

**DEPARTMENT CIRCULAR NO. \_\_\_\_\_**

**Prescribing the Guidelines Governing the Establishment of Green Energy  
Option Program**

Pursuant to Section 9, Chapter III of the Renewable Energy Act of 2008 (R.A. No. 9513) and Section 6, Rule 2, Part II of its Implementing Rules and Regulations (IRR), the DOE, upon recommendation by the National Renewable Energy Board (NREB), hereby issues, adopts and promulgates the following rules and regulations on the GEOP.

**Part I. General Provisions**

**Rule 1. Title, Declaration of Policy, and Definition of Terms**

Section 1. Title and Scope. – This Department Circular shall be known as the “Rules Governing the Establishment of the Green Energy Option Program in the Philippines”. It shall hereinafter be referred to as the “Philippine GEOP Rules”.

Section 2. Purpose for GEOP. – The purpose of the GEOP is to empower End-users to choose renewable energy in meeting their energy requirements.

Section 3. Scope of the GEOP Rules. - The scope of this GEOP Rules is to establish the rules and regulations for the:

- a. Types of RE Resources, and identification of generating facilities using said resources that End-users, DUs or ECs, and Suppliers can source renewable energy to meet their energy requirements under the GEOP;
- b. Registration by DU or EC customers of their option to source power from RE resources; and billing of customers for monthly energy consumption and generation charge attributable to RE resources;
- c. Technical feasibility and stability of the transmission and/or distribution grid systems; and
- d. Such other rules necessary, incidental or convenient to achieve the objectives of the Green Energy Option Program.

Section 4. Definition of Terms. - As used in this Rules, the following terms shall be defined as follows:

- a. “End-User” - refers to any Person or entity requiring the supply and delivery of electricity for its own use;
- b. “National Grid Corporation of the Philippines (NGCP)” - refers to the entity granted a franchise by the Congress of the Philippines to operate and maintain the transmission network of the Philippines in accordance with the provisions of the Concession Agreement with the National Transmission Corporation (TransCo) and Power Sector Assets and Liabilities Management Corporation (PSALM);

- c. "Philippine Electricity Market Corporation" (PEMC) refers to the corporation incorporated upon the initiative of the DOE composed of all Wholesale Electricity Spot Market (WESM) Members and whose Board of Directors will be the PEMC Board;
- d. "Renewable Energy Certificate" (REC) refers to a certificate issues by the RE register or its equivalent until the REM register becomes operational. One (1) REC is equivalent to one (1) MWh;
- e. "Renewable Energy (Systems) Developers" or "RE Developers" refers 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 and 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;
- f. "Renewable Energy Resources" (RE Resources) refers to energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and whose renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower conforming with internationally accepted norms and standards on dams, and other emerging renewable energy technologies;
- g. "Supplier" refers to any person or entity authorized by the Energy Regulatory Commission (ERC) to sell, broker, market or aggregate electricity to the end-users.

Further, this Rules hereby adopts by reference the definition of terms provided in R.A. 9513 and its implementing rules and regulations.

## **PART II. Green Energy Option Program**

### **Rule 2. GEOP Policy and Mandate, GEOP Sectors, Eligible Renewable Energy Resources**

Section 5. The Green Energy Option Program (GEOP). – The Green Energy Option Program is a mechanism which shall provide end-users the option to choose RE Resources as their source of energy.

Section 6. Renewable Energy Facilities covered by GEOP. - All renewable energy plants eligible are eligible for purposes of the GEOP.

Section 7. Mandated Sectors. - TransCo or its concessionaire NGCP, or any successors-in-interest of the transmission facilities, DUs, PEMC, and all relevant parties are hereby mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the GEOP.

Section 8. GEOP Participating Sectors. - Unless otherwise provided, the following entities are entitled to participate in the GEOP:

- a. TransCo or its concessionaire NGCP or any successor-in-interest of the transmission facilities;
- b. All Distribution Utilities (DUs) and Electric Cooperatives (ECs) for all its existing customers;
- c. All licensed retail electricity suppliers (RES) for the contestable market;
- d. All local retail electricity suppliers;
- e. Supplier of Last Resort (SoLR) upon commencement of retail competition and open access;
- f. Generating Companies serving the directly connected customers;
- g. Entities duly authorized to operate within economic zones; and
- h. Other entities that shall be identified by NREB.

