



The Climate
Reality Project®
PHILIPPINES

FROM CONSUMER CHOICE TO CATALYST OF CHANGE

A POLICY BRIEF ON THE CURRENT IMPLEMENTATION
OF AND PROPOSED AMENDMENTS
TO THE GREEN ENERGY
OPTION PROGRAM



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A large-scale solar farm is shown at sunset. The sun is a bright, glowing orb in the center of the sky, casting a warm orange and yellow light. The solar panels are arranged in long, parallel rows that stretch across the landscape. A large, semi-transparent sphere is overlaid in the center of the image, partially obscuring the solar panels and the sky. The sphere has a subtle gradient and a bright spot at its top, mirroring the sun's position. The overall scene is a mix of natural beauty and industrial technology.

I
**EXECUTIVE
SUMMARY**

This policy brief examines the current status of the Department of Energy’s (DOE) Green Energy Option Program (GEOP) and the proposed amendments to its implementation. Given that the energy sector is the largest contributor to the country’s greenhouse gas emissions, switching to renewable energy (RE) is crucial to mitigating the disastrous effects of the climate crisis and to meeting international climate commitments. The Philippine government is currently exploring various mechanisms to accelerate the country’s clean energy transition, including GEOP.

GEOP is a consumer-choice program that allows eligible entities to choose 100% RE to power their operations. However, stakeholders have raised valid concerns about aspects of its implementation, particularly regarding supply, accessibility, and future markets. To better understand these concerns, we have conducted key informant interviews and a focus group discussion with GEOP stakeholders. Analyses of relevant laws and Department Circulars (DCs) also inform the findings of this study.

Despite its current limitations, GEOP continues to be a promising program with the potential to revolutionize the country’s energy transition. However, challenges in its implementation are significant roadblocks to its success. Therefore, it is essential that the proposed amendments to its implementation efficiently address ongoing concerns with the program, namely, improving access and increasing participation, incentivizing future markets, and addressing supply issues. These proposals are a welcome step in the right direction for a more inclusive and efficient implementation of the program, and more broadly, a faster shift to renewables.



Photo credit: The Climate Reality Project Philippines

A. KEY FINDINGS

In the conversations we have facilitated with key stakeholders, we found that:

1. Renewable Energy (RE) suppliers highlighted that their primary concern is the variability of their supply, driven by their solar- and wind-heavy portfolios. Commercial considerations, such as contract terms and customer acquisition costs, also influence their willingness to participate. Suppliers further noted the need for clearer alignment between GEOP and existing mechanisms like Retail Competition and Open Access (RCOA), the Retail Aggregation Program (RAP), and the program's treatment within the Wholesale Electricity Spot Market (WESM).
2. End-users reported that transitioning to GEOP remains challenging due to a lengthy, bureaucratic, and costly switching process. They cited red tape and limited process streamlining among relevant offices, especially distribution utilities (DUs). The additional expense of meter replacement was also identified as a significant deterrent.
3. To expand access, the Department of Energy (DOE) is considering lowering the participation threshold from 100 kW to 50 kW, as well as introducing retail aggregation to enable small- and medium-scale entities to join GEOP. Stakeholders generally support these measures but remain wary of supply variability.
4. Stakeholders, particularly end-users, responded positively to proposals that would award renewable energy certificates (RECs) directly to them, rather than to DUs, viewing this shift as a meaningful incentive for greater participation in GEOP.
5. RE pooling was also viewed favorably as a potential solution to supply variability. Suppliers, however, emphasized the need for DOE leadership in implementing pooling to ensure a more efficient rollout.
6. Suppliers welcomed the proposal to reduce the replacement power requirement from 100% RE to 50% RE, citing improved flexibility. End-users opposed the change, arguing that it undermines GEOP's core principle and reintroduces carbon emissions into their operations.
7. RE suppliers reiterated that GEOP's 100% RE supply mandate limits the diversity of market participants. Volume matching continues to be their preferred solution, as it could mitigate supply variability while maintaining the program's commitment to 100% RE delivery.

B. KEY RECOMMENDATIONS

1. Address ongoing concerns on GEOP supply variability by implementing volume matching and RE pooling. Volume matching must be implemented with the necessary safeguards to ensure its responsible implementation. RE pooling requires the leadership of the DOE to guarantee its success.
2. Streamline the existing GEOP processes by simplifying the switch from the captive market to GEOP and addressing meter replacement costs. The switching process must be optimized to ensure greater access, increased participation, and a faster transition to renewables. Meter replacement costs must be lowered through subsidies, tax incentives, or accessible financing schemes to boost participation.
3. Expand access to GEOP through retail aggregation, more comprehensive Information and Education Campaigns (IECs), and allow public facilities to access GEOP. Retail aggregation can help expand access by allowing entities with smaller electricity demands to combine their load with others to meet the participation threshold. IECs also help improve the program's visibility and attract more participants. Finally, enabling public facilities to access GEOP by amending procurement laws will help unlock a new and stable customer base, build market confidence, and set an example of public sector leadership in the energy transition.
4. Emphasize the niche that GEOP occupies within the energy landscape. GEOP must be delineated from existing mechanisms such as RCOA and RAP to avoid confusion, minimize redundancies, and ensure the individual success of each program.
5. Ensure DU's capacity to successfully handle GEOP and other RE mechanisms. DUs must have sufficient technical and material capacity to participate in GEOP. Without these, DUs may struggle to implement GEOP and other RE mechanisms, hindering the clean energy transition.





II
INTRODUCTION



Globally, the energy sector accounts for the largest share of greenhouse gas (GHG) emissions (Ritchie et al., 2020; United Nations Environment Programme, 2024). According to a report by the International Panel on Climate Change (2023), about 34% of the total GHG emissions in the world, or 20 gigatons of greenhouse gases, can be credited to the energy sector alone. The same holds for the Philippines' GHG emissions, with 58% of the country's GHG emissions being attributed to the energy sector in 2021. For over two decades, the burning of coal, oil, and gas for energy has consistently surpassed other sectors, such as agriculture and industry, in terms of GHG emissions (Climate Watch, 2024).

The Philippines' peak energy demand is expected to triple from 16.6 gigawatts (GW) in 2022 to 68.5 GW by 2050 (Department of Energy, 2025). With fossil fuels accounting for 78% of the country's energy mix, the projected increase in energy demand also represents an increase in greenhouse gas emissions from 135.7 MtCO_{2e} in 2022 to 270.1 MtCO_{2e} by 2050. Continued reliance on fossil fuels also exposes the country to energy security risks. Fossil fuels are volatile and sensitive to geopolitical shifts such as the Russian invasion of Ukraine, the Indonesian coal export ban of 2021, increasing geopolitical tensions in Southeast Asia, or continued Chinese aggression in shipping lanes. Higher-priced fuels consequently translate to higher electricity costs. In response to pricing volatility, the government is touting liquified natural gas (LNG) as a sustainable "transition" fuel. However, LNG is still a fossil fuel and is consequently subject to the same fluctuations in accessibility and affordability.

