



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

DEPARTMENT CIRCULAR NO. DC2019 - ____ - _____

**PRESCRIBING THE GUIDELINES GOVERNING THE DEVELOPMENT,
REGISTRATION AND ADMINISTRATION OF DISTRIBUTED AND SMALL-
GRID RENEWABLE ENERGY PROJECTS AND FACILITIES**

WHEREAS, pursuant to Section 2, Article XII, of the 1987 Philippine Constitution, all forces of potential energy and other natural resources within the Philippine territory belong to the State and their exploration, development and utilization shall be under the full control of the State;

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, Section 2 of RA No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" or "EPIRA," declares the policy of the State to, among others: (i) ensure and accelerate the total electrification of the country; (ii) enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors; (iii) assure socially and environmentally compatible energy sources and infrastructure; (iv) promote the utilization of indigenous and new and renewable energy (RE) resources in power generation in order to reduce dependence on imported energy;

WHEREAS, Section 2 of R.A. No. 9513, otherwise known as the "Renewable Energy Act of 2008" or "RE Act," provides the policy of the State to among others: (1) accelerate the exploration and development of RE resources such as, but not limited to, biomass, solar, wind, hydropower, geothermal, and ocean energy sources, and including hybrid systems; (2) increase the utilization of RE by institutionalizing the development of national and local capabilities in the use of RE systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;

WHEREAS, Department Circular No. 2009-07-0011 promulgated on 31 June 2009, prescribes the guidelines to govern the transparent and competitive system of awarding RE Service/Operating Contracts and providing for the registration process of RE Developers;

WHEREAS, in pursuit of its mandates under the RE Act, the DOE has promulgated rules to implement the various RE policy mechanisms that are aimed at furthering the development and utilization of RE in country, namely: the Net Metering for RE

Program, Renewable Portfolio Standards (RPS) for on-grid and off-grid areas, Feed-In-Tariff (FIT) System, Green Energy Option Program (GEOP);

WHEREAS, for purposes of ensuring and accelerating the total electrification of country, the DOE created Task Force E-Power Mo, which responsibilities include among others, to oversee the implementation of the total electrification and review and assess the masterplan for total electrification and recommend appropriate policies, plans, programs and projects and activities towards the attainment of total electrification;

WHEREAS, the RE resources for being scalable, diverse and widely distributed can provide sustainable energy solutions to electricity end-users in particularly in remote, isolated, and off-grid areas; and

WHEREAS, recent developments in deployment of RE across the energy sector and to support the achievement of the objectives of the RE Act and the total electrification of the country necessitate the formulation of a new and separate guidelines towards accelerated deployment of small-scale RE facilities towards achieving affordable, stable and sufficient energy supply nationwide;

NOW, THEREFORE, in consideration of the foregoing premises, the DOE hereby issues the following guidelines and procedures governing the registration and management of distributed and small- grid RE facilities.

RULE 1

GENERAL PROVISIONS

Section 1. Title. This Circular shall be known as the “Guidelines Governing the Development, Registration and Administration of Distributed, Small-Grid Renewable Energy Projects and Facilities.”

Section 2. Purpose. This Circular is promulgated consistent with the objectives of RE Act to advance the development, utilization, and commercialization of RE resources that integrates and connect locally available RE resources to communities not connected to or isolated from the main grid for electric power supply, and/or provides the electricity end-users the option to develop and produce their electricity requirements as part of demand-side management through qualified and eligible RE developer.

With the promulgation of the various RE market development support policies such as the RPS Rules for both on-grid and off-grid areas, GEOP and Net Metering for RE, it is inevitable that Distributed Energy Resources (DER) and/or Distributed Energy Generation (DG) technologies will be expanding rapidly in the country because of the flexibility they may provide - either to complement power supply in

the main grid; or the most cost-effective energy option for remote or isolated or off-grid and missionary areas, to support the total electrification program of the Government.

Finally, this Circular is issued in line with the Government's thrust of streamlining the permits and licensing requirements for energy projects, and implement the ease of doing business for small-grid and distributed RE projects, with the end view of reducing costs that are passed on to the or paid by the electricity end-users.

