

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City

**RESOLUTION NO. 16, SERIES OF 2026**

**A RESOLUTION ADOPTING THE GREEN ENERGY  
AUCTION RESERVE (GEAR) PRICE FOR THE GREEN  
ENERGY AUCTION PROGRAM (GEAP) FOR PIONEER  
BIOMASS WASTE-TO-ENERGY (WTE) PROJECTS**

**WHEREAS**, Section 2 (g) and (h) of Republic Act No. 9136, entitled, “*An Act Ordaining Reforms in the Electric Power Industry, Amending for the Purpose Certain Laws and for Other Purposes*”, otherwise known as the Electric Power Industry Reform Act of 2001 (*EPIRA*), declares that it is the policy of the State to assure socially and environmentally compatible energy resources and infrastructure, and promote the utilization of indigenous, new and Renewable Energy (RE) resources in the power generation in order to reduce dependence on imported energy;

**WHEREAS**, Section 2 (b) of Republic Act No. 9513, entitled, “*An Act Promoting the Development, Utilization, and Commercialization of Renewable Energy Resources and for Other Purposes*, otherwise known as the *Renewable Energy Act of 2008 (RE Act)*”, declares that it is the policy of the State to increase the utilization of RE by institutionalizing the development of national and local capabilities in the use of RE Systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;

**WHEREAS**, Section 2 (c) of the *EPIRA* declares that it is the policy of the State to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;

**WHEREAS**, on 14 July 2020, the Department of Energy (DOE) issued Department Circular No. DC2020-07-0017, entitled, “*Promulgating the Guidelines Governing the Policy for the Conduct of Green Energy Auction in the Philippines*”, otherwise referred to as the *Green Energy Auction (GEA) Policy*;

**WHEREAS**, on 03 November 2021, the DOE issued the revised GEA Policy under Department Circular No. DC2021-11-0036, entitled, *“Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines” (GEAP Guidelines)*;

**WHEREAS**, Section 8 of the GEAP Guidelines, mandates the ERC to determine and issue the Green Energy Auction Reserve (GEAR) Prices including the pricing methodology, no later than sixty (60) days from the issuance of the Notice of Auction (NOA) for the first round, while for succeeding auction rounds, such prices shall be issued thirty (30) days from the issuance of the NOA;

**WHEREAS**, unlike previous auction rounds such as GEA-1 and GEA-2, which aggregated multiple renewable energy technologies, GEA-4, which introduced the integration of Battery Energy Storage Systems, and GEA-5, which was exclusively dedicated to Offshore Wind (OSW) technology, this round of the auction is specifically dedicated to Pioneer Biomass Waste-to-Energy (WTE) projects, recognizing WTE as a baseload renewable energy technology that integrates electricity generation with municipal solid waste management and, thus, entails distinct technical, operational, environmental, and financing considerations;

**WHEREAS**, on 03 November 2025, the DOE issued Department Circular No. DC2025-11-0026, entitled, *“Framework for the Integration of Waste-to-Energy Facilities in the Country’s Power Generation Mix to implement the Clean Energy Scenario under the Philippine Energy Plan 2023-2050, Providing Incentives for Pioneer Waste-to-Energy Projects and Supplementing the Green Energy Auction Program Guidelines under Department Circular DC2021-11-0036 for the Purpose”*;

**WHEREAS**, Section 10 of DC2025-11-0026 provides that, in determining the GEAR Price for the Special Auction Round for WTE Projects, the ERC shall apply the price-setting methodology developed pursuant to Rule II, Section 5.1 (Roles and Responsibilities of ERC), guided by the principles set forth in Rule I, Section 2.6 of the said Circular.

**WHEREAS**, on 22 December 2025, the DOE issued Department Circular No. DC2025-12-0028, prescribing amendments to *Department Circular No. DC2025-11-0026*;

**WHEREAS**, on 30 December 2025, the DOE, through the Green Energy Auction Committee (GEAC), published the NOA and invited all Qualified Suppliers, as defined in Section 4.12 of DC2021-11-0036, to participate in the Special Round for Waste-to-Energy (WTE). The Special Auction Round for WTE projects covers the following delivery commencement period and installation target:

<b>Delivery Commencement Period</b>	<b>Installation Target in MW</b>
01 January 2028 to 31 March 2028	230.00

**WHEREAS**, in the same NOA, the DOE prescribed the timeline for the release of the ERC GEAR Price on *Day 1 + 30 Calendar Days*, which falls on 28 January 2026;