The forecasted rise in demand and emissions comes at a time when the climate crisis continues to worsen. According to multiple indices and metrics, the Philippines is especially vulnerable to the effects of the climate crisis (Bündnis Entwicklung Hilft, 2024; GermanWatch, 2025; Notre Dame Global Adaptation Initiative, 2025). The climate crisis is thus a visceral and material concern for most Filipinos.

The Philippines is also a party to the Paris Agreement, which aims to limit global warming to below 2°C above pre-industrial levels. The country has committed to reducing its greenhouse gas emissions by 75% from 2020 to 2030. Thus, the urgency to reduce emissions and mitigate the climate crisis is spurred on not only by our vulnerability but also by our international commitments

Curbing our greenhouse gas emissions is paramount if we wish to mitigate the climate crisis and its effects, as well as meet our climate commitments. As the biggest contributor to these emissions, swift and decisive steps within the energy sector must be taken to reduce GHG emissions, contribute to the nation's decarbonization efforts, and mitigate the climate crisis. Shifting to renewables is key to accomplishing this, as RE reduces greenhouse gas emissions (United Nations, n.d.) while also addressing the energy trilemma (Ricardo, 2022). Efforts to transition from fossil fuels to RE are already underway. Through the Department of Energy (DOE), the country has set forth ambitious goals to decrease the share of fossil fuels in the national power generation mix and increase the share of RE to 35% in 2030 and 50% in 2040 as outlined in the Philippine Energy Plan 2023-2050.

A. RENEWABLE ENERGY ACT OF 2008

Several initiatives are in place to help reduce the greenhouse gas emissions from the energy sector, including the Renewable Energy Act of 2008 (Republic Act 9513). It was ratified at a time when developing countries like the Philippines began to realize the impact of overdependence on fossil fuels on economic development, public health, environment, ecosystems, and energy production. It was the first of its kind in Southeast Asia (Taniguchi, 2019) and earned the country praise for leading the RE charge in the region.

The Renewable Energy Act of 2008 serves the foremost goal of accelerating the exploration and development of RE resources – biomass, geothermal, solar, hydro, ocean, and wind energy – in the country (Marquardt, 2017). It also has a two-fold mission of achieving energy self-reliance and mitigating the climate crisis. The law also establishes the overall regulatory legal framework for the adoption of RE within the country’s fossil fuel-dominated energy system. Several institutional structures were also created to govern the transition from fossil fuel-based energy to RE, such as the National Renewable Energy Board and the Renewable Energy Management Bureau.

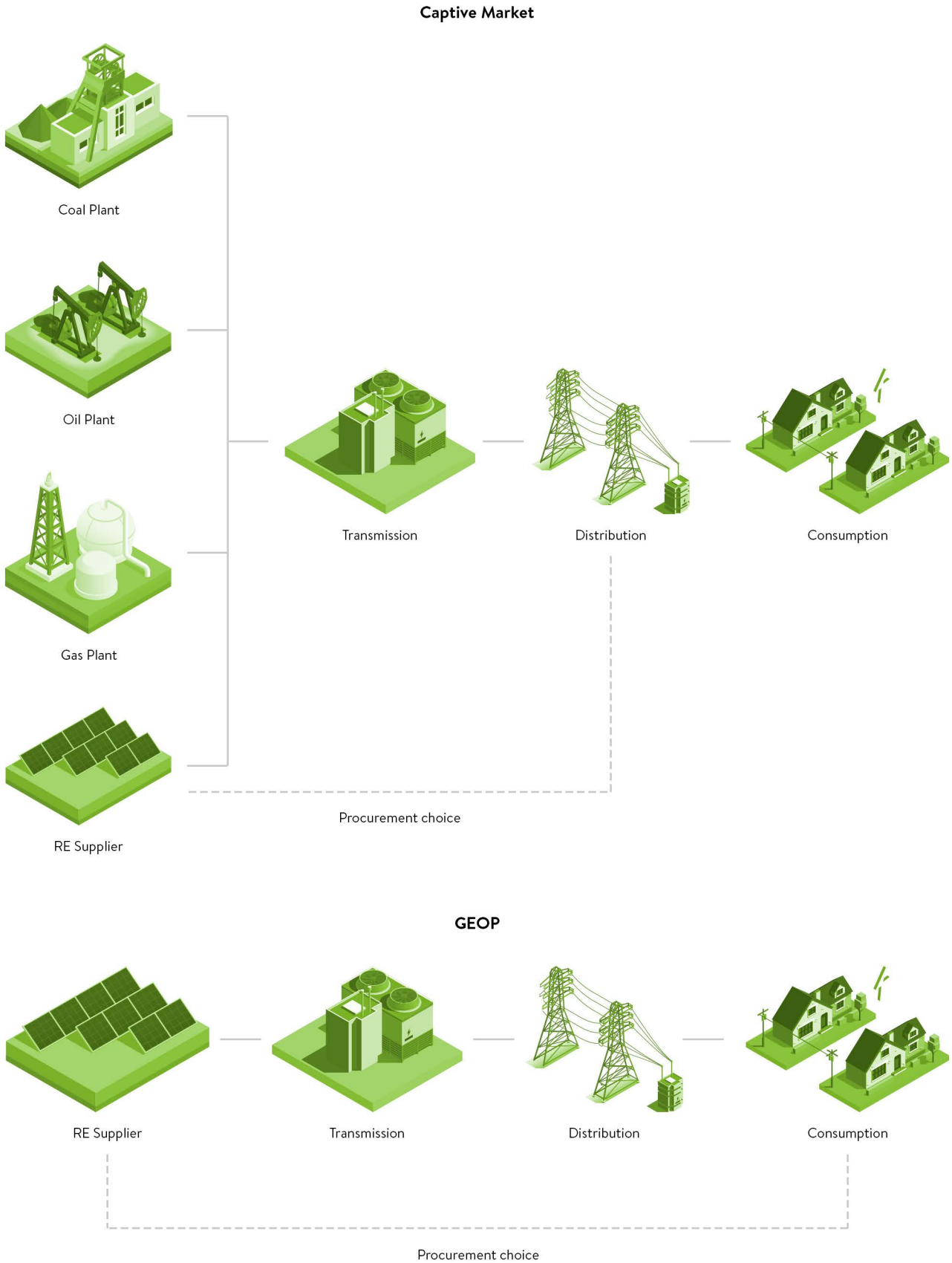
The law’s goals are accomplished through a wide range of fiscal and non-fiscal incentives, such as tax holidays and special tax rates, cash incentives for missionary electrification, and duty-free importation of machinery, equipment, and materials related to RE development. There are also several policy mechanisms in place to hasten the development of RE in the country, such as net-metering, expanded rooftop solar program, and the Green Energy Option Program (GEOP).

