



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. _____

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY
SPOT MARKET (WESM) MARKET MANUAL ON REGISTRATION, SUSPENSION,
AND DE-REGISTRATION CRITERIA AND PROCEDURES 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 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, on 14 October 2016, the DOE promulgated the amended WESM Rules for the enhancements of WESM design and operations through Department Circular DC2016-10-0014;

WHEREAS, any changes, amendments, and modifications to the WESM Rules and its Market Manuals shall be undertaken in accordance with the provisions of Chapter 8 of the WESM Rules;

WHEREAS, on 12 February 2019, the Market Operator submitted to the Rules Change Committee (RCC) its proposed amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures;

WHEREAS, the proposal aims to enhance the WESM's registration processes and requirements for generation companies;

WHEREAS, on 22 February 2019, the RCC during its 149th RCC Meeting discussed with the Market Operator the abovementioned proposal, and thereafter approved the publication of the proposed amendments in the market information website to solicit comments from market participants and other interested parties;

WHEREAS, on 12 April 2019 and 17 May 2019, the RCC during its 151st and 152nd RCC Meetings, respectively, reviewed and deliberated on the proposal giving due course to the comments and recommendations received from the market participants and the DOE;

WHEREAS, the RCC during its 152nd RCC Meeting finalized the proposed amendments, and thereafter approved for endorsement to the PEM Board;

WHEREAS, on 29 May 2019, after due evaluation and deliberation, the PEM Board during its Regular PEM Board Meeting approved the above stated RCC-approved proposal for endorsement to the DOE;

WHEREAS, on 03 June 2019, the Philippine Electricity Market Corporation submitted to the DOE the abovementioned PEM Board-approved proposal for final approval;

WHEREAS, on ___ October 2019, the DOE conducted various public consultation on the said proposed 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 and the comments and recommendations from the public consultation, made further revisions on the proposed 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 amendments to the WESM Rules, Retail Rules and various Market Manuals:

Section 1. Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures. The following provisions in the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures are hereby amended:

- (a) Section 2.5.4.2 (Aggregation of Generating Units) under Other Considerations is amended to read as –

“2.5.4.2. Aggregation of Generating Units

A Generation Company that owns multiple generating units located in a single generating station shall, upon application, inform the Market Operator if it wishes to have an aggregated representation for such generating units in the Market Network Model. The Applicant, the Network Services Provider, Metering Services Provider, and the Market Operator shall agree on the manner of aggregated representation in accordance with the procedures set forth in relevant market manuals.”

- (b) Section 2.5.4.4 (Generation Registered Capacities) under Other Considerations is amended to read as –

“2.5.4.4. Aggregation of Generating Units

A *Generation Company* shall include in its application the *maximum stable load (Pmax)*, the *minimum stable load (Pmin)*, the *ramp up rate*, and the *ramp down rate* of each *generation unit* or aggregated *generation units* that are included in its application. The information provided to the *Market Operator* must be consistent with the information contained in the *Certificate of Compliance* or, in the absence thereof, a certification indicating the registered capacities and/or ramp rates of the generating unit issued by the *ERC* as well as submissions made to the *ERC* in relation to the issuance of its *Certificate of Compliance*. The *Generation Company* shall also include information on the location of the real-time monitoring facility where the *Pmin*, *Pmax*, and *ramp up/down rates* were certified against (i.e., gross generation, or net of station use). Should the location represent the gross generation output of the *generating system*, the *Generation Company* shall comply with the procedures provided for under Clause 2.5.4.5 of this *Market Manual*.”

- (c) New Section 2.5.4.5 (Modelling of Station Use of Generating Units) under Other Considerations is added to read as –

“2.5.4.5. Modelling of Station Use of Generating Units

A *Generation Company* shall inform the *Network Service Provider* and the *Market Operator* of the provisions of its station use so that it may be registered and considered in the *WESM Market Network Model*.”

- (d) New Section 2.5.4.6 (Modelling of Generating Units of Ancillary Service Providers) under Other Considerations is added to read as –

“2.5.4.6. Modelling of Generating Units of Ancillary Service Providers

If a *Generation Company* is registering as an *Ancillary Service Provider* and the *generating units* that will provide *ancillary services* are already represented in the *Market Network Model*, the *Generation Company* shall ensure that the *generating units* are represented in accordance with the requirements of the *System Operator*. If the representation of the *generating units* does not comply with the requirements of the *System Operator*, the *Generation Company* shall initiate changes in the representation of the *generating units* in accordance with Section 3.3.3.”

