



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

DEPARTMENT CIRCULAR NO. DC2022-____ - _____

**ADOPTING AMENDMENTS TO THE RENEWABLE ENERGY MARKET (REM)
RULES**

(Provisions for the Submission of Data by the National Transmission Corporation to the Renewable Energy (RE) Registrar, Obligations of the REM Governance Committee (RGC) and Renewable Energy Certificate (REC) Issuance, and Additional Seats in the RGC for the Retail Electricity Suppliers and for Small REM Generators)

WHEREAS, Republic Act (RA) No. 9513, otherwise known as the “*Renewable Energy Act of 2008*” or the “*RE Act*,” declares as a policy of the State to increase the utilization of RE by institutionalizing the development of national and local capabilities in the use of RE systems, and promoting their efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;

WHEREAS, Section 6, Chapter III of the RE Act provides a Renewable Portfolio Standards (RPS) whereby all stakeholders in the electric power industry shall contribute to the growth of the RE industry in the country and mandates the National Renewable Energy Board (NREB) to set a minimum percentage of generation from Eligible RE resources and determine to which sector the RPS shall be imposed on a per grid basis, within one (1) year from effectivity of the RE Act;

WHEREAS, pursuant to Section 8 of the RE Act, the Renewable Energy Market (REM) shall be established by the DOE and shall direct PEMC to (i) implement changes to the Wholesale Electricity Spot Market (WESM) Rules in order to incorporate the rules specific to the operation of the REM under the WESM and (ii) under supervision of the DOE, shall also establish Renewable Energy Registrar (RE Registrar);

WHEREAS, Department Circular (DC) Nos. DC2017-12-0015 and DC2018-08-0024 were promulgated by the DOE, prescribing the rules and guidelines governing the establishment of the Renewable Portfolio Standards for On-Grid and Off-Grid Areas (RPS Rules), respectively;

WHEREAS, on 04 December 2019, the DOE promulgated the REM Rules through the DC No. DC2019-12-0016 to facilitate the compliance of the Mandated Participants with the RPS;

WHEREAS, on 09 July 2021, the DOE promulgated further amendments to the WESM Rules for the operation of the REM through the DC No. DC2021-07-0024 to harmonize the WESM Rules with the policies stipulated in Section 8 of the RE Act and the REM Rules;

WHEREAS, on 04 October 2021, the DOE adopted the REM Manuals for Registration, RE Certificates Allocation, Investigation Procedures and Penalty, and Dispute Resolution through DC No. DC2021-10-0032 to operationalize the relevant provisions in the REM Rules;

WHEREAS, the REM Governance Committee (RGC) shall approve or disapprove proposed amendments to the REM Rules and refer approved proposals to the Philippine Electricity Market (PEM) Board for endorsement to the DOE for the latter's final approval and promulgation pursuant to Clause 7.1.1.1(b) of the REM Rules;

WHEREAS, on 19 April 2021, on 29 November 2021 and on 09 March 2022, the PEM Board formally endorsed for the DOE's final approval of the following proposed amendments to the REM Rules:

Proposed Amendments	RGC Resolution	PEM Board Resolution
REM Rules on the Extension of Timeline of Data Provision by TransCo to the RE Registrar	No. 2021-01	2021-34-01
REM Rules on Obligations of the RGC and REC Issuance	No. 2021-03	2021-40-07
Proposed Amendment to the REM Rules on the Additional 6th Seat in the RGC for the Small REM Generators and the Additional 7th Seat for the Retail Electricity Supplier	No. 2022-01	2022-45-10

WHEREAS, the RPS Composite Team (RPSCT) reviewed and assessed the Rule Change Proposals to be in line with the objectives of the RE Act and the REM Rules. Thus, on 11 March 2022, the RPSCT through its Resolution No. RPSCT2022-03-11-002, resolved to approve the conduct of public consultation on the proposed amendments to the REM Rules;

NOW, THEREFORE, pursuant to its authority under the RE Act and the REM Rules, the DOE hereby adopts, issues, and promulgates the following amendments to the REM Rules:

Section 1. Amendments to the REM Rules. The following provisions in the REM Rules are hereby amended:

- | |
|---|
| <p>a. To provide a separate seats each for the Retail Electricity Suppliers and for the small REM Generators in the REM Governance Committee (RGC),</p> |
|---|

Clause 1.3.2.1, Chapter 1 (Introduction) under Annex A of the REM Rules is amended to read as -

“1.3 GOVERNANCE OF THE RENEWABLE ENERGY MARKET

xxx xxx xxx

1.3.2 Composition of the REM Governance Committee

xxx xxx xxx

1.3.2.1 The RGC shall be made up of **seven (7)** members, consisting of

- (a) One representative from the *Registrar*;
- (b) One independent member who shall be selected from the independent members of the PEM Board;
- (c) One representative from the *Private **Distribution Utilities***;
- (d) One representative from the *Electric Cooperatives*;
- (e) One representative from the *REM Generators **with capacity of 5MW and above***;
- (f) One representative from REM Generators with capacity below 5MW; and**
- (g) One representative from the Retail Electricity Suppliers.**

xxx xxx xxx”

- b. In addition to the amendment above, REM Rules Clause 1.3.2.4 is hereby deleted to align with the separation of seats in the RGC for the *REM Generators* and the *Retail Electricity Suppliers*.

