



DEPARTMENT CIRCULAR NO. DC2026-01-0002

PROMULGATING THE REVISED RULES AND GUIDELINES
GOVERNING THE IMPLEMENTATION OF THE GREEN
ENERGY OPTION PROGRAM

WHEREAS, Republic Act No. 7638, otherwise known as the "Department of Energy (DOE) Act of 1992", 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, Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" or "EPIRA", declares the policy of the State to, among others: (a) assure socially and environmentally compatible energy sources and infrastructure; and (b) promote the utilization of indigenous and new and renewable energy (RE) Resources in power generation in order to reduce dependence on imported energy;

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

WHEREAS, Republic Act No. 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 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 6 of the RE Act provides that all stakeholders in the electric power industry shall contribute to the growth of the RE industry in the country;

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

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

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

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

WHEREAS, on 22 April 2021, the Energy Regulatory Commission (ERC) issued Resolution No. 08, Series of 2021 titled, "A Resolution Adopting the Green Energy Option Program," setting the regulatory framework to operationalize the GEOP;

WHEREAS, on 03 December 2021, the GEOP was implemented on a voluntary basis in Luzon and Visayas;

WHEREAS, on 31 January 2023, the DOE issued DC No. DC2023-01-0004 titled, "Adopting Amendments to the WESM Rules, Retail Rules and Various Market Manuals, and Promulgation of the Retail Manual on the Procedures for the Implementation of the Green Energy Option Program";

WHEREAS, with the commencement of the commercial operation of WESM in Mindanao on 26 January 2023 and cognizant of the readiness of the Mindanao Grid for retail market operations, the DOE issued DC No. DC2024-03-0009 on 01 March 2024, declaring 26 March 2024 as the commencement date of the commercial operations of Retail Competition and Open Access (RCOA) and GEOP in Mindanao;

WHEREAS, on 14 August 2024, the ERC issued Resolution No. 13, Series of 2024, title "A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market", consolidating all directives and issuances governing the various Customer Choice Programs in the Retail Market including the RCOA, GEOP, and Retail Aggregation Program (RAP);

WHEREAS, the DOE acknowledges stakeholder feedback regarding operational challenges and prospective enhancements to the program aimed at increasing End-User participation;

WHEREAS, the DOE conducted a public consultation covering Luzon, Visayas, and Mindanao areas on 13 May 2025 for the proposed amendments to the GEOP Rules; and

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

RULE 1
GENERAL PROVISIONS

Section 1. Title. This Circular shall be known as the "Revised Rules and Guidelines Governing the Implementation of the Green Energy Option Program (GEOP) in the Philippines" and shall hereinafter be referred to as the "Revised GEOP Rules."

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

2.1. Harmonize existing rules and set transparent guidelines to address current challenges of the GEOP; and
2.2. Expand the coverage of the GEOP to enable broader participation of End-Users, RE Suppliers, and other industry players, consistent with the objectives of the RE Act to promote greater utilization and broader access to renewable energy resources.

Section 3. Guiding Principles. Consistent with the intent of the RE Act to empower End-Users to choose RE Resources and contribute in meeting the national RE targets under the Philippine Energy Plan and the National Renewable Energy Program, the following principles shall apply:

3.1. Any End-User opting to participate in the GEOP shall inform its host Distribution Utility (DU) of its plan to source power from RE Resources. The DU and RE Supplier, on the other hand, shall fully inform the End-User of the attendant technical, commercial, and legal arrangements necessary to implement the GEOP;

3.2. The DU and RE Supplier shall agree and facilitate, in a timely manner, the implementation of the GEOP for the End-User, including but not limited to, applicable wheeling, metering, and supply agreements;

3.3. The DUs shall ensure reliable and efficient wire or wheeling services to the End-User and/or the RE Supplier. In cases the GEOP Supply Contract is canceled, revoked, or terminated for any reason, the DUs shall continue to provide the wheeling services; *Provided, however, That* all obligations of the End-User or RE Supplier are settled or paid;

3.4. All rates and charges to End-Users shall be unbundled, segregated, and itemized for each of the generation components, transmission charges and/or distribution charges, supply charges and other applicable charges; and

3.5. The GEOP shall be a non-regulated activity, specifically with respect to its generation and supply components. It is intended to develop and promote the increased utilization of indigenous and environment-friendly sources of energy through the empowerment of End-Users to choose RE resources.

