

Local Total Electrification Roadmap Guidelines

DEPARTMENT CIRCULAR NO. DC2024-05-____

"PRESCRIBING THE GUIDELINES FOR THE LOCAL TOTAL ELECTRIFICATION ROADMAP OF THE DISTRIBUTION UTILITIES"

WHEREAS, Republic Act (RA) No. 11646 entitled "The Act Promoting the Use of Microgrid Systems to Accelerate the Total Electrification of Unserved and Underserved Areas Nationwide" otherwise known as the "Microgrid Systems Act" (MGSA), which was promulgated on 09 February 2022, declares the policy of the state to accelerate total electrification and ensure the provision of quality, reliable, and secure electricity service at reasonable rates in unserved and underserved areas;

WHEREAS, Section 12 (a) and (d) of RA 11646 mandates the Department of Energy (DOE) to prepare and publish annually on its website the National Total Electrification Roadmap (NTER), upon consultation with public and private stakeholders; and determine, in consultation with Distribution Utilities (DUs), the time frame for compliance with their respective Local Total Electrification Roadmaps (LTERs) and Distribution Development Plans (DDPs);

WHEREAS, Section 13 of RA 11646 mandates the National Electrification Administration (NEA) to assist the Electric Cooperatives (ECs) in the preparation of their respective LTERs; and evaluate and verify the unserved and underserved areas submitted by ECs as part of its LTER and submit its recommendations to the DOE not later than the 15th of March of every year;

WHEREAS, Section 14 (a) and (b) of RA 11646 mandates the National Power Corporation (NPC) to prepare and execute annually an NPC Graduation Plan and shall continue to perform its missionary electrification mandate;

WHEREAS, Section 15 of RA 11646 mandates the DUs to prepare their LTER in pursuit of the total electrification of their franchise areas and it shall contain the following, among others:

- (a) A validated detailed inventory of all areas within a DU's franchise which it plans to electrify including a specific time frame for electrification, including DU identified unserved areas for electrification through DU operated microgrid systems;
- (b) A validated annual work plan for electrification; and
- (c) A validated detailed inventory of all unserved and underserved areas within its franchise.

WHEREAS, on 25 June 2022, the DOE promulgated Department Circular No. DC2022-05-0017 or the Rules and Regulations to Implement Republic Act No. 11646 (Microgrid Systems Act) which mandates the DOE to prepare the NTER and publish it on the DOE Website, no later than 30 September of every year;

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WHEREAS, on 21 December 2022, the DOE issued Department Order No. DO2022-12-0016¹ mandating the Total Electrification Steering Committee¹ supervise and provide directions in the formulation of the National Total Electrification Roadmap (NTER);

WHEREAS, on 23 March 2023 during the TESC Meeting 2023-01, the TESC approved the National Total Electrification Framework identifying the various electrification strategies, funding sources, and project implementers;

WHEREAS, to ensure that the DUs will be able to efficiently and effectively plan out its electrification projects and programs to unserved and underserved areas within its franchise area, it is necessary to issue this Guidelines for the development of the DUs' LTER:

WHEREAS, the DOE consulted with the DUs on the development of the LTER template on the following occasions:

Dates	Venue	Participating DUs (ECs and PIOUS)
Cebu City		Regions VI, VII, and VIII
	Taguig City	Regions I, II, III, IV-A, IV-B, V and NCR
	Cagayan de Oro City	Regions X, XI, XII, CARAGA
	Zamboanga City	Regions IX and BARMM

NOW, THEREFORE the DOE, in consideration of the foregoing hereby issues the following guidelines to govern the development of the LTER, including the manual in filling out the standard template as Annex A.

Section 1. Definition of Terms

For purpose of the LTER, the operational definition of terms will be adopted:

- Annual Work Plan (AWP) refers to the Distribution Utilities' (DUs) annual 1.1. plan of all projects to commence within the reference year and shall be completed not later than eighteen (18) months from submission to the DOE.
- 1.2. Local Total Electrification Roadmap (LTER) - refers to a DU's comprehensive 10-year strategic plan with an AWP to accelerate total electrification in its franchise area, to be updated annually.