Section 3. Scope of Coverage. This Circular shall prescribe the guidelines and procedures on the following:

- 3.1. Application for and registration of Distributed and Small-Grid RE Facility and Developers having capacity of not more than one megawatt (1 MW) located in on-grid and off-grid areas;
- 3.2. Issuance and administration by the DOE of the Certificate of Registration (COR) for Distributed and Small-Grid RE Developers;
- 3.3. Performance monitoring, reportorial requirements and obligations of Distributed and Small-Grid RE Developers.

Section 4. Definition of Terms.

- 4.1. "**Certificate of Registration**" or "**COR**" refers to an official document issued by the DOE to any Person or Corporation engaged or intending to be engaged in the provision of electricity services through Distributed and Small-Grid RE systems, after all the necessary information and requirements have been satisfactorily complied with. The COR entitles the holder to avail the incentives and privileges under the RE Act;
- 4.2. "**Distributed Generation**" refers to a system of small generation units connected directly to the distribution grid or to end-users' premises, and which are primarily used to manage electricity consumption from the grid;
- 4.3. "**Financial Qualifications**" shall refer to the criteria and procedures set out by the DOE, to establish the financial capability of the Small-Grid RE Developer to implement the project;
- 4.4. "**Hybrid System**" refers to any power or energy generation facility which makes use of two or more types of technologies utilizing both conventional and/or renewable fuel sources, such as, but not limited to, integrated solar/wind systems, biomass/fossil fuel systems, hydro/fossil fuel systems, integrated solar/biomass systems, integrated wind/fossil fuel systems, or a combination of any conventional system with any RE system and energy storage system;

- 4.5. **“Mini-Grid System”** refers to any small-scale power system comprising power generation facility and associated distribution system that operate independently from national transmission grid or main distribution system of a franchised Distribution Utility (DU);
- 4.6. **“Micro-Scale RE Project”** refers to any RE Project with capacity of not more than One Hundred kilowatts (100 kW);
- 4.7. **“Production Area”** refers to that portion or parcel of land or area identified for small-scale grid RE electricity generation to supply the intended customers;
- 4.8. **“Small-Grid RE Application”** refers to the submission by any Person of pertinent documents pertaining to the legal, technical and financial qualifications to engage in the development and operation of Small-Grid RE Project/Facility pursuant to this Circular;
- 4.9. **“Renewable Energy Management Bureau” or “REMB”** refers to the unit of the DOE, created pursuant to Republic Act No. 9513 or the “Renewable Energy Act of 2008,” with the primary functions of, among others, to implement policies, plans, and programs related to the accelerated development, transformation, utilization, and commercialization of RE resources and technologies;
- 4.10. **“RE Project Non-Commercial Operations”** refers to any project which is intended for demonstration purposes of any new or modified RE technologies’ and those that are covered by grants from Official Development Assistance (ODA) and all other programs and projects which are not designed and operated for profit;
- 4.11. **“RE Project for Own-Use”** refers to any project, which electricity generation is intended for consumption by the RE facility owner or operator;
- 4.12. **“Small-Grid RE Developer”** shall refer to individual/s or juridical entity created, registered and/or authorized to operate in the Philippines in accordance with existing Philippine laws, and engaged in the exploration, development or utilization of RE resources and actual operation of RE systems/facilities. It shall include existing entities engaged in the exploration, development and/or utilization of RE resources, or the generation of electricity from RE resources, or both;
- 4.13. **“Small-Grid RE Project/Facility”** refers to any RE generation project or facility supported by an associated power distribution system with a capacity not exceeding one megawatt (1 MW), which serves a number of consumers and operates independently or isolated from national transmission grid or distribution system.

A Small-Grid RE Project/Facility may also be referred to as a Mini-Grid System which uses technology to harness energy from solar, hydro, biogas, biomass and wind, including hybrid sources; and

- 4.14. **“Work Program”** refers to the plans and programs and other related activities on a milestone basis formulated for the performance of the work obligations by the Small-Grid RE Developer, along with the corresponding budgetary estimates, submitted to the DOE when applying for a COR;

RULE 2

ELIGIBILITY, REGISTRATION REQUIREMENTS AND PROCEDURES

Section 5. Eligibility of Registration Applicant. Any Person, local or foreign, may engage in the development of Small-Grid RE Project/Facility, and may apply for a COR with the DOE through the Renewable Energy Management Bureau (REMB), subject to the limits provided in this Circular.

