



Republic of the Philippines  
**DEPARTMENT OF ENERGY**  
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC2022-11-0032

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY  
SPOT MARKET (WESM) RULES AND MARKET MANUALS FOR THE  
IMPLEMENTATION OF RESERVE MARKET**

**WHEREAS**, Section 30 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) provides that within one (1) year from the effectivity of the Act, the Department of Energy (DOE) shall establish a Wholesale Electricity Spot Market (WESM) composed of the WESM participants;

**WHEREAS**, Section 37 of the EPIRA further mandates the DOE to, among others, supervise the restructuring of the electricity industry and jointly with the electric power industry participants, establish the WESM and formulate the detailed rules governing the operations thereof;

**WHEREAS**, on 28 June 2002, pursuant to its mandate, in consultation with the electric power industry participants, the DOE promulgated Department Circular DC2002-06-0003 or the WESM Rules, as amended, which provides that any changes, amendments, and modifications to the WESM Rules, Retail Rules, and Market Manuals shall be undertaken in accordance with the provisions of Chapter 8 thereof;

**WHEREAS**, Clause 3.3.3.2 of the WESM Rules mandates the System Operator to provide adequate Ancillary Services for each region by entering into contracts with Ancillary Services Provider and/or competitive Spot Market trading;

**WHEREAS**, on 23 October 2015, the DOE promulgated Department Circular No. DC2015-10-0015 providing policies for the enhancements to WESM Design and operations which include among others the change from a 1-hour dispatch interval to a 5-minute dispatch interval and the implementation of the co-optimized Energy and Reserve Market;

**WHEREAS**, on 04 December 2019, the DOE promulgated Department Circular No. DC2019-12-0018 providing the general policy framework governing the provision and utilization of Ancillary Services in the grid which specified among others, the criteria for the commercial operation of the WESM Reserve Market;

**WHEREAS**, on 13 May 2021, the DOE promulgated Department Circular No. DC2021-03-0009, providing the policy framework for the operationalization of the Reserve Market and mandating the Market Operator to submit rules changes necessary for the co-optimized Energy and Reserve Market;

**WHEREAS**, on 02 December 2021, after due process, the PEM Board formally endorsed the proposal for the DOE's consideration and approval of its proposed

changes to the WESM Rules and affected Market Manuals for the implementation of the co-optimized Energy and Reserve Market;

**WHEREAS**, on 04 January 2022, the DOE posted on the DOE website the draft Department Circular adopting the proposed amendments to solicit comments from the market participants and other interested parties;

**WHEREAS**, on 10 and 11 February 2022, the DOE conducted nationwide virtual public consultations on the abovementioned proposed amendments to solicit inputs and consider comments of stakeholders in the finalization of the same;

**NOW THEREFORE**, from the foregoing premises, after careful review of the proposal and due consideration of the comments and recommendations received on the same, and having found the same consistent with the objectives of the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following:

**Section 1. Amendments to the WESM Rules on the Implementation of the Reserve Market.** The following provisions in the WESM Rules are hereby amended:

xxx xxx xxx

#### 1.3.4 Responsibilities of the System Operator

Under these Rules, the *System Operator* shall have the following functions and responsibilities:

- (a) xxx xxx xxx
- (b) xxx xxx xxx
- (c) Procure reserves through firm contracts and *WESM Reserve Market* for the *settlement* of such transactions pursuant to prevailing rules, regulations and issuances promulgated by the *DOE* and the *ERC*;
- (d) Contribute towards the development of procedures, processes, or systems, or assist with any aspect of the operation of the *Spot Market*, in coordination with the *Market Operator*;
- (e) Implement the transitory provisions specified in Chapter 10; and
- (f) Perform those actions that are required to be taken prior to the *Spot Market* commencement date as specified in the *WESM Rules* and Clause 10.4.

xxx xxx xxx

2.3.5 Registration – Ancillary Services Provider is amended to read as:

2.3.5.1 xxx xxx xxx