

Theme: Communicating Efficiency Across the Energy Sector

# GREEN ENERGY OPTION PROGRAM

## Breakout Session 3: Renewable Energy

Director Mylene C. Capongcol

Officer-In-Charge, Renewable Energy Management Bureau

DEPARTMENT OF ENERGY



e – POWER MO

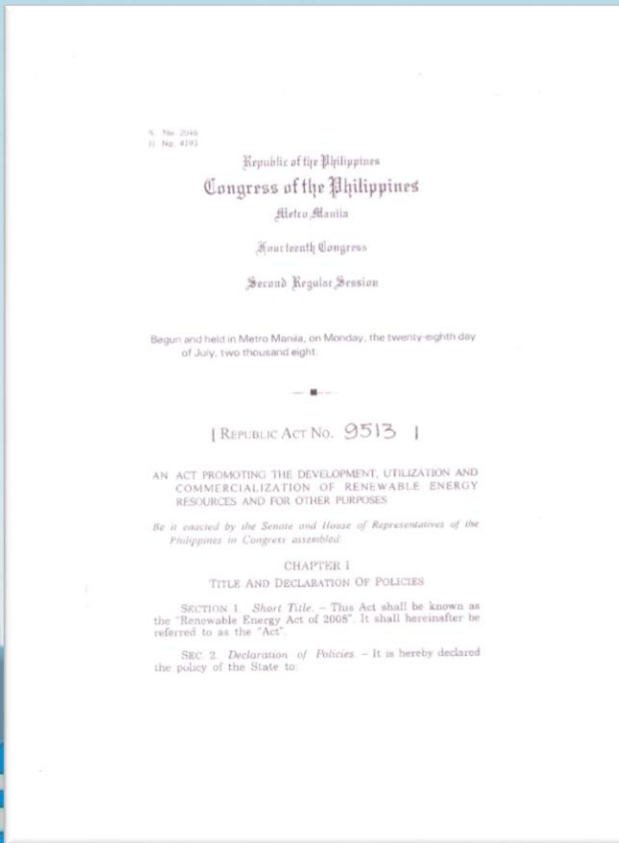
e – Secure Mo

e – Safety Mo

e – Diskarte Mo



## RA No. 9513: The RE Act of 2008



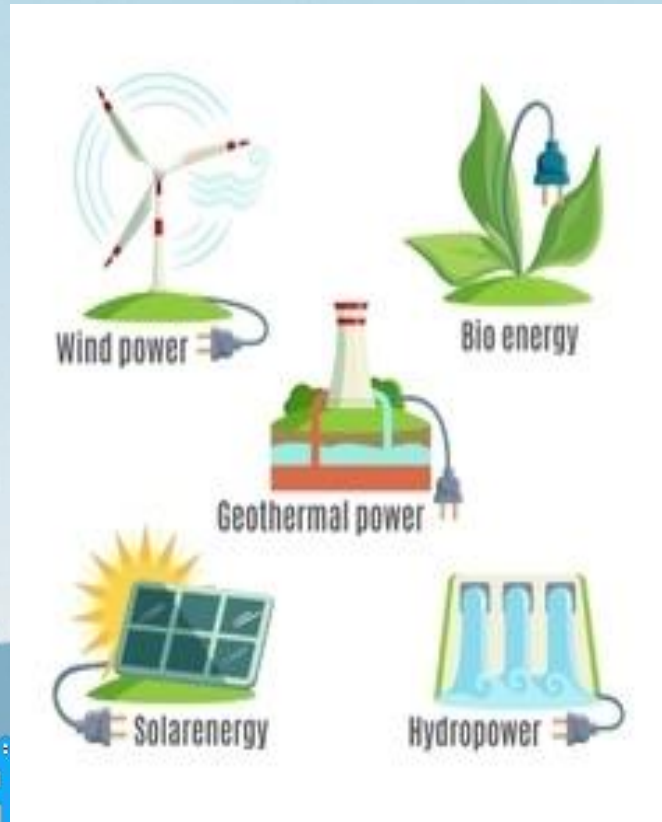
***An Act Promoting the  
Development, Utilization,  
and Commercialization of  
Renewable Energy Resources  
and for Other Purposes***