- (e) Section 2.5.5.1 (Submission and Preliminary Assessment of Applications) under Assessment of Applications is amended to read as –

“2.5.5.1. Submission and Preliminary Assessment of Applications

xxx xxx xxx

- b) Within five (5) working_days from receipt of application, the *Market Operator* shall advise the *Applicant* of any lacking requirement as well as additional information required to enable the proper assessment of the application. As provided for in *WESM Rules* clause 2.5.3.2, if the

Market Operator has not received the lacking requirement or additional information that it requires within the next fifteen *working days*, it may treat the application as withdrawn. The *Market Operator* shall notify the applicant in writing of the abandonment of the application.”

xxx xxx xxx”

- (f) Section 2.5.6.2 (Notice of Approval) under Approval of Applications is amended to read as –

“2.5.6.2. Notice of Approval

a) For approved applications, the *Market Operator* shall send a notice of approval to the *Applicant* within fifteen (15) *working_days* from completed submission by the applicant of the required application forms and supporting documents and information. The failure of the *Market Operator* to act on the application within this period shall not be deemed an approval of the application.

b) The registration of the *Applicant* shall take effect on the date specified in the notice of approval which shall be a date not more than seven (7) *working days* after the *Market Operator* sends the notice of approval or on the date when the Applicant complies with all the requirements provided under Clause 5.6.3 of this Manual, whichever is later. Subject to concurrence by the *Market Operator*, the effective date may be set on another date requested by the *Applicant*.”

- (g) Section 2.5.6.3 (Other Requirements for Approved Applications) under Approval of Applications is amended to read as –

“2.5.6.3. Other Requirements for Approved Applications

xxx xxx xxx

b) Participant Interface Access. The *Applicant* shall subscribe to and allow the *Market Operator* to apply or install a method employing encryption in its computers to provide secure access to the *WESM Market Management System*.

xxx xxx xxx”

- (h) Section 2.5.7 (Non-Approval of Applications/Remedies) under Registration of Direct WESM Members and Trading Participants is amended to read as –

“2.5.7. Non-Approval of Applications/Remedies

a) If an application is not approved, the *Market Operator* shall send within fifteen (15) *days* from completion of application requirements a written notice to the *Applicant* advising the latter that its application has been disapproved and the reason for the same.

b) The *ERC* shall be given a copy of the written notice within five (5) *working days* after its issuance to the *Applicant*.”

(i) Section 2.6.1.1 under Qualifications and Requirements is amended to read as –

“2.6.1.1. Persons or entities wishing to register as *WESM member* under this category must –

xxx xxx xxx

d) Comply with the technical requirements for *Ancillary Service Providers* set forth in the Philippine Grid Code, in the Ancillary Services Procurement Plan (ASPP) or in any other relevant documents that the *ERC* or *DOE* will promulgate.”

(j) Section 2.7.2.4 under Metering Services Provider is amended to read as –

“2.7.2.4. The following may not be registered as *Metering Services Providers*

xxx xxx xxx

b) A *Trading Participant* registered as a *Customer* as well as a *Network Services Provider* may not be registered as a *Metering Services Provider* in respect to any connection points that it owns. If such *Trading Participant* is also a *Metering Services Provider* and there is only one *Metering Services Provider* serving *Trading Participants* connected to the *transmission system* registered with the *Market Operator*, then it shall be allowed to provide metering services on an interim basis for a *market trading node* assigned to it or a *connection point* that it owns. The *Trading Participant* shall be allowed to provide *metering services* until another *Metering Services Provider* becomes authorized by the *ERC* and is registered with the *Market Operator* upon which the metering services shall be transferred to another *Metering Services Provider*.”

(k) Section 2.10.2.2 under Procedures for Application is amended to read as –

“2.10.2.2. Within five (5) *working days* from receipt of the application, the *Market Operator* shall advise the *Applicant* if it requires submission of additional information as would enable it to properly assess the application.”

