



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

DEPARTMENT CIRCULAR NO. DC2021-03-0008 *n*

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY
SPOT MARKET (WESM) RULES AND MARKET MANUALS FOR THE
IMPLEMENTATION OF POLICY AND FRAMEWORK GOVERNING THE
OPERATIONS OF EMBEDDED GENERATORS**

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 08 February 2019, the DOE promulgated the Department Circular No. DC2019-02-0003, providing the framework governing the operations of Embedded Generators;

WHEREAS, under the Section 11.1 of the Department Circular No. DC2019-02-0003, the Market Operator was mandated to propose changes to the WESM Rules and Market Manuals to incorporate the new policy on Embedded Generators;

WHEREAS, 10 June 2019, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted to the Rules Change Committee (RCC) its proposed amendments to the WESM Rules and various Market Manuals in line with the implementation of the Department Circular No. DC2019-02-0003;

WHEREAS, on 21 June 2019, the RCC during its 153rd RCC Meeting discussed the proposed amendments, and thereafter approved the publication of the proposals in the WESM market information website to solicit comments from market participants and other interested parties;

WHEREAS, on 16 August 2019, the RCC during its 155th RCC Meeting deliberated on the proposal giving due course to the comments received from WESM participants, Philippine Electricity Market Corporation and the Technical Committee;

WHEREAS, on 20 September 2019, the RCC during its 156th RCC Meeting finalized and approved the proposal for endorsement to the PEM Board;

WHEREAS, on 25 September 2019, after due evaluation and deliberation, the PEM Board during its 16th Regular PEM Board Meeting approved for endorsement to the DOE the above stated RCC proposal;

WHEREAS, on 01 October 2019, the PEM Board-approved amendments to the WESM Rules and relevant Market Manuals were submitted to the DOE for final approval, in compliance with Chapter 8 of the WESM Rules;

WHEREAS, on 12, 14 and 19 November 2019, the DOE conducted various public consultations on the said proposed amendments to solicit inputs and consider comments of stakeholders in the finalization of the amendments;

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 of the WESM Rules, as amended, are hereby further amended:

a. Section 2.3.1.1 (Generation Company) under Categories of WESM Member is amended to read as –

“2.3.1.1 A *Generation Company* with facilities directly connected to a *transmission system* shall register with the *Market Operator* as a *WESM member*. A *Generation Company* with *embedded generator* shall register with the *Market Operator* as a *WESM Member* if it meets the criteria under Clause 2.3.1.10; otherwise, it may register as a *WESM Member* on a voluntary basis.”

b. Section 2.3.1.3 (Generation Company) under Categories of WESM Member is amended to read as –

“2.3.1.3 *Subject to Clauses 2.3.1.5 and 2.3.1.6, a generating unit* or a group of *generating units* connected at a common *connection point* with a nameplate rating or a combined nameplate rating of greater than or equal to the following regional thresholds shall be classified as a *scheduled generating unit*:

- (a) 10 MW for *Luzon Grid*;
- (b) 5 MW for *Visayas Grid*; and
- (c) 5 MW for *Mindanao Grid*.”

c. Section 2.3.1.4 (Generation Company) under Categories of WESM Member is amended to read as –

“2.3.1.4 *Subject to Clauses 2.3.1.5 and 2.3.1.6, a generating unit* or a group of *generating units* connected at a common *connection point* with a nameplate rating or a combined nameplate rating less than the regional

thresholds provided in Clause 2.3.1.3, shall be classified as a *non-scheduled generating unit*, but may at its option be classified as a *scheduled generating unit*."

- d. New Section 2.3.1.13 (Generation Company) under Categories of WESM Member is added to read as –

"2.3.1.13 A *Generation Company* of an *embedded generator* shall register with the *Market Operator* if:

- (a) The *Pmax* of its *generating unit* is greater than or equal to 10 MW and is located in the *Luzon grid*, or 5 MW and is located in the *Visayas or Mindanao grids*; or
- (b) The *Pmax* of its *generating unit* is below the regional thresholds provided under Clause 2.3.1.10(a) but it has a *bilateral contract* outside its host *distribution utility*, or intends to sell to the *WESM*, or inject power to the *transmission system*; or
- (c) Its *generating unit* is under the *Feed-In Tariff system*."