Section 9. Renewable Energy Resources available to End-users and DUs/ECs:

- a. End-users shall have the option to source their energy requirements from the following:
  - i. Through their respective their Distribution Utility (DU), provided, that the blended generation charge of the DU, prior to the exercise of the option by any End-Use, shall not be increased as a result of such an exercise; or
  - ii. for contestable customers, directly with ERC-licensed Retail Electricity Suppliers (RES); and
  - iii. Through purchase of RE Certificates from the Renewable Energy Market (REM), or its equivalent until the REM is operational.
- b. DUs and ECs shall contract directly with the RE Developers for corresponding requirements net of the contestable customer/s who have opted to contract directly with RE Developers or Supplier.

Section 10. Review of GEOP. - The Rules on the GEOP may be reviewed by the DOE once every two (2) years or as necessary.

### **Rule 3.Registration and Billing Procedures; Incentives**

Section 11. Information Drive. –DUs and ECs shall be required to inform its customers of the availability, type of RE Resources and generation cost. Suppliers may opt to inform customers directly about RE Resources.

Section 12. Registration Requirements. – All End-users or customers (according to class regardless of demand size) may register with their DUs, ECs or Suppliers their option to source RE power.

Section 13. Supply by DUs and ECs. – DUs and ECs shall aggregate the demand for each RE , and contract directly with the RE Developers for corresponding requirements net of the customer/s who have opted to contract directly with RE Developer or Supplier. A DU or EC shall not be required to supply an End-user that has exercised the option where such supply will result in an increase in the blended generation which shall be passed through to other End-users of the DU.

Section 14. Billing Mechanism. –DU's or EC's shall reflect in the monthly electric bill how much monthly energy consumption and generation charge is provided by RE facilities.

### **PART III. Prohibited Acts, Administrative and Penal Sanctions**

#### **Rule 4. Prohibited Acts and Sanctions**

Section 15. Compliance with the GEOP Rules. - Pursuant to Sec. 35 of the Renewable Energy Law, the DOE shall impose appropriate sanctions against any mandated electric power industry participant for non-compliance or violation of the GEOP rules.

Section 16. Penalties for Non-Compliance with the GEOP Rules.- Pursuant to Section 35 of the R.A. 9513 and Rule 12 Part VI of its IRR, any person found not complying or violating the GEOP Rules shall be subject to the following sanctions:

- a. Administrative Liability. The DOE may impose a penalty ranging from reprimand to revocation of license with corresponding fine ranging from a minimum of One Hundred Thousand Pesos (P100,000.00) to Five Hundred Thousand Pesos (P500,000.00), depending on the gravity of the offense.
- b. Criminal Liability. In accordance with Section 36 of the R.A. 9513, any person, who willfully aids or abets the commission of a crime prohibited herein or who causes the commission of any such act by another shall be liable in the same manner as the principal. Provided, that in case of associations, partnerships or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, directors or officers responsible for the violation.

Provided further that the perpetrators of any of the prohibited acts provided for under Section 35 of the R.A. 9513, upon conviction thereof, shall suffer the penalty of imprisonment of from one (1) year to five (5) years, or a fine ranging from a minimum of One Hundred Thousand Pesos (P100,000.00) to One Hundred Million Pesos (P100,000,000.00), or twice the amount of damages caused or costs avoided for non-compliance, whichever is higher, or both upon the discretion of the court.

## **PART IV. Final Provisions**

### **Rule 5. Transitory and Other Provisions**

Section 17. Transitory Provisions. No provision of this Circular shall be taken to diminish any right vested by virtue of existing laws, contracts, or agreements.

Section 18. Reportorial Requirements. The DOE shall establish a reliable database required for the implementation of the GEOP Rules. To this end, the following entities shall be required to submit these documents:

- a. All DUs, ECs and Suppliers shall submit information reflecting purchases broken down by generating facility, power source and/or through the WESM covering the period that will be defined by the DOE.
- b. All Generating Companies shall be required to submit data on sales to directly connected customers for the period to be identified by the DOE.

Section 19. Information, Education and Communication Activities to Stakeholders. - Pursuant to Rule 10, Section 31 of the IRR, the DOE, through the REMB, shall develop and implement an intensive and massive information, education and communication (IEC) activities that are designed to increase the public awareness and appreciation of the GEOP Rules and the RE industry as a whole.

Section 20. Separability Clause. If any provision of these Rules is declared unconstitutional, the remainder of the Rules or the provision not otherwise affected shall remain valid and subsisting.

Section 21. Repealing Clause. Any law, presidential decree or issuance, executive order, letter of instruction, administrative rule or regulation contrary to or inconsistent with the provisions of the RE Act and this Rules is hereby repealed, modified or amended accordingly.

Section 22. Effectivity. This Circular shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Signed this \_\_\_\_\_ of \_\_\_\_\_ 2017 at the Department of Energy, Energy Center, Rizal Drive, BGC. Taguig City, Metro Manila.