



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

DEPARTMENT CIRCULAR NO. \_\_\_\_\_

**IMPLEMENTING GUIDELINES FOR THE DECOMMISSIONING AND  
MOTHBALLING OF GENERATING PLANT OR UNIT PURSUANT TO SECTION 2.8  
OF DOE DEPARTMENT CIRCULAR (DC) NO. DC2010-03-0003<sup>1</sup>**

**WHEREAS**, Section 2 of the Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), declares as the policy of the State to ensure the quality, reliability, security, and affordability of supply of electric power;

**WHEREAS**, Section 37 of the EPIRA, further mandates the Department of Energy (DOE) to formulate policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan and the policies of environmental protection and conservation and maintenance of ecological balance, and provide a mechanism for the integration, rationalization, and coordination of the various energy programs of the Government;

**WHEREAS**, Section 2.8 of the DOE DC No. DC2010-03-0003 issued on 26 February 2010, states that the Generation Companies (GenCos) shall seek prior clearance from the DOE regarding any plans for deactivation or mothballing of existing generating units or facilities critical to the reliable operation of the Grid;

**WHEREAS**, Section 3.1 of the DOE DC No. DC2020-02-0004<sup>2</sup> issued on 08 February 2020, prescribes guidelines for GenCos submission of three-year planned outage schedules to the National Grid Corporation of the Philippines (NGCP) for the Grid Operating Program (GOP) in accordance with the Philippine Grid Code (PGC);

**WHEREAS**, Republic Act (RA) No. 9513, otherwise known as the Renewable Energy Act of 2008, aims to promote the development, utilization, and commercialization of renewable energy (RE) resources;

**WHEREAS**, Section 6 (h) of RA No. 11285, otherwise known as “Energy Efficiency and Conservation Act” (EE&C Act), provides that the DOE shall assist the power plant owners in complying with the guidelines for the accurate characterization of wastes arising from energy-consuming devices, equipment, fixtures, and other relevant items, including the end-of-life vehicles and its component parts;

<sup>1</sup> Directing all Power Generation Companies, the Transmission Service Provider, and all Distribution Utilities to Ensure Adequate and Reliable Electric Power Supply in the Country.

<sup>2</sup> Providing Guidelines on the Planned Outage Schedules of Power Plants and Transmission Facilities and the Public Posting of the Grid Operating and Maintenance Program (GOMP).

43 **WHEREAS**, the GenCos, as part of their responsibilities on the application for  
44 decommissioning or mothballing of its generating plant or unit, shall abide by the  
45 mandates of RA No. 6969<sup>3</sup>, RA No. 8749<sup>4</sup>, RA No. 9003<sup>5</sup>, and RA No. 9275<sup>6</sup>;

46  
47 **WHEREAS**, the owner of the Waste-to-Energy (WtE) facilities shall abide by the  
48 mandates of the Department of Environment and Natural Resources (DENR)  
49 Administrative Order No. DAO-2019-21, entitled “Guidelines Governing for the  
50 Integrated Management of Municipal Solid Wastes”;

51  
52 **WHEREAS**, RA No. 11234, otherwise known as the EVOSS Act, aims to further  
53 streamline and simplify the permitting process for the electric power industry participants  
54 and prospective investors;

55  
56 **WHEREAS**, DOE DC No. 2017-03-0002<sup>7</sup> issued on 20 March 2017, promulgated the  
57 amendments for the implementation of must dispatch and priority dispatch generating  
58 units in the WESM, which prescribes criteria, guidelines, and procedures for the  
59 registration, suspension, and de-registration of members and participants in the WESM;

60  
61 **WHEREAS**, the DOE, to ensure transparency and consistency with the objectives of  
62 the EPIRA, conducted public consultations on the following dates:

63

Date	Venue
22 November 2022	bai Hotel Cebu, Mandaue City, Cebu
24 November 2022	Apo View Hotel, Davao City
28 November 2022	The Marquis Events Place BGC, Inc., Taguig City

