



DEPARTMENT CIRCULAR NO. DC 2024-12-0031 *h*

**DECLARATION OF THE FULL COMMERCIAL OPERATIONS
OF THE RENEWABLE ENERGY MARKET**

WHEREAS, Republic Act (RA) No. 7638, otherwise known as the “*Department of Energy (DOE) Act of 1992*” or the “*DOE Charter*,” declares it as a policy of the State to, among others, 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, RA 9513, otherwise known as the “*Renewable Energy Act of 2008*” or the “*RE Act*,” declares the policy of the State to increase the utilization of renewable energy (RE) 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;

WHEREAS, Section 5 of the RE Act designates the DOE as the lead agency mandated to implement the provisions thereof;

WHEREAS, Section 8 of the RE Act and Section 10 of the RE Act's Implementing Rules and Regulations (RE Act-IRR) prescribe that the DOE shall establish the Renewable Energy Market (REM) for the trading of RE Certificates (REC) in compliance with the Renewable Portfolio Standards (RPS) Rules;

WHEREAS, Section 8 of the RE Act states that the Philippine Electricity Market Corporation (PEMC) shall, under the supervision of the DOE, establish the Renewable Energy Registrar (RER) and shall issue, keep, and verify RECs corresponding to energy generated from RE facilities eligible for RPS compliance by Mandated Participants;

WHEREAS, the DOE issued Department Circular (DC) Nos. DC2017-12-0015 and DC2018-08-0024, promulgating the rules and guidelines governing the establishment of the “*RPS Rules for On-Grid Areas*” or the “*RPS On-Grid Rules*” and the “*RPS Rules for Off-Grid Areas*” or the “*RPS Off-Grid Rules*”, respectively;

WHEREAS, the DOE issued DC No. DC2019-12-0016 titled, “Promulgating the Renewable Energy Market Rules” (REM Rules) to establish the rules, requirements and procedures that govern the operation of the REM for all electric power industry participants in Luzon, Visayas, and Mindanao, both in the on-grid and off-grid areas;

WHEREAS, Section 2 of the REM Rules prescribes that for the establishment of the REM and the development of the Philippine Renewable Energy Market System (PREMS¹), PEMC shall perform the RER functions: *Provided*, That no later than one (1) year from the start of commercial operations of the REM, the functions, assets and

¹ The PREMS is an enterprise-grade automated platform to be used by the RER in performing its functions under the REM Rules, such as the allocation and trading of RECs and monitoring and assessment of compliance of Mandated Participants with their obligations under the RPS Rules for both on-grid and off-grid areas, among others.

liabilities of PEMC in performing the RER functions shall be transferred to the entity performing market operations;

WHEREAS, Section 5(a) of the REM Rules directs PEMC to submit for approval of the DOE, the following: (i) proposed Readiness Criteria consisting of the activities and scenarios necessary to enable the effective implementation of the REM; and (ii) a Certification on the level of compliance of all REM Participants and Mandated Participants with the Readiness Criteria for the commencement/operationalization of the REM, including a recommendation as to whether or not the Readiness Criteria have been met;

WHEREAS, Section 5(a) of the REM Rules further provides that the REM shall start its commercial operations upon the Department's validation and verification of PEMC's certification and recommendation as to whether or not the activities identified in the Readiness Criteria have been completed;

WHEREAS, pursuant to Section 5 of the REM Rules, the DOE approved PEMC's proposed REM Readiness Criteria which include, among others, the arrangements for the transfer and use of the PREMS Assets, establishment of the REC price cap, and determination of REM transaction fees to ensure that the RER, REM Participants, and concerned government agencies, offices and other entities are duly guided in fulfilling their respective responsibilities as indicated in the REM Readiness Criteria which are prerequisites to the full commercial operations of the REM;

WHEREAS, the DOE issued DC No. DC2022-06-0019 declaring the interim commercial operations of the REM, in consideration of the significant milestones reached in the attainment of the Readiness Criteria, and while awaiting the determination of the REC price cap and its methodology, rules on the recovery mechanism for the cost of RPS compliance by regulated entities, and structure and level of REM transaction fees;

WHEREAS, the DOE issued DC No. DC2023-05-0015 on the amendments to the RPS On-Grid Rules and DC No. DC2023-05-0014 on the revised RPS Off-Grid Rules, which prescribe the establishment by the Energy Regulatory Commission (ERC) of a Regulatory Framework for the operationalization of the RPS On-Grid Rules and RPS Off-Grid Rules, in consideration of the following: (i) impact of a Mandated Participant's compliance with its RPS obligations; (ii) attendant costs arising from a Mandated Participant's RPS compliance; and (iii) applicable cost recovery mechanisms, among others;

