



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

DEPARTMENT CIRCULAR NO. DC2023-07-0022 *Qw*

**IMPLEMENTING GUIDELINES ON THE DECOMMISSIONING AND  
MOTHBALLING OF A GENERATING PLANT OR UNIT PURSUANT TO SECTION  
2.8 OF DOE DEPARTMENT CIRCULAR (DC) NO. DC2010-03-0003**

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

**WHEREAS**, Section 2.8 of the Department of Energy (DOE) DC No. DC2010-03-0003, titled "Directing All Power Generation Companies, the Transmission Service Provider, and All Distribution Utilities to Ensure Adequate and Reliable Electric Power Supply in the Country", issued on 26 February 2010 states that Generation Companies (GenCos) shall seek prior clearance from the DOE regarding any plans for deactivation or mothballing of existing generating unit or facilities critical to the reliable operation of the Grid;

**WHEREAS**, Section 3.1 of the DOE DC No. DC2020-02-0004, titled "Providing Guidelines on the Planned Outage Schedules of Power Plants and Transmission Facilities and the Public Posting of the Grid Operating and Maintenance Program", issued on 06 February 2020 prescribes the guidelines on the submission by the GenCos of the three-year planned outage schedules for their power plants to the National Grid Corporation of the Philippines (NGCP) for the Grid Operating Program in accordance with the Philippine Grid Code;

**WHEREAS**, the GenCos, as part of their responsibilities on the application for decommissioning or mothballing of their generating plant or unit, shall abide by the mandates of RA 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Controlled, RA 8749 or the Philippine Clean Air Act of 1999, RA 9003 or the Ecological Solid Waste Management Act of 2000, RA 9275 or the Philippine Clean Water Act of 2004, and Department of Environment and Natural Resources (DENR) Administrative Order No. DAO-2019-21 or the Guidelines Governing Waste-to-Energy Facilities for the Integrated Management of Municipal Solid Wastes;

**WHEREAS**, in the accordance with its mandate to ensure the security and reliability of the supply of electric power, the DOE deems it necessary to promulgate the guidelines on the decommissioning and mothballing of generating plant or unit to properly account the available capacity through evaluation and confirmation, as applicable, of generating plant or unit intended for decommissioning or mothballing, as the case may be;

**WHEREAS**, the DOE drafted a Circular for the aforementioned purposes and, to ensure transparency and consistency with the objectives of the EPIRA, posted the same on the DOE website on 16 November 2022 to solicit comments and

recommendations from interested parties and conducted the following public consultations:

Date	Venue
22 November 2022	bai Hotel Cebu, Mandaue City, Cebu
24 November 2022	Apo View Hotel, Davao City
28 November 2022	The Marquis Events Place BGC, Taguig City

**NOW THEREFORE**, considering the foregoing premises, the DOE hereby adopts this Circular on the decommissioning and mothballing of generating plant or unit.

**Section 1. General Principles.** This Circular on the decommissioning and mothballing of a generating plant or unit shall be in accordance with the following:

- 1.1 The reliability and security of the power supply shall be maintained at all times such that the power system, wholly or partly, will not be compromised by the decommissioning or mothballing of a generating plant or unit;
- 1.2 The guidelines shall strengthen and improve the DOE's planning and monitoring of power supply profile through proper evaluation and confirmation of the generating plant or unit that will be disconnected from the system due to decommissioning or mothballing;
- 1.3 The guidelines shall be without prejudice to the compliance by the GenCos with their obligations under appurtenant permits, contracts, agreements, and other responsibilities prior to decommissioning or mothballing, and define the prescription period for such;
- 1.4 The DOE's confirmation of decommissioning or mothballing of a generating plant or unit shall not in any way exempt or discharge the GenCo from any pending obligations, liabilities, and/or penalties that may be imposed by other entities; and
- 1.5 The guidelines shall support the climate change goal through proper disposal and dismantling of unserviceable generating plant or unit.