(l) Section 2.10.3.2 (Notice) under Approval/Disapproval of Application is amended to read as –

“2.10.3.2. Notice. Within fifteen (15) *working days* from complete submission of the application and the additional information, the *Market Operator* shall

issue to the *Applicant* the notice of approval or disapproval of the application. If the application is disapproved, the notice shall indicate the reasons for such disapproval. The failure of the *Market Operator* to act on the application within this period shall not be deemed as an approval of the application.

- (m) Section 3.3.1 (Registered Capacities) and its Subsections under Facility-Related Changes are amended to read as –

“3.3.1. Registered Capacities and Ramp Rates

xxx xxx xxx

3.3.1.1. The *Trading Participant* wishing to change the registered capacities and/or ramp rates of its generating unit/s shall make a request in writing to the *Market Operator*. Such changes shall be in accordance with either the latest Certificate of Compliance (COC) or, in the absence thereof, a certification issued by the ERC indicating the new registered capacities and/or ramp rates of the generating unit in the *WESM*.

3.3.1.2. Changes submitted by the *Trading Participant* in the registered capacities and/or ramp rates of its generating units shall be accepted by the *Market Operator* based on the Certificate of Compliance (COC) or, in the absence thereof, a certification issued by the *ERC* indicating the new registered capacities and/or ramp rates of the generating unit.

3.3.1.3. The *Market Operator* shall notify the *PEM Board*, *ERC* and *DOE* of any changes in the registered capacities of *generating units* in the *WESM*.”

- (n) Section 3.3.2.3 under Re-classification of generation units is amended to read as –

“3.3.2.3. The *Market Operator* shall send a written notice to the *WESM member* of the approval or disapproval of the reclassification. If approved, the reclassification shall be effective on the date stated in the notice of approval but not earlier than seven (7) *working days* from issuance of the notice of approval by the *Market Operator*.

- (o) Section 3.3.4.1 under Retirement of Facilities is amended to read as –

“3.3.4.1. The *Trading Participant* whose facilities will be retired, mothballed, or otherwise will cease operations shall de-register said facilities by written notice to the *Market Operator* no later than eight (8) *working days* prior to the date such facilities will cease operations.”

- (p) Section 3.3.5.4 under Transfer of Registration of Facilities is amended to read as –

“3.3.5.4. The parties to the transfer shall submit a copy of the assignment or equivalent agreement to the *Market Operator*, together with the respective amended registration if applicable. If the transferee is not yet registered as a

WESM member, the transfer shall become effective on the date of approval of the registration of the latter as a *WESM member*. If the transferee is already registered as a *WESM member*, the transfer shall be effective on the date to be notified by the *Market Operator* which shall not be earlier than seven (7) *working_days* from receipt by the *Market Operator* of the amended registration from both the transferor and the transferee.”

- (q) New Section 3.3.6 (New Facility) and its Subsections under Facility-Related Changes are added to read as –

“3.3.6. New Facility

3.3.6.1. A registered *generation company* that has a new *generating system* and intends to trade the capacity of the new *generating system* through a separate *market trading node* shall register that *generating system* as an additional *facility*.

3.3.6.2. The registered *generation company* shall comply with the technical and commercial requirements under Section 2.5.3 and the procedures under Section 2.5.4 for its additional *facility*.

3.3.6.3. The *Market Operator* shall assess and approve the request for the registration of an additional *facility* in accordance with the procedures under Sections 2.5.5, 2.5.6, and 2.5.7.”

- (r) Section 5.4.2.1 under Issuance of Notices of De-Registration and Disconnection is amended to read as –

“Within five (5) *working days* from receipt or submission of the document/s specified in the foregoing section, the *Market Operator* shall issue a Deregistration Notice to the *WESM Member* or the *Metering Services Provider* sought to be deregistered. The Deregistration Notice shall be in writing and shall include the ground/s for deregistration; date of effectivity of the deregistration; and notice that the *WESM Member* subject to deregistration shall still be liable for its outstanding obligations to the *WESM*.”

Notwithstanding that the amended *WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures* shall be used for the implementation of enhancements to *WESM design and operations*, all the above-mentioned amendments shall be immediately implemented by the *Market Operator* for the current *WESM design* upon the effectivity of this Circular.

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. Repealing Clause. All issuances inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

Section 4. Effectivity. This Circular shall take effect 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 this ____ October 2019 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.

ALFONSO G. CUSI
Secretary