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

BAGONG PILIPINAS

DEPARTMENT CIRCULAR NO. DC 2025-10-0025

GUIDELINES ON ENERGY CERTIFICATES

WHEREAS, Republic Act (RA) No. 7638, or the "Department of Energy (DOE) Act of 1992," declares the policy of the State to ensure a continuous, adequate, and economic supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements;

WHEREAS, Section 37(h) of RA No. 9136, or the "Electric Power Industry Reform Act of 2001," (EPIRA) empowers the DOE to exercise supervision and control over all government activities relative to energy projects in order to attain the objectives set forth therein;

WHEREAS, RA No. 9513, or the "Renewable Energy Act of 2008" (RE Act), declares as a policy of the State to increase the utilization of renewable energy (RE) by institutionalizing the development of national and local capabilities in the use of RE systems, and promoting their efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;

WHEREAS, the National Renewable Energy Program (NREP) 2020-2040 sets an aspirational target of at least thirty-five percent (35%) RE share in the power generation mix by 2030 and fifty percent (50%) by 2040 to attain energy security, sustainable development, and inclusive growth, and mitigate the impacts of climate change;

WHEREAS, to facilitate attainment of the RE targets, Section 6 of the RE Act mandates all stakeholders in the electric power industry to contribute to the growth of the RE industry in the country, directing for this purpose the National Renewable Energy Board (NREB) to set the minimum percentage of generation from eligible RE resources and determine which sector the Renewable Portfolio Standards (RPS) shall be imposed on a per-grid basis;

WHEREAS, Section 8 of the RE Act mandates the establishment of a Renewable Energy Market (REM) to facilitate compliance with Section 6 of the said law;

WHEREAS, pursuant to Sections 6 and 8 of the RE Act, the DOE issued Department Circular (DC) No. DC2017-12-0015, entitled "Promulgating the Rules and Guidelines Governing the Establishment of Renewable Portfolio Standards for On-Grid Areas" (RPS On-Grid Rules), which provides, among others, (a) that RPS Mandated Participants shall use Renewable Energy Certificates (RECs) to comply with their respective minimum annual RPS requirements; (b) that a REM shall be established; (c) the bases for issuance of RECs; and (d) that a REC shall represent all renewable and environmental attributes from one (1) megawatt-hour (MWh) of electricity generation sourced from facilities that utilize RE resources or RE technology;

WHEREAS, the DOE issued DC No. DC2024-12-0031, entitled "Declaration of the Full Commercial Operations of the Renewable Energy Market," which allows for the trading of RECs in the REM;

WHEREAS, interest in RECs as a means to comply with clean energy targets, such as RE100 and Net Zero Targets, provides a potential source of financing for RE projects;

WHEREAS, the Philippines signed and ratified the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC), which sets the primary goal of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the increase to 1.5°C;

WHEREAS, the Philippines has committed to the reduction and avoidance of greenhouse gas (GHG) emissions as outlined in its Nationally Determined Contribution (NDC), while also pursuing sustainable development pathways that promote climate resilience, enhance energy security, and foster economic growth;

WHEREAS, Executive Order (EO) No. 174, issued on 24 November 2014, institutionalized the Philippine Greenhouse Gas (GHG) Inventory Management and Reporting System, and designated the DOE as the lead agency for the energy sector's GHG inventory, with responsibility for coordinating the energy sector's contribution to the country's NDC;

WHEREAS, the implementation of the NDC of the Philippines is based on sector-specific mitigation actions and adaptation measures, and is coordinated through the NDC Technical Working Group (TWG) established in 2016;

WHEREAS, the DOE issued DC No. DC2025-09-0018, entitled "General Framework for Carbon Credits in the Energy Sector," which establishes a clear set of guidelines for the generation, management, and monitoring of Carbon Credit Certificates (CCCs) from energy sector activities.

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

Section 1. Purpose. This Circular sets forth the rules and guidelines on the generation, classification, uses, and trading of Energy Certificates.

Section 2. Objectives. This Circular is intended to provide a clear, transparent, and credible system for Energy Certificates in order to support the Philippines' compliance with obligations under the Paris Agreement and other international cooperations on climate change, facilitate compliance with domestic policies and targets under the NREP and RPS, and encourage private sector and voluntary clean energy initiatives, thereby advancing both government environmental sustainability and economic resilience through the transition to RE, energy efficiency, and use of clean energy in the electric power industry.

