



DEPARTMENT CIRCULAR NO. _____

ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) MANUAL ON REGISTRATION, SUSPENSION, AND DE-REGISTRATION CRITERIA AND PROCEDURES FOR GENERAL ENHANCEMENTS TO THE APPLICATION PROCESS OF NEW WESM MEMBERS

WHEREAS, Sections 30 and 37(f) of the Electric Power Industry Reform Act (EPIRA) provides that the Department of Energy (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, the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures ("WESM Registration Manual") provides for the approval process of applications for WESM membership administered by the Market Operator (Independent Electricity Market Operator of the Philippines or IEMOP);

WHEREAS, on 29 November 2019, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted a proposed amendment to the WESM Registration Manual to introduce general enhancements in the WESM registration process;

WHEREAS, the submitted proposal aims to address the following:

- 1) Introduce phases for registration of generating units corresponding to the development progress of the generating unit, namely:
 - a. Backfeed Registration for its withdrawal of energy from the grid during construction,
 - b. Test and Commissioning Registration for the conduct of the activity in accordance with the Philippine Grid Code, and
 - c. Commercial Operation Registration for its full participation in the WESM including submission of offers or self-schedules;
- 2) Define the requirements, timelines, and guidelines for each registration phase;
- 3) Require the execution of the Market Participation Agreement prior to the issuance of the notice of WESM approval to obtain commitment of the applicant in following the rest of the registration procedures after the approval of its WESM membership;

- 4) Require the completion of payment of the registration fee, installation of digital certificate and submission of COC or Provisional Authority to Operate (PAO) prior to the issuance of the notice of WESM Membership approval for the complete preparation, authorization and establishment of the market interfaces necessary for the immediate participation of the WESM member upon the issuance of the notice of approval; and
- 5) Establish additional guidelines for the registration and conduct of test and commissioning activity, including clarification on the valid duration of test and commissioning status based on existing ERC rules and its impact on settlement;

WHEREAS, on 06 December 2019, the RCC during its 159th Meeting, approved the publication of the proposal for solicitation of comments from all WESM Members and interested parties, to which comments were received from PEMC, the Market Surveillance Committee, NGCP, SPC Island Power Corp. and AC Energy Corp.

WHEREAS, on 21 February 2020, the RCC during its 161st Meeting, deliberated on the proposal during which the body agreed to amend the proposal;

WHEREAS, after recognizing that the proposal has penalty implications, the RCC requested the Market Surveillance Committee and PEMC's Enforcement and Compliance Office (ECO), through a letter dated 04 March 2020, to review the proposal and observe its effect to the monitoring and penalty imposition processes and on 24 April 2020, during its 164th meeting, noted ECO's explanations and provisionally approved the proposal;

WHEREAS, on 02 July 2021, the DOE issued the Department Circular No. DC2021-06-0013 dated 03 June 2021 entitled "Adopting General Framework Governing Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network", providing the general framework governing the test and commissioning of generation facilities to which the proposal must be aligned with;

WHEREAS, on 20 August 2021, during the 183rd RCC meeting, the IEMOP presented their revisions to the subject proposal as a result of their review to the working draft in order to align it with the provisions of the general framework;

WHEREAS, on 17 September 2021, during its 184th meeting, the RCC re-deliberated on the proposal to consider the changes made by the IEMOP to harmonize with the DOE's general framework and on 15 October 2021, during its 185th meeting, agreed to make further revisions, respectively;

WHEREAS, on 21 October 2021, the RCC finalized the proposal and approved its endorsement to the PEM Board;

WHEREAS, on 27 October 2021, after due evaluation and deliberation, the PEM Board approved the proposal and on 29 November 2021, endorsed to the DOE for final approval, in compliance with Chapter 8 of the WESM Rules;

NOW THEREFORE, after careful review of the PEM Board-approved proposal and the comments and recommendations received on the same, the DOE, pursuant to its authority under the EPIRA and the WESM Rules, hereby adopts, issues, and promulgates the following amendments to the WESM Rules and various Market Manuals:

Section 1. Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures. The following provisions in the WESM Manual Registration, Suspension and De-registration Criteria and Procedures are hereby amended:

- a. New Section 2.5.5 Registration Phases with new Sub-sections 2.5.5.1 and 2.5.5.2 under REGISTRATION OF DIRECT WESM MEMBERS AND TRADING PARTICIPANTS is added to read as –

“2.5.5 Registration Phases

2.5.5.1 An *Applicant* wishing to register as a *Generation Company* or a *generating system* as an additional *facility* shall start its registration from one of the following phases:

- a) If the *Applicant* needs to withdraw power from the *transmission system* for the construction and development of its *generating system* and for station use during such period, the *Applicant* shall undergo Backfeed Registration. The facility of the *Applicant* shall be included in the *market network model* as load resource at this phase.
- b) If the *Applicant* needs to conduct the necessary test and commissioning process as required by the *PGC*, the *Applicant* shall undergo Test and Commissioning Registration. For this purpose, Test and Commissioning shall refer to the generating unit’s connection / synchronization to the grid.
- c) If the *Applicant* commences actual commercial operations, the *Applicant* shall undergo Commercial Operation Registration.