B. GREEN ENERGY OPTION PROGRAM

GEOP is an entirely voluntary program that allows end-users the choice to purchase their electricity directly from RE suppliers. The program also mandates that 100% RE be supplied to its end-users. Thus, under GEOP, end-users enjoy cleaner, more sustainable energy as opposed to being a captive market of their distribution utility (DU) or electric cooperative – many of which still rely on fossil fuels to provide electricity. In practice, the program democratizes access to RE by allowing eligible entities the choice to source from cleaner alternatives to traditional fossil fuels.

Furthermore, GEOP harnesses the potential of businesses and corporations to contribute to the energy transition by creating a bigger demand for RE, thereby fostering ideal conditions for suppliers to increase supply. In effect, it encourages the collaboration of public and private entities in accelerating the energy transition. With only a few years left before 2030, cross-sectoral collaboration is crucial to a successful transition to RE.

Figure 1. Differences between the captive market and GEOP scenario.



Currently, the participation threshold qualifies entities with a monthly consumption of at least 100 kWh. The DU is mandated to inform eligible end-users that they qualify under the program through a notice on their monthly electricity bill. The eligible entity may then choose among the twenty four (24) RE suppliers (Box 1) licensed by the Energy Regulatory Commission (ERC). Working with their chosen supplier, end-users are expected to prepare the necessary documentation and material requirements to complete their switch. These include the GEOP Supply Contract with the RE supplier, the Connection Agreement with the DU, the Metering Service Agreement with the Metering Service Provider, and the Distribution Wheeling Services Agreement between either the RE Supplier and DU or the end-user and the DU. The appropriate meter(s) must also be installed. Once all of these things are in order, the requirements are to be submitted to the Independent Electricity Market Operator of the Philippines (IEMOP), which is the Central Registration Body (CRB) of the program.

Box 1. List of renewable energy suppliers under the Green Energy Option Program as of November 2025.

- | | |
|---|--|
| 1. First Gen Energy Solutions, | 14. Green Core Geothermal, Inc. |
| 2. Bacman Geothermal, Inc. | 15. DirectPower Services, Inc. |
| 3. ACEN Corporation | 16. Solar Philippines Retail Electricity, Inc. |
| 4. SN Aboitiz Power-Magat, Inc. | 17. EEI Energy Solutions Corp. |
| 5. SN Aboitiz Power-RES, Inc. | 18. Mpower |
| 6. Shell Energy Philippines, Inc. | 19. Kratos RES |
| 7. Solar Powered Agri-Rural Communities Corporation | 20. FDC Retail Electricity Sales Corp |
| 8. Adventenergy, Inc. | 21. Team (Philippines) Energy Corp |
| 9. Aboitiz Energy Solutions, Inc. | 22. MINERGY Retail Energy Solutions, Inc. |
| 10. Prism Energy, Inc. | 23. Mabuhay Energy Corporation |
| 11. AP Renewables, Inc. | 24. Rockport Power Inc. |
| 12. Therma Luzon, Inc. | 25. Enerxia Corp. |
| 13. Citicore Energy Solutions, Inc | |

For end-users under GEOP, their electricity is delivered to them in the same way as the DU's captive market. Electricity is produced by Generation Companies and transmitted through lines under the National Grid Corporation of the Philippines. No additional infrastructure is required to register under GEOP, making it a cost-effective way to accelerate the energy transition. The energy is then procured by the DU and then distributed to the captive market. However, under GEOP, end-users are given a choice to decide where their electricity is procured from.

Participation in GEOP directly supports the country's decarbonization agenda while helping companies achieve their own sustainability targets through substantial carbon emission reductions. Our preliminary study found that from December 2021 to September 2024, the private sector reduced emissions by at least 38,886,598 kgCO₂ through GEOP (The Climate Reality Project Philippines, 2025) – equivalent to the carbon sequestration capacity of 293 hectares of mature molave trees.

Beyond environmental benefits, GEOP also lowers operational costs by offering more affordable and stable electricity rates compared to fossil fuel-based sources. The same study reported that GEOP end-users realized average monthly savings of PHP 355,038 in generation costs (The Climate Reality Project Philippines, 2025).

C. LEGAL BASIS FOR THE GREEN ENERGY OPTION PROGRAM

GEOP finds its legal basis in Section 9, Chapter III of the Renewable Energy Act, which stipulates that the DOE shall establish GEOP in consultation with the National Renewable Energy Board. The law also requires all relevant government bodies to contribute to the success of the program by providing the necessary physical connection(s) and commercial arrangements.

On 18 July 2018, the DOE issued Department Circular No. DC2018-07-0019 entitled “*Promulgating the Rules and Guidelines governing the establishment of the Green Energy Option Program Pursuant to the Renewable Energy Act of 2008*” (Department of Energy, 2018). This Circular establishes the implementing rules and guidelines for the Green Energy Program. The rules were drafted after a series of public consultations by the National Renewable Energy Board and the DOE in Luzon, Visayas, and Mindanao in the previous year.

KEY RULES ESTABLISHING END-USER AND SUPPLIER ELIGIBILITY (DEPARTMENT OF ENERGY, 2018)

Rule 2: An existing entity must have a monthly average peak demand of 100 kilowatts (KW) and above, for the past twelve months. New entities should have an estimated average monthly peak demand for the next twelve months of at least 300 kW. Newly connected end-users whose estimated average monthly peak demand for twelve (12) months is from 100kW to below 300kW for 3 consecutive months are also eligible to participate.

