

Comments on the Draft Department Circular

Provision	Proponent	Comment	Response
<p>WHEREAS, Section 2 (b) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), declared the Policy of the State to, among others:</p> <p>a) Ensure the quality, reliability, security and affordability of the supply of electric power;</p> <p>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;</p> <p>c) Protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power; and</p> <p>d) Establish a strong and purely independent</p>		<p>No comments received.</p>	

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regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market;			
<p>WHEREAS, Section 37 of the EPIRA further mandates the Department of Energy (DOE), among other things to:</p> <p>a) Supervise the restructuring of the electric power industry;</p> <p>b) Jointly with the electric power industry participants, establish the wholesale electricity spot market and formulate the detailed rules governing the operations thereof;</p> <p>c) Formulate such rules and regulations as may be necessary to implement the objectives of the EPIRA; and</p> <p>d) Exercise such other powers as may be necessary or incidental to attain the objectives of the EPIRA;</p>		No comments received.	

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<p>WHEREAS, pursuant to its mandate, in consultation with the electric power industry participants, the DOE promulgated Department Circular No. DC2002-06-003 or the WESM Rules and established the Wholesale Electricity Spot Market (WESM);</p>		No comments received.	
<p>WHEREAS, on 18 November 2003, on the initiative of the DOE, the Philippine Electricity Market Corporation (PEMC) was incorporated as a non-stock, non-profit private corporation currently comprising of an equitable representation of electricity industry participants and currently designated as the autonomous group market operator (AGMO) of the WESM;</p>		No comments received.	
<p>WHEREAS, PEMC, as the AGMO, has been tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA;</p>		No comments received.	

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<p>WHEREAS, the Energy Regulatory Commission (“ERC”) has approved the Price Determination Methodology (“PDM”) for the WESM on 20 June 2006, the Administered Price Determination Methodology (“APDM”) and the Structure and Level of the Market Fees for the WESM on 22 June 2006;</p>		No comments received.	
<p>WHEREAS, on 21 June 2006, the DOE issued Circular No. 2006-06-0008 declaring the start of commercial operations of the WESM in the Luzon grid;</p>		No comments received.	
<p>WHEREAS, on 26 November 2010, the DOE issued Circular No. 2010-11-0012 declaring the start of commercial operations of the WESM in the Visayas grid and its integration with the Luzon Grid;</p>		No comments received.	
<p>WHEREAS, on 14 October 2016, the DOE issued Department Circular No. 2016-10-0014 adopting the</p>		No comments received.	

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<p>enhancements to WESM Design and Operations and on [] approved the corresponding amendments to the Price Determination Methodology through Department Circular No.</p>			
<p>WHEREAS, the on-going development of the New Market Management System by the PEMC pursuant to the enhancement WESM design policy stipulated in Department Circular No. 2016-10-0014 already considers the operationalization of the electricity market in Mindanao;</p>		No comments received.	
<p>WHEREAS, Mindanao has experienced excess generation supply in 2016 with the entry of 748 MW of new generation capacity and expected to increase further by 993 MW in 2017;</p>		No comments received.	
<p>WHEREAS, the WESM will provide a venue for efficient scheduling, dispatch and settlement of energy withdrawal and injections in the Mindanao</p>		No comments received.	

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Grid;			
<p>WHEREAS, the feasibility of interconnecting Mindanao to the Luzon-Visayas grids is being studied by the National Grid Corporation of the Philippines as part of the infrastructure support for the establishment of the WESM in Mindanao;</p>		No comments received.	
<p>WHEREAS, focused group discussions were held on the following dates and venues to discuss the preparation towards the launch of the WESM in Mindanao:</p>		No comments received.	
<p>WHEREAS, there is a need for additional preparations for the launch of the WESM in Mindanao and provide for transition arrangements until its commercial operations;</p>		No comments received.	

