

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

DEPARTMENT CIRCULAR NO. DC2020- 07 - 0017 */s/*

**PROMULGATING THE GUIDELINES GOVERNING THE POLICY FOR THE
CONDUCT OF GREEN ENERGY AUCTION IN THE PHILIPPINES**

WHEREAS, Republic Act No. 7638, otherwise known as the "Department of Energy (DOE) Act of 1992" or the "DOE Charter," declares it as a policy of the State to, among others, ensure a continuous, adequate, and economic supply of energy through the integrated and intensive exploration, production, management and development of the country's indigenous energy resources;

WHEREAS, Section 5(b) of the DOE Charter mandates the DOE to "develop and update the existing Philippine energy program which shall provide for an integrated and comprehensive exploration, development, utilization, distribution and conservation of energy resources, with preferential bias for environment-friendly, indigenous, and low-cost sources of energy. The program shall include a policy direction towards the privatization of government agencies related to energy, deregulation of the power and energy industry, and reduction of dependency on oil-fired plants";

WHEREAS, Section 2 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" or "EPIRA," declares the policy of the State to, among others: (a) ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry; (b) assure socially and environmentally compatible energy sources and infrastructure; and (c) promote the utilization of indigenous and new and renewable energy (RE) resources in power generation in order to reduce dependence on imported energy;

WHEREAS, Chapter III, Section 37(e)(i) of the EPIRA mandates the DOE to encourage private sector investments in the electricity sector and promote the development of indigenous and RE sources;

WHEREAS, Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008" or the "RE Act," declares the policy of the State to 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, Chapter III, Section 6, of the RE Act mandates the Renewable Portfolio Standards (RPS) program, requiring all stakeholders in the electric power industry to contribute to the growth of the RE industry in the country and, towards this end, directing the National Renewable Energy Board (NREB) to set the minimum percentage of generation from eligible RE resources and to determine which sector RPS shall be imposed on a per grid basis;

WHEREAS, Department Circular No. DC2017-12-0015, otherwise known as the “RPS Rules for On-Grid Areas” or the “RPS On-Grid Rules,” requires the Mandated Participants, as defined therein, to source or produce the minimum annual RPS requirement and prescribes the minimum annual incremental RE percentage of their total electricity requirements from eligible RE resources in order to develop indigenous and environmentally friendly energy sources, and provides for compliance mechanisms, monitoring, as well as penalties for non-compliance;

WHEREAS, the RPS On-Grid Rules also provides that the DOE, in coordination with the NREB, shall establish a market development program for RPS, in order to encourage the compliance of the Mandated Participants with their respective RPS obligations;

WHEREAS, Department Circular No. DC2019-10-0013, otherwise known as the “Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers” or the “Omnibus Guidelines,” provides for an Open and Competitive Selection Process (OCSP) as one of the modes for the selection and awarding of RE Contracts for Pre-Determined Areas, as such terms are defined therein;

WHEREAS, the preliminary assessment of the 2011-2030 National Renewable Energy Program (NREP) indicates that the total installed RE capacity as of December 2018 is lower than the target capacity by 3,608MW, with the share of RE in the country’s generation supply mix reduced to less than 24%;

WHEREAS, in order to provide more avenues for compliance by Mandated Participants in meeting their RPS requirements and bolster the DOE’s efforts in promoting the utilization of indigenous and environment-friendly energy resources to meet the nationally-set NREP targets, there is a need to explore and pursue new and supplemental programs to support increased investment in new RE projects.

NOW, THEREFORE, premises considered, the DOE hereby issues, adopts and promulgates the following rules and regulations:

RULE 1 GENERAL PROVISIONS

Section 1. Title. This Circular shall be known as the “Guidelines Governing the Policy for the Conduct of Green Energy Auction in the Philippines” and shall hereafter be referred to as the “Green Energy Auction (GEA) Policy.”

Section 2. Purposes and Objectives.

2.1 Purposes. The GEA Policy is hereby promulgated to:

- 2.1.1 Set the framework which facilitates the procurement of supply from commercial RE projects by the Mandated Participants under the RPS On-Grid Rules, such as Distribution Utilities (DU) and Retail Electricity Suppliers (RES), through a competitive process, for their compliance with the RPS Program and, as applicable, for their long-term power

supply requirements pursuant to the respective Power Supply Procurement Plans (PSPP) of the DU;

2.1.2 Support the development and increase access to financing of new RE projects by awarding RE Contracts under a competitive process, together with long-term bilateral contracts; and

2.1.3 Implement the mandate for preferential bias for RE and indigenous sources of energy for long-term energy independence.

