



DEPARTMENT ORDER NO. DO2024-05-0006 *one*

ESTABLISHING THE CREATION AND COMPOSITION OF THE MINDORO-PALAWAN ELECTRICITY SPOT MARKET - TECHNICAL WORKING GROUP

WHEREAS, Section 2 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), declared it the policy of the State to: (i) ensure the quality, reliability, security and affordability of the supply of electric power; (ii) protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power; and (iii) establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market;

WHEREAS, Section 37 of the EPIRA further mandates the Department of Energy (DOE) to supervise the restructuring of the electric power industry by formulating policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan and with the policies on environmental protection and conservation and maintenance of ecological balance, and provide a mechanism for the integration, rationalization, and coordination of the various energy programs of the Government and such rules and regulations as may be necessary to implement the objectives of EPIRA;

WHEREAS, pursuant to DOE Department Circular No. DC2021-11-0039, titled "Mandating the National Transmission Corporation (TransCo) as Small Grid System Operator (SO) in Specific Off-grid Areas," TransCo is designated as the Small Grid System Operator in specific off-grid areas responsible for generation dispatch and real-time control of the power system in off-grid areas through the management of operating reserves, reactive power support, black start, and other operating requirements to ensure safety, power quality, stability, reliability and security of the Small Grid;

WHEREAS, the Provinces of Palawan and Mindoro are under the franchise of Palawan Electric Cooperative (PALECO), Palawan-Busuanga Island Electric Cooperative, Inc. (BISELCO), Oriental Mindoro Electric Cooperative, Inc. (ORMECO), Occidental Mindoro Electric Cooperative, Inc. (OMECO), and Lubang Electric Cooperative, Inc. (LUBELCO), and are off-grid areas currently served by the National Power Corporation (NPC) and New Power Providers (NPPs) through multiple generating units and power plants utilizing various types of technology in mainland Palawan and mainland Mindoro;

WHEREAS, the Batangas-Mindoro Interconnection Project (BMIP) which was approved by the Energy Regulatory Commission (ERC) on 23 November 2022 under ERC Case No. 2021-051 RC, is expected to be completed by the end of 2025 and is anticipated to interconnect Mindoro to the Luzon grid, providing a long-term solution to the recurring power interruptions and reducing the heavy dependence on expensive generators;

WHEREAS, the Palawan-Mindoro Interconnection Project (PMIP) is in its initial stage, with the National Grid Corporation of the Philippines having filed an application with the ERC to commence Stage 1 thereof. The PMIP aims to connect the Province of

Palawan to the Luzon grid via the Batangas-Mindoro Interconnection, addressing power issues that have hindered the economic progress of these provinces;

WHEREAS, in anticipation of the completion of the BMIP and PMIP, the DOE has considered establishing an electricity spot market in the Provinces of Palawan and Mindoro, with the goal of mitigating the power issues faced by these provinces;

WHEREAS, pending the completion of the BMIP and PMIP, there is a need for enhanced and more efficient coordination between the relevant government agencies and private entities to facilitate the establishment and declaration of an electricity spot market in the Provinces of Palawan and Mindoro;

NOW, THEREFORE, for and in consideration of the foregoing premises, the following are hereby ordered:

Section 1. Designation of Representatives for Mindoro-Palawan Electricity Spot Market – TWG (MPESM-TWG). The MPESM-TWG shall be comprised of the following representatives. The permanent members may designate alternate members, subject to prior written notice to the Chairperson.

Chairperson:

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| Department of Energy | |
| Permanent | Undersecretary for Power |
| Alternate | Assistant Secretary for Power |

Permanent Members:

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| Energy Regulatory Commission | Director for Market Operation Service |
| Independent Electricity Market Operator of the Philippines Inc. | President and CEO |
| National Electrification Administration | Administrator |
| National Power Corporation | Senior Department Manager for Resource Management Service |
| National Transmission Corporation | President and CEO |
| Philippine Electricity Market Corporation | Chairman |

Section 2. Resource Persons. The designated representatives of the MPESM-TWG may invite other persons as resource persons to assist them in the fulfillment of their functions.

Section 3. MPESM-TWG Functions and Responsibilities. The MPESM-TWG shall have the following functions:

- 3.1 Assist the DOE by providing technical assistance and advice in establishing the MPESM;
- 3.2 Develop the framework and guidelines for operating the MPESM, including the establishment of applicable market rules;
- 3.3 Study the appropriate price determination methodology for the MPESM, and recommend to the ERC any necessary revisions to applicable rules of the ERC; and

- 3.4 Participate in informational and educational campaigns related to the operation of the MPESM.

Section 4. Procedure and Operation of MPESM-TWG. The MPESM-TWG shall formulate and adopt its own internal rules of procedure. In fulfilling its responsibilities under this Department Order (DO), the MPESM-TWG shall adhere to the framework and procedures set out in the Wholesale Electricity Spot Market (WESM) Rules and the relevant WESM Market Manuals.

The MPESM-TWG shall constitute an MPESM-TWG Secretariat in accordance with Section 5 of this Order. The MPESM-TWG Secretariat shall support the MPESM-TWG and perform the responsibilities under Section 6 of this Order.

Section 5. MPESM-TWG Secretariat. The MPESM-TWG Secretariat shall consist of members from the DOE Electric Power Industry Management Bureau.

Section 6. Responsibilities of the MPESM-TWG Secretariat. The MPESM-TWG shall have the following responsibilities:

- 6.1 Facilitate the meetings and activities of the MPESM-TWG;
- 6.2 Provide assistance and technical support to the MPESM-TWG, including documentation of accomplishments and highlights of meetings; and
- 6.3 Perform any additional tasks that may be assigned by, or deemed necessary to support the performance of the responsibilities of the MPESM-TWG.

Section 7. Funding. Funds to support the activities of the MPESM-TWG, including meetings, consultations, and other forums, shall be sourced from DOE funds, in accordance with applicable rules and regulations. The DOE shall not cover costs incurred by the representatives participating in MPESM-TWG activities. Moreover, representatives shall not be eligible to receive any honoraria.

Section 8. Separability Clause. If any section or provision of this DO be declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

Section 9. Repealing Clause. The provisions of other circulars, orders, issuances, rules, and regulations which are inconsistent with the provisions of this DO, are hereby repealed, amended, modified, or superseded accordingly.

Section 10. Effectivity. This Order shall take effect immediately and shall remain in effect until otherwise modified or revoked.

Issued this MAY 13 2024 at the DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City, Metro Manila.


RAPHAEL P.M. LOTILLA
Secretary