WHEREAS, in preparation for the full commercial operations of the REM and in compliance with the REM Rules, the DOE, PEMC and the Independent Electricity Market Operator of the Philippines (IEMOP) executed the Memorandum of Agreement dated 21 June 2023 on the transfer and use of the PREMS Assets in performing RER functions;

WHEREAS, pursuant to Section 3.3 of the Memorandum of Agreement, PEMC and IEMOP jointly submitted to the DOE the Certification dated 20 July 2023 that the activities under the PREMS Transfer Operations Plan (PREMS-TOP) have been completed to ensure seamless transfer and use of the PREMS Assets from PEMC to IEMOP;

WHEREAS, the RPS Composite Team (RPSCT) has validated and verified in its Resolution No. RPSCT2023-11-29-0002 the joint PEMC-IEMOP Certification dated 20 July 2023 that all identified activities under the PREMS-TOP have been satisfactorily completed;

WHEREAS, the ERC issued Resolution No. 08, Series of 2024, titled “A Resolution Adopting the Renewable Energy Certificate (REC) Price Cap”, adopting the REC Price Cap;

WHEREAS, the ERC issued its ERC Resolution No. 12, Series of 2024, titled “A Resolution Governing the Cost Recovery Mechanism of the On-Grid Distribution Utilities Compliance with the Renewable Portfolio Standards”;

WHEREAS, in a letter dated 05 November 2024, PEMC and IEMOP submitted a joint certification that the critical activities under the REM Readiness Criteria for the commencement of full commercial operations of the RE Market have been completed, and that IEMOP is ready to perform the RER functions upon declaration of REM full commercial operations even as the REM Transaction Fees are yet to be approved by the ERC;

WHEREAS, the RPSCT, through its Resolution No. RPSCT2024-11-12-0001, based on the Report on the REM Readiness and Status of Implementation as of 31 October 2024 and the PEMC-IEMOP Certification dated 05 November 2024 attesting that all critical activities under the REM Readiness Criteria have been satisfactorily completed, recommended proceeding with the declaration of the full commercial operations of the REM;

NOW, THEREFORE, premises considered, the DOE adopts the recommendation of the RPSCT and hereby declares the following:

Section 1. Title. This Circular shall be known as the “**Declaration of the Full Commercial Operations of the Renewable Energy Market**,” hereinafter referred to as “REM-COP”.

Section 2. Commencement of the REM Full Commercial Operations. The RE Market shall begin Full Commercial Operations effective 26 December 2024.

Section 3. Coverage. The REM-COP shall govern the mandatory and voluntary entities consistent with Chapter 2 of the REM Rules:

- (a) Mandatory REM Trading Participants², including the Mandated Participants under the RPS On-Grid Rules and RPS Off-Grid Rules;

² As provided in the REM Rules, Mandatory REM Trading Participants refer to: (a) Mandated Participants who are obliged to comply with RPS requirements in On-Grid Systems and Off-Grid Systems and which are required to register in the REM under Clause 2.2.1.1; and (b) Entities with RE Generation Facilities that are registered in the WESM which are required to register in the REM under Clause 2.2.2.

- (b) Mandatory REM Generators³; and
- (c) Voluntary REM Generators⁴.

Section 4. Transfer of RE Registrar (RER) Functions to the Market Operator. In accordance with the DOE-approved Philippine Renewable Energy Market System Transfer Operations Plan (PREMS-TOP) under RPSCT Resolution No. RPSCT2023-11-29-0002, the Joint Certification issued by PEMC and IEMOP, and the DOE's confirmation that the requisite activities under the PREMS-TOP, as listed below, have been completed, the Market Operator shall, upon the commencement of the REM Full Commercial Operations, assume the RER functions including but not limited to the following:

(a) Registration and Support to REM Participants

- (i) Process applications for REM registration by the REM Participants to achieve one hundred percent (100%) registration; and
- (ii) Ensure availability of REM information on the Market Information Website, consistent with Clause 5.1.3, Chapter 5 (Information Confidentiality) of Annex A of the REM Rules.

(b) REM Awareness Activities

- (i) Conduct REM and PREMS trainings and lectures at least twice a month for the benefit of REM Participants, electricity end-users and/or other stakeholders; and
- (ii) Publish online materials for REM and PREMS on the Market Information Website for the REM.

