



DEPARTMENT CIRCULAR NO. DC2020-___-_____

**GUIDELINES GOVERNING THE ISSUANCE OF
OPERATING PERMITS TO RENEWABLE ENERGY SUPPLIERS UNDER
THE GREEN ENERGY OPTION PROGRAM**

WHEREAS, Section 2 of Republic Act (R.A.) No. 7638, as amended, otherwise known as the “*Department of Energy Act of 1992*,” mandates the Department of Energy (DOE) to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation, among others;

WHEREAS, Republic Act No. 9513, otherwise known as “*An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and For Other Purposes*” (the “RE Act”), declares as a policy of the State to accelerate the exploration and development of Renewable Energy (RE) resources to achieve energy self-reliance through the adoption of sustainable energy development strategies;

WHEREAS, Section 9 of the RE Act provides that the DOE shall establish a Green Energy Option Program (GEOP), which provides end-users the option to choose RE resources as their sources of energy;

WHEREAS, on 18 July 2018, the DOE issued Department Circular (DC) No. DC2018-07-0019, entitled “*Promulgating the Rules and Guidelines Governing the Establishment of the Green Energy Option Program Pursuant to Renewable Energy Act of 2008*,” establishing the GEOP;

WHEREAS, second paragraph of Section 11(a)(i) of the DC2018-07-0019 (GEOP) provides that the DOE shall, after conduct of public consultations, promulgate the necessary guidelines and procedures for issuance of permits to Renewable Energy (RE) Suppliers;

WHEREAS, the DOE and the National Renewable Energy Board (NREB) conducted a series of public consultations on the draft GEOP Operating Permit Guidelines on various dates and in different parts of the country:

Date/s	Venue/s
18 June 2019	Best Western Plus Lex, Cebu City
27 June 2019	SEDA Abreeza, Davao City
11 July 2019	Hotel Pontefino, Batangas City
25 July 2019	Quest Hotel Conference, Clark Angeles City, Pampanga

NOW, THEREFORE, for and in consideration of the foregoing premises, the DOE hereby adopts and issues the following guidelines and procedures covering the issuance of Operating Permits to RE Suppliers:

Section 1. Title. This Circular shall be known as the “*Guidelines for the Issuance of Operating Permits for RE Suppliers under the Green Energy Option Program*,” and shall hereinafter be referred to as the “*GEOP Operating Permit Guidelines*.”

Section 2. Coverage. This Circular shall prescribe the guidelines and procedures in the issuance, administration, and revocation of GEOP Operating Permits to RE Suppliers.

Section 3. Scope. This Circular shall apply to the following stakeholders:

- 3.1. End-Users;
- 3.2. RE Developers;
- 3.3. RE Suppliers;
- 3.4. Distribution Utilities;
- 3.5. Retail Electricity Suppliers;
- 3.6. Philippine Electricity Market Corporation (PEMC) and/or the Independent Market Operator;
- 3.7. Supplier of Last Resort (SOLR);
- 3.8. Central Registration Body (CRB);
- 3.9. RE Registrar;
- 3.10. National Grid Corporation of the Philippines (NGCP);
- 3.11. National Transmission Corporation (TransCo);
- 3.12. Metering Service Providers, duly licensed by the ERC; and
- 3.13. Other entities which may later be created or otherwise identified relevant for the successful implementation of the GEOP.

Section 4. Definition of Terms. As used in this Circular, the following terms shall be defined as follows:

- 4.1. “**Certificate of Registration**” or “**COR**” refers to an official document issued by the DOE to any individual or juridical entity engaged in the development, utilization and commercialization of RE Resources, either for own-use, or commercial purposes, awarded an RE Service Contract, after all the necessary information and requirements have been satisfactorily complied with;
- 4.2. “**End-User**” refers to any person or entity requiring the supply and delivery of electricity for its own use. As used in this Circular, an End-User shall refer to any person or entity who chooses RE Resources as sources of energy: *Provided*, That it has satisfied the eligibility requirements stated under Rule 2, Section 6 of the DC2018-07-0019 or the GEOP Rules;

