

1 **DEPARTMENT CIRCULAR NO. DC2024-__ - _____**

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3
4 **PROMULGATING THE RULES AND GUIDELINES**
5 **GOVERNING THE ESTABLISHMENT OF THE**
6 **GREEN ENERGY OPTION PROGRAM**
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8
9 **WHEREAS**, Republic Act No. 7638, otherwise known as the "Department of
10 Energy (DOE) Act of 1992," declares it as a policy of the State to, among others,
11 ensure a continuous, adequate and economic supply of energy through the
12 integrated and intensive exploration, production, management and development of
13 the country's indigenous energy resources;

14
15 **WHEREAS**, Republic Act No. 9136, otherwise known as the "Electric Power
16 Industry Reform Act of 2001" or "EPIRA," declares the policy of the State to, among
17 others: (a) assure socially and environmentally compatible energy sources and
18 infrastructure; and (b) promote the utilization of indigenous and new and renewable
19 energy (RE) Resources in power generation in order to reduce dependence on
20 imported energy;

21
22 **WHEREAS**, Section 37(e)(i), Chapter III of the EPIRA mandates the DOE to
23 encourage private sector investments in the electric power industry and promote
24 the development of indigenous and RE Resources;

25
26 **WHEREAS**, Republic Act No. 9513, otherwise known as the "Renewable Energy
27 Act of 2008" or the "RE Act" declares the policy of the State to increase the
28 utilization of RE by institutionalizing the development of national and local
29 capabilities in the use of RE systems, and promoting its efficient and cost-effective
30 commercial application by providing fiscal and non-fiscal incentives;

31
32 **WHEREAS**, Section 6, Chapter III of the RE Act provides that all stakeholders in
33 the electric power industry shall contribute to the growth of the RE industry in the
34 country;

35
36 **WHEREAS**, Section 9, Chapter III of the RE Act provides that the DOE shall
37 establish a Green Energy Option Program (GEOP), which provides Electricity End-
38 Users the option to choose RE Resources as their sources of energy;

39
40 **WHEREAS**, Section 9, Chapter III of the RE Act, further provides that the DOE, in
41 consultation with the National Renewable Energy Board (NREB), shall promulgate
42 the appropriate implementing rules and regulations necessary, incidental or
43 convenient to achieve the objectives of the RE Act;

44
45 **WHEREAS**, on 18 July 2018, the DOE issued Department Circular (DC) No.
46 DC2018-07-0019 titled, "Promulgating the Rules and Guidelines Governing the
47 Establishment of the Green Energy Option Program Pursuant to the Renewable
48 Energy Act of 2008," establishing the GEOP Rules.
49

50 **WHEREAS**, on 22 April 2020, the DOE issued DC No. DC2020-04-0009 titled,
51 “Guidelines Governing the Issuance of Operating Permits to Renewable Energy
52 Suppliers under the Green Energy Option Program,” prescribing the guidelines and
53 procedures in the issuance, administration, and revocation of GEOP Operating
54 Permits to RE Suppliers.

55
56 **WHEREAS**, on 22 April 2021, the Energy Regulatory Commission (ERC) issued
57 Resolution No. 08, Series of 2021, “A Resolution Adopting the Green Energy
58 Option Program,” setting the regulatory framework to operationalize the GEOP.

59
60 **WHEREAS**, on 03 December 2021, the GEOP was implemented on a voluntary
61 basis in Luzon and Visayas.

62
63 **WHEREAS**, on 31 January 2023, the DOE issued DC No. DC2023-01-0004,
64 “Adopting Amendments to the WESM Rules, Retail Rules and Various Market
65 Manuals, and Promulgation of the Retail Manual on the Procedures for the
66 Implementation of the Green Energy Option Program.”

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68 **WHEREAS**, with the commencement of the commercial operation of WESM in
69 Mindanao on 26 January 2023 and cognizant of the readiness of the Mindanao
70 Grid for retail market operations, the DOE issued DC No. DC2024-03-0009 on 01
71 March 2024, declaring 26 March 2024 as the commencement date of the
72 commercial operations of RCOA and GEOP in Mindanao.

73
74 **WHEREAS**, the DOE acknowledged the challenges experienced by stakeholders
75 as well as the opportunities raised to further enhance the program and increase
76 end-users participation.