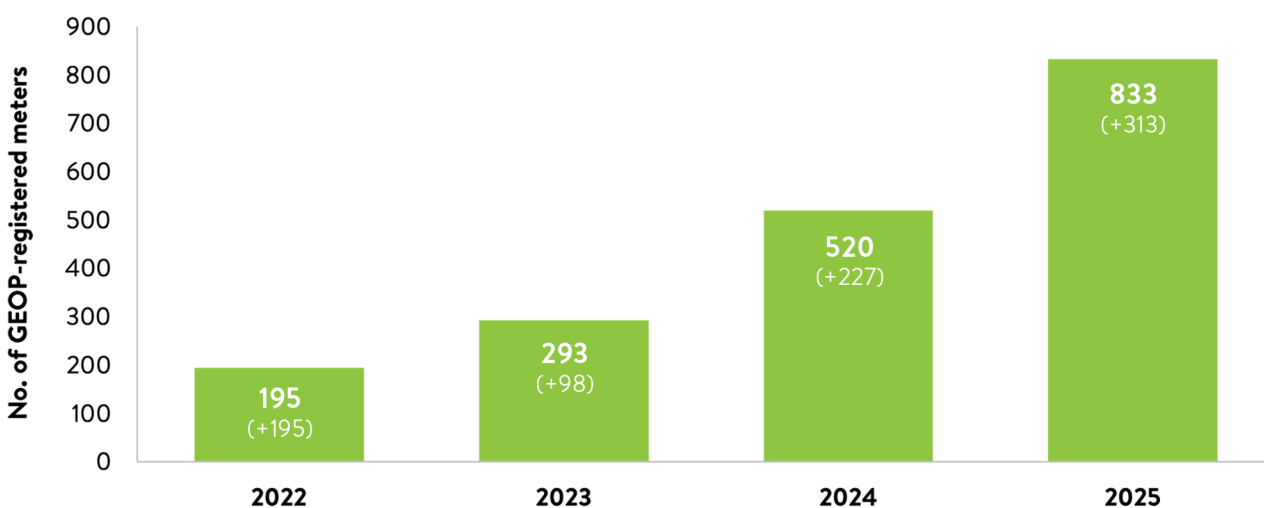
Rule 3: Suppliers must be registered and/or authorized to operate in the Philippines. They must also generate or supply electricity from renewable energy resources. Finally, they should have available capacity for supply under the Green Energy Option Program. Under this rule, owners and operators of renewable energy facilities constructed and operating prior to the passage of the Renewable Energy Act but registered under the said Act may qualify as renewable energy suppliers.

On 22 April 2020, the DOE issued Department Circular No. DC2020-04-0009 or the “*Guidelines governing the issuance of operating permits to Renewable Energy Suppliers under The Green Energy Option Program,*” which prescribed how permits are issued, administered, and revoked (Department of Energy, 2020). On 22 April 2021, the ERC issued Resolution No. 08, Series of 2021, “*A Resolution Adopting the*

Green Energy Option Program,” which officially adopted and set the regulatory framework to operationalize GEOP (Energy Regulatory Commission, 2021).

In August 2021, the ERC released the Final GEOP Rules under Resolution No. 8, Series of 2021. The resolution was titled “Rules for the Green Energy Option Program (GEOP).” Following this, GEOP was implemented on 3 December 2021 in the island groups of Luzon and Visayas. The first switching requests were accepted by the program’s CRB in January 2022. Implementation in Mindanao began after the DOE issued Department Circular No. DC2024-03-0009 on 1 March 2024, which declared 26 March 2024 as the commencement date for the commercial operation of both the RCOA and GEOP in Mindanao (Department of Energy, 2024).

Figure 2. Number of GEOP-registered meters from March 2022 to December 2025. Data from the Independent Electricity Market Operator of the Philippines Inc. registry.



The above figure shows the steady increase in GEOP-registered meters since the program’s first implementation in 2021. As of date, 833 entities have switched to the program and are now enjoying 100% RE, savings from power costs, and other fiscal and non-fiscal benefits. The program’s implementation relies on the collaboration of several key bodies, namely: the DOE, the ERC, the IEMOP, and the Philippine Electricity Market Corporation. Apart from these offices, the collaboration of various RE suppliers and the respective DUs is also integral to the successful implementation of GEOP.

D. CURRENT DEVELOPMENTS

The DOE released the draft Department Circular No. __ entitled “Promulgating the Revised Rules and Guidelines Governing the Implementation of the Green Energy Option Program” in April 2025. In the draft DC, the agency acknowledged the challenges that stakeholders face in their participation in GEOP. They also recognized the opportunities for further enhancement of the program towards the RE transition.

The draft DC contains several amendments to the current implementation of GEOP. These proposed amendments include lowering the participation threshold and replacement energy requirement, introducing RE pooling, and changing the rules on Renewable Energy Certificates (RECs) issuances, among others. We have prepared this policy analysis to understand prevailing sentiments on the current implementation of GEOP, evaluate stakeholders' reception of the proposed amendments, and ultimately, contribute to the enhancement of the program.





III METHODOLOGY



A. DATA COLLECTION

We collected data through semi-structured key informant interviews with GEOP end-users and an advisory firm specializing in clean energy transition. Key informants were selected based on availability to participate, ease of access, and their expertise on the matter.

Apart from the interviews, we also conducted a focus group discussion with fifteen (15) participants. Ten (10) of the participants represented various RE suppliers with GEOP operating permits. Two participants came from small- to medium-scale RE developers with an interest in participating in the program as suppliers. Three representatives from the DOE were also invited to provide their perspective on the questions from the policy implementers' point of view.

We also gleaned additional insights from both separate interviews conducted with GEOP end-users and other meetings with key stakeholders.

Pursuant to the Data Privacy of 2012, all insights gathered from both the interviews and the focus group discussion are kept confidential. As such, all participants are anonymous unless otherwise requested.

B. INSIGHTS ON CURRENT STATUS AND PROPOSED

We prepared a set of guide questions to gather the insights of end-users, suppliers, and other key stakeholders on the proposed amendments, as well as to assess the current status of GEOP. Insights were gathered through a series of thematic discussions on: (a) the current status of GEOP, (b) expanding access to GEOP, (c) replacement power and RECs, and (d) the role of small- and medium-scale RE developers. The guide questions for the interviews and focus group discussion can be found in Annex 1.

C. DATA ANALYSIS

Using a deductive approach, we conducted a thematic analysis of the data gathered from key informant interviews and the focus group discussion. We were guided by predetermined themes (see above) derived from the structure of our guide questions in both the interviews and the focus group discussion. This allowed us to systematically organize and interpret the data we gathered.



IV
DISCUSSION

The following section discusses the prevailing insights on the current status of GEOP's implementation, the switching process, and meter replacements. We also examine the insights on the draft DC's key proposed amendments, namely: lowering the participation threshold, retail aggregation, RE pooling, RECs, replacement power, and volume-matching.

A. CURRENT GEOP STATUS

GEOP has been in effect since 2021. While it has already created meaningful pathways for consumers to directly source RE, its four years of implementation have also surfaced several challenges for suppliers. Chief among these is ensuring full compliance with the program's 100% RE requirement – a defining feature that upholds the very essence and credibility of GEOP.