**Section 2. Scope.** This Circular shall apply to all generating plant or unit intending to conduct decommissioning or mothballing, including embedded generating facilities, regardless of their technology and mode of connection.

This Circular shall not apply to Self-Generation Facilities, Qualified End-users, and Distributed Energy Resources. The decommissioning and mothballing of a nuclear power plant is excluded from the scope of this Circular and shall be covered by a separate issuance.

**Section 3. Definition of Terms.**

- 3.1 **"Connection Assets"** refer to assets that are put in place primarily to connect a customer/s to the Grid or Distribution System and used for purposes of transmission or distribution connection services for the conveyance of electricity which if taken out of the system, will only affect the

customer connected to it and will have minimal effect on the Grid, or other connected customers. These also refer to any component of a transmission system or distribution system which, in the reasonable opinion of the Market Operator (MO), is associated with a connection point, including metering installations.

- 3.2 **“Decommissioning”** refers to the permanent retirement of a generating plant or unit from operation upon reaching its maximum economic life and the generation of electricity is no longer technically viable, subject to the confirmation of the DOE under this Circular.
- 3.3 **“Distributed Energy Resources”** refer to power sources connected to the distribution system or electrical system of the End-users, which could be aggregated to meet a demand.
- 3.4 **“Embedded Generators/Embedded Generating Facilities”** refer to generating unit that are indirectly connected to the Grid through the distribution system that supplies power to its host distribution utilities (DU) or to the Grid.
- 3.5 **“Generating Plant”** refers to one or more generating unit, where electric energy is produced from some other form of energy by means of a suitable apparatus.
- 3.6 **“Generating Unit”** refers to a unit conversion apparatus including auxiliaries and associated equipment, functioning as a single unit, which is used to produce electric energy from some other form of energy.
- 3.7 **“Mothballing”** refers to the temporary deactivation or removal from service of a generating plant or unit, within the specified period provided by the applicant and to be restarted and used to supply power at a future date. For purposes of this Circular, the period within the applicable outage allowance pursuant to the issuances of the Energy Regulatory Commission (ERC) shall not be considered as mothballing activity.
- 3.8 **“Network Service Provider (NSP)”** refers to a person who engages in the activity of owning, controlling, or operating a transmission or distribution system.
- 3.9 **“Qualified End-users”** refer to entities that generate electric power from an eligible on-site renewable energy (RE) generating facility, such as, but not limited to, house or office building with photovoltaic system that can be connected to the Grid, for the purpose of entering into a Net-Metering Agreement.
- 3.10 **“Self-Generating Facilities”** refer to power Generation Facilities owned and constructed by an End-user for its own consumption or internal use excluding Generation Facilities for use by households, clinics, hospitals and other medical facilities.

- 3.11 “**Small Grid System Operator (SGSO)**” refers to the party responsible for generation dispatch and real-time control of the power system in the Off-grid Areas through the management of operating reserves, reactive power support, black start, and other operating requirements to ensure safety, power quality, stability, reliability, and security of the Small Grid.

All other terms not defined in this Circular shall follow their definitions under existing laws, rules, and regulations.

#### **Section 4. Procedures for the Decommissioning and Mothballing**

The applicant shall comply with the standard procedures and documentary requirements as provided in this Circular.

##### **A. Decommissioning**

- 4.1 The GenCos intending to decommission their generating plant or unit which have reached their maximum economic life and are no longer viable to operate shall submit a Letter of Intent (LOI) to the DOE.

The applicant shall notify the DOE in writing of its intent to decommission its generating plant or unit at least 365 calendar days prior to the target decommissioning date, copy furnished the ERC, DENR, Board of Investments (BOI), National Transmission Corporation (TransCo) and its concessionaire or successor-in-interest as the System Operator (SO) and Transmission Network Provider (TNP), or local DUs (for embedded generating facilities) as NSP, SGSO for Off-grid Areas, the Wholesale Electricity Spot Market (WESM) Governance Arm, MO, and Off-taker, of the LOI and ensure the receipt of the same by the mentioned entities.

