



DEPARTMENT CIRCULAR NO. DC 2015 - 07 - 0014

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PRESCRIBING THE POLICY FOR MAINTAINING THE SHARE OF RENEWABLE ENERGY (RE) RESOURCES IN THE COUNTRY'S INSTALLED CAPACITY THROUGH THE WHOLISTIC IMPLEMENTATION OF THE PERTINENT PROVISIONS OF REPUBLIC ACT NO. 9513 OR THE RE ACT ON FEED-IN TARIFF (FIT) SYSTEM, PRIORITY AND MUST DISPATCH, AMONG OTHERS

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

WHEREAS, Republic Act No. 9136 or the "Electric Power Industry Reform Act of 2001" or the EPIRA declares the policy of the State to:

- (a) Ensure the quality, reliability, security and affordability of the supply of electric power; and
- (b) Promote the utilization of indigenous and new and RE resources in power generation in order to reduce dependence on imported energy;

WHEREAS, pursuant to Section 37 of the EPIRA, the DOE is mandated to supervise the restructuring of the electric power industry as well as among other things, to:

- (a) Formulate policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan and with the policies on environmental protection and conservation and maintenance of ecological balance, and provide a mechanism for the integration, rationalization, and coordination of the various energy programs of the Government;
- (b) Develop policies and procedures and, as appropriate, promote a system of energy development incentives to enable and encourage electric power industry participants to provide adequate capacity to meet demand including, among others, reserve requirements; and
- (c) Formulate such rules and regulations as may be necessary to implement and attain the objectives of the EPIRA.

WHEREAS, Republic Act No. 9513, or the "Renewable Energy Act of 2008" (RE Act) declares the following as the policy of the State to:

- (a) Accelerate the exploration and development of RE resources to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby

minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;

- (b) Increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of RE systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;
- (c) Encourage the development and utilization of RE resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment; and
- (d) Establish the necessary infrastructure and mechanism to carry out the mandates specified in the Act and other existing laws.

WHEREAS, on 25 May 2009, the DOE issued DC2009-05-0008 entitled the "*Rules and Regulations Implementing Republic Act No. 9513 (RE IRR)*" which provided the general rules, regulations and guidelines for the development of RE resources in the country;

WHEREAS, the DOE issued DC2009-07-0011 entitled "*Guidelines Governing a Transparent and Competitive System for Awarding RE Service Contracts*" on 12 July 2009 in support of the awarding of RE service contracts;

WHEREAS, on 12 July 2010, pursuant to Section 7 of the RE Act and Section 5 of the RE-IRR, the Energy Regulatory Commission (ERC) issued Resolution No. 16, Series of 2010 entitled "*Resolution Adopting the FIT Rules;*"

WHEREAS, on 14 June 2011, the DOE published the National RE Plan (NREP) providing for the target to increase the share of RE resources share in installed capacity from 5,438 MW in 2010 to 15,304 MW by 2030;

WHEREAS, on 30 June 2011, after public consultation and review of the recommendation of the National RE Board (NREB), the DOE endorsed to the ERC the installation targets for FIT-eligible RE resources as follows:

RE Resource	Installation Target (in MW)
Run-of-River Hydro	250
Biomass	250
Wind	200
Solar PV	50
Ocean	10

WHEREAS, the DOE through DC2011-07-0007 dated 05 July 2011 entitled "*Ensuring the Adequacy and Readiness of the National Transmission System to Accommodate New Generating Capacities from RE Technologies*" directed for the full cooperation of the National Grid Corporation of the Philippine (NGCP) for the integration of RE resources to the country's transmission development plan;

WHEREAS, the DOE issued DC2013-05-0009 dated 28 May 2013 entitled "*Guidelines for the Selection Process of RE Projects under the FIT System and the Award of Certificate for FIT Eligibility*" instituting the first-come-first-serve the basis for the DOE - Certificate of Endorsement (COE) for FIT Eligibility;

