



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

**DEPARTMENT CIRCULAR NO. DC2022-\_\_\_\_\_**

**SUPPLEMENTING DEPARTMENT CIRCULAR NO. DC2021-10-0031 FOR THE  
TRANSPARENT AND EFFICIENT PROCUREMENT OF ANCILLARY SERVICES  
BY THE SYSTEM OPERATOR**

**WHEREAS**, Section 2 (b) and (c) of Republic Act (RA) No. 9136 or the "*Electric Power - Industry Reform Act (EPIRA)*", declares that it is the policy of the State to ensure the quality, reliability, security and affordability of the supply of electric power; and to ensure the transparent and reasonable prices of electricity in a regime of free and fair competition and full accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market.

**WHEREAS**, Section 2 (f) of the EPIRA states that it is also the policy of the State to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;

**WHEREAS**, the DOE issued DC No. DC2021-10-0031, entitled "*Prescribing the Policy for the Transparent and Efficient Procurement of Ancillary Services by the System Operator*", which aimed to improve transparency, competitiveness, and wide dissemination of bid opportunities to ensure participation of all eligible generation companies to meet the required levels of AS;

**WHEREAS**, the DOE recognizes the need to provide exemption to DC2021-10-0031 in order to ensure its efficiency and effectiveness;

**NOW, THEREFORE**, in consideration of the foregoing, the DOE hereby issues and promulgates the supplemental policy for the CSP in the procurement of AS by the SO.

**SECTION 1.** Section 2 (*Scope of Application and Coverage*) of DC2021-10-0031 shall be revised to read as follows:

**SECTION 2. SCOPE OF APPLICATION AND EXEMPTION.**

2.1. Scope and Application

2.1.1. This Circular shall apply to the following:

- 2.1.1.1. System Operator (SO);
- 2.1.1.2. Market Operator (MO);
- 2.1.1.3. Ancillary Service Providers (ASPs);
- 2.1.1.4. National Transmission Corporation (TRANSCO)

- 2.1.1.5. Energy Regulatory Commission (ERC); and
- 2.1.1.6. Distribution Utilities (DUs)
- 2.1.2. All AS shall be procured through firm contracts subject to compliance of the threshold under Sections 5 or 6 of DC2019-12-0018, as applicable.
- 2.1.3. All ASPA's filed and pending before the ERC, shall not be covered upon the effectivity of this Circular.
- 2.2. Exemption from CSP
  - 2.2.1. The provision of AS by the Power Sector Assets and Liabilities Management (PSALM) Corporation or its successors-in-interest through bilateral contracts for the AS produced from the undisposed generating assets shall warrant an exemption from the conduct of CSP for AS.
  - 2.2.2. Request for exemption must be submitted to the DOE at least three (3) months prior to the expiration of any existing Ancillary Services Purchase Agreement (ASPA) or intended cooperation period. The DOE may require submission of the duly approved ASPAs as may be deemed necessary. Upon its execution, the SO shall furnished the DOE with a copy of the ASPA between PSALM Corporation and the SO.
  - 2.2.3. The approval of the exemption shall be issued by the DOE within thirty (30) calendar days, subject to the complete submission of the minimum requirements as provided below:
    - 2.2.3.1. Letter of SO to DOE, requesting for CSP exemption;
    - 2.2.3.2. Request for CSP exemption from the Board of Directors of the SO through a resolution or from the authorized representative of the SO, provided that a delegation has been issued, indicating the following:
      - 2.2.3.2.1. AS type and Capacity to be procured;  
and
      - 2.2.3.2.2. Duration of the ASPA.
    - 2.2.3.3. Letter of SO to PSALM Corporation, requesting provision of AS; and
    - 2.2.3.4. Letter of PSALM Corporation to SO, granting/approving the request for the provision of AS.

## **SECTION 2. TRANSITORY PROVISION**

Upon the effectivity of this Policy, all prospective firm ASPAs shall hereafter be procured in accordance with the DC2021-10-0031 and this Circular.

## **SECTION 3. REPEALING CLAUSE**

All rules and regulations, or any portion thereof, that are inconsistent with this Circular are hereby repealed or modified accordingly.

Provisions of DC2021-10-0031 not affected by this policy shall remain in effect.

## **SECTION 4. SEPARABILITY CLAUSE**

If for any reason that any section of this Circular is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

## **SECTION 5. EFFECTIVITY**

This Circular shall take effect fifteen (15) calendar days upon its publication in at least two (2) newspapers of general circulation. Copies thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on \_\_\_\_\_ at Energy Center, Bonifacio Global City, Taguig City.

**ALFONSO G. CUSI**  
Secretary