



49 **WHEREAS**, on 01 October 2019, the DOE promulgated DC2019-10-0013, entitled  
50 “Omnibus Guidelines Governing the Award and Administration of Renewable Energy  
51 Contracts and the Registration of Renewable Energy Developers”, which provides  
52 guidelines and procedures on Certificate of Registration and RE Contracts  
53 applications, among others;

54  
55 **WHEREAS**, on 06 February 2020, the DOE promulgated DC2020-02-0003, entitled  
56 “Providing a National Smart Grid Policy Framework for the Philippine Electric Power  
57 Industry and Roadmap for Distribution Utilities”, which aims to modernize the country’s  
58 power grid through decarbonization, digitalization, democratization, and  
59 decentralization of energy, among others;

60  
61 **WHEREAS**, on 01 February 2018, the DOE promulgated DC2018-02-0003, entitled  
62 “Adopting and Prescribing the Policy for the Competitive Selection Process in the  
63 Procurement by the Distribution Utilities of Power Supply Agreement for the Captive  
64 Market”, which provided guidelines to the Distribution Utilities to conduct Competitive  
65 Selection Process for the procurement of power supply in the Captive Market;

66  
67 **WHEREAS**, on 24 September 2021, the DOE promulgated DC2021-09-0030, entitled  
68 “Amending Certain Provisions of and Supplementing Department Circular No.  
69 DC2018-02-0003 on the Competitive Selection Process in the Procurement by the  
70 Distribution Utilities of Power Supply Agreement for the Captive Market”;

71  
72 **WHEREAS**, RA 11646, otherwise known as “Microgrid Systems Act”, declares the  
73 policy of the State, among others, to promote private sector participation in the  
74 electrification of unserved and underserved areas and provide a competitive  
75 environment for different kinds of energy sources while prioritizing low-cost,  
76 indigenous, renewable, and environment-friendly sources of energy;

77  
78 **WHEREAS**, on 24 May 2022, the DOE promulgated DC2022-05-0017, entitled “Rules  
79 and Regulations to implement RA No. 11646” or the “Microgrid Systems Act IRR”,  
80 which provided implementing rules and regulations for the Microgrid Systems Act;

81  
82 **WHEREAS**, as of end-2021, the share of renewables in the country’s installed  
83 capacity and power generation is at 29 percent (29%) and at 22 percent (22%),  
84 respectively;

85  
86 **WHEREAS**, the DOE’s National Renewable Energy Program (NREP) 2020-2040, in  
87 keeping up with the objectives of the RE Act, aims to increase the share of RE in the  
88 power generation mix to 35% by 2030 and 50% by 2040 intensified its RE plans and  
89 programs including development of various innovative business models suitable to the  
90 Philippine settings;

91  
92 **WHEREAS**, the DOE recognizes the potential use of rooftops as venue to increase  
93 RE generation through solar photovoltaic technology and further promote solar roof-  
94 mounted technologies to empower more electricity end-users/building establishments,  
95 and augment power supply in the country, both for on-grid and off-grid areas;

96

97 **NOW, THEREFORE**, after due reviews and studies of the views, suggestions, and  
98 recommendations as results of the consultations with all concerned stakeholders, the  
99 DOE hereby issues and adopts the following policies for the promotion and  
100 development of a comprehensive roof-mounted solar development in the country.

101  
102 **SECTION 1. TITLE.** This Circular shall be known as *“Prescribing the Policy and*  
103 *General Framework on Expanded Roof-mounted Solar Program in the Philippines”* or  
104 the *“ERSP.”*

105  
106 **SECTION 2. POLICY OBJECTIVES.** The ERSP is hereby introduced and  
107 promulgated towards the Government’s goal to promote, develop, and commercialize  
108 RE systems and technologies using available rooftops in the Philippines with the  
109 following objectives:

- 110
- 111 (a) Contribute to the attainment of the objectives of the RE Act and the NREP 2020-  
112 2040 aspirational targets of achieving 35% RE share in the power generation  
113 mix by 2030 and 50% by 2040;
  - 114
  - 115 (b) Attract more investments in RE that leads to additional supply of electricity  
116 through innovative business models that create additional market for RE  
117 Developers, while empowering Electricity End-Users/building establishments in  
118 using and/or hosting rooftops for RE systems, particularly solar photovoltaic  
119 (PV) technologies;
  - 120
  - 121 (c) To decongest or relieve the transmission and distribution networks from  
122 increasing electricity demands thereby deferring grid expansions and  
123 upgrading;
  - 124
  - 125 (d) To offer an alternative compliance mechanism to building owners  
126 /establishments with their respective obligations/mandates under Energy  
127 Efficiency and Conservation Act and its IRRs; and
  - 128
  - 129 (e) To streamline and simplify the processes and requirements in the development  
130 of roof-mounted solar projects, consistent with the objectives of the Ease of  
131 Doing Business and Efficient Government Service Delivery Act of 2018 and  
132 Energy Virtual One-Stop Shop Act.

133  
134 **SECTION 3. COVERAGE.** This Circular shall prescribe the rules and guidelines for all  
135 roof-mounted solar energy generating facilities with a capacity above one hundred-  
136 kilowatt peak (100 kWp), for own use consumption and/or export energy to the host  
137 DU or to the Grid. Provided that, this program shall be a different market for solar  
138 developers from the net-metering program and the GEOP. Provided further that, this  
139 program shall apply both for on-grid and off-grid areas.

140  
141 **SECTION 4. SCOPE.** This Circular shall apply to the following stakeholders:

- 142
- 143 (a) Electricity End-Users which include Utility and Non-Utility Customers;
  - 144 (b) Economic Zone Developers and Utility Enterprises;
  - 145 (c) RE Developers / Generation Companies;

- 146 (d) Retail Electricity Suppliers (RESs);
- 147 (e) Distribution Utilities (DUs);
- 148 (f) Market Operator (MO);
- 149 (g) Market Governance (MG);
- 150 (h) Microgrid Service Providers (MGSP);
- 151 (i) Roof-mounted Solar Providers (RSPs); and
- 152 (j) System Operator (SO).

153

154 **SECTION 5. DEFINITION OF TERMS.** The terms as used in this Circular shall have  
155 the following meaning:

156

157 **5.1. “Competitive Selection Process” or “CSP”** refers to procurement process of  
158 Distribution Utilities for Power Supply Agreements in the Captive Market  
159 pursuant to DC2018-02-0003 and DC2021-009-0030;

160

161 **5.2. “Directly Connected Customers” or “DCC”** refer to industrial or bulk  
162 Electricity End-Users, which are supplied through the Grid or Sub-transmission  
163 Assets that are still owned by the National Transmission Corporation;

164

165 **5.3. “Distribution Development Plant” or “DDP”** refers to the program for  
166 expansion, reinforcement and rehabilitation of the distribution system which is  
167 prepared by the DU and submitted to the DOE for integration with the Power  
168 Development Plan and Philippine Energy Plan;

169

170 **5.4. “Distribution Utility” or “DU”** refers to any electric cooperative, private  
171 corporation, government-owned utility, or existing local government unit which  
172 has a franchise to operate a distribution system including those whose  
173 franchise covers economic zones;

174

175 **5.5. “Ease of Doing Business and Efficient Government Service Delivery Act  
176 of 2018”** refers to RA No. 11032;

177

178 **5.6. “Electric Cooperative” or “EC”** refers to a distribution utility organized  
179 pursuant to Presidential Decree No. 269, as amended, or as otherwise provided  
180 in the RA No. 9136;

181

182 **5.7. “Electricity End-User”** as used in this Circular, refers to any person or entity  
183 requiring the supply and delivery of electricity, who owns distributed RE system  
184 capable of supplying for its own use requirements, either partially or fully, and  
185 is willing to participate in the ERSP;

186

187 **5.8. “Energy Efficiency and Conservation Act” or “EECA”** refers to the RA No.  
188 11285

189

190 **5.9. “Energy Virtual One Stop Shop Act”** refers to the RA No. 11234 ensuring  
191 among others, transparency and accountability in the process of approving  
192 power generation;