2.2 Objectives. This GEA Policy seeks to attain the following objectives:

2.2.1 Assist the Mandated Participants, the DUs in particular, in the RPS Program in developing and/or fulfilling their RPS compliance plans through their participation in the Green Energy Auction;

2.2.2 Assist RE Developers in accessing markets for bilateral contracts and mitigating market exposure and risks related to RE projects;

2.2.3 Address price volatility related to the procurement of RE supply and the pricing of RECs;

2.2.4 Enhance the RE programs, in general, by promoting a competitive setting of rates for RE supply in the country; and

2.2.5 Support the development of a mechanism or methodology by the ERC in regularly setting and updating the GEA prices for long-term contracts for RE supply for peak and off-peak requirements of regulated entities to their captive customers, including the summary procedures thereof.

Section 3. Scope and Components

3.1 Scope. This Circular shall apply to the Mandated Participants of the RPS On-Grid Rules and Qualified Suppliers.

3.2 Components.

3.2.1 *Green Energy Tariff*, set out in Rule 2 below – to provide price signals on the commercial value of electricity generated from RE facilities, resulting from a competitive process, and setting the tariff and/or price cap as well as summary procedures for approval of RE supply by regulated entities to their captive customers; and

3.2.2 *Green Energy Auction*, set out in Rule 3 below – to facilitate contracting of supply from Qualified Suppliers to Qualified Customers under a competitive process. To this end, the Green Energy Auction shall be administered by the DOE through the Green Energy Auction Committee (“GEAC”).

Section 4. Definition of Terms. This Circular hereby adopts, by reference, the terms defined in the EPIRA, RE Act, their respective implementing rules and regulations,

the RPS On-Grid Rules, the Omnibus Guidelines, the WESM Rules, as well as the relevant DOE Department Circulars.

Furthermore, the terms, as used in this Circular, shall be defined as follows:

- 4.1 **“ARP”** refers to the Auction Round Procedures applicable for each round of Green Energy Auction conducted under this Circular, referred to in Section Section 8 herein;
- 4.2 **“Contracting Customer”** refers to the Qualified Customers participating in a Green Energy Auction and correspondingly entered into the Green Energy Implementation Agreement;
- 4.3 **“Energy Regulatory Commission”** or **“ERC”** refers to the entity created by the EPIRA as the regulator of the electric power industry;
- 4.4 **“Green Energy Auction”** refers to the competitive process for procurement of RE supply undertaken pursuant to this Circular set out in Section 3.2.2 and Rule 3 hereof;
- 4.5 **“Green Energy Auction Committee”** or **“GEAC”** refers to the RPS Composite Team established by the DOE under DC2017-12-0015, with additional powers and functions set out in this Circular;
- 4.6 **“Green Energy Implementation Agreement”** or **“GEIA”** refers to the agreement among the Winning Bidders and Contracting Customers, as primary parties, duly acknowledged by the Market Operator indicating, among others, the matters covered by Rule 4 of this Circular;
- 4.7 **“Green Energy Auction Reserve Price”** or **“GEAR Price”** shall refer to the maximum price offers in PhP/kWh set by the ERC pursuant to applicable law and this Circular that shall operate as the cap(s) for Green Energy Auction conducted for the period during which such tariffs are in effect;
- 4.8 **“Green Energy Tariff”** refers to the price, in PhP/kWh, resulting from the conduct of each Green Energy Auction corresponding to each Winning Bidder on a pay-as-bid basis;
- 4.9 **“Levelized Cost of Energy”** or **“LCOE”**, also referred to as levelized cost of electricity, is the industry term used to refer to the average total cost of building a power generation asset per unit of total electricity generated over an assumed lifetime;
- 4.10 **“Mandated Participants”** refers to the electric power industry participants mandated to comply with the RPS annual requirements which includes entities enumerated under the RPS On-Grid Rules;
- 4.11 **“Market Operator”** refers to the Autonomous Group Market Operator or the Independent Market Operator, as defined in the implementing rules of EPIRA, whichever is applicable;

