

General Comments on the Draft Department Circular

Proponent	Comment	Response
AMRECO	<p>The AMRECO is consistent in strongly reiterating its proposal for the establishment of an independent market in Mindanao that should be separate from the WESM administered by PEMC and should only be managed by the stakeholders and market participants in Mindanao.</p>	<p>We noted the concerns of AMRECO, however, setting up a market operator other than PEMC may take time and significant amount of resources.</p> <p>Further, the AMRECO proposal of establishing a separate market in Mindanao has no legal basis since it is only within the mandate and authority of the DOE. There are many venues for AMRECO to participate.</p> <p>Note: Comments submitted were based on the initially posted draft DC, no comments received during Pubcons, not attended a single Pubcon.</p>
ABOITIZ	<p>We support the establishment of WESM Mindanao as part of government's effort of providing a reliable and stable power supply and keeping with the targets set forth by EPIRA.</p> <p>However, we also recognize that in the initial WESM implementation, distribution utilities and electric cooperatives may have some difficulties in terms of establishing their processes and infrastructure to comply with WESM. As such, we propose that these DUs/ECs with limited capabilities should become Indirect WESM members of one of their contracted generators.</p> <p>In the absence of any contract or acceptance</p>	<p>On DUs/ECs with limited capabilities should become Indirect WESM members of one of their contracted generators, we interpose no objection as this is provided for in the WESM Rules.</p> <p>On the recommendation for NPC/PSALM to act as the Default</p>

	of any generator to be their Direct WESM Member, NPC/PSALM should act as the default Direct WESM Member for these DUs/ECs.	Supplier for DUs/ECs without contracts with any generator, we have reservations on the proposal considering this will further expose PSALM to financial burden. In the case of LASURECO and MAGELCO, PSALM is actually the main supplier subject to their respective Contracts for the Sale of Electric Energy (CSEEs).
	Moreover, we agree that NEA should be the one to assist these ECs in complying with the WESM standards, both technical and financial. Series of training should also be conducted to prepare the new market participants, especially since the new MMS will be used in WESM Mindanao.	We agree. NEA, as the supervising agency, and consistent with EPIRA is mandated to provide assistance or capacity-building to the ECs in the areas technical, financial and institutional. Further, IECs/Trainings will be jointly conducted by DOE and PEMC on WESM operations. Trainings will be scheduled in Mindanao upon promulgation of the Department Circular. Schedules and details will be posted at the DOE and PEMC websites.
	We also recognize that the interim dispatch protocol will still be significant. Thus, we kindly propose that the issues on imbalances (nominated vs actual dispatch) should still be resolved.	This is being addressed by the Interim Dispatch Protocol being discussed and finalized with PIPPA, generation companies and distribution utilities in Mindanao, PEMC, NGCP, PSALM, NEA, TRANSCO, NPC and ERC during the following dates: <ul style="list-style-type: none"> • 8 March 2017 - Workshop on Mindanao Dispatch Protocol • 16-24 March 2017 - Writeshop on Mindanao Dispatch Protocol • 29 March 2017 - Workshop on the Finalization of Department Circular and Roadmap on WESM Mindanao
MINERGY	We suggest that the PEM Board shall have additional representatives from Mindanao for the following sectors: (a) generation, (b) investor-owned distribution utility, (c) electric cooperative, (d) WESM customer and (e) Independent Director.	This was incorporated in the revised Department Circular, particularly in Section 1 Guiding Principles as follows: <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>