77
78 **WHEREAS**, the DOE conducted public consultations covering Luzon, Visayas,
79 and Mindanao areas on _____ its proposed implementing rules and regulations for
80 the GEOP; and

81
82 **NOW, THEREFORE**, premises considered, the DOE hereby issues, adopts and
83 promulgates the following rules and guidelines:

84 85 86 **RULE 1**

87 88 **GENERAL PROVISIONS**

89
90 **Section 1. Title and Scope.** This Circular shall be known as the "Revised Rules
91 and Guidelines Governing the Implementation of the Green Energy Option
92 Program in the Philippines" and shall hereinafter be referred to as the "GEOP
93 Rules."

94
95 **Section 2. Purpose.** This Circular shall have the following objectives:

96
97 **2.1.** Sets the rules and guidelines to properly guide the Electricity End-Users,
98 GEOP Electricity Suppliers (GESs), and Network Service Providers (NSPs)

99 and other stakeholders in the electric power industry in facilitating the option
100 taken by the Electricity End-Users to choose RE Resources as sources of
101 their energy;

102
103 **2.2.** Provide a non-regulated market to RE investors, developers, and electricity
104 suppliers and increase supply capacity in the country; and

105
106 **2.3.** Empower Electricity End-Users to contribute to the development and
107 utilization of RE Resources, in a competitive and sustainable manner.
108

109 **Section 3. Guiding Principles.** Consistent with the intent of the RE Act to
110 empower Electricity End-Users to choose RE and contribute in meeting the
111 national RE target of at least 35% share in the power generation mix by 2030 and
112 50% by 2040, the following principles shall apply:
113

114 **3.1.** Any Electricity End-User opting to participate in the GEOP shall inform its
115 host DU of its plan to source power from RE Resources. The host DU, on
116 the other hand, shall inform and discuss with the Electricity End-User the
117 attendant technical, commercial, and legal arrangements necessary to
118 implement the Electricity End-User's option to participate in the GEOP.
119

120 **3.2** The host DU and the chosen GES, on the other hand, shall agree and
121 facilitate the implementation of the GEOP for the Electricity End-User,
122 including but not limited to Distribution Wheeling Services Agreement,
123 Metering Services Agreement, and Billing and Collection Services
124 Agreement;
125

126 **3.3.** The NSPs, as the entities mandated to provide transmission and distribution
127 services within their respective franchises, shall adhere to the principles of
128 open and non-discriminatory access to the transmission and distribution
129 facilities;
130

131 **3.4.** The NSPs shall ensure reliable and efficient wire or wheeling services to the
132 Electricity End-User and/or the GES. In case the GEOP Supply Contract is
133 canceled, revoked, or terminated for any reason, the NSPs shall continue to
134 provide the wheeling services; Provided, however, that all obligations of the
135 Electricity End-User or GES is settled or paid;
136

137 **3.5.** All rates and charges to Electricity End-Users shall be unbundled,
138 segregated, and itemized for each of the generation components,
139 transmission charges and/or distribution charges, supply charges and other
140 applicable charges; and
141

142 **3.6.** The GEOP shall be a non-regulated activity intended to develop and promote
143 the increased utilization of indigenous and environmentally friendly sources
144 of energy through the empowerment of Electricity End-Users to choose RE
145 Resources. As such, the GEOP Supply Contract need not be approved by
146 the Energy Regulatory Commission (ERC).
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148 **Section 4. Scope.** This Circular shall apply to the following stakeholders:
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150 **4.1** Electricity End-Users;

151 **4.2** GESs;

152 **4.3** Distribution Utilities (DUs);

153 **4.4** Economic Zone Developers and Economic Zone Utility Enterprises;

154 **4.5** Transmission Network Provider (TNP);

155 **4.6** Market Operator (MO) ;

156 **4.7** Supplier of Last Resort (SOLR);

157 **4.8** Central Registration Body (CRB); and

158 **4.9** RE Registrar (RER).
159

160 **Section 5. Definition of Terms.** As used in this Circular, the following terms shall
161 be defined as follows:
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163 **5.1. “Certificate of Compliance” or “COC”** refers to a certificate issued by the
164 ERC in favor of a person or entity to operate a Generation Facility pursuant
165 to Section 6 of EPIRA and Section 4 of its IRR;
166

167 **5.2. “Contiguous Areas”** refer to areas which are located within certain
168 boundaries such as subdivisions, villages, economic zones, business districts
169 and other areas in which supply of electricity of similarly situated Electricity
170 End-users can be measured through metering devices, such as but not
171 limited to any of the following:
172

173 a. Condominium buildings;

174 b. Commercial establishments;

175 c. Mixed-used development complexes;

176 d. Same nature of business;

177 e. Within the same Local Government Unit;