In focus group discussions, RE suppliers noted difficulties in onboarding new customers due to the technical and commercial implications of delivering a round-the-clock, 100% renewable supply. Many suppliers' portfolios remain heavily reliant on variable sources such as solar, which introduces challenges in balancing supply with GEOP's stringent compliance standards. While suppliers recognize the value of the 100% RE requirement as the core of the program, they also highlighted that its current implementation positions GEOP as a "premium" option with limited flexibility. Non-compliance exposes suppliers to regulatory risks, adding to operational pressures.

Commercial considerations further complicate participation. Many GEOP contracts are short-term (1-2 years) and cover relatively low demand (around 100 kW per month), making them less attractive compared to longer-term, higher-demand contracts that offer stronger returns. Moreover, suppliers often rely on resource-intensive customer acquisition methods such as door-to-door outreach and social media campaigns. These factors collectively reduce suppliers' willingness and capacity to expand their GEOP portfolios.

Suppliers also underscored challenges in aligning GEOP with the broader energy market framework. In particular, the RCOA program often comes up in discussions because of its similar structure. Both programs allow eligible entities to choose their energy supplier, but their target markets are clearly defined: GEOP serves consumers with a minimum demand of 100 kW, while RCOA applies to larger consumers with at least 500 kW demand. Another distinction is that RCOA does not impose a 100% RE requirement, which makes it more flexible for suppliers. While there is no inherent confusion between the two programs, there remains a need to further clarify how they can complement one another to strengthen RE participation across different market segments.

Finally, there is a call for greater clarity on how GEOP interacts with the Wholesale Electricity Spot Market (WESM), the Renewable Energy Market (REM), and other market mechanisms. Since RE suppliers are not WESM members and GEOP customers transact outside the wholesale market, questions remain on how best to streamline operational and regulatory processes to support smooth program implementation.

B. GEOP SWITCHING PROCESS AND METER REPLACEMENTS

End-users face several hurdles as well. Most of these issues stem from the lengthy, bureaucratic, and expensive process of switching from the captive market to GEOP.

An end-user with facilities in all three major islands in the Philippines shared that their switching to the GEOP in Visayas was hindered by exorbitant meter replacement charges by the local DU. GEOP requires a 5-minute interval meter, a type of smart meter that records electricity consumption in short, 5-minute intervals. The end-user shared that the local DU had charged them PHP 600,000 just to replace their meter. They ended up not pursuing the switch and are instead exploring other options to meet their company's sustainability targets.

RE suppliers echo these experiences. In the focus group discussion, several suppliers shared that they have lost many leads in Visayas and Mindanao because of the additional expenses of meter replacement. Costs can exceed PHP 200,000 per meter and must be paid by the consumer. Regional differences in meter pricing and lower electricity rates in Mindanao further discourage participation. These experiences show that, while there are no upfront structural costs to enrolling in GEOP, that does not mean it is completely cost-free.

Apart from the expenses associated with switching to GEOP, end-users also expressed their dissatisfaction with the length of the process, which is often riddled by bureaucracy. One end-user shared that their switch to GEOP was delayed because of back-and-forths between their legal department and the DU's. Connection agreements, a requirement under the law, are difficult to finalize due to one-sided contracts favoring one party, often the DU.

Some DUs also lack experience in handling GEOP switches, particularly in providing a connection format. The distribution utilities' inexperience in handling these kinds of transactions delays the switching process further, despite the existing connection format standards provided by the ERC.

Because of growing dissatisfaction with DUs' handling of GEOP switches and to avoid further delays in the switching process, RE suppliers have called for more streamlined application procedures, particularly for DUs already registered under RCOA.



C. LOWERING THE PARTICIPATION THRESHOLD

SECTION 6.1

End-Users that have a monthly average peak demand of 50 kW and above for the past twelve (12) months, or whose estimated average monthly peak demand for the next twelve (12) months, based on the load profiling, is 50 kW or above.

One of the main challenges of the GEOP implementation is its accessibility and visibility to potential end-users. To remedy this, several amendments to the implementation of the program with the intention of expanding access to the program are being explored. One of these key proposed amendments is Section 6.1, which lowers the participation threshold from 100kW to 50kW.

Stakeholders expressed mixed but largely positive views on this proposal. On one hand, there is consensus that lowering the threshold is a welcome development, as it significantly broadens the potential customer base. However, a key informant from the energy transition consultancy sector cautioned that the amendment would be ineffective unless paired with robust information and education campaigns to mainstream the program and make it more visible to smaller consumers.

RE suppliers, meanwhile, pointed out that while a lower threshold could increase demand, it does not address their core challenge: ensuring sufficient renewable supply to meet GEOP's 100% requirement. Without parallel measures to strengthen supply availability, suppliers warn that higher demand could undermine the commercial viability of the program if supply fails to keep pace with growth.

End-user perspectives also vary. One expressed neutrality, stating that the amendment has little bearing on their participation. Another, however, welcomed the proposal, noting that it would allow them to enroll more facilities under GEOP. Still, this stakeholder flagged a potential risk: distribution utilities (DUs) could incur losses from a larger number of participants leaving the captive market, which may result in higher costs for households, small businesses, and other non-GEOP consumers.

This view was challenged by another end-user, who emphasized that DUs derive most of their revenues from transmission and distribution charges, not generation. Since GEOP only shifts the source of generation while retaining DU responsibilities for delivery, the assumption that captive market consumers would face higher costs has a limited basis.

These diverging perspectives highlight the critical role of DUs in the success of GEOP. As frontline implementers, DUs must be able to forecast and plan effectively to balance the needs of both captive consumers and GEOP participants. Strengthening DU planning – grounded in the current and future

energy needs of their franchise areas – will be essential to ensuring the program delivers reliable, affordable, and sustainable energy for all.

D. RETAIL AGGREGATION

SECTION 6.2

End-Users within a Contiguous or Aggregated End-Users, including households and local government units thereat, whose estimated average aggregate monthly peak demand is at least 50 kW. The GEOP Provider may act as the aggregator and facilitate the switching of the Aggregated End-Users, subject to applicable rules and guidelines of the ERC.

Beyond lowering the participation threshold, another proposed measure to expand GEOP is retail aggregation, which we have also previously recommended. Under Section 6.2, retail aggregation would be allowed for contiguous areas, enabling end-users in adjacent or adjoining locations within a common boundary – such as subdivisions, villages, economic zones, business districts, condominium buildings, commercial establishments, or mixed-use complexes – to combine their consumption to meet the 100 kW requirement. In addition, retail aggregation of multiple electric meters owned by the same entity within a single distribution utility franchise is also being explored.

Similar to the proposal to lower the participation threshold, suppliers generally viewed the introduction of retail aggregation under GEOP as a positive step. Retail aggregation would enable entities with smaller electricity demand to qualify for the program by combining their loads with others, opening the door for broader participation in RE. This is particularly significant given that the existing Retail Aggregation Program (RAP) requires a much higher minimum demand of 500 kW, which excludes a wide range of potential participants.