The applicant shall indicate in the LOI the reasons for the decommissioning of the generating plant or unit.

- 4.2 The LOI shall be supported by the following documents:
- 4.2.1 A fact sheet on the generating plant or unit, attached as Annex “A”, which shall contain the following information:
- 4.2.1.1 Company Name;
  - 4.2.1.2 Name of generating plant/unit;
  - 4.2.1.3 Nameplate and dependable capacity of the generating plant or unit to be decommissioned, whichever is applicable;
  - 4.2.1.4 Location of the generating plant or unit to be decommissioned;
  - 4.2.1.5 Initial commercial operation date of the generating plant or unit;

- 4.2.1.6 Off-taker (if any);
  - 4.2.1.7 Target date of decommissioning;
  - 4.2.1.8 Reasons and/or justification for decommissioning of generating plant or unit;
  - 4.2.1.9 Current status of generating plant or unit subject to decommissioning (operational or non-operational); and
  - 4.2.1.10 Date of non-operation of generating plant or unit subject for decommissioning, if applicable.
- 4.2.2 Copy of the Latest Certificate of Compliance (COC) issued by the ERC;
  - 4.2.3 Notarized Board Resolution or any equivalent document supporting the request for decommissioning; and
  - 4.2.4 Proof of receipt of the applicant's LOI from the various agencies such as the ERC, DENR, BOI, TransCo and its concessionaire or successor-in-interest as the SO and TNP, or local DUs (for embedded generating facilities) as NSP, SGSO for Off-grid Areas, WESM Governance Arm, MO, and Off-taker (if any).
- 4.3 Within five (5) working days from receipt of the LOI and supporting documents, the DOE shall check the completeness of the submitted requirements by the applicant and shall notify the applicant of the status of its application to decommission a generating plant or unit.
  - 4.4 The DOE shall evaluate the application for the decommissioning of the generating plant or unit being applied for, in consideration of the validity and/or appropriateness of the reason for the decommissioning, and may seek the assistance of the ERC, TransCo and its concessionaire or successor-in-interest, on the evaluation of the impact on the power system, without prejudice to other actions or initiatives that may be undertaken.
  - 4.5 Within sixty (60) calendar days, upon receipt and evaluation of the complete documentary requirements as provided in Section 4.2 of this Circular, the DOE shall issue the Letter of Confirmation (LOC) to the applicant. The issuance of the LOC shall not preclude the ERC and other government agencies or instrumentalities from exercising their authority and mandate over the GenCo. It shall also not absolve the GenCo from any claims of any entity.
  - 4.6 For any change in decommissioning timeline against the date indicated in the LOC, the applicant shall notify the DOE, copy furnished the ERC, DENR, BOI, TransCo and its concessionaire or successor-in-interest as the SO and TNP, or local DUs (for embedded generating facilities) as NSP, SGSO for

Off-grid Areas, WESM Governance Arm, MO, and Off-taker, of such change, no later than seven (7) calendar days before the new decommissioning date.

The notification shall include the following information:

1. New schedule of decommissioning;
2. Reason for the change in the timeline; and
3. Notarized Board Resolution or any equivalent proof of such decision.

The DOE shall issue a revised LOC after the evaluation pursuant to Section 4.4 of this Circular.

## **B. Mothballing**

- 4.7 The GenCos intending to mothball its generating plant or unit shall submit an LOI to the DOE, copy furnished the ERC, DENR, BOI, TransCo and its concessionaire or successor-in-interest as the SO and TNP, or local DUs (for embedded generating facilities) as NSP, SGSO for Off-grid Areas, WESM Governance Arm, MO, and Off-taker, and ensure receipt of the same by the mentioned entities. The LOI shall be submitted to the DOE at least 180 calendar days prior to the target mothballing date.