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<p>NOW, THEREFORE, premises considered, and pursuant to its authority under the EPIRA, the DOE hereby declares the following:</p>		<p>No comments received.</p>	
<p>Section 1. Launch of the WESM in Mindanao. The DOE hereby declares the launch of the WESM in the Mindanao grid on 26 June 2017 (hereinafter referred to as the “Launch Date”). The commencement of the commercial operations of the WESM in Mindanao (hereinafter referred to as the “Commercial Operation Date”) shall be subject to the fulfilment of criteria set forth in Section 2 below. PEMC shall submit a certification to the DOE on the status of the criteria at least fifteen (15) calendar days prior to the Launch Date. Upon the receipt of the said certification, the DOE shall determine its acceptability and sufficiency and shall determine the Commercial Operation Date.</p>	<p>EDC</p>	<p>We propose to rephrase the introductory paragraph as follows: "The WESM in Mindanao will have commenced full commercial operations on the date declared by the DOE that all of the following criteria have been complied with x x x"</p>	<p>Revised as follows: Section 2. Launch of the WESM in Mindanao. The DOE hereby declares the launch of the WESM in the Mindanao Grid effective 26 June 2017 (“Launch Date”) to provide sufficient time for the Market Operator (“MO”), System Operator (“SO”) and WESM Participants to prepare and familiarize themselves in WESM operations.</p> <p>Upon the Effectivity of this DC, all Electric Power Industry Participants in Mindanao Grid shall be considered WESM Participants and shall submit and comply with the registration requirements as prescribed in the WESM Rules and Market Manuals, no later than the Launch Date. PEMC shall consider the documents submitted during the registration in the Interim Mindanao Electricity Market (“IMEM”).</p> <p>All Embedded Generators (a) with installed capacity of at least 5 MW; (b) with installed capacity below 5 MW that have a contract outside its host distribution utility, or intends to sell to the</p>

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<p>All provisions of the WESM Rules, Market Manuals as amended, as well as the pricing methodology shall apply to the WESM in Mindanao. Prior to the establishment of the physical infrastructure connecting the Mindanao grid to the Luzon-Visayas grids, prices and dispatch schedules for Mindanao shall be separate.</p>			<p>WESM, or inject power to the Grid; and (c) all Feed-in-Tariff (“FIT”) eligible Renewable Energy (“RE”) plants shall be registered in the WESM. Embedded Generators with installed capacity below 5 MW and do not fall under the (b) or (c) conditions may register in the WESM on a voluntary basis.</p> <p>For purposes of testing all market systems for scheduling, dispatch, pricing, metering, and settlements, including the interfaces between PEMC and National Grid Corporation of the Philippines (“NGCP”), PEMC as the MO shall conduct Trial Operations (“TOP”) consistent with Section 3 hereof.</p>
<p>Section 2. Criteria for Commencement of Full Commercial Operations. The WESM in Mindanao will have commenced full commercial operations on the date declared by the DOE that the following criteria have been complied with:</p>	EDC	<p>We propose to rephrase the introductory paragraph as follows: <i>“The WESM in Mindanao will have commenced full commercial operations on the date declared by the DOE that all of the following criteria have been complied with: x x x”</i></p>	Noted on the concerns.
<p>2.1 All systems and procedures including all interfaces with the participants and service providers necessary for the operation of the WESM in the Mindanao grid are in</p>		No comments received.	

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place and pursuant with the requirements set under the WESM Rules;			
2.2 The Trial Operations Program (TOP) was implemented successfully commencing on 26 February 2017 with the System Operator and on 26 March 2017 with the Market Participants;		No comments received.	
2.3 The forecasting, scheduling, dispatch, pricing, metering, and settlement processes of the WESM are fully operational in the Mindanao grid;		No comments received.	
2.4 Training programs shall have been conducted for the WESM Mindanao Trading Participants;		No comments received.	
2.5 The price determination methodology for the enhanced WESM design has been approved by the ERC and duly published; and		No comments received.	
2.6 The Market Dispatch Optimization Model (MDOM) has been	DASURECO	How is MDOM compliant to the WESM Rules? How transparent are the transactions/ dispatches of the	The MDOM is pursuant to the WESM Rules and certified by an independent auditor