All rules, guidelines, and issuances of the DOE and other concerned government and non-government entities shall align with the framework on Energy Certificates set forth in this Circular and other issuances related thereto.

Section 3. Definitions. As used in this Circular, the following terms shall be defined as follows:

3.1. **Additionality Principle** refers to the principle which dictates that a mitigation activity may generate CCCs only if the activity is primarily undertaken for its mitigation outcomes and would not have occurred in the absence of benefits, monetary or otherwise, from such CCCs, and whose implementation have demonstrated that the activity exceeds current legal or regulatory requirements.

3.2. **Eligible Mitigation Activity** refers to a mitigation activity in the energy sector that significantly reduces GHG emissions and/or energy consumption, and are capable of generating CCCs consistent with Section 5 of DC No. DC2025-09-0018.

3.3. **Carbon Credit Certificate** or **CCC** refers to a tradeable certificate representing one (1) tonne of carbon dioxide equivalent (tCO2e) of GHG emissions reduced or removed from the atmosphere through the implementation of a mitigation activity, verified as real and additional by accredited independent third-party entities using internationally accepted standards and methodologies.

3.4. **Renewable Energy Certificate** or **REC** refers to a certificate issued by the RE Registrar to electric power industry participants showing the energy sourced, produced, and sold or used, and classified as either Compliance REC or Voluntary REC under Section 4 of this Circular. Each REC shall represent all renewable and environmental attributes from one (1) megawatt hour (MWh) of electricity generation.

Section 4. Kinds of Energy Certificates. Energy Certificates are certificates that may be generated in the energy sector, which shall be classified as follows:

4.1. RECs, which can either be:

4.1.1. Compliance RECs, which represent one (1) MWh of generation of electricity from Eligible RE Facilities, as defined under the RPS On-Grid Rules, or any amendment thereto. Compliance RECs are utilized by Mandated Participants, as defined under the RPS On-Grid Rules, for compliance with RPS requirements under the RE Act; or

4.1.2. Voluntary RECs, which represent one (1) MWh of generation from RE Facilities, including electricity consumers with RE facilities. Voluntary RECs may be utilized by RE generation companies or facilities as an additional source of revenue and as a means to comply with clean energy targets, such as RE100 and Net Zero Targets.

4.2. CCCs, which represent the reduction of one (1) tCO2e from the atmosphere through an Eligible Mitigation Activity, can either be utilized to comply with specific regulatory regimes or as additional source of revenue for their environmental attributes.

The DOE may supplement the kinds of Energy Certificates recognized under this Circular upon recommendation of the Designated National Authority under the Paris Agreement or upon consideration of inputs from stakeholders in the energy sector.

Section 5. Generation of Energy Certificates. Energy Certificates shall be generated depending on the activity, as follows:

5.1. Eligible Mitigation Activities shall generate CCCs, subject to DC No. DC2025-09-0018;

5.2. For RE Development Mitigation Activities, the energy output of a single RE facility with dedicated revenue meter shall only generate one type of Energy Certificate, either CCC or REC to prevent double claiming of the same environmental benefit.

Section 6. Attribution of Energy Certificates. Except as otherwise provided in other DOE policies, rules, and regulations, Energy Certificates shall be attributed as follows:

6.1. RECs:

6.1.1. **Compliance RECs.** A Compliance RECs shall be attributed to a Mandated Participant in accordance with the RPS On-Grid Rules, as may be amended.

6.1.2. **Voluntary RECs.** A Voluntary REC shall be attributed to the owner or operator of the RE facility.

6.2. CCCs:

6.2.1. **CCCs.** CCCs shall be attributed to a project proponent, developer, or owner in accordance with Section 8 of DC No. DC2025-09-0018.

Section 7. Characteristics of Energy Certificates.

7.1. **Additionality.** The Additionality Principle shall only apply to CCCs, and not to Compliance or Voluntary RECs.

7.2. **Transferability.** Compliance and Voluntary RECs shall be traded and transferred through the REM or Voluntary REM, respectively, within the banking period, unless surrendered or retired.

CCCs shall be traded and transferred in accordance with DC No. DC2025-09-0018.

7.3. **Banking Period.** Energy Certificates may be banked within the period prescribed under the applicable rules and regulations. Energy Certificates shall not be traded or transferred after the expiration of such banking period, if any.

7.4. **Registry.** There shall be only one registry for Compliance and Voluntary RECs. The registry shall ensure compliance with Section 7.8 of this Circular.