- 4.12 **"Notice of Auction"** shall refer to the written notice issued by the DOE referred to in Section 8.1 herein;
- 4.13 **"Notice of Percentage Volume Allocation"** refers to the written notice issued by the GEAC to the relevant parties referred to in Section 10.1 herein;
- 4.14 **"Notice of GEAR Price"** refers to the advisory to the DOE issued by the ERC pursuant to Section 5.4 herein;
- 4.15 **"NREB"** refers to the National Renewable Energy Board created under Section 27 of the RE Act;
- 4.16 **"OCSP"** shall mean Open and Competitive Selection Process set out in the Omnibus Guidelines;
- 4.17 **"Percentage Volume Allocation"** refers to the percentage share of a Contracting Customer to the total generation from Winning Bidders pursuant to Section 6.3;
- 4.18 **"PSPP"** refers to the Power Supply Procurement Plan prepared by a DU for the acquisition of a variety of demand-side and supply-side resources to achieve the cost-effective and optimal supply mix for its captive customers;
- 4.19 **"Qualified Customers"** refers to Mandated Participants under the RPS On-Grid Rules that are qualified to participate in the Green Energy Auction under Section 7.2 herein;
- 4.20 **"Qualified Suppliers"** refers to: (a) in case of a Supply-Only Auction, RE Developers registered with the DOE pursuant to the Omnibus Guidelines, or (b) in the case of Integrated Supply-OCSP Auction, such parties eligible to participate in the GEA as determined by the GEAC under Section 7.3 herein and subject to the qualifications under the Omnibus Guidelines;
- 4.21 **"RE Contract"** refers to the service agreement between the Government, through the DOE, and a RE Developer as defined under the RE Act;
- 4.22 **"REC"** refers to RE Certificates issued under the RPS On-Grid Rules under DC2017-12-0015 and the RE Market Rules under DC2019-12-0016;
- 4.23 **"RPS"** or **"RPS Program"** refers to the Renewable Portfolio Standards program mandated under Section 6 of the RE Act;
- 4.24 **"RPS On-Grid Rules"** refers to the RPS Rules for On-Grid Areas prescribed under DOE Department Circular No. DC2017-12-0015; and
- 4.25 **"Winning Bidder"** refers to the Qualified Suppliers with volume offers that are at an equal or lower value than the GEAR Price in a Green Energy Auction and entered into a Green Energy Implementation Agreement under this Circular.

RULE 2 GREEN ENERGY TARIFF

Section 5. Pricing Principles. The following principles shall be observed in the development of the Green Energy Tariff:

- 5.1. General Principle. The Green Energy Tariff shall reflect the value of electricity, resulting from a competitive process, that Qualified Suppliers are capable of supplying based on the relevant delivery periods, thereby resulting in the displacement of such volume of electricity that would have been sourced from non-RE projects during the relevant trading (demand-supply) intervals.
- 5.2. Pricing Parameters. The resulting Green Energy Tariff for each Winning Bidder in a Green Energy Auction shall not exceed the GEAR Price. The ERC, in accordance with its mandate under EPIRA, shall determine, on an annual basis, the GEAR Prices for peak and off-peak, or variable and non-variable power supply, or for each RE technology, for the combined Luzon-Visayas grid and for the Mindanao grid, which may consider, among others, the LCOE for each RE technology and/or the parameters used in the pricing model utilized in setting FIT rates for the relevant technologies and applying, to the fullest extent possible, to the non-FIT RE technologies.
- 5.3. Pricing Unit. The GEAR Price and, consequently, the Green Energy Tariff shall be set on a PhP/kWh-basis to reflect the value of actual energy generated by the Qualified Suppliers and to be consistent with the compliance requirements of the RPS On-Grid Rules.
- 5.4. Price Determination. These principles shall be observed in developing the mechanism or methodology for the annual setting of the GEAR Price. Not later than the 31st of May of every year, the ERC shall issue and provide to the DOE Secretary, in strict confidentiality, the Notice of GEAR Price resulting from the application of the mechanism or methodology referred to above, which shall be disclosed pursuant to this Circular. The resulting Green Energy Tariff for each Winning Bidder (which shall not exceed the GEAR Price under any circumstances) shall qualify as authorized to be collected by the DUs/Contracting Customers from their respective captive customers without need of further action or approval from the ERC.