64  
65 **NOW THEREFORE**, from the foregoing premises, the DOE hereby adopts the following  
66 guidelines for the decommissioning and mothballing of generating plant or unit:

67  
68 **Section 1. General Principles.** The DOE hereby adopts these guidelines for  
69 decommissioning or mothballing of the generating plant or unit to achieve the following:

- 70
- 71 1.1 Ensure reliability and security of power supply such that the power system,  
72 wholly or partly, will not be compromised by the decommissioning or  
73 mothballing of a generating plant or unit;
  - 74
  - 75 1.2 Strengthen the planning and monitoring of supply profile by identifying the  
76 generating plant or unit that will be disconnected from the system.
  - 77
  - 78 1.3 Ensure compliance with regard to appurtenant permits, obligations, contracts,  
79 agreements, and other responsibilities prior to decommissioning or mothballing,  
80 and define the prescription period for such; and
  - 81

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<sup>3</sup> Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990

<sup>4</sup> Philippine Clean Air Act of 1999

<sup>5</sup> Ecological Solid Waste Management Act of 2000

<sup>6</sup> Philippine Clean Water Act of 2004

<sup>7</sup> Adopting the Various Wholesale Electricity Spot Market (WESM) Market Manuals and their further Amendments for the Implementation of Must Dispatch and Priority Dispatch Generating Units in the WESM

- 82 1.4 Clarify that the decommissioning or mothballing of a generating plant or unit  
83 shall not in any way exempt or discharge the GenCo from any pending  
84 obligations, liabilities, and/or penalties that may be imposed by other entities.  
85

86 **Section 2. Scope.** This Guidelines shall apply to all generating plant or unit intending  
87 to conduct decommissioning or mothballing, including the embedded generating  
88 facilities, regardless of their technology, and mode of connection; *Provided* that the  
89 decommissioning and mothballing for a nuclear power plant will be covered by a  
90 separate policy.  
91

92 **Section 3. Definition of Terms.**  
93

94 3.1 **“Connection Assets”** refer to assets that are put in place primarily to connect  
95 a customer/s to the Grid and used for purposes of Transmission Connection  
96 Services for the conveyance of electricity which if taken out of the System, will  
97 only affect the Customer connected to it and will have minimal effect on the  
98 Grid, or other connected Customers<sup>8</sup>. It also refers to any component of a  
99 transmission system or distribution system which, in the reasonable opinion of  
100 the Market Operator (MO), is associated with a connection point, including  
101 metering installations<sup>9</sup>.  
102

103 3.2 **“Decommissioning”** refers to the process undertaken voluntarily by a  
104 generating company through which its generating plant or unit is retired from  
105 service and its operating licenses are revoked. It involves the process of  
106 removing all associated generating facilities used solely by the subject  
107 generating plant or unit, which may be sold or discarded. Some demolition of  
108 structures may be performed to facilitate cleaning or equipment removal<sup>10</sup>.  
109

110 3.3 **“Embedded Generators / Embedded Generating Facilities”** refers to  
111 generating units that are indirectly connected to the Grid through the distribution  
112 system that supplies power to its host Distribution Utilities (DU) or the Grid.  
113

114 3.4 **“Generating Plant”** refers to one or more generating units, where electric  
115 energy is produced from some other form of energy by means of a suitable  
116 apparatus<sup>11</sup>.  
117

118 3.5 **“Generating Unit”** refers to a unit conversion apparatus including auxiliaries  
119 and associated equipment, functioning as a single unit, which is used to  
120 produce electric energy from some other form of energy<sup>12</sup>.  
121

122 3.6 **“Mothballing”** refers to the process of temporary deactivation and removal  
123 from the service of the generating plant or unit, for not less than 6 months for  
124 their preservation so they can be restarted, used, or sold at a future date<sup>13</sup>.  
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<sup>8</sup> OATS Rule

<sup>9</sup> WESM Rules

<sup>10</sup> Adapted from United States Environmental Protection Agency (EPA) - Coal Plant Decommissioning: Plant Decommissioning, Remediation and Redevelopment