¹ Department Order 2022-12-0016 creating the Total Electrification Steering Committee (TESC) which will serve as an oversight body in formulating and consolidating various programs and activities that will allow full access to electricity of communities that are identified as unserved and underserved by DUs and other responsible

- Microgrid System as defined in RA 11646, refers to a group of interconnected loads and a generation facility of Decentralized Power Generation with clearly defined electrical boundaries that acts as an integrated power generation and distribution system, whether or not connected to a distribution or transmission system.
 - 1.4. **National Total Electrification Roadmap (NTER)** refers to the DOE's comprehensive national strategic plan, including a work plan to accelerate total electrification in the country, taking into consideration the various LTERs and the Distribution Development Plans (DDPs). It shall be incorporated in the Philippine Energy Plan.
 - 1.5. **NPC Graduation Plan** refers to a comprehensive and detailed strategy of the NPC to attract private sector participation in areas purely served by the NPC, to be updated annually.
 - 1.6. **Served Households** refers to households with access, connected to a distribution system of a DU or by MGSP or utilizing a stand-alone home system, regardless of the technology used and number of hours.
 - 1.7. **Unserved Households** refers to households without access and connection to the electricity service by the concerned DUs and NPC.
 - 1.8. **Unserved Areas** as defined in RA 11646 refers to an area with no electricity access, no distribution system lines, no home power system, no connection to any microgrid system, or for which no distribution grid extension has been developed or implemented by the DU.
 - 1.9. Underserved Areas as defined in RA 11646, refers to areas currently served by home power systems, microgrid systems, or DU's whose supply of electricity is less than twenty-four (24) hours daily because of the non-implementation of approved capital expenditure projects, noncompliance with the service parameters of the Philippine Distribution Code (PDC), or any other reason resulting to an overall failing mark based on ERC's latest annual technical evaluation of the performance of distribution systems.

Section 2. Scope of Application

This Circular shall apply to the following:

- 2.1. Distribution Utilities:
- 2.2. NEA;

- 2.3. NPC operating both the generation and distribution facilities in Missionary Areas; and
- 2.4. Other qualified project implementers as stated in Section 4.3 of this Circular.

Section 3. Guiding Principles

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The preparation of the NTER and the LTER shall be in accordance with the following:

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3.1. The NTER shall provide a comprehensive national strategic plan to accelerate total electrification in the country taking into consideration the growing demand and household targets.

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3.2. All DUs, including those with 100% household electrification status in the reference year, shall prepare and submit its 10-year LTER which shall include an AWP to ensure timely implementation of electrification projects within its franchise areas in accordance with this Circular.

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3.3. For the purpose of this Circular, the term "area" shall correspond to "barangay level". For an area wherein there are unserved households within sitios, it will be declared as "partially served area/barangay" as referred to Section 5.2 of this Circular.

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3.4. The DUs shall identify the appropriate electrification strategy for all unserved households and underserved areas within their franchise as discussed in Section 4.1 of this Circular.

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3.5. The DU shall adhere with the hierarchical structure of financing the electrification project identified in the LTER as outlined in Section 4.2 of this Circular.

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3.6. For the purpose of this Circular, households situated in areas declared as danger zones and/or protected areas shall not form part of the targets by the DUs in their LTER.

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3.7. For electrification projects undertaken by project implementers other than the DU, as mentioned in Section 4.3 of this Circular, the DU shall recognize said initiative subject to evaluation based on the sufficiency of its electricity service. As necessary, the DU shall provide support to the project implementers or provide appropriate electrification strategies to ensure its sustainability.

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3.8. The DUs shall ensure the timely submission and implementation of annual electrification targets in the LTER in accordance with Section 6.1.1.3 of this Circular.

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3.9. The final LTER submitted by the DUs and reviewed and validated by the DOE and NEA, for the case of ECs, shall be the basis in the declaration of unserved and underserved areas that may be subject to competitive selection process for the MGSP.