**WHEREAS**, on 16 January 2026, the Commission posted on its official website the *Notice of Public Consultation* under ERC Case No. 2026-001 RM on the *Proposed Preliminary Green Energy Auction Reserve Price for Round 6 (GEAR6) for Pioneer Biomass Waste-to-Energy Projects*, and set the deadline for comments and public consultations on the dates indicated below:

<b>Date and Time</b>	<b>Particulars</b>
<b>30 January 2026</b> at 5:00 PM (Friday)	Deadline for submission of Comments
<b>05 February 2026</b> at 9:30 AM (Thursday)	Physical Public Consultation for Luzon Stakeholders 11 <sup>th</sup> Floor, MPH, Exquadra Tower, Pasig City
<b>06 February 2026</b> at 9:30 AM (Friday)	Online Public Consultation via MS Teams for Visayas and Mindanao Stakeholders

**WHEREAS**, in response to the *Notice* dated 16 January 2026, the following stakeholders submitted their comments on the Proposed Preliminary GEAR Price for Pioneer WTE: (1) Manila Integrated Environment Corporation (MIEC); (2) Sichuan Crun Power Co. Equipment Ltd.; (3) SGG Energy Corp.; (4) METPower Venture Partners Holdings, Inc.; (5) International Solid Waste Integrated Management Solutions, Inc., San Mateo Landfill, and Development Corp. and Forza Dev. Corp. (ISWIMS / SMLDC / FORZA); (6) FDC

Green Energy Corp.; (7) Sustainable Waste-To-Energy and Environmental Association of the Philippines (SWEEAP) and LECRA Eco Sustain Philippines, Inc.; and (8) Aboitiz Power Corporation;

**WHEREAS**, the physical and virtual public consultations were conducted as scheduled, and stakeholders were given until 09 February 2026 at 5:00 PM to submit their additional comments and justifications;

**WHEREAS**, the following stakeholders submitted their additional comments on or before the deadline set by the Commission: (1) METPower Venture Partners Holdings, Inc.; (2) SGGA Energy Corp.; (3) MOEJ Study Team; and (4) SWEEAP and LECRA Eco Sustain Philippines, Inc.;

**WHEREAS**, on 20 April 2026, the DOE issued Department Circular No. DC2026-04-0011, amending Department Circular No. DC2025-12-0028 and consolidating prior WTE-related issuances;

**WHEREAS**, Department Circular No. DC2026-04-0011 mandates the conduct of a Special Auction Round for Pioneer WTE Projects under the GEAP, and provides that eligible WTE facilities shall: (i) employ thermal combustion technology; (ii) utilize exclusively municipal solid waste (MSW) as feedstock without co-firing; and (iii) be entitled to a Supply Delivery Period of twenty-five (25) years from the issuance of the Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) by the ERC;

**WHEREAS**, Sections 9 and 10 of DC2026-04-0011 further provide that the Special Auction Round for WTE shall be governed by Supplemental Terms of Reference, and that, in determining the applicable GEAR Price, the ERC shall apply a pricing methodology that accounts for the capital-intensive nature, long-term operational horizon, and environmental and waste-management benefits of WTE facilities employing thermal combustion technology;

**WHEREAS**, on 28 April 2026, the DOE, through the GEAC, issued the *Supplemental Terms of Reference for the Special Auction Round for Waste-to-Energy (WTE)*, pursuant to Section 9.3 of DC2021-11-0036 and consistent with DC2026-04-0011, prescribing, among others: (i) an installation target of 230.00 MW; (ii) a Delivery Commencement Period from 01 September 2028 to 31 March 2029; (iii) milestone-based implementation and mechanical completion

requirements; and (iv) revised rules on entitlement to the Green Energy Tariff (GET);

**WHEREAS**, the issuance of the Supplemental Terms of Reference necessitates the adoption by the ERC of a GEAR Price for Pioneer Biomass WTE projects consistent with the DC2026-04-0011, the revised auction timelines, and the updated auction design;

**WHEREAS**, the ERC is mandated to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power, thus necessitating the exercise of due diligence in setting the parameters and, ultimately, the GEAR price, while ensuring the continued viability of the Biomass WTE Developers;

**WHEREAS**, in the determination of the representative project and the resulting assumptions for each of the parameters in the financial model, the Commission was guided by the principles of efficiency and international benchmarks, so that only the costs of efficient plants are passed on to the consumers;

**WHEREAS**, after due deliberation and careful consideration of the various views and comments submitted by stakeholders, and guided by the policy objectives under the *EPIRA* and the *Renewable Energy Act of 2008*, the Commission, on 13 May 2026, approved the Final Green Energy Auction Reserve (GEAR) Prices for the Pioneer Biomass Waste-to-Energy Projects;

**NOW, THEREFORE**, the Commission hereby **RESOLVES** to **APPROVE** and **ADOPT** the **Final Green Energy Auction Reserve (GEAR) Price for Pioneer Biomass Waste-to-Energy Projects under the Green Energy Auction Program (GEAP) at Php9.2959/kWh.**

Attached hereto as **Annex “A” – Parameters**, and made an integral part hereof, are the values of parameters, together with their justifications, used in deriving the final price.