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certified as compliant with the WESM Rules by an independent auditor.		generators? How do we know if it is the optimum dispatch of the generators?	All information such as dispatch schedules are published in the WESM website. Also, each WESM participants may access their transactions through Market Participant Interface.
<p>Section 3. Transition Arrangements on the Dispatch of Capacities and Nomination of Demand. The National Grid Corporation of the Philippines shall continue to implement the existing dispatch protocol as indicated in the attached Annex A, for the system operations in the Mindanao grid during the preparations for the integration of Mindanao to the WESM.</p>		No comments received.	
<p>Section 4. Mandatory Registration in the WESM. Consistent with WESM Rules Clause 2.2.4.2, upon the effectivity of this Circular, all electric power industry participants in Mindanao shall be considered WESM members and are therefore enjoined to submit registration documents in the WESM</p>	AMRECO	Which of the provision prevails, Sec 5 which states that all electric power industry participants in Mindanao shall be considered registered WESM members or Sec. 4 which states that all registration made under the IMEM shall translate as WESM Registration subject to further requirements identified by the Market Operator necessary for the smooth transition to and operationalization of the WESM Mindanao.	<p>Yes. This was addressed in Section 2. Launch of the WESM in Mindanao.</p> <p>xxx <i>Upon the Effectivity of this DC, all Electric Power Industry Participants in Mindanao Grid shall be considered WESM Participants and shall submit and comply with the registration requirements as prescribed in the WESM Rules and Market Manuals, no later than the Launch Date. PEMC shall consider the documents submitted during the</i></p>

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<p>to ensure proper accounting of supply and demand in the Mindanao grid specifically during the TOP and the Launch Date. In the registration of WESM members in Mindanao, PEMC shall give due regard to the documents submitted as IMEM registration that may be deemed applicable.</p>			<p><i>registration in the Interim Mindanao Electricity Market (“IMEM”).</i> xxx</p>
	<p>STEAG State Power Inc.</p>	<p>On the basis of the protocol to be adopted in the nomination of contracted capacities, SPI respectfully seeks clarification if it will be required to register as a Direct WESM Member or Indirect WESM Member (if capacity generated by the SPI Coal Plant will be transacted through NPC or TMI).</p>	<p>PSALM will be registered as the trading participant since PSALM is the one nominating the SPI capacity and it is also the counterparty for the CSEEs. For power plants with IPPAs, the IPP and IPPAs shall agree on their internal protocol. This will also apply with the 10 MW share of TMI.</p>
		<p>Further, suggest to strengthen Section 4 to ensure that “all entities that are withdrawing or injecting electricity in the grid, including embedded generator, that have significant impact on market outcome are required to register”.</p>	
<p>All embedded generators (a) with installed capacity of five (5) MW and above and (b) those with installed capacity below 5 MW that have a contract outside its</p>	<p>ABOITIZ</p>	<p>We would like to kindly note that currently in Luzon and Visayas, embedded generators will only register in WESM if they want to sell their power to the grid. Maybe we can adopt the same with WESM Mindanao.</p>	<p>Under the Clause 2.3.1.1 of the WESM Rules, all embedded generators are required to register in the WESM. The threshold proposed for Mindanao is actually a relaxation of the Rule.</p>