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3.10. The NPC in its MEP, shall have plans in providing 24/7 electricity service in missionary areas and comply with the hybridization policy issued.

180	Section	4. National Total Electrification Framework				
181	la order	to achieve 100% Household electrification level, the National Total				
182 183		ation Framework was established and encompasses the key factors, such as				
184		ation strategies, funding sources and project implementers.				
185	Ciccumic	ation strategies, funding sources and project implementers.				
186	4.1.	Electrification Strategies				
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188		The four distinct electrification strategies below are tailored to suit specific				
189		geographical locations, the contiguity of households and their distance from existing distribution facilities.				
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192		4.1.1. Household Electrification - refers to connecting individual				
193		households to the existing grid or power supply system,				
194		guaranteeing that every unserved household shall be immediately				
195		connected, if feasible, in accordance with the existing regulations				
196		duly promulgated by the ERC.				
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198		4.1.2. Distribution line extension - refers to extension of DU facilities and				
199		providing household connections in unserved and partially served				
200		areas where the identified households are relatively close with each				
201		other.				
202						
203		4.1.3. Stand Alone Home Systems - refers to provision of electricity				
204		service through stand-alone home systems, such as solar home				
205		systems, other renewable energy sources and other emerging				
206		technologies in remote and hard-to-reach areas with dispersed				
207		households and not viable for line extension.				
208						
209		4.1.4. Microgrid System - refers to provision of electricity service by				
210		constructing both generation and distribution line in remote areas				
211		with clustered households and has potential for economic activities				
212		and is not viable for the extension of DU facilities.				
213						
214	4.2.	Funding Source				
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216		The framework delineates the prioritization of available funds to support the				
217		designated electrification strategies, as follows:				
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3.11. The NEA shall ensure strict compliance of ECs in the preparation of LTER

All activities shall be under the supervision and policy direction of the TESC who shall

recommend the final NTER to the DOE Secretary for the publication.

in accordance with this Circular.

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- 4.1.1. DU Internally Generated Funds (IGF) refers to funds that are generated through the operations and can be used to fund electrification plans and projects of a DU, reducing the dependence on external sources like loans.
- 4.1.2. Private Sector Initiative / Foreign-Assisted Projects refers to assistance that receives financial, technical or other forms of support from the private sector or foreign entities.
- 4.1.3. Energy Regulations (ER) No. 1-94 Electrification Fund refers to 50% of the one-centavo per kilowatt-hour (PhP 0.01/kWh) generated from the total electricity sales of all generation facilities under Rule 29(a) of the EPIRA's Implementing Rules and Regulations, allocated to DUs serving the host communities.
- 4.1.4. NEA Subsidy refers to funds given to Electric Cooperatives (ECs) from NEA, through the General Appropriations Act, to deliver electricity services to areas without access within the ECs' franchise area e.g. SEP, BLEP.
- 4.1.5. DOE Locally Funded Project refers to funds given to DOE to complement the existing electrification programs by providing flexibility on the prioritization and implementation of appropriate electrification strategies to remaining unserved households in the country.
- 4.1.6. NPC Missionary Electrification Plan Fund refers to the funds from the revenues from the sales in the missionary areas and from the Universal Charge (UC) to be collected from all electricity end-users as determined by the ERC.

4.3. Project Implementers

In addition to the NEA, NPC and DUs, the framework introduces the role of other qualified project implementers that are crucial to expedite and address the absorptive capacity of the DUs in achieving 100% electrification within their franchise areas. The qualified project implementers include:

- 4.3.1. **State Universities and Colleges:** Demonstrating technical and academic expertise in implementing new and emerging technologies.
- 4.3.2. **Non-Government Organizations (NGOs):** Private organizations who have experience on the management and implementation of electrification programs.

