knowledge and consent of the RDC and would be host communities

- a) For the DOE and NWRB to be transparent. Provide the RDC a list of all pending and existing RESCs and water rights
- b) For DOE to obtain the endorsement of LGUs and host communities before approving any application
- c) Cancel all RESCs and water permits if there exists an opposition

*pursuit for Autonomy in the Cordillera

BENECO Board Resolution No. 2017-122

(2)DOE to accept offers for oil exploration projects/ not anymore by way of a Phil. Energy Contracting Round

- ✓ proponents can now identify the projects then subject them to CSP
- ✓ why not apply to RE projects like minihydros in the CAR

BENECO Board Resolution No. 2017-122

(3) Allow BENECO to pursue within its franchise area development of minihydros since it has its own market and will not be dependent of Feed-in Tariff in contrast to a private developer.

The BENECO model would indeed be a game changer for rural folks in Benguet, who will be able to raise their own income without any cost to government and therefore graduate from IRA dependency.



Thank you.....