(c) RPS Requirement Computation

- (i) Facilitate the uploading to the PREMS of gross sales data from Mandated Participants; and
- (ii) Compute the RPS requirements for a compliance period and issue preliminary and final statement reports to the Mandated Participants.

³ As provided in the REM Rules, Mandatory REM Generators refer to: (a) Entities with RE Generation Facilities that are registered in the WESM or are connected to the main grid which are required to register their facilities in the REM under one of the REM Generator categories in Clause 2.2.2; and (b) Entities with RE Generation Facilities who are operating in Off-Grid Systems serving Mandated Participants obligated to comply with RPS requirements which are required to register their facilities in the REM by the Registrar under Clause 2.2.2.

⁴ As provided in the REM Rules, Voluntary REM Generators refer to: (a) Net-Metered RE Generation Facilities in On-Grid Systems which may be registered by their host Distribution Utility in the REM; (b) Entities with Embedded RE Generation Facilities wherein its total capacity is under a Power Supply Agreement with their host Distribution Utility which may be registered by their host Distribution Utility in the REM; (c) Entities with RE Generation Facilities installed in the end-user's premises for own-use which may be registered by their host Distribution Utility in the REM; and (d) Entities with RE Generation Facilities accredited under the GEOP to provide for the RE generation requirements of the GEOP end-users which may be registered by their host Distribution Utility in the REM.

(d) REC Data Submission and Validation

- (i) Secure and process the data sets required from the National Transmission Corporation and upload the same to the PREMS;
- (ii) Facilitate the submission of data by Distribution Utilities concerning registered voluntary generators;
- (iii) Facilitate the validation of data by the REM Participants through submission of Data Validation Forms, meetings, and email exchanges;
- (iv) Address concerns and issues raised by REM Participants on their data prior to REC issuance; and
- (v) Coordinate with the data provider for any issues and concerns on the REM data.

(e) REC Issuance and Validation

- (i) Prepare and/or update, as necessary, the REC Manual Computation Template for the issued RECs under the Feed-in Tariff (FIT) mechanism;
- (ii) Issue RECs under the FIT and Non-FIT Compliance Mechanisms;
- (iii) Address concerns and issues raised by REM Participants on their issued RECs; and
- (iv) Adjust the issued RECs, as necessary.

(f) REC Reports Submission

- (i) Prepare and submit REM Reports to the DOE including the Annual REC Report required under the RPS Rules; and
- (ii) Prepare other related reports, as required by the DOE.

(g) Operability of the PREMS

- (i) Ensure the availability of the PREMS and PREMS public websites in accordance with the RER Performance Standards, as may be approved by the DOE and amended from time to time;
- (ii) Propose and implement PREMS enhancements, as deemed necessary and approved by the DOE;
- (iii) Propose and implement PREMS public website enhancements, as deemed necessary and approved by the DOE.

(h) Support Services to the REM Governance Committee (RGC):

- (i) Provide technical and administrative support to the RGC;
- (ii) Facilitate regular meetings and other activities of the RGC;
- (iii) Facilitate the processing of the REM Rules and Manual change proposals;
- (iv) Monitor compliance of the REM Participants; and
- (v) Conduct studies related to REM implementation and developments.

(i) REM Transaction Fees

- (i) Consistent with Section 8 of the RE Act, determine the market transaction fees, and file the same to the ERC for approval.

In view of DOE's confirmation that all requisite activities under the PREMS-TOP have been completed, the Market Operator shall assume the RER functions upon the commencement of the REM-COP. The governance functions for the REM shall continue to be performed by the RGC.

Section 5. Rules Changes. Any proposed amendments to the REM Rules and Manuals shall be submitted by the RER and endorsed by the RGC to the DOE.

Section 6. Pre-Implementation Activities. Upon effectivity of this Circular, the Market Operator as the RER, jointly with PEMC, shall continue conducting information campaigns and trainings for, and focus group discussions with all REM stakeholders, to ensure smooth implementation of the REM-COP and REM Full Commercial Operations.

Section 7. Information, Education and Communication (IEC) Activities. Pursuant to Section 31 of the RE Act-IRR, the DOE, through its REMB, shall develop a comprehensive communication plan to ensure that the RPS Rules implementation and the REM-COP shall be fully understood and complied with by the RE Sector.

Section 8. Separability Clause. If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 9. Repealing Clause. Any issuances or regulations contrary or inconsistent with this Circular is hereby amended, modified or repealed accordingly.

Section 10. Effectivity. This Circular shall take effect fifteen (15) days following its 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 on DEC 06 2024, at the Department of Energy, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.


RAPHAEL P.M. LOTILLA
Secretary