The LOI shall provide the reasons for mothballing the generating plant or unit.

- 4.8 The LOI shall be supported by the following documents:

- 4.8.1 A fact sheet on the generating plant or unit, attached as Annex "B", which shall contain the following information:

4.8.1.1 Company Name;

4.8.1.2 Name of generating plant/unit;

4.8.1.3 Nameplate and dependable capacity of the generating plant or unit to be mothballed, whichever is applicable;

4.8.1.4 Location of the generating plant or unit to be mothballed;

4.8.1.5 Initial commercial operation date of the generating plant or unit:

4.8.1.6 Off-taker (if any);

4.8.1.7 Target date of mothballing;

4.8.1.8 Reasons and/or justification for mothballing of generating plant or unit;

- 4.8.1.9 Current Status of generating plant or unit subject to mothballing (operational or non-operational);
  - 4.8.1.10 Date of non-operation of generating plant or unit subject for mothballing, if applicable; and
  - 4.8.1.11 Target date of return to service.
- 4.8.2 Copy of the latest COC issued by the ERC;
- 4.8.3 Notarized Board Resolution or any equivalent document supporting the request for mothballing;
- 4.8.4 Proof of receipt of the applicant's LOI from the various agencies such as the ERC, DENR, BOI, TransCo and its concessionaire or successor-in-interest as the SO and TNP, or local DUs (for embedded generating facilities) as NSP, SGSO for Off-grid Areas, WESM Governance Arm, MO, and Off-taker; and
- 4.8.5 Mothballing Plan which shall include the major milestones of mothballing activities.
- 4.9 Within five (5) working days from receipt of the LOI and supporting documents, the DOE shall check the completeness of the submitted requirements by the applicant and shall notify the applicant of the status of its application to mothball a generating plant or unit.
- 4.10 The DOE shall evaluate the application for mothballing of the generating plant or unit being applied for, in consideration of the validity and/or appropriateness of the reason for mothballing, and may seek the assistance of the ERC, TransCo and its concessionaire or successor-in-interest, on the evaluation of the impact on the power system, without prejudice to other actions or initiatives that may be undertaken.
- 4.11 Within sixty (60) calendar days from receipt and evaluation of the complete documentary requirements as provided in Section 4.8 of this Circular, the DOE shall issue the LOC to the applicant. The issuance of the LOC shall not preclude the ERC and other government agencies or instrumentalities from exercising their authority and mandate over the GenCo. It shall also not absolve the GenCo from any claims of any entity.
- 4.12 Upon the effective date of the mothballing period, the following COC terms and WESM deregistration shall apply:
- 4.12.1 Automatic termination of the COC and outright deregistration from the WESM for Total Generating Plant Mothballing; or
  - 4.12.2 For Partial Generating Unit Mothballing, the GenCo shall apply for the amendment of the COC with the ERC and the corresponding changes to its WESM registration with the MO.

- 4.13 In case of change in the mothballing date indicated in the LOC, the applicant shall notify the DOE, copy furnished the ERC, DENR, BOI, TransCo and its concessionaire or successor-in-interest as the SO and TNP, or local DUs (for embedded generating facilities) as NSP, SGSO for Off-grid Areas, WESM Governance Arm, MO, and Off-taker, of such change, no later than seven (7) calendar days before the new mothballing date.

Any deviation from the plan or extension of the mothballing period that are not applied to the DOE shall be credited against applicable unplanned outages.

The notification shall include the following information:

1. New schedule of mothballing;
2. Reason for the change in the timeline; and
3. Notarized Board Resolution or any equivalent proof of such decision.

The DOE shall issue a revised LOC after evaluation pursuant to Section 4.10 of this Circular.

- 4.14 In case of a buy-out or acquisition within the mothballing period, the previous and the new owners shall comply with the applicable ERC rules on the change in ownership.

