



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2021-11-0037

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY
SPOT MARKET (WESM) RULES AND 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 08 January 2021, the PEM Board formally endorsed the proposal to the DOE for its approval;

WHEREAS, on 18 May 2021, the DOE posted the Draft Department Circular on the abovementioned proposed amendments to solicit further comments from the market participants and other interested parties;

WHEREAS, the DOE to ensure transparency and consistency with the objectives of the EPIRA and the WESM, conducted virtual public consultations on the said proposed amendments on various dates as follows;

Date	Leg	Platform
29 June 2021	Luzon	Microsoft Teams
02 July 2021	Visayas	Microsoft Teams
06 July 2021	Mindanao	Microsoft Teams

WHEREAS, the DOE reviewed and finalized the said PEM Board-approved proposals, made revisions thereto taking into consideration the comments and recommendations received from the public consultations and subsequent discussions with the Market Operator;

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 Rationalization Of Billing Timelines. The following provisions in the WESM Rules is hereby amended.

- a. Original Clauses 2.3.1.13(b) under Clause 2.3.1 (Generation Company) is amended to read as:

"2.3.1.13

(a) xxx xxx xxx

(b) The *P_{max}* of its generating unit is below the regional thresholds provided under Clause 2.3.1.3(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) xxx xxx xxx

- b. New Clauses 3.14.5.3 and 3.14.5.4 under Clause 3.14.5 (Final Statements) are added to read as:

"3.14.5 Final Statements

3.14.5.1 xxx xxx xxx

3.14.5.2 xxx xxx xxx

3.14.5.3 If the *WESM Member* reasonably believes there was an error or discrepancy in the final statement issued 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. Thereafter the *Market Operator* shall immediately 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, 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."

- c. Original Clauses 3.14.8.2 and 3.14.8.3 under Clause 3.14 (Final Settlements) are amended to read as:

"3.14.8 Reporting of Errors and Disputes

3.14.8.1 xxx xxx 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 from the *WESM Member's* receipt of the final settlement statement.

3.14.8.3 Disputes in respect of the *Market Operator's* decision on the *WESM Member's* notification of error or discrepancy in a *final statement* in connection with Clause 3.14.8.2 may be raised within six (6) months from the *WESM Member's* receipt of the *Market Operator's* decision pursuant to the dispute resolution procedures set out in Clause 7.3. Provided, however, that the data contained in reports submitted by the System Operator pursuant to WESM Rules Clause 3.5.3.1 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 negotiation or pursuant to the dispute resolution procedures set out in Clause 7.3."

- d. 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

(a) xxx xxx xxx

(b) xxx xxx xxx

The *Market Operator* shall issue the adjustment to the *final statement* not later than three (3) 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."

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

"7.3.6 Disputes About Payment

If a dispute arises between a *WESM member* and the *Market Operator* over the latter's decision on the *WESM Member's* notification of error or discrepancy made in accordance with Clause 3.14.5, then

- (a) The dispute may be referred to the *Dispute Resolution Administrator* in accordance with Clause 7.3.4.2 within six (6) months from receipt of the *Market Operator's* decision;

xxx xxx xxx"

- f. 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 xxx 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. 8.0 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

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. Thereafter, the Market Operator shall review the final statement and render its decision no later than three (3) months from receipt of the WESM Member's notification of error or discrepancy."

- 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

xxx xxx xxx

- (c) Disputes in respect of the Market Operator's decision or revised final statements resulting from the WESM Member's notification of error or discrepancy in a final statement per Section 4.2.3(b), may be raised within six (6) months from the WESM Member's receipt of the Market Operator's decision. It shall be resolved by negotiation or 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 three (3) 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 Metering Standards and Procedures, Issue No. 13.0 are hereby amended.

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

- (e) Original Section 7.3.2 (Unresolved Meter Trouble Reports) under Section 7.3 (Issuance) is amended to read as:

"7.3.2 Unresolved Meter Trouble Reports

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) 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 Sections 7.2.1 and 7.2.4 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* over the latter's decision on the *WESM Member's* notification of error or discrepancy in a final statement, may be referred to the DRA within six (6) months from receipt of the *Market Operator's* decision. The *WESM Member* shall notify the *Market Operator* of its dispute of the *Market Operator's* decision over the final settlement or part of the supporting data, provided, however, that data contained in reports submitted by the *System Operator* pursuant to WESM Rules Clause 3.5.3.1 that have already become final shall not be subject of dispute.

"7.2.4 Once the dispute is resolved, the *Market Operator* shall issue, if necessary, the revised final statements within three (3) 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 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 fifteen (15) days following its complete publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked. Copies thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on NOV 19 2021 at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.


ALFONSO G. CUSI
Secretary