This Resolution shall take effect immediately upon its publication in a newspaper of general circulation or in the Official Gazette.

Let copies of this Resolution be furnished to the University of the Philippines Law Center – Office of the National Administrative Register (UPLC-ONAR), the Department of Energy, and all parties concerned, and be published on the ERC’s official website ([www.erc.gov.ph](http://www.erc.gov.ph)) and such other platforms as may be available to the ERC.

Pasig City, 13 May 2026.



**FRANCIS SATURNINO C. JUAN**  
*Chairperson and CEO*



**FLORESINDA G. BALDO-DIGAL**  
*Commissioner*



**MARKO ROMEO L. FUENTES**  
*Commissioner*



**AMANTE A. LIBERATO**  
*Commissioner*



**PARIS G. REAL**  
*Commissioner*

MOS-RED:  /  /  / 

\*Deliberated and approved during the 13 May 2026 Commission Meeting.

**ERC Resolution No. 16, Series of 2026**

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**ANNEX “A”**

PARAMETERS		Final Rate	Remarks
		<b>Php9.2959/kWh</b>	
<b>TECHNICAL &amp; EPC ASSUMPTIONS</b>			
1	Installed Capacity	31.5 MW	The median of list of registered developers provided by the DOE, with Service Contracts as of 28 April 2026.
2	Project Economic Useful Life	25 years	Same as GEARs 1 and 2.
3	Construction Period from finance closing	30 months	In line with the Delivery Commencement Period until March 2029, as provided in the Supplemental Terms of Reference and Notice of Auction.
4	Net Capacity Factor	76.85%	<p>Average of the capacity factors proposed by the Developers:</p> <p>[Developer 1]: Plant Outage (days): Planned + unplanned = 32.7+7 = 39.7 days</p> <p>Availability=100%- [(39.7/365)*100] =100-10.87 = <b>89.13%</b></p> <p>[Developer 2] Feedstock availability and quality loss: 8-10%, use 9%. =100%-0%=91%</p> <p>NCF=89.1%*91%*100=<b>81.08%</b></p> <p>Developer 3: <b>82.4%</b> Developer 4: <b>75.34%</b> Developer 5: <b>75%</b> Developer 6: <b>70.41%</b></p> <p><b>Average: 76.846%</b></p>
5	Plant Degradation	0.2%/yr	Same as GEARs 1 and 2.
6	Equipment Cost, Transportation to project site, Balance of Plant	PhP292,575,226.13/ MW	<p>Average of the submitted EPC by the Developers and in other jurisdictions.</p> <p>IRENA: \$5,700/kW Singapore: \$5,000/kW Japan: \$4,500/kW Korea: \$4,500/kW Australia: \$5,000/kW Germany: \$5,000/kW Developer 1: \$4,285/kW Developer 2: \$4,650/kW Developer 3: \$5,570/kW</p> <p>Average: \$4,963.125/kW or <b>Average: PhP292,575,226.13/MW</b></p>
7	Switchyard and Transformers	PhP123,169,000	Based on the 2023 National Electrification Administration (NEA) Price Index for 50MVA substation.

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**ANNEX "A"**

8	Transmission Interconnection Distance	2.5 km	Average of the distances of potential projects: Developer 1 - 5 km Developer 2 - 1 km Developer 3 - 1.5 km  <b>Average-2.5 km</b>
9	Transmission Interconnection Cost	PhP 10, 895,988/km	Based on 2023 NEA Price Index for 69kV Double Circuit Transmission Line.
10	Access/ Service Roads Distance	3 km	Average of distances by the potential projects excluding the projects with existing roads. Developer 1 - 5 km Developer 2- 1 km  <b>Average-3.0 km</b>
11	Access/ Service Roads Cost	PhP 6,233,531.785/km	Design Guidelines, Criteria, and Standards of Department of Public Works and Highways (DPWH) for constructing a typical pavement.
12	Other Development Costs	10% of EPC	Same as GEARs 1 and 2.
13	Value-Added Tax on Importation	12%	Same as GEARs 1 and 2.
14	Initial Working Capital	5% of EPC	This is to cover flue gas treatment consumables (lime, activated carbon, urea/ammonia), ash handling and disposal, environmental monitoring and testing, staff, utilities and buffer for delayed power payments.
15	Contingency Allowance	0% of total cost	EPC costs reflected above include all the necessary costs to develop the project.
<b>OPERATING ASSUMPTIONS</b>			
16	O&M Cost	PhP 188,215,100.72/yr	Average of the submitted O&M cost: Developer 1: Php22,714,285/MW Developer 2: Php27,767,950/MW Developer 3: Php21,957,862/MW Developer 4: Php23,161,224/MW  <b>Average: PhP23,900,330.25/MW at 31.5MW</b> <b>PhP 188,215,100.72/yr</b>
17	Spare parts, tools & equipment (PhP 000/MW/yr)	2,229	Developer 1 - included in the O&M cost  Developer 2 - Php27,343,000 per 25MW or PhP1,093,720/MW  Developer 3 - Php312,190,000 per 92.79MW or PhP3,364,478.93  <b>Average - PhP2,229,099</b>
18	G&A Cost (USD000/yr)	984.706	Developer 1-included in the O&M cost  Developer 2-Php113,584,000 per 25MW or PhP45,433,600/10MW