The Small-Grid RE Project/Facility Developer must be a Filipino or, if a corporation must be a Filipino corporation with at least 60% of its capitalization duly owned and controlled by Filipinos and duly registered with the Securities and Exchange Commission (SEC), except when applying for biomass development and/or using Waste-To-Energy (WTE) technology. This provision shall have a retroactive effect to all RE Contract applications for biomass development and utilization that are on-going processing and evaluation for service contracting before the issuance of this Circular.

In case of a joint venture or a consortium, the partners of the joint venture or the members of the consortium shall organize themselves as a corporation registered under the Corporation Code of the Philippines.

Section 6. Documentary Requirements for Registration. Any proponent intending to install, construct, and operate a Small-Grid RE Project/Facility, shall strictly comply with the submission of the following:

6.1 General Requirements

- 6.1.1 Application Letter addressed to the REMB Director, copy furnished the DOE Secretary;
- 6.1.2 Project Description detailing the technical design, financing structure, the target market for the project; and the RE technology to be used;
- 6.1.3 Project Location where the project will be installed and operated.

6.2 **Legal Documents:**

6.2.1 Single Proprietorship

6.2.1.1 Birth Certificate issued by the Philippine Statistics Authority (Original or PSA Certified Copy)

6.2.1.2 Current Business Permit (Certified True Copy)

6.2.1.3 Department of Trade and Industry Registration (Certified True Copy)

6.2.2 Corporation / Joint Venture / Consortium / Cooperative

6.1.2.1 By-Laws (BL) and Articles of Incorporation (AOI), and BL and AOI of its corporate stockholders (Original SEC-Certified or CDA-Certified or NEA-Certified)

6.1.2.2 Latest General Information Sheet (GIS) and latest GIS of its corporate stockholders, Certified True Copy

6.1.2.3 Current Business Permit (Certified True Copy)

6.1.2.4 Organizational Chart of the Company (Certified True Copy)

6.2.3 Local Government Units - Council Resolution (Original Copy); and

6.2.4 Proof of ownership of or access to premises where the facility shall be installed.

6.3 **Technical Documents:**

6.3.1 Geographic coordinates of project location:

6.3.1.1 For solar, wind and biomass resources, the area shall be in one (1) parcel polygon.

6.3.1.2 For hydropower resources, the applied area shall indicate the geographic coordinates of the proposed location of weir, with elevation, and the powerhouse.

6.3.1.3 For biomass, full blown feasibility study.

6.3.1.4 Proposed Engineering Project Contractor (EPC) and its track record.

6.3.1.5 Work Program equivalent to maximum of five (5) years, based on DOE prescribed template and narrative report.

Other technical requirements are detailed in **Annex A** of this Circular.

6.4 **Financial Documents:**

6.4.1 Please refer to **Annex B** of this Circular for financial requirements and criteria for determining the financial capability of the intending Small-Grid RE Project/Facility Developer.

To ensure completeness of the application documents, REMB may provide a venue to serve as the pre-filing conference/meeting among the concerned DOE units and the proponent, prior to submission of formal application to the DOE Records Management Division (RMD). This also serves as the orientation to the proponent of the Small-Grid RE Project/Facility.

Section 7. Area Clearance. Prior to filing of the registration application, the Applicant shall have secured an Area Clearance from the DOE's Information Technology and Management Services (ITMS). The request shall include the exact area of interest/location as shown by the applicant's submission of the PRS '92 geographic coordinates, consistent with this Circular. For biomass and hydropower applications, the Applicant shall provide the exact coordinates of the power plant, weir and powerhouse, respectively.

The ITMS shall, within two (2) working days from date of receipt of the transmittal from the concerned REMB Division Chief, issue the result of its area verification indicating whether or not the project area is open and or cleared for small-grid RE development.

