

[DE ENERGY REGULATIONS NO. 1-94-A, July 31, 1996]

**AMENDING ENERGY REGULATIONS 1-94, DATED 24 MAY 1994
WHICH PRESCRIBED RULES AND REGULATIONS IMPLEMENTING
SECTION 5 (I) OF REPUBLIC ACT NO. 7638, OTHERWISE KNOWN
AS THE DEPARTMENT OF ENERGY ACT OF 1992**

WHEREAS, Energy Regulations No. 1-94 issued on 24 May 1994 prescribed the provision of direct benefits to pertinent local government units hosting energy resources and/or energy-generating facilities within their territorial jurisdiction, pursuant to Section 5 (i) of Republic Act No. 7638 (*Department of Energy Act of 1992*);

WHEREAS, under Section 8 of E.R. 1-94 , an energy-generating facility fired by natural gas shall be exempted from providing the benefits required under the said regulations;

WHEREAS, the Philippine natural gas project is deemed as a high priority project that would need the favorable endorsement and full support from the host local government units (LGUs) thereby ensuring smooth power plant construction and operation;

WHEREAS, the Department of Energy (DOE) deemed it meritorious to extend corresponding benefits to host LGUs of power plants fired by natural gas, including liquefied natural gas (LNG), but is precluded from authorizing the same under the said regulations;

WHEREAS, considering that natural gas and LNG have been recognized as environment-friendly fuel that will have very minimal adverse environmental impact on communities affected, thereby making unnecessary the provision of benefits for reforestation, watershed management, health and/or environment enhancement;

WHEREFORE, premises considered, the DOE hereby adopts and promulgates the following amendments to E.R. 1-94;

1. Amendment to Section 7.d of E.R. 1-94 to provide corresponding set of benefits exclusively for natural gas, LNG -and LPG-fired power plants, by deleting natural gas resource development projects under sub-section (1) and adding sub-section (3), to read as follows:

"Section 7.d Oil/Petroleum/Natural Gas.

(1) Indigenous Petroleum