

## **ANNEX A: Auction Design**

The primary goal of the Green Energy Auction Program (GEAP) is to accelerate investments in new or additional renewable energy (RE) capacities in order to ensure the provision of adequate supply and competitive rates of electricity in the country.

In accordance with the Department Circular No. DC2021-11-0036 entitled, "Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines" or the "GEAP Guidelines", the DOE employs a "Green Energy Auction Reserve Price" or "GEAR Price." This refers to the maximum price offer in PHP/kWh, set by the Energy Regulatory Commission (ERC) for the Green Energy Auction (GEA). Likewise, pursuant to the Department Circular, the DOE is conducting the second round of GEA, known as GEA-2, featuring additional RE technologies to the first round (GEA-1), specifically, Roof-Mounted and Floating Solar and Waste-to-Energy.

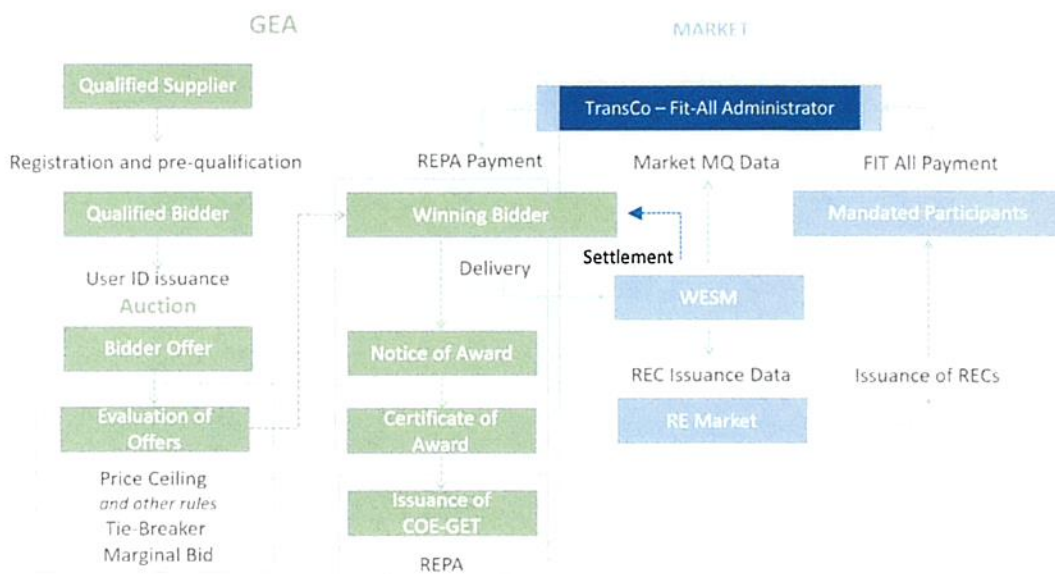
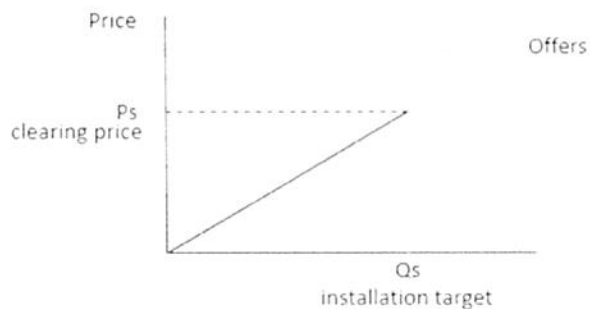
Similar to the GEA-1 design, the winning bid prices for the auctioned capacities in GEA-2 shall not exceed the corresponding GEAR Price and shall then constitute the Green Energy Tariff (GET). The payment to the Winning Bidders shall be based on their bid prices. This ensures that payments from the FIT-All system under the GEAP accurately reflect, or closely approximate, the Winning Bidders' valuation of the RE supply offered.

### **Part 1 – Design Elements**

The GEA will have Installation Targets, in MW, that are specific for each RE technology included in the GEA round. These targets will vary depending on the year and grid. The capacities, in MW, of the Qualified Bidders will be used in selecting the set of winning bids that, when ranked and stacked, will meet the Installation Target for the particular auction lot. The auction product will be the actual energy to be generated by the Winning Bidder thus the auction outcome will be a set of prices, in PHP/kWh, corresponding to each Winning Bidder's GET to be paid on a Pay-as-Bid basis.

The bid prices in the particular auction lot will be ranked from lowest to highest while the corresponding bidder's capacity will be stacked until the Installation Target is met. From the ranked and stacked list in each auction lot, the Winning Bidders will be determined subject further to the conditions that set out in the Terms of Reference.

**Pay-as-Bid Auction**  
 All bids at and below Ps win and paid what they bid



**Part 2 Procurement Process**