<sup>11</sup> Philippine Grid Code (PGC)

<sup>12</sup> Ibid

<sup>13</sup> Adapted from Pacific Northwest National Laboratory: Business Models for Coal Plant Decommissioning

- 126  
127 3.7 “**Network Service Provider (NSP)**” refers to a person who engages in the  
128 activity of owning, controlling, or operating a transmission or distribution  
129 system.  
130  
131 3.8 “**Small Grid System Operator (SGSO)**” refers to the party responsible for  
132 generation dispatch and real-time control of the power system in off-grid areas  
133 through the management of operating reserves, reactive power support, black  
134 start and other operating requirements to ensure safety, power quality, stability,  
135 reliability and security of the Small Grid<sup>14</sup>.  
136

## 137 **Section 4. Guidelines for Decommissioning and Mothballing**

138

139 The applicant shall comply with the standard procedures and documentary  
140 requirements as provided in this Circular.

### 141 **A. DECOMMISSIONING**

142

- 143  
144 4.1 The process of decommissioning begins with the formal submission of Letter  
145 of Intent (LOI) to the DOE and ends when the operations of the generating plant  
146 or unit completely ceases.  
147

148 The applicant shall notify the DOE in writing of its intent to decommission its  
149 generating plant or unit two (2) years prior to the target decommissioning date,  
150 copy furnished the relevant agencies.  
151

152 The LOI shall provide the cause to decommission the generating plant or unit.  
153

- 154 4.2 The LOI shall be supported by the following documents:  
155

156 4.2.1 The fact sheet on the generating plant or unit, attached as Annex A,  
157 which shall contain but not limited to the following information:  
158

159 4.2.1.1 Company Name;

160 4.2.1.2 Name of generating plant;

161 4.2.1.3 Indicate the installed capacity of the generating plant or unit to  
162 be decommissioned, whichever is applicable;

163 4.2.1.4 Location of the generating plant or unit to be decommissioned;  
164

165 4.2.1.5 Commercial operation date of the generating plant or unit;  
166

167 4.2.1.6 Off-taker; and  
168

169 4.2.1.7 Target date of decommissioning.  
170  
171  
172  
173

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<sup>14</sup> DOE DC2021-11-0039 entitled, “Mandating the National Transmission Corporation as Small Grid System Operator in Specific Off-Grid Areas”

- 174  
175 4.2.2 Notarized Board Resolution or any equivalent document supporting the  
176 request for decommissioning;  
177  
178 4.2.3 Acknowledgement letter of the applicant's LOI from the various  
179 agencies such as the Board of Investments (BOI), NGCP or local DUs  
180 (for embedded generating facilities), Philippine Electricity Market  
181 Corporation (PEMC), Independent Electricity Market Operator of the  
182 Philippines (IEMOP), and ERC; and  
183  
184 4.2.4 Letter of no objection from DENR regarding the plan to decommission  
185 a generating plant or unit.  
186  
187 4.3 The DOE shall check the completeness of the applicant's submitted  
188 requirements and shall notify the applicant within three (3) working days of the  
189 status of its application to decommission a generating plant or unit.  
190  
191 The applicant shall have two (2) months to complete the necessary  
192 requirements after the DOE notification. Failure to comply within the prescribed  
193 period shall render the LOI invalid and void, and the generating plant or unit  
194 shall continue to be governed by existing rules and regulations subject to  
195 imposition of sanctions and penalties.  
196  
197 4.4 The DOE shall evaluate the application for decommissioning of the generating  
198 plant or unit being applied for, in consideration of the impact on the power  
199 system.  
200  
201 4.5 The DOE shall issue the Letter of Confirmation (LOC) within sixty (60) calendar  
202 days upon receipt of the complete documentary requirements as provided in  
203 Section 4.2 of this Circular. Provided that the issuance of LOC shall not  
204 preclude the ERC from exercising authority over anti-competitive behaviors of  
205 GenCos.  
206  
207 4.6 The applicant shall notify the DOE of any changes to its plan to decommission.  
208  
209