**Signed: 16 December 2008**

 **Power of Choice**



## Renewable Energy Development



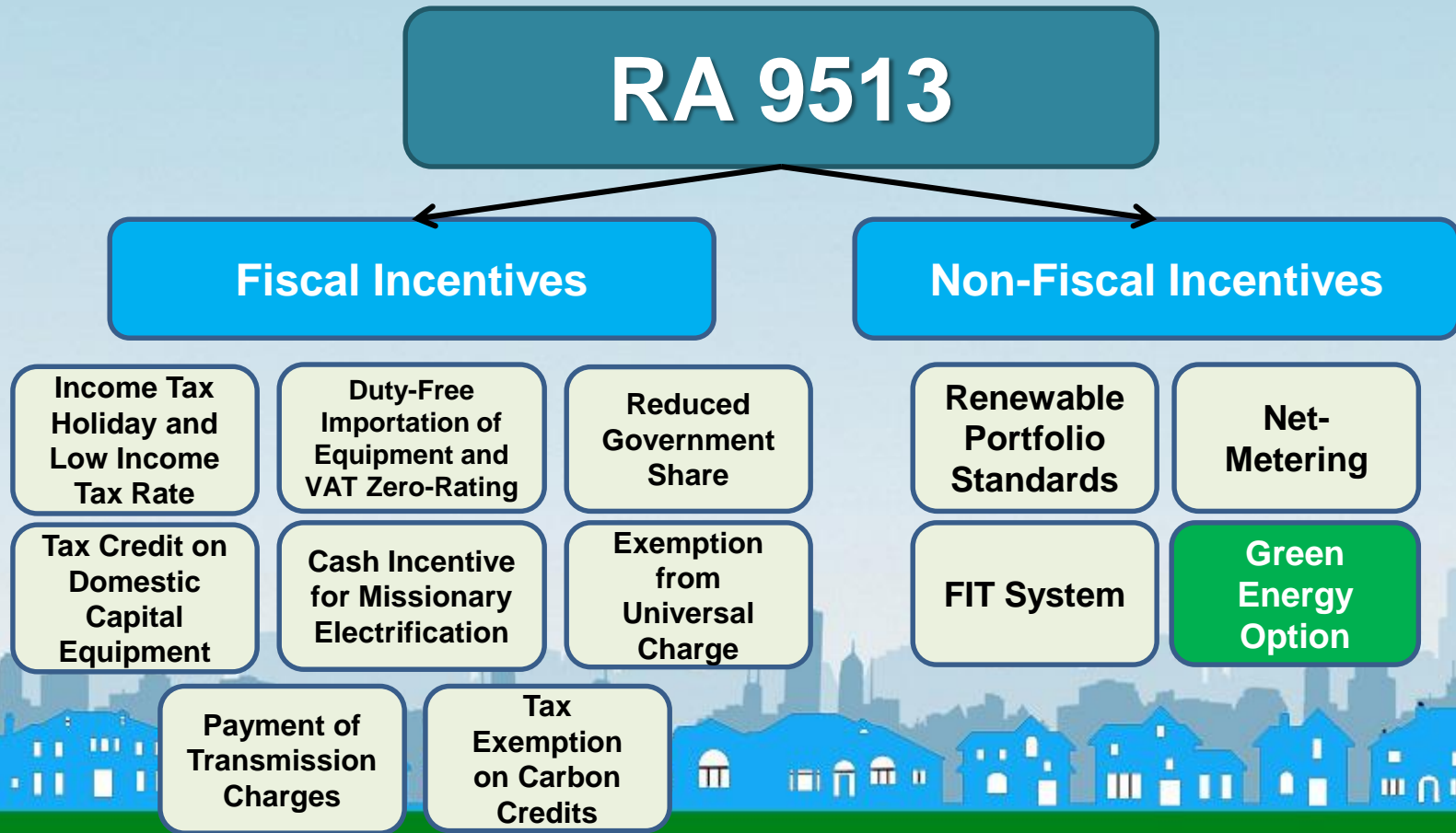
- ▣ **B**iomass / **B**iofuels
- ▣ **G**eothermal
- ▣ **S**olar Power
- ▣ **H**ydropower
- ▣ **O**cean
- ▣ **W**ind Power

\* To include other potential resources classified as renewable.