- 4.3. **"GEOP Supply Contract"** refers to the agreement between an End-User and a RE Supplier, as defined under Section 5(d) of DC2018-07-0019 or the GEOP Rules;
- 4.4. **"GEOP Operating Permit"** refers to a document issued by the DOE to an entity allowing the supply of electric power to an End-User pursuant to this Circular;
- 4.5. **"Renewable Energy Certificate"** or **"REC"** refers to a certificate issued by the RE Registrar, representing all renewable and environmental attributes from one (1) megawatt-hour (1 MWh) of electricity generation sourced/produced from an eligible RE Generation Facility.
- 4.6. **"Renewable Energy (Systems) Developers"** or **"RE Developers"** refers to individual/s or juridical entity engaged in the exploration, development and/or utilization of RE Resources, and/or the generation of electricity from RE Resources;
- 4.7. **"Renewable Energy Facility"** or **"RE Facility"** refers to any power plant that generates electricity using RE Resources;
- 4.8. **"Replacement Power"** refers to the provision in the GEOP Supply Contract, which shall be delivered to the End-User in any or all of the following events:
- 4.8.1. Whenever the RE resource sourced and/or contracted by the RE Supplier is not available due to scheduled preventive maintenance services; and/or
- 4.8.2. Whenever needed to address the variability of an RE technology used to supply electricity to the End-User.
- 4.9. **"RE Registrar"** or **"RER"** refers to the entity designated by the DOE to establish and operate the RE Market pursuant to Section 8 of the RE Act and DC2019-12-0016 (or the "REM Rules").

Section 5. RE Supplier Qualifications.

- 5.1. Any person, natural or juridical, registered and/or authorized to operate in the Philippines under existing Philippine laws and consistent Section 6 of this Circular, and engaged in the business of generating and/or supplying electricity from RE Resources may apply for a GEOP Operating Permit as an RE Supplier under GEOP.
- 5.2. For avoidance of doubt, any RE Facility is eligible for GEOP, whether or not the same is eligible for Renewable Portfolio Standards (RPS) compliance as long as there is still available capacity or energy for supply under GEOP.

- 5.3. Owners and operators of RE Facilities constructed and operating prior to RE Act but registered under the RE Act may qualify as RE Suppliers under the GEOP.

Section 6. Application Requirements. All applications for GEOP Operating Permits shall be in writing and verified. The application shall likewise contain the following documents:

- 6.1. Undertaking on the capability to supply and deliver the RE generation to the GEOP End-User; and
- 6.2. Proof of Contract for Supply of Replacement Power with an RE Facility.

Section 7. Qualification for Existing Retail Electricity Suppliers. Persons/entities that have been issued a Retail Electricity Supplier's (RES) license by the ERC and have demonstrated ability to serve its Contestable Market under the Retail Competition and Open Access (RCOA) may be automatically issued by the DOE an Operating Permit as RE Supplier under the GEOP.

In order to be automatically qualified as a RE Supplier, existing RES shall submit the following documents:

- 7.1. Proof of billing from at least one (1) Contestable Customer for two (2) years, or a sworn statement of the customer attesting to the fact that it has a contract with the applicant for the last two (2) years;
- 7.2. Undertaking on the capability to supply and deliver the RE generation to the GEOP End-User;
- 7.3. Proof of Contract for Supply of Replacement Power with an RE Facility, and
- 7.4. Undertaking on the compliance with the ownership limitations and market share pursuant to Section 45 (Cross Ownership, Market Power Abuse and Anti-Competitive Behavior) of the Electric Power Industry Reform Act of 2001 or EPIRA; and its Implementing Rules and Regulations (EPIRA IRRs).

Section 8. Processing and Approval of Applications.

- 8.1. The DOE, through its Renewable Energy Management Bureau (REMB), shall be responsible for evaluating all applications for the issuance of GEOP Operating Permits to RE Suppliers.
- 8.2. Within 20 working days from submission of complete application documents including compliance with the requirements, the REMB Director shall recommend to approve, disapprove, or to reject the application based on reasonable grounds.

- 8.3. The GEOP Operating Permit shall be approved by the DOE Secretary, upon endorsement to the Assistant Secretary and Undersecretary in-charge of REMB.

Section 9. Obligations of RE Suppliers.