265 266 267 268 269		4.3.3.	experti microg	grid Systems Service Providers: Private groups that have ise and experience on implementing and operating grid systems in remote and economically unviable areas of untry: and
270 271		4.3.4.	Other	eligible private entities.
272	Section	5. Declar	ation of	f Unserved and Underserved Areas
273 274 275				I DUs shall be the basis of the declaration of unserved and lowing parameters shall be used:
276 277 278 279 280 281 282	5.1.	distributi microgrid develope	on syst d syste ed or im	A/Barangay – Any barangay with no electricity access, no tem lines, no home power systems, no connection to any m, or for which no distribution grid extension has been aplemented by the DU. In literal terms, no households have in the area.
283 284 285	5.2.	Partially Served Area/Barangay— Any served barangay with remaining unserved households.		
286 287 288	5.3.			arangay – Any barangay, of which all of its households have d has access to electricity 24/7.
289 290 291 292	5.4.	power s	ystems,	Area/Barangay – Any barangay, currently served by home microgrid systems, or DUs whose supply of electricity is v-four (24) hours daily.
293	Section	6. Proced	lure in 1	the Preparation and Submission of the LTER
294 295 296 297				shall apply to all DUs, including those reporting one hundred busehold electrification.
298 299 300		shall comespective		the following procedures in the preparation and submission
301 302	6.1.	Preparation and accomplishing of the LTER		
303 304		6.1.1.		U must fill up the LTER Template attached as Annex A in rcular comprise of the following forms namely:
305 306		6.	1.1.1.	Form 1: 10 – Year Electrification Master Plan
307 308 309 310 311 312 313				This form portion shall include the list and inventory of all unserved households and/or underserved areas within a DU's franchise, including areas to be served by MGSPs that it plans to electrify including a specific time frame for electrification. The template shall also cover the pertinent information about the DU's electrification project including

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 its area location, area description and details of its electrification plan, funding requirements and issues and concerns that should be addressed for the timely implementation and completion of programmed electrification projects.

In crafting the LTER, the DU must take into account the following:

- All electrification strategies as well as the funding requirement relative to the implementation of the said electrification program. The least cost and feasible electrification strategy for the unserved households and underserved areas must be considered.
- Households which are previously energized through other electrification programs such as stand-alone home systems, as provided by LGUs and/or private entities, and decide the appropriate electrification solution pursuant to Section 3.7 of this Circular.
- Households situated in areas declared as danger zones and/or protected areas and shall not form part of the DUs targets pursuant to Section 3.6 of this Circular.
- Areas served by another DU within the franchise area of the original DU franchisee and shall be included in the LTER of the DU currently serving the area, provided that a supporting agreement between the concerned DUs is established.
- Areas within their franchise that are being served by another DU and shall be included in their planning and reporting. Franchisee DU shall provide supporting agreement for this arrangement.

6.1.1.2. Form 2: Household Electrification Report

This form shall consist of the household electrification level of the DU within its franchise area down to Barangay level including areas being served by an MGSP. Relatively, should the DU report an unserved HHs within each Barangay, the DU shall have equivalent electrification plans incorporated in Form 1 to address the energization requirement of said unserved households.

363			The methodology for the computation of electrification
364			level using the formula.
365			Served Households
366			$Electrification Level (\%) = \frac{Served Households}{Potential Households}$
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368			Where:
369			Electrification Level (%) is the status of
370			electrification of the area.
371			 Served households are the number of served
372			households within the area.
373			 Potential households are the number of all target
374			households within the area.
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376		6.1.1.3.	Form 3: Annual Work Plan
377			
378			In reference to Form 1, this Form, to commence with the
379			implementation of projects within the reference year of
380			submission of the LTER to the DOE, is the AWP per
381			electrification program in Gantt Chart format and must
382			present the planned activities, milestones and timelines of
383			the DU relative to its preparation of project documents up
384			to the energization of Target Households in Unserved and
385			Underserved Areas. The identified projects are required to
386			be completed by the DU which shall conform in the
387			following allowable completion timeline:
388			
389			 Stand Alone Home System – eight (8) months
390			DU-initiated microgrid systems – 18 months
391			Distribution Line Extension – six (6) months
392			Regular Connection - in accordance with Distribution
393			Service and Open Access Rules
394			
395		6.1.1.4.	Form 4: Evaluation Sheet for Microgrid System.
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397			In reference to Form 1, areas identified to be served using
398			a microgrid system as the electrification strategy, the DU
399			shall submit an evaluation of the area including details but
400			not limited to Number of Households, Load Profile, Plant
401			Type, and Area Profile.
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403			For the identified areas for the microgrid system, the DU
404			shall indicate its target timeline for distribution line
405			extension and connection to their facility, or takeover of an
406			area served by a MGSP.
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408	6.2.	Timeline of	Submission of LTER