178 f. Within the same franchise area of a DU; or

179 g. Others, subject to DOE endorsement and ERC approval;
180

181 **5.3. “Distribution Utilities” or “DU”** refer to electric cooperatives, private
182 corporations, government-owned utilities or existing local government units
183 which have exclusive franchises to operate distribution systems in
184 accordance with the EPIRA, including DUs and entities licensed to operate in
185 the economic zones;
186

187 **5.4. “Electricity End-User”** refers to any person or entity requiring the supply
188 and delivery of electricity for its own use. As used in this Circular, an Electricity
189 End-User shall refer to any person or entity who chooses RE Resources as
190 sources of its energy; Provided, that it has satisfied the eligibility requirements
191 stated under Rule 2, Section 6 and 7 of this GEOP Rules;
192

193 **5.5. “Generation Facility”** refers to a facility where electric energy is produced
194 from some other form of energy by means of a suitable apparatus;
195

- 196 **5.6. “GEOP Supply Contract”** refers to the non-regulated agreement between
197 an Electricity End-User and GES for the supply of electricity;
198
- 199 **5.7. “Mandated Entities”** refer to electric power industry participants mandated
200 to carry out the responsibilities under the GEOP;
201
- 202 **5.8. “Metering Service Provider”** or **“MSP”** refers to a person or entity
203 authorized by the ERC to provide metering services as defined in the
204 Distribution Services and Open Access Rules;
205
- 206 **5.9. “Net Electricity Sales”** refers to energy supply less system losses and own
207 use reckoned from 26 December of the preceding year to 25 December of
208 the current year;
209
- 210 **5.10. “Network Service Provider”** or **“NSP”** refers to a person or entity engaged
211 in the activity of owning, controlling, or operating a transmission or distribution
212 system intended for the conveyance of electric power from the Generating
213 Facility to the End-User;
214
- 215 **5.11. “RE Certificate”** or **“REC”** refers to a certificate representing all renewable
216 and environmental attributes from one megawatt-hour (1MWh) of electricity
217 generation sourced from duly registered and eligible RE Generation Facilities;
218
- 219 **5.12. “Renewable Energy Market”** or **“REM”** refers to the market developed and
220 operated by PEMC or the independent market operator, as the case may be,
221 where the trading of the RE Certificates is made pursuant to Section 8 of the
222 RE Act;
223
- 224 **5.13. “GEOP Operating Permit”** refers to a document issued by the DOE to an
225 entity allowing the supply of electric power to an Electricity End-User,
226 pursuant to Rule 4 of this Circular;
227
- 228 **5.14. “GEOP Suppliers”** or **“GESs”** refer to individuals or juridical entities created,
229 registered or authorized to operate in the Philippines in accordance with
230 existing laws and engaged in the provision or supply of electric power from
231 RE resources to End-User, duly issued Operating Permits by the DOE;
232
- 233 **5.15. “RE Market”** or **“REM”** refers to a market for the trading of Renewable
234 Energy Certificates, pursuant to Section 8 of the RE Act. The REM is intended
235 as a venue for Mandated Participants obligated by Renewable Portfolio
236 Standards to comply with their requirements;
237
- 238 **5.16. “RE Registrar”** or **“RER”** refers to the entity designated by the DOE to
239 establish and operate the RE Market pursuant to Section 8 of the RE Act and
240 DC2019-12-0016 (or the “REM Rules”);
241
- 242 **5.17. “RE Resources”** refer to energy resources that do not have an upper limit
243 on the total quantity to be used. Such resources are renewable on a regular
244 basis, and whose renewal rate is relatively rapid to consider availability over

245 an indefinite period of time. These include, among others, biomass, solar,
246 wind, geothermal, ocean energy and hydropower that conform with
247 internationally accepted norms and standards on dams, and other emerging
248 renewable energy technologies;

249
250 **5.18. "Replacement Power"** refers to the supply of electricity to an Electricity End-
251 User enrolled in the GEOP which shall be delivered should the supply
252 contracted by the GES be unavailable for whatever cause or reason; and

253
254 **5.19. "Wholesale Electricity Spot Market" or "WESM"** refers to the wholesale
255 electricity spot market established by the DOE pursuant to Section 30 of the
256 EPIRA.

257
258 Furthermore, this Circular hereby adopts by reference the terms defined in the
259 EPIRA and RE Act and their respective implementing rules and regulations.

