



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. _____

ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) RULES, AND VARIOUS MARKET MANUALS ON THE RATIONALIZATION OF BILLING TIMELINES

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, Retail Rules and their Market Manuals shall be undertaken in accordance with the provisions of Chapter 8 of the WESM Rules;

WHEREAS, on 10 September 2020, the Market Operator submitted its proposal to the Rules Change Committee (RCC) to reduce the financial risks of the WESM Trading Participants due to billing adjustments by providing shorter and clearer timelines in reporting and correcting errors or discrepancies in settlement;

WHEREAS, on 18 September 2020, during the 169th RCC Meeting, the RCC gave due course to the proposal and determined that it satisfies the criteria for rules change. The RCC also approved the publication of the proposal in the PEMC website to solicit comments from industry stakeholders and interested parties;

WHEREAS, on 20 November 2020, during its 171st RCC Meeting, the RCC deliberated on the proposal and gave due course to the comments received;

WHEREAS, on 11 December 2020, during its 172nd RCC Meeting, the RCC approved the proposal for endorsement to the PEM Board, as revised;

WHEREAS, on _____, the DOE posted the Draft Department Circular on the abovementioned proposed amendments to solicit further comments from the market participants and other interested parties;

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 and its Market Manuals:

Section 1. Amendments to the WESM Rules for the Implementation of Enhancement to WESM Design and Operations. The following provisions in the WESM Rules in the are hereby amended.

- a. Original Clause 3.14.5 (Final Statements) under Clause 3.14 (Settlement Process) is amended to read as:

“3.14.5 Final Statements

3.14.5.1 xxx

3.14.5.2 xxx

3.14.5.3 If the *WESM member* reasonably believes there was an error or discrepancy in the final statement given to the *WESM Member* by the *Market Operator* under this Clause 3.14.5, the *WESM member* may notify the *Market Operator* of that error or discrepancy within five (5) months from the *WESM Member’s* receipt of the final settlement statement, and thereafter the *Market Operator* shall review the final statement.

3.14.5.4 If a *WESM Member* disagrees with the *Market Operator’s* decision as regards the notification made in Clause 3.14.5.3 or determines that there is an error or discrepancy in the *Market Operator’s* adjustment to the final statement as reflected in the revised final statement, the *WESM Member* may lodge a dispute through the WESM dispute resolution process in accordance with WESM Rules Clause 7.3 within six (6) months from the *WESM Member’s* receipt of the *Market Operator’s* decision or revised final statement.”

- b. Original Clause 3.14.8 (Disputes) under Clause 3.14 (Settlement Process) is amended to read as:

“3.14.8 Reporting of Errors and Disputes

3.14.8.1 xxx

3.14.8.2 Reporting of errors in respect of *final statements* or the supporting data provided with them in accordance with *WESM Rules* Clause 3.14.5 shall be raised within five (5) months of the *WESM Member’s* receipt of the final settlement statement.

3.14.8.3 Disputes in respect of the *Market Operator’s* decision or revised *final statement* resulting from the *WESM Member’s* action per Clause 3.14.8.2 shall be raised within six (6) months from the *WESM*

Member's receipt of the Market Operator's decision or revised final statement pursuant to Clause 7.3, provided, however, that the data contained in reports submitted by the System Operator pursuant to WESM Rules Clause 3.5.13.1 that have already become final shall not be subject of dispute.

3.14.8.4 Disputes raised under this clause 3.14.8 shall be resolved by agreement or, in the case of Clause 3.14.8.3, pursuant to the dispute resolution procedures set out in clause 7.3."

c. Original Clause 3.14.9.1 under Clause 3.14.9 (Settlement Revisions) is amended to read as:

"3.14.9.1 xxx xxx xxx

xxx xxx xxx

(b) Interest calculated on a daily basis at the interest rate for the final statement to which the adjustment relates to the payment date applicable to the revised statement issued under this clause 3.14.9.1.

The *Market Operator* shall issue the adjustment to the *final statement* not later than six (6) calendar months after the resolution of the dispute or receipt of the relevant final and executory Order unless parties to be billed agrees that the issuance of the particular WESM bill adjustment shall be at a later time."

d. Original Clause 7.3.6 (Disputes About Payment) under Clause 7.3 (Dispute Resolution) is amended to read as:

"7.3.6 Dispute About Payment

If a dispute arises between a *WESM member* and the *Market Operator* in respect of revised final statements or the supporting data provided with them in accordance with clause 3.14.5, then

(a) The dispute shall be referred to the *Dispute Resolution Administrator* in accordance with clause 7.3.4.2 within six (6) months of the dispute on the revised final statement arising;

(b) xxx xxx xxx

(c) Those payments shall be settled without prejudice on the date specified for payment in the relevant final statement, notwithstanding a dispute regarding the amount.”

e. Original Clause 7.3.7 (Disputes Affecting Financial Statements) under Clause 7.3 (Dispute Resolution) is amended to read as:

“7.3.7 Disputes Affecting Financial Statements

Where an amount stated to be payable in a final statement is the subject of a dispute and the resolution of the dispute affects the amount payable, then:

(a) When the dispute is resolved in accordance with this clause 7.3, the Market Operator shall issue a revised final statement to replace each final statement affected by the resolution of the dispute, in accordance with Clauses 3.14.5 and 3.14.9; and
xxx”

Section 2. Amendments to the Market Manual on Billing and Settlement. The following provisions in the Market Manual on Billing and Settlement, Issue No. 6.2 are hereby amended.

a. Original Section 4.2.2 (Issuance of Final Statements) under Section 4.2 (Procedures) is amended to read as:

“4.2.2 Issuance of Final Statements

(a) xxx xxx xxx

(b) xxx xxx xxx

(c) xxx xxx xxx

(d) If the *WESM Member* reasonably believes there was an error or discrepancy in the final statement given to the *WESM Member* by the *Market Operator*, the *WESM member* may notify the *Market Operator* of that error or discrepancy within five (5) months from the *WESM Member’s* receipt of its final settlement statement and the *Market Operator* shall review the final statement.”

b. Original Section 4.2.3 (Disputes in the Preliminary and Final Settlements) under Section 4.2 (Procedures) is amended to read as:

“4.2.3 Reporting of Errors and Disputes in the Preliminary and Final Statements

(a) xxx xxx xxx

(b) Reporting of errors in respect of the final statement and its corresponding data shall be raised within five (5) months from the WESM Member's receipt of the final settlement statement.

(c) Disputes in respect of the Market Operator's decision or revised final statements resulting from the WESM Member's action per Section 4.2.3(b) shall be raised within six (6) months from the WESM Member's receipt of the Market Operator's decision or revised final statement pursuant to Clause 7.3.

(d) Disputes raised under the Section 4.2.3 of this Manual, shall be resolved by agreement or, in the case of 4.2.3(c), pursuant to the dispute resolution procedure set out in the WESM Rules Clause 7.3"

c. Original Section 4.2.4 (Issuance of Revised Statements) under Section 4.2 (Procedures) is amended to read as:

"4.2.4 Issuance of Revised Statements

(a) xxx xxx xxx

i. xxx xxx xxx

ii. xxx xxx xxx

The *Market Operator* shall issue the adjustment to the final statement not later than six (6) calendar months after the resolution of the dispute or receipt of the relevant final and executory Order unless parties to be billed agrees that the issuance of the particular WESM bill adjustment shall be at a later time.

(b) xxx xxx xxx

(c) xxx xxx xxx"

Section 3. Amendments to the Market Manual on Metering Standards and Procedures. The following provisions in the Market Manual on Billing and Settlement, Issue No. 12.0 are hereby amended.

a. Original Section 7.2.2 (Unresolved MTRs) under Section 7.2 (Initiation) is hereby deleted.

b. Original Section 7.3.2 (Unresolved Meter Trouble Reports) under Section 7.2 (Issuance) is amended to read as:

“7.3.2 Unresolved Meter Trouble Reports

(a) Estimation

xxx xxx xxx

(b) Late Resolution

xxx xxx xxx

(c) After Deadline

If the *Metering Services Provider* resolves the Meter Trouble Report and submits *metering data* after the issuance of the final settlement statement of the affected trading day, the *Market Operator* shall reflect the said adjustment within six (6) months.

(d) Certification

xxx xxx xxx

(e) Meter Malfunction

In cases where there is an unintentional meter error (e.g., erroneous use or application of meter multiplier) that causes a meter malfunction, the Metering Services Provider shall reconcile the metering data of the affected trading intervals within five (5) months after the date of discovery of such error.”

Section 4. Amendments to the Market Manual on Dispute Resolution. The following provisions in the Market Manual on Dispute Resolution, Issue No. 6.0 are hereby amended.

- a. Original Section 7.2.1 under Section 7.2 (Disputes with the MO on Settlement and Payments) is amended to read as:

“7.2.1 Disputes between a *WESM Member* and the *Market Operator* related to a revised final settlement statement or its supporting data, or over the Market Operator’s decision on the *WESM Member*’s notification of error or discrepancy in a final statement, must be referred to the DRA within six (6) months from receipt of such revised final settlement statement, its supporting data, or the Market Operator’s decision. The *WESM Member* shall notify the *Market Operator* of its dispute of the ~~final~~ revised final statement or part of the supporting data, provided, however, that data contained in reports submitted by the *System Operator* pursuant to *WESM Rules* Clause 3.5.13.1 that have already become final shall not be subject of dispute.”

b. Original Section 7.2.4 under Section 7.2 (Disputes with the MO on Settlement and Payments) is amended to read as:

“7.2.4 Once the dispute is resolved, the *Market Operator* shall issue, if necessary, the revised final statements within six (6) months with the corresponding supporting data, which shall replace the previous final statements. All parties and WESM Members shall be bound by the payment obligations that arise from the revised final statements.”

Section 4. 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 5. 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