

# AGENCY BUDGET NOTES

For FY 2023



## DEPARTMENT OF ENERGY



**P1.32B**  
TOTAL NEW APPROPRIATIONS FOR 2023

### COST STRUCTURE

**P468.7M**  
(35.5%)

General Admin and Support

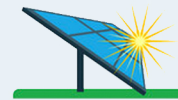
**P319.1M**  
(24.2%)

Support to Operations

**P532.9M**  
(40.3%)

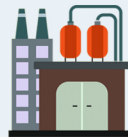
Operations

### BREAKDOWN OF OPERATIONS BUDGET



**P129.7M** (24.3%)

Renewable Energy Development Program



**P101.2M** (19.0%)

Downstream Energy Development Program



**P87.3M** (16.4%)

Electric Power Industry Development Program



**P74.5M** (14.0%)

National and Regional Energy Planning Program



**P71.3M** (13.4%)

Energy Efficiency and Conservation Program



**P55.0M** (10.3%)

Conventional Energy Development Program



**P13.9M** (2.6%)

Alternative Fuels and Technologies Program

### DISBURSEMENT RATE

2019 2020 2021

Appropriations P2,657.3M P 1,862.7M P2,365.5M

Disbursements P1,159.6M P879.4M P1,154.5M

Disbursement Rate (%) 43.6% 47.2% 48.8%

### DOE BUDGET UTILIZATION

#### OBLIGATIONS TO APPROPRIATION RATIO

88.6% 2019

70.9% 2020

81.4% 2021

#### UNUSED APPROPRIATIONS

P303.6M

P541.8M

P440.6M

### COA RECOMMENDATIONS

**32** Fully Implemented (52%)

**30** Not Implemented (48%)

**62** Total (100%)

# QUICK FACTS

## KEY SECTOR INFORMATION

### AMS6<sup>a/</sup> Paris Accord Committed Nationally Determined Contributions (NDCs) on Reducing GHG<sup>b/</sup> Emissions

NDC	ID	MY	PH	SG	TH	VN
<b>Target (%) vs. BAU<sup>c/</sup></b>						
Unconditional <sup>d/</sup>	29	45 <sup>f/</sup>	2.71	36 <sup>g/</sup>	20	9
Conditional <sup>e/</sup>	41	N/A	72.29	N/A	20	27
<b>Sectors</b>						
Energy	✓	✓	✓	✓	✓	✓
Industrial Processes and Product use (IPPU)	✓	✓	✓	✓	✓	✓
Agriculture	✓	✓	✓	✓	✓	✓
Waste	✓	✓	✓	✓	✓	✓
Transport			✓		✓	
Land use, Land-use change and forestry (LULUCF)	✓	✓		✓		✓
<b>GHG Coverage</b>						
Carbon Dioxide (CO <sub>2</sub> )	✓	✓	✓	✓	✓	✓
Methan (CH <sub>4</sub> )	✓	✓	✓	✓	✓	✓
Nitrous Oxide (N <sub>2</sub> O)	✓	✓	✓	✓	✓	✓
Hydrofluorocarbons (HFCs)		✓	✓	✓	✓	✓
Perfluorocarbons (PFCs)		✓	✓	✓	✓	
Sulphur Hexafluoride (SF <sub>6</sub> )		✓		✓	✓	
Nitrogen Trifluoride (NF <sub>3</sub> )		✓		✓		
<b>Timeline</b>						
	2020-2030	2021-2030	2020-2030	2021-2030	2021-2030	2021-2030

Source: Submitted NDCs and ASEAN Center for Energy's ASEAN Energy In 2022

Notes: <sup>a/</sup> ASEAN Member States consisting of Indonesia (ID), Malaysia (MY), the Philippines (PH), Singapore (SG), Thailand (TH) and Vietnam (VN)

<sup>b/</sup> Greenhouse gases including CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>

<sup>c/</sup> Business as usual baseline scenario

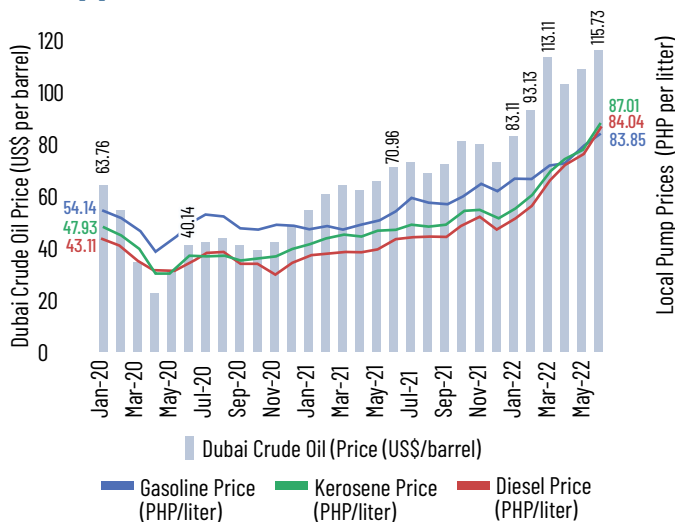
<sup>d/</sup> Policies and measures using the country's own resources

