



DEPARTMENT CIRCULAR NO. DC2026-08-0017

**POLICY GUIDELINES FOR SELF-GENERATING FACILITY ZERO-EXPORT
SOLAR SYSTEMS AND MICRO-SOLAR SYSTEMS FOR OWN-USE**

WHEREAS, Republic Act (RA) No. 7638, otherwise known as 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 achieving self-reliance in the country’s energy requirements through the integrated exploration, development, and efficient utilization of energy;

WHEREAS, Section 2 of RA No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA), mandates the State to ensure the quality, reliability, security, and affordability of the supply of electric power, to encourage the efficient utilization of energy, and to promote consumer empowerment, competition, and private sector participation in the electric power industry;

WHEREAS, RA No. 9513, otherwise known as the “Renewable Energy Act of 2008,” mandates the DOE to accelerate the exploration and utilization of Renewable Energy (RE) resources to achieve energy self-reliance and reduce greenhouse gas emissions;

WHEREAS, RA No. 11234, otherwise known as the “Energy Virtual One-Stop Shop Act” (EVOSS Act), mandates the streamlining of the permitting process for power generation projects to reduce the cost of doing business;

WHEREAS, Section 301 of Presidential Decree (PD) No. 1096, otherwise known as the “National Building Code of the Philippines,” requires any person, firm, or corporation to obtain a building permit prior to the construction or alteration of any building or structure;

WHEREAS, under the Philippine Electrical Code (PEC), electrical valuations or specifications of any electrical wiring, equipment, or system in the execution of a construction permit shall be signed and sealed by a professional electrical engineer;

WHEREAS, to achieve the RE target of thirty-five percent (35%) by 2030 and fifty percent (50%) by 2040, the DOE envisions maximizing the inclusion, utilization, and acceleration of RE even at the consumer level, specifically through the deployment of Self-Generating Facilities (SGFs) and Distributed Energy Resources (DERs), including Zero-Export Solar Systems (ZESS) and the grid-connected types capable of island or synchronized mode, whose presence and participation can augment policies and initiatives on energy self-sufficiency, provide essential backup or peak-shaving capabilities, and reduce electricity costs;

WHEREAS, international best practices have demonstrated that consumer-grade Micro-Solar Systems (MSS) can safely decentralize energy production with minimal grid impact, thereby expanding access to solar energy by adopting an approach that

streamlines or dispenses with the Distribution Impact Study (DIS) and Certificate of Compliance (COC) processes;

WHEREAS, there is a need to issue a policy that supports the participation of small-scale end-users in the deployment of RE technologies, by providing a streamlined regulatory approach that complements with the existing Net-Metering framework and other consumer choice programs under relevant laws and regulations;

WHEREAS, on 15 June 2026, the DOE conducted a public consultation with relevant stakeholders to present and discuss the proposed policy and regulatory framework governing SGF ZESS and MSS, during which comments, recommendations, and position papers were received, evaluated, and, where appropriate, incorporated into this Department Circular;

NOW, THEREFORE, for and in consideration of the foregoing premises, the DOE hereby issues, adopts, and promulgates the following policy framework for the streamlined and simplified installation and operation of SGF ZESS and MSS:

Section 1. Short Title, Purpose, and Objective.

- 1.1. This Circular shall be known as the **“Streamlined SGF ZESS and MSS Policy.”**
- 1.2. This Circular aims to promote a conducive environment for end-users by:
 - 1.2.1. Streamlining the administrative and technical requirements for the installation of SGF ZESS and MSS;
 - 1.2.2. Facilitating the installation of SGF ZESS and MSS by electricity end-users for their own use, subject to technical and safety standards;
 - 1.2.3. Clarifying and provide clear parameters for the role and responsibilities of distribution utilities (DUs) in the evaluation and processing of applications for such systems; and
 - 1.2.4. Promoting efficient, transparent, and non-discriminatory procedures for the installation of own-use solar facilities.

Section 2. Scope and Applicability. This Circular shall govern the utilization of SGF ZESS and MSS, as defined herein, intended solely for own-use consumption and do not export electricity to the distribution system, regardless of connection type, without prejudice to applicable laws, rules, and regulations issued by the DOE, Energy Regulatory Commission (ERC), and other concerned government agencies.

Notwithstanding the definition of SGFs under the Implementing Rules and Regulations (IRR) of the EPIRA, this Circular shall likewise cover systems installed and utilized by households, clinics, hospitals, and other medical facilities. The application thereto shall solely be for purposes of implementing this Circular and shall not be interpreted as amending or otherwise affecting the classification of SGFs under the EPIRA and its IRR.