RULE 3 GREEN ENERGY AUCTION

Section 6. Framework for the Auction. The Green Energy Auction is hereby established as a mechanism to facilitate contracting by Qualified Suppliers with Qualified Customers through a competitive process or auction.

- 6.1. Offer. Qualified Suppliers can offer to supply a specified volume (MWh) of electricity generated by their facilities to be covered by Green Energy Implementation Agreements at prices at or below the GEAR Price determined pursuant to this Circular. Based on the settlement-ready metered quantities (MQ) and contract data (BCQ) from the Market Operator, the corresponding

RECs attributed to each MWh of electricity supplied under the Green Energy Implementation Agreements shall be issued to the Contracting Customers, in accordance with the RE Market Rules and RPS On-Grid Rules.

- 6.2. RPS Requirements. The RPS requirements of the Qualified Customers shall be established through their individual PSPPs (for the DUs) or their submissions to the RPS Composite Team (for the RES) pursuant to the RPS On-Grid Rules. The GEAC shall consolidate the RPS requirements of the Qualified Customers that will be included in the auction, pursuant to Section 7 of this Circular. The consolidated RPS requirements shall be the total supply volume to be subject of the auction.
- 6.3. Setting of the Volume Allocation. To set the Percentage Volume Allocation in a Supply-Only Auction, the GEAC shall compare the consolidated RPS requirements with the total volume (MWh) registered by the Qualified Suppliers.
 - 6.3.1 If the consolidated RPS requirements is equal to the total volume registered by the Qualified Suppliers for the auction, the Percentage Volume Allocation per Qualified Customer shall be the RPS requirement of the Qualified Customer over the total volume registered by the Qualified Suppliers;
 - 6.3.2 If the consolidated RPS requirement is more than the total volume registered by the Qualified Suppliers for the auction, the Percentage Volume Allocation per Qualified Customer shall be the RPS requirement of the Qualified Customer over the consolidated RPS requirements; and
 - 6.3.3 If the consolidated RPS requirement is less than the total volume registered by the Qualified Suppliers for the auction, the higher price offers shall be excluded until the total volume of the offers from Qualified Suppliers equal that of the consolidated RPS requirements. The Percentage Volume Allocation per Qualified Customer shall be the RPS requirement of the Qualified Customer over the consolidated RPS requirements, subject to limitations under applicable law.
- 6.4. Maximum Awarded Volume. Under a Supply-Only Auction, the total volume to be awarded under each Green Energy Auction shall not be more than the consolidated RPS requirement.

Section 7. Guiding Principles. The following principles shall be observed in the conduct of a Green Energy Auction and the development of specific terms of reference for each auction round:

- 7.1. Kinds of Auctions. At the option of the DOE, the auction may be conducted as:
 - 7.1.1 *Supply-Only Auction* – whereby only the Green Energy Implementation Agreement shall be awarded to the Qualified Suppliers, and only RE projects already covered by RE Contracts, which includes those that are under the pre-development and development stages, shall be qualified to participate; or

7.1.2 *Integrated OCSP-Supply Auction* – whereby RE Contracts shall be awarded together with Green Energy Implementation Agreement resulting from an integrated process for OCSP-Supply Auction. In such instances, the provisions of this Circular shall be considered in formulating the rules applicable for such integrated process.

7.2. Qualified Customers. The Green Energy Auction is designed to assist Mandated Participants under the RPS On-Grid Rules to comply with their RPS requirements. Consequently, all Mandated Participants are deemed enrolled as Qualified Customers in the Green Energy Auction; Provided, That a Mandated Participant or a portion of a Mandated Participant's RPS requirement may be excluded from a scheduled Green Energy Auction in the following cases:

7.2.1 *Mandatory Exclusion*. A Mandated Participant declared by the DOE Secretary to be excluded from the auction based on the legal, technical and financial position of the participant as recommended by the GEAC and as provided in the Notice of Auction;

7.2.2 *Voluntary Exclusion*. A Mandated Participant may file with the GEAC, not later than twenty (20) calendar days following the publication of the Notice of Auction by the DOE referred to in Section 8.1 below, a written certification signed under oath by the duly authorized officer of the company/cooperative attesting that:

7.2.2.1 It will conduct its own competitive process, as applicable and in accordance with relevant DOE regulations, to procure sufficient RE supply and/or RECs to meet its own RPS requirements for the relevant period;

7.2.2.2 In case of a DU, it has included in its PSPP, which was timely filed with the DOE, the details of such competitive procurement process, including the timelines and volumes to be contracted;

7.2.2.3 In the case of RES and generators, it has contracted or plans to contract on its own, such sufficient quantity to cover its RPS requirement; and

7.2.2.4 It acknowledges that the provisions of this Circular, particularly in Section 13 hereof, shall not apply to the power supply agreements procured separately from the Green Energy Auction, such that the company/cooperative will need to observe the general rules which apply to and obtain necessary approvals for its power supply agreements.

