



Republic of the Philippines
Department of Environment and Natural Resources
FOREST MANAGEMENT BUREAU
Visayas, Avenue, Diliman, 1100 Quezon City
Tel. No.: (632) 8925-2141 / (632) 8927-4788
E-mail Address: fmb@denr.gov.ph Website: <https://www.forestry.denr.gov.ph>

NOV 04 2021

MR. RODOLFO A. ROMARATE II

Environmental and Social Compliance Manager
Authorized Representative
Philippine Hybrid Energy System, Inc. (PHESI)
8F Unit 8A Inoza Tower
40th St., Bonifacio Global City, Taguig City



Dear Mr. Romarate II:

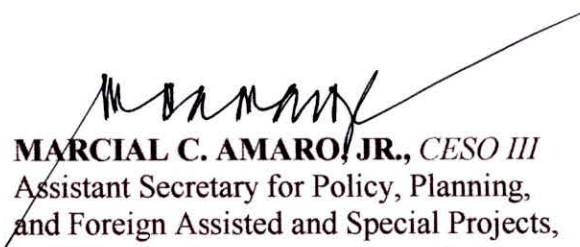
This refers to your letter dated 09 September 2021 regarding your application for the cancellation of FLAg 05-2014 (Road Right-Of-Way) issued to PHESI on 22 September 2014 which will expire on 22 September 2039 with an area of 0.834 hectare of forestlands located in Puerto Galera, Oriental Mindoro.

It may be recalled that PHESI already sent request to the Forest Management Bureau (FMB) as contained in the letter dated 22 January 2020 relative to the confirmation of FLAg 05-2014 (Road Right-Of-Way) cancellation. The FMB responded on the matter, per letter dated 09 March 2020 (copy hereto attached).

In this regard, please be informed that this Office already endorsed the Cancellation Order of FLAg 05-2014 (Road Right-Of-Way) to the Office of the Secretary thru the office of the Undersecretary for Field Operations and Environment in CY 2019 and 2020. Copy of the said Memoranda are attached hereto.

In view of the foregoing, the said Cancellation Order was re-endorsed to the Office of the Secretary for consideration.

Very truly yours,


MARCIAL C. AMARO, JR., CESO III
Assistant Secretary for Policy, Planning,
and Foreign Assisted and Special Projects,
and Director, in concurrent capacity

Copy furnished:

RED, DENR MIMAROPA Region
The Undersecretary for Field Operations and Environment

FLUAS,

FLUAS

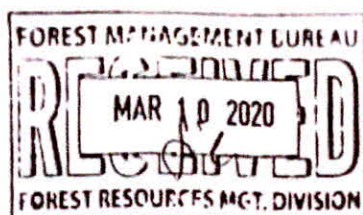
FLUAS

D₁

D

file 3/1/20

100-144-3
RELEASED
DATE FEB 19 2020
FLUAS



Mar 09 2020

188-354

MR. RODOLFO A. ROMARATE II
Environmental and Social Compliance Manager
Authorized Representative
Philippine Hybrid Energy System, Inc. (PHESI)
8F Unit 8A Inoza Tower
40th St., Bonifacio Global City, Taguig City



Dear Mr. Romarate,

This is to acknowledge receipt of your letter dated 22 January 2020 relative to the cancellation of FLAg No. 2014-05 (Road Right-Of-Way) issued to PHESI on 22 September 2014 to expire on 22 September 2039 covering an area of 0.834 hectares of forestlands situated in Barangays Balatero versus Sto. Nino, Puerto Galera, Oriental Mindoro.


In this regard, please be informed that the Forest Management Bureau already endorsed the Cancellation Order of FLAg No. 2014-05 (Road Right-Of-Way) enclosed in our Memorandum dated 05 September 2019 (copy attached) for the Undersecretary for Field Operations. Also contained in the said Memorandum is the application of PHESI for the amendment of the area covered by FLAg No. 2014-01 (Wind Energy Power) and FLAg No. 2014-05 (Road Right-Of-Way).