However, stakeholders cautioned that if not carefully designed, retail aggregation under GEOP could blur the lines between GEOP and RAP – two programs with overlapping features but very different goals. RAP, like GEOP and RCOA, allows contestable customers to choose their electricity supplier. Yet unlike GEOP, RAP does not require a 100% RE supply. Without clear delineation, there is a real risk that RAP could cannibalize GEOP, drawing customers and suppliers away from a program that is uniquely designed to accelerate the country's RE transition.

Suppliers stressed that robust regulatory oversight, clear program differentiation, and streamlined switching processes will be essential to safeguard GEOP's identity and ensure that its transformative role in advancing clean energy is not diluted by competing market mechanisms.

E. RE POOLING

SECTION 13.2

To accelerate exploration, development, and utilization of RE Resources, and to ensure RE supply is available in a least-cost manner, GEOP Providers and RE Generators/Developers may enter into a joint action or establish a pool of RE supply under the GEOP to the extent permitted by applicable laws.

Section 13.2 of the draft DC introduces RE pooling, which we had earlier proposed to DOE. Pooling refers to a joint action between GEOP providers and RE Generators/Developers to establish a shared pool of renewable supply for GEOP participants. While this offers a promising pathway to address supply challenges, many questions remain regarding implementation. Suppliers voiced concerns that pooling may prove difficult given varying company mandates. As a potential workaround, focus group participants suggested that DOE could take the lead by issuing standard contracts and facilitating the pooling process.

In addition, DOE is now also exploring the adoption of an auction mechanism for GEOP, another proposal we previously recommended. Auctions could strengthen the program's design by providing a more transparent and competitive process for securing a renewable supply. Together with pooling and other provisions such as off-grid eligibility, which were included in earlier guidelines but not yet implemented, these measures represent important opportunities to refine GEOP and enhance its long-term viability.

F. RE CERTIFICATES

SECTION 17.2

RECs Derived from the GEOP. End-Users under the GEOP and GEOP Providers may own and trade the corresponding attributed RECs under the voluntary RE Market (VREM). All RECs generated under the GEOP shall be for the account of the End-Users or the GEOP Providers, subject to their agreement. The DOE shall issue the rules and regulations for the implementation of this Section.

Until such time that the DOE issues the above-mentioned rules and regulations, the RECs generated from the energy supplied to the End-Users under the GEOP shall be for the account of the DUs; Provided, That the energy sales from the GEOP shall be part of the Net Electricity Sales of the DU for its RPS compliance requirement.

Section 17.2 of the draft DC introduces another new provision, which allows the issuance of RECs to end-users, instead of to the DU. RECs are electronic certificates representing 1 MW of eligible RE generated (Merdekawati et al., 2024). Previously, RECs were awarded to the host DU in a bid to incentivize DU participation in the program.

However, conversely, awarding RECs to the DU had discouraged sustainability-conscious consumers from participating in GEOP, as they were primarily motivated to participate due to the acquisition of RECs. Now that RECs will be awarded to end-users instead of DUs, suppliers foresee stronger participation in GEOP. They agree that this proposal would attract more customers and increase the program's appeal, as well as keep pace with international standards on RECs.

Apart from encouraging participation, the proposed amendment also benefits end-users. While there have been existing mechanisms for end-users to gain RECs, this new provision streamlines the process significantly. This allows end-users to strengthen their sustainability profiles more efficiently.

G. REPLACEMENT POWER

SECTION 17.1.1

Transition Period. During the first three (3) years of the implementation of this Circular, a GEOP Provider shall source at least fifty percent (50%) of its Replacement Power from RE Resources. Thereafter, in support of the greater development and utilization of RE Resources, any Replacement Power shall exclusively be sourced from RE Resources.

Replacement power refers to electricity delivered to an end-user when the contracted GEOP supply is unavailable. Under current rules, suppliers must provide 100% RE as replacement power. However, Rule 3 Section 17.1.1 proposes lowering this requirement to 50% RE.

Suppliers welcomed the proposal as it offers more flexibility in meeting obligations. Yet they emphasized that this does not address GEOP's deeper structural issue: the limited availability of renewable supply. The program's 100% RE requirement favors baseload sources such as geothermal and hydropower, which are less variable, while excluding broader participation from solar and other variable RE developers. Without addressing this imbalance and the lack of dispatchable RE, suppliers warn that GEOP risks becoming commercially unviable, especially when alternatives like RAP provide greater flexibility and incentives.

End-users, however, strongly opposed the change. For some, GEOP's value lies precisely in its guarantee of 100% RE. Reducing the requirement, they argue, undermines the very principle of the program and



reintroduces carbon emissions into operations that companies deliberately sought to decarbonize. One end-user stressed that such a shift would erode their trust in suppliers, as it creates an ethical dilemma: can GEOP still claim to be 100% renewable if replacement power is not guaranteed to be so?

To remedy this, end-users suggest developing better tools to properly inventory RE supply, ensuring that replacement power can still be sourced from renewable plants. They emphasized that if alternative mechanisms can be established to sustain RE generation, this would be preferable to lowering the requirement. Large companies, in particular, are actively seeking suppliers who can deliver 100% RE to meet their sustainability commitments. Their participation in GEOP is predicated on this condition – any dilution of the standard could drive them away from the program altogether.

H. VOLUME MATCHING

With its mandate of providing 100% RE to end-users, the current design of GEOP inevitably favors suppliers with less variable, baseload renewable sources such as hydropower and geothermal. These sources can provide stable, around-the-clock electricity, allowing them to meet GEOP's stringent requirement of a continuous renewable supply. However, this structure unintentionally sidelines other renewable technologies whose output is inherently variable, particularly solar and wind.

As a result, many solar and wind developers, especially smaller-scale or emerging players, struggle to participate effectively in the GEOP market. Their generation patterns depend heavily on factors beyond their control, sunlight and wind speed, which vary by time of day and season. Even larger and more established RE suppliers with solar- or wind-heavy portfolios face similar limitations, as they must rely on costly storage or firming contracts to meet the 100% hourly matching rule. These constraints restrict not only the diversity of participants but also the geographic and technological mix of RE within the program. In turn, this slows GEOP's overall growth and limits its potential as a truly inclusive, market-driven mechanism for accelerating the country's energy transition.

These concerns surfaced prominently during our focus group discussions with industry stakeholders, echoing sentiments that had already been raised by RE suppliers during one of our GEOP information campaigns last year. During that event, several suppliers proposed volume matching as a practical and credible solution to address the challenges of supply variability. Recognizing the idea’s potential to make the program more inclusive without compromising its integrity, we endorsed the proposal and formally recommended its adoption when the DOE opened consultations on the draft GEOP amendments.