- 9.1. Comply with all the terms and conditions of the GEOP Operating Permit and the provisions of this Circular, and the GEOP Rules;
- 9.2. Submit annual reports to REMB on or before 30 January each year, the following operations data:
 - 9.2.1. Total kWh generated from owned and operated RE Facility, if applicable;
 - 9.2.2. Total kWh purchased per RE Resource;
 - 9.2.3. Total kWh sold per customer;
 - 9.2.4. Total kWh purchased for Replacement Power on hourly basis for the year.
- 9.3. The total power dispatched from RE facilities should always be greater than or equal to the total kWh sold to its customers.
- 9.4. Once issued GEOP Operating Permit, register in the Wholesale Electricity Spot Market (WESM) and with the Central Registration Body (CRB) before it can supply electric power to the eligible End-Users.
- 9.5. Register with the RE Registrar pursuant to the RE Market Rules promulgated by the DOE.

Section 10. Provision of Replacement Power. To ensure that GEOP End-Users are supplied with sufficient and reliable electricity, the RE Supplier shall secure the necessary Replacement Power.

- 10.1. During the first two years of implementation of the GEOP, any RE Supplier may opt to contract out flexible and indigenous generation facilities as Replacement Power. Thereafter, in support of the greater development and utilization of RE Resources, any Replacement Power shall exclusively be sourced from RE Resources.
- 10.2. In cases where the supply is hybrid technology such as solar and battery energy storage systems, the requirement for Replacement Power shall only be required during scheduled preventive maintenance services only.

Section 11. Period of Validity. The GEOP Operating Permit shall be valid for a period of five (5) years, unless earlier revoked by the DOE for any violation of the GEOP Rules and this Circular.

Section 12. Renewal of Application. An RE Supplier may apply for renewal of its GEOP Operating Permit, six (6) months prior to its expiration and upon submission

of required documents and payment of a renewal fee, based on DOE's schedule of fees and charges.

The DOE shall determine whether the RE Supplier has complied with all the DOE requirements for RE Supplier in accordance with this Circular.

Section 13. Revocation or Cancellation of GEOP Operating Permits. The DOE may revoke or cancel any GEOP Operating Permit on the following grounds:

- 13.1. Failure of the RE Supplier to comply with its obligations as provided herein and the terms and conditions under which the GEOP Operating Permit was issued;
- 13.2. Providing false or misleading information to the End-User or the DOE;
- 13.3. Failure to maintain credit standards and/or insolvency/bankruptcy;
- 13.4. A pattern of not responding to DOE requirements, inquiries or addressing customer complaints in a timely manner;
- 13.5. Conviction for a criminal offense; and
- 13.6. Failure to provide electricity and services to the End Users in accordance with its GEOP Supply Contracts.

Section 14. Transition Period. To ensure a smooth and efficient transition to GEOP regime, it is hereby prescribed a two-year transition period from the effectivity date of this Circular. Accordingly, during this period the following provisions shall be observed:

- 14.1. Graduated or Calibrated RE Supply Contracting. An End-User opting to exercise choice of RE supply, shall on the first year, be allowed to contract at least 50% of its peak demand from an RE Suppliers, and the balance shall be continuously supplied by the relevant DU. Thereafter, shall be increased to at least 80% after six (6) months and finally, 100% RE supply contracting shall be implemented.
- 14.2. Replacement Power. The RE Supplier and the relevant DU may enter into agreement for the supply of Replacement Power consistent with the transition timelines provided under Section 14.1 hereof.
- 14.3. Joint Action Between and Among RE Suppliers and RE Developers. To accelerate exploration, development and utilization of RE Resources, and to ensure RE supply is available in least-cost manner, the RE Suppliers and RE Generators/Developers may enter into a joint action or establish a pool of RE supply under the GEOP to the extent permitted by applicable laws.

Section 15. Separability Clause. If for any reason, any provision of this Circular is declared unconstitutional or invalid, the other parts or provisions not affected thereby shall remain in full force and effect.

Section 16. Repealing Clause. The provisions of other department circulars which are inconsistent with the provisions of this Circular are hereby repealed, amended or modified accordingly.

Section 17. Effectivity. This Circular shall take into effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation and its filing with the National Administrative Register of the UP Law Center.

ALFONSO G. CUSI
Secretary

Issued on _____ at the Department of Energy, Energy Center,
Merritt Road, Fort Bonifacio, Taguig City, Metro Manila