<sup>e/</sup> Policies and measures to be undertaken with support for the means of implementation from regional and/or international partners

<sup>f/</sup> Economy-wide carbon intensity (against GDP)

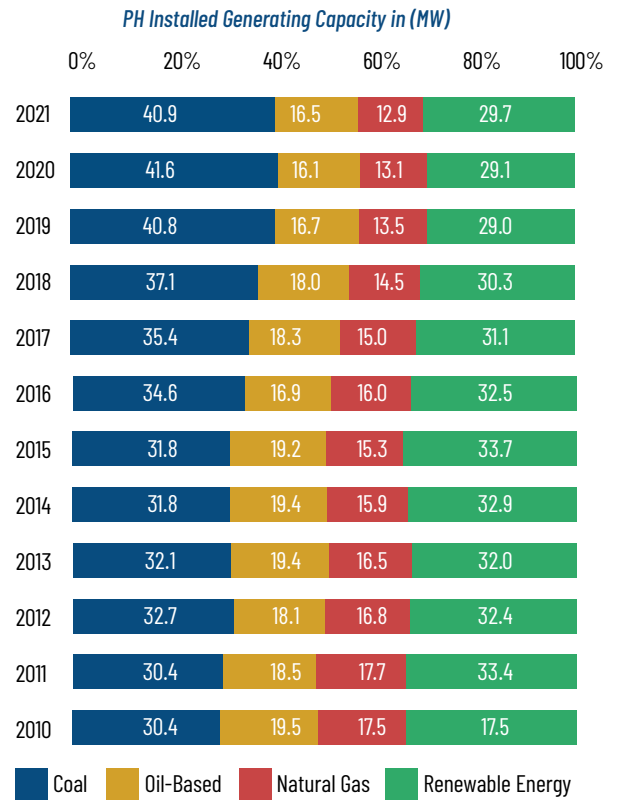
<sup>g/</sup> Energy intensity reduction from 2005 peak emissions of 65MT CO<sub>2</sub> equivalent

### Current local pump prices have risen alongside world oil prices represented by the Dubai crude oil prices in the Philippines.



Source: The World Bank World Commodity Price Data for Dubai crude oil and DOE for local pump prices

### Coal has replaced renewable energy as the largest source of installed power capacity since 2015 with coal's share increasing from 29.8% in 2010 to 40.9% in 2021.



Source: DOE

### Energy retail prices posted double-digit increases since November 2021 as the economy opened up after the peak of the pandemic.

MONTH	Electricity Cost for 200 kWh Meralco Consumer (PHP/ kWh)			Year-on-Year Change in Price (%)	
	2020	2021	2022	2020-21	2021-22
January	9.4523	8.7497	9.7027	- 7.4	10.9
February	8.8623	8.6793	9.5842	- 2.1	10.4
March	8.8901	8.3195	9.6467	- 6.4	16.0
April	8.9951	8.4067	10.1830	- 6.5	21.1
May	8.7468	8.5920	10.0630	- 1.8	17.1
June	8.7252	8.6718	10.4612	- 0.6	20.6
July	8.6966	8.9071			2.4
August	8.4911	9.0036			6.0
September	8.4288	9.1091			8.1
October	8.5500	9.1374			6.9
November	8.5105	9.4630			11.2
December	8.4753	9.7773			15.4
<b>Average</b>	<b>8.7353</b>	<b>8.9014</b>	<b>9.9401</b>	<b>2.1</b>	<b>16.0</b>

