



Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. _____

**PRESCRIBING THE POLICIES AND PROGRAMS TO PROMOTE AND
ENHANCE THE DEVELOPMENT OF WASTE-TO-ENERGY (WTE) FACILITIES
IN THE COUNTRY**

WHEREAS, Republic Act No. (RA) 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, RA 9136 or the “Electric Power Industry Reform Act” (EPIRA) provides that it is the declared policy of the State to ensure the quality, reliability, security and affordability of the supply of electric power;

WHEREAS, the EPIRA mandates the DOE to encourage private sector investments in the electricity sector and promote the development of indigenous and RE resources;

WHEREAS, RA 9513 or the “Renewable Energy Act of 2008” (RE Act) provides that it is the declared policy of the State to accelerate the development, exploration, utilization of and commercialization of renewable energy (RE) by institutionalizing the development of national and local capabilities in the use of RE systems, and promoting their 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 30 of the RE Act provides that the DOE shall encourage the adoption of Waste-To-Energy (WTE) facilities in coordination with the Department of Environment and Natural Resources (DENR);

WHEREAS, Rule 2 of the Implementing Rules and Regulations (IRR) of the RE Act provides that the Renewable Portfolio Standards (RPS) as a policy mechanism which places an obligation on electric power industry participants such as generators, distribution utilities, or suppliers to source or produce a specified fraction of their electricity from eligible RE Resources;

WHEREAS, on 22 December 2017, the DOE issued Department Circular No. DC2017-12-0015, entitled “Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas”, establishing the RPS Rules for On-Grid Areas;

WHEREAS, on 24 August 2018, the DOE issued Department Circular No. DC2018-08-0024, entitled “Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for Off-Grid Areas”, establishing the RPS Rules for Off-Grid Areas;

WHEREAS, Section 10 of DC2017-12-0015 and Section 9 of DC2018-08-0024, provides that WTE technology is an eligible RE facility for compliance with the RPS On-Grid and Off-Grid Rules, respectively;

WHEREAS, the DOE recognizes that WTE facility projects simultaneously achieve the twin socio-economic benefits of local government units' (LGUs) solid waste management and provision of additional source of power supply; and

WHEREAS, the DOE deems the necessity to issue a policy to further support as well as address issues and concerns in the development of WTE projects in the Philippines;

NOW THEREFORE, after due consideration of the above, the DOE hereby provides the following policies:

Section 1. Short Title. – This Department Circular shall be known as *“Prescribing the Policies and Programs to Further Promote and Enhance the Development of Waste-to-Energy Facilities in the Philippines.”*

Section 2. Purpose and Objectives. This Circular is being issued to:

- 2.1. Promote WTE facilities as baseload renewable energy which can contribute to solid waste management, benefit to the local economy, and create green jobs, among others;
- 2.2. Provide definition and conditions for eligible WTE facilities utilizing municipal solid wastes (MSW) in pursuant to the RE Act; and
- 2.3. Prescribe policies and programs to enhance the electric power industry participants in the development of WTE Facilities.

Section 3. Scope. This Circular shall apply to the following stakeholders:

- 3.1. RE Developers;
- 3.2. Local Government Units;
- 3.3. Distribution Utilities;
- 3.4. Electric Cooperatives;
- 3.5. Philippine Electricity Market Corporation and the Independent Market Operator;
- 3.6. National Grid Corporation of the Philippines;
- 3.7. National Transmission Corporation;
- 3.8. Energy Regulatory Commission;
- 3.9. Concerned Government Agencies (i.e DENR, DOH, NSWMC, etc.); and
- 3.10. Other entities which may be later created or otherwise identified relevant to the implementation of this Circular.

Section 4. Definition of Terms. This Circular hereby adopts, by reference, the terms defined in the EPIRA, RE Act, their respective implementing rules and regulations, the RPS On-Grid Rules, as well as the relevant DOE Department Circulars, laws and regulations as follows:

- (a) **“Baseload Renewable Energy Generation Facility”** refers to a facility consisting of one or more generation units, where electric energy is produced from a source that is renewable, which can attain and sustain the rated capacity. This refers to biomass, geothermal and impounding hydroelectric generation facilities;
- (b) **“Distribution Utilities”** or **“DU”** refers to Electric cooperatives, private corporations, government-owned utilities or existing local government units, which have exclusive franchises to operate distribution systems, including but not limited to, ecozone developers or utility enterprises operating in the economics zones and/or export processing zones;

- (c) **“Mandated Participant”** refers to electric power industry participants obliged to comply with the RPS annual requirement which includes entities enumerated in Rule 3, Section 11 of DC2017-12-0015 or known as Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas.
- (d) **“Municipal Solid Wastes”** refers to waste produced from activities within LGUs which include a combination of domestic, commercial, institutional, and industrial wastes and street litters pursuant to Republic Act No. 9003;
- (e) **“Renewable Energy Certificate”** or **“REC”** refers to a certificate issued by the RE Registrar to electric power industry participants showing the energy sourced, produced and sold or used. RE Certificates may be traded in the RE Market in complying with the RPS. For the purposes of this Circular, the REC shall represent all renewable and environmental attributes from one (1) MWh of electricity generation sourced from duly registered Eligible RE Facilities;
- (f) **“Renewable Portfolio Standards”** or **“RPS”** refers to a market-based policy that requires the Mandated Participant to source a portion of their energy supply from Eligible RE Facilities;
- (g) **“RPS Composite Team”** refers to the team established and whose responsibilities are set out under Section 18, of Rule 5 of DC2017-12-0015 or known as *“Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas”*; and
- (h) **“Wholesale Electricity Spot Market”** or **“WESM”** refers to the wholesale electricity spot market created pursuant to Republic Act No. 9136.