Pursuant to the purpose of assisting the DUs in preparing and ensuring the LTER submission is in accordance with the timelines set forth in the RA 11646, the following schedules shall be observed:

6.2.1. The PIOUs and LGUOUs shall submit the electronic copy of the LTER not later that fifteenth (15th) of March of every year, to the DOE via <u>doe.lter@doe.gov.ph</u>. In the case of ECs, in accordance with NEA guidelines, ECs shall submit to NEA its LTER, and that copy of the same shall be provided to DOE, not later than the 15th of March every year. The consolidated LTER of all ECs shall be submitted by NEA to DOE no later than 15th of March of every year. In the event of non-submission by the NEA, the final NTER shall be based on EC's submission which shall be validated by DOE.

Within one hundred twenty (120) calendar days period upon receipt of the LTER of the DUs, the DOE, or the NEA for the case of the ECs, shall validate and provide recommendation about the compliance of the submitted LTER and advise the DUs and ECs if there is a need for revision of the said submission.

 6.2.2. Based on the comments and recommendations of the DOE, the PIOUs, LGUOUs, and NEA, for the case of ECs, shall submit an electronic copy of the final LTER reflecting the changes within seven (7) calendar days to the DOE.

Section 7. Validation of LTER

The LTER submitted by the DUs shall be subject to validation by the DOE and NEA, for the case of ECs, based on the following:

7.1. Consistency and correctness of data entries.

7.2. Electrification strategy matching the profile of the unserved or underserved areas as identified by the DUs as discussed in Section 4 of this Circular.

7.3. Concurrence on the fund sources and status of funding approval specially on projects identified to be supported by subsidy programs of the DOE, NEA, NPC and other government agencies.

7.4. Inclusion of electrification projects in AWP should have its target date of implementation fall on the reference year of submission of the LTER to the DOE.

Section 8. Roles and Responsibilities of Department of Energy

The DOE shall:

Oversee the compliance of the DUs in the preparation and submission of their respective annual LTERs;

462	8.2.	Validate t	he LTERs of the DUs pursuant to Section 7 of this Circular;
463	0.2	Droporo	and publish appually on its website the NTED upon consultation
464	8.3.	•	and publish annually on its website the NTER, upon consultation
465 466		with public	c and private stakeholders;
466	8.4.	Pocommo	end to the ERC issuance of show-cause order to DUs and other
468	0.4.		Entities for non-compliance with the provisions of this DC, in
469			e and form, for appropriate sanctions, penalties, and fines, among
470			irsuant to Sections 23 & 24 of RA 11646.
471		ou1010, po	induant to doctions 20 a 2 f of fact file to.
472	Section 9	9. Respons	sibilities of the National Electrification Administration (NEA)
473			
474	The NEA	shall.	
475	1110 1127	· oriaii.	
476	9.1.	Assist all	ECs in the preparation and ensure timely submission of their
477	• • • • • • • • • • • • • • • • • • • •		E LTER in accordance with this Circular.
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479	9.2.	Evaluate a	and verify the submitted LTER of the ECs pursuant to Section 13.b
480			646 and validate the same pursuant to Section 7 of this Circular.
481			•
482	9.3.	Submit th	e following to DOE not later than the 15 th of March of every year:
483			
484		9.3.1.	The final LTER of each ECs; and
485		9.3.2.	A consolidated, single excel file, consisting of all ECs validated
486			LTER for Form 1.
487			
488	9.4.	Submit to	DOE every 1st Monday of the succeeding reporting month its
489		consolida	ted Form 2, based on ECs submissions.
490			
491	9.5.		ne implementation of the EC's electrification projects/program in
492		accordance	ce with the timeline set in the EC's LTER.
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494	Section '	10. Respo	nsibilities of the National Power Corporation (NPC)
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496	The NPC	shall:	
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498	10.1.		and submit to the DOE a comprehensive and detailed Graduation
499			shall be updated annually pursuant to Section 14 of the RA 11646
500			on 26 of its IRR. The said plan shall include, but is not limited to,
501		the follow	ing:
502		10.1.1.	Existing Areas to be included in the list of DOE declared Uncorred
503		10.1.1.	Existing Areas to be included in the list of DOE declared Unserved and Underserved Areas; and
504 505			and Underserved Areas, and
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Criteria for inclusion of areas in the DOE declared Unserved and

