



January 19, 2023

MEMORANDUM

FOR : The Regional Executive Director
MIMAROPA Region

FROM : The OIC - PENRO
Oriental Mindoro

SUBJECT : **SUBMISSION OF ANNUAL REPORT OF PHILIPPINE HYBRID
ENERGY SYSTEMS, INC. (PHESI) FOR FLAG NO. 01-2014**

Transmitted is the report of CENRO Socorro regarding the compliance of Philippine Hybrid Energy Systems, Inc. (PHESI) relative to approved FLAg No. 01-2014.

Please be informed that the management of PHESI is continuously conducting maintenance and rehabilitation within its approved FLAg area. Likewise, CENRO Socorro is regularly conducting monitoring activities to ensure their compliance to the stipulated terms and conditions of the Agreement.

For information and record.


ALAN L. VALLE



DENRPENR02301000031



Republic of the Philippines
Department of Environment and Natural Resources
MIMAROPA Region
Community Environment and Natural Resources Office

January 12, 2023

MEMORANDUM

FOR : The Regional Executive Director
1515 DENR by the Bay Bldg., Roxas Boulevard,
Ermita, Manila

THRU : The OIC-PENR Officer
Calapan City, Oriental Mindoro

FROM : The CENR Officer

SUBJECT : **SUBMISSION OF ANNUAL REPORT OF PHILIPPINE HYBRID
ENERGY SYSTEMS, INC. (PHESI) FOR FLAG NO.01-2014**

DENR-MIMAROPA REGION	
PROVINCIAL ENVIRONMENT AND NATURAL RESOURCES OFFICE	
ORIENTAL MINDORO	
PENRO TRACKING NO.	
RECEIVED BY:	<i>[Signature]</i>
DATE:	JAN 13 2023
TIME:	

Respectfully forwarding the annual report of PHESI covering November 1, 2021 to December 31, 2022. One of their activities within the FLAG area is the continuous tree planting together with different participants. They have planted a total of 307 assorted seedlings. Rehabilitation and maintenance activities as well as coordination with various overseeing agencies and stakeholders are also continuously undertaken to ensure normal operation of the farm.

Attached is the PHESI annual report.

For information and record.

For and in the absence of the CENR Officer

[Signature]
EMILY G. AGUILON
Forester III/ Chief, CDS
In-Charge, Office of the CENRO



Philippine Hybrid Energy Systems, Inc.

4th January 2023

MR. RODEL BOYLES
CENR officer
CENRO-Pasi II
Socorro, Oriental Mindoro

DENR - CENRO	
PASI, SOCORRO, ORIENTAL MINDORO	
DOC. # _____	
RECEIVED	RELEASED
BY: _____	BY: _____
DATE: 06 JAN 2023	DATE: _____
TIME: _____	TIME: _____

Subject: Annual FLAG Report covering November 2021 – December 2022

Dear Mr. Boyles,

The Philippine Hybrid Energy Systems, Inc. (PHESI) is pleased to submit herewith the annual FLAG Report for the amended FLAG No. 01-2014 covering November 1, 2021 to December 31, 2022. This is for your information and perusal.

Thank you.

Respectfully yours,

BETHELYN A. BOGTONG
Sr. ESC Officer/PCO

cc: PENR Officer Alan L. Valle
PENRO, Brgy. Suqui, Calapan City



PHILIPPINE HYBRID ENERGY SYSTEMS, INC.