Source: Meralco rate updates and news reports

## HIGHLIGHTS

- ❑ *Expenditure Program.* Total available appropriations proposed for the Department of Energy (DOE) in 2023 will reach P2.222 billion (*Table 1*), which is almost P150 million lower than the 2022 allocation of P2.372 billion. Out of the total 2023 expenditure program, 59.4 percent is new appropriations while 40.6 percent comprises automatic appropriations.
- ❑ *New Appropriations by Cost Structure.* Out of the total P1.32 billion in new appropriations (*Table 5*), 40.3 percent (P532.9 million) is allocated for operations. This is followed by general administration and support at 35.2 percent (P468.7 million), and support to operations at 24.2 percent (P319.1 million).
- ❑ *Allocation by Major Programs.* The Renewable Energy Development Program will continue to get the biggest amount out of the DOE's total programs budget with P129.7 million. Combined with the Downstream Energy Development Program, the cumulative share will be 43.3 percent of total allocation for programs. The remaining 56.7 percent will be shared by six other programs of the DOE with all the programs receiving more than 10 percent except for the Alternative Fuels and Technologies Program with only 2.6 percent. This is a concern noting the recurring narrative of power shortages and the expected depletion of Malampaya and suspension in the exploration activities in its adjoining areas. Notable, however, is the 93% increase in the budget of the Energy Efficiency and Conservation Program.
- ❑ *Budget Utilization and Unused Appropriations.* In fiscal year 2021, the DOE's obligations-appropriations recovered to 81.4 percent from 70.9 percent in 2020 and reducing the unused appropriations to around P150 million. In terms of budget utilization, improvement was noted in all seven programs with the obligation rates of the Electric Power Industry Development Program and National and Regional Energy Planning Program reaching 90 percent. In terms of disbursement, the DOE's ratio of disbursements to total appropriations improved by 1.6 percentage points to 48.8 percent in 2021 from 47.2 percent in 2020. On the performance by major programs, most indicators surpassed their targets with some indicators far exceeding their set goals.
- ❑ *Compliance with Audit Recommendations.* There were 62 COA recommendations indicated for FY 2021, with 32 fully implemented. On the other hand, 30 are still pending implementation. Some notable findings that were not acted upon by the Department pertains to the following: (a) unreconciled difference in the book and bank record and non-transfer of Commitment Fund (TCF) from Fund 101 (trust Fund) to Fund 151 intended as shares of LGUs to revenues of the DOE from the exploration, development and utilization of energy resources, (b) non-collection of income from Training and Development Assistance Fees, (c) resolution of issues on implementing the Enhanced Energy Virtual One-Stop Shop (EVOSS) Project, and the (d) completion of the Nationwide Intensification of Household Electrification (NIHE).

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# DEPARTMENT OF ENERGY\*

## I. MANDATE AND ORGANIZATIONAL OUTCOMES

1.1. Based on the Updated 2017-2022 Philippine Development Plan (PDP) and the country's intended Nationally Determined Contributions (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC), the Philippine Energy Plan (PEP) 2020-2040 reiterated the sector's goal of attaining a clean energy future. The Department of Energy (DOE), is guided by eight strategic directions:

- Ensuring energy security;
- Expanding energy access;
- Promoting a low carbon future;
- Strengthening partnership and collaboration between private sector and government agencies on energy-related issues;
- Implementing, monitoring and integrating sectoral and technological roadmaps and action plans;
- Advocating the passage of DOE's legislative agenda;
- Strengthening consumer welfare and protection; and
- Fostering international relation and partnerships.

1.2. The enabling laws and subsequent statutes vested upon the DOE its various functions include:

- Republic Act (RA) No. 7638 (DOE Act of 1992) mandated the DOE to prepare, integrate, coordinate, supervise and control all plans, programs, and activities of the Government relative to energy exploration, development, utilization, distribution and conservation.
- RA No. 9136 or the Electric Power Industry Act (EPIRA) of 2001 gave the DOE additional mandates to include the supervision of the restructuring of the electricity industry, specifically, those provided for in Chapter III Section 37 of the EPIRA.

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\* This document was prepared by Ulysis P. San Juan as input to the deliberations of the House Committee on Appropriations on the FY 2022 proposed National Budget. The report benefitted from the inputs of Director Elsie C. Gutierrez and Executive-Director Manuel P. Aquino, with the overall guidance of CPBRD Director General Romulo E. M. Miral Jr., Ph. D. and the assistance of the Publication Team. The views, perspectives, and interpretations in this ABN do not necessarily reflect the positions of the House of Representatives as an institution or its individual Members. A copy of this publication is available at the CPBRD's website: [cpbrd.congress.gov.ph](http://cpbrd.congress.gov.ph).

