



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

DEPARTMENT CIRCULAR NO. DC2023-__-_____

**AMENDING CERTAIN PROVISIONS OF DEPARTMENT CIRCULAR
NO. DC2021-06-0013 ON THE FRAMEWORK GOVERNING THE TEST AND
COMMISSIONING OF GENERATION FACILITIES FOR ENSURING READINESS
TO DELIVER ENERGY TO THE GRID OR DISTRIBUTION NETWORK**

WHEREAS, Section 2 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), declared as the policy of the State to ensure the quality, reliability, security, and affordability of the supply of electric power;

WHEREAS, Section 37 of the EPIRA further mandates the Department of Energy (DOE) to supervise the restructuring of the electric power industry and among others, to promote a system of incentives to encourage industry participants, including new generating companies and end-users to provide adequate and reliable electricity supply;

WHEREAS, Section F.4 of the Philippine Grid Code (PGC) states that the PGC will no longer preserve the requirements associated with the Embedded Generator and all Generation Companies seeking connection for Generating Units as Embedded Generator shall be ruled and governed by the Philippine Distribution Code (PDC).

WHEREAS, Department Circular (DC) No. DC2019-02-0003 entitled, "Providing for the Framework Governing the Operations of Embedded Generators" mandates all Embedded Generators (EGs) to comply with the connection and operational requirements of the PDC;

WHEREAS, on 03 June 2021, the DOE promulgated DC No. DC2021-06-0013 providing the general framework which governs the test and commissioning of embedded Generation Facilities to be undertaken by Distribution Utilities (DU) in accordance with the provisions thereof;

WHEREAS, on 01 February 2023, Philippine Independent Power Producers Association, Inc. wrote a letter to DOE raising concern on the issuance of CTE by NGCP which causing delay for the whole Embedded Generator's development process hence, requesting the Department's consideration to initiate the necessary policy amendments whether CTE is a necessary element in the process of Test and Commissioning.

WHEREAS, the DOE received various concerns from different embedded Generating Facility proponents on the required Clearance to Energize (CTE) to be issued by Transmission Network Provider (TNP) before the conduct of Test and Commissioning by the DU which essentially duplicates the Test and Commissioning procedures which delays the commercial operations of the EGs;

WHEREAS, the DOE revisited the procedures in the issuance by the TNP of the CTE, vis-a-vis the Test and Commissioning procedures of DU in the issuance of Final Certificate of Approval to Connect and deem necessary to amend DC No. DC2021-06-0013 to eliminate duplication of documentary requirements and/or processes in the conduct of Test and Commissioning for EGs;

WHEREAS, the DOE drafted the proposed amendments to DC2021-06-0013, posted the same to DOE website on 27 July 2023 and conducted public consultations on various dates stated below to solicit comments and recommendations on the matter:

Activity	Leg	Date	Venue
Public Consultation	Luzon	29 August 2023	
	Visayas	31 August 2023	TBA
	Mindanao	24 August 2023	TBA

NOW THEREFORE, the DOE, pursuant to its authority under the EPIRA and its implementing rules and regulations hereby adopts, issues, and promulgates the following:

Section 1. Section 4.2 (Procedures Before Test and Commissioning) of DC2021-06-0013 is hereby amended as follows:

“4.2 Procedures Before Test and Commissioning

xxx xxx xxx

4.2.3 The relevant Network Service Provider (NSP) shall issue the Provisional Certificate of Approval to Connect (PCATC) to commence the conduct of Test and Commissioning activities. For clarity, the TNP shall issue the PCATC for grid-connected generation facilities, whereas the DU shall issue the PCATC for Embedded Generators.

xxx xxx xxx

Section 2. Section 4.3 (Procedures During Test and Commissioning) of DC2021-06-0013 is hereby amended as follows:

“4.3 Procedures During Test and Commissioning

xxx xxx xxx

4.3.1.2 The concerned DU shall witness the Test and Commissioning activities of Embedded Generators to be undertaken by a third-party testing entity. **At the option of the EGs, the DU or TNP may also conduct the Test and Commissioning activities.**

xxx xxx xxx

Section 3. Section 4.4 (Procedures After Test and Commissioning) of DC2021-06-0013 is hereby amended as follows:

“4.4 Procedures After Test and Commissioning

xxx xxx xxx

4.4.2 Within fourteen (14) calendar days after the complete evaluation of the results and validation that the Generation Facility is ready to deliver energy to the Grid or distribution network, and has completed submission of the pertinent requirements of the TNP **in accordance with the PGC**, or the DU **in accordance with the PDC**, the following shall issue the **Final Certificate of Approval to Connect (FCATC)** to the Generation Company which signifies successful conduct of Test and Commissioning and that the Generation Facility can operate:

- 4.4.2.1 the TNP for a grid-connected Generation Facility; **and**
- 4.4.2.2 the DU for Embedded Generator.

In case the test was conducted by a third-party, the evaluation results shall be provided by the Generation Company to the TNP or the DU for the issuance of the FCATC. Similarly, in case the TNP conducted the test for EGs, the TNP shall provide the results to the concerned DU for the latter's issuance of the FCATC.

xxx xxx xxx”

4.4.5 The ERC, within sixty (60) calendar days upon receipt of the **FCATC** and satisfaction of other applicable requirements, shall issue the COC to the Generation Company with respect to its Generation Facility. The ERC shall furnish a copy of the same to the MO and publish a list thereof in the ERC website on a monthly basis.

Pending the issuance of the COC by the ERC, a Generation Company that has been issued with a FCATC may be allowed to continue **to operate, be dispatched, and compensated pursuant to the provisions of this Circular**, unless the ERC issues an Order for the Generation Company's immediate **cessation and** disconnection from the grid.

For this purpose, the Generation Company **with issued FCATC, shall be dispatched and compensated in the following manner:**

- 4.4.5.1. For Variable Renewable Energy **and Must-Dispatch Generating Units**, the Generation Company shall submit its projected output to the MO and comply with applicable forecast accuracy standards;

4.4.5.2. For Priority Dispatch Generating Units, the Generation Company shall submit to the MO its day ahead nomination and shall comply with its applicable dispatch conformance standards; and

- 4.4.5.3.** For scheduled generating units and energy storage systems, the Generation Company shall submit to the MO its **offer prices and**

quantities, with due consideration of its maximum available capacity, and shall comply with the applicable dispatch conformance standards.

Projected output and day-ahead nominations shall be submitted through the MO's Market Participant Interface, which, as necessary, may be revised by the Generation Company near real-time.

All Generation Companies with **FCATC** but with pending issuance of COC, who submitted day ahead projected output or nomination shall be monitored by the Enforcement and Compliance Office and be subject to imposition of financial penalties.

In cases when the energy injection of the concerned Generation Companies significantly deviates from their projected output or day- ahead nomination and poses threat to system security, the SO shall implement the WESM re-dispatch process, pursuant to the WESM Rules and Market Manuals.

All energy injected by Generation Companies with **FCATC** but with pending issuance of COC may be declared as bilateral quantities while spot quantities shall be paid at WESM prices.

For clarity, the declaration of BCQ by the Generation Company shall be without prejudice to the ERC's authority to approve the corresponding Power Supply Agreement of the Generation Company with the DU.

xxx xxx xxx”

Section 4. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

Section 5. Repealing Clause. Any department circular or issuance, contrary to or inconsistent with this Circular is hereby repealed, modified or amended accordingly.

Section 6. Effectivity. This Circular shall take effect fifteen (15) days following its complete publication in at least two (2) newspapers of general circulation. Copies thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on ___ August 2023 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.

RAPHAEL P.M. LOTILLA
Secretary