- e. The term "Pmax" is added under Glossary (Chapter 11) to read as –

"Pmax. The maximum demand in MW that a *generating unit*, or generating block or module in case of a combined cycle power plant, can reliably sustain for an indefinite period of time, based on time generator capability tests as provided in the latest Certificate of Compliance."

- f. The term "Non-Scheduled Generating Unit" under Glossary (Chapter 11) is amended to read as –

"Non-Scheduled Generating Unit. A *generating unit* or a group of *generating units* connected at a common point with a nameplate rating and a combined nameplate rating less than the regional thresholds provided in Clause 2.3.1.3."

- g. The term "Scheduled Generating Unit" under Glossary (Chapter 11) is amended to read as –

"Scheduled Generating Unit. A *generating unit* so classified in accordance with Clause 2.3.1.2 (a)(i). A *generating unit* or group of *generating units* connected at a common *connection point* with a nameplate rating or a combined nameplate rating of greater than or equal to the regional thresholds provided in Clause 2.3.1.3."

Section 2. Amendments to the WESM Manual on Metering Standards and Procedures. The following provisions in the WESM Manual on Metering Manual on Metering Standards and Procedures Issue 12.0 are hereby amended:

- a. Section 2.8 (Communication Links for the Meter) under Metering Installation Standards is amended to read as –

"2.8. COMMUNICATION LINKS FOR THE METER

The communication link to be installed for *metering installations* of facilities directly connected to the *transmission system* shall be a dedicated line for metering purposes (e.g. PLDT, Bayantel, Digitel lines or GSM Modem) of the MSP.

The communication link to be installed for *metering installations of embedded generators* shall comply with the relevant provisions of the *Philippine Distribution Code.*"

- b. Section 2.9 (Security of Metering Installations and Data) and its Subsections under Metering Installation Standards are amended and renumbered to read as –

“2.9 SECURITY OF METERING INSTALLATIONS AND DATA

2.9.1 General Requirements

Security of *metering installations* of facilities directly connected to the *transmission system* shall comply with the requirements of this Section 2.9.

Metering installations of embedded generators shall comply with the security requirements of the *Philippine Distribution Code.*

2.9.2 Physical Security of Metering Equipment

xxx xxx xxx

2.9.2.1 Instrument transformers connections

xxx xxx xxx

2.9.2.2 Conduit Systems

xxx xxx xxx

2.9.2.3 Second Terminal Box

xxx xxx xxx

2.9.2.4 Meter Enclosure

xxx xxx xxx

2.9.2.5 Meter Test Block/Switch

xxx xxx xxx

2.9.2.6 Meter Seals and Padlock

xxx xxx xxx

2.9.2.7 Metering Perimeter

xxx xxx xxx

2.9.3 Security of Metering Data

2.9.3.1 Each metered *WESM Member* through its *Metering Services Provider* shall ensure that the metering data recorded in each *metering installation* is protected from direct local or remote electronic access, including during the transfer of such metering data to the communication interface of the metering database. The *Metering Services Provider* shall implement suitable password and other security controls.

2.9.3.2 Metering data shall be protected during delivery to the *Market Operator* other than electronic means, protected from access by persons other than itself regardless of the medium, including but not limited to diskette, CDs and paper, on or in which such metering data is transcribed, transferred or stored for purposes of such delivery.

2.9.3.3 Each *Metering Services Provider* shall keep all records of passwords for electronic access to metering data confidential.

2.9.3.4 The *Metering Services Provider* shall provide, for each *metering installation* in respect of which it is the *Metering Services Provider* 'read-only' passwords to the *Market Operator*.

2.9.3.5 The *Metering Services Provider* may, and at the request of the *Market Operator* shall, change one or more of the passwords relating to a *metering installation* in respect of which it is the *Metering Services Provider*."

c. New Section 2.10.4 under Redundant Metering Installation is added to read as –

"2.10.4 Facilities of *embedded generators* are not required to have alternate *metering*."

Section 3. Amendments to the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures. The following provisions in the WESM Market Manual on Registration, Suspension and De-Registration Criteria and Procedures, Issue No. 8.0 are hereby amended:

a. Section 1.4 (General Guidelines) and its Subsections under Introduction and General Guidelines are amended and renumbered to read as –

"1.4 General Guidelines

xxx xxx xxx

1.4.3 A *Generation Company* with *embedded generator* shall register with the *Market Operator* if:

- (a) The *P_{max}* of its *generating unit* is greater than or equal to 10 MW and is located in the *Luzon grid*, or 5 MW and is located in the *Visayas* or *Mindanao grid*; or
- (b) The *P_{max}* of its *generating unit* is below the regional thresholds provided under Section 1.4.3 (a) but it has a *bilateral contract* outside its host *distribution utility*, or intends to sell to the *WESM*, or inject power to the *transmission system*; or
- (c) Its *generating unit* under the *Feed-In Tariff system*.