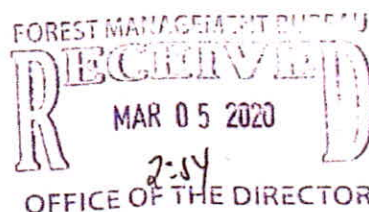
However, only the application for the amendment of FLAg No. 2014-01 (Wind Energy Power) and FLAg No. 2014-05 (Road Right-Of-Way) was signed by the Undersecretary for Field Operations leaving the Cancellation Order of FLAg No. 2014-05 (Road Right-Of-Way) unsigned.

In view of the foregoing, the said Cancellation Order is again endorsed to the Office of the Secretary for consideration.

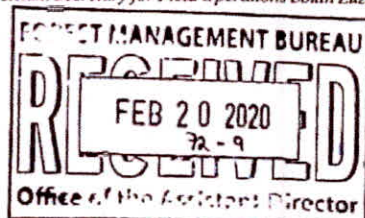
This Office will immediately inform you of any updates on the matter.

Very Truly Yours,

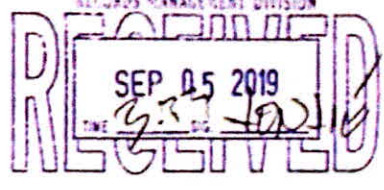
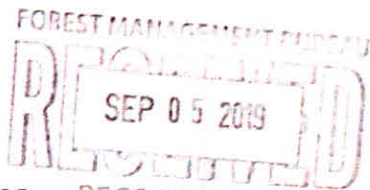

LOURDES C. WAGAN, CESO IV
OIC Director



cc: RED, DENR MIMAROPA Region
Office of the Undersecretary for Field Operations
Office of the Assistant Secretary for Field Operations South Luzon



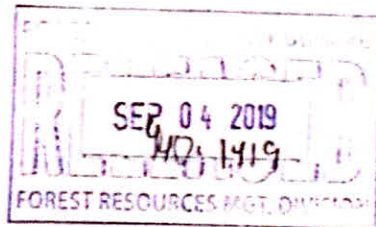
AVAS
FROM
U/I
V
fig 7/12/19



MEMORANDUM

RECORDS UNIT

FOR : The Undersecretary for Field Operations
THRU : The Assistant Secretary for Staff Bureaus
FROM : The Director



SUBJECT : MINOR APPLICATION FOR AMENDMENT OF THE AREA COVERED BY FLAG NO. 01-2014 (WIND ENERGY POWER) AND FLAG NO. 05-2014 (ROAD RIGHT-OF-WAY) ISSUED TO PHILIPPINE HYBRID ENERGY SYSTEMS, INC. (PHESI) LOCATED AT BARANGAYS BALATERO AND TABINAY VERSUS STO. NINO, PUERTO GALERA, ORIENTAL MINDORO

ATTACHMENT : Five (5) folders of the case relative to application of PHESI's FLAG Amendment

DATE : SEP 05 2019
Office of the Assistant Director

This refers to the request of PHESI for the amendment of its FLAG Nos. 01-2014 (Wind Energy Power) covering an area of 28.67 hectares and 05-2014 (Road Right-Of-Way) with an area of 0.834 hectares, respectively. Said FLAGs are located at Barangays Balatero and Tabinay versus Sto. Nino, Puerto Galera, Oriental Mindoro. The focus of the amendment is on the expansion of area in hectares and location of the road right of way situated in the same barangays and municipality.

A. Background

- PHESI was issued with two (2) FLAGs for its wind mill farm/tower site/wind energy power system (FLAG No. 01-2014; covering 28.67 hectares) and road right-of-way (FLAG 05-2014; covering 0.834 hectares). These FLAGs will expire on December 31, 2039 and September 22, 2039, respectively.

