



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. _____

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY
SPOT MARKET (WESM) RULES, RETAIL RULES AND MARKET MANUALS
(Provisions for the Audit and Performance Monitoring)**

WHEREAS, Sections 30 and 37(f) of the Electric Power Industry Reform Act (EPIRA) provides that the DOE, jointly with the electric power industry participants, shall establish the Wholesale Electricity Spot Market (WESM) and formulate the detailed rules governing the operations thereof;

WHEREAS, on 28 June 2002, the DOE, with the endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular No. DC2002-06-003;

WHEREAS, any changes, amendments, and modifications to the WESM Rules including its Market Manuals shall be undertaken in accordance with the provisions of Chapter 8 thereof;

WHEREAS, on 04 December 2018, the PEM Audit Committee (PAC) submitted to the Rules Change Committee (RCC) its proposed amendments to the WESM Rules, Retail Rules and Market Manuals related to audit and performance monitoring;

WHEREAS, the proposal aims to fine-tune the responsibilities of the PAC in the conduct of market audits and special reviews, and enhance the processes and procedures of market audits and performance monitoring of WESM service providers considering the recommendations from prior independent market audits;

WHEREAS, on 06 December 2018, the RCC during its 148th RCC Meeting, discussed and approved the said proposal for publication in the Philippine Electricity Market Corporation's (PEMC) information website to solicit comments from market participants and other interested parties;

WHEREAS, on 22 February 2019 and 15 March 2019, the RCC during its 149th and 159th Meeting, respectively, deliberated on the proposal giving due course to the comments received from the System Operator and the DOE, which thereafter, finalized and approved the proposal for endorsement to the PEM Board;

WHEREAS, on 23 April 2019, after due evaluation and deliberation, the PEM Board during its 11th Regular PEM Board Meeting approved for endorsement to the DOE the above stated proposed amendments;

WHEREAS, on 14 May 2019, the PEM Board-approved amendments to the abovementioned market rules were submitted to the DOE for final approval, in compliance with Chapter 8 of the WESM Rules;

WHEREAS, on _____, the DOE conducted various public consultation on the said proposed amendments to ensure transparency and consistency with the objectives of the EPIRA and the WESM;

WHEREAS, the DOE reviewed the said PEM Board-approved proposal, made minor revisions, and considered it consistent with the objectives of the WESM such as transparency and efficiency;

NOW THEREFORE, pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following amendments to the WESM Rules, Retail Rules and Market Manuals:

Section 1. Amendments to the WESM Rules. The amended provisions of the WESM Rules as presented in the attached matrix (ANNEX A) are hereby approved and adopted.

Section 2. Amendments to the Retail Rules. The amended provisions in the Retail Rules as presented in the in the attached matrix (ANNEX B) are hereby approved and adopted.

Section 3. Amendments to the WESM Market Manual on Guidelines Governing the Constitution of PEM Board Committees. The amended provisions in the Market Manual on Guidelines Governing the Constitution of PEM Board Committees Issue 3.0 as presented in the in the attached matrix (ANNEX C) are hereby approved and adopted.

Section 4. Promulgation of the PEM Audit Market Manual. The amended PEM Audit Market Manual Issue 3.0 as presented in the attached Annex C to this Circular are hereby approved and adopted.

Section 5. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

Section 6. Effectivity. This Circular shall take effect 15 days following its complete publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Issued this _____ 2020 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.

ALFONSO G. CUSI
Secretary