*Annual Report on amended FLAG No. 01-2014
Covering November 1, 2021-December 31, 2022*

Name of Plant: 16 MW Puerto Galera Wind Farm

Location: Mt. Paitan, Barangays Baclayan, Balatero and Tabinay
Puerto Galera, Oriental Mindoro



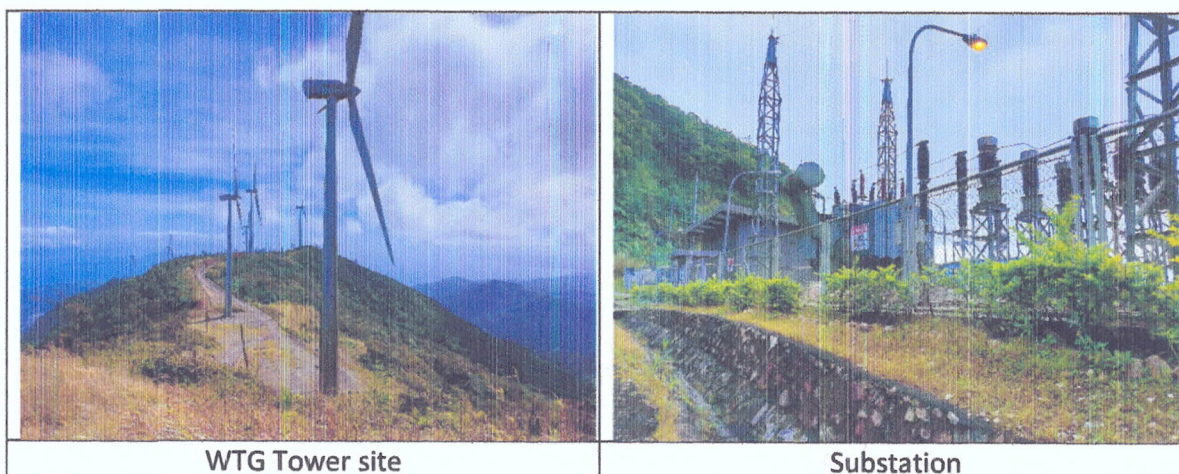
I INTRODUCTION

1.1 FLAG Fact Sheet

	DETAILS
Name of Agreement Holder	Philippine Hybrid Energy Systems, Inc.
Office Address	Unit 8A 8/F Inoza Tower, 40 th Street Bonifacio Global City, Taguig City 1634
Plant Address	Mt. Paitan, Barangays Tabinay and Baclayan Puerto Galera, Oriental Mindoro
Forest Land Use Agreement Numbers	FLAG 01-2014 (Amended, Wind Energy Power, Road Right-of-Way)
Total Area	44.87 Hectares
FLAG Location	Mt. Paitan, Puerto Galera, Oriental Mindoro

1.2 Project Description

The Philippine Hybrid Energy Systems, Inc. (PHESI) has constructed the 16 MW Wind Farm at Mt. Paitan, Puerto Galera, Oriental Mindoro which is hosted by four (4) Barangays namely Baclayan, Tabinay, Balatero and Poblacion. There are 8 units of Gamesa G90 Wind Turbine Generators (WTG) at the ridge of Mt. Paitan and also included among components are the external and internal roads, substation, metering station, transmission lines, meteorological mast (Metmast) and the newly built Battery Energy Storage System (BESS).



WTG Tower site

Substation



II The Forest Land Use Agreements granted to PHESI by the DENR

2.1 FLAG No. 01-2014 (Amendment, Wind Energy Power and Road Right-of-Way)

The amended agreement was issued on September 11, 2019 for an area of 44.87 hectares which enclose the WTG's, BESS, meteorological mast and road right of way. PHESI paid the performance bond and the required P135,000 upon receipt of the Agreement. Deficit in user's fee for all areas occupied by PHESI which are not covered by the old FLAG was also settled. The latest payment made was on February 16, 2022, where PHESI paid the user's fee of P163,350 covering March 2022 to February 2023. Receipts of payment are seen at **Annex A**.

2.2 FLAG No. 05-2014 Road Right of Way

The FLAG No. 5-2014 was finally cancelled on December 2, 2021 since the area was not used for the project. This part of Mt. Paitan remains undisturbed. Please see the ORDER indicating the cancellation of the said FLAG as **Annex B**.