Section 4. Scope. This Circular shall apply to the following stakeholders:

- 4.1. End-Users;
- 4.2. RE Suppliers;
- 4.3. DUs including Economic Zone Developers and Utility Enterprises;
- 4.4. National Transmission Corporation (TRANSCO) or its successors-in-interest;
- 4.5. Metering Service Providers (MSPs);
- 4.6. Market Operator (MO);
- 4.7. Suppliers of Last Resort (SOLR);
- 4.8. Central Registration Body (CRB);
- 4.9. RE Registrar; and
- 4.10. Energy Regulatory Commission (ERC).

Section 5. Definition of Terms. As used in this Circular, the following terms shall be defined as follows:

- 5.1. "**Aggregated End-User**" refers to an End-User that form part of an Aggregated Group to qualify for the GEOP threshold in accordance with Section 7 of this Circular.
- 5.2. "**Aggregated Group**" refers to Aggregated End-Users located within a contiguous area, whose electricity demand have been consolidated and supplied by an RE Supplier to qualify for the GEOP threshold in accordance with Section 7 of this Circular.
- 5.3. "**Captive Market**" refers to End-Users who do not have the choice of supplier of electricity, as may be determined by the ERC in accordance with the EPIRA;
- 5.4. "**Certificate of Compliance**" or "**COC**" refers to a certificate issued by the ERC in favor of a person or entity to operate a generation facility pursuant to Section 6 of EPIRA and Section 4 of its IRR;
- 5.5. "**Contiguous Areas**" refer to areas located within geographical boundaries in which the aggregated supply of electricity of similarly situated End-Users can be measured through metering devices. Such areas shall be within the same franchise area of a DU, including:
 - i. Subdivisions;
 - ii. Villages;
 - iii. Business Districts;
 - iv. Economic Zones;
 - v. Condominium buildings;
 - vi. Commercial establishments;
 - vii. Mixed-use development complexes; and
 - viii. Others, as may be determined by the DOE and ERC.
- 5.6. "**Distribution Utility**" or "**DU**" refers to any electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with its franchise and the EPIRA, including utility enterprises which are licensed to operate in the economic zones;
- 5.7. "**End-User**" refers to any person or entity requiring the supply and delivery of electricity for its own use and who chooses RE Resources as sources of its energy; *Provided, That* it has satisfied the eligibility requirements stated under Rule 2, Section 6 and 7 of this Circular;
- 5.8. "**Generation Facility**" refers to a facility where electricity is produced through the conversion of some other form of energy resource by means of a suitable apparatus, equipment, or machinery;
- 5.9. "**GEOP Operating Permit**" refers to a document issued by the DOE to an entity allowing the supply of electric power to an End-User, pursuant to Rule 5 of this Circular;
- 5.10. "**GEOP Entities**" refer to electric power industry participants mandated to carry out the responsibilities under the GEOP, pursuant to Section 14 of this Circular;
- 5.11. "**Metering Service Provider**" or "**MSP**" refers to a person or entity authorized by the ERC to provide metering services as defined in the Distribution Services and Open Access Rules;
- 5.12. "**Net Electricity Sales**" refer to energy supply less system losses and own use reckoned from 26 December of the preceding year to 25 December of the current year;
- 5.13. "**Network Service Provider**" or "**NSP**" refers to a person or entity engaged in the activity of owning, controlling, or operating a transmission or distribution system in accordance with their respective exclusive franchise, intended for the conveyance of electric power from the Generation Facility to the End-User;
- 5.14. "**RE Certificate**" or "**REC**" refers to a certificate representing all renewable and environmental attributes from one megawatt-hour (1MWh) of electricity generation sourced from duly registered and eligible RE Generation Facilities;
- 5.15. "**Renewable Energy Market**" or "**REM**" refers to the venue where RECs are tracked, surrendered or traded based on the amount of power generated from RPS-eligible RE resources for the compliance of Mandated Participants with the Renewable Portfolio Standards (RPS);
- 5.16. "**RE Registrar**" or refers to the entity designated to operate the RE Market and to issue, keep and verify RECs, pursuant to Section 8 of the RE Act and DC No. DC2019-12-0016 (or the "REM Rules");
- 5.17. "**RE Resources**" refer to energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and whose renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy and hydropower that conform with internationally accepted norms and standards on dams, and other emerging renewable energy technologies;

5.18. "**RE Supplier**" refers to any individual or juridical entity created, registered or authorized to operate in the Philippines in accordance with existing laws, which is engaged in the production and/or supply of electric power from RE Resources to End-User, and duly issued an Operating Permit by the DOE and a Retail Electricity License by the ERC;

5.19. "**Replacement Power**" refers to the supply of electricity to an End-User enrolled in the GEOP which shall be delivered should the supply contracted by the RE Supplier be unavailable for whatever cause or reason; and

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

Furthermore, this Circular hereby adopts by reference the terms defined in the EPIRA and RE Act and their respective IRRs.