Under the current framework, GEOP suppliers are required to deliver 100% RE at every hour of every day, a condition that, while conceptually pure, creates a structural disadvantage for variable RE sources. Volume matching provides a middle ground that preserves the program’s 100% RE commitment while introducing operational flexibility. Instead of demanding a perfect real-time match between consumption and generation, this approach measures customer energy use over defined intervals (e.g., daily, weekly, or monthly) and ensures that an equivalent amount of RE is supplied and verified over that same period (Frontier Climate, 2025).

This shift does not dilute the program’s credibility; on the contrary, it strengthens it. Volume matching allows the market to reflect the real-world dynamics of renewable generation and demand. It opens the door for distributed generation projects, community-scale solar, and innovative aggregators that can pool diverse RE sources. It also encourages investment in energy storage and smart energy management systems, as suppliers gain new tools to optimize their portfolios and manage variability.

In contrast, the alternative proposal, to reduce replacement power requirements to 50%, poses significant risks. Such a measure might create short-term relief for some players, but it could also undermine the integrity of GEOP, blur the distinction between 100% RE and partially green products, and erode end-user trust. Once customers begin to doubt that their electricity truly comes from renewable sources, the program’s value proposition weakens.





Emerging research demonstrates that moving from simple annual or round-the-clock volume matching toward more granular interval-based matching (e.g., hourly or sub-hourly) can significantly enhance the effectiveness of RE procurement. For instance, studies show that when electricity consumption is matched more closely in time with renewable generation, such as in hour-by-hour or interval-based schemes, this alignment strengthens market signals for flexibility, storage, and demand-side management, thereby unlocking participation from variable technologies such as wind and solar (Scholta et al., 2025; Miller, 2019). Moreover, policy guidance for voluntary procurement emphasizes ‘time-matching’ as a key indicator of impactful clean-electricity purchases, noting that procurement structures with time-matching criteria deliver better market access, support innovation, and diversify supplier participation (Centre for Resource Solutions, 2025).

Volume matching, therefore, stands out as the more credible, forward-looking, and future-proof reform. It maintains GEOP’s defining principle, 100% RE, while providing the flexibility and inclusivity needed to grow the market sustainably. By shifting from rigid hourly matching to validated volume-based matching over a predetermined interval, the program can broaden supply sources, diversify participants, and adapt to variable renewable technologies without sacrificing credibility (United States Environmental Protection Agency, 2025). By broadening participation, diversifying supply sources, and ensuring fairness across technologies, it can transform GEOP into a more resilient and representative platform for the Philippines’ RE transition.

In short, volume matching preserves GEOP’s soul while unlocking its full potential, making it not only a purer embodiment of RE ideals but also a more practical pathway toward a cleaner, more inclusive energy future.



v
**CONCLUSION AND
RECOMMENDATIONS**

GEOP is but one of many mechanisms developed to revolutionize the energy landscape of the country and accelerate the Philippines' transition to cleaner and more sustainable energy. It is a consumer choice program that allows eligible entities to choose RE as their power supply. As a program, GEOP boasts the capacity to significantly and immediately reduce carbon emissions, thereby efficiently meeting businesses' evolving sustainability targets. It also helps cut operational costs by providing cheaper generation rates compared to traditional fossil fuel-based energy.

It is a promising program that has the potential to revolutionize the country's energy transition. Yet, it is still riddled with its own share of shortcomings. Suppliers, end-users, and other key stakeholders alike have expressed their disappointments and struggles with the program since its first implementation in the tail-end of 2021. In response to prevailing dissatisfaction, the DOE has crafted several proposed amendments, which are the focal point of this policy analysis. The proposed amendments to the implementation of GEOP aim to improve access and increase participation in the program, incentivize future markets, and address existing and potential supply issues.

In the conversations we have facilitated with key GEOP stakeholders, it is clear that the program's value and potential to transform the Philippine energy system are recognized. As a consumer-choice program, GEOP effectively democratizes access to RE by allowing end-users the power to choose how their businesses are powered. Participating in GEOP helps accelerate the RE transition, reduce carbon emissions, and increase operational cost savings. However, these benefits are obscured by the issues that plague its implementation. The proposed revisions are a welcome step in the right direction for a more inclusive and efficient implementation of the program, and more broadly, a faster shift to renewables.

POLICY RECOMMENDATIONS

To ensure the program's continued success, it is imperative that its implementation be analyzed and evaluated carefully to provide dynamic and well-informed solutions to challenges faced under the program. To aid in this process, we recommend the following action steps:

1. Address Concerns on GEOP Supply Variability.

- 1.1. **Implement volume matching** to encourage greater participation of RE suppliers and developers in GEOP and address ongoing supply variability issues. By allowing more flexibility, volume matching can unlock opportunities for small- to medium-scale developers and diversify the program's RE portfolio.
- 1.2. **Include the necessary safeguards to ensure the responsible implementation of volume matching.** While volume matching allows more flexibility in terms of supplier participation and can even encourage the participation of small- to medium-scale developers, its implementation must be considerate of the potential shortcomings of volume matching. Clear rules and

monitoring mechanisms are needed to guarantee that volume matching continues to deliver on GEOP's core mandate: 100% RE for end-users and meaningful contributions to emission reductions and climate goals.

1.3. Amend Section 13.2 to clearly define the DOE's responsibilities in RE Pooling. The DOE should lead the facilitation of RE pooling to ensure standardized implementation. RE suppliers and developers each have different mandates and company goals, which may cause difficulty in consolidating an RE pool. To avoid confusion and delays in the pooling process, DOE must take charge of the facilitation of RE pooling. The agency can provide a contract template to interested parties and implement other similar measures to streamline the process.

2. Streamline Existing GEOP Processes.

2.1. Simplify the existing switching process. End-users have expressed their dismay with the existing GEOP application process, which has been described as long, bureaucratic, and encumbered by administrative, contractual, and material obstacles linked to DUs. The dissatisfaction with the switching process is a significant barrier to the uptake of the program, and by extension, the RE transition. It is thus imperative that the current switching process be subjected to a comprehensive review, evaluation, and streamlining to ensure greater access for potential end-users, increased GEOP participation, and a faster energy transition.

2.2. Address the exorbitant costs for meter replacements. According to both suppliers and end-users, the cost of replacing existing meters with GEOP-compliant 5-minute interval meters can range from PHP 200,000 to as high as PHP 600,000. Such costs pose a significant barrier for small- and medium-sized enterprises (SMEs), many of whom cannot afford the upfront expense. To expand participation, it is imperative to examine the drivers of these high replacement costs and introduce mechanisms to mitigate them. A potential solution is to provide government support through subsidies, tax incentives, or accessible financing schemes that can ease the burden on SMEs. By addressing meter replacement costs, GEOP can become more inclusive and accessible, ensuring that its benefits extend beyond large corporations to a broader range of consumers.