260 **RULE 2**

261 **ELIGIBLE END-USERS FOR GEOP**

262
263 **Section 6. Participation of Electricity End-Users with Average Peak Demand**
264 **of 100 kilowatts (kW) and above.** Upon the effectivity of this Circular, the
265 following threshold levels shall be applied to ensure an orderly implementation of
266 the GEOP:
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268

269
270 **6.1.** All Electricity End-Users with a monthly average peak demand of 100 kW and
271 above, for the past twelve (12) months, may opt to participate in the GEOP;
272 and

273
274 **6.2.** Electricity End-Users whose estimated average monthly peak demand for the
275 next twelve (12) months, based on the load profiling, is 100 kW or above, may
276 participate in the GEOP;

277
278 **6.3.** The participation of the Electricity End-User in the GEOP shall be governed
279 by a GEOP Supply Contract between the Electricity End-User and its GES.
280 The GEOP Supply Contract shall not require an approval from the ERC as
281 stated under Section 3.6 of Rule 1 hereof.

282
283 **Section 7. Participation of End-Users with Average Peak Demand below 100**
284 **kW.** In support of growing commitments to sustainable development and/or net-
285 zero emission targets, any Electricity End-Users with an average peak demand
286 below 100 kW may participate in the GEOP, under the following framework:

287
288 **7.1.** Electricity End-Users with an average peak demand below 100 kW,
289 located in a Contiguous Area, may opt to aggregate, and participate
290 in the GEOP. The respective GES shall act as the aggregator and
291 facilitate the switching of the aggregated Electricity End-Users,
292 subject to ERC existing rules and guidelines; and

293

294 **7.2.** All Electricity End-Users, located in Economic Zones, may opt to
295 participate in the GEOP through direct contracting with a GES or
296 through a tripartite agreement with its Economic Zone Utility and a
297 GES.
298

299 **Section 8. Upholding End-User Choice.** Any eligible Electricity End-User has the
300 option to voluntarily contract directly with a GES, as guided with the following:
301

302 **8.1.** An Electricity End-User that opted to contract with a GES may revert as the
303 customer of the DU, provided it has fulfilled all of its contractual/financial
304 obligations to the GES and has executed relevant agreement for the supply
305 of electricity by the DU;
306

307 **8.2.** Any Electricity End-User who reverted to the DU as a customer may again
308 participate in the GEOP, subject to the fulfillment of its contractual obligations
309 with the DU;
310

311 **8.3.** Pursuant to Department Circular No. DC2024-03-0009, this Circular shall
312 allow participation of eligible Electricity End-Users to the GEOP in Luzon,
313 Visayas, and Mindanao On-Grid areas; and
314

315 **8.4.** To further promote the GEOP in the country, Electricity End-Users and GESs
316 in missionary and Off-Grid areas may participate in the GEOP; Provided, that
317 the agreement shall be purely commercial and shall not be entitled to any
318 subsidy from the Universal Charge for Missionary Electrification. Provided
319 further, that the Replacement Power in these areas shall be sourced directly
320 from the contracted supply of the host DU.
321

322 **RULE 3**

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324 **GEOP MANDATE, SECTORS, ELIGIBLE RENEWABLE ENERGY**
325 **RESOURCES**
326

327 **Section 9. Renewable Energy Generation Facilities (“RE Facilities”) Covered**
328 **by GEOP.** All RE Facilities are eligible to participate in the GEOP and are further
329 subject to the following rules:
330

331 **9.1.** Entities that shall utilize RE Facilities to supply power under the GEOP shall
332 secure an Operating Permit from the DOE as GESs pursuant to Rule 4 of this
333 Circular;
334

335 **9.2.** All RE Facilities, including Distributed Energy Resources and/or Embedded
336 Generators supplying under the GEOP shall comply with all DOE and ERC
337 policies and regulations, respectively.
338

339 **Section 10. GEOP Mandated Activities.**
340

341 **10.1.** TNP, NSPs, MO, and GESs, shall provide individually and/or collectively, the
342 mechanisms for the physical connection and commercial arrangements
343 necessary to ensure the success of the GEOP.
344

345 **10.2.** Any Electricity End-User who intends to switch to the GEOP shall:

346
347 **10.2.1.** Notify, through registered mail or personal service, the DU of its
348 intention to participate in the GEOP, within three (3) months prior to
349 the signing of the GEOP Supply Contract; and
350

351 **10.2.2.** Notify, through registered mail or personal service, the DU of its
352 signed contract with a GES within one (1) month prior to its effectivity.
353

354 **10.3.** Any Electricity End-User under the GEOP shall:

355
356 **10.3.1.** Be informed, through its monthly electric bill, of its monthly energy
357 consumption and generation charge provided by the GES;
358

359 **10.3.2.** Be informed by the GES or NSP of the transmission, distribution
360 services, and other charges, segregated and unbundled, by way of
361 its monthly electric bill, as applicable; and
362