- RA No. 9367 (Biofuels Act of 2006) assigned functions to the DOE together with other agencies, the implementation of the Biofuels Program.
- RA No. 9513 (Renewable Energy Act of 2008) provided the DOE with functions in the National Renewable Energy Board, oversee the Renewable Energy Trust Fund, among others, in the accelerated development and advancement of renewable energy.
- RA No. 11697 (Electric Vehicle Industry Development Act of 2022) indicated that the DOE shall be the primary agency tasked with the promotion of the adoption of EVs and the development of charging stations and related equipment.

1.4 Based on its dual role of (a) attaining the required energy supply and sustainable level and (b) promoting and achieving sustainable consumption of energy, the DOE as of 2020 is overseeing the total primary energy supply against the total energy consumption, of which 35.4% fueled the transport sector (down from its highest level of 41% due to enforced travel restrictions), 36.3% energized the households, 22.3% powered the industry, 4.5% supplied the non-energy users, and 1.6% was utilized in the agriculture-related activities.

1.5 Out of the nineteen (19) priority bills outlined in the 2022 State of the Nation Address, two involve the energy sector, namely, the amendments to the EPIRA law and the formulation of an enabling law for the natural gas industry. The House of Representatives in the 19<sup>th</sup> Congress has also prioritized the country's sustainable energy supply with the creation of a Special Committee on Nuclear Energy to tackle policies and programs relating to nuclear energy production, utilization and conservation. Bills that seek to improve the regulatory environment in the energy sector have also been filed such as amendments to the Net Metering Law to enable more renewable energy participants. The DOE's role in managing the energy requirement of the country with the reopening of the economy amidst the COVID-19 pandemic is being complicated by the increasing fuel prices which is exacerbated by the continuing Russian-Ukraine war and the expected depletion of the Malampaya LNG source by 2025 and the suspension in the exploration of energy sources in its adjoining areas in the West Philippine Sea.

## **II. SOURCES OF APPROPRIATIONS**

2.1. The proposed total appropriations of the DOE for fiscal year (FY) 2023 is P2.22 billion (Table 1), with P1.32 billion (59.4 percent) as new appropriations. On the other hand, P901.8 million (40.6 percent) will not require congressional approval as these funds are automatically appropriated to the DOE including funds for *Retirement and Life Insurance Premiums* (P60.7 million) and allocations mandated under various laws enacted by Congress (P841.1 million). Compared with the total available appropriations in 2022, the current proposal is lower by P149.4 million, while the corresponding new appropriations for 2023 is higher by P2.9 million.

**TABLE I**  
**SOURCES OF FUNDS, 2021-2023**  
**DEPARTMENT OF ENERGY**

Particulars	Amounts (In Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	1,433.3	1,317.8	1,320.7	60.6	55.8	59.4
Supplemental Appropriations						
Automatic Appropriations	764.8	8,72.3	901.8	32.3	36.8	40.6
Continuing Appropriations	201.9	181.9		8.5	7.7	
Budgetary Adjustments	-34.5			-1.5		
<b>Total Available Appropriations</b>	<b>2,365.5</b>	<b>2,371.9</b>	<b>2,222.5</b>	<b>100.0</b>	100.0	100.0
Less: Unused Appropriations	440.6	181.9		18.6		
<b>Total Obligations</b>	<b>1,924.9</b>	<b>2,190.1</b>	<b>2,222.5</b>	82.8	92.3	

*Source of basic data: NEP 2023*

### III. EXPENDITURE PROGRAM

- 3.1. The total expenditure program of the DOE for 2023 would be P2.22 billion, an increase of P32.5 million or 1.5 percent from P2.19 billion in 2022 (*Table 2*). In contrast, the Department received a higher budget increment of 13.8 percent in 2022 and 45.7 percent in 2021 due to the corresponding lower actual budget of the Department in 2021 of P1.92 billion and P1.32 billion in 2020, respectively.

**TABLE 2**  
**EXPENDITURE PROGRAM, 2021-2023**  
**(AMOUNTS IN MILLION PESOS)**

Year	Amount	Increase / (Decrease)	Growth Rate (%)
2021	1,924.9	604.0	45.7
2022	2,190.1	265.1	13.8
2023	2,222.5	32.5	1.5

*Source of basic data: BESF 2023*

- 3.2 By expense class, the proposed maintenance and operating expenditures (MOOE) allocation of P1,128.6 million will be the bulk (50.8 percent) of the DOE's expenditure program for 2023 (*Table 3*)—higher by P39.4 million from 2022 level and its share rising from 49.7 percent in 2022. Meanwhile, the addition of P13.4 million in personnel services to P735 million translates to the increase in the share of PS from 32.9 percent in 2022 to 33.1 percent. On the other hand, the proposed capital outlay for 2023 will be at the reduced level of P358.9 million from P379.2 million in 2022 or a decrease of P20.3 million in 2023.