2.5.5.2 An *Applicant* planning to register as a *Customer* or a *load facility* shall start its registration at the Commercial Operation Registration phase.”

- b. Section 2.5.5 Assessment of Applications under REGISTRATION OF DIRECT WESM MEMBERS AND TRADING PARTICIPANTS and its sub-sections are hereby renumbered as follows: –

“2.5.6 Assessment of Applications

2.5.6.1 Submission and Preliminary Assessment of Applications

xxx”

- c. Sub-sections (a) and (d) of 2.5.5.1 Submission and Preliminary Assessment of Applications under Assessment of Applications is amended to read as –

“2.5.6.1

- a) Applications for registration shall be submitted to the *Market Operator* together with documents and information required by the *Market Operator* to prove compliance with the membership criteria and requirements for registration. An *Applicant* shall submit a separate application for registration in each applicable phase. Documents and information submitted during its registration for a prior phase may be used in succeeding applications, provided that the *Applicant* shall update the same as of the date of the filing of the separate application, if necessary.

xxx

- d) If the facilities being registered are not yet represented in the prevailing *WESM Market Network Model*, the *Market Operator* shall, in consultation with the *System Operator* and the *Applicant*, determine the appropriate representation for the said facility based on the registration phase of the *Applicant*. It shall then update the *WESM Market Network Model* following the procedures set forth in relevant market manuals.

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- d. New Sub-sections (e), (f), (g), and (h) of Section 2.5.6.1 Submission and Preliminary Assessment of Applications under Assessment of Applications is added to read as –

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- e) The *Applicant* shall execute a market participation agreement in the form prescribed by the *Market Operator* and PEMC.
- f) An *Applicant* as a *Generation Company* shall comply with the authorization requirement under Section 2.5.3.1 based on its registration phase as follows:
1. Backfeed Registration. *Applicant* shall submit a receiving copy of its application with the ERC for a Certificate of Compliance,

together with Form 7 (General Plant Description) duly stamped "received" by the ERC.

2. Test and Commissioning Registration. *Applicant* shall submit the scheduled date of Test and Commissioning, as coordinated with the *Network Service Provider** and *System Operator*, for the conduct of test and commissioning. Prior to the actual conduct of test and commissioning, the *Generation Company* shall furnish the *Market Operator* and *System Operator* a copy of its Provisional Certificate of Approval to Connect (PCATC), with additional Clearance to energize from the *Network Service Provider* for *embedded generators*. The test and commissioning period of the *Applicant* shall be as indicated in the Provisional Certificate of Approval to Connect. Applicant shall submit a receiving copy of its application with the ERC for a Certificate of Compliance, together with Form 7 (General Plant Description) duly stamped "received" by the ERC if this was not yet submitted. In case of extended period for Test and Commissioning, the *Applicant* shall submit to the *Market Operator* the corresponding extended PCATC three (3) *working days* from the original expiry date of PCATC indicating the approved period for the extended conduct of Test and Commissioning.

*Add footnote: *Per DOE Department Circular No. 2021-06-0013, Network Service Providers include Transmission Network Providers and Distribution Utilities*

3. Commercial Operations Registration. *Applicant* shall submit either a Certificate of Compliance or Provisional Authority to Operate (PAO).
- g) Registration Fees. During its first registration phase,- the *Applicant* shall pay to the *Market Operator* a registration fee, as may be approved by the ERC, to cover the cost incurred for the assessment of the application, training of the participants and installation and maintenance of digital certificates.
- h) Participant Interface Access. During the Test and Commissioning registration phase, the *Applicant* may subscribe to and allow the *Market Operator* to apply or install a method employing encryption in its computers to provide secure access to the *Market Management System*. The *Applicant* shall have read-only access to its facility during the Test and Commissioning phase to enable the *Trading Participant* to view its generating unit's schedules. Meanwhile, full access to its facility will only be enabled by the *Market Operator* no later than eight (8) calendar days from approval of the *Applicant's* Commercial Operations registration."

e. Section 2.5.6.1 Basis under Approval of Applications is amended to read as –

“2.5.7.1

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- b) Determines that the applicant is eligible to be registered in the category or categories and phase in which it is applying for registration.

xxx”

f. Section 2.5.6.2 Notice of Approval under Approval of Applications and its sub-sections are hereby renumbered and amended to read as –

“2.5.7.2 Notice of Approval

- a) For approved applications, the *Market Operator* shall send a notice of approval as a *WESM Member* at the applied registration phase to the *Applicant* within fifteen (15) calendar days from completed submission by the applicant of the required application forms and supporting documents and information. The failure of the *Market Operator* to act on the application within this period shall not be deemed an approval of the application.
- b) The notice of approval of the Backfeed Registration shall indicate the effective date thereof, which date shall not be more than three (3) working days after the transmittal of the notice of approval by the *Market Operator*.
- c) The notice of approval of the Test and Commissioning Registration shall indicate the effective date thereof, which date shall not be more than three (3) working days after the transmittal of the notice of approval by the *Market Operator*.
- d) The notice of approval of the Commercial Operations Registration shall indicate the effective date thereof, which date shall not be more than eight (8) calendar days after the transmittal of the notice of approval by the *Market Operator*. ”

g. Section 2.5.6.3 Other Requirements for Approved Applications under Approval of Applications and its sub-sections are hereby renumbered and amended to read as –