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<p>host distribution utility, which intends to sell to the WESM, or inject power to the grid shall likewise be registered in the market and shall be required to submit the necessary information to assist the Market Operator in providing optimal dispatch schedule and pricing in the market. Embedded generators with installed capacity below 5 MW and do not fall under the above conditions may register in the WESM on a voluntary basis.</p>	<p>MINERGY</p>	<p>We would like to be clarified whether or not the embedded generators with installed capacity above 5MW, but do not intend to sell to the WESM or inject power to the grid, are mandated to register in the WESM. We suggest rephrasing the said section to avoid ambiguity in the interpretation of the above provision.</p> <p>We note that the mandatory registration requirement of embedded generators to the WESM is peculiar only to the proposed Mindanao WESM. For an embedded generator that is fully contracted with its host DU, it has no economic benefit to register with the WESM vis-à-vis its cost recovery concern as this is taken cared by its contract. Many of the embedded generators in Mindanao are diesel-fired and are less likely to be dispatched while the capacities from coal and other non-diesel plants are in excess; the costs therefore in participating in the WESM for these generators will not be recovered.</p> <p>Suggestion: We suggest that for embedded generators who do not intend to sell to the WESM or inject power to the grid may register in the WESM on a voluntary basis</p> <p>For embedded fossil/RE generators with capacities of 5-MW and above that have bilateral contracts with DUs or are FIT-</p>	<p>It is already provided in the Circular that embedded generators with at least 5 MW and above will register in the WESM for central dispatch and scheduling. Embedded generator and its DU shall have the opportunity to reconcile any imbalances in its contractual arrangement thru the declaration of bilateral contract quantities vis-a-vis metered quantities.</p>

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		<p>eligible, their rates were already approved by the ERC and are fixed for the next twenty or twenty-five years. Additional investments brought by WESM mandatory registration (e.g., RTUs and associated telecommunication facilities) could not be recovered.</p> <p>Suggestion: We suggest that the DOE Department Circular, if it insists on the mandatory registration of embedded generators, shall include a provision for the cost recovery of the additional investments brought by the WESM mandatory registration.</p>	

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	Alsons Power and DASURECO	<p>The circular should not cover the embedded generators which do not intend to sell power to the WESM. These generators are not using the grid. The National Grid Corporation of the Philippines (NGCP) should have no business controlling their dispatch. It is the distribution utility (DU) who should be in control.</p> <p>In extending the coverage of the circular to embedded generators which do not intend to sell power to the WESM, the dispatch protocol under this circular will apply to the said generators. For instance, NGCP will now apply the priority dispatch protocol to embedded generators. This cannot be done as the embedded generators should be at the disposal of the DUs where they are connected.</p> <p>In a practical sense, embedded generators which do not intend to sell power to the WESM have no business with the WESM. There is no other possible use for their coverage except to give NGCP control over them. NGCP cannot command the embedded generators' dispatch. That power belongs to the DU to which the embedded generator is contracted.</p> <p>Moreover, the embedded generators which do not intend to sell power to the WESM cannot benefit from their inclusion in the WESM. On the contrary, these generators will be spending money for their registration with the PEMC, especially in putting up the required prudential requirements. These expenses are for nothing because they won't sell power to the WESM. Can they even recover that? If</p>	<p>It is already provided in the Circular that embedded generators with at least 5 MW and above will register in the WESM for central dispatch and scheduling. Embedded generator and its DU shall have the opportunity to reconcile any imbalances in its contractual arrangement thru the declaration of bilateral contract quantities vis-a-vis metered quantities.</p>