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**ANNEX “A”**

**Page 3 of 4**

			Developer 13-PhP70,100,000/10MW <b>Average - PhP57,766,800/10MW or USD984,706/yr</b>
19	Average Fuel Cost (PhP/ton)	0	To be paid by Local Government Unit (LGU) or the Metropolitan Manila Development Authority (MMDA).
20	Feed Rate (kWh/ton)	-	Not applicable. Already considered in NCF.
21	VAT Recovery Level	100% of VAT	Consistent with Sections 21 (a) and (d) of RA9513 on the tax and duty free importation and zero-rated Value Added Tax transactions.
22	VAT Recovery Period	5 years after COD	
<b>DEBT &amp; EQUITY ASSUMPTIONS</b>			
23	Local-to-Foreign Capital Ratio	54:46	As proposed by Biomass Renewable Energy Alliance (BREA).
24	Upfront and other Financing Fees	2%	Same as GEARs 1 and 2.
25	Commitment Fees	0.50%	Same as GEARs 1 and 2.
26	Interest Rate – Local Debt	9.46%	Local and Foreign Interest Rates based on Average Bank Lending Rates from January 2022 to January 2026 of the Bangko Sentral ng Pilipinas (BSP).
27	Interest Rate – Foreign Debt	9.46%	Local and Foreign Interest Rates based on Average Bank Lending Rates from January 2022 to January 2026 of the BSP.
28	Repayment Period – Local Debt	10 years from end of Grace Period	Same as GEARs 1 and 2.
29	Repayment Period – Foreign Debt	10 years from end of Grace Period	Same as GEARs 1 and 2.
30	Grace Period – Local and Foreign Debt	6 months from COD	Same as GEARs 1 and 2.
31	Debt-to-Equity Ratio	70:30	Same as GEARs 1 and 2.
32	WACC – Pre Tax Rate	10.00%	As a result of the changes to the Debt and Equity Assumptions.
33	Onshore Equity IRR	10.16%	Based on 20Y T-bond from the Bureau of Treasury as of Jan 2026 (6.572%).  Based on Market Risk Premium published by Dr. Damodaran as of Jan 2026 (6.69%).  Real risk-free rate of 3.47% using the 3% inflation rate from Department of Economy, Planning, and Development (DEPDev).
<b>TAX ASSUMPTIONS</b>			
34	Income Tax Holiday (ITH)	7 yrs from COD	Same as GEARs 1 and 2.
35	Income Tax Rate after ITH	10%	Same as GEARs 1 and 2.
36	Property Tax Rate	1.50%	Same as GEARs 1 and 2.
37	Property Tax Valuation/ Assessment Level	80%	Same as GEARs 1 and 2.
38	Local Business Tax Rate	1%	Same as GEARs 1 and 2.
39	Government Share	0%	Based on Department Circular No. DC2009-05-0008 or “Rules and Regulations Implementing Republic Act No. 9513” Section 20. (E)

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**ANNEX “A”**

**Page 4 of 4**

			x x x No government share shall be collected from the proceeds from the development of Biomass Resources.
40	ER 1-94 Contribution	3 centavos per kWh	Based on DC2025-10-0023.
41	Withholding Tax on Interest (Foreign Currency)	10%	Same as GEARS 1 and 2.
42	Gross Receipts Tax on Interest (local currency)	5%	Same as GEARS 1 and 2.
<b>ECONOMIC ASSUMPTIONS</b>			
43	Base PhP to US\$ Exchange Rate	PhP58.9498: US\$1	Based on the average exchange rate for January to March 2026 from the BSP as of 21 April 2026.