RULE 2
ELIGIBLE END-USERS

Section 6. Eligible End-Users. The following End-Users may opt to participate in the GEOP:

- 6.1. Existing End-Users with a recorded monthly average peak demand of 50 kW and above for the past twelve (12) months; and
- 6.2. New End-Users with a projected monthly average peak demand of 50 kW and above who choose their RE Supplier and apply for a Distribution Wheeling Services with the host DU.
- 6.3. **GEOP Aggregation.** End-Users within a Contiguous Area, whose demand do not meet the 50 kW eligibility minimum requirement, may form an Aggregated Group and participate in the GEOP, subject to the following:
 - i. There shall be no limit to the number of End-Users forming an Aggregated Group;
 - ii. Aggregated End-Users are located in one franchise area of a DU;
 - iii. The RE Supplier shall act as the aggregator and facilitate the switching of the Aggregated Group, subject to applicable rules and guidelines of the ERC; and
 - iv. Until such time that the DOE, in consultation with the industry stakeholders, determines the readiness of the full implementation of GEOP Aggregation, the GEOP Aggregation shall apply to all eligible End-Users within a Contiguous Area as defined in Section 5.5; *Provided, That* the consumption of the members of the Aggregated End-Users shall be measured through metering devices.
- 6.4. Participation in the GEOP shall be open to eligible End-Users in On-Grid areas of Luzon, Visayas, and Mindanao.

Section 7. Upholding End-User Choice. Any eligible End-User shall have the option to voluntarily contract directly with an RE Supplier.

- 7.1. An End-User from the Captive Market that opted to contract with an RE Supplier may revert as the customer of the DU; *Provided, That* it has fulfilled all its contractual/financial obligations to the RE Supplier and has executed the relevant agreement for the supply of electricity by the DU.
- 7.2. Any End-User who reverted to the DU as a customer may again participate in the GEOP, subject to the fulfillment of its contractual obligations with the DU.
- 7.3. Reversion of End-Users from retail to Captive Market and vice versa shall conform with the rules and regulations set by the ERC.

Section 8. Mandatory Review and Lowering of Threshold. To ensure the progressive expansion of the GEOP and to eventually allow all end-users the right to choose renewable energy, the following mechanism for threshold adjustment is hereby established:

- 8.1. The DOE, in coordination with the NREB and the ERC, shall conduct an annual review of the 50 kW threshold. The initial review shall be conducted twelve (12) months from the effectiveness of this Circular;
- 8.2. The review shall prioritize the phased reduction of the threshold (e.g., to 20 kW, 10 kW, and eventually 0 kW) based on the following indicators:
 - (a) The number of licensed RE Suppliers in the market;
 - (b) The availability of smart metering infrastructure; and
 - (c) The impact of previous threshold reductions on the stability of DU captive rates.
- 8.3. Based on the results of the assessment, the DOE Secretary shall issue a Supplemental Circular to lower the threshold. Such issuance shall be deemed an integral part of these guidelines without the need for a full revision of this Circular.

RULE 3
GEOP SUPPLY, STREAMLINED REGULATION,
AND SUPPORT MECHANISMS

Section 9. Eligible Facilities. The following facilities are eligible to provide electricity supply under the GEOP:

- 9.1. All RE Facilities, whether or not the same is eligible for RPS compliance; and
- 9.2. Energy Storage Systems solely integrated to an RE Facility, subject to rules, guidelines, and relevant regulations of the DOE and the ERC.

All facilities supplying under the GEOP shall have the necessary Certificate of Compliance (COC) from the ERC;

Section 10. RE Suppliers. Entities that shall utilize an RE Facility eligible to supply power under the GEOP shall secure an Operating Permit from the DOE and a Retail Electricity Supplier (RES) License from the ERC pursuant to Rule 5 of this Circular.

Section 11. GEOP Supply Contract. The GEOP Supply Contract shall govern the relationship between the End-User and the RE Supplier.

- 11.1. The GEOP Supply Contract shall not require approval from the ERC. Moreover, the DOE and ERC may not review the terms and conditions of the GEOP Supply Contract, including the price of electricity agreed upon, except in the event of contractual disputes.
- 11.2. The DU shall not be financially liable for any excess power provided by the RE Supplier to the End-User under the GEOP Supply Contract.

Section 12. Billing Mechanisms. End-Users shall have the option to choose between a single or dual billing arrangement under the GEOP.