## Power of Choice



# Incentives under the RE Act

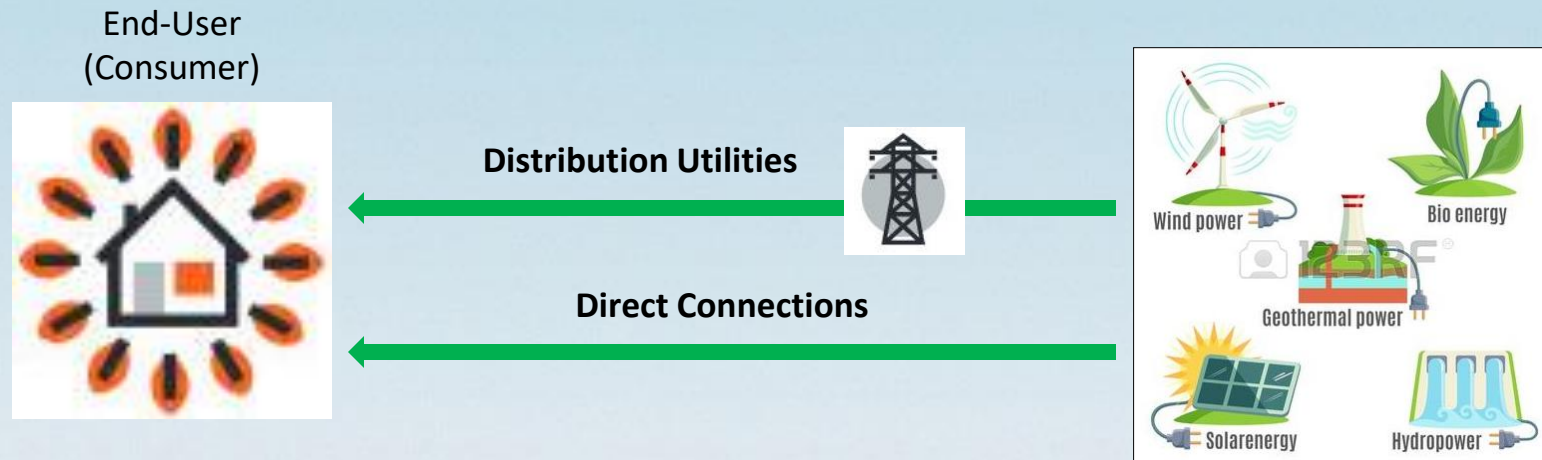


 Power of Choice



## Green Energy Option Program (GEOP)

- ✓ An RE Policy Mechanism which shall provide end-user the option to choose RE resources as their source of energy.



**Section 9. Green Energy Option.** – The DOE shall establish a Green Energy Option program which provides end-users the option to choose RE resources as their sources of energy. In consultation with the NREB, the DOE shall promulgate the appropriate implementing rules and regulations which are necessary, incidental or convenient to achieve the objectives set forth herein.

 Power of Choice

## Draft Department Circular

# PROMULGATING THE RULES GOVERNING THE ESTABLISHMENT OF GREEN ENERGY OPTION PROGRAM (Version 5.0)



 Power of Choice



## Section 2. Purpose.

- Sets the general rules and procedures to properly guide the End-Users, RE Suppliers, Network Service Providers, in facilitating the option taken by the End-Users to choose RE Resources as sources of their energy.
- Considers various options for End-Users to contribute in the development and utilization of RE Resources, in a least-cost and sustainable manner.

 Power of Choice



## Section 3. Guiding Principles.

- **Any End-User** opting to choose any or a combination of RE Resources **shall inform its DU** of this plan to source power from RE Resources under the GEOP. The End-user's **DU and RE Supplier shall fully inform the End-User** of the attendant **technical, commercial and legal arrangements** necessary to implement the GEOP. Accordingly, the **End-User has rendered an informed decision** when it opted to source its energy requirements from a RE Supplier **under the GEOP**;

 Power of Choice





## Section 3. Guiding Principles.

- The **DUs shall continue to provide distribution wheeling service and supply of electricity**, if necessary and available, to the End-Users, subject to the commercial and technical arrangements with the RE Suppliers and the End-Users;
- The **Network Service Providers**, as the sole entity to provide transmission and distribution services under their respective franchises, shall **adhere to the principles of open and non-discriminatory access** to the transmission and distribution facilities;

 Power of Choice



## Section 3. Guiding Principles.

- **All rates and charges** to End-Users shall be **unbundled**, segregated and itemized for each of the generation components, transmission charges and distribution and supply charges; and
- The **GEOP** shall be a **non-regulated activity** intended to develop and promote the increased utilization of indigenous and environmentally-friendly sources of energy through the empowerment of End-Users to choose RE Resources.

