



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

Department Circular No. DC2010-10 - 0011

**MANDATING THE RATIONAL UTILIZATION OF AVAILABLE GENERATION CAPACITY IN MINDANAO AND DIRECTING DOE-ATTACHED AGENCIES, THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP), AND ALL INDUSTRY STAKEHOLDERS TO ADDRESS THE POWER SUPPLY SITUATION IN MINDANAO**

WHEREAS, pursuant to the declared policy of the State under Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), the Department of Energy (DOE) has been mandated to ensure the quality, reliability, security, and affordability of the supply of electric power and establish and administer programs for, among others, utilization of energy resources in the Philippines;

WHEREAS, based on records, there are adequate generation capacities capable of meeting the energy requirements of Mindanao;

WHEREAS, despite the available power generating capacities, the Mindanao Grid is currently experiencing rotating brownouts as a portion of these available capacities are allocated to meet the reserve requirements of the Mindanao transmission system pursuant to the standards set under the Philippine Grid Code (PGC);

WHEREAS, after various consultations and meetings with relevant electric power industry participants in Mindanao and all appropriate government agencies, the DOE has determined the urgent need to rationalize the utilization of all available generation capacities in Mindanao, including a provision for the reserve requirements, to meet immediate demand for electricity in the Mindanao region;

NOW THEREFORE, premises considered, the DOE hereby declares as follows:

**Section 1. Scope and Application.** This Circular shall apply to all agencies and entities named herein and to all electric power industry participants in Mindanao, including generation companies, distribution utilities – both the private investor owned utilities and electric cooperatives.

**Section 2. Responsibilities.** Pursuant to their respective mandates and functions under the EPIRA and its Implementing Rules and Regulations, PGC and other relevant laws, rules, and issuances, the following are enjoined to extend their full cooperation and action, within the period provided for in this Circular, to address the power supply situation in Mindanao:

**Section 2.1. National Grid Corporation of the Philippines (NGCP).** The NGCP, as the Concessionaire of the National Transmission Corporation (TRANSCO) and in the interest of the general welfare of the public, is hereby

directed to perform its obligations of ensuring and maintaining the reliability, adequacy, security, stability and integrity of the nationwide electricity grid in accordance with the performance standards for the operations and maintenance of the grid, as set forth in the PGC. In the performance of its obligations, considering its authority to maximize the dispatch of available capacities, NGCP is hereby directed to use any and all available capacity to maintain load-generation balance to meet the demand for energy at any given time.

The NGCP shall immediately comply with the directives set out in this Circular and shall continue to use the available capacities to meet the demand for energy in the Mindanao region for a period of 45 days from effectivity of this Circular. After the expiration of such period and unless otherwise directed by the DOE, the NGCP shall continue to maintain load-generation balance in the Mindanao region.

Toward the directives listed above, NGCP shall closely coordinate with the Power Sector Assets and Liabilities Management Corporation (PSALM), TRANSCO, National Power Corporation (NPC), pertinent contracting party for such capacity and the DOE to ensure that all pre-requisites and conditions for the utilization of the available capacities are complied with and completed within the compliance period set out in Section 3 of this Circular.

**Section 2.2. Power Sector Assets and Liabilities Management Corporation (PSALM) and National Power Corporation (NPC).** PSALM and NPC shall: (a) fully utilize all available capacities of the hydroelectric power plants in the Mindanao region for energy purposes taking into consideration the fluctuating demand requirements of large industrial users in the Mindanao region; and (b) finalize the Mindanao Transition Supply Contracts and Bilateral Contract allocation to allow the distribution utilities and electric cooperatives to determine the quantity or volume of capacity or energy they can buy or contract out from PSALM/NPC and how much they can buy or contract out from other generating companies.

Towards this end, PSALM and NPC shall immediately comply with the directive set out in Section 2.2(a) upon effectivity of this Circular. The PSALM and NPC shall finalize and renew its supply contracts with the distribution utilities/electric cooperatives as required under Section 2.2(b) of this Circular within 45 days from effectivity of this Circular.

**Section 2.3. National Electrification Administration (NEA).** Consistent with its statutory obligations, NEA is enjoined to provide all necessary assistance to electric cooperatives (ECs) to facilitate execution of appropriate power supply contracts. NEA shall closely coordinate and provide weekly reports to the DOE on the status of the negotiations for power supply contracts between the ECs and power generation companies in the Mindanao region.

NEA shall immediately comply with its directive under Section 2.3 upon effectivity of this Circular to ensure that power supply contracts are entered into within 45 days from effectivity of this Circular.

**Section 2.4. Electric Power Industry Participants.** All electric power industry participants are hereby enjoined to provide full cooperation and to take all appropriate action to ensure that the objectives set out in this Circular are attained within the period provided under Section 3 of this Circular.

**Section 3. Review of Compliance.** Upon expiration of the pertinent compliance periods set out in Section 2 of this Circular, the DOE shall review the existing conditions pertaining to the Mindanao power situation and assess the need to take further appropriate action to address the Mindanao power situation. For purposes of monitoring compliance with the directives under this Circular, NGCP, PSALM, NPC and NEA and other relevant agencies are required to submit weekly reports to the DOE on the progress and status of the actions required by this Circular.

**Section 4. Lead Agency.** The DOE, being the agency tasked to supervise and oversee the electric power industry, shall be the lead agency in ensuring that all plans and programs to achieve the objectives of this Circular are properly carried out.

**Section 5. Effectivity.** This Circular shall take effect immediately.

Taguig City, Metro Manila, Philippines, October 12, 2010.

  
**JOSE RENE D. ALMENDRAS**  
Secretary



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