



## GEA-ADVISORY NO. 01

**TO : RENEWABLE ENERGY (RE) STAKEHOLDERS**

**SUBJECT : SUPPLEMENT TO GEA-3 NOTICE OF AUCTION AND TERMS OF REFERENCE**

**DATE : DEC 27 2024**

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In line with the overall thrust of Republic Act No. 9513 or the Renewable Energy Act (RE Act) of 2008 and consistent with the objective of the Green Energy Auction Program (GEAP) to facilitate immediate and timely investments in new or additional RE capacities and promote the growth of the RE industry, the Department of Energy (DOE) hereby issues the following supplemental guidelines and modification to the GEA-3 Notice of Auction and Terms of Reference:

### 1. Installation Target for Pumped-Storage Hydropower (PSH)

The Installation Target for PSH is increased from 4,000 MW to 4,250 MW with Delivery Years (Delivery Commencement Period) from 2028-2035, which shall be divided into three (3) lots, as follows:<sup>1</sup>

Lot	Grid	Installation Target (MW)	Delivery Year Delivery Commencement Period (DCP)
Lot 1	Luzon	2,000	2028-2030
Lot 2	Luzon	2,000	2031-2032
Lot 3	Visayas	250	2031-2035

### 2. PSH Project must utilize Variable Speed Technology (VST)

To ensure effective reliability services to the grid or distribution system, PSH facilities participating in GEA-3 should utilize variable speed technology, which must be substantiated in the Bid Supporting Documents. Bids that do not offer such technology for PSH facilities shall be deemed "Not Technically Compliant." Therefore, any bids that failed to satisfy this requirement shall not be endorsed to the Energy Regulatory Commission (ERC).

For this purpose, VST in PSH Projects refers to the use of adjustable-speed pump-turbine units instead of traditional fixed-speed units. This technology allows the speed of the pump-turbine to be varied through a frequency converter, enhances the operational flexibility and efficiency of pumped storage

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<sup>1</sup> This increase in Installation Target will help ensure that the country's expected peak demand of 42.8 GW in 2040 is met.



hydro projects, making them more effective in integrating renewable energy sources into the power grid.

3. Operation of PSH and Pricing of Available Capacity after Twenty (20)- year Delivery Period

After the twenty (20)-year Supply Delivery Period under GEA-3, PSH facilities shall continue to perform its functions intended under GEA, and must comply with existing rules and guidelines on the operation and maintenance of the PSH Facilities; Provided that the pricing of Available Capacity shall be limited to Incremental Costs except in cases where new investments have been implemented. Incremental Costs refers to the additional cost, net of capital costs, incurred by the PSH Developer to continue operating the PSH facility beyond the GEA-3 delivery period. This includes factors such as fuel costs, maintenance costs, and any other variable costs associated with operating and upkeep of the PSH Facility.

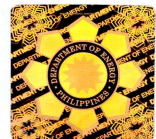
The DOE shall issue further clarification/guidance pursuant to Section 9 of Department Circular No. DC2024-09-0028<sup>2</sup>.

4. Tie-Breaker and Marginal Offer Rules applicable to Non-FIT Eligible RE Technology

After receipt of the results of ERC's evaluation of Price Offers for Non-FIT Eligible RE Technologies, the GEA Bids Evaluation and Awards Committee shall rank the Price Offers from lowest to highest. The lowest Price Offers shall be considered first in meeting the relevant Installation Target. For this purpose, the rules on Tie-Breaker and Marginal Offer set forth under Section 7.3.1 of the GEA-3 Terms of Reference shall apply.

Please be guided accordingly.

  
**RAPHAEL P.M. LOTILLA**  
Secretary



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<sup>2</sup> Amendments to Department Circular No. DC2023-10-0029 titled, "Providing Specific Auction Policy and Guidelines for Non-FIT Eligible Renewable Energy Technologies in the Green Energy Auction Program".