 Power of Choice



## Section 4. Scope.

- **RE Suppliers;**
- **Distribution Utilities;**
- **Economic Zone Developers;**
- **Ecozone Utility Enterprises;**
- **End-Users;**
- **National Transmission Corporation (“TRANSCO”) or its Concessionaire; and**
- **Philippine Electricity Market Corporation (PEMC).**

 **Power of Choice**



## Section 5. Definition of Terms.

- **“*RE Suppliers*”** refers to individuals or juridical entities created, registered or authorized to operate in the Philippines in accordance with existing laws and engaged in the provision or supply of electric power or energy from RE Resources to End-User duly issued permits by the DOE;
- **“*Replacement Power*”** refers to the supply of electricity to the End-User who is enrolled in the GEOP, triggered when the RE Resource contracted to the End-User is not available to deliver the supply;

 Power of Choice



## Section 6. Voluntary Participation of End-Users with Average Peak Demand of **100 kW and above** in the GEOP.

- All End-Users with a monthly average peak demand of 100 kW and above, for the **past 12 months**, may participate in the GEOP.
- Participation in the GEOP shall require a **GEOP Supply Contract** between an End-User and RE Supplier.

 Power of Choice



## Section 7. Voluntary Participation of End-Users with Average Peak Demand **Below 100 kW** in the GEOP.

- All End-Users with average peak demand **below 100kW** may **participate** in the GEOP after the DOE, in consultation with NREB and industry stakeholders, determines the **readiness of the market** and that the **technical requirements** and standards are already met.
- The **DU may**, as an option, **invite all GEOP-intending End-users** to submit application; and thereafter **aggregate** the demand and energy requirements for **competitive procurement of RE Supplier**;

 Power of Choice



## Section 8. End-User Choice.

- **Any Eligible End-User** has the **option** to: (1) not avail of the GEOP; (2) participate in the GEOP through its DU; or (3) Directly contract with an RE Supplier.
- **Any End-User** that opted to contract with a RE Supplier **may revert to be supplied by the DU**, subject to: (1) fulfillment of all its contractual obligations to the RE Supplier, and (2) execution of relevant agreement for the supply of electricity by the DU, including a definite contract period. For the avoidance of doubt, **the End-User who reverted to being supplied by the DU may again go back to the GEOP** subject to the fulfillment of its contractual obligations with the DU;

 POWER OF CHOICE



## Section 8. End-User Choice.

- For the avoidance of doubt, **the End-User who reverted to being supplied by the DU may again go back to the GEOP** subject to the fulfillment of its contractual obligations with the DU;
- If the **End-User** GEOP participant **will revert** to being a Captive Customer, the End-User **shall inform the DU** at least **three (3) months prior** to the expiration of the GEOP supply contract.

 Power of Choice





## **Section 9. Renewable Energy Generation Facilities (“RE Facilities”) Covered by GEOP.**

- **All RE Facilities are eligible for purposes of participating in the GEOP.**



 **Power of Choice**



## Section 10. GEOP Mandated Activities.

- **TRANSCO and/or its successors-in-interest, DUs, PEMC, and RE Suppliers**, shall provide individually and/or collectively, **the mechanisms for the physical connection and commercial arrangements** necessary to ensure the success of the GEOP;
- Any End-User who shall enroll under the GEOP shall;
  - **Be informed**, by way of its monthly electric bill, of its monthly energy consumption and generation charge provided by the RE Facilities.
  - **Notify the DU of its intention** to participate in the GEOP, three (3) months prior to the signing of the GEOP supply contract.
  - **Notify the DU of its signed contract** at least **one (1) month** prior to its effectivity.

 Power of Choice



## Section 11. Responsibilities of Mandated Entities.

- Responsibilities of RE Suppliers.
  - **Apply for permit with the DOE through its REMB as a RE Supplier**, and correspondingly register in the CRB and RE Registrar in order to provide electric power supply to the End-Users under the GEOP.
  - **Incorporate in the GEOP supply contract** with the End-User the **mechanism to address the intermittency** of the RE Facilities to ensure continuous power supply service, provision of Replacement Power, transmission and/or distribution wheeling charges, if applicable.

 POWER OF CHOICE



## Section 11. Responsibilities of Mandated Entities.

- Responsibilities of RE Suppliers.
  - Ensure **transparency** in the monthly electric bill of the End-users availing the GEOP.
  - Comply with the reportorial requirements of the DOE, ERC, CRB and the RE Registrar.

 Power of Choice



## Section 11. Responsibilities of Mandated Entities.

- Responsibilities of the DU as the Supplier of Last Resort.
  - The **DU** shall be the **supplier of last resort** under the GEOP.
  - The **DU** shall **provide electricity supply**, if available, to the End-User, in the event that the **RE Supplier is not able to perform** its obligation under the GEOP supply contract.
  - The **rates or charges** by the DU to the End-User as a supplier of last resort under the GEOP **shall be approved by the ERC**.