- c. To clarify when the PEM Board, RGC or their respective members may be held liable, Clause 1.3.4.6, Chapter 1 (Introduction) under Annex A of the REM Rules is amended to read as –

“1.3 GOVERNANCE OF THE RENEWABLE ENERGY MARKET

xxx xxx xxx

1.3.4 Activities and obligations of the RGC

xxx xxx xxx

1.3.4.6 The *PEM Board*, *RGC* or their respective members shall not be liable for any damage or loss suffered by any *REM*

Member, or any other entity or person, **unless** the same was due to bad faith, manifest partiality or gross negligence.

xxx xxx xxx”

- d. To include Retail Electricity Suppliers as REM Members, Clause 2.5 (a), Chapter 2 (Membership and Registration) under Annex A of the REM Rules is amended to read as –

“xxx xxx xxx

2.5 RESPONSIBILITIES OF REM MEMBERS

Each REM Member:

- (a) Shall perform all its rights, duties and obligations under the *REM Rules*, and other relevant issuances, decisions and resolutions of the *DOE* and *ERC*, in good faith and with the degree of care and to the standard expected of a prudent public utility, *End-User*, **Retail Electricity Supplier** or generator;

xxx xxx xxx”

- e. To clarify that the RECs attributable to GEOP end-users will be provided to the entity that is required to comply under the RPS, Clause 3.1.1.9, Chapter 3 (Market Operations) under Annex A of the REM Rules is amended to read as –

“3.1 CERTIFICATE CREATION

3.1.1 Issuance

xxx xxx xxx

- 3.1.1.9 If the *Renewable Electricity* is generated by a *REM Generator* registered under the *GEOP*, then the *Registrar* shall issue any *RECs* created thereof to the **host** Distribution Utility that registered the *REM Generator* in the *Registrar*, in accordance with the *GEOP Rules*, **provided, that the corresponding energy shall also be added into the net electricity sales of the host Distribution Utility for the calculation of its RPS requirements.**

xxx xxx xxx”

f. To provide ample time to the FIT-All Fund Administrator and to be consistent in the additional time, Clause 3.2.1.2 and 3.2.2.3, Chapter 3 (Market Operations) under Annex A of the REM Rules is amended to read as –

“3.2 ALLOCATION OF RENEWABLE ELECTRICITY GENERATION FROM FIT ELIGIBLE FACILITIES

3.2.1 Provision of data to enable FIT Allocation
xxx xxx xxx

3.2.1.2 The FIT-All Fund Administrator shall submit to the Registrar the following data in respect of a WESM Billing Period no later than **Sixty-five (65)** calendar days after the end of the WESM Billing Period:
xxx xxx xxx”

and

“3.2.2 Allocation of FIT generation to Mandated Participants
xxx xxx xxx

3.2.2.3 The Registrar shall notify each On-Grid Mandated Participant of their Monthly FIT Generation Share and issue the corresponding RECs in respect of a WESM Billing Period no later than **Seventy-five (75)** calendar days after the end of the WESM Billing Period.
xxx xxx xxx”

g. To clarify that the RECs surrendered in excess of the Mandated Participants annual RPS obligation shall be credited to the Mandated Participant. Also, the RER will only retire the surrendered RECs based on the annual RPS requirement, Clause 3.3.3, Chapter 3 (Market Operations) under Annex A of the REM Rules is amended to read as –

“3.2 CERTIFICATE TRANSACTIONS

3.3.3 Surrendering of RECs for RPS compliance
xxx xxx xxx

3.3.3.3 If a Mandated Participant surrenders RECs in excess of its *Annual RPS Obligation* in respect of an *RPS Compliance Period*, then the *Registrar* shall **credit such RECs in favor of the concerned Mandated Participant for trading in the REM.**

xxx xxx xxx”

h. To revise that the term of the disputed REC should be tolled during the dispute or otherwise extended for an equivalent period, Clause 3.5.1.9, Chapter 3 (Market Operations) under Annex A of the REM Rules is amended to read as –

“3.5 DISPUTES

xxx xxx xxx

3.5.1.9 If an REC is **put on hold, its term shall be tolled from the time the Dispute was lodged to the Registrar and until the Dispute has been finally resolved. The remaining term shall commence after the Dispute has been resolved and the prohibition under Clause 3.5.1.8 has been lifted.**

xxx xxx xxx”

Section 2. Separability Clause. If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 3. Repealing Clause. All previous issuances, rules and regulations inconsistent with this Circular are hereby repealed, amended or modified accordingly.

Section 4. Effectivity. This Circular shall take effect fifteen (15) days after publication in at least two (2) newspapers of general circulation. Copies of this Circular shall be filed with the University of the Philippines Law Center-Office of the National Administrative Register.

ALFONSO G. CUSI
Secretary

Issued on _____, at Energy Center, Rizal Drive,
Bonifacio Global City, Taguig City.