2.3 Amended Comprehensive Development and Management Plan (CDMP)

In compliance to the conditions stated in the amended FLAG, a Comprehensive Development and Management Plan was submitted to CENRO-Socorro on November 26, 2019 and has been transmitted to the DENR Regional office. It was reviewed by the technical persons of DENR offices on May 17, 2022. The review committee required additional attachments and further clarifications on some parts of the report. Currently, it is being revised by the Environmental and Social Compliance Section of PHESI.



Annual Report on FLAG No. 01-2014 covering November 1, 2021 – December 31, 2022



III Activities in the FLAG Area

3.1 Normal Operation of the 16 MW Puerto Galera Wind Farm

For the period of October 25, 2021 to November 25, 2022, the 16 MW Wind Farm has delivered at total of 27,402.48 MWh of electricity to ORMECO. Manning the system are 3 operators who work 24 hours a day with 2 shifts and a Plant Engineer, who are all handled by a Site Supervisor.

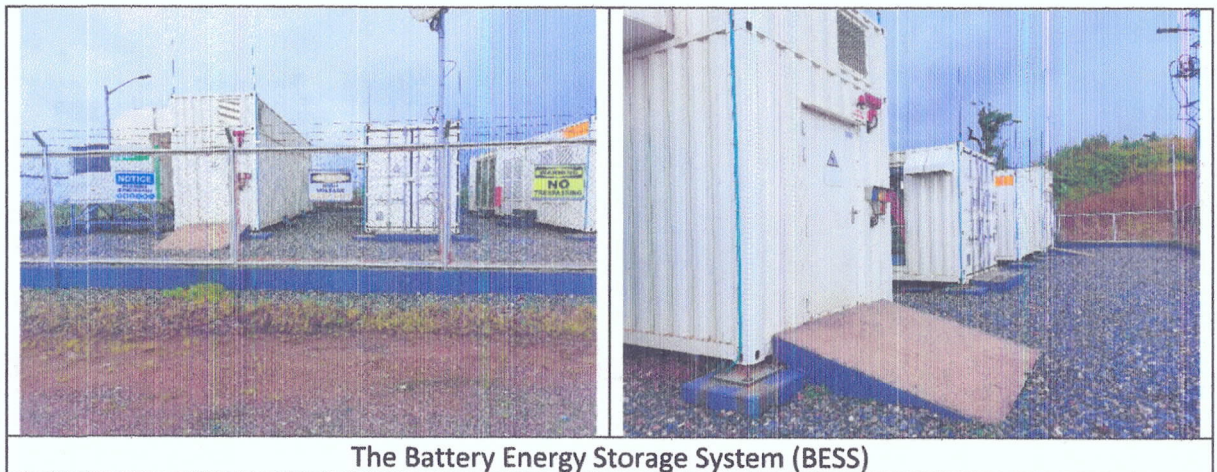
On July 15, 2021, PHESI started distributing benefits under the DOE's ER 1-94 to host communities of the Wind Farm. The benefits consist of LDF that supports development and livelihood programs and RWMHEEF which supports environmental and health programs. A total of P 291,008.44, covering months from December 2019 to June 2021, has been distributed to the Provincial Government, Puerto Galera LGU and 3 Barangays affected by the Wind Farm project. PHESI releases the second payment of funds on the 1st quarter of 2023 covering July 2021 to December 2022. PHESI will also add Barangay Poblacion to the list of beneficiaries of ER 1-94 funds.



Handing over of Benefits Under ER 1-94 to the Barangays

3.2 Operation of the Battery Energy Storage System

PHESI finished constructing the Battery Energy Storage System (BESS) on October 28, 2020. This auxiliary component will help in maintaining the amount of electrical energy produced from the windfarm. Final testing of its batteries were conducted on May 2022 and since then, the facility has been operational. The Energy Regulatory Commission (ERC) has issued Provisional Authority to Operate (PAO) for the facility on September 30, 2022.