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<p>Section 5. Trial Operations. PEMC, as the Market Operator, shall conduct TOP with the Mindanao WESM participants and System Operator to ensure their readiness for the WESM commercial operations. Such trial operations shall include a limited live dispatch operation (LLDO), which shall involve the implementation by the System Operator of the dispatch schedules generated by the WESM Market Management System (MMS) but without financial settlement. For this purpose,</p> <p>5.1 PEMC shall prepare the detailed guidelines for the TOP;</p> <p>5.2 Generators are mandated to participate in the TOP and limited live dispatch operations (LLDO);</p> <p>5.3 PEMC shall submit a readiness assessment to the DOE at fifteen (15)</p>	MINERGY	<p>PEMC shall conduct the TOP with the Mindanao WESM Participants and the System Operator to ensure their readiness for the WESM commercial operations. It is very important that the views of the Mindanao Market Participants with respect to their readiness to the WESM are known by the DOE and other stakeholders.</p> <p>Suggestions:</p> <p>a. We suggest that the detailed guidelines to be prepared by PEMC for the TOP shall be subject to review/comments by the market participants to ensure that their concerns with regards to the TOP are considered;</p> <p>b. PEMC's readiness assessment should not only take into account their own assessment but should include the self-assessment of the market participants. In this way, the DOE can get a better assessment on the readiness of Mindanao electricity stakeholders.</p>	In the preparation of the TOP guidelines, PEMC shall coordinate with the market participants.
<p>5.1 PEMC shall prepare the detailed guidelines for the TOP;</p> <p>5.2 Generators are mandated to participate in the TOP and limited live dispatch operations (LLDO);</p>	CEPALCO	The TOP should also include a simulated financial settlement. This is to avoid a similar situation in the IMEM wherein the issues were mostly on the financial settlement	Simulated financial settlements is already part of the TOP.
<p>5.3 PEMC shall submit a readiness assessment to the DOE at fifteen (15)</p>	EDC	We seek clarification on whether non-registered WESM generators are also mandated to take part in the trial operations.	WESM is a gross pool market. Therefore, all generators must register and be part of the TOP. For power plants with IPPAs, the IPP and IPPAs shall agree on their internal protocol.

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<p>days before the Launch Date as provided in Section 1 hereof.</p>	<p>First Gen</p>	<p>The trial operations is very badly needed as there had been billing disputes in the IMEM implementation before.</p> <p>The TOP runs or iterations should record the successful transactions and the issues experienced.</p> <p>The trial operations shall also assess the accuracy of the billing determinants with the WESM participants and Market Operators. There should be a TOP iteration to iron out concerns that the participants will encounter.</p>	<p>Already addressed in the revised Section 3. Trial Operations Program, requiring PEMC to submit weekly reports to the DOE of the results of the TOP.</p>
	<p>PSALM</p>	<p>Please consider the provision below to be included in the WESM Mindanao Transition Arrangements: Section 5.4 The existing Billing and Settlement Protocol for the IMEM and the timeline shown below should stay during the conduct of the Trial Operations (attached table)</p>	<p>Already addressed in the Interim Dispatch Protocol included in the Circular.</p>

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		<table border="1"> <thead> <tr> <th colspan="8">DAY OF THE MONTH</th> </tr> <tr> <th>ENTITY</th> <th>27 to 29</th> <th>30</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>NGCP</td> <td>1. Submission of Metered Quantities (MQ) to IMEM Participants</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>PEMC</td> <td></td> <td>2. Compute System Loss and distribute to IMEM Participants</td> <td></td> <td>4. Submit IPP Declaration to PSALM ETD</td> <td></td> <td></td> <td>6. Verify Ex-Post Quantities submitted by PSALM</td> </tr> <tr> <td>IPPs</td> <td></td> <td></td> <td>3. Submit declaration for its Customers to PEMC</td> <td></td> <td></td> <td>Submit to PSALM TMI's declaration*</td> <td></td> </tr> <tr> <td>PSALM ETD</td> <td>Prepare Customers Load Profile for Billing*</td> <td></td> <td></td> <td></td> <td>TMI Share In STEAG* 5. Prepare Ex-Post Quantities</td> <td></td> <td>7. Submit to NPC Accounts Management Department for Bill Preparation</td> </tr> </tbody> </table>	DAY OF THE MONTH								ENTITY	27 to 29	30	1	2	3	4	5	NGCP	1. Submission of Metered Quantities (MQ) to IMEM Participants							PEMC		2. Compute System Loss and distribute to IMEM Participants		4. Submit IPP Declaration to PSALM ETD			6. Verify Ex-Post Quantities submitted by PSALM	IPPs			3. Submit declaration for its Customers to PEMC			Submit to PSALM TMI's declaration*		PSALM ETD	Prepare Customers Load Profile for Billing*				TMI Share In STEAG* 5. Prepare Ex-Post Quantities		7. Submit to NPC Accounts Management Department for Bill Preparation	
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<p>Section 6. Termination of the Interim Mindanao Electricity Market (IMEM). The DOE's declaration of the commencement of the full commercial operation of the WESM in Mindanao shall automatically terminate the implementation of the IMEM.</p>	First Gen	<p>What's the difference of IMEM and WESM Mindanao?</p> <p>IMEM was implemented temporarily but was also stopped after some time.</p>	<p>The difference between WESM and IMEM is the former is a real-time market while the latter is a day-ahead market. We already have experiences from IMEM that we can use to improve the operation of electricity market in Mindanao.</p>																																																
	AMRECO	Need to clarify what the interim procedure refers to, is it the dispatch protocol, market operation etc?	The Interim Dispatch Protocol prior to the commercial operation of the WESM.																																																
	AMRECO	This provision should be deleted. This should be settled separately outside of the rules. Obligation cannot be incorporated specifically settlement to the new rules. These are two separate issues.	Yes, settlement of outstanding IMEM billings is being done separately.																																																

