

[DOE DEPARTMENT CIRCULAR NO. DC 2013-05-0009, May 28, 2013]

GUIDELINES FOR THE SELECTION PROCESS OF RENEWABLE ENERGY PROJECTS UNDER FEED-IN TARIFF SYSTEM AND THE AWARD OF CERTIFICATE FOR FEED-IN TARIFF ELIGIBILITY

Whereas, Section 7 of the Republic Act No. 9513 or the Renewable Energy Act of 2008 (the "Act") mandates the establishment of a feed-in tariff system (FIT System) for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass;

Whereas, pursuant to Section 5 of the Department Circular No. DC2009-05- 008 or the Rules and Regulations Implementing Republic Act No. 9513 (the "IRR"), electric power industry participants are obligated to source electricity from FIT eligible RE generation at a guaranteed fixed price for a given period of time to be determined by the Energy Regulatory Commission (ERC);

Whereas, in its Resolution No. 16, Series of 2010 entitled "Resolution Adopting the Feed in Tariff Rules" (the "FIT Rules"), the ERC set the duration of FIT at twenty (20) years to eligible On-Grid RE plants;

Whereas, on 27 July 2012, ERC issued Resolution No. 10, Series of 2012 approving the FIT rates and equivalent degression rates for all RE technologies entitled to FITs except Ocean, which in relation to the approved installation targets, are as follows:

RE Technology	FIT Rate (Php/kWh)	Degression Rate	Installation Target (MW)
Wind	8.53	0.5% after 2 years from effectivity of FIT	200
Biomass	6.63	0.5% after 2 years from effectivity of FIT	250
Solar	9.68	6% after 1 year from effectivity of the FIT	50
Run-of-River Hydropower	5.90	0.5% after 2 years from	250

		effectivity of FIT	
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Whereas, while the Department Circular No. DC2009-007-0011 or "Guidelines Governing a Transparent and Competitive System of Awarding Renewable Energy Service/Operating Contracts and Providing for the Registration Process of Renewable Energy Developers" (the "RESC Guidelines") prescribes for the conversion of Renewable Energy Service Contract (RESC) from Pre-Development Stage to Development Stage, it does not include specific requirements on the FIT eligibility of RE projects in relation to the approved installation targets;

NOW THEREFORE, the DOE hereby issues this Circular to complement the RESC Guidelines in the event the RE Developer applies for FIT eligibility.

Section 1. Title and Scope. This Circular shall be known as the "Guidelines for the Selection Process of RE Projects under Feed-in Tariff System and the Award of Certificate for Feed-in Tariff Eligibility."

This Circular shall cover only those RE plants that will be in Commercial Operation after the effectivity of the Act.

- a. **Section 2. Definition of Terms.** Any terms cited herein shall have the same meaning as provided in the Act, its IRR and the RESC Guidelines, unless otherwise specifically defined below:
 - a. "Certificate of Confirmation of Commerciality" shall refer to the certificate issued by the DOE confirming the Declaration of Commerciality by an RE Developer;
 - b. "**Commercial Operation**" shall refer to the phase of RE development when the RE Developer has completed its commissioning and test operations and is ready to sell or apply its produced energy, as duly confirmed by the DOE;
 - c. "**Electromechanical Completion**" shall mean that the whole plant including all substation and other facilities for grid or distribution system connection is in place but not yet connected and the RE project is ready for commissioning;
 - d. "**Declaration of Commerciality**" shall refer to a written declaration by the RE Developer, duly confirmed by the DOE Secretary, stating that the project is commercially feasible;
 - e. "**FIT System**" shall mean the operation of an RE Plant under the approved FIT rate within the established installation target;
 - f. "**Renewable Energy Service Contract (RESC)**" shall refer to the service agreement between the Government, through the DOE, and RE Developer over a period in which the RE Developer has the exclusive right to a particular RE area for exploration and development. The RESC shall be divided into two (2) stages: the pre-development and the development/commercial stage. The preliminary assessment and feasibility study up to financial closing shall refer to the Pre-Development Stage. The construction and installation of facilities up to operation phase shall refer to the Development Stage;
 - g. "**RE Developer**" shall refer to individual/s or juridical entity created, registered and/or authorized to operate in the Philippines in accordance with existing Philippine laws and engaged in the exploration, development or utilization of RE resources and actual operation of RE systems/facilities;
 - h. "**RE Operating Contract**" shall refer to the service agreement between the Government, through the DOE, and an RE Developer for the utilization of RE resources in the Development Stage, including actual operation of RE systems/facilities;