



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

**ADVISORY**

TO : **ENERGY REGULATORY COMMISSION (ERC)  
NATIONAL GRID CORPORATION OF THE PHILIPPINES  
(NGCP)  
ALL GENERATION COMPANIES / ANCILLARY SERVICE  
PROVIDERS**

FROM : **THE SECRETARY OF ENERGY**

DATE : **JUN 21 2021**

SUBJECT : **ADVISORY ON THE IMPLEMENTATION OF DEPARTMENT  
OF ENERGY (DOE) CIRCULAR NO. DC2019-12-0018**

The DOE, pursuant to its authorities under Republic Act (RA) No. 7638 (*DOE Act of 1992*), as amended by Sections 37(a), (d), (e), (h), (i), (j) and (p) of RA No. 9136 (*Electric Power Industry Reform Act of 2001*) hereby reiterates its Ancillary Services (AS) policy and issues this advisory for the continuing implementation of DOE Department Circular (DC) No. DC2019-12-0018, entitled "*Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid*":

**1. National Grid Corporation of the Philippines (NGCP)**

The NGCP, as the System Operator (SO), is hereby directed to expedite the procurement of the required AS to ensure secured and reliable operations of the Grid pursuant to its mandate under RA No. 9511 "*An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and for Other Purposes*", in the following manner:

**1.1. Required Levels of Ancillary Services**

Prior to the implementation of the Reserves Market, the NGCP shall ensure full compliance and availability of the required AS levels in accordance with Section 2.2 of DC2019-12-0018, viz:

1.1.1. Regulating Reserve (RR) - 4% of the total hourly demand;

1.1.2. Contingency Reserve (CR) - Maximum capacity among the following:  
the largest synchronized generating unit or a transmission element or  
the power import from a circuit interconnection;

*XV*

- 1.1.3. Dispatchable Reserve (DR) - Maximum capacity among the following: the second largest synchronized generating unit or a transmission element or the power import from a circuit interconnection;
- 1.1.4. Reactive Power Support AS (RPSAS) – System Operator (SO) to determine day-ahead through load flow simulation; and
- 1.1.5. Black Start AS (BSAS) - at least two (2) generating units contracted per power restoration highway and one (1) should always be available at any given time.

## 1.2. Firm ASPA

Prior to the commercial operation of the Reserve Market, the NGCP is mandated to enter into firm Ancillary Service Procurement Agreements (ASPA) according to current guidelines of ERC and pursuant to DC2019-12-0018.

The NGCP and the Generation Companies/Ancillary Service Providers (ASP) may negotiate the conversion of non-firm ASPA's to firm ASPA's, pursuant to the SO's responsibility under Section 12.5 of DC2019-12-0018. Upon the concurrence by the ASP to convert the non-firm ASPA to a firm one, the ASP and the NGCP shall jointly file the converted ASPA with the ERC for its approval/confirmation. All converted ASPA's shall follow all the provisions of existing ERC-approved firm ASPA's.

Procurement of RPSAS and BSAS shall be made through firm contracts only; Provided, that the payment for such shall be on a per-occurrence basis, in consonance with the applicable ERC regulations on the recovery of AS costs. Notwithstanding, all units contracted to provide RPSAS and BSAS shall be available to provide the required AS whenever instructed so by the SO.

The NGCP is mandated to comply with the conversion to firm ASPA's within thirty (30) days from the issuance of this Advisory.

All matters about the procurement of new Ancillary Service Contracts shall be subject to a Department Circular which will undergo public consultation on 24 June 2021.

## 2. Energy Regulatory Commission

The ERC, pursuant to its mandate under RA No. 9136, is hereby enjoined to ensure the utmost adherence of the NGCP to the provisions of DC2019-12-0018, the Philippine Grid Code, and other appurtenant policies and regulations issued by the DOE and the ERC. For the purpose of this Advisory, the ERC shall ensure the following:

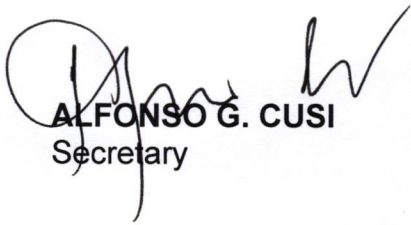


- 2.1. Issue corresponding directive to the NGCP on its full compliance to the procurement of sufficient levels of AS;
- 2.2. Expedite the issuance of decisions/corresponding approval of applications relative to the AS procurement and compliance; and
- 2.3. Enforce relevant policies and regulations on the provision of AS and impose sanctions and penalties for non-compliance thereto.

All other provisions of DC2019-12-0018 and other relevant issuances of DOE and ERC on AS shall not be affected and shall be implemented just the same.

For any clarification, please coordinate directly with the Electric Power Industry Management Bureau of the DOE through telephone nos. 8840-1773 and 8479-2900 loc. 264/387 or e-mail at [pmdd.wesm@doe.gov.ph](mailto:pmdd.wesm@doe.gov.ph).

Effective immediately. For preferential attention and strict compliance. Thank you.

  
**ALFONSO G. CUSI**  
Secretary

Issued on JUN 21 2021