193

- 194 **5.10. “Generation Company” or “GenCo”** refers to any person or entity authorized  
195 by the Energy Regulatory Commission to operate facilities used in the  
196 generation of electricity;  
197
- 198 **5.11. “Green Energy Option Program” or “GEOP”** refers to a voluntary RE  
199 program under Section 9 of the RA No. 9513.  
200
- 201 **5.12. “Grid”** refers to the high voltage backbone system of interconnected  
202 transmission lines, substations and related facilities, located in each of Luzon,  
203 Visayas, and Mindanao, or as may be determined by the Energy Regulatory  
204 Commission in accordance with Section 45 of the RA No. 9136;  
205
- 206 **5.13. “Market Operator” or “MO”** refers to the entity responsible for the operation  
207 of the WESM in accordance with the WESM Rules;  
208
- 209 **5.14. “Metering Service Provider” or “MSP”** refers to a person or entity authorized  
210 by the ERC to provide metering services as defined in the Distribution Services  
211 and Open Access Rules;  
212
- 213 **5.15. “Micro-Grid System”** refers to a group of interconnected loads and a  
214 generation facility/ies or distributed power generation/s within clearly defined  
215 electrical boundaries that acts as an integrated power generation and  
216 distribution system, whether or not connected to a distribution or transmission  
217 system;  
218
- 219 **5.16. “Micro-Grid System Provider” or “MGSP”** refers to a natural or juridical  
220 person whose business includes the installation, operation, and maintenance  
221 of micro-grid systems in unserved or underserved areas nationwide;  
222
- 223 **5.17. “National Renewable Energy Board” or “NREB”** refers to recommendatory  
224 body of DOE Renewable Energy Management Bureau created under section  
225 27 of the RA No. 9513;  
226
- 227 **5.18. “Power Supply Agreement” or “PSA”** refers to the agreement, regardless of  
228 nomenclature, between a DU and a GenCo for the supply of capacity and/or  
229 energy intended for the DU’s captive market;  
230
- 231 **5.19. “Power Supply Procurement Plan” or “PSPP”** refers to a DU’s plan for the  
232 acquisition of a variety of demand-side and supply-side resources to cost-  
233 effectively meet the electricity needs of its customers. The “PSPP” is an integral  
234 part of the DU’s DDP;  
235
- 236 **5.20. “Red Alert”** refers to a notice issued by the System Operator as defined in the  
237 Philippine Grid Code (PGC);  
238
- 239 **5.21. “Renewable Energy Certificate” or “REC”** refers to a certificate issued by the  
240 RE Registrar representing all renewable and environmental attributes from one  
241 megawatt-hour of electricity generation sourced from an eligible RE generation  
242 facility;

243 **5.22. “RE Market” or “REM”** refers to the market where RE Certificates representing  
244 an amount of power generated from RE resources are traded, as provided in Section  
245 8 of the RA No. 9513;

246

247 **5.23. “RE Registrar” or “RER”** refers to a unit designated in accordance with the  
248 RA No. 9513 that will administer and operate the REM;

249

250 **5.24. “Roof-mounted Solar Facility” or “RSF”** refers to a solar PV energy  
251 generating system, mounted on the rooftop of a residential, commercial  
252 building, industrial facility, or any similar structure, which is used for self-  
253 consumption and/or commercial purposes;

254

255 **5.25. “Roof-mounted Solar Provider” or “RSP”** refers to a natural or juridical entity  
256 whose business includes the installation, operation, and maintenance of a  
257 Roof-mounted Solar Facility;

258

259 **5.26. “Wholesale Electricity Spot Market” or “WESM”** refers to the market  
260 established by the DOE pursuant to Section 30 of the RA No. 9136; and

261

262 **5.27. “Yellow Alert”** refers to a notice issued by the System Operator as defined in  
263 the PGC.