The exclusion, once acknowledged and confirmed by the GEAC, shall apply only to the specific auction round covered by the Notice of Auction and the resolution issued by the company/cooperative.

7.2.3 Contracting Customers. The Qualified Customers that receive their respective Percentage Volume Allocation for each Green Energy Auction

and execute the Green Energy Implementation Agreement shall be referred to as Contracting Customers.

7.3. Qualified Suppliers. RE projects eligible to participate in the RPS under Section 10 of the RPS On-Grid Rules under DC2017-12-0015 shall be eligible to participate in the Green Energy Auction, without prejudice to specific qualifications for suppliers issued by the GEAC for each auction round.

7.3.1 The specific type of RE supply shall be identified in the terms of reference to be issued for each auction round.

7.3.2 Qualified Suppliers can voluntarily participate by offering to supply all or a portion of the electricity generated by their RE facilities for the volume requirements available for each specific auction round and in accordance with the specific terms of reference issued accordingly.

7.3.3 The Qualified Suppliers who are declared Winning Bidders for each Green Energy Auction and sign the Green Energy Implementation Agreement shall be referred to as the Winning Bidders.

Section 8. Auction Mechanics. The DOE may procure and maintain the necessary technology or electronic platform to implement a transparent, fair and efficient auction, including enabling of remote participation in and conduct of the auction. In the development of the auction platform, the following general mechanics shall be observed, with details for each auction round to be provided in the specific ARP to be issued prior to each auction:

8.1. Publication of the Notice of Auction. The DOE shall publish the Notice of Auction on its website and in at least one (1) newspaper of general circulation not later than the 15th of June every year. A copy of the Notice of Auction shall also be sent by electronic mail to the ERC and the identified officers or representatives of each Mandated Participant.

8.2. Contents of Notice. Prior to each auction round and after public consultation, the DOE shall issue and publish the Notice of Auction indicating, among others:

8.2.1 The schedule for the auction or auctions, as the case may be, for Luzon-Visayas (singularly or separately) and for Mindanao, with due consideration to interconnection limits and security of the grids, and the dates of issuance of the specific terms of reference and ARPs for each auction round;

8.2.2 Whether the auction(s) shall be Supply-Only and/or an integrated OCSP-Supply process;

8.2.3 Advisory-reminder that all Mandated Participants under the RPS On-Grid Rules are deemed included in the auction without need of registration or enrollment, unless otherwise excluded under Section 7.2 above; and

- 8.2.4 Acknowledgment to ERC of the adoption of the ERC-determined GEAR Price received by DOE not later than the 31st of May of every year.

8.3. Auction Process.

- 8.3.1 The ARP shall include following information:

- 8.3.1.1 Auction timeline and milestones, including the dates for the qualifying and the final auctions,
- 8.3.1.2 Total supply volume (MWh) subject to the auction,
- 8.3.1.3 Type of supply (variable or non-variable RE) required,
- 8.3.1.4 Delivery period and contract term,
- 8.3.1.5 Applicable annual line rental cap for the account of the generator, and any excess of this cap shall be for the account of customer, and
- 8.3.1.6 Applicable Green Energy Implementation Agreement template(s), duly approved by ERC, providing for the terms and conditions for supply, including the mechanism for Percentage Volume Allocation, determination of average price, posting of performance bond and any penalty arrangements for failure to meet supply obligations or payment obligations, such as disqualification from subsequent auctions and/or cancellation of RE contracts, if applicable.

- 8.3.2 All Qualified Suppliers under Section 7.3 may register their intention to participate in the Green Energy Auction. The registration shall be made with the GEAC, providing the information that shall be required for the specific auction round.