For solar and biomass development, the concerned REMB division shall also endorse the proof of ownership or possessory rights over real property covered by the proposed project area located in private lands to the Legal Services (LS) for evaluation.

Section 8. Pre-Qualification, Filing and Processing of Application for Registration.

8.1 **Pre-Qualification Process.** The concerned REMB division shall determine, on a pass or fail basis, whether the Registration Application has fully complied and completed the documentary requirements prescribed under Section 6 hereof and thereafter issue an Order of Payment for the Application Fee.

No Order of Payment shall be issued unless all the documentary requirements have been complied with and submitted by the project proponent.

The Order of Payment shall be issued by the concerned REMB Division Chief, after verification of the completeness of the Registration Application.

8.2 Receipt of the Application. Any proponent of a Small-Grid RE Facility or Project shall submit four (4) sets of complete Registration Application, consisting of the following:

8.2.1 Letter of Application addressed to the REMB Director;

8.2.2 Application documents pursuant to Section 6 of this Circular (Registration Requirements: General, Legal, Technical and Financial)

All four (4) sets of complete Registration Application shall be time-stamped by the RMD. Thereafter, the RMD shall attach a Radio Frequency Identification (RFID) tag thereon and encode the application under Energy Application Monitoring System (EAMS).

One (1) set, shall be kept by the RMD for filing and reference. The remaining three (3) sets shall be forwarded to the office of the REMB Director, which shall, within one (1) day from receipt, be forwarded to the concerned REMB division for technical evaluation and processing. The REMB Division Chief shall, within one (1) day from receipt of the Registration Application, endorse one (1) set each to the concerned DOE units for legal evaluation, and for financial evaluation.

8.3 Payment of Application Fees. The Applicant shall pay the prescribed Application Fee for each Small-Grid RE Project/Facility application. No Registration Application shall be accepted without the payment of the application and processing fee. The Application and Processing Fee shall be based on DOE-approved Fees and Charges.

8.4 Processing Period. The DOE through REMB shall process the application within ten (10) working days from receipt of the complete documents and payment of the application and processing fee

Section 9. Evaluation and Process for Issuance of COR.

9.1 **Qualification Evaluation.** After receipt of the Application and Processing Fees, the Registration Application is deemed filed and submitted for legal, technical and financial evaluations:

9.1.1 **Legal Evaluation.** The LS shall complete its review and evaluation within three (3) working days from receipt of the endorsement by the concerned REMD division.

9.1.2 **Financial Evaluation.** The Financial Services (FS) shall complete its financial evaluation within three (3) working days from receipt of the endorsement by the concerned REMD division.

9.1.3 **Technical Evaluation.** The appropriate REMB division shall complete its technical evaluation within three (3) working days from receipt of the registration documents from the office of the REMB Director.

In case additional or further supporting documents are needed to warrant either legal or financial or technical qualifications of the Registration Application, the concerned DOE unit shall immediately advise the REMB division of the lacking or supporting documents needed.

The concerned REMB division shall, within two (2) working days from receipt of the evaluation result, notify the proponent of the result of the evaluation. Thereafter, the proponent shall be given five (5) days to submit the additional or lacking documents needed.

Otherwise, if the Registration Application is deemed legally, technically and financially qualified, the application shall be submitted for further processing by the concerned REMB division, which leads to the issuance of a COR.

9.2 **Letter of Reconsideration.** For Registration Application deemed not legally or technically or financially qualified, or not qualified all together, the REMB Director shall, within two (2) working days from receipt of the full evaluation result from the concerned REMB division, issue formal notice to the proponent of the decision on the Registration Application. The notice to the proponent shall indicate the basis of or reasons for the disqualification.

Any proponent may file a Letter of Reconsideration addressed to the Supervising Undersecretary (or Assistant Secretary) of REMB within ten (10) days from receipt of notice of disqualification. The letter of reconsideration shall directly respond to or address the basis of disqualification.

The Supervising Undersecretary (or Assistant Secretary) shall resolve the reconsideration within five (5) working days from receipt of the letter of reconsideration.