The Battery Energy Storage System (BESS)

3.3 Continuous Environmental Rehabilitation works and compliances

During operational phase, all rehabilitation and maintenance works were continued to ensure that PHESI complies with all environmental laws and conditions on its FLAG's and ECC's. The 'General Services Aides' were hired to do



Annual Report on FLAG No. 01-2014 covering November 1, 2021 - December 31, 2022

environmental maintenance works. Monitoring of water quality of all waterways and water bodies near the project site is conducted periodically. The latest request for ambient water quality analysis was done on August 19, 2022. The hazardous wastes produced during maintenance of wind turbines are properly managed. The used oil and grease were gathered and stored at Hazardous Waste Storage Facility until they are hauled by a DENR accredited treater. For solid wastes, a Materials Recovery Facility (MRF) was constructed at the Tower Site for storage of recyclable and reusable wastes. Residual wastes are hauled by the LGU garbage trucks.



MRF and Hazardous Waste Storage Area





Rehabilitation and maintenance works

3.4 Continuous Tree Planting activities

To comply with the National Greening Program of the DENR and condition to plant trees indicated in the FLAG, ECC and BOI registration, PHESI conducted several tree-planting activities at the FLAG area. There are also non-government organization that held planting activities at certain areas within the Plant premises. Here are some details of the said tree-planting activities:

3.4.1 On December 7, 2021, PHESI joined a group from Puerto Galera Tourism Council in a tree-planting activity near the Substation. They planted twenty-seven (27) assorted fruit-bearing seedlings.

3.4.2 On April 1, 2022, PHESI joined MENRO and the students of Puerto Galera Academy in a tree-planting activity at the tower area. One hundred (100) Mahogany Seedlings were planted near WTG 6.



Annual Report on FLAG No. 01-2014 covering November 1, 2021 - December 31, 2022

3.4.3 On May 17, 2022, PHESI joined MENRO and the 2nd batch of students from Puerto Galera Academy in a tree-planting activity near the Substation. They planted 52 pieces of Mahogany Seedlings.

3.4.4 On May 28, 2022, PHESI joined the PCOs and CENRO personnel from Binan, Laguna in a tree-planting activity near the Substation. Thirty-five (35) Mahogany seedlings were planted.

3.4.5 On August 23, 2022, PHESI joined the personnel from Bureau of Fire and Protection (BOFP), Philippine Army, MDRMO, MENRO and PNP in a tree-planting activity near BESS facility. They planted eighty (80) Narra seedlings.

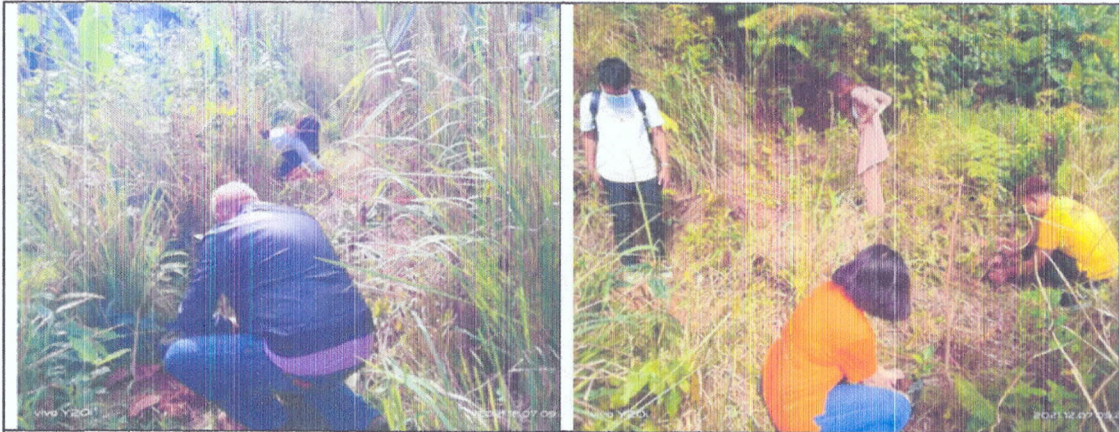
3.4.6 On November 10, 2022, the General Services Aides planted cuttings of Madre De Cacao and Narra seedlings at WTG #8 area for slope protection.

