# ANNEX A: Auction Design

The primary goal of the Green Energy Auction Program (GEAP) is to accelerate investments in new or additional renewable energy (RE) capacities to ensure the provision of adequate supply and competitive rates of electricity in the country.

Under the Department Circular No. DC2021-11-0036 entitled, *"Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines"* or the *"GEAP Guidelines"*, the DOE employs a "Green Energy Auction Reserve Price" or "GEAR Price", which is the maximum price offer in PHP/kWh set by the ERC for the Green Energy Auction (GEA).
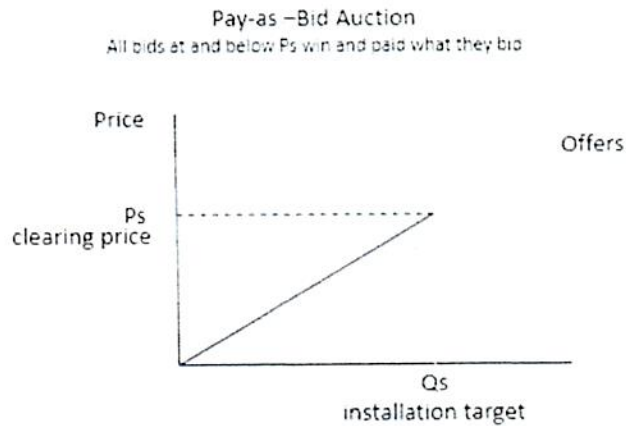
As designed, the resulting price of the auctioned capacity in each GEA shall be the price offered by each Winning Bidder which shall not go higher than the GEAR price (ceiling Price) and shall then constitute the Green Energy Tariff (GET). This ensures that payments from the FIT-All system under the GEAP reflect, or at least closely approximate, the value to the Winning Bidder of the RE supply offered.

Part 1 – Design Elements

The GEA will have Auction Capacities, in MW, that are specific for each RE technology included in the GEA round. The capacities, in MW, of the RE facilities in the Qualified Bidders' offers will be used in selecting the set of winning bids that, when ranked and stacked, will meet the Auction Capacity for the particular technology. The auction product will be the actual energy to be generated by the Winning Bidder thus the auction outcome will be a set of prices in PHP/kWh corresponding to each Winning Bidder's GET.
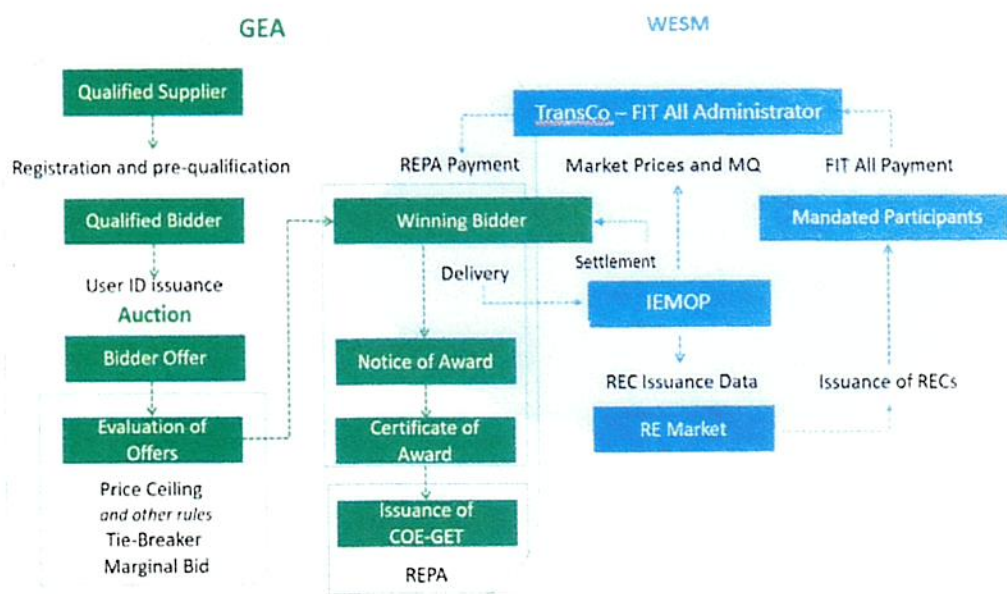
The resulting winning price offers will be the results of ranking the offers from lowest to highest offer price, and stacking the ranked offers to respective technologies until the Auction Capacities are met. These results shall comprise the "Green Energy Tariff" (GET) which will be a set of winning prices awarded to the Winning Bidders on a pay-as-bid basis.

Pay-as –Bid Auction
All bids at and below Ps win and paid what they bid

Part 2 Procurement Process