

BY THE PRESIDENT OF THE PHILIPPINES

PROCLAMATION NO. 1763

CONFIRMING THE ADMINISTRATIVE AUTHORITY AND JURISDICTION OF THE DEPARTMENT OF ENERGY (DOE) TO EXPLORE, DEVELOP, AND/OR UTILIZE THE GEOTHERMAL RESERVES OVER THE AREAS COVERED BY PROCLAMATION NOS. 739 AND 1111 WITH FULL AUTHORITY TO ENTER INTO SERVICE CONTRACTS OR ANY LAWFUL AGREEMENT IN RELATION THERETO

WHEREAS, Proclamation No. 739 established as reservation under the administration of the National Power Corporation (NPC) for the purpose of the exploration, development, exploitation, development and utilization of geothermal energy, natural gas and methane gas, a parcel of land in the Municipalities of Malinao and Tiwi, Province of Albay;

WHEREAS, Proclamation No. 1111 established as reservation under the administration of the NPC for the purpose of the exploration, development, exploitation and utilization of geothermal energy, natural gas and methane gas, a parcel of land in the Provinces of Laguna, Quezon and Batangas;

WHEREAS, these reservations covered by both Proclamations No. 739 and 1111 are collectively and commonly referred to as the "Tiwi-MakBan Geothermal Reservation Areas";

WHEREAS, NPC, through its service contractor, has developed the Tiwi-MakBan Geothermal Reservation Areas and, at present, operates the 747MW Tiwi-MakBan Geothermal Power Complex supplying electric power to the Luzon Grid;

WHEREAS, on July 11, 1978, Presidential Decree No. 1442 was issued which, under Section 1 thereof, accordingly placed under the direct supervision of the Government, through the Department of Energy (DOE), the exploration, exploitation and development of geothermal resources, including those in areas situated in government geothermal reservations, subject to existing private rights;

WHEREAS, under Executive Order No. 224 dated 16 July 1987, NPC shall exercise complete jurisdiction, control and regulation over certain watershed areas, including among others, the Makiling-Banahaw Geothermal Reservation as



covered by Proclamation No. 1111 and the Tiwi Geothermal Reservation as covered by Proclamation No. 379;

WHEREAS, pursuant to Section 47(g) of Republic Act No. 9136, "the steamfield assets and generating plants of each geothermal complex [of NPC] shall not be sold separately. They shall be sold as one package through public bidding. The geothermal complexes covered by this requirement include, but are not limited to, Tiwi-MakBan, Leyte A and B (Tongonan), Palimpinon and Mt. Apo;"

WHEREAS, the Power Sector Assets and Liabilities Management Corporation (PSALM), pursuant to its mandate under Republic Act No. 9136, took ownership of all existing generation assets, real estate and other disposable assets of NPC with the principal purpose of managing the orderly sale, disposition and privatization thereof;

WHEREAS, on 30 July 2008, PSALM concluded the conduct of a public bidding for the Tiwi-MakBan Geothermal Complex and selected the highest qualified bid for the purchase of the said assets;

WHEREAS, as the DOE proceeds to implement a program for the continued exploration, development and utilization of the Tiwi-MakBan Geothermal Reservation Areas in accordance with law, there is a need for close coordination among the various agencies and affected parties to ensure the continued operation of the Tiwi-MakBan Geothermal Complex and the supply of electric power to the Luzon Grid;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby confirm the administrative authority and jurisdiction of the Department of Energy over geothermal reservations commonly known as the Tiwi-MakBan Geothermal Reservation Areas established respectively under Proclamation Nos. 739 and 1111, subject to existing rights of parties. Pursuant to this:

1. The DOE, on behalf of the State, and in coordination with NPC, is directed to further develop the Tiwi-MakBan Geothermal Reservation Areas, subject to existing rights of parties vested upon by law or contract. For this purpose, the DOE may enter into service or renewable energy contracts for the exploration, development and/or utilization of geothermal resources or to enter into any other lawful agreement for the utilization of the same, under existing laws.
2. The DOE and/or its service contractor, shall likewise coordinate among PSALM, NPC and the affected private parties for the implementation of



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the privatization of the Tiwi-MakBan Geothermal Complex to ensure that the transition of ownership thereof will not result in any disruption of the operations for the supply of steam and generation of power.

3. All orders, rules, regulations, issuances, or parts thereof, which are inconsistent with this Order are hereby repealed or modified accordingly.
4. This Proclamation shall take effect immediately following its publication in the Official Gazette or in two (2) newspapers of general circulation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Republic of the Philippines to be affixed.

Done in the City of Manila, this *1ST* day of *MAY* in the year of Our Lord, Two Thousand and Nine.

Gloria M. Arroyo



By the President:

Eduardo R. Ermita

EDUARDO R. ERMITA
Executive Secretary



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