For the period covering November 1 2021 to November 2022, a total number of 307 seedlings were planted inside the wind farm. PHESI saves pine trees by transferring the seedlings that grow below the transmission line to an open spot at the WTG area. PHESI will continue to purchase and nurture forest and fruit-bearing tree seedlings to support the government's national greening program. Recently, PHESI bought 2,550 pieces of assorted seedlings to be planted to bare areas inside the plant premises. Seedling suppliers started their delivery on December 19, 2022. PHESI will also receive an approximately 1,000 pieces of Narra seedlings from MENRO which will be planted in early 2023.



Delivery of seedlings

Delivery of seedlings



Tree planting activity with Puerto Galera Tourism Council



Tree planting activity with MENRO and PGA



Tree planting activity with MENRO and 2nd batch of students from PGA



Annual Report on FLAG No. 01-2014 covering November 1, 2021 – December 31, 2022



Tree planting activity with PCOs and CENRO personnel from Binan, Laguna



Tree planting activity with BOFP, PNP, PA, MDRRMO and MENRO



PHESI's tree planting activity at WTG #8



3.5 Permits and Certificates

For the period, PHESI was able to renew its Wastewater Discharge Permits at the Environmental Management Bureau. As required by the Energy Regulatory Commission, PHESI applied for Wastewater Discharge Permit of its Battery Energy Storage Facility (BESS). This is necessary for the issuance of Authority to Operate the BESS. Recently, PHESI sent letter to EMB director expressing its intention to apply for amendment of its ECC due to change in the capacity of the BESS. Copy of the Wastewater Discharge Permits are attached as **Annex C**. The following show the details of permits issued to PHESI:

Name of Permit	Issuing Agency	Date of Expiration	Status/Remarks
ECC-4B-105-ORMIB-4110-2007 (WEPS Project, amended)	DENR-EMB	No expiration	Complied/on-file; for amendment due to changes in BESS
ECC-R4B-1405-0057 (3.5 km Access Road)	DENR-EMB	No expiration	Complied/on-file
PTO: - One (1) unit 26.5 Kw Diesel Engine Generator Set - One (1) unit 35kw Diesel Engine Generator - two (2) units of Tower light	DENR-EMB	November 7, 2023 November 6, 2023	Complied/on-file Complied/on-file
Hazardous Waste Generator's ID	DENR-EMB	No expiration	Complied/on-file. Amendment due to additional categories of hazardous wastes has been approved by EMB
Discharge Permit (Silt ponds and septic tanks)	DENR-EMB	August 2023	On-file; PHESI applying for DP of BESS
NCIP Certificate of Compliance	NCIP	August 31, 2037	Complied/on-file
Forest Land Use Agreement (Amended)	DENR-FMB	December 31, 2039	Complied/on-file
Chainsaw Permit	DENR-CENRO	June 24, 2023	Complied/on-file
PCO accreditation (renewal)	DENR-EMB	May 31, 2024	Complied/on-file;
Permit-to-Operate Wind Turbine Generator (WTG)	DOLE	October 27, 2022	Complied/on-file
Permit to install Elevator- WTG Elevator	DOLE	October 26, 2022	Complied/on-file;
Permit-to-Operate Combustion Engine – Generator Sets	DOLE	September 2, 2023	Complied/on-file
Electrical Installation	DOLE	September 2, 2023	Complied/on-file



Annual Report on FLAG No. 01-2014 covering November 1, 2021 – December 31, 2022

Name of Permit	Issuing Agency	Date of Expiration	Status/Remarks
Safety Officer Accreditation	DOE	November 9, 2022	Complied/on-file; renewal under process
Business Permit	Municipal Government of Puerto Galera	December 31, 2022	Issued on January 21, 2022
Sanitary Permit	Puerto Galera Municipal Health Office	December 31, 2022	Issued on January 31, 2022
Barangay Business Clearance	Sangguniang Barangay Tabinay	December 31, 2022	Issued on January 18, 2022
Safety Seal	Municipal Government of Puerto Galera	December 16, 2022	Complied/on-file

3.6 Monitoring activities for the period

Part of the agreement with the DENR and EMB is to open the power plant to inspection by representatives of these regulating agencies. For the period, the power plant was inspected by CENRO and MENRO.