264

265 **SECTION 6. ERSP BUSINESS MODELS.** This Circular sets out the policies and  
266 guidelines on the following business models/supply augmentation framework for  
267 RSFs:

268

### 269 **6.1. Supply Contingency Option.**

270

271 **6.1.1.** This business model involves the participation of Electricity End-Users  
272 with RE Systems for Own Use (RESOU), with 100kW and above capacity, the  
273 option to export its energy generation during grid power supply shortages  
274 and/or emergency situations which include among others, Yellow and Red Alert  
275 situations;

276

277 **6.1.2.** To accommodate export of energy generation, all existing Electricity  
278 End-Users with RESOU, opting to participate, shall update their meter, through  
279 their MSP to conform two-way communication to the host DU or to the Grid;

280

281 **6.1.3.** All Electricity End-Users intending to participate in this voluntary  
282 program shall inform its host DU and shall enter into an agreement with the DU,  
283 as determined by the ERC; and

284

285 **6.1.4.** All Electricity End-Users opting to participate in the ERSP shall be  
286 compensated as determined by the ERC.

287

288

289

290

291

292 **6.2. Lease-to-Generate Roof-mounted Solar Arrangement.**

293  
294 **6.2.1.** This business model provides opportunity to any interested and potential  
295 RSP to lease contiguously located rooftops of buildings/establishments suitable  
296 for power generation;

297  
298 **6.2.2.** The RSP shall serve as the operator of the aggregated capacity of all  
299 RSFs and may sell or inject power to the host DU or to the Grid. In the case of  
300 injecting power to the host DU through a PSA, the RSP shall comply with the  
301 rules and guidelines of the CSP or DC Nos. DC2018-02-0003 and DC2021-09-  
302 0030 and any amendments thereto; and

303  
304 **6.2.3.** The aggregated capacity shall be registered in the WESM as only one  
305 generating facility. Provided that, this facility may also register in the RER and  
306 participate in the REM, subject to DOE REM rules and any amendments  
307 thereto.

308  
309 **6.3. Roof-mounted Solar for Own-Use.**

310  
311 **6.3.1.** This business model applies to a RSF solely used for own consumption  
312 by an Electricity End-User and shall not in any way inject or sell energy  
313 generation to the Grid or to its host DU;

314  
315 **6.3.2.** The RSF owner and the Electricity End-User shall not be the same entity.

316  
317 **6.4. Restricted Peer-To-Peer (P2P) Energy Trading.**

318  
319 **6.4.1.** This business model applies to a confined area, such as economic  
320 zones, where Electricity End-Users with RSF/s participate in trading within  
321 and/or among themselves for power supply, whereby aggregated excess  
322 electricity generated may be sold to the Host DU or to the Grid;

323  
324 **6.4.2.** To align with the objectives of the DC2020-002-0003 to empower all  
325 Electricity End-Users through digitalization and decentralization of energy, the  
326 DOE, in consultation with the NREB and involved industry stakeholders, shall  
327 develop rules, design, and guidelines for the P2P Energy Trading; and

328  
329 **6.4.3.** Thereafter, the ERC shall determine the rules and regulatory framework  
330 for the P2P Energy Trading.

331  
332 **SECTION 7. GENERAL PROVISIONS.**

333  
334 **7.1.** All ERSP Providers shall comply with the DOE and ERC pertinent rules and  
335 guidelines and other related requirements/permits prior to construction and  
336 commercial operation of any solar generating facility;

337  
338 **7.2.** The metering component shall conform two-way connection to the grid or the  
339 host DU, excluding Roof-mounted Solar for Own-Use;

340

341 **7.3.** All RECs generated under the ERSP shall be in accordance with the existing  
342 DOE RPS rules and any amendments thereto; and

343

344 **7.4.** In case of unserved and underserved areas, the MGSPs shall serve as the  
345 RSPs. Provided that, MGSPs shall comply with the Microgrid Systems Act and  
346 its IRR, DOE policies, and ERC rules and regulations.

347

348 **SECTION 8. DUTIES AND RESPONSIBILITIES.** The following shall have  
349 corresponding responsibilities:

350

351 **8.1. Department of Energy**

352

353 **8.1.1.** Shall review and amend the DC2019-10-0013 or the Omnibus  
354 Guidelines Governing the Award and Administration of RE Contracts and the  
355 Registration of RE Developers to streamline and simplify the processes and  
356 requirements in the development of roof-mounted solar projects prior to  
357 commercial operations;

358

359 **8.1.2.** Shall conduct intensive Information, Education, and Communication  
360 Campaigns (IECs) on the promotion of the ERSP. Such IECs shall cover,  
361 among others, basic concepts of Solar Energy generation and its benefits to  
362 the consumers, efficient use of solar energy, and best practices to mitigate the  
363 effects of climate change;