- 8.3.3 The GEAC shall verify the status of the RE projects sought to be registered and confirm its availability to participate in the Green Energy Auction pursuant to the specific requirements set out in the ARPs. The GEAC shall issue and publish the list of Qualified Suppliers which shall then be invited to participate in a Pre-Bid Conference to be conducted at least twenty (20) calendar days before the commencement of the auction date. The GEAC shall address the queries raised during the pre-bid conference in a GEAC bulletin which may be issued within ten (10) calendar days after the pre-bid conference.

- 8.3.4 The auction shall be conducted by electronic bidding. All such Qualified Suppliers shall be notified by the GEAC by electronic mail of their qualification and shall be furnished user-specific electronic IDs to be used for the auction.

- 8.3.5 On the date and time set for the auction, all Qualified Suppliers, upon fulfillment of all requirements for participation, including posting of bond, shall place their bids (MWh supply offer and PhP/kWh price) by electronic submission using the user-specific IDs provided by the GEAC.

- 8.3.6 The DOE shall thereafter disclose the GEAR Price upon opening of the sealed envelope received from ERC containing such price. Only such bids at or below the applicable GEAR Price shall be considered and ranked from lowest to highest price to cover the total auction MWh-volume. All Qualified Suppliers declared as Winning Bidders shall sign the Green Energy Implementation Agreement.

RULE 4

GREEN ENERGY IMPLEMENTATION AGREEMENT

Section 9. Components of the Agreement. The Green Energy Implementation Agreement shall provide, among others, the following:

- 9.1. Supply components. The terms of supply by Winning Bidders to the Contracting Customers, and the terms of receipt or delivery of supply to the Contracting Customers in accordance with the Percentage Volume Allocation, taking into consideration the term or duration of contract, and whether or not the RE supply is for peak or off-peak, or variable or non-variable requirements of the Contracting Customers;
- 9.2. Payment components. The payment obligation by each Contracting Customer for actual energy delivered in accordance with the Percentage Volume Allocation based on the average price P/kWh in accordance with Section 10 below; and
- 9.3. Allocation component. The implementation by the Winning Bidders of the Percentage Volume Allocation in the determination of hourly actual energy delivered corresponding to the RECs and computation by the Market Operator of the average price payable in accordance with this Circular.
- 9.4. Other terms and conditions. The Winning Bidders and Contracting Customers other than DUs may agree on terms and conditions supplemental to the terms of the GEIA such as, but not limited to, confidentiality, data privacy, anti-corruption and money laundering, taxes, anti-competition, business principles, dispute resolution or similar matters, provided that such other terms and conditions are not contrary to the GEA Policy and other applicable laws.

Section 10. Percentage Volume Allocation and Award.

- 10.1. Percentage Volume Allocation. The GEAC shall conduct a final evaluation of the total volume for contracting by the Contracting Customers and the total volume to be delivered by each of the Winning Bidders. The GEAC shall determine the Percentage Volume Allocation for such auction round.
- 10.1.1 Each Winning Bidder shall be paid in accordance with the price at which it offers (paid-as-bid) to supply the actual volumes delivered.
- 10.1.2 The Contracting Customers shall pay the average price of all volumes dispatched for the relevant billing period. The volumes

dispatched for the relevant billing period shall be calculated by the Market Operator.

10.1.3 The GEAC shall regularly review the Percentage Volume Allocation, award and settlement.

For purposes of illustration of the offer allocation, settlement and payment, see *Annex "A."*

10.2. Notice of Percentage Volume Allocation. The Notice of Percentage Volume Allocation shall be issued by the DOE Secretary, as recommended by the GEAC, to all relevant parties stating that the parties are given thirty(30) calendar days to submit a signed board resolution authorizing the execution of the Green Energy Implementation Agreement.

10.3. Submission of the Signed Board Resolution and Execution of Green Energy Implementation Agreement. Within the period prescribed in the preceding clause, the parties shall submit a copy of the signed board resolution to the GEAC, together with executed originals of the Green Energy Implementation Agreement, signed in counterparts, using the templates provided with the ARPs. The parties shall be responsible for coordinating with the Market Operator. If the parties need more time to execute the Green Energy Implementation Agreement or decide not to proceed, they shall advise the DOE in writing within the same period indicating the reasons and mutually agreed way forward, as applicable.