3. Expand Access Inclusively.

3.1. Encourage participation of smaller-scale entities in GEOP through Retail Aggregation. Retail aggregation allows entities with smaller energy demands to switch to GEOP by combining their loads with others. With the proposal to lower the participation threshold, we foresee that GEOP may become more accessible to a broader market. Small- to medium-scale enterprises will be more capable of participating in the program. We also believe that retail aggregation and other developments in the program's accessibility could provide a viable pathway for GEOP to be enjoyed at a household level.

3.2. Engage in more comprehensive Information and Education Campaigns (IECs). GEOP is a pioneering program that democratizes access to RE, giving more consumers the power to choose clean energy. Yet despite its transformative potential, the program continues to be held back by its limited visibility. Many potential end-users remain unaware of its existence or the opportunities it presents.

Our organization has consistently worked to bridge this gap by promoting GEOP since its launch, often in partnership with the DOE through information campaigns, dialogues, and stakeholder engagements. These efforts underscore the critical role of comprehensive and sustained information, education, and communication (IEC) initiatives in raising awareness and driving wider participation. Strengthening IECs will be key to ensuring that GEOP reaches its full potential as a catalyst for the country's clean energy transition.

3.3 Enable public facilities to access GEOP. Current procurement laws prevent public facilities from meaningfully accessing GEOP. Because the rules mandate a protracted bidding process, negotiations between public institutions and RE suppliers often collapse before contracts can be finalized. This barrier not only limits the reach of GEOP but also excludes a significant market segment that could accelerate demand for RE.

Amending procurement laws to allow public facilities to participate more effectively in GEOP would unlock a new and stable customer base for suppliers, while also building market confidence in the program. Enabling government institutions, schools, hospitals, and other state facilities to source 100% RE would set a powerful example of public sector leadership in advancing the clean energy transition.

4. Emphasize GEOP Niche.

4.1. Re-evaluate the role that GEOP plays in the country's energy landscape to ensure that it occupies a unique niche. GEOP holds the potential to revolutionize how we implement RE mechanisms because it completely democratizes access to RE. Clearly delineate the roles of existing mechanisms, such as RCOA and RAP, to avoid confusion, minimize redundancies, and ensure the individual success of each program.



5. Ensure DU Capacity.

5.1. DUs must be fully equipped to handle GEOP and other RE mechanisms. As the customer-level implementer of GEOP, DUs must have sufficient technical and material capacity to participate in the program. DUs must be able to forecast and plan accordingly to ensure that they meet the needs of both the captive market and GEOP end-users in their franchise area. Without the appropriate capacity, DUs may struggle to implement GEOP and other RE mechanisms, hindering the energy transition. Regulatory bodies and policymakers must also provide the necessary support, guidelines, and incentives to ensure DU capacity.

GEOP represents one of the most important tools for advancing the country's clean energy transition, but its success hinges on thoughtful reforms that address current barriers while preserving its core principle of delivering 100% RE. Over the years, our organization has worked alongside the DOE to promote GEOP and expand its visibility, and we remain committed to strengthening the program as a cornerstone of decarbonization. By refining its design, clarifying its role alongside other market mechanisms, and ensuring that participation is both accessible and commercially viable, GEOP can fulfill its transformative promise: democratizing access to RE, driving down emissions, and ensuring that the Philippines stays on track with its climate and development commitments.

A large, semi-transparent circular graphic is centered on the page. It overlaps a background image of a landscape with rolling green hills, a winding road, and several wind turbines. In the distance, a city skyline is visible under a clear blue sky. The text 'VI REFERENCES' is centered within the circle in a white, bold, sans-serif font.

VI
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VII
ANNEX

ANNEX 1

SESSION GUIDE

Subject **Focus Group Discussion on the Amended Rules and Guidelines of the Green Energy Option Program (GEOP) Implementation**

Date 23 June 2025

INTERVIEW PROPER

I. CURRENT GEOP STATUS

- A. What is your company's current level of participation in the GEOP program?
- B. What factors can influence your company's ability to operate in Visayas and Mindanao?
- C. What are the barriers have you experienced in onboarding new GEOP customer/s?
- D. What regulatory or administrative processes have the greatest impact on customer switching timelines?

II. EXPANDING GEOP ACCESS

- A. Section 6.1 lowers the threshold from 100 kW to 50 kW.
 1. How does this change affect your company's participation in GEOP?
- B. Section 6.2 allows retail aggregation in contiguous areas.
 1. What opportunities or challenges do you see in participating in GEOP under the retail aggregation provision?
 2. What types of customers or industries would benefit most from aggregation, in your experience?
- C. Section 6.3 introduces GEOP to off-grid areas.
 1. What role could GEOP play in the electrification efforts in off-grid areas?

D. Section 13.2 introduces renewable energy pooling.

1. Would your company consider joining or leading a renewable energy pool?
2. What governance or market mechanisms would be needed to make RE pooling viable for your operations?

III. REPLACEMENT POWER AND RE CERTIFICATES

A. Section 17.1 – 50% RE Requirement for Replacement Power

1. How does the reduction of the 100% RE requirement to 50% for replacement power affect your company's ability to participate or expand in GEOP?
2. Will this added flexibility make it easier for your company to ensure the reliability of supply, especially during outages or shortfalls?
3. Under what circumstances do you think replacement power should be allowed or activated under GEOP?
4. In your view, does this conflict with GEOP's intent as a 100% renewable energy program?

B. Section 17.2 – Renewable Energy Certificates (RECs)

1. How does the reduction of the 100% RE requirement to 50% for replacement power affect your company's ability to participate in GEOP?
2. How does this impact reliability of supply, especially during outages or shortfalls??
3. Under what circumstances do you think replacement power should be allowed or activated under GEOP?
4. How does this provision impact the overall intent of GEOP as a 100% renewable energy program?
5. How does the introduction of RE certificates (RECs) for end-users impact your participation in GEOP?
6. What challenges and opportunities do you see in implementing RECs?

IV. SMALL AND MEDIUM-SCALE RE COMPANIES

- A. What are the key challenges that small and medium RE companies face in participating in GEOP?
- B. What kind of support (technical, financial, regulatory) would most help these companies scale up their participation in GEOP?

V. EXIT QUESTION

- A. Are there any other proposed amendments that you would like to highlight?
- B. How will these proposed amendments impact GEOP participation in the next few years?



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