**TABLE 3**  
**EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023**  
**(AMOUNTS IN MILLION PESOS)**

Particulars	Amounts (In Million Pesos)				Share to Total (%)			
	2021		2022	2023	2021		2022	2023
	Approved	Actual	Program	Proposed	Approved	Actual	Program	Proposed
PS	639.4	769.1	721.6	735.0	41.6	40.0	32.9	33.1
MOOE	691.4	754.0	1,089.2	1,128.6	48.2	39.2	49.7	50.8
CO	102.5	401.8	379.2	358.9	7.2	20.9	17.3	16.1
Fin Ex	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,433.3</b>	<b>1,924.9</b>	<b>2,190.1</b>	<b>2,222.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of basic data: GAA 2021 and BESF 2023

- 3.3. From the total number of 997 permanent positions in 2020, six (6) positions were added in 2021 for a total number of 1,003 and increased further with 49 positions or a total of 1,052 authorized positions in 2022. The proportion of unfilled positions increased by 3.2 percentage points, from 12.6 percent in 2021 to 15.8 percent in 2022, which begs the question why authorized positions are being increased but are not being fully filled up.

**TABLE 4**  
**NUMBER OF AUTHORIZED**  
**AND UNFILLED POSITIONS, 2020-2022**

Year	Number of Authorized Positions	Number of Unfilled Positions	Unfilled to Authorized Positions (%)
2020	997	155	15.5
2021	1,003	126	12.6
2022	1,052	166	15.8

Source: Staffing Summary 2020-2023

## **V. NEW APPROPRIATIONS**

- 4.1. By cost structure, *Operations* maintains the biggest share accounting for 40.3 percent of the DOE's new appropriations with an allocation of P532.9 million in 2023 (Table 5), from P535.6 million in 2022. This is aligned with the fund reconstitution in 2021 where operations is prioritized as it "consists of programs and corresponding expenditures that relate to the main purpose for which an agency has been created and involves direct production of goods or delivery of services or direct engagement in regulations."

*General administration and support*, which received the second largest share of new appropriations since 2021, will get P468.7 million in 2023 from P510 million in 2022. This



is equivalent to 35.2 percent of the new appropriations by cost structure; while *Support to operations* with P319.1 million will get the least but increased share of 24.2 percent.

**TABLE 5**  
**NEW APPROPRIATIONS BY COST STRUCTURE, FY 2021-2023**

Agency	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
General Administration and Support	474.3	510.0	468.7	33.1	38.7	35.2
Support to Operations	410.1	272.2	319.1	28.6	20.7	24.2
Operations	548.9	535.6	532.9	38.3	40.6	40.3
<b>TOTAL</b>	<b>1,433.3</b>	<b>1,317.8</b>	<b>1,320.7</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Sources of basic data: GAA 2021-2022 and NEP 2023

- 4.2. In terms of Program Expenditures, the Renewable Energy Development Program (REDP) will continue to receive the highest allotment in 2023 with P129.7 million from P129.1 million in 2022 and maintains its nearly a quarter share in 2023. Downstream Energy Development Program (DEDP) remained second, though at a lower share with its 19.0 percent, from 20.1 percent in 2022. When combined, the shares of both REDP and DEDP is 43.3 percent of total programs budget for 2023.

**TABLE 6**  
**SUMMARY OF PROGRAMS FOR 2021-2023**  
**DEPARTMENT OF ENERGY**

	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
Renewable Energy Development Program	123.9	129.1	129.7	22.6	24.1	24.3	0.5
Downstream Energy Development Program	98.8	107.8	101.2	18.0	20.1	19.0	- 6.1
Electric Power Industry Development Program	88.7	86.7	87.3	16.2	16.2	16.4	0.6
National and Regional Energy Planning Program	97.4	97.1	74.5	17.7	18.2	14.0	- 23.3
Energy Efficiency and Conservation Program	39.5	36.9	71.3	7.2	6.9	13.4	93.0
Conventional Energy Development Program	59.1	57.6	55.0	10.8	10.8	10.3	- 4.5
Alternative Fuels and Technologies Program	41.5	20.3	13.9	7.5	3.8	2.6	- 31.7

Source: GAA 2021-2022 and NEP 2023

The Energy Efficiency and Conservation Program (EECP) will have a boost with a 93.2 percent increase in budget in 2023 at P71.3 million from P36.9 million in 2022. However, significant declines of 31.7 percent and 23.3 percent, respectively, were observed in the budgets for the Alternative Fuels and Technologies Program (AFTP) and the National and Regional Energy Planning Program (NREPP). This points to the lack of synergy in the key strategies outlined for the energy sector under the Updated 2017-2022 PDP amid the

recent fuel price increases, on-going Russia-Ukraine war-induced supply constraints along with the impending demise of Malampaya oil gas fields (which accounts for 30 percent of Luzon’s generation mix) and the occurrence and recurring narrative of power shortages.