Section 11. Policy Implementation. The DOE shall conduct the Green Energy Auction on an annual basis, unless otherwise determined by the DOE, upon the recommendation of the NREB on the basis of the RPS requirements of Mandated Participants and the NREP.

Section 12. Role of the Market Operator. The Market Operator shall enter into the Green Energy Implementation Agreement to acknowledge the obligations of the parties therein and calculate the average price PhP/kWh as set out in Sections Section 9 and Section 10 herein. For the avoidance of doubt, the Market Operator shall continue to perform the responsibility of issuing the settlement data to the Winning Bidders and Contracting Customers and facilitating the payment to the extent required under the WESM Rules.

Section 13. Compliance with CSP. In view of the requirements under DOE Department Circular No. DC2015-06-0008, as amended by Department Circular No. DC2018-02-0003, a DU that contracts for RE supply through the Green Energy Auction shall be considered as having complied with the Competitive Selection Process requirements.

Section 14. Compliance with RPS. The volume of RE supplied pursuant to Green Energy Implementation Agreement shall be counted for purposes of their compliance with the Renewable Portfolio Standards, as provided in DOE Department Circular No. DC2017-12-0015.

Section 15. Regulatory Support. To ensure that the provisions of this Circular are implemented properly and to encourage new investments in the RE sector while ensuring customer protection, the ERC is hereby responsible for the approval of the following:

- 15.1. Green Energy Implementation Agreement template,
- 15.2. the methodology for setting the GEAR Price(s) and the notification to the DOE of the GEAR Price(s) prior to each Green Energy Auction, and
- 15.3. In the event that the Winning Bidder is an embedded generator, the appropriate wheeling charges on a per kWh basis for embedded generation.

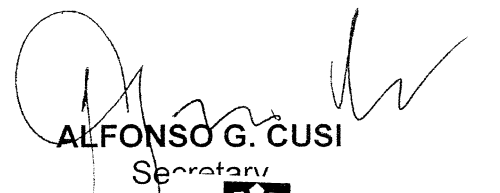

RULE 5 FINAL PROVISIONS

Section 16. Non-Diminution of Vested Rights. No provision of this Circular shall be taken to diminish any right vested by virtue of existing laws, contracts, or agreements.

Section 17. Separability Clause. If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 18. Repealing Clause. All previous issuances, rules and regulations inconsistent with this Circular are hereby repealed, amended or modified accordingly.

Section 19. Effectivity. This Circular shall take effect fifteen (15) days after its filing with the University of the Philippines Law Center – Office of the National Administrative Register and publication in at least two (2) newspapers of general circulation.


ALFONSO G. CUSI
Secretary
 Republic of the Philippines
DEPARTMENT OF ENERGY
IN REPLYING PLS. CITE:
DOE-AGC-20003578


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ANNEX A

Illustration of Percentage Volume Allocation, Award and Payment

ANNEX A

Sample Hourly Allocation and Billed Amounts by Qualified Suppliers to each Qualified Customer

Qualified Supplier Details:

Qualified Supplier (a)	Market Price Offer (PhP/kWh) (b)	Energy Generation (Percent Share) (c)	Generation per Interval (MWh) - <i>from Market Operator</i> (d)									Total (MWh) (e)	Billed Amount (Thousand PhP) (f)
			1	2	3	11	12	13	22	23	24		
1	3	14.93%	437.94	415.46	400.69	590.42	592.62	590.94	584.61	548.59	512.14	12,511.73	37,535.18
2	4	4.48%	131.38	124.64	120.21	177.13	177.79	177.28	175.38	164.58	153.64	3,753.52	15,014.07
3	4.1	8.96%	262.76	249.27	240.41	354.25	355.57	354.57	350.76	329.15	307.29	7,507.04	30,778.85
4	4.5	10.45%	306.56	290.82	280.48	413.29	414.83	413.66	409.23	384.01	358.50	8,758.21	39,411.94
5	4.5	29.85%	875.88	830.91	801.38	1,180.84	1,185.24	1,181.89	1,169.22	1,097.18	1,024.28	25,023.45	112,605.54
6	5	5.22%	153.28	145.41	140.24	206.65	207.42	206.83	204.61	192.01	179.25	4,379.10	21,895.52
7	5.1	2.99%	87.59	83.09	80.14	118.08	118.52	118.19	116.92	109.72	102.43	2,502.35	12,761.96
8	5.1	7.46%	218.97	207.73	200.34	295.21	296.31	295.47	292.30	274.30	256.07	6,255.86	31,904.90
9	5.2	6.72%	197.07	186.96	180.31	265.69	266.68	265.92	263.07	246.87	230.46	5,630.28	29,277.44
10	5.3	8.96%	262.76	249.27	240.41	354.25	355.57	354.57	350.76	329.15	307.29	7,507.04	39,787.29
n	x	100.00%										83,828.57	370,972.70