3.6.1 Joint FLAG Monitoring by CENRO and MENRO

On February 22, 2022, CENRO and MENRO conducted a joint monitoring of the FLAG Area to check PHESI's compliance to conditions stated in the Forest Land Use Agreement. They checked the Tower Site, BESS, MRF, nursery, Substation, Metering Station and areas planted by PHESI.

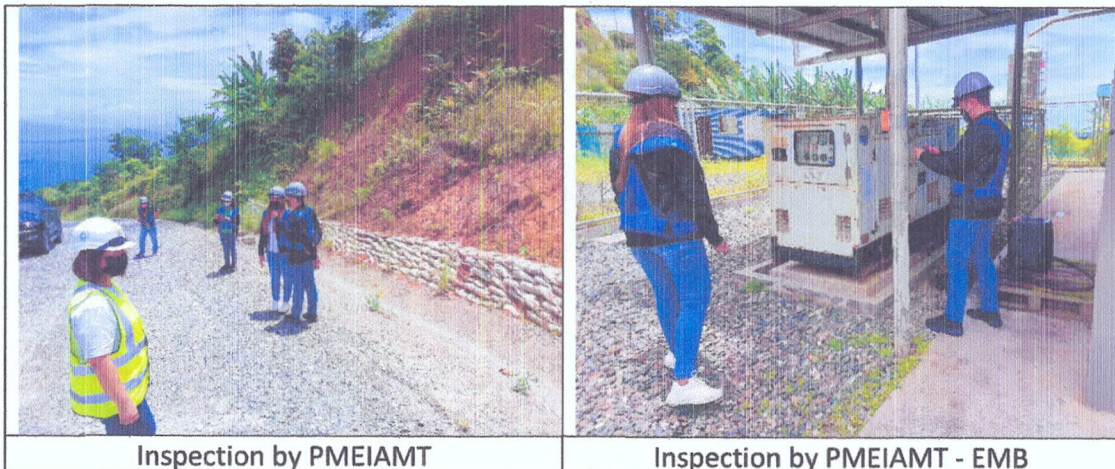




Joint Monitoring / Inspection of CENRO and MENRO

3.6.2 Monitoring and inspection by Provincial Multipartite Environmental Impact Assessment Monitoring Team

On April 7, 2022, six (6) members of the PG-ENRO monitoring team visited the Wind Farm to check on its compliances to all Certificates and Agreements with the DENR. They also inquired about the environmental rehabilitation of all affected areas during construction. Some of the members were interested on the operations and electric generation of the Plant. The members of the team composed of personnel from EMB, MENRO, PG-ENRO, and LGU technical personnel.



Inspection by PMEIAMT

Inspection by PMEIAMT - EMB



Inspection by PMEIAMT



Checking permits and other docs.

3.6.3 Internal Environmental and Safety Audit/Inspection

On September 13, 2022, two (2) personnel of Berkeley Energy arrived and conducted the environmental and safety audit for the power plant. Compliances to environmental, safety and labor laws were checked. Facilities and records were also thoroughly examined.