RULE 3

ISSUANCE OF CERTIFICATE OF REGISTRATION

Section 10. Registration of a Small-Grid RE Developer. Any project proponent deemed technically, financially and legally qualified to develop Small-Grid RE Project/Facility shall be registered by the DOE through its REMB and shall be issued a COR.

- 10.1 Any Small-Grid RE Developer shall be issued a COR on a per project basis.
- 10.2 The COR shall cover both the Small-Grid RE Developer and its Small-Grid RE Project/Facility.
- 10.3 The COR grants the Small-Grid RE Developer an exclusive right to explore, develop and utilize the RE resource over its registered area.
- 10.4 The COR may be used by the Small-Grid RE Developer to avail of the fiscal and non-fiscal incentives and privileges under the RE Act.
- 10.5 The COR shall not be assigned without the prior written approval of the DOE.
- 10.6 The DOE shall have the power to suspend or terminate the COR after due notice to the Small-Grid RE Developer for its failure to fulfill any obligation stipulated on the Terms and Conditions of its COR.

Section 11. Validity of the Registration. The COR shall have a maximum validity period of twenty-five (25) years from its effective date or upon submission of proof of posting of Performance Bond for the first year activity; *Provided*, That the first COR issued to the Small-Grid RE Developer and its Project/Facility shall only be valid for five (5) years and shall be renewable every five (5) years until the end-of-project life is reached or a maximum of twenty-five (25) years.

- 11.1 In case where the Small-Grid RE Project/Facility is damaged or its operations is affected with the occurrence of Force Majeure, the validity date of the COR may be extended by the DOE after assessment and due diligence.

Section 12. Terms and Conditions of the Registration. Any Small-Grid RE Developer and its Project/Facility shall be issued a COR as shown in **Annex C** of this Circular. REMB shall only issue the COR upon posting of the Performance Bond or equivalent guarantee deemed acceptable to the DOE. The COR shall be accompanied by the Terms and Conditions (**Annex D**), which the Small-Grid RE Developer shall comply with.

RULE 4

ADMINISTRATION OF SMALL-GRID RE FACILITY/PROJECT

Section 13. Monitoring of the Small-Grid RE Projects/Facilities. The REMB shall administer and monitor the Small-Grid RE Projects/Facilities and monitor the activities of the Small-Grid RE Developers, consistent with Section 32 of the RE Act.

The Electric Power Industry Management Bureau (EPIMB) shall have the overall supervision in processing endorsements to the regulatory bodies for mini-grid and hybrid projects, and that REMB shall cover the RE component of such projects such as technical and financial evaluation and COR processing and administration.

13.1 Posting of Performance Bond. The Small-Grid RE Developer shall post a bond or any other guarantee of sufficient amount to complete the project based on the DOE-approved Work Program. A valid and subsisting Performance Bond is required until completion of the construction of the RE project.

13.2 DOE Access to Project Information and Site. The DOE shall be given the right to inspect or access to Small-Grid RE Developer's books of accounts directly relating to the COR; and/or to conduct performance assessment and audit on the Small-Grid RE Facility/Project.

13.3 Regular and Annual Progress Report. On or before the 31st day of January of each year, the Small-Grid RE Developer shall submit to REMB its Annual Progress Report as described in **Annex D.2** hereof. Moreover, the Small-Grid RE Developer shall immediately report to REMB, from time to time, any changes in its operation such as, increase in its capacity and/or expansion of its utilization, among others.

RULE 5

FINAL PROVISIONS

Section 14. Information, Education and Communication Activities. Pursuant to Section 31, Rule 10 of the IRR of the RE Act, the DOE, together with National Renewable Energy Board, shall develop and implement a comprehensive information, education and communication activities that are designed to increase the public awareness and appreciation of this Circular and the RE industry in general.

Section 15. Regulatory Support. The Energy Regulatory Commission shall provide the necessary regulations to support achieve a harmonized and effective implementation of this Circular.

Section 16. 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 17. 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 18. Effectivity. This Circular shall take into effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

ALFONSO G. CUSI
Secretary

Issued this _____ day of _____ 2019 in
Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.