



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2016 - 04 - 0004

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**PROVIDING TIMELINES FOR COMPLIANCE WITH THE
FULL IMPLEMENTATION OF RETAIL COMPETITION AND
OPEN ACCESS IN THE PHILIPPINE ELECTRIC POWER INDUSTRY**

WHEREAS, Section 2 of the Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA)" declared the Policy of the State among others the following:

- (a) Ensure the quality, reliability, security and affordability of the supply of electric power;
- (b) Ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
- (c) To enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors; and
- (d) Protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;

WHEREAS, upon compliance with the pre-conditions set forth under Section 31 of the EPIRA, the Retail Competition and Open Access (RCOA) shall be mandated in the following manner:

- (a) Initial implementation for electricity end-users with an average demand of one (1) megawatts (MW) and above, for the preceding twelve (12) months;
- (b) Two (2) years after the initial implementation, reduce the threshold to 750 kilowatts (kW) electricity end-users where at this level, Aggregators shall be allowed to supply electricity to electricity end-users whose aggregated demand within a contiguous area is at least 750 kW; and
- (c) Thereafter, the Energy Regulatory Commission (ERC) shall evaluate the performance of the market, which outcome shall be the basis of the reduction of the threshold level until it reaches the household level;

WHEREAS, Section 37 of the EPIRA further mandates the Department of Energy (DOE), among other things to:

- (a) Supervise the restructuring of the electric power industry;
- (b) Formulate such rules and regulations as may be necessary to implement the objectives of the EPIRA; and
- (c) Exercise such other powers as may be necessary or incidental to attain the objectives of the EPIRA.

WHEREAS, in compliance with its mandate under the EPIRA, the DOE has promulgated policies to ensure the efficient, effective and consistent implementation of RCOA with the end view of upholding the objectives of EPIRA in promoting customer choice and fostering competition in the generation and supply sectors;

WHEREAS, the RCOA commenced last 26 June 2013, starting with electricity end-users with an average demand of one (1) MW and above but provided an interim option for Contestable Customers (CCs) to remain with their franchised Distribution Utilities (DUs) as Captive Customers until such time that they are able to secure their respective Retail Supply Contracts (RSCs) with a licensed Retail Electricity Supplier (RES) or Local RES;

WHEREAS, the DOE issued Department Circular No. DC2015-06-0010 entitled "Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access in the Philippines Electric Power Industry;"

WHEREAS, the DOE takes cognizance of the challenges raised by the Energy Regulatory Commission in adhering to the timelines set forth under DC2015-06-0010 particularly on the simultaneous implementation of mandatory contestability of 750 kW End-users and demand aggregation;

WHEREAS, the DOE also recognized the operational limitations raised by the Philippine Electricity Market Corporation (PEMC) as the Central Registration Body (CRB) in mandating simultaneously the 750 kW contestability and aggregation, to include among others, readiness of metering requirements and the need to prepare and educate the new Contestable Customers; and

NOW, THEREFORE, for and in consideration of the foregoing, the DOE hereby issues, adopts and promulgates the following:

Section 1. Compliance to Full Contestability by Contestable Customers with Average Demand of One (1) MW and Above. Compliance with Section 1 of DC2015-06-0010 shall be no later than 26 December 2016.

Section 2. Contestability of End-users with Average Demand Ranging Below 1 MW to 750 kW. Compliance with Section 2 (a) of DC2015-06-0010 shall be voluntary effective 26 June 2016 and mandatory effective 26 June 2017. Similarly, pursuant to EPIRA, the implementation of Section 2 (b) of DC2015-06-0010 is hereby amended to 26 June 2017 thereby allowing retail aggregation.

Section 3. Separability Clause. If any section or provision of this Circular is declared invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Section 4. Repealing Clause. Except insofar as may be manifestly inconsistent herewith, nothing in this Circular shall be construed as to repeal any of the mechanisms already existing or responsibilities already provided for under existing rules.

Section 5. Effectivity. This Circular shall take effect immediately following its publication in at least two (2) newspapers of general circulation.

Issued at Energy Center, Bonifacio Global City, Taguig City.


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Secretary

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