**Section 5. Responsibilities of the GenCos.** In addition to the above processes, the owner shall also be responsible for the following:

- 5.1 The Genco shall ensure the delivery of service prior to the effective date of the decommissioning or mothballing of its generating plant or unit.
- 5.2 Prepare and submit a quarterly progress report to the DOE based on the Mothballing Plan pursuant to Section 4.8.5 of this Circular.
- 5.3 Submit a copy of the LOC to the MO, SGSO, and ERC not later than seven (7) calendar days from receipt of the LOC.

**Section 6. Responsibilities of the DOE.** Pursuant to its mandate under the EPIRA and this Circular, the DOE shall ensure the compliance of all GenCos and monitor the status of the mothballing activities to ensure security of the power supply.

**Section 7. Responsibilities of the MO.** The MO shall:

- 7.1 Prepare and submit to the Rules Change Committee (RCC) the proposed changes to the WESM Rules and relevant Market Manuals, as may be necessary, for the effective implementation of the policies provided herein.



- 7.2 Ensure the timely processing of applications for deregistration and issuance of necessary documents in relation to decommissioning or mothballing of a generating plant or unit.
- 7.3 Provide an update to the DOE, ERC, SO, and WESM Governance Arm on the status of registration of a generating plant or unit intending to decommission or mothball.
- 7.4 Conduct and submit to the DOE, upon instruction, studies and simulations showing the effect of decommissioning and/or mothballing on spot market prices.

**Section 8. Responsibility of the WESM Governance Arm.** The WESM Governance Arm shall:

- 8.1 Evaluate and take the appropriate action on the proposed changes in the WESM Rules and relevant Market Manuals in accordance with the enforcement and compliance with the policy provided herein as necessary.
- 8.2 Ensure adherence of the GenCo to the WESM Rules and Manuals until its application for deregistration is decided.

**Section 9. Responsibility of the SO and SGSO.** The SO and SGSO shall be responsible for the following:

- 9.1 Formulate and/or amend, as necessary, the connection and disconnection procedures in consideration of this Circular.
- 9.2 Facilitate and assist the generating plant or unit owner relative to the decommissioning or mothballing and other activities relevant thereto.
- 9.3 Facilitate the immediate connection of generating facilities returning to service after mothballing of the generating plant or unit.

**Section 10. Responsibility of the National Power Corporation (NPC).** Consistent with this Circular, NPC shall issue a separate guideline to facilitate the decommissioning and mothballing of its generating plant or unit, within sixty (60) calendar days from the effectivity of this Circular.

**Section 11. Regulatory Support.** The ERC shall be responsible for the following:

- 11.1 Review, update, and harmonize, as necessary, all resolutions and regulations relevant to the implementation of the policies stated under this Circular and promulgate guidelines on the same, including the appropriate action on COC as applicable to the decommissioning and mothballing.
- 11.2 Implement the enforcement and penalty mechanisms in cases of non-compliance with this Circular by any electric power industry participant identified herein after due process.

11.3 Monitor and take measures in accordance with its function to penalize any abuse of market power and anti-competitive behavior by any electric power industry participant.

**Section 12. Repealing Clause.** All rules and regulations, or any portion thereof, that are inconsistent with this Circular are hereby repealed or modified accordingly.

**Section 13. Separability Clause.** If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, the other parts or provisions hereof that are not affected shall continue to be in full force and effect.

**Section 14. Effectivity.** This DC shall take effect fifteen (15) calendar days after its publication in two (2) newspapers of general circulation. A copy of this Circular shall be filed with the University of the Philippines Law Center-Office of the National Administrative Register.

Issued this \_\_\_ day of July 2023 at the DOE, Energy Center, Rizal Drive cor. 34<sup>th</sup> St., Bonifacio Global City, Taguig City.

  
RAPHAEL P.M. LOTILLA  
Secretary



JUL 17 2023