Section 5. Waste-to-Energy (WTE) and WTE Facility. This Circular provides the definition and conditions for eligible WTE facilities utilizing MSW in pursuant to the RE Act as follows:

5.1. Definition of WTE and WTE Facility. WTE shall be classified as another kind of renewable energy source. Further, the term WTE and WTE facility shall be defined in this Circular, respectively:

- (a) **Waste-to-Energy (WTE)** refers to an energy system with a process of converting WTE feedstock with various technologies, usually the conversion of non-recyclable waste materials into usable heat, electricity, or fuel through a variety of processes.
- (b) **WTE Facility** refers to the facility where the WTE operations are conducted.

Provided further, that **WTE feedstock** refers to the waste materials with calorific value that are taken in for WTE processing in a WTE facility.

5.2. Eligible WTE Facilities. An eligible WTE facility shall meet the following conditions:

- (a) Be a duly registered WTE facility under RA 9513 (Renewable Energy Act of 2008); and
- (b) Comply with RA 8749 (Philippine Clean Air Act of 1999), RA 9275 (Philippine Clean Water Act of 2004), RA 9003 (Ecological Solid Waste Management Act of 2000), technical standards/guidelines set for the establishment and operation of WTE facilities, and other laws, rules, and regulations which may be later created or otherwise identified relevant to WTE development.

Section 6. Policy Support for WTE Development

- 6.1. Dispatch Prioritization.** To promote investments in WTE development, **WTE shall be included in the qualified RE generating units considered as “Must Dispatch”** consistent with Department Circular No. DC2015-03-0001 otherwise known as “Promulgating the Framework for the Implementation of Must Dispatch and Priority Dispatch of Renewable Energy Resources in the Wholesale Electricity Spot Market”. **Thereby, must dispatch preference is given to power generation from Eligible WTE Facility in the hierarchy of dispatch schedule.**

Attached herewith, as Annex A, is the indicative generation from registered WTE projects under the RA 9513.

- 6.2. RPS Compliance from Eligible WTE Facilities.** To enhance the mandated participant's compliance to the RPS Rules for Off-Grid and On-Grid Areas, the following policy is hereby prescribed:

- (a) **Renewable Energy Certificate from WTE Generation.** An environment incentive shall be given to distribution utilities procuring energy from Eligible WTE Facility, as follows:

For every 1-MWh generation sourced from duly registered Eligible WTE Facility shall be granted two (2) RECs under the RE Market. Provided that generation shall be properly metered as basis for issuance of RECs.

- 6.3. Embedded WTE Generating Facilities.** This Circular prescribes the following policies for WTE facilities with embedded system to Distribution Utility:

- (a) **Power Supply Agreements with Eligible WTE Facilities.** This Circular prescribes a minimum of ten (10) years of term contract period for power supply agreements (PSA) entered between a distribution utility and Eligible WTE Facility, subject to the approval of ERC and compliance with the CSP requirements consistent with Department Circular No. DC2018-02-0003 otherwise known as “Adopting and Prescribing the Policy for the Competitive Selection Process (CSP) in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market.”
- (b) **Conduct of Competitive Selection Process (CSP).** To facilitate WTE facilities in securing Power Supply Agreement with a Distribution Utility, the instances that shall warrant exemption of WTE projects from the conduct of CSP are as follows:
- i. **LGU-initiated WTE projects** – all WTE projects initiated and completed by LGUs shall be exempted from the conduct of CSP; and
 - ii. **Private-initiated WTE projects** – conduct and exemption from CSP as provided under DC2018-02-0003 and its amendments shall apply.

Section 7. Responsibilities of the RPS Composite Team. In addition to the responsibilities provided under Rule 5, Sections 18 and 20 of the RPS Rules for Off-Grid and On-Grid Areas, respectively, the RPS Composite Team shall issue a resolution in acceptance of Section 6.2 of this Circular including appropriate amendments to the RPS Rules, upon effectivity.

Section 8. Prohibited Act. Pursuant to Section 35 (a) of the RE Act, non-compliance or violation of the RPS Rules by any Mandated Participant shall be subject to the administrative penalties therein provided.

Section 9. Information, Education and Communication (IEC), and Promotion Activities to Stakeholders. Pursuant to Section 31, Rule 10 of the IRR of the RE Act, the DOE, through REMB shall develop and implement an intensive and massive IEC and promotion activities to increase the public awareness and appreciation of this Circular and the RE industry as a whole.

Section 10. 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 11. Repealing Clause. Any prior issuances, orders or circulars inconsistent with this Circular are hereby repealed, amended or modified accordingly.

Section 12. Effectivity. This Circular shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation. Copies of this Circular shall be filed with the University of the Philippine Law Center – Office of the National Administrative register.

Issued on _____ at the Department of Energy, Fort Bonifacio, Taguig City, Metro Manila.

ALFONSO G. CUSI
Secretary