



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2012-02-0002

**DESIGNATING THE PHILIPPINE ELECTRICITY MARKET CORPORATION (PEMC) AS THE
CENTRAL REGISTRATION BODY (CRB)**

WHEREAS, Section 37 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), provides that the Department of Energy (DOE) is mandated to supervise the restructuring of the electric power industry, formulate rules and regulations as may be necessary to implement the objectives of the EPIRA, and exercise such other powers as may be necessary or incidental to attain the objectives of the EPIRA;

WHEREAS, Section 31 of the EPIRA provides that Retail Competition and Open Access (RCOA) shall be implemented not later than three (3) years upon the effectivity of the EPIRA, subject to the fulfillment of five (5) pre-conditions;

WHEREAS, through the Energy Regulatory Commission (ERC) Resolution No. 10, Series of 2011, dated on June 6, 2011, pursuant to Section 31 of the EPIRA and Section 3, Rule 12 of its Implementing Rules and Regulations, the ERC declared fulfillment of the pre-conditions prescribed for the initial implementation of the RCOA;

WHEREAS, Retail Competition is the provision of electricity to a Contestable Market by Suppliers through Open Access, which is defined as the system of allowing any qualified person the use of transmission and/or distribution systems and associated facilities, subject to the payment of transmission and/or distribution retail wheeling rates duly approved by the ERC;

WHEREAS, the RCOA Steering Committee (RCOA SC), created through the DOE Department Circular No. 2011-06-0006 dated June 17, 2011, recommended policies to enhance and ensure the readiness of the industry participants in the implementation of the RCOA, to include, the deferment of the RCOA implementation from December 26, 2011 to a later date, and the integration of the RCOA in the Wholesale Electricity Spot Market (WESM);

WHEREAS, by virtue of ERC Order dated October 24, 2011 rendered in ERC Case No. 2011-009 RM, the ERC declared the deferment of the implementation of the RCOA in Luzon and Visayas while all rules, systems, preparations and infrastructures required have not been put in place;

WHEREAS, the RCOA SC has recommended that the preparatory activities to commence the RCOA include the establishment and management of the necessary system that will handle customer switching and information exchange among retail participants as well as settlement of transactions;

WHEREAS, the RCOA SC has further recommended the Philippine Electricity Market Corporation (PEMC), a non-stock non-profit corporation incorporated in 2003 to operate and govern the WESM, to perform the functions of the Central Registration Body (CRB) given the expertise it has gained in the operation and governance of the WESM;

NOW, THEREFORE, for and in consideration of the foregoing premises, the DOE, in the exercise of its supervisory functions in the implementation of the EPIRA, hereby declares the following:

Section 1. Designation of the Philippine Electricity Market Corporation as Central Registration Body - The Philippine Electricity Market Corporation (PEMC) is hereby designated as Central Registration Body (CRB) assigned to undertake the development and management of the required systems and processes and information technology system that shall be capable of handling customer switching and information exchange among retail electricity market participants, as well as the settlement of their transactions in the Wholesale Electricity Spot Market (WESM).

Section 2. Responsibilities of the Philippine Electricity Market Corporation - For the purpose of implementing the functions of the CRB under the Retail Competition and Open Access (RCOA) regime and under the supervision of the DOE, PEMC is hereby directed to undertake the following:

- (a) **Review of WESM Rules and Manuals.** PEMC is hereby directed to review and propose such changes to the WESM Rules and Manuals as may be necessary to ensure the seamless integration of the WESM operations and RCOA. Such changes shall cover revisions to the registration, metering, and billing and settlement procedures in the WESM to address the implementation of the RCOA.

PEMC is likewise enjoined to elevate issues and concerns that may arise in order for the DOE to formulate appropriate policy directions to ensure the efficient implementation of the RCOA.

- (b) **Develop market infrastructure, systems, and processes.** PEMC is further directed to undertake the development of the infrastructure that shall be capable of supporting the registration, customer switching and information exchange among the retail electricity market participants, PEMC and other service providers, as well as the settlement of retail electricity market participant transactions in the WESM. Where necessary, PEMC shall also implement such changes in the infrastructure, systems, and internal processes of the WESM to carry out the changes in the WESM Rules and Manuals. For the purpose of integrating the RCOA into the WESM operations, all WESM Rules and Manuals changes shall be approved by the DOE.
- (c) **Conduct training for the electric power industry participants.** PEMC shall ensure the readiness of all WESM members and service providers for the RCOA by conducting trainings, stakeholder consultations, and other information dissemination activities to inform WESM members and service providers on the changes in the WESM operations brought about by the RCOA integration.
- (d) **Comply with DOE directives.** PEMC shall comply with the directives of the DOE on the implementation of the RCOA and shall, for this purpose, submit the project implementation plan with cost estimates and timelines and periodic reports as may be required.
- (e) **Coordinate with relevant stakeholders and other government agencies.** Where necessary, PEMC shall directly coordinate with relevant stakeholders and other government agencies to ensure the smooth preparation for the RCOA. Primarily,

PEMC shall coordinate and inform the ERC on the progress of the integration process for the purpose of ensuring regulatory support, as may be necessary.

- (f) Perform such other related functions as may be necessary in the effective and efficient implementation of the RCOA.

Section 3. Regulatory Support

The ERC shall ensure the provision of support in the regulatory requirements and cost recovery for the integration of the RCOA into the WESM, in accordance with existing laws and procedures.

Section 4. Repealing Clause

Except insofar as may be manifestly inconsistent herewith, nothing in this Circular shall be construed as to repeal any of the mechanisms already existing or responsibilities already provided for under existing rules.

Section 5. Separability Clause

If any section or provision of this Circular is declared invalid, the other parts or provisions hereof that are not affected thereby shall continue to be in full force and effect.

Section 6. Effectivity Clause

This Circular shall be effective upon its publication in two (2) newspapers of general circulation. PEMC is hereby directed to publish this Circular in the market information website.

This Circular shall remain in effect until otherwise revoked.



JOSE RENE D. ALMENDRAS
Secretary

Republic of the Philippines
DEPARTMENT OF ENERGY

IN REPLYING PLS. CITE:
SDOE12-001272



Done this FEBRUARY 24 2012, Taguig City, Metro Manila, Philippines.