1.4.4 Given the mandatory nature of membership in the *WESM* for relevant persons or entities, the *Market Operator* shall endeavor to ensure that no unnecessary barriers to entry to the *WESM* are presented.

1.4.5 Considering its implications, suspension and deregistration from the *WESM* shall be carried out in strict compliance with the procedures in this Manual.”

b. Section 2.5.4.1 (Generation Unit Classification) under Other Considerations is amended to read as –

“2.5.4 Other Considerations

2.5.4.1 Generation Unit Classification

(a) An Applicant wishing to register as *Generation Company* shall, upon application, classify each of the *generating unit* or group of *generating units* which form part of the generation system it owns or operates or controls or from which it otherwise sources electricity as either –

- (i) *Scheduled generating unit/s* for unit/s that are connected to a common *connection point* with a nameplate rating or a combined nameplate rating of greater than or equal to the following regional thresholds:
 - 10 MW for *Luzon Grid*
 - 5 MW *Visayas Grid*; and
 - 5MW for *Mindanao Grid*.

- (ii) *Non-scheduled generating unit/s* for unit/s that are connected at a common *connection point* with a nameplate rating and a combined nameplate rating of less than the regional thresholds for scheduled generating unit/s. However, the *Generation Company* may also elect to have such unit/s classified as *scheduled generating unit/s*.

- (iii) A *must dispatch generating unit* for a *generating unit* or group of *generating units* connected at a common *connection point* that is intermittent renewable energy resource-based, whether or not under the *Feed-In Tariff system*, such as wind, solar, run-of-river hydro or ocean energy with the corresponding DOE certification. However, the *Generation Company* may also elect to have such unit/s classified as *scheduled generating unit/s* or *non-scheduled generating unit/s* subject to this Section.
- (iv) A *priority dispatch generating unit* for a *generating unit* or group of *generating units* connected at a common *connection point* that uses biomass as fuel, that is under the *Feed-In Tariff system*, with the corresponding *Feed-In Tariff Certificate of Compliance* issued by the *ERC*. However, the *Generation Company* may also elect to have such unit/s classified as *scheduled generating unit/s* or *non-scheduled generating unit/s* subject to this Section.
- (v) *Battery Energy Storage System* are *generating units* that are connected at a common *connection point* that are capable of storing electrical energy through chemical reactions from which it is able to charge or discharge electrical energy to the power system and that can be dispatched to any operating level within their entire capacity range but are also constrained by a MW or MWh limit to (1) generate Energy, (2) curtail the consumption of Energy in the case of demand response, or (3) consume Energy. However, the *Generation Company* may also elect to have such unit/s classified as *scheduled generating unit/s* or *non-scheduled generating unit/s* subject to this Section.
- (vi) *Pumped-storage units* are *generating units* connected at a common *connection point* that is capable of storing water from a lower elevation reservoir to a higher elevation reservoir for the purpose of production of electrical power shall be classified as a *pumped-storage unit*. However, the *Generation Company* may also elect to have such unit/s classified as *scheduled generating unit/s* or *non-scheduled generating unit/s* subject to this Section."

c. Section 5.2.1 (Requirements for Cessation of Registration/Notice to the Market Operator) under Cessation of Registration is amended to read as-

"5.2.1 Requirements for Cessation of Registration/Notice to the Market Operator

5.2.1.1 A *WESM Member* wishing to cease to be registered in any one or more of the categories in which it is registered shall notify the *Market Operator*, *System Operator* and the *Network Service Provider* in writing.

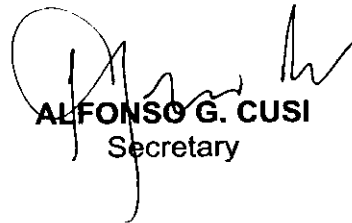
xxx xxx xxx

5.2.1.5 A voluntary *WESM Member* may de-register by following the procedures in this Section 5.2.1.”

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 15 days following its complete publication in at least 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 this _____ 2020 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


ALFONSO G. CUSI
Secretary



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