## 210 **B. MOTHBALLING**

- 211  
212 4.7 The process of mothballing begins with the formal submission of LOI to the  
213 DOE and ends when operations of the generating plant or unit is put into effect  
214 at a later date.  
215  
216 The applicant shall notify the DOE in writing of its intent to mothball its  
217 generating plant or unit six (6) months prior to the target mothballing date, copy  
218 furnished the relevant agencies.  
219  
220 The LOI shall provide the cause to mothball the generating plant or unit.  
221  
222 4.8 The LOI shall be supported by the following documents:  
223

- 224 4.8.1 A fact sheet on a generating plant or unit, attached as Annex B, which  
225 shall contain the following information:  
226
- 227 4.8.1.1. Company Name;
  - 228
  - 229 4.8.1.2. Name of generating plant;
  - 230
  - 231 4.8.1.3. Indicate the installed capacity of the generating plant or unit  
232 to be mothballed, whichever is applicable;
  - 233
  - 234 4.8.1.4. Location of the generating plant or unit to be mothballed;
  - 235
  - 236 4.8.1.5. Commercial operation date of the generating plant or unit;
  - 237
  - 238 4.8.1.6. Off-taker;
  - 239
  - 240 4.8.1.7. Target date of mothballing; and
  - 241
  - 242 4.8.1.8. Target date of return to service.
  - 243
- 244 4.8.2 Notarized Board Resolution or any equivalent document supporting the  
245 request for mothballing;
- 246
- 247 4.8.3 Acknowledgement letter of the applicant's LOI from the various agencies  
248 such as the BOI, NGCP or local DUs (for embedded generating facilities),  
249 PEMC, IEMOP, and ERC;
- 250
- 251 4.8.4 Letter of no objection from DENR regarding the plan to mothball a  
252 generating plant or unit; and
- 253
- 254 4.8.5 Mothballing Plan indicating the activities starting from the mothballing  
255 date of the generating plant or unit up to the return to service date.
- 256
- 257 4.9 The DOE shall check the completeness of the applicant's submitted  
258 requirements and shall notify the applicant within three (3) working days of the  
259 status of its application to mothball a generating plant or unit.
- 260
- 261 The applicant shall have two (2) months to complete the necessary  
262 requirements after the DOE notification. Failure to comply within the prescribed  
263 period shall render the LOI invalid and void, and the generating plant or unit  
264 shall continue to be governed by existing rules and regulations subject to  
265 imposition of sanctions and penalties.
- 266
- 267 4.10 The DOE shall evaluate the application for mothballing of the generating plant  
268 or unit being applied for, in consideration of the impact on the power system.
- 269
- 270 4.11 The DOE shall issue the LOC within sixty (60) calendar days upon receipt of  
271 the complete documentary requirements submitted by the applicant as  
272 provided in Section 4.8 of this Circular. Provided that the issuance of LOC shall  
273 not preclude the ERC from exercising authority over anti-competitive behaviors  
274 of GenCos.

- 275  
276 4.12 The applicant shall notify the DOE of any changes to its plan to mothball.  
277 Furthermore, the applicant shall inform the DOE and relevant agencies at least  
278 30 days before its return to service.  
279  
280 4.13 The applicant shall notify the DOE and relevant agencies whether the  
281 mothballed generating plant or unit will return to service as scheduled, or  
282 deviate from the mothballing period, wherein the number of extended days shall  
283 fall under unplanned outages.  
284

285 **Section 5. Responsibilities of GenCos.** In addition to the above processes, the owner  
286 shall also be responsible for the following:  
287

- 288 5.1 The Genco shall continue to comply with applicable rules and regulations  
289 relative to its operation and shall ensure availability of its generating plant or  
290 unit prior to the effective date of its decommissioning or mothballing;  
291  
292 5.2 Prepare and submit a quarterly progress report to the DOE based on the  
293 Mothballing Plan; and  
294  
295 5.3 Upon receipt of the LOC, submit a copy of the same to the MO, SO, and ERC.  
296 The submission shall be made no later than 7 calendar days before the start  
297 date of decommissioning or mothballing as indicated in the LOC.  
298