DOE AFTP’s task in promoting research, development and utilization of alternative fuels and technologies will be given the least budget amongst the programs, with the historical amount declining from its highest since 2018 at P41.5 million in 2021 to a mere P13.9 million in 2023 or a smaller share of 2.6 percent.

## V. PERFORMANCE REVIEW

- 5.1. One way to measure the efficiency of an agency in utilizing its annual budget is by getting the ratio of the obligations incurred vis-à-vis its total appropriations. The DOE’s obligations-appropriations ratio improved to 81.4 percent in 2021 from 70.9 percent in 2020, while also reducing its unused appropriations by P101.2 million from P541.8 million in 2020 to P440.6 million in 2023 (Table 7). This ratio, however, is lower compared to the 88.6 percent recorded in 2019 which resulted in a smaller unused appropriations of P303.6 million.

**TABLE 7**  
**OBLIGATIONS-APPROPRIATIONS RATIO**  
**AND UNUSED APPROPRIATIONS, 2019-2021**

Year	Obligation-Appropriations Ratio (%)	Unused Appropriations (In Million Pesos)
2019	88.6	303.6
2020	70.9	541.8
2021	81.4	440.6

Sources of basic data: NEP 2021-2023

- 5.2. In regard to disbursement, which involves the “settlement/liquidation/payment of an obligation incurred in the current or prior years,” the DOE’s ratio of disbursements to total appropriations, though still considerably low, improved by 1.6 percentage points to 48.8 percent in 2021 from 47.2 percent in 2020 (Table 8).

**TABLE 8**  
**DISBURSEMENT RATE<sup>a/</sup>, 2019-2021**  
**(AMOUNTS IN MILLION PESOS)**

Particulars	2019	2020	2021
Appropriations (total available)	2,657.3	1,862.7	2,365.5
Disbursements	1,159.6	879.4	1,154.5
<b>Disbursement Rate (%)</b>	<b>43.6</b>	<b>47.2</b>	<b>48.8</b>

<sup>a/</sup> Disbursement rate – ratio of disbursements to appropriations  
Source: SAAODB 2019-2021, DBM

5.3. In terms of the DOE’s budget utilization by major programs in 2021, only two out of its seven major programs, namely, the Electric Power Industry Development Program (EPIDP) and the National and Regional Energy Planning Program (NREPP), have less than 90 percent obligation rate (*Table 9*) with corresponding rates of 87.7 percent and 74.3 percent. As to the disbursement rate, the three programs with the lowest rates were recorded by the Energy Efficiency and Conservation Program with 78.9 percent, the NREPP with 65.8 percent, and the AFTP with 49.2 percent. Restrictions in in-person activities imposed during the year limited the interactive and collaboration implementation of research and development activities under the department’s AFTP.

**TABLE 9**  
**BUDGET UTILIZATION BY MAJOR PROGRAM, 2021**  
**(AMOUNTS IN MILLION PESOS)**

Program	Appropriations	Obligations	Disbursements	Obligation Rate (%) <sup>a/</sup>	Disbursement Rate (%) <sup>b/</sup>
Renewable Energy Development Program	123.9	117.9	104.5	95.2	84.4
Downstream Energy Development Program	98.9	94.6	83.7	95.7	84.7
Electric Power Industry Development Program	88.8	77.9	73.5	87.7	82.8
National and Regional Energy Planning Program	97.4	72.4	64.1	74.3	65.8
Energy Efficiency and Conservation Program	41.4	39.3	32.7	94.9	78.9
Conventional Energy Development Program	59.1	56.3	53.9	95.3	91.3
Alternative Fuels and Technologies Program	41.5	38.6	20.4	92.9	49.2

*a/ Obligation rate – ratio of obligations to appropriations*  
*b/ Disbursement rate – ratio of disbursements to appropriations*  
*Source: SAAODB 2021 (FAR No. 1 in Transparency Seal)*

5.4. The performance of the major programs in 2021 indicates most targets being met if not surpassed (*Table 10*), similar to what has also been observed in the 2022 Agency Budget Notes for the DOE and has been raised in the 2021 COA Audit Report. This may warrant the need to review target setting. In particular, the wide gap between the targeted accomplishment and actual accomplishment for some indicators was observed. Notwithstanding this observation, many of the targets for indicators under the seven department programs remain unchanged or even lowered for 2022 and 2023; while small increments were observed for targets that have been raised.