363 **10.3.3.** Pay and/or settle its financial obligations to the DU and/or GES.
364 Failure to do so shall subject the Electricity End-User to the
365 disconnection policies of the DU and/or sanctions under their
366 wheeling agreement and GEOP Supply Contract.
367

368 **Section 11. Responsibilities of Mandated Entities.**

369
370 **11.1. GESs shall:**

371
372 **11.1.1.** Including existing Retail Electricity Suppliers under the Retail
373 Competition and Open Access Program, secure an Operating Permit
374 from the DOE, pursuant to Rule 4 of this Circular and comply with all
375 the terms and conditions of this Circular and any amendments hereto;
376

377 **11.1.2.** All Local Retail Electricity Suppliers (LRES) are automatically
378 qualified as GES without the need for GEOP Operating Permit.
379 Provided, that any LRES shall only be allowed to supply within its
380 host DU franchise area, in compliance with all applicable rules and
381 regulations;
382

383 **11.1.3.** Register with the CRB and RE Registrar;
384

385 **11.1.4.** Provide a transparent and simplified offer sheet to the End-User,
386 containing the terms and conditions of the GEOP supply contract to
387 the End-User;
388

- 389 **11.1.5.** Incorporate in the GEOP Supply Contract with the Electricity End-
390 User the mechanism to address the intermittency or availability factor
391 of the RE Facilities to ensure the continuous power supply service,
392 the provision of Replacement Power, and the transmission and/or
393 distribution wheeling charges, if applicable;
394
395 **11.1.6.** Ensure transparency in the monthly electric bill of the GEOP's End-
396 User;
397
398 **11.1.7.** Comply with the reportorial requirements of the DOE, ERC, CRB and
399 the RE Registrar;
400
401 **11.1.8.** Inform the GEOP Electricity End-user of its option to choose between
402 a single or dual billing scheme;
403
404 **11.1.9.** Submit reports annually on or before every 30th of January or as may
405 deemed necessary by the DOE to the REMB, which shall contain the
406 following data:
407
408 **a.** Monthly kWh generated from owned, operated, and/or
409 contracted RE facility;
410 **b.** Monthly kWh purchased per RE resource;
411 **c.** Monthly kWh sold per customer;
412 **d.** Peak Demand per customer in kW;
413 **e.** Available supply capacity per technology in MW;
414 **f.** Monthly purchased Replacement Power in kW; and
415 **g.** Any additional information requested by the DOE.

416
417 The DOE shall establish a compliance template for this purpose.
418

- 419 **11.1.10.** Facilitate the switching of respective GEOP customers including the
420 submission of complete requirements to the CRB.
421

422 **11.2. DU as the SOLR shall:**
423

- 424 **11.2.1.** Impose rates and/or charges duly approved by the ERC;
425
426 **11.2.2.** Automatically provide supply to the Electricity End-User, in the event
427 that the GES and its corresponding Replacement Power is not able
428 to perform its obligation under the GEOP Supply Contract. As an
429 alternative, the GES may enter into an agreement with the DU on the
430 provision of Replacement Power to the End-User; and
431
432 **11.2.3.** Register as GEOP SOLR to the CRB. Provided that, all DUs
433 registered as SOLR in the Retail Market shall be automatically
434 registered as GEOP SOLR in the CRB without the need of any
435 supplementing requirements.
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437 **11.3. TNP shall:**

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- 11.3.1. Provide an open and non-discriminatory access to its transmission facilities;
- 11.3.2. Ensure the reliability and efficiency of the transmission system, including the provision of the needed ancillary services;
- 11.3.3. Segregate and itemize all charges to the End-User or GES;
- 11.3.4. Ensure the dispatch of the generating facilities, in accordance with the WESM Rules and the Philippine Grid Code;
- 11.3.5. Incorporate GEOP supply to its annual preparation and update of its Transmission Development Plan; and
- 11.3.6. Perform as the default MSP for the Electricity End-Users directly-connected to the transmission facilities.

11.4. DUs as NSPs shall:

- 11.4.1. Provide an open and non-discriminatory access to its distribution system;
- 11.4.2. Maintain the reliability and efficiency of the distribution facilities; and
- 11.4.3. Annually prepare and update its Distribution Development Plan to consider the needed infrastructures to operationalize the GEOP within its franchise area.