## Section 11. Responsibilities of Mandated Entities.

- Responsibilities of the Distribution Utilities as Network Service Providers.
  - Provide **open and non-discriminatory access** to its distribution system;
  - Maintain **reliability and efficiency** of distribution facilities;
  - Prepare and **update annually its DDP** to consider the operationalization of GEOP within its franchise area; and
  - As **Retail Metering Service Provider**, ensure compliance with the **installation and maintenance of all revenue metering facilities** of the End-User.



## Section 12. RE Supplier Offer Sheet to GEOP End-User.

The **RE Supplier** shall provide a **transparent and simplified Offer Sheet** to the End-User, containing the terms and conditions of the RE supply to the End-User, such as but not limited to:

- Fees and charges that shall be applied;
- Replacement Power, which should also come from a RE Facility; and
- Facilitate registration and switching with the Central Registration Body (CRB).

 Power of Choice



### **Section 13. Responsibilities of REMB under GEOP and the GEOP Oversight Committee.**

**The REMB shall evaluate and recommend issuance of permits to the RE Suppliers for the provision of RE Resources to the End-Users who opted for GEOP, as provided for in Section 31 of the RE Act.**

**An **Oversight Committee for the GEOP**, at the option of the DOE Secretary, may be created through a separate issuance, to set the guidelines and eligibility criteria for the RE Suppliers.**

 **Power of Choice**





## Section 14. Other Provisions.

- **Review of the GEOP.**
  - **The DOE in consultation with the ERC, NREB and other stakeholders shall undertake a regular or as necessary, annual review and assessment of the GEOP Rules.**
- **RPS Compliance.**
  - **The RECs from the energy supplied to End-Users under the GEOP shall be for the account of the DUs. For the avoidance of doubt, the energy sales from the GEOP shall be part of the Net Electricity Sales of the DU for the purpose of its RPS compliance requirement.**

 **Power of Choice**



## Section 14. Other Provisions.

- **REC Eligibility and Issuance.**
  - While all **RE Facilities** are eligible for purposes of participating in the GEOP, only generation from RE Facilities that are **eligible under Section 10 and 11 of the RPS Rules for On-Grid Areas** may be issued the corresponding RECs. The REC shall be issued to the DUs.
- **Information, Education and Communication Campaign (IEC).**
  - The DOE through the **Electric Power Industry Management Bureau and Renewable Energy Management Bureau**, in coordination with the ERC and NREB, shall conduct **IEC campaign** to inform all electricity End-Users and other affected entities on the GEOP.



## Section 14. Other Provisions.

- **GEOP Regulatory Framework.**
  - Consistent with Section 6 of the IRR of the RE Act, the **ERC shall issue the necessary regulatory framework** to effect and achieve the objectives of the GEOP.
  - The regulatory framework shall only be on matters affecting the DU rates to its customers.

 Power of Choice



## Section 14. Other Provisions.

- **Billing Mechanism.**
  - The End-User availing of GEOP shall be under **a dual billing scheme.**
  - Under a dual billing scheme, the End-user will **be billed separately** by its **RE Supplier** and by its **DU.**
  - RE Suppliers shall reflect in the monthly electric bill all charges under the GEOP supply contract including the monthly energy consumption. The DU, on the other hand, shall bill all other charges including transmission, distribution charges, as well as other pass-through charges (e.g, Universal Charge, FIT-All) by the Network Service Provider.



## **Section 15. Prohibited Act.**

Pursuant to Section 35(e) of the RE Act, non-compliance with or violation of the GEOP Rules shall be subject to the administrative penalties herein provided.



 Power of Choice



## Section 16. Penalties for Non-Compliance.

- Administrative Liability.
- Criminal Liability.
- The DOE Rules of Practice and Procedure shall be applicable to cases for the imposition of the foregoing penalties.
- In no case shall a **fine or penalty imposed** on a DU or RE Provider/Generation Facility **be charged to any of its End-Users** or be considered a substitute for compliance, unless such fines or penalties are provided as a future form of compliance and provide the least cost alternative to the Mandated Entity.

 Power of Choice



## **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.**



**Power of Choice**



Theme: Communicating Efficiency Across the Energy Sector

# GREEN ENERGY OPTION PROGRAM

Breakout Session 3: Renewable Energy

## Thank You!

*e-Diskarte Mo!*

**#KuryenteMo #PiliinMo**

 Power of Choice