WHEREAS, the DOE issued DC2015-03-0001 on 20 March 2015 entitled "Promulgating the Framework for the Implementation of Must Dispatch and Priority Dispatch of RE Resources in the Wholesale Electricity Spot Market (WESM);"

WHEREAS, the development and optimal use of the country's RE resources is an integral part of the DOE's Energy Reform Agenda, with RE resources being vital to addressing the challenges of climate change, energy security, sustainability and the broader access to energy;

WHEREAS, the country's RE resource assessment shows vast amounts of RE sources that are yet to be developed on top of the more than 10,600 MW potential capacity already covered by registered RE projects with existing RE service/operating contracts that are currently being implemented as of 31 March 2015;

WHEREAS, to date the DOE has endorsed an increase of the FIT installation targets for solar from 50 MW to 500 MW and wind from 200 to 400 MW in light of the developments in the demand-supply situation, as follows:

RE Resource	Revised Installation Target (in MW)
Run-of-River Hydro	250
Biomass	250
Wind	400
Solar PV	500
Ocean	10

WHEREAS, based on the 2014 DOE Power Statistics, 25.64 percent (25.64%) of the country's total power generation are sourced from RE facilities or equivalent to installed generating capacity of about 32.87 percent (32.87%) of the country's total installed capacity; and

WHEREAS, there is a need for the DOE to issue a policy that ensures and maintains the share of RE in the country's installed capacity thus ensuring energy sustainability, security and independence.

NOW, THEREFORE, for and in consideration of the foregoing premises and pursuant to its mandate under the DOE Act, EPIRA and the RE Act and its implementing rules and regulations, the DOE declares the following:

Section 1. Title. This Circular shall be known as the "Guidelines for the Policy of Maintaining the Share of RE in the Country."

Section 2. Policy Statement. To maintain the share of RE in power generation, the DOE hereby adopts a policy of adopting at least 30 percent (30%) share of RE in the country's total power generation capacity through the wholistic implementation of the FIT System and other pertinent provisions under the RE Act and RE IRR.

Section 3. Responsibility for Forecasting and Replacement Power. To balance the impact of RE in the grid, the RE Developer of FIT-eligible resources shall be responsible for the nomination and the dispatch of generated power from its generation facilities: *Provided*, That deviations outside the prescribed range set per FIT-eligible technology, the RE developer shall be responsible for procuring the replacement power.

Section 4. FIT Auction. To ensure the attainment of Section 2 of this Circular, the DOE will use the FIT installation targets. Upon the full subscription of the existing FIT installation targets, the succeeding rounds for the installation targets for FIT-eligible resources shall be made through an auction system to be adopted by the DOE.

In the determination of the installation targets for each FIT-eligible resource, the DOE shall be guided by among other, the impact or taking into account distribution and grid security (interconnection, location and technical), cost and other considerations: *Provided*, That the auction for the installation targets for FIT-eligible resources may only be made upon the issuance of the implementation of the Must-Dispatch Implementing Rules and Regulations.

Section 5. Compliance with the Renewable Portfolio Standard (RPS). Upon the issuance of the Renewable Portfolio Standard (RPS) Rules under Section 6 of the RE Act, compliance with the provisions herewith shall likewise be deemed compliance with the RPS.

Section 6. Information, Education and Communication (IEC) Activities to Stakeholders. Pursuant to Rule 10, Section 31 of the RE IRR, the DOE shall implement an intensive and massive IEC activities that are designed to increase public awareness and appreciation of the Guidelines and the RE industry as a whole.

Section 7. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts that are not affected shall remain in full force and effect.

Section 8. Repealing Clause. Any department circular or issuance, contrary to or inconsistent with this Circular is hereby repealed, modified or amended accordingly.

Section 9. Effectivity. This Circular shall take effect fifteen (15) days after publication in two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

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CARLOS JERICHO L. PETILLA,
Secretary



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