



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT ORDER NO. D02016-06-0009^m

CREATING A NEW AUDIT TECHNICAL WORKING GROUP (TWG) TO ASSIST THE PHILIPPINE ELECTRICITY MARKET AUDITOR/PEM AUDIT COMMITTEE (PAC) IN THE CONDUCT OF AUDIT OF SYSTEMS, PROCEDURES AND PERFORMANCE OF THE MARKET OPERATOR (MO) AND REVIEW OF METERING INSTALLATIONS AND ARRANGEMENTS OF THE METERING SERVICE PROVIDERS (MSP) OF THE WHOLESALE ELECTRICITY AND SPOT MARKET (WESM) AND RETAIL MARKET

WHEREAS, under Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA), it is hereby declared policy of the state to, among others:

- a. ensure the reliability and quality of supply of electric power;
- 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; and
- c. protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power.

WHEREAS, the EPIRA mandated the Department of Energy (DOE) to supervise the restructuring of the electricity industry and jointly with the electric power industry participants, establish the wholesale electricity spot market and formulate the detailed rules governing the operations thereof;

WHEREAS, on 28 June 2002, the DOE promulgated the Wholesale Electricity Spot Market (WESM) Rules, which aims to promote competition, provide an efficient, competitive, transparent and reliable spot market;

WHEREAS, on 26 June 2006, the WESM started its commercial operations in the Luzon Grid, while the Visayas Grid was integrated effective 26 December 2010;

WHEREAS, on 06 June 2011, the Energy Regulatory Commission (ERC) certified that the five (5) pre-conditions for the implementation of Retail Competition and Open Access (RCOA) as provided in the EPIRA were already met;

WHEREAS, on 09 January 2013, the DOE promulgated the Retail Rules for the integration of RCOA in the WESM, which aims to promote retail competition, greater efficiency and customer choice;

WHEREAS, on 26 June 2013, the Retail Market commenced its commercial operation and integration in the WESM;

WHEREAS, pursuant to the governance/structure under the WESM Rules and Retail Rules, the Philippine Electricity Market Auditor (PEM Auditor)/ PEM Audit Committee (PAC) were created among others, to conduct annual audits of the systems, procedures and performance of the Market Operator (MO) and review of metering installations and arrangements of the Metering Service Providers (MSPs);

WHEREAS, the previous MO audits and reviews of the MSPs were conducted separately through a different project and the DOE created two (2) separate Technical Working Group to assist the PEM Auditor/PAC in the implementation of the said audits;

WHEREAS, the PEM Auditor/PAC and the TWGs agreed to combine the conduct of the 6th MO audit and the 3rd Metering Review into a single project, which was approved by the PEM Board on 25 May 2016 during its 117th PEM Board Meeting; and

WHEREAS, with the forthcoming conduct of the integrated MO and MSP audits, the DOE deemed it proper to institute a unified and new Audit TWG to assist the PEM Auditor/PAC for the smooth implementation of the said audit.

NOW THEREFORE, for and in consideration of the foregoing premises, the new Audit TWG is hereby created for the preparation and implementation of the integrated audit of systems, procedures and performance of the Market Operator and review of metering installations and arrangements of the Metering Service Providers:

Section 1: Composition. The unified Audit TWG for the preparation and implementation of the integrated audit of systems, procedures and performance of the Market Operator and review of metering installations and arrangements of the Metering Service Providers of the WESM and Retail Market shall be composed of:

Chairperson	:	Luningning G. Baltazar, DOE
Members	:	Ferdinand B. Binondo, DOE Bienvenido D. Valeros, TransCo Jaime V. Mendoza, TC Jordan Orillaza, TC Atty. Maybelle R. Tolentino, PEMC Ms. Elaine D. Gonzales, PEMC Arjon B. Valencia, PEMC

Section 2: Responsibilities. The Audit TWG shall assist the PEM Auditor/PAC and shall be performing the following tasks:

1. Evaluate the Expressions of Interest (EOIs) submitted by the firms for shortlisting;
2. Evaluate the Technical and Financial Proposals submitted by shortlisted firms;

DO 2016-06-0009 - Creating a New Audit Technical Working Group (TWG) to Assist the Philippine Electricity Market Auditor/PEM Audit Committee (PAC)

3. Actively participate in the Preliminary/Technical Conferences and drafting of other necessary documents; and
4. Perform such other tasks as may be directed by the PAC.

Section 3: Confidentiality. All activities undertaken in the performance of such responsibilities by the Audit TWG shall be approved by the PEM Auditor/PAC in consultation with the DOE and shall be made with utmost confidentiality and ensure that all documents, data and information in connection with the bidding and the actual implementation of an independent review of the of the Market Operation System and Procedures of the PEMC shall not be released, reproduced or made available for other purposes.

Section 4: Effectivity. The membership of the new Audit TWG shall take effect immediately and supersedes all issuances relating to its creation.

Issued this 24 day of June 2016 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


ZENAIDA Y. MONSADA
Secretary