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509	10.2.	The NPC shall ensure timely implementation of plans and programs in			
510		providing 24/7 electricity service in missionary areas.			
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512	10.3.	Submit to the DOE the NPC Quarterly Reports on the Implementation of			
513		Missionary Electrification Project every first month of the quarter; and			
514					
515	10.4.	Submit every first Monday of the succeeding reporting month on the			
516		household electrification report for areas purely served by the NPC.			
517					
518	Section '	11. Responsibilities of the Distribution Utilities (DUs)			
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520	The DUs	shall:			
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522	11.1.	, II I			
523		and underserved areas within their franchise area as discussed in Section			
524		4.1 of this Circular.			
525	11.0	Dronovo and authorit an annual LTED in accordance with Coation C.O. of this			
526	11.2.	Prepare and submit an annual LTER in accordance with Section 6.2 of this Circular.			
527		Circular.			
528	11.3.	Submit to DOE and NEA, for the case of ECs, every 1st Monday of the			
529 530	11.3.	succeeding reporting month for the Forms 2 and 3;			
531		succeeding reporting month for the Forms 2 and 3,			
532	11 /	Submit a justification, in case of delayed implementation, and a catch-up			
533	11.4.	plan to complete the identified projects.			
534		plan to complete the identified projects.			
535	11.5.	Designate a focal person and an alternate focal person/s to specifically			
536	11.5.	handle LTER concerns and queries.			
537		nariale ETER conserns and queries.			
538	11.6.	Institutionalize a succession program for the focal person to ensure the			
539		continuity of the preparation of its LTER.			
540	Section	12. Incentives			
541		The DOE, in consultation with NEA, may initiate a provision of non-fiscal incentives to			
542	DUs that exhibit proactive initiatives and notable achievements towards advancing the				
543	objectives of the total electrification program and fulfilling their obligation to ensure				
544	provide a	ccess to electricity.			
545	Castian	12 Degulatory Cumpart			
546	Section '	13. Regulatory Support			

The ERC shall promulgate the supporting guidelines to implement the obligations set

forth in this Circular. Such guidelines shall provide incentives and penalties to ensure

compliance of the DUs with the obligations and LTER submission stated herein.

10.1.2.

Underserved areas.

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Further, ERC may introduce amendments to the existing regulatory framework on DU's Capital Expenditure Application in relation to implementation of its electrification projects in pursuit of the 100% electrification goal of the Government. **Section 14. Penalty Clauses** Any person, natural or juridical, is prohibited from the following acts pursuant to Section 23 of RA 11646 and the responsible officers and employees of any private corporation or government agency who commit the said prohibited acts shall, upon conviction, suffer the following penalties pursuant of Section 24 of RA 11646. Section 15. Separability Clause If for any reason, any section of this Guidelines is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect. **Section 16. Effectivity** This Circular shall take effect fifteen (15) days upon its complete publication in at least two (2) newspapers of general circulation. A copy of this Circular shall be filed with the University of the Philippines Law Center - Office of the National Administrative Register. Issued this ___ day of ____ 2024 at DOE, Energy Center, Rizal Drive corner 34th Street, Bonifacio Global City, Taguig City, Metro Manila. RAPHAEL P.M. LOTILLA Secretary