



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

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

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) MARKET MANUAL ON PROTOCOL FOR CENTRAL SCHEDULING AND DISPATCH OF ENERGY AND CONTRACTED RESERVES FOR THE IMPLEMENTATION OF ENHANCEMENTS TO WESM DESIGN AND OPERATIONS**

**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 WESM and formulate the detailed rules governing the operations thereof;

**WHEREAS**, on 28 June 2002, the Department of Energy (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 26 March 2014, the DOE directed the implementation of Central Scheduling and Dispatch of Energy and Contracted Reserves in the WESM in order to monitor all available generation capacity and to prepare the participants for the eventual commercial operation of the Reserve Market;

**WHEREAS**, on 02 December 2014, the Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves ("Protocol") was promulgated by the DOE, and amended on 12 November 2015, to provide the functions and responsibilities of the Market Operator, System Operator, Trading Participants, and WESM Members with respect to the scheduling and dispatch of energy and reserve capacities;

**WHEREAS**, on 22 December 2015 and 07 October 2017, the Central Scheduling and Dispatch of Energy and Contracted Reserves was implemented in Luzon grid and Visayas grid, respectively;

**WHEREAS**, on 23 October 2015, the DOE adopted enhancements to the WESM design and operations, which include, among others, the change from a 1-hour dispatch interval to a 5-minute dispatch interval;

**WHEREAS**, on 04 December 2019, the DOE directed that prior to the commercial operation of the Reserve market, that is, the co-optimization of energy and reserves in the WESM, the protocol for the central scheduling of energy and contracted

reserves in the WESM shall still apply, in accordance with the WESM Rules and relevant Market Manuals;

**WHEREAS**, on 30 March 2020, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted to the Rules Change Committee (RCC) the proposed urgent amendments to the Protocol, which is intended to be implemented upon the commencement of an energy only market for the enhanced WESM design and operations;

**WHEREAS**, on 01 April 2020, during the 163<sup>rd</sup> RCC Special Meeting, IEMOP presented the proposal noting that it addresses observed operational issues since 2015 and features the following urgent amendments, among others:

- a) Scheduling is within ramp-limited energy and upward/downward regulation capability every five (5) minutes during real-time dispatch;
- b) Dispatchable reserve providers can conform to the Ancillary Services nomination from its off-line state;
- c) Improve accounting of quantities for additional compensation claims in the WESM; and
- d) Clarify compliance requirements of ancillary service providers with the Central Scheduling Protocol under their Ancillary Services Procurement Plans.

**WHEREAS**, during said meeting, the RCC evaluated the proposal and gave due course to the comments, which are summarized as follows:

- a) On the Urgency of the Proposal:
  - i. Not urgent, since the grid security and power quality can still be maintained by the System Operator even if the Protocol is not updated;
  - ii. Urgent, since the revised Protocol would be a stopgap measure in the scheduling and dispatching of reserves while there is no Reserve Market yet on the Go-Live Date;
  - iii. Urgent, to address the commercial aspect of accounting reserves in the WESM by documenting and facilitating the better validation and accounting of energy and reserve quantities;
- b) The regulating reserves requirement should be clearly set based on a specified percentage of the demand for reference of Trading Participants;
- c) The binding schedule for reserves will still be those every one (1) hour interval under the Day-Ahead Ancillary Service Schedule (DAASS) even if the WESM real-time scheduling and dispatching of energy and reserves will be every five (5) minutes;
- d) The availability of generation capacities should have greater priority than ensuring that dispatchable reserve providers are not dispatched for energy;
- e) The System Operator is exempted from the confidentiality of metering data of Ancillary Service Providers per WESM Rules Clause 5.3.2. The Market

Operator and System Operator needs to share information for the proper accounting of Ancillary Service Incidental Energy and imposition of penalties, as applicable, by the System Operator;

**WHEREAS**, in view of the foregoing, the RCC certified the same as urgent after considering that it satisfies the criteria for urgent amendments specified in Section 3.1 of the Procedures for Changes to the WESM and Retail Rules and Market Manuals (“Rules Change Manual”), specifically, to facilitate the implementation of the energy only market for the enhanced WESM design and operations;

**WHEREAS**, the RCC approved the proposal, as amended, and its endorsement to the PEM Board;

**WHEREAS**, the RCC further approved to recommend the PEM Board’s endorsement to the DOE, for approval, considering that the Protocol was originally approved and amended by the DOE upon submission of the Philippine Electricity Market Corporation;

**WHEREAS**, on 29 April 2020, after due evaluation and deliberation, the PEM Board during its \_\_\_\_\_ Regular PEM Board Meeting, approved for endorsement to the DOE the above stated RCC-approved urgent proposal;

**WHEREAS**, on 04 May 2020, the PEM Board-approved urgent amendments were submitted to the DOE for final approval;

**WHEREAS**, on \_\_\_\_\_, the DOE conducted Public Consultations on the said proposed urgent amendments to ensure transparency and consistency with the objectives of the EPIRA and the WESM;

**WHEREAS**, the DOE reviewed the said PEM Board-approved proposal along with the comments and recommendations from the Public Consultations, made further revisions on the proposed urgent amendments for consistency with the objectives of the WESM such as transparency and efficiency;

**NOW THEREFORE**, pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following urgent amendments to the Market Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves:

**Section 1. Urgent Amendments to the Market Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves.** The provisions in the Market Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves as presented in the attached matrix (ANNEX A) of this Circular are hereby approved and adopted.

**Section 2. 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 3. 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