364

365 **8.1.3.** Through the REMB, shall monitor and oversee the implementation of all  
366 ERSP business models and projects, and establish a comprehensive database  
367 for the successful implementation of this Circular;

368

369 **8.1.4.** Shall conduct regular meetings, review, and propose amendment or  
370 enhancement of this policy, if necessary, to ensure up to date ERSP  
371 implementation; and

372

373 **8.1.5.** Shall integrate the ERSP plans and programs to the formulation of the  
374 Philippine Energy Plan, Power Development Plan, Missionary Electrification  
375 Development Plan, and NREP, among others.

376

377 **8.2. Transmission Network Provider (TNP)**

378

379 **8.2.1.** In the case of interested DCCs, the Transmission Network Provider shall  
380 provide support to the metering services and connection of such Electricity End-  
381 Users to the grid; and

382

383 **8.2.2.** In consultation with the DOE, shall include the ERSP impacts to the grid  
384 in the annual update of the Transmission Development Plan.

385

386 **8.3. Distribution Utilities (DUs)**

387

388 **8.3.1.** Shall ensure the reliability and stability of their distribution systems to  
389 accommodate the entry of ERSP facilities;



390 **8.3.2.** Shall include impact of all existing and projected ERSPs' capacity and  
391 energy generation in their annual DDP and PSCP submission to the DOE; and  
392 **8.3.3.** Shall be the default MSP of an ERSP DU-connected Electricity End-User  
393 located within its franchise area, subject to pertinent ERC metering rules and  
394 guidelines.

#### 395 **8.4. Market Operator (MO)**

396  
397  
398 **8.4.1.** Shall review and/or propose amendments to the WESM and Retail Rules  
399 and Manuals for possible integration of ERSP to the WESM and Competitive  
400 Retail Electricity Market; and

401  
402 **8.4.2.** As may deemed necessary by the DOE, shall conduct further studies  
403 and simulations for the electricity and/or WESM price impact of the ERSP.

#### 404 **8.5. System Operator (SO)**

405  
406  
407 **8.5.1.** Shall ensure grid reliability and stability during implementation of this  
408 Circular; and

409  
410 **8.5.2.** As may deemed necessary by the DOE, shall conduct further studies  
411 and simulations for the grid impact of the ERSP and provide recommendations  
412 to the long-term capacity and generation expansion planning of the DOE.

### 413 **SECTION 9. Regulatory and Other Support**

#### 414 **9.1. Energy Regulatory Commission (ERC)**

415  
416  
417  
418 **9.1.1.** For the successful implementation of this policy, shall formulate rules and  
419 regulations and determine pricing methodology and standards of the ERSP  
420 within one hundred twenty calendar (120) days after the effectivity of this  
421 Circular; and

422  
423 **9.1.2.** Shall review and amend, if necessary, the price determination of the  
424 ERSP every three (3) years or as deemed necessary.

#### 425 **9.2. National Electrification Administration (NEA).** The NEA shall assist the DOE 426 in monitoring the ERSP in the case of ECs.

427  
428  
429 **SECTION 10. Repealing Clause.** Nothing in this Circular shall be construed as to  
430 amend, supersede, or repeal any of the mechanism or institutions already existing or  
431 responsibilities already allocated and provided for under any existing laws, rules, or  
432 contracts.

433  
434 **SECTION 11. Separability Clause.** If for any reason, any section or provision of this  
435 Circular is declared unconstitutional or invalid, the other parts or provisions hereof  
436 which are not affected thereby shall continue to be in full force and effect.

437

438 **SECTION 12. Effectivity.** This Department Circular shall take effect immediately after  
439 its publication in two (2) newspapers of general circulation, and copies of this Circular  
440 shall be filed with the University of the Philippines Law Center-Office of the National  
441 Administrative Register.

442

443 Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023 at DOE, Energy Center, Rizal  
444 Drive, Bonifacio Global City, Taguig City, Metro Manila.

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**RAPHAEL P.M. LOTILLA**  
*Secretary*

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