Section 3. Classification and Technical Specifications. For the purpose of this Circular, own-use solar photovoltaic (PV) installations shall be classified into two (2) distinct categories based on their technical connection status and capacities:

3. 1. **“Self-Generating Facilities Zero-Export Solar Systems” or “SGF ZESS”** refer to solar PV installations of any capacity that are intended solely for own-use and are not for the export of electricity to the distribution system. For purposes of this Circular, SGF ZESS shall be classified as either:
 - 3.1.1. Connected SGF ZESS, which are connected to the distribution system but equipped with control or isolation mechanisms that prevent the export of electricity; or
 - 3.1.2. Isolated SGF ZESS, which operate independently and are not connected to the distribution system.
3. 2. **“Micro-Solar Systems” or “MSS”** refer to consumer-grade, plug-and-play solar generation system/s intended for own use, consisting of:
 - 3.2.1. **PV Modules.** A total direct current (DC) nameplate capacity not exceeding one thousand Watts (1,000 Watts) or one kilowatt (1 kW);
 - 3.2.2. **Micro-inverter.** A factory-set, grid-tied inverter with a maximum alternating current (AC) output of eight hundred Watts (800 Watts) or zero point eight kilowatts (0.8 kW), equipped with an Automatic Anti-Islanding Disconnection safety mechanism; and
 - 3.2.3. **Standard Connection.** A system designed to connect directly via a standard household wall outlet or circuit with PEC-compliant installation.

Section 4. Policy Guidelines.

- 4.1. The installation and utilization of SGF ZESS and MSS shall be governed by a streamlined regulatory approach that allows for their immediate use by end-users, consistent with applicable laws, rules, and regulations, particularly on safety, reliability, and performance standards.
- 4.2. For the installation of Connected SGF ZESS and MSS, end-users shall notify their host DU using the Notification Form attached as **Annex “A”** of this Circular. Conversely, end-users installing Isolated SGF ZESS shall not be required to submit such notification.

For Connected and Isolated SGF ZESS, end-users shall likewise secure a Building Permit from their host Local Government Unit (LGU). *Provided*, that a new permit shall not be required if the host LGU verifies that the existing Building Permit is sufficient, in which case the end-user shall submit a copy of such permit.

Furthermore, for both Connected and Isolated SGF ZESS, end-users shall secure a COC from the ERC unless the SGF ZESS is for the use of households, clinics, hospitals, and other medical facilities, without prejudice to the authority of the ERC to prescribe applicable technical and commercial rules and requirements pursuant to its mandate.

For MSS, end-users shall not be required to secure a Building Permit or a COC under this Circular, without prejudice to compliance with other applicable laws, rules, and regulations.

To illustrate:

	SGF ZESS		MSS
Written Notification to DU	<u>Connected</u> Required	<u>Isolated</u> Not Required	Required
Building Permit	Required		Not Required
COC	Required <i>(except for systems installed for the own or internal use of households, clinics, hospitals, and other medical facilities)</i>		Not Required

- 4.3. The DU may conduct a DIS for its own system-planning purposes at its own cost and technical responsibility. The conduct of such study shall not delay, prevent, or otherwise affect the end-user's installation of an SGF ZESS or MSS, and the DU shall continue to provide continuous, reliable, and non-discriminatory service to the end-user's registered load requirement.
- 4.4. In the event that energy is exported to the distribution system by an MSS shall be treated as Non-Compensated Export and shall not be eligible for any billing credit, offset, or monetary compensation, regardless of meter type, unless the end-user is enrolled in the Net-Metering Program and has executed a Net-Metering Agreement (NMA) with the host DU.

Section 5. Responsibilities of the End-User.

5. 1. All end-users shall ensure that the installation, operation, and maintenance of SGF ZESS and MSS comply with this Circular, the PEC, applicable safety and quality standards, safety protocols, and all other relevant laws, rules, and regulations.
5. 2. Without prejudice to the specific requirements prescribed elsewhere in this Circular, end-users shall secure and maintain all permits, clearances, certifications, and other requirements prescribed by applicable laws, regulations, and issuances, including, as applicable, the COC from the ERC

and Building Permits from concerned LGUs. They shall ensure that all safety features and protective devices are in place at all times.

5. 3. For Connected SGF ZESS, the end-user shall ensure that the system is equipped with, and continuously maintains, functional and effective control or isolation mechanisms that strictly prevent the export of electricity to the distribution system, in compliance with Section 3.1.1 of this Circular.

Failure to maintain such mechanisms shall constitute a violation of this Circular, and shall be without prejudice to the authority of the DU to take such measures as may be necessary to implement reasonable and proportionate actions, including requiring corrective measures and additional protection schemes to minimize the risk and/or impact of disturbances on the distribution system.

Any electricity exported to the distribution system in violation of this Section shall be treated as Non-Compensated Export and shall not entitle the end-user to any billing credit, offset, or monetary compensation.

5. 4. The end-users shall bear all operational and financial risks associated with the underperformance, downtime, or failure of their SGF ZESS or MSS.