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<p>Section 7. Additional Responsibilities of the Market Operator. The Philippine Electricity Market Corporation as the Market Operator for the WESM in Mindanao shall undertake the following additional responsibilities:</p>		No comments received.	
<p>7.1 Ensure completion of the New Market Management System for the timely commercial operation of the WESM in Mindanao;</p>		No comments received.	
<p>7.2 Coordinate with the WESM Governance Committees on the preparation and updating of rules, conduct of studies and audits necessary for the efficient integration of the WESM in Mindanao;</p>	DASURECO	Composition of the Governance Committees should come from performing EC in Mindanao	<p>This was incorporated in the revised Department Circular, particularly in Section 1 Guiding Principles as follows:</p> <p><i>1.2 Support representation of Mindanao stakeholders through the establishment of a Mindanao WESM Transition Committee to be attached as one of the committees under the Philippine Electricity Market (“PEM”) Board, and representations in the PEM Board and other working committees as may be applicable</i></p>

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			Note that this provision was deleted in the revised Department Circular.
7.3 Coordinate with the System Operator and other WESM Mindanao Participants for the preparation and completion of procedures necessary for the efficient operation of the WESM in Mindanao;		No comments received.	
7.4 Secure relevant information and data needed from the System Operator and WESM Mindanao Participants for the development of the market network model for the WESM in Mindanao;		No comments received.	
7.5 Ensure readiness and availability of relevant interfaces with the System Operator and WESM Mindanao Participants for seamless workflow during the trial runs and the actual market operations;		No comments received.	
7.6 Seek recovery with the ERC of just and prudent costs incurred in the implementation of this policy;	DASURECO	What are the probable costs to be incurred in the implementation, or DELETE this provision.	The cost of operation of the market which is covered by the market fees collected from generators as approved by the ERC.

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7.7 Participate in all fora, conduct of trainings and other activities for the smooth integration of Mindanao to the WESM; and		No comments received.	
7.8 Assist in all activities relating to the integration of the Mindanao in the WESM, as may be necessary, or, as may be directed by the DOE.		No comments received.	
Section 8. Responsibilities of the National Grid Corporation of the Philippines. The National Grid Corporation of the Philippines as the System Operator, Transmission Network Service Provider and WESM Metering Service Provider shall:	DMC	For the purpose of consistency with the Philippine Grid Code 2016 Edition, the DMC suggests removing the word “Service” in “Transmission Network Service Provider”	The WESM Rules provide that NGCP is a Network Service Provider (NSP).
8.1 Coordinate with the Market Operator for the preparation and completion of procedures necessary for the efficient operation of the WESM Mindanao;		No comments received.	
8.2 Provide to the Market Operator necessary information and		No comments received.	

