



Republic of the Philippines  
**DEPARTMENT OF ENERGY**  
(Kagawaran ng Enerhiya)

### ADVISORY

**TO :** ALL DISTRIBUTION UTILITIES  
NATIONAL ELECTRIFICATION ADMINISTRATION  
ENERGY REGULATORY COMMISSION

**FROM :** SECRETARY RAPHAEL P. M. LOTILLA

**SUBJECT :** PROVIDING CLARIFICATION ON THE IMPLEMENTATION OF  
COMPETITIVE SELECTION PROCESS PRESCRIBED UNDER  
DEPARTMENT CIRCULAR NO. DC2018-02-0003, AS  
AMENDED AND SUPPLEMENTED BY DEPARTMENT  
CIRCULAR NO. DC2021-09-0030

**DATE :** 22 September 2022

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To clarify the implementation of Section 8 of Department of Energy (DOE) Department Circular (DC) No. DC2018-02-0003<sup>1</sup>, as amended and supplemented in Section 7 of DC No. DC2021-09-0030<sup>2</sup> (CSP Policy), and in consideration of the powers and functions of the DOE and the Energy Regulatory Commission (ERC) under Republic Act No. 9136 or the "Electric Power Industry Reform Act of 2001", the DOE hereby issues this Advisory to guide all Distribution Utilities (DUs) in the conduct of Competitive Selection Process (CSP) for the procurement of their power supply for their captive customers.

1. In line with Section 8.2 of DC2021-09-0030, the DOE, the National Electrification Administration (NEA) and all DUs shall have the following responsibilities:
  - 1.1. All DUs, through their Third-Party Bids and Awards Committee (TPBAC), Joint TPBAC, and Third-Party Auctioneer, shall prepare the Terms of Reference (TOR), among others, for the conduct of CSP in procuring their power supply requirements. The NEA shall continue to guide and assist the Electric Cooperatives (ECs) in complying with this Advisory and the CSP Policy.

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<sup>1</sup> Titled, "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market"

<sup>2</sup> Titled, "Amending Certain Provisions of and Supplementing Department Circular No. DC2018-02-0003 on the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market"

- 1.2. Prior to the publication of the Invitation to Bid (ITB), all DUs conducting CSP shall secure from the DOE a Certificate of Posting (COP), valid for 45 calendar days.
  - 1.3. The DOE's scope of review on the TOR shall determine the latter's consistency with the DU's Distribution Development Plan (DDP) and the latest posted Power Supply Procurement Plan (PSPP), indicating contract quantity and cooperation period. Consistent herewith, the DOE shall issue the COP.
  - 1.4. The NEA shall issue a memorandum to all ECs on the mandatory compliance with the publication of ITB within 45 calendar days from the DOE's issuance of the COP.
2. Upon the effectivity of this Advisory, the DOE's issuance of COP shall be in accordance with Section 1.3 hereof. Thereafter, the ERC shall review and ensure compliance with the CSP requirements of all DUs seeking approval of their Power Supply Agreements (PSAs).
  3. The DOE shall continue to review all TORs filed before it pursuant to Section 1.3 hereof upon completion by the concerned DU of the remaining requirements as advised by the DOE, provided that the DU acts on them not later than 30 calendar days, or 45 calendar days in the case of ECs through the NEA, after the effectivity of this Advisory.
  4. For TORs endorsed and/or submitted to the DOE, which have already been reviewed and issued a COP by the DOE and Notice to Proceed (NTP) by the NEA, in the case of ECs, will be given 45 days from the effectivity of the Advisory to publish the ITB. Otherwise, the COP and NTP will be considered revoked.
  5. All DUs shall continuously update the DOE and the ERC on the status of the CSP, as provided in Section 8.3.7 of the DC2021-09-0030, from the time of posting/publication of ITB until the award and signing of the PSA.
  6. Subject to the above requirements and the relevant provisions of the CSP Policy, the ERC shall act on the applications for the review and approval of the DUs' PSAs. The ERC may issue applicable guidelines and provide regulatory support to this Advisory.

This Advisory shall be effective immediately upon its posting on the DOE website.

For guidance and compliance.



**RAPHAEL P. M. LOTILLA**  
Secretary