



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT ORDER NO. DO 2014-01-0001

**CREATING A TECHNICAL WORKING GROUP TO ASSIST THE
PHILIPPINE ELECTRICITY MARKET AUDITOR UNDER THE
PHILIPPINE ELECTRICITY MARKET CORPORATION IN THE
CONDUCT OF 2nd METERING ARRANGEMENTS REVIEW**

WHEREAS, under Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA), it is hereby declared policy of the state to, among others:

- a. ensure the reliability and quality of supply of electric power;
- b. ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market; and
- c. protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power.

WHEREAS, the EPIRA mandated the Department of Energy (DOE) to supervise the restructuring of the electricity industry and jointly with the electric power industry participants, establish the wholesale electricity spot market and formulate the detailed rules governing the operations thereof;

WHEREAS, on 28 June 2002, the DOE promulgated the Wholesale Electricity Spot Market Rules (WESM Rules), which aims to promote competition, provide an efficient, competitive, transparent and reliable spot market;

WHEREAS, on 26 June 2006, the Wholesale Electricity Spot Market (WESM) started its commercial operations in the Luzon Grid, while the Visayas Grid was integrated effective 26 December 2010;

WHEREAS, pursuant to the governance/structure under the WESM Rules, the Philippine Electricity Market Auditor (PEM Auditor)/ PEM Audit Committee (PAC) was created among others, to conduct annual audits of the Market Operator (MO) and the settlement system and any other procedures, persons, systems or other matters relevant to the operation of the spot market;

WHEREAS, under 4.5.5.4 of the WESM Rules, the PEM Auditor/PAC, in consultation with the MO and the Metering Services Providers, shall review the security arrangements and requirement of metering installations annually;

WHEREAS, the National Grid Corporation of the Philippines (NGCP), as the current Metering Service Provider (MSP), shall be responsible to:

- a. ensure that the metering installations are provided, installed, tested, calibrated and maintained in accordance with the WESM Rules, the Philippine Grid and Distribution Codes and all applicable laws, rules and regulations;
- b. ensure the accuracy of each of the metering installations in accordance with the requirements of the WESM Rules, the Philippine Grid and Distribution Codes; and
- c. if the MO requires, provide remote monitoring facilities to alert the MO of any failure of any components of the metering installation, which might affect the accuracy of the metering data derived from that metering installation.

WHEREAS, the 1st Metering Arrangements Review was conducted thenceforth to review the compliance of the NGCP as the current MSP, with its obligations under the WESM Rules, the Philippine Grid Code and the Philippine Distribution Code under the supervision of the DOE.

WHEREAS, said Review was completed on 27 March 2013 and the PEM Auditor/PAC transmitted the External Auditor's Report to the DOE and the Energy Regulatory Commission (ERC) and a copy of which was provided to the PEM Technical Committee (PEM-TC) for their comments and recommendations.

WHEREAS, on 26 July 2013, the PEM-TC transmitted its comments and recommendations to the PEM Auditor/PAC and upon the latter's review of the former's submission, it supported the same and suggested that the 2nd Metering Arrangements Review be conducted in partnership with the PEM-TC.

WHEREAS, to ensure NGCP's commitment to address the findings and observations identified in the said Report, the DOE shall constitute a Technical Working Group (TWG) for the 2nd Metering Arrangements Review and shall be composed of the DOE, Philippine Electricity Market Corporation (PEMC) and National Transmission Corporation (TransCo) with no representatives from the Grid Management Committee (GMC) and the Distribution Management Committee (DMC) as they are already represented in the PEM-TC which shall form part of the TWG;

NOW THEREFORE, for and in consideration of the foregoing premises, a TWG is hereby created for the 2nd Metering Arrangements Review to assist the PEM Auditor/PAC in the preparation and implementation of an independent review of the metering services of the NGCP:

Section 1: Composition. The Technical Working Group (TWG) for an independent review of the Metering Services of the National Grid Corporation of the Philippines shall be composed of:

Chairperson : Director Mylene C. Capongcol, DOE

Members : Mr. Ferdinand B. Binondo, DOE
Atty. Maria Lourdes San Andres, PEMC
Ms. Maria Delia B. Arenos, PEMC
Mr. Bienvenido D. Valeros, TransCo
PEM-TC

Alternates : Mr. Bienvenido C. Mendoza, PEMC
Joseph Roseller M. Atienza, TransCo
Michael C. Bernabe, TransCo

Section 2: Responsibilities. The TWG shall assist the PEM Auditor/PAC and will be performing the following tasks:

1. Conduct of on-site inspection/audit of metering facilities;
2. Prepare the schedule and grouping of metering facilities for audit/review;
3. Participate in the Preliminary/Technical Conferences and public consultations;
4. Craft the necessary documents and formulating review processes;
5. Review and assess the deliverables submitted by the External Auditor;
6. Attend meetings as may be called by the PEM Auditor/PAC; and
7. Perform such other tasks as may be directed by the PEM Auditor/PAC.


Section 3. Regulatory Support. The Energy Regulatory Commission, consistent with its mandate to enforce the WESM Rules and regulate the transmission sector, shall extend assistance to this undertaking through an observer representative capable of providing technical and regulatory advice during the conduct of metering arrangements review.

Section 3: Confidentiality. All activities undertaken in the performance of such responsibilities by the TWG shall be approved by the PEM Auditor/PAC in consultation with the DOE and shall be made with utmost confidentiality and ensure that all documents, data and information in connection with the bidding and

the actual implementation of an independent review of the metering services of the NGCP shall not be released, reproduced or made available for other purposes.

Section 4: Effectivity. This Department Order shall take effect immediately.

Issued this 9th day of January 2014, Fort Bonifacio, Taguig City, Metro Manila.


CARLOS JERICHO L. PETILLA
Secretary



Republic of the Philippines
DEPARTMENT OF ENERGY

IN REPLYING PLS CITE:

SOE-JLP-14000109