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data relevant to the development of the market network model for the WESM Mindanao;			
8.3 Ensure the readiness and robustness of all its transmission networks and related facilities such as to comply with systems security requirements and other processes to allow non-discriminatory access and optimal dispatch of generating facilities in Mindanao;	DASURECO	What is the sanction of NGCP if section 8.3 is not satisfied?	Monitoring is included in Transmission Development Plan. Reliability and transmission congestion are included in the NGCP's Performance Incentive Scheme (PIS).
8.4 Ensure the readiness of all metering facilities in accordance with the WESM Rules;	DASURECO	NGCP should provide the metering facilities compliant to the WESM requirements.	Yes, this is already part of the responsibility of NGCP.
8.5 Ensure readiness and availability of relevant interfaces with the Market Operator for seamless workflow during the trial runs and the actual market operations;		No comments received.	
8.6 Complete the Visayas Mindanao interconnection by December 2020 to ensure the integration of Mindanao WESM into the Philippine WESM.	DASURECO	What is the sanction if the interconnection is not completed?	That will be addressed separately. Note that this provision was deleted in the revised Department Circular.

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8.7 Participate in all fora, conduct of trainings and other activities for the smooth integration of Mindanao the WESM Mindanao; and		No comments received.	
8.8 Assist in all activities relating to the integration of Mindanao in the WESM, as may be necessary, or, as may be directed by the DOE.		No comments received.	
Section 9. Responsibilities of Electric Power Industry Participants in Mindanao. All Mindanao WESM Members are enjoined:	AMRECO	Please note that the title of the circular does not connote that it is a guideline but it is only a transition arrangement. “DECLARING THE LAUNCH OF THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) IN MINDANAO AND PROVIDING FOR TRANSITION ARRANGEMENTS”	Please note that the title of the Department Circular was revised as follows: DECLARING THE LAUNCH OF THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) IN MINDANAO AND PROVIDING FOR TRANSITION GUIDELINES
	First Gen	A list detailing the criteria of who the electric power industries are will be very helpful.	The provision was revised as follows: Section 7. Responsibilities of WESM Participants Electric Power Industry Participants was changed to WESM Participants as defined in the WESM Rules and Market Manuals.
9.1 To cooperate and fully comply with the guidelines for trial operations, and the instructions of PEMC or		No comments received.	

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the System Operator relating to the implementation of WESM Mindanao;			
9.2 Provide necessary data and information relevant to the development of the market network model for the WESM in Mindanao;		No comments received.	
9.3 Ensure availability of necessary infrastructure such as Market Participants' Interface and WESM compliant metering installations, among others;		No comments received.	
9.4 Seek recovery with the Energy Regulatory Commission of just and prudent costs incurred in the implementation of this policy;	Alsons Power and DASURECO	The companies cannot recover the costs incurred in the implementation of this policy because gencos can only recover generation costs. Certainly, the costs incurred in the implementation of this policy are not generation costs.	The Department Circular provides for ERC regulatory support.
9.5 Participate in all fora, conduct of trainings and other activities for the smooth integration of Mindanao to the WESM; and		No comments received.	

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9.6 Assist in all activities relating to the integration of Mindanao in the WESM, as may be necessary, or, as may be directed by the DOE.		No comments received.	
<p>Section 10. Responsibilities of Mindanao Electric Cooperatives. All Electric Cooperatives in Mindanao are enjoined to support implementation and comply with the enforcement of this Circular. Towards this end, the Mindanao ECs shall:</p>	DISTRIBUTION MANAGEMENT COMMITTEE	The DMC views that it is only Electric Cooperatives connected to the Mindanao Grid that shall be mandated to participate under the WESM in Mindanao. Hence, the DMC suggests adding “Grid-connected” before “Electric Cooperatives” in Section 10	<p>This was addressed in Section 2 Launch of the WESM in Mindanao: xxx <i>Upon the Effectivity of this DC, all Electric Power Industry Participants in Mindanao Grid shall be considered WESM Participants</i> xxx</p> <p>However, please note that this provision was removed in the revised Department Circular.</p>
10.1 Register with the Market Operator and submit all required data and documents as may be determined including but not limited to distribution system configuration and establishment of a Market Participant Interface (MPI);		No comments received.	
10.2 Coordinate with the National Electrification Administration on any required assistance to ensure readiness in the new market environment, including, but not limited to		No comments received.	

