



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

Department Circular No. DC 2010-03-0004  
gcs

**Adopting Further Amendments to the WESM Rules**

**Whereas**, Rule 8.6 of the Wholesale Electricity Spot Market (WESM) Rules provides for the approval by the Department of Energy (DOE) of proposals for any WESM Rules changes upon endorsement by the PEM Board;

**Whereas**, on 24 September 2008, 8 and 14 October 2008, the Interim Rules Change Committee (IRCC) approved for submission to the PEM Board changes in the WESM Rules to address market issues in the WESM identified by the Special WESM Rules Review Committee;

**Whereas**, after discussion, the PEM Board resolved on 13 January 2009 to approve for endorsement to the DOE the above stated changes to the WESM Rules;

**NOW THEREFORE**, pursuant to its authority under the WESM Rules, the DOE hereby issues, adopts and promulgates the following amendments to the WESM Rules.

**A. Amendments to the WESM Rules**

1. Clause 1.3.2.3 is amended to read –

**1.3.2.3. The PEM Board shall develop performance standards which monitor and provide an indication of, the Market Operator's performance with respect to:**

- (a) The Market Operator's responsibilities under the Act, its Implementing Rules and Regulations (IRR), the WESM Rules, the Philippine Grid Code (the Grid Code) and all other applicable laws, rules and regulations;
- (b) The achievement of the objectives of the Act and the WESM;  
and
- (c) The standards by which the Market Operator has been selected in accordance with terms of reference and/or the contract, of its selection as an Independent Market Operator.

**Every year, the PEM Board shall publish a Market Operator Performance Report in accordance with herein clause.**

**The Market Operator's performance standards shall be reviewed and approved by the DOE.**

2. Clause 1.5.1 is amended to read -

**1.5.1 Appointment of the PEM Auditor**

**1.5.1.1. The PEM Board shall appoint a PEM Auditor with such skills and expertise, and on such terms and conditions, as the PEM Board reasonably deems to be appropriate, taking into consideration the nature of the obligations and functions of the PEM Auditor, as set out in clause 1.5.2 and clause 5.2.6.**

**1.5.1.2. The PEM Auditor shall not currently or has not been employed within one year prior to the nomination date by any Philippine electric power industry participants.**

**1.5.1.3 The PEM Auditor must have sufficient relevant experience in one or more of the following fields:**

**(a) Power industry;**

**(b) Economics;**

**(c) Risk management;**

**(d) Information technology and information systems; and/or**

**(e) In such other fields as may be relevant to and required in the performance of audits.**

3. Clause 1.5.2 is amended to read -

**1.5.2 Responsibilities of the Auditor**

x x x

4. Clause 1.5.3 is added to read -

**1.5.3 Review of WESM Rules**

xxx

5. Clause 3.6.2.4 is added to read -

**3.6.2.4 The Market Operator, in coordination with the System Operator, and in consultation with the WESM Members shall regularly review the appropriateness and applicability of constraint violation coefficients levels in accordance with clause 10.4.11.1; and revise as maybe necessary to ensure that it reflects the actual conditions of the network. Such revisions shall be approved by the PEM Board and shall be published in accordance with the timetable.**

6. Clause 3.10.5 is amended to add-

3.10.5 xxx

a) xxx

**The Market Operator shall develop and publish the procedures for the determination of the market re-run prices. Such procedures shall provide the criteria and conditions for the market re-run and the timetable for implementation.**

7. Clause 3.13.1.1 (c) is amended to read -

(a) xxx

(b) xxx

(c) Provide evidence that the counterparty to the bilateral contract agrees with the submission made under this clause 3.13.1.1. **Such evidence shall be attached to the submission of schedule in 3.13.1.1(a).**

8. Clause 5.2.6 is amended to read -

5.2.6.1 The **PEM Auditor** shall arrange for a spot market audit to be performed once each quarter, or such other period as determined by the PEM Auditor.

5.2.6.2 xxx

5.2.6.3 **The PEM Auditor may engage, subject to the PEM Board approval, the services of a qualified third party Auditor as outlined in clause 1.5.2 and clause 5.2.6.2. The selection of third party Auditors shall be approved by the PEM Board.**

5.2.6.4 **The PEM Auditor shall prepare a report on the results of the spot market audit.** The said report shall be made available to the DOE, the ERC, the PEM Board and WESM members.

9. Clause 5.3.7 is added to read -

**5.3.7. Timetable**

**The Market Operator shall develop the timetable for the publication of market information in accordance with Chapter 5 of the WESM Rules.**

10. Clause 8.6.4.2 is amended to read -

8.6.4.2 Upon recommendation of the Rules Change Committee, the PEM Board shall ratify the classification system of rule change proposals developed by the Committee pursuant to clause 8.2.9 that will delineate proposals **that can be**

implemented upon PEM Board's approval and proposals that will require DOE's approval prior to implementation.

All WESM Rules changes implemented prior to DOE's approval shall be processed and submitted to the DOE for approval; otherwise, the effectivity of such WESM Rules changes shall be no more than six (6) months.

Every year, such classifications shall be reviewed and amended, if necessary.

This classification shall be approved by the DOE.

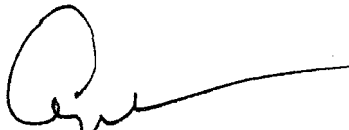
#### **B. Separability Clause**

Should any provision of this Department Circular be declared invalid or unconstitutional, the other provisions, so far as they are separable, shall remain in force.

#### **C. Effectivity**

This Department Circular shall take effect fifteen (15) days following its publication in two (2) newspapers of general circulation.

Signed this 27 day of MAR 2010 at the DOE, Energy Center, Merritt Road, Fort Bonifacio, Taguig City, Metro Manila.

  
**ANGELO T. REYES**  
Secretary



Republic of the Philippines  
DEPARTMENT OF ENERGY

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