299 **Section 6. Responsibilities of the DOE.** Pursuant to its mandate under the EPIRA,  
300 the DOE shall also:  
301

- 302 6.1 In coordination with the System Operator (SO), evaluate the potential impact of  
303 the possible reduction of dependable capacity due to decommissioning and/or  
304 mothballing of generating plant or unit; and  
305  
306 Monitor the status of the mothballing activities of the GenCo for updating the  
307 power outlook.  
308

309 **Section 7. Responsibilities of the MO.** The MO shall:  
310

- 311 7.1 Prepare and submit to the Rules Change Committee (RCC) proposed changes  
312 to the WESM Rules and relevant Market Manuals, as may be necessary, for  
313 the effective implementation of the policies provided herein;  
314  
315 7.2 Ensure timely processing of applications for deregistration and issuance of  
316 necessary document in relation to decommissioning/mothballing; and  
317  
318 7.3 Provide update to the DOE, ERC, SO, NSP, and WESM Governance Arm the  
319 status of registration of generating plant or unit intending to decommission or  
320 mothball.  
321

322 **Section 8. Responsibility of the WESM Governance Arm.** The WESM Governance  
323 Arm shall:  
324

325 8.1 Prepare and submit to the RCC proposed changes to the WESM Rules and  
326 relevant Market Manuals in accordance with the enforcement and compliance  
327 to the policy provided herein as necessary; and  
328

329 8.2 Ensure adherence of the GenCo to the WESM Rules and Manuals until its  
330 application for deregistration is decided.  
331

332 **Section 9. Responsibility of the NSP and Small Grid SO (SGSO).** The NSP, and  
333 SGSO shall be responsible for the following:  
334

335 9.1 Formulate and/or amend, as necessary, connection and disconnection  
336 procedures in consideration of this Circular;  
337

338 9.2 Facilitate and assist the generating plant or unit owner relative to the  
339 decommissioning or mothballing and other activities relevant thereto; and  
340

341 9.3 Continue to maintain the connection asset where the mothballed generating  
342 plant or unit is connected, provided that the same is included in the Regulatory  
343 Asset Base approved by the ERC.  
344

345 **Section 10. Regulatory Support.** The ERC shall review, update, and harmonize, as  
346 necessary, all resolutions and regulations relevant to the implementation of the policies  
347 stated under this circular and promulgate guidelines on the same, including the  
348 appropriate action on Certificate of Compliance as applicable to decommissioning and  
349 mothballing.  
350

351 The ERC shall implement the enforcement and penalty mechanisms in cases of non-  
352 compliance with this Circular by any electric power industry participant identified herein  
353 after due process.  
354

355 The ERC shall monitor and take measures in accordance with its function to penalize  
356 abuse of market power, cartelization, and anti-competitive or discriminatory behavior by  
357 any electric power industry participant.  
358

359 **Section 11. Repealing Clause.** All rules and regulations, or any portion thereof, that  
360 are inconsistent with this circular are hereby repealed or modified accordingly.  
361

362 **Section 12. Separability Clause.** If for any reason, any section or provision of this  
363 Circular is declared unconstitutional or invalid, the other parts or provisions hereof are  
364 not affected thereby shall continue to be in full force and effect.  
365

366 **Section 13. Effectivity.** This Department Circular shall take effect fifteen (15) days after  
367 its publication in two (2) newspapers of general circulation. Copies of this Circular shall  
368 be filed with the University of the Philippines Law Center-Office of the National  
369 Administrative Register.  
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372 Issued this \_\_\_\_\_ 2022 at the DOE, Energy Center, Rizal Drive,  
373 Bonifacio Global City, Taguig City, Metro Manila.  
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**RAPHAEL P. M. LOTILLA**  
Secretary