CEPALCO	<p>How will SO treat the embedded generators with bilateral supply contract (fully-contracted) with the host DU?</p> <p>Will it be included in the Central Dispatch? DU with several supply sources which are embedded in its system has its own merit order dispatch.</p> <p>Adjustment due to excess generation. Will the embedded generator supplying the base load requirement of the host DU by virtue of its bilateral supply contract be also included in the Pmin adjustment?</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> <p>Yes.</p>
CEPALCO	<p>On the Mindanao Dispatch Protocol: Should be consistent with the protocol adopted for Luzon and Visayas.</p> <p>Embedded generators that has no capability, or precluded by its PSA, to trade in the WESM should not be made to shoulder the cost of the communication facilities.</p>	<p>Prior to WESM commercial operations, the Interim Mindanao Dispatch Protocol attached in the Department Circular will apply. Thereafter, the WESM Dispatch Protocol for Luzon and Visayas will be applied.</p> <p>As prescribed in the Department Circular, embedded generators with at least 5 MW and above are required to register. As part of the preparation of DOE, ERC will be informed of the needed support by market participants specifically on the cost recovery of facilities.</p>
First Gen	How will the integration and implementation of the RE Act of 2008 Section 6 "Renewable Portfolio Standard (RPS) be conducted in WESM Mindanao?	Implementation of RE Act will likewise apply in Mindanao.
First Gen	How shall the RE Act of 2008 Section 8. Renewable Energy Market (REM) be implemented. Include provision in WESM Mindanao?	Implementation of RE Act will likewise apply in Mindanao.

ILPI	What is the governance structure for WESM Mindanao? Who are the members of the current board, if any?	This was incorporated in the revised Draft Department Circular, particularly in Section 1 Guiding Principles as follows: <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>
	Since WESM is a requirement for the implementation of RCOA and CREM, are the contestable customers of DUs and ECs be participating in the WESM or they need to deal with their respective RES?	Once RCOA is declared in Mindanao, all existing rules and policies on RCOA will apply.
	More training should be conducted by DOE/PEMC before TOP to include contestable customers.	IECs/trainings will be jointly conducted by DOE and PEMC on WESM operations. Upon promulgation of the Department Circular, trainings will be scheduled in Mindanao and Trial Operations Program (TOP) will be undertaken by PEMC.
	More pubcons should be conducted specifically for PDM. Request the ERC hearings on PDM to be held outside of Manila and be held in the same venues where Pubcons were conducted.	It has always been the practice of ERC to conduct hearings in the concerned area. The request will be relayed to the ERC.
	What would be WESM's relevance to DUs and ECs where most of their requirements are already contracted out?	In real-time, any imbalance between contracted and sudden increase in demand may still occur. Hence, these requirements may be procured from the WESM where there is already a pricing methodology for the imbalances duly approved by the ERC. The DUs and ECs may also benefit from the transparency in settlement since WESM can fully account for all the energy injections and withdrawals in the grid.

	<p>What intervention is being initiated/undertaken by DOE with respect to 20-25 years PSAs entered into by DUs and ECs which tied them up to high rates despite the cheaper rate that would be made available at WESM?</p>	<p>We consider the PSAs as binding contractual agreement between the generators and distribution utilities, duly approved by ERC. The concern will be relayed to the ERC. (i.e.motu proprio review of PSAs).</p>
	<p>If we (DU) decide not to participate in the WESM would we be exempted from registration and the required prudential requirements?</p>	<p>No. WESM is a gross pool market where all injections and withdrawal of energy are accounted for. Hence, all entities intending to withdraw or inject energy are required to register and post prudential requirements as needed. As an alternative, the DU may register as an Indirect WESM member with generator counterparty as the Direct WESM member, assuming the cost of, among others, prudential requirements.</p>
	<p>How is the PEM Board members chosen? Is this a separate PEM Board for Mindanao?</p>	<p>The current PEM Board representation is chosen thru sectoral nomination and appointed by the Chair, which is the DOE Secretary.</p> <p>There will be no separate PEM Board for Mindanao but there will be representations from Mindanao; specifically, 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.</p>

<p>ILIGAN LIGHT AND POWER CORP.</p>	<p>One of the criteria in the commencement of full commercial operations is for the Mindanao Trading Participants to undergo trainings which take part of the certification to be submitted by the PEMC to the DOE fifteen (15) days before the Launch Date (June 26, 2017).</p> <p>With this, the trainings offered by the PEMC before the launch date are now fully book. Will they provide more trainings to accommodate all of the other market participants?</p> <p>Suggestion: PEMC should ensure that enough trainings are available to accommodate all of the participants before the launch date. Furthermore, the schedule should be announced as early as possible so participants can schedule and delegate their staff to participate in the training.</p>	<p>IECs/Trainings will be jointly conducted by DOE and PEMC on WESM operations. Trainings will be scheduled in Mindanao upon promulgation of the Department Circular. Schedules and details will be posted at the DOE and PEMC websites.</p>
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