



Republic of the Philippines  
DEPARTMENT OF ENERGY

Department Order No. DO2019 - 03-0009

**CREATING A SPECIAL TASK FORCE TO ASSESS THE PERFORMANCE OF  
THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) UNDER THE  
GOVERNANCE OF PEMC AND OPERATIONS OF THE IMO**

**WHEREAS**, Section 37 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA)" mandates the DOE to supervise the restructuring of the electric power industry and to among others, establish the wholesale electricity spot market and formulate the detailed rules governing the operations thereof;

**WHEREAS**, Section 30(e) of the EPIRA provides that "not later than one (1) year after the implementation of the wholesale electricity spot market, an independent entity shall be formed and the functions, assets and liabilities of the market operator shall be transferred to such entity with the joint endorsement of the DOE and the electric power industry participants; "

**WHEREAS**, Section 43 of the EPIRA provides, among others, that the ERC shall:

- a) Promote competition, encourage market development, ensure customer choice and penalize abuse of market power in the restructured electricity industry; and
- b) Enforce the rules and regulations governing the operations of the electricity spot market and the activities of the spot market operator and other participants in the spot market, for the purpose of ensuring a greater supply and rational pricing of electricity;

**WHEREAS**, in compliance with the aforementioned mandates, the DOE promulgated the WESM Rules, constituted the Philippine Electricity Market Corporation (PEMC) and its Board, as the Autonomous Group Market Operator (AGMO) and the AGMO Governing Board, respectively;

**WHEREAS**, Rule 9, Sections 7 (d) and (e) of the EPIRA-IRR mandate the AGMO to govern the operation of the WESM until the transfer of its functions, assets and liabilities to the IMO;

**WHEREAS**, on 17 January 2018, the DOE promulgated the Department Circular No. DC2018-01-0002 entitled "Adopting Policies for the Effective and Efficient Transition to the Independent Market Operator for the Wholesale Electricity Spot Market";

**WHEREAS**, Section 2 of the DC2018-01-0002 mandates the DOE as policymaker and the ERC as regulator to ensure that the principles of fair competition and the promotion of the public interest shall govern all policies and rules during the transition to and full operation of the WESM under an Independent Market Operator (IMO);

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**WHEREAS**, Section 5 of DC2018-01-0002 provides for the formation of the IMO who shall assume the functions of the Market Operator as provided under Section 30 of the EPIRA, Section 6 Rule 9 of the EPIRA IRR, the WESM Rules and Market Manuals, and other relevant rules, regulations and issuances;

**WHEREAS**, Section 7 of DC2018-01-0002 provides that the PEMC shall remain to be governance arm of the WESM;

**WHEREAS**, the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP) was incorporated to become the IMO, and assumed and performed all the functions of the Market Operator as set out in the EPIRA, the EPIRA IRR and the WESM Rules, market manuals, and other rules, regulations and issuances;

**WHEREAS**, as provided under the EPIRA, the DOE is mandated to supervise the restructuring of the electric power industry. As the government agency authorized to design the market and its governance, the market structure provided under DC2018-01-0002 is subject to continuing evaluation and assessment of the DOE to determine whether the said arrangement is still relevant to the implementation of the IMO;

**WHEREAS**, the DOE deems it necessary to assess the performance of the WESM under the current regime to ensure transparency, competitiveness, protection of public interest and the integrity of the WESM;

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

**SECTION 1. Creation of a Special Task Force.** There is hereby created a Special Task Force with the following structure and composition:

<b>Chairperson</b>	Assistant Secretary Leonido J. Pulido, III
<b>Members</b>	1. Assistant Secretary Redentor E. Delola 2. Director Patrick T. Aquino

The Power Market Development Division (PMDD) of the DOE-EPIMB concerned unit of the EPIMB shall render technical secretariat support to the Task Force.

**Section 2. Functions of the Task Force.** The Task Force shall conduct an assessment on the performance of the WESM under the current structure of its operations. For this purpose, the assessment shall cover the following aspects:

1. Assessment of PEMC as the governance arm of the WESM;
2. Assessment of the performance of IEMOP as the IMO; and
3. Over-all performance of the WESM.



The Task Force shall perform such other functions necessary to effectively carry out its functions.

**Section 3. Performance Assessment.** The Task Force shall submit its assessment, together with its recommendation to the Secretary of Energy within forty-five (45) days from effectivity of this Order.

**Section 4. Coordination with Concerned Offices/Agencies.** The Task Force may invite as resource person/s representatives from PEMC, IEMOP, ERC, TransCo, NGCP and other electric power industry participants.

**Section 5. Repealing Clause.** All orders and issuances inconsistent with this Department Order are hereby modified, repealed or superseded accordingly.

**Section 6. Effectivity.** This Department Order shall take effect immediately and shall remain in full force and effect until sooner modified or revoked by the undersigned and/or competent authority.

  
**ALFONSO G. CUSI**  
Secretary



MAR 18 2019