



Republic of the Philippines  
**DEPARTMENT OF ENERGY**  
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. \_\_\_\_\_

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY  
SPOT MARKET (WESM) RULES AND ITS MARKET MANUAL ON  
REGISTRATION FOR THE IMPLEMENTATION OF ENHANCEMENTS TO WESM  
DESIGN AND OPERATIONS  
(Provisions for De-registration and Cessation)**

**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**, Chapter 2 of the WESM Rules and WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures provide the guidelines and procedures for the registration, suspension and de-registration by the Market Operator of WESM Members;

**WHEREAS**, on 23 May 2021, the Independent Electricity Market Operator of the Philippines submitted proposed amendments to the WESM Rules and Registration Manual to make more efficient the process of de-registering WESM Members that has recently become ineligible for membership, and to provide a validation period for cessation requests in response to a finding during the recent market operations audit;

**WHEREAS**, in the market operations audit for the period 26 June 2015 – 25 December 2019 (7th MO Audit), an initial finding was cited on the notice of cessation that is not immediately being published by the Market Operator upon receipt since the Market Operator needs more time to validate such notice;

**WHEREAS**, in consideration of said initial audit finding, the specific objectives of the proposal are the following:

- to avoid the unnecessary cost of undergoing the suspension process for ineligible Trading Participants whose de-registration is inevitable; and
- to provide a validation period for the Market Operator to assess the submissions relative to a request for cessation of registration;

**WHEREAS**, on 16 April 2021, the Rules Change Committee during its 177th Regular Meeting, approved the publication of the proposal for solicitation of comments from all WESM Members and interested parties until 02 June 2021;

**WHEREAS**, on 18 June 2021, the RCC during its 180<sup>th</sup> Regular Meeting, deliberated the proposal giving due course to the comments and recommendations received from Governance Arm, WESM Technical Committee, AC Energy, Aboitiz Power, and Meralco, and thereafter approved for endorsement to the PEM Board;

**WHEREAS**, after due evaluation and deliberation, the PEM Board approved for endorsement to the DOE the above stated Rules Change Committee proposal;

**WHEREAS**, on 01 October 2021, the PEM Board-approved amendments to the WESM Rules and Market Manual on Registration, Suspension and De-registration Criteria and Procedures Issue 10.0 were submitted 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 Rules.** The following provisions in the WESM Rules are hereby amended:

a. Clause 2.3.3.9 under Trading Participant is amended to read as –

“2.3.3.9 If at any time a *Trading Participant* ceases to be eligible to be registered as a *Trading Participant* in accordance with Clause 2.3.3.4, that *Trading Participant* shall inform the *Market Operator* accordingly and, as soon as practicable after the *Market Operator* becomes aware that a *Trading Participant* is no longer eligible to be registered, the *Market Operator* shall:

- a. issue a suspension notice in respect of that *Trading Participant* in accordance with Clause 3.15.8; or
- b. coordinate with relevant external parties for confirmation of ineligibility in accordance with the relevant Market Manual.”

b. Clause 2.6.3 (Notifying all WESM members) under Ceasing to Be a WESM Member is amended to read as –

“2.6.3. Notifying all WESM members

On receipt of a notice with proof of disconnection, as applicable, under clause 2.6.1, the Market Operator shall confirm the cessation and notify

the relevant WESM Member. After such notification, the Market Operator shall notify all WESM members that the person or entity who gave the notice shall cease to be registered as a WESM member in the relevant category and the date on which that will occur.”

**Section 2. Amendments to the WESM Registration, Suspension and De-registration Criteria and Procedures Manual.** The following provisions in the WESM Registration, Suspension and De-registration Criteria and Procedures Manual Issue 10.0 are hereby amended:

a. Section 2.9.4 (Cessation of eligibility) under Continuing Compliance is amended to read as –

“2.9.4 Subject to Clause 2.9.5, as soon as practicable after the Market Operator becomes aware that a WESM member no longer meets any one of the membership criteria or requirement, the Market Operator shall issue a suspension notice in respect to that WESM member. The suspension shall continue until the WESM member is able to rectify or remedy the noncompliance or the defect to the satisfaction of the Market Operator. The Market Operator may, at its discretion, prescribe a period within which the noncompliance or defect is to be remedied. The failure of the WESM member to remedy or rectify the defect is a ground for deregistration. Suspension and deregistration shall be implemented in accordance with the conditions and procedures set forth in the WESM Rules and this Manual. Non-compliance with prudential requirements shall be governed by relevant provisions of the WESM Rules and relevant market manuals.”

b. New Clauses 2.9.5 to 2.9.8 under Continuing Compliance are added to read as:

“2.9.5 If a Trading Participant fails to submit a valid interconnection agreement with a Network Service Provider, the Market Operator shall coordinate with its respective Network Service Provider to check if the registered Trading Participant continues to be connected to the transmission system or distribution system.

2.9.6 A Network Service Provider that receives a notice from the Market Operator under Section 2.9.5 shall provide the information to the Market Operator within thirty (30) calendar days from the receipt of the notice.

2.9.7 Upon receipt of confirmation from the Network Services Provider that the registered Trading Participant is no longer connected to their power system, the Market Operator shall notify the Trading Participant to submit a notice of cessation.

2.9.8 Upon the receipt of the notice from the Market Operator, the registered Trading Participant shall initiate cessation of its registration within fifteen (15) calendar days. If the Market Operator does not receive a notice of

cessation within fifteen (15) calendar days, the Market Operator shall initiate the de-registration of the Trading Participant.”

- c. Section 4.2.3 (Non-compliance with the membership criteria or requirement) under Grounds for Suspension is amended to read as –

“4.2.3 Non-compliance with the membership criteria or requirement

The Market Operator has determined that the WESM member is no longer compliant with any one or all of the criteria and requirements for continuing membership in the WESM and is incapable of rectifying the defect or fails to rectify the defect despite notice from the Market Operator subject to Section 2.9.5.”

- d. Section 5.2.3.1 under Issuance and Publication of Notice of Cessation is amended to read as –

“5.2.3.1 Upon receipt of the notice with proof of disconnection, as applicable, from the WESM member, the Market Operator shall confirm the cessation and notify the relevant WESM Member. After such notification, the Market Operator shall issue a Notice of Cessation to all WESM members stating the cessation of registration of WESM member, the category in which it ceases its registration, and the effective date of cessation.”

- e. Section 5.4.1.4 under Initiation of Deregistration Procedures is amended to read as –

“5.4.1.4 For WESM Members that have been disconnected from the grid at the instance of parties other than the Market Operator pursuant to prevailing rules and regulations on disconnection, upon receipt by the Market Operator of a copy of the order or notice of disconnection and the report from the relevant Network Service Provider confirming that the WESM member has actually been disconnected from the grid and after the WESM Member failed to initiate cessation of its membership in accordance to Section 2.9.8.”

- f. Section 5.4.2.1 under Issuance of Notices of De-registration and Disconnection is amended to read as –

“5.4.2.1 After fifteen (15) calendar days from receipt or submission of the document/s specified in the foregoing section, the Market Operator shall issue a Deregistration Notice to the WESM Member or the Metering Services Provider sought to be deregistered. The Deregistration Notice shall be in writing and shall include the ground/s for deregistration; date of effectivity of the deregistration; and notice that the WESM Member subject to deregistration shall still be liable for its outstanding obligations to the WESM.”

**Section 3. 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 4. Effectivity.** This Circular shall take effect fifteen (15) days following its complete 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