Name of Holder	Tenure No & Purpose	Location	Area (ha)	Date of Issuance	Date of Expiration
Philippine Hybrid Energy Systems, Inc., (PHESI)	FLAG No. 01-2014 Other Lawful Purposes (Wind Energy Power)	Barangays Balatero and Tabinay versus Sto. Nino, Puerto, Galera, Oriental Mindoro	28.67	March 14, 2014	December 31, 2039
	FLAG No. 05-2014 (Road Right-Of-Way)		0.834	September 22, 2014	September 22, 2039

- There were two (2) Special Private Land Timber and Earth-Balling Permits issued to PHESI bearing the Permit Nos. DENR IV-B MIMAROPA 2015-001 and DENR IV-B MIMAROPA 2016-006, and details as listed below:

FLAg No.	SPLTP & Earthballing Permit No.	Date of Issuance	Date of Expiration	Allowed Number of Trees (no.)	
				Cutting	Earth Balling
1. FLAg No. 05-2014 (Road Right-Of-Way)	SPLTP and Earth Balling No. DENR-IV-B-MIMAROPA 2015-001	November 16, 2015	To expire within six (6) months or as soon the authorized number of trees has been cut/earth balled	180	703
2. FLAg No. 01-2014 (Wind Energy Power)	SPLTP and Earth Balling No. DENR-IV-B-MIMAROPA 2016-006	April 8, 2016	The permit will expire as soon as the number of trees had been cut and earth balled	230	143

3. **On 13 April 2018 DENR MIMAROPA Region issued Suspension Order to PHESI** with regard to the violations to the provisions of Section 77 and Section 78 of PD NO. 705, as amended, and terms and conditions of the FLAgs Nos. 01-2014 and 05-2014 and cutting permits issued to PHESI. Likewise, Suspension Order was issued by EMB MIMAROPA Region due to the siltation and discoloration relative to the cutting operations and construction of PHESI on April 3, 2018.
4. DENR MIMAROPA Region issued a **Demand Letter to PHESI dated June 22, 2018** requiring the latter to pay the prescribed fees, surcharges and penalties amounting to P5,322,220.24 (forest charges, unlawful occupation, seedlings replacement) relative to the violations committed. PHESI paid their obligations and penalties on June 25, 2018 documented under OR No. 7464482.
5. **On June 28, 2018, Undersecretary for Field Operations instructed DENR MIMAROPA Region to lift the Suspension Order** and PHESI to start the rehabilitation of the area since it has already paid the penalty imposed by DENR MIMAROPA Region.
6. DENR MIMAROPA Region issued the document re: **Lifting of Suspension Order dated July 9, 2018** to PHESI and requiring the same to start rehabilitation of the area and proceed with the project activities within the issued FLAgs. PHESI was also required to submit application for the amendment of its existing FLAgs so that the additional areas needed to host the said wind energy project will be considered subject to applicable laws, policies and regulations.
7. PHESI formally signified its intention to apply for an amendment of its **FLAgs No. 01-2014 and 05-2015 on June 29, 2018** and subsequently endorsed to the Central Office by the Regional Director of DENR MIMAROPA Region on **July 10, 2018**. Likewise, series of validation, ground survey, assessment, Technical Meetings/Conferences were conducted by DENR Offices (Central Office/FMB/DENR MIMAROPA Region) and PHESI relative to the final area to be covered by PHESI's FLAg amendment. The final map and area of PHESI for FLAg Amendment covers **44.87 hectares** only which is situated in Barangays Tabinay, Baclayan and Balatero, Municipality of Puerto Galera, Oriental Mindoro.
8. For almost a year, series of exchange of memoranda between DENR MIMAROPA Region and Central Office/FMB were made to clarify the issues confronting the FLAg amendment application of PHESI.
9. On the other hand, on **February 6, 2019**, PENRO Oriental Mindoro endorsed the **cancellation of FLAg No. 05-2014 (Road Right-Of-Way)** issued to PHESI per recommendation of CENRO Socorro.