11.5. DUs as MSPs shall:

- 11.5.1. Perform as the default Retail MSP within its franchise and ensure the compliance with the installation and maintenance of all revenue metering facilities of the End-User;
- 11.5.2. Register as GEOP MSP with the CRB. Provided that all DUs registered as Retail MSP in the Retail Market shall be automatically registered as GEOP MSP in the CRB without the need of any supplementing requirements; and
- 11.5.3. Submit annually on or before the 30th of January or as deemed necessary to the DOE list of eligible customers under their franchise areas with respective peak demand (in kW) and contact information.

11.6. CRB and RE Registrar shall:

- 11.6.1. Register the GEOP's End-Users with their GESs;

- 486 **11.6.2.** Facilitate amendments to the WESM and Retail Rules and Manuals,
487 if necessary; and
488
489 **11.6.3.** Submit quarterly report / updates to the DOE including, but not
490 limited to:
491
492 a. List of GEOP End-Users' name served by each GES;
493 b. Meter Number and Market Short Name;
494 c. Monthly registered peak and average demand (in kW);
495 d. Monthly metered quantity (in kWh);
496 e. Number of GEOP End-Users that switched, sorted by the DU
497 franchise area; and
498 f. Percent (%) increase in Switching per DU franchise area.
499

500 **Section 12. Responsibilities of the DOE through the Renewable Energy**
501 **Management Bureau (REMB).** Consistent with Section 32 of the RE Act, the
502 REMB shall:
503

- 504 **12.1.** Evaluate the applications for and recommend the issuance of
505 Operating Permits to the GESs, pursuant to Rule 4 of this Circular;
506
507 **12.2.** Post in the DOE website the list of GES issued with GEOP Operation
508 Permit with contact details, annually or as deemed necessary by the
509 REMB;
510
511 **12.3.** Conduct IEC campaigns to inform all electricity End-Users and other
512 involved entities in the GEOP; and
513
514 **12.4.** Undertake regular review and assessment of the GEOP Rules, and
515 propose amendments, if necessary.
516

517 **Section 13. Other Provisions.**
518

- 519 **13.1. Provision of Replacement Power.** To ensure that End-Users are
520 supplied with sufficient and reliable electricity, the GES shall secure the
521 necessary Replacement Power, as follows:
522
523 **13.1.1. Transition Period.** Upon the effectivity of this Circular, a three
524 (3) year transition period shall be allowed to all GESs to contract supply
525 from the DU, through WESM, or generation facilities utilizing indigenous
526 resources as Replacement Power.
527
528 **13.1.2.** During this transition, the total energy supplied (in kWh) to an
529 End-User shall be at least fifty percent (50%) coming from RE sources.
530 Thereafter, in support of the greater development and utilization of RE
531 Resources, any Replacement Power shall exclusively be sourced from
532 RE Resources.
533

534 **13.1.3.** The CRB shall monitor the energy output compliance of all GESs
535 as prescribed herein. Any GES violating this provision shall be
536 subjected to penalties under Rule 4 of this Circular.
537

538 **13.2. RECs Derived from the GEOP.** Until such time that the DOE issued
539 a policy on voluntary RE market (VREM), which shall allow the ownership and
540 trading of RECs from Electricity End-Users, the RECs generated from the
541 energy supplied to the End-Users under the GEOP shall be for the account
542 of the DUs. Provided that, the energy sales from the GEOP shall be part of
543 the Net Electricity Sales of the DU for its RPS compliance requirement.
544 Thereafter, all generated RECs shall be owned by the Electricity End-Users.
545

546 **13.3. REC Eligibility and Issuance.** All RE generation under the GEOP
547 shall be issued the corresponding RECs. Provided that only RECs from RE
548 facilities that are eligible under Sections 10 and 11 of the RPS Rules for On-
549 Grid areas shall be allowed to be traded in the REM. Provided further, that all
550 RECs generated under the GEOP, including eligible and non-eligible RPS
551 generating facilities, shall be allowed to be traded in the VREM or any
552 international REC market.
553

554 **13.4. GEOP Regulatory Requirements.** For the successful
555 implementation of the GEOP, the ERC shall issue necessary or update
556 existing regulatory framework, following the objectives of this policy and any
557 amendment/s thereto.
558

559 **13.5. Billing Mechanism.** An End-User opting to participate in the GEOP
560 shall have an option to choose either single billing or dual billing
561

562 **13.5.1. Dual Billing.** A dual billing system may be adopted by the
563 End- User availing of the GEOP. Under the dual billing scheme, the
564 Electricity End-User shall be billed separately by its GES for the supply
565 of electricity generated from GEOP including the Replacement Power,
566 and by its NSP or TNP, in case of Directly-Connected customers for the
567 wires/wheeling services and other charges.
568