Qualified Supplier 1 Allocation and Billed Amounts to Qualified Customers

Qualified Customer (g)	Percent Volume Allocation (Percent Share) (h)	Allocation per Interval (MWh) - <i>calculated by Qualified Supplier</i> (d)									Total (MWh) (e)	Billed Amount (Thousand PhP) (f)
		1	2	3	11	12	13	22	23	24		
n	100%	437.94	415.46	400.69	590.42	592.62	590.94	584.61	548.59	512.14	12,511.73	37,535.18
1	70%	306.56	290.82	280.48	413.29	414.83	413.66	409.23	384.01	358.50	8,758.21	26,274.63
2	5%	21.90	20.77	20.03	29.52	29.63	29.55	29.23	27.43	25.61	625.59	1,876.76
3	10%	43.79	41.55	40.07	59.04	59.26	59.09	58.46	54.86	51.21	1,251.17	3,753.52
4	12%	52.55	49.85	48.08	70.85	71.11	70.91	70.15	65.83	61.46	1,501.41	4,504.22
5	3%	13.14	12.46	12.02	17.71	17.78	17.73	17.54	16.46	15.36	375.35	1,126.06

Total Allocations and Billed Amounts per Qualified Customer

Qualified Customer (g)	Average Market Price (PhP/kWh) (i)	Percent Volume Allocation (Percent Share) (h)	Allocation per Interval (MWh) - <i>calculated by Qualified Supplier</i> (j)									Total (MWh) (k)	Billed Amount (Thousand PhP) (l)
			1	2	3	11	12	13	22	23	24		
1	4.43	70%	2,053.93	1,948.49	1,879.23	2,769.07	2,779.38	2,771.53	2,741.81	2,572.89	2,401.95	58,680.00	259,680.89
2	4.43	5%	146.71	139.18	134.23	197.79	198.53	197.97	195.84	183.78	171.57	4,191.43	18,548.64
3	4.43	10%	293.42	278.36	268.46	395.58	397.05	395.93	391.69	367.56	343.14	8,382.86	37,097.27
4	4.43	12%	352.10	334.03	322.15	474.70	476.47	475.12	470.02	441.07	411.76	10,059.43	44,516.72
5	4.43	3%	88.03	83.51	80.54	118.67	119.12	118.78	117.51	110.27	102.94	2,514.86	11,129.18
n	x	100%										83,828.57	370,972.70

Notes:

- (a) "Qualified Supplier" refers to the Winning Bidder.
- (b) "Market Price Offer" refers to the bid price by the Qualified Supplier, expressed in PhP/kWh.
- (c) "Energy Generation" refers to the percent share of a Qualified Supplier to the Total Energy Generation, expressed in %.
- (d) "Generation per Interval" refers to the hourly generation of a Qualified Supplier, expressed in MWh.
- (e) "Total" refers to the Energy Generation of a Qualified Supplier for the 24-hour period, expressed in MWh.
- (f) "Billed Amount" refers to the amount to be paid to the Qualified Supplier for its Energy Generation, expressed in Thousand PhP.
- (g) "Qualified Consumer" refers to the offtaker of Energy Generation of Qualified Supplier/s.
- (h) "Percent Volume Allocation" refers to the percent share of a Qualified Customer to the Total Energy Allocation, expressed in %.
- (i) "Average Market Price" (AMP) refers to the Settlement Price over the Total Energy Generation, expressed in PhP/kWh. Hence, $AMP = (f)/(e)$.
- (j) "Allocation per Interval" refers to the hourly energy allocation of a Qualified Customer, expressed in MWh.
- (k) "Total" refers to the Total Energy Allocation of a Qualified Customer for the 24-hour period, expressed in MWh.
- (l) "Settlement Price" refers to the amount to be paid by a Qualified Customer for its Energy Allocation, expressed in Thousand PhP.