10. The DENR MIMAROPA Region concurs with the recommendations of PENRO Oriental Mindoro and CENRO Socorro to cancel the FLaG No. 05-2014 for non-use/deviation of the awarded FLaG area per Memorandum dated June 4, 2019.
11. During one of the Exit/Technical Conference held last February 12, 2019 at Forest Management Bureau (FMB) relative to the document review and ground validation within and adjacent of the subject FLaG areas conducted last January 15-18, 2019 including issues/concerns relative to the application of PHESI for an amendment of its FLaG, the following are the important agreements reached during the said technical meeting, to wit:
 - Immediate conduct of ground/site validation and survey of the area being applied for amendment by the composite team from Offices of DENR MIMAROPA Region; and
 - Installation of high voltage transmission line pole number 9 and wire stringing and testing of transmission line section to high-voltage transmission line pole number 10.
12. Memorandum dated March 12, 2019 of USEC Field Operations to DENR MIMAROPA Region granting permission for the installation of transmission line, wire stringing and its testing with agreed/corresponding conditions. Said conditions are religiously complied by PHESI and concerned DENR MIMAROPA Region Field Offices thru submission of activity and monitoring reports to the DENR MIMAROPA Regional Office.
13. The Comprehensive Development Management Plan (CDMP) of PHESI relative to its FLaGs was not yet approved. The newly submitted CDMP will be revised based on the amended FLaG and shall be submitted six (6) months after approval of the amended FLaG.
14. PHESI has already done rehabilitation in the area such as establishment of siltation pond to decrease the impact of siltation and soil erosion, and continuous planting of vetiver and tree species in the area.

B. Observations

1. On March 5, 2015 Department of Energy (DOE) endorses the Wind Energy Project of PHESI as a project of national interest.
2. PHESI and DENR MIMAROPA Region already complied with the documents essential to facilitate the eventual approval of the project.
3. The subject amendment is in accordance to Section 15.4 of DAO 2004-59 which provides that the holder shall utilize the area only for the purpose for which the FLaG is granted. In the event that the area will be utilized for purpose/s other than what is approved, said use is subject to the prior approval of the Secretary or his/her duly authorized representative. Likewise, item IV of FLaG No. 01-2014 provides that the Second Party shall utilize the FLaG area only for the purpose for which this Agreement is granted. In the event the said area will be used for a different purpose, said use shall be subject to prior approval of the Secretary or his duly authorized representative.

C. Recommendations

Foregoing considered and in as much as the applicant has complied with all the requirements pertinent to the application for FLaG amendment, this office recommends for the approval of the application for FLaG amendment, subject to the following terms and conditions:

1. The deficit amount of the annual rental fees, performance bond, and back rental shall be paid amounting to **Php 134,998.45**.

2. The computation of Users fee (Annual Rental and Performance Bond) shall be consistent with Item E (4) and C (10) of DAO 2004-16 dated 15 June 2004 i.e. Annual Rental shall be collected with a computation of Php 3,000.00 per hectare and a fraction thereof to be increased by 10% cumulatively per year. (see computation below).

Annual Rental of PHESI's FLAg Amendment covering an area of 44.87 hectares:

Annual Rental	=	44.87 hectares will be rounded to 45 hectares
AR	=	45 hectares * Php 3,000.00
AR	=	Php 135,000.00

Should the Undersecretary agree with the recommendations, attached is the draft amended FLAg (No. 01-2014) and its corresponding map, and **Cancellation Order** relative to issued FLAg No. 05-2014.

FOR THE UNDERSECRETARY'S CONSIDERATION.

NONITO M. TAMAYO, CESO IV

CANCELLATION OF FOREST LANDUSE AGREEMENT (FLAg No. 05-2014 – ROAD RIGHT-OF-WAY) ISSUED TO PHILIPPINE HYBRID ENERGY SYSTEMS, INCORPORATION (PHESI) LOCATED IN BARANGAYS BALATERO AND TABINAY, PUERTO GALERA COVERING 0.834 HECTARES OF FORESTLAND
X-----X

ORDER

Records show that Forest Land Use Agreement (FLAg) No. 05-2014 covering 0.834 hectares of forestland situated in Barangays Balatero and Tabinay, Puerto Galera, Oriental Mindoro was entered into by and between the Undersecretary for Field Operations of the Department of Environment and Natural Resources for an in behalf of the Republic of the Philippines and Philippine Hybrid Energy Systems, Inc. represented by Nicanor S. Villasenor, III with postal address at suite 2405-2406, 24th Flr., The Orient Square Bldg., F. Ortigas Jr. Road, Ortigas Center Pasig City, Metro Manila.