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securing the prudential guarantees and seeking regulatory approvals for the recovery of the same;			
10.3 Comply with all technical and documentary requirements of the System Operator including but not limited to distribution system configuration;		No comments received.	
10.4 Participate in all activities prior to the Launch Date including but not limited to TOP, trainings, consultations and other fora that may be organized for the successful establishment of Mindanao WESM;		No comments received.	
10.5 Ensure compliance to key performance standards and updating of outstanding balances with power providers and work out as necessary a special payment arrangements to address the same;		No comments received.	

Provision	Proponent	Comment	Response
<p>10.6 In coordination with the DOE, NEA and PEMC, conduct information, education and communication (IEC) campaign to its member consumers on the benefits and potential changes the establishment of WESM may brought upon the EC operations and the consumers in general;</p>	<p>First Gen</p>	<p>What about for the private DUs?</p> <p>DOE & PEMC should also support by providing handouts/materials that the ECs can relay to its member-consumers.</p>	<p>Noted on the concern. This is part of the communication plan.</p>
<p>10.7 Assist in all activities relating to the integration of Mindanao in the WESM, as may be necessary, or, as may be directed by the DOE.</p>		<p>No comments received.</p>	
<p>Section 11. Responsibility of the National Electrification Administration. The National Electrification Administration shall ensure that all Mindanao electric cooperatives are technically and financially prepared to operate under the deregulated electricity market, consistent with its mandate under section 58 of the EPIRA. Towards this end, the NEA shall undertake the following:</p>		<p>No comments received.</p>	

Provision	Proponent	Comment	Response
11.1 Assist the ECs in securing sufficient amount of prudential guarantees and filing with the ERC on the recovery of the same;		No comments received.	
11.2 Pursue completion of initiatives undertaken in line with DOE Circular No. DC2012-06-0007 entitled <i>“Directing the National Electrification Administration to Develop a Mechanism for Ensuring the Adequacy of and Compliance by the Electric Cooperatives with the Prescribed Prudential Requirements in the Wholesale Electricity Spot Market and Spearhead the Collective Petition Thereof for the Approval of the Energy Regulatory Commission”</i> for the recovery of prudential requirements needed by the ECs;		No comments received.	
11.3 Provide guidance to ECs in the transition to the new market environment and ensure timely compliance of the ECs to all requisites for their successful		No comments received.	

Provision	Proponent	Comment	Response
registration in the WESM;			
11.4 In coordination with the DOE and PEMC, conduct information, education and communication (IEC) campaign to the ECs on the benefits and potential changes the establishment of WESM may brought upon the EC operations and the consumers in general;		No comments received.	
11.5 Assist in all activities relating to the integration of Mindanao in the WESM, as may be necessary, or, as may be directed by the DOE.		No comments received.	
Section 12. Regulatory Support. The ERC shall ensure the provision of support in the regulatory requirements and approvals consistent with the policies set forth under this Circular and in accordance with existing laws and procedures.		No comments received.	

Provision	Proponent	Comment	Response
<p>Section 13. Repealing Clause. Except insofar as may be expressly manifested as inconsistent herewith, nothing in this Circular shall be construed as to repeal any of the mechanisms already existing or responsibilities provided for under existing rules.</p>		No comments received.	
<p>Section 14. 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.</p>		No comments received.	
<p>Section 15. Effectivity. This Circular shall take into effect fifteen (15) days from its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.</p>		No comments received.	
<p>Issued _____ on _____ at _____ Energy Center, Bonifacio Global City, Taguig City.</p>		No comments received.	