**TABLE 10  
PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023**

Program	2021		2022 Targets	NEP 2023 Targets
	Targets	Actual		
<b>OO 1: Required energy supply level attained</b>				
<b>National and Regional Energy Planning Program</b>				
Outcome Indicators				
1. Percentage of stakeholders rating the energy plans and programs as acceptable	85%	95%	85%	85%
2. Percentage of policy recommendations adopted in the short, medium, and long-term national energy plans/programs/targets	75%	100%	75%	75%
Output Indicators				
1. Number of energy plans prepared and updated	2	3	1	1
2. Number of statistical research/studies prepared/ updated	40	112	60	60
3. Percentage of project evaluation and monitoring conducted on time	80%	80%	75%	75%
4. Number of applications for Certification of Energy Project of National Significance processed/evaluated	20	29	20	CEPNS on hold as of Dec-20
<b>Conventional Energy Development Program</b>				
Outcome Indicators				
1. Percentage of awareness of the target audience of the promoted message or technical advice	80%	95%	80%	80%
2. Percentage of conventional energy projects with satisfactory safety performance	80%	85%	85%	80%
3. Percentage increase in investments in conventional energy development	10%	100%	5%	5%
Output Indicators				
1. Number of contracts and/or circulars drafted, prepared and reviewed	5	10	7	5
2. Number of information, education, communication, and other promotional activities conducted on conventional energy development	14	19	15	25
3. Number of monitoring activities/inspections conducted on conventional energy projects	117	326	298	100
<b>Renewable Energy Development Program</b>				
Outcome Indicators				
1. Percentage of renewable energy resources over total energy resource supply	7%	35.5%	7%	7%
2. Percentage increase in investments in renewable energy development	2.0%	2.9%	2%	37%
Output Indicators				
1. Percentage of issuances and permit on renewable energy development issued on time	83%	97.0%	84%	85%
2. Number of information, education, communication and other promotional activities conducted on RE	40	191	82	58
3. Number of inspections conducted on renewable energy development projects	123	123	332	500
<b>Downstream Energy Development Program</b>				
Outcome Indicators				
1. Percentage increase in investment in the downstream oil and gas industry, providing quality fuels and safe technology for environment and consumer protection	0.80%	12.79%	0.80%	0.80%
2. Percentage increase in the number of participants informed on matters in the downstream oil and gas industry	0.80%	0.85%	0.80%	0.80%
Output Indicators				
1. Number of issued permits/accreditations acknowledgements/endorsements and reports submitted	2,803	5,510	4,022	6,589
2. Number of information, education, communication and other promotional activities conducted on the downstream oil and gas sector	4	13	7	14
3. Number of downstream oil and gas field work and operational monitoring activities conducted	136	314	693	307
4. Number of plans and policies updated/formulated, monitored and recommended for adoption and implementation	6	19	5	6

**TABLE 10: continued**  
**PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023**

Program	2021		2022	NEP 2023
	Targets	Actual	Targets	Targets
<b>Electric Power Industry Development Program</b>				
Outcome Indicators				
1. Issued and adopted plans and policies to attain energy supply security and reliability, energy access and electricity market competitiveness and power sector reforms	14	39	12	12
Output Indicators				
1. Number of plans/policies prepared, updated and disseminated	11 policies and 3 plans	39 policies and 4 plans	8 policies and 4 plans	9 policies and 3 plans
2. Number of information, education, and communication activities, promotional events, and public consultations undertaken on electric power industry	28	61	39	33
3. Number of applications for Certificate for Endorsement on investment in the energy sector processed	272	408	128	218
<b>OO 2: Sustainable consumption of energy promoted and achieved</b>				
<b>Energy Efficiency (EE) and Conservation (C) Program</b>				
Outcome Indicators				
1. Percentage increase in public awareness on EE and C on fuels and electricity	10%	91%	10%	10%
2. Percentage increase in the number of establishments that had undergone energy audits	10%	78%	10%	10%
Output Indicators				
1. Number of information, education, and communication activities, promotional events, and public consultations conducted on energy efficiency and conservation program	25	118	33	38
2. Number of energy audit in government agencies conducted on time	62	123	76	80
<b>Alternative Fuels and Technologies Program</b>				
Outcome Indicators				
1. Number of alternative fuels and energy technologies promoted	3	4	3	3
Output Indicators				
1. Number of technical assistance / evaluation completed on time	8	71	8	8
2. Number of information, education, and communication activities, promotional events, and public consultations conducted on alternative fuels and technology	8	12	7	8
3. Number of policies formulated/permits issued related to alternative fuels and technologies issued on time	4	17	4	3

Source: NEP 2023.