Section 6. Responsibilities of DUs. To ensure the effective implementation of this Circular, all DUs are directed to:

6. 1. Ensure that no administrative barriers, including pre-installation clearances, technical permits, or inspection fees, are imposed as conditions for the installation of SGF ZESS or MSS;
6. 2. Ensure that the standard distribution transformer and service drop capacity assigned to the end-user's registered load remain intact and are not reduced or downgraded solely due to the installation of an SGF ZESS or MSS, ensuring full standby grid readiness in case of solar system failure;
6. 3. Adopt a post-installation notification process and maintain a comprehensive registry of all SGF ZESS and MSS within their respective franchise areas based on notices received, without prejudice to the DU's authority and responsibility under existing laws, rules, and regulations to investigate, address, and take appropriate action on any observed irregularities, unsafe conditions, or violations;
6. 4. Provide necessary technical guidance to end-users who subsequently elect to transition from a zero-export configuration to a Net-Metering arrangement, subject to existing ERC rules and regulations;
6. 5. Submit a quarterly report to the DOE detailing the number of SGF ZESS and MSS installed and their aggregate capacity to assist in power development planning;
6. 6. Update their Citizens' Charters and internal processes to reflect this streamlined, notification-based standard within thirty (30) days from the effectivity of this Circular; and

- 6.7. For MSS, existing analog meters for registered MSS shall be granted a temporary reprieve for twelve (12) months from the date of system notification. During this transition, the net-consumption recorded by the existing meter shall be honored as the basis for billing. The DU shall replace the existing analog meters with meters that comply with the applicable ERC regulations and are suitable for MSS within this twelve (12)-month window. The cost of meter replacement shall be in accordance with applicable ERC regulations.

Section 7. ERC Regulatory Support. Within ninety (90) days from the effectivity of this Circular, the ERC shall issue the necessary regulatory support for the implementation of this Circular. Specifically, the ERC shall:

- 7.1. Establish the technical, commercial, and interconnection rules applicable to SGF ZESS and MSS, including the appropriate regulatory treatment thereof, including, but not limited to, harmonization, or amendment, if necessary, with existing ERC issuances, including those governing the Net-Metering Program, RE, consumer choice programs, and other related regulations;
- 7.2. Issue rules establishing a single-transaction and simplified process for the issuance of COCs for SGF ZESS;
- 7.3. Impose penalties and sanctions for non-compliance, as applicable; and
- 7.4. Perform other necessary measures to implement this Circular.

Section 8. Coordination with Other Government Agencies. The DOE shall:

- 8.1. Coordinate with Department of Human Settlements and Urban Development (DHSUD) and other government agencies with oversight over homeowners associations (HOAs), condominium corporations, and building managements, for the promotion and installation of SGF ZESS and MSS on balconies, windows, designated building envelopes, rooftops, or available areas, except when there is established proof of structural risk or a direct threat to public safety;
- 8.2. Collaborate with the Bureau of Philippine Standards of the Department of Trade and Industry (DTI-BPS), where necessary, for the issuance of guidelines to include the components of SGF ZESS and MSS in the list of products for mandatory certification to protect consumers from substandard equipment in order to ensure consumer safety, product quality, and system reliability, while avoiding undue regulatory burden;
- 8.3. Establish with the Department of Interior and Local Government (DILG) the uniform guidelines to be observed by the LGUs in the implementation of this Circular within sixty (60) days from the effectivity of this Circular; and
- 8.4. Perform all necessary actions to achieve the purpose of this Circular.

Section 9. Transitory Provision. This Circular shall be applied prospectively, including all applications pending upon the effectivity of this Circular, *except* where the ERC finds that a prospective application would be infeasible or unjust. In such instances, the older procedure shall govern pending applications.

Further, this policy shall not prejudice the rights vested to SGF ZESS and MSS installed, operated, and approved prior to this Circular.

Section 10. Reservation of Regulatory Authority. Nothing in this Circular shall preclude other government agencies, pursuant to their respective mandates, from issuing additional or updated technical safety and quality standards.

Section 11. 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 12. Repealing Clause. All previous issuances, orders, rules, and regulations inconsistent with this Circular are hereby repealed or modified accordingly.

Section 13. Effectivity. This Policy shall take effect immediately after its publication in the Official Gazette or two (2) newspapers of general circulation. A copy of this Policy shall be filed with the University of the Philippines Law Center – Office of the National Administrative Register.

Issued this 28 JUL 2026 at the DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City.


SHARON S. GARIN
Secretary



ANNEX "A"

To: *(Name of Distribution Utility)*

NOTIFICATION OF INSTALLATION OF CONNECTED SELF-GENERATING FACILITY ZERO-EXPORT SOLAR SYSTEM (SGF ZEES) / MICRO-SOLAR SYSTEM (MSS)

I. End-User Information

Name of End-User : _____

Service/Customer Account No : _____

Service Address : _____
: _____

Contact Number : _____

E-Mail Address : _____

II. System Information

☐ Self-Generating Facility Zero-Export Solar System (SGF ZEES)

☐ Micro-Solar System (MSS)

Installed PV Capacity (DC) : _____

Installed Inverter Capacity (AC) : _____

Date of Installation : _____

III. Declaration

I hereby notify the *(Distribution Utility)* of the installation of the above-described system. I further declare that the information provided herein are true and correct and that the installation complies, or shall comply, with the applicable requirements of the Department of Energy, Energy Regulatory Commission, and other applicable laws, rules, and regulations.

Signature : _____

End-User's Full Name : _____

Date : _____