569 **13.5.2. Single Billing.** Under the single billing scheme, the End-User
570 shall be billed by its GES for all charges in the electricity supply,
571 unbundled and itemized.
572

573 **13.6. Excess Generation Provided by GESs.** The NSPs shall not be
574 financially liable for any excess power provided by the GES to the End-User
575 under the GEOP Supply Contract.
576

577 **13.7. GEOP with Energy Storage Systems (ESS).** Consistent with DOE
578 related policies, any ESS solely integrated to a RE facility shall likewise be
579 treated as a RE source and may supply to the GEOP End-Users, subject to
580 rules, guidelines, and relevant regulations by the DOE and the ERC.
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582

583 **RULE 4**

584 **GEOP OPERATING PERMIT GUIDELINES**

585 **Section 14. GES Qualifications.**

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589 **14.1.** Any person, natural or juridical, registered and/or authorized to
590 operate in the Philippines under existing Philippine laws and engaged in the
591 business of generating and/or supplying electricity from RE Resources may
592 apply for a GEOP Operating Permit as an GES under GEOP;

593
594 **14.2.** For avoidance of doubt, any RE Facility is eligible for GEOP, whether
595 or not the same is eligible for RPS compliance as long as there is still
596 available capacity or energy for supply under GEOP; and

597
598 **14.3.** Owners and operators of RE Facilities constructed and operating
599 prior to RE Act but registered under the RE Act may qualify as GESs under
600 the GEOP.

601
602 **Section 15. Application Requirements.** All applications, including new and
603 renewal of the GEOP Operating Permit shall be in writing and verified. All
604 applicants shall likewise submit following documents to the DOE:

605
606 **15.1.** Affidavit of undertaking on the capability to supply and deliver the RE
607 generation to the End-User;

608
609 **15.2.** Proof of Contract/s for the Supply of Replacement Power in
610 accordance with Section 13.1 of this Circular; and

611
612 **15.3.** Proof of payment of the processing fee.

613
614 For avoidance of doubt, all existing Retail Electricity Suppliers under the Retail
615 Competition and Open Access program intending to supply for the GEOP shall
616 apply and comply with all the requirements stated herein.

617
618 **Section 16. Processing and Approval of Applications.**

619
620 **16.1.** The DOE, through the REMB, shall be responsible for evaluating all
621 applications for the issuance of GEOP Operating Permits to eligible GESs.

622
623 **16.2.** Within twenty (20) working days from the submission of complete
624 application documents and compliance with the requirements, the REMB
625 Director shall recommend to the Secretary the approval or disapproval of the
626 application.

627
628 **16.3.** The application shall be acted upon by the DOE Secretary, upon
629 endorsement by the Supervising Assistant Secretary and Undersecretary of
630 the REMB.

631

632 **Section 17. Period of Validity.** The GEOP Operating Permit shall be valid for a
633 period of five (5) years from the date of issuance stated therein, unless earlier
634 revoked by the DOE for any violation of this Circular.

635
636 **Section 18. Renewal of Application.** Six (6) months prior to its expiration, the
637 GES may apply for renewal of its GEOP Operating Permit, subject to submission
638 of required documents and payment fee under Section 15 of this Circular.

639
640 **Section 19. Suspension, Revocation or Cancellation of GEOP Operating**
641 **Permits.** The DOE may suspend, revoke, or cancel any GEOP Operating Permit
642 on the following grounds:

643
644 **19.1.** Failure of the GES to comply with its obligations under the GEOP Rules
645 and the terms and conditions under which the GEOP Operating Permit was
646 issued;

647
648 **19.2.** Providing false or misleading information to the End-User or the DOE;

649
650 **19.3.** Failure to respond to DOE directives, communications, inquiries within
651 the periods provided therein, or address customer complaints within five (5)
652 working days from receipt of the same; and

653
654 **19.4.** Termination of the GEOP Supply Contract by the End-User for cause.

655
656 Upon a positive finding by the DOE that the GES has committed of any of the above
657 enumerated grounds, the latter shall be required to explain in writing why its GEOP
658 Operating Permit should not be suspended, revoked, or cancelled. The GES shall
659 be given a non-extendible period of fifteen (15) calendar days to submit its
660 explanation, which shall be accompanied by supporting documents.

661
662 Not later than fifteen working (15) days from its receipt of the GES's written
663 explanation, the REMB shall submit its findings and recommendations to the DOE
664 Secretary, through its Supervising Assistant Secretary and Undersecretary. The
665 DOE Secretary shall have a period of five (5) working days to act upon said
666 recommendation. The decision of the DOE Secretary shall be final and immediately
667 executory.