## **VI. COA FINDINGS AND RECOMMENDATIONS**

- 6.1. Based on the Financial Statements submitted by the DOE, the Independent Auditor's Report observed that the Department has accumulated a Contingent Asset in the aggregate amount of **P186,897,762,867.23** relative to the Notice of Charges due to the under-collection of the 60 percent government share from Malampaya Natural Gas Project (Service Contract No. 38).
2. For the past two years' audit, audit recommendations for the DOE declined to 62 in 2021 from 81 in 2020; however, the rate of implementation for the said findings was at a slower pace of 51.6% in 2021 compared to 2020 at 79.0% (Table 10); and that COA reported that 22 of the not implemented recommendations for 2021 were reiterated/ restated.

**TABLE II**  
**STATUS OF IMPLEMENTATION OF COA RECOMMENDATIONS**  
**(AS OF 31 DECEMBER 2021)**

Particulars	Total	Fully Implemented		Not Implemented	
		Number	(%)	Number	(%)
DOE	62	32	51.6	30	48.4

Source: Annual Audit Report 2021's Executive Summary and Annual Audit Reports 2021 (Part 3)

6.3. Among the COA findings that were not implemented are as follows:

6.3.1 There is an Unreconciled Difference in the book and bank records, and non-transfer of Training Commitment Fund (TCF) from Fund 101 (Trust Fund) in the Fund 151 in the amount of P3,031,466.66 leaving the balance of P8,139,670.00 on the CY 2020 collections.

6.3.2 There is uncollected income from Training Commitment (TC) and Development Assistance (DA) fees for Conventional Energy Fees amounting to P171,872,172.37. A related issue is the non-submission of the status report on program including the list of non-collected TC and DA fees due to the lack of a resolution on which office shall be responsible to submit the said report.

6.3.3 ***On the Enhanced Energy Virtual One-Stop Shop (EVOSS) Project***, various issues and challenges are still to be resolved to complete the submission and evaluation of streamlined process of Agencies to facilitate its completion and implementation.

6.3.4 ***On the Nationwide Intensification of Household Electrification (NIHE)***

- Based on Observation No. 7 of CY 2019 AAR (pages 66-69), the program target by 78 distribution utilities (DUs) was not achieved.
- On 09 November 2020, the DOE wrote demand letters to 22 DUs with projects due for completion.
- There are still approved NIHE projects that are not yet implemented.

6.4 For the financial statements of the DOE as of 31 December 2021, COA noted that there are no material misstatements; however, observations highlights are as follows:

6.4.1 On accounting deficiencies affecting the Receivables and Property, Plant and Equipment (PPE) accounts to the extent of P496,473,863.29 due to the inability of agency officials concerned to implement the controls required

6.4.3 There are lapses in implementation of proper controls for past due accounts of P635,626.12, dormant accounts for over three (3) years of P150,99.97 and non-provision of Subsidiary Ledgers of cash advances for Field Offices (FOs) with

outstanding balance of P18,391,365.22 that contributed to the unliquidated cash advances at year-end aggregate amount of P24,577,549.19 contrary to COA Circular Nos. 97-002 and 2012-001

- 6.4.4 There is dormant and other unnecessary cash in bank accounts maintained under Local Currency, Current Account (LCCA) in the amount of P2,727,071,884.18 which remains unremitted to National Treasury.
- 6.4.5 The Monthly Bank Reconciliation Statements (BRs) for the eight (8) bank accounts maintained by the DOE with the Land Bank of Philippines (LBP) are not submitted to the Office of Auditor.
- 6.4.6 There is a long outstanding fund transfer to 84 Implementing Agencies (IAs) amounting to P97,570,580.53 which remains to be unliquidated for 10 to 38 years
- 6.4.7 The DOE was unable to collect the remaining Training Commitments (TCs) from the energy service contracts as authorized receipts/ revenue under RA No. 7683 amounting to P288,944,782.14 or 70.6 percent of the outstanding balance of P410,672,166.06.

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