“2.5.7.3 Guidelines for Test and Commissioning Registration

- a) The generating unit of the *WESM Member* shall be allowed to declare bilateral contract quantities and be entitled to WESM payments for its generated output only within the test and commissioning period

indicated in the valid Provisional Certificate of Approval to Connect issued by the *Network Service Provider* or upon completion of the conduct of test and commissioning, if completed earlier. Generation beyond the authorized test and commissioning period shall not be allowed to be declared as a bilateral contract quantity and shall not be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized test and commissioning activity will be treated in accordance with *WESM Rules* Clause 3.13.16. However, the *WESM Member* shall still be charged for all withdrawals from the grid for the conduct of its test and commissioning activities.

- b) The *Market Operator* shall notify the *WESM Member*, copy furnished the *System Operator*, of the expiration of its Provisional CATC fifteen (15) calendar days prior to the date of expiry. The *System Operator* shall no longer impose over-riding constraints on the *generating unit* once the test and commissioning period ends.
- c) The *WESM Member* may submit an extended Provisional Certificate Approval to Connect to *Market Operator* and *System Operator* for the extension of its test and commissioning period within three (3) working days prior to original expiry date. Any unauthorized generation shall not be allowed to be declared as bilateral contract quantity and shall not be entitled to *WESM* payments in accordance with Section 2.5.7.3(a). In case of failure to submit the extended PCATC to the *Market Operator* within three (3) working days prior to the original expiry date, the PCATC shall be deemed without effect after the expiry date.
- d) The *Network Service Provider* shall immediately inform *Market Operator* of any suspended validity of PCATC due to failure of the generating facility to satisfy the grid connectivity parameters required by the PGC. Suspended PCATC shall observe Section 2.5.7.3 (a). Notwithstanding the suspension of the PCATC, an Extended PCATC shall be submitted within three (3) working days prior to original expiry of PCATC. Should the PCATC expire while the *WESM Member* is in the process of satisfying the grid connectivity parameters required by PGC or PDC, the process for the conduct of Test and Commissioning shall be reset.
- e) In case of changes in capacity and capabilities of the generating unit arising from the results of test and commissioning, the *WESM Member* shall immediately inform the *Market Operator* for the purpose of updating its registration details.
- f) The *Network Service Provider* of a generating unit shall furnish the ERC and *Market Operator* a copy of the Final Certificate of Approval to Connect within three (3) calendar days from issuance thereof to the relevant *WESM Member*.

g) The *WESM Member* of a *generating unit* shall submit to the *Market Operator* an application for Commercial Operations Registration within three (3) *working days* from receipt of its Certificate of Compliance or Provisional Authority to Operate (PAO).”

h. Section 2.5.7 Non-Approval of Applications/Remedies under REGISTRATION OF DIRECT WESM MEMBERS AND TRADING PARTICIPANTS is hereby renumbered to read as –

“2.5.8. Non-Approval of Applications/Remedies

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i. Section 2.9.1 under CONTINUING COMPLIANCE is amended to read as –

“2.9.1 As condition to continuing membership in the WESM, all registered WESM members shall ensure their continuing compliance with the membership criteria, and technical and commercial requirements set forth in the WESM Rules and this Manual without the need for reminder from the *Market Operator*.

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j. Sections 3.3.6.2 and 3.3.6.3 New Generating Facility under FACILITY-RELATED CHANGES is amended to read as –

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3.3.6.2 The registered *Generation Company* shall comply with the technical and commercial requirements under Section 2.5.3 and the procedures under Sections 2.5.4, 2.5.5, 2.5.6 and 2.5.7 for the registration of its new facility.

3.3.6.3 The *Market Operator* shall assess and approve the request for the registration, on applicable phases, of new *facility* in accordance with the procedures under Sections 2.5.5, 2.5.6, and 2.5.7.”

k. The term “Test and Commissioning” is hereby added to Appendix A – Glossary to be defined as –

“Test and Commissioning

Refers to the conduct of procedures to determine and certify that a generating unit was connected to the grid in accordance with the Philippine Grid Code (PGC), Philippine Distribution Code (PDC) and other relevant guidelines and specifications and to determine readiness to deliver energy to Grid or distribution network for the purpose of securing a COC from the ERC.”

Section 2. 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 3. Repealing Clause. Except insofar as may be manifestly inconsistent herewith, nothing in this Circular shall be construed as to repeal any mechanisms already existing or responsibilities already provided for under existing rules.

Section 4. Effectivity. This Circular shall take effect fifteen (15) days following its publication in two (2) newspapers of general circulation. Copies thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on _____ 2021 at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.

ALFONSO G. CUSI
Secretary