Inspection of MRF

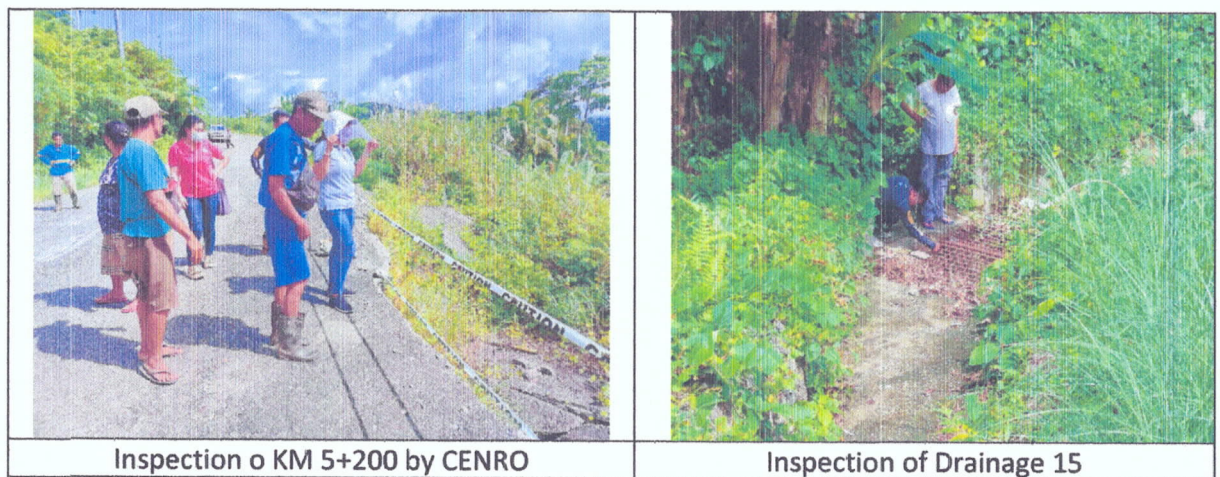


Inspection of Hazardous Waste Storage Area



3.6.4 Inspection by CENRO due to complaints from IPs

On October 6, 2022, personnel from CENRO inspected the access road due to complaints from three (3) IPs. According to these IPs, their properties were damaged by rainwaters coming from the access road and from a waterway which carry large volume of water during rainfall. The IPs also complained of the damaged road at Drainage 15. As per assessment of CENRO, the water comes from a natural waterway which is not created by PHESI. The ESC Officer and Land Rights Manager of PHESI assured that damaged roads will soon be repaired and issues regarding compensation on land under the ancestral domain will be discussed in the next Joint Monitoring Team Meeting. As of writing, PHESI has started the repair of access road at KM 1+900 of access road.





3.7 Corporate Social Responsibility

As part of the Corporate Social Responsibility (CSR) activities and to express the charitable nature of PHESI, the company participated in various community goals by giving donations in cash or in kind to several organizations during the reporting period.

- a. On December 14, 2022, PHESI donated P10,000 to the Iraya-Mangyan Community of Puerto Galera for the food on their Thanksgiving Celebration.
- b. The Oriental Mindoro Power Industry Association (OMPIA) outreach program held at Hermogenes Bautista Elementary School on December 2, 2022: PHESI being one of members of OMPPIA, donated gift packs and prizes to students and teachers of the school. A Christmas party was also organized which was participated by officials from ORMECO.
- c. PHESI gave cash donations to two (2) teams during ORMECO Sportsfest held on November 2022.
- d. PHESI donated hygiene kits and cleaning items to students and teachers of Baclayan Mangyan School on September 2022
- e. Joined the LGU, PNP, Phil. Army, students of PGA and CENRO Personnel and PCOs from Binan, Laguna in tree-planting activities held inside the wind farm.
- f. Donated cash to basketball teams in sportsfest held at Barangay Tabinay and Poblacion.



Christmas party of HBES



Christmas Party of HBES



Annual Report on FLAG No. 01-2014 covering November 1, 2021 – December 31, 2022



Preparing hygiene kits for BMS



Delivery of hygiene kits and cleaning items

Prepared by:

BETHELYN A. BOGTONG

Sr. Environmental and Social Compliance Officer/PCO

Noted by:

RODOLFO A. ROMARATE, II

Environmental and Social Compliance Manager