Per Memorandum dated 04 June 2019, the DENR MIMAROPA Region concurs with the recommendations of PENRO Oriental Mindoro and CENRO Socorro that FLAg No. 05-2014 Road Right-Of-Way be cancelled. On a letter dated 23 January 2019 PHESI also requested for the cancellation of the said issued FLAg.

HENCE, foregoing considered, Forest Land Use Agreement (FLAg) No.05-2014 is hereby **CANCELLED**. The leased area shall be reverted under the jurisdiction of DENR and the improvements introduced therein including the Performance Bond shall be forfeited in favor of the government.

The Regional Executive Director, DENR MIMAROPA Region, Roxas Blvd, Ermita, Manila or his duly authorized representative is hereby directed to serve this order, take over the jurisdiction of the area and the existing improvements and take appropriate measures to protect the same.

SO ORDERED.

Quezon City, Philippines _____

ROY A. CIMATU
Secretary



RECORDS UNIT

MEMORANDUM FOR THE SECRETARY

OFFICE OF THE DIRECTOR

THRU : The Undersecretary for Field Operations, Enforcement and Muslim Affairs

FROM : The Director

SUBJECT : **CANCELLATION OF FOREST LANDUSE AGREEMENT (FLAG) NO. 05-2014 (ROAD RIGHT-OF-WAY) ISSUED TO PHILIPPINE HYBRID ENERGY SYSTEMS INC. (PHESI) COVERING 0.834 HECTARES IN BARANGAYS OF BALATERO AND TABINAY, PUERTO GALERA, ORIENTAL MINDORO**

DATE : MAR 09 2020

This refers to the cancellation of FLAG No. 2014-05 (Road Right-Of-Way) issued to PHESI covering an area of 0.834 hectares of forestlands situated in Barangays of Tabinay, and Balatero, Puerto Galera, Oriental Mindoro.

BACKGROUND

1. Letter dated 23 January 2019 of Mr. Rodolfo A. Romarate II, Environmental and Social Compliance Manager of PHESI to DENR Secretary thru the CENRO Socorro, Oriental Mindoro, requesting to cancel FLAG No. 2014-05 (Road Right-Of-Way) since the area is not feasible for road construction and its use for the said purpose was not served.
2. CENRO Socorro and PENRO Oriental Mindoro endorsed the request of PHESI to cancel the FLAG No. 2014-05.
3. On 04 June 2019, DENR MIMAROPA Region concurs with the recommendations of CENRO Socorro, Oriental Mindoro and PENRO Oriental Mindoro for the cancellation of FLAG No. 2014-05 issued to PHESI considering that the said access road does not serve its purpose.
4. FMB endorsed the draft Cancellation Order of FLAG No. 2014-05 to the Undersecretary for Field Operations per Memorandum dated 05 September 2019 (copy attached). Also contained in the said memorandum is the application of PHESI for the amendment of the area covered by FLAG No. 2014-01 (Wind Energy Power) and FLAG No. 2014-05 (Road Right-Of-Way).

However, only the application for the amendment of FLAG No. 2014-01 (Wind Energy Power) and FLAG No. 2014-05 (Road Right-Of-Way) was signed by the Undersecretary for Field Operations leaving the Cancellation Order of FLAG No. 2014-05 (Road Right-Of-Way) unsigned.

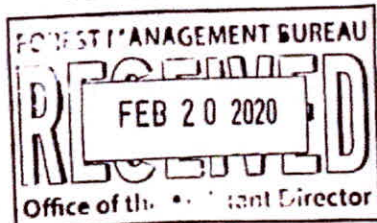
5. Letter dated 22 January 2020 of PHESI to FMB Director, follow up the confirmation of FLAG No. 2014-05 (Road Right-Of-Way) cancellation.

RECOMMENDATION

In view of the foregoing, this office reiterates our recommendation contained in memorandum dated 05 September 2019 relative to the cancellation of FLAG No. 2014-05 issued to PHESI.

Should the Secretary concurs with the recommendation, attached is the draft Cancellation Order of FLAG No. 05-2014.

FOR CONSIDERATION.



ORIGINAL SIGNED
LOURDES C. WAGAN, CESO IV