668
669 The GES shall immediately be notified of the decision of the DOE Secretary in
670 writing, within three (3) days upon receipt by REMB of the DOE Secretary's
671 decision, through personal service, registered mail, private courier service, or in
672 the absence of the aforementioned modes of service, through electronic mail.

673
674 **Section 20. Penalties.** The following are the penalties which may be imposed
675 upon a GES which has been found to have committed any of the acts provided in
676 Section 21 hereof and has failed to provide justifications therefor:

677
678 **20.1. First Offense.** Suspension of the GEOP Operating Permit for one (1)
679 month;

680

681 **20.2. Second Offense.** Suspension of the GEOP Operating Permit for three
682 (3) months; and

683
684 **20.3. Third Offense.** Cancellation/Revocation of the GEOP Operating
685 Permit.

686
687 Provided, That, in cases where the GES was found to have twice committed the
688 same violation in succession, the GEOP Operating Permit shall be
689 cancelled/revoked.

690
691 **Section 21. RE Pool.** To accelerate exploration, development, and utilization of
692 RE Resources, and to ensure RE supply is available in a least-cost manner, GESs
693 and RE Generators/Developers may enter into a joint action or establish a pool of
694 RE supply under the GEOP to the extent permitted by applicable laws.

695
696 **RULE 5**
697 **PROHIBITED ACTS AND SANCTIONS**

698
699 **Section 22. Prohibited Act.** Pursuant to Section 35(e) of the RE Act, non-
700 compliance with or violation of the GEOP Rules shall be subject to the
701 administrative and/or criminal penalties herein provided.

702
703 **Section 23. Penalties for Non-Compliance.** Consistent with RE Act, its IRR and
704 this Circular, the following administrative and criminal sanctions may be imposed:

705
706 **23.1. Administrative Liability.** The DOE may impose a penalty ranging from
707 a minimum of One Hundred Thousand Pesos (P100,000.00) to Five Hundred
708 Thousand Pesos (P500,000.00) or, upon its discretion, may recommend to
709 the appropriate government agency, the revocation of the DU's or Generation
710 Facility's license, franchise or authority to operate;

711
712 **23.2. Criminal Liability.** In accordance with Section 36 (Penalty Clause) and
713 Section 35 (Prohibited Acts) of the RE Act, any person who willfully fails to
714 comply with or violates the GEOP Rules shall be imposed with the penalties
715 provided under the RE Act. Any person who willfully aids or abets the
716 commission of such failure or violation or who causes the commission of any
717 such act by another shall be liable in the same manner as the principal.

718
719 In the case of associations, partnerships or corporations, the penalty shall be
720 imposed on the partner, president, chief operating officer, chief executive
721 officer, directors or officers responsible for the violation.

722
723 The failure to comply with or any violation of the GEOP Rules, upon conviction
724 thereof, shall be imposed the penalty of imprisonment of one (1) year to five
725 (5) years, or a fine ranging from a minimum of One Hundred Thousand Pesos
726 (P100,000.00) to One Hundred Million Pesos (P100,000,000.00), or twice the
727 amount of damages caused or costs avoided for non-compliance, whichever
728 is higher, or both upon the discretion of the court.

729

730 This is without prejudice to the penalties provided for under existing
731 environmental regulations prescribed by the Department of Environment and
732 Natural Resources or any other concerned government agency;

733

734 **23.3.** The DOE Rules of Practice and Procedure shall be applicable to cases
735 for the imposition of the foregoing penalties; and

736

737 **23.4.** In no case shall a fine or penalty imposed on a DU or RE
738 Provider/Generation Facility be charged to any of its End-Users or be
739 considered as a substitute for compliance.

740

741 **Section 24. Separability Clause.** If any provision of this Circular is declared
742 invalid or unconstitutional, the other provisions not affected thereby shall remain
743 valid and subsisting.

744

745 **Section 25. Repealing Clause.** All previous issuances, rules, and regulations
746 inconsistent with this Circular are hereby repealed, amended, or modified
747 accordingly. Correspondingly, DC2018-07-0019 and DC2020-04-0009 are hereby
748 repealed.

749

750 **Section 26. Effectivity.** This Circular shall take effect fifteen (15) days after its
751 publication in at least two (2) newspapers of general circulation. Copies of this
752 Circular shall be filed with the University of the Philippines Law Center — Office of
753 the National Administrative Register.

754

755 Signed this _____ day of _____ 2024 at DOE, Energy Center,
756 Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.

757

758

759

760

761

RAPHAEL P.M. LOTILLA
Secretary