7.5. **Surrender and Retirement.** Pursuant to the applicable market rules, owners may surrender Compliance and Voluntary RECs to the RE Registrar who shall retire the surrendered Compliance and Voluntary RECs.

CCCs shall be surrendered or retired in accordance with DC No. DC2025-09-0018.

7.6. **Regulations.** Consistent with the RE Act, the Energy Regulatory Commission (ERC) shall set the price cap and Price Determination Methodology for Compliance RECs, while the prices of Voluntary RECs and CCCs, if applicable, shall not be subject to ERC regulation.

7.7. **Accounting, Validation, and Auditing**. The accounting, validation, and auditing of Energy Certificates shall be based on the applicable standards and policies set by the DOE and other relevant government agencies: Provided, That the accounting, validation, and auditing of CCCs shall be in accordance with internationally accepted standards pursuant to the Paris Agreement or any other international agreements, recognized by the Task Force on Energy Cabon Credits (TFECC).

7.8. **No Double Counting**. The same energy produced shall generate only one type of Energy Certificate: Compliance REC, Voluntary REC, or CCC. Double counting, or the issuance, claiming, or use of the same environmental benefit more than once, shall not be allowed.

Section 8. Trading of Energy Certificates. Each Energy Certificate shall have a unique serial number and other details necessary for tracking and verification of all transactions and other actions related thereto.

8.1. **Compliance RECs.** Compliance RECs shall be traded in the REM in accordance with DC No. DC2019-12-0016 or the REM Rules, as amended.

8.2. **Voluntary RECs.** Voluntary RECs shall be traded in the Voluntary REM in accordance with the department circular to be issued by the DOE.

8.3. **CCCs.** CCCs shall be traded domestically or internationally in accordance with the applicable rules and regulations for the relevant carbon market to be issued by the appropriate government agencies. Until such rules and regulations are in place, CCCs may be traded domestically or internationally in accordance with DC No. DC2025-09-0018.

Section 9. Responsibilities of the DOE. The DOE shall:

9.1. Review and amend relevant issuances to be consistent with this Circular, including, but not limited to, the following:

9.1.1. DC No. DC2017-12-0015 or the RPS On-Grid Rules;

9.1.2. DC No. DC2023-05-0014 or the Revised RPS Off-Grid Rules; and

9.1.3. DC No. DC2019-12-0016 or the REM Rules;

9.2. Monitor compliance of participants in Energy Certificate markets;

9.3. Establish a Voluntary REM;

9.4. Participate, in coordination with concerned government agencies, in the development and enhancements of carbon markets;

9.5. Formulate or adopt internationally accepted or developed methodologies for the valuation of Energy Certificates;

9.6. Establish safeguards against double counting of Energy Certificates;

9.7. Establish rules and regulations to prioritize compliance with RPS requirements;

9.8. Review the implementation of this Circular and related issuances within one (1) year from the effectivity of this Circular; and

9.9. Undertake any other activity needed for the implementation of this Circular.

Section 10. Responsibilities of the ERC. The ERC shall:

10.1. Issue and/or amend the relevant rules and regulations for the proper implementation of this Circular;

10.2. Study and design mechanisms to lower electricity rates by taking into account the value of Energy Certificates; and

10.3. Exercise any market monitoring or supervision functions in accordance with the policies issued by the DOE. The ERC shall not regulate the price of Energy Certificates except as provided in Section 7.6 of this Circular.

Section 11. Non-Impairment of Existing Agreements. The application and implementation of the pertinent provisions of this Circular shall not impair vested rights or obligations under contracts. Current and subsisting agreements shall remain valid and in force in accordance with the existing terms and conditions agreed upon by the parties until their expiration or termination.

Nothing in this Section shall be construed as limiting or waiving the sovereign right of the Republic of the Philippines to negotiate, conclude, or implement future agreements with other States, international organizations, or private entities.

Section 12. Supplemental Issuances. Not later than one (1) year from the effectivity of this Circular, the DOE shall issue the relevant guidelines, rules and regulations needed for the proper implementation of this Circular.

Section 13. Separability Clause. If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 14. 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 15. Effectivity. This Circular shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation. A copy of this Circular shall be filed with the University of the Philippines Law Center - Office of the National Administrative Register (UPLC-ONAR).

Issued this OCT 29 2025 at the DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City.

SHARON S. GARIN
Secretary