



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

DEPARTMENT CIRCULAR NO._____

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY
SPOT MARKET (WESM) MANUAL ON REGISTRATION, SUSPENSION, AND DE-
REGISTRATION CRITERIA AND PROCEDURES
(Provisions for Bilateral Contracts)**

WHEREAS, Sections 30 and 37(f) of the Electric Power Industry Reform Act (EPIRA) provides that the DOE, jointly with the electric power industry participants, shall establish the Wholesale Electricity Spot Market (WESM) and formulate the detailed rules governing the operations thereof;

WHEREAS, on 28 June 2002, the DOE, with the endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular No. DC2002-06-003;

WHEREAS, any changes, amendments, and modifications to the WESM Rules, Retail Rules and their Market Manuals shall be undertaken in accordance with the provisions of Chapter 8 of the WESM Rules;

WHEREAS, on 17 February 2020, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted its proposal to the Rules Change Committee (RCC) to amend the WESM Registration Manual to allow other types of bilateral contract transactions to be accounted for in settlements in the WESM;

WHEREAS, on 21 February 2020, during the 161st RCC Meeting, the IEMOP explained that it intends to address the issues raised by the Retail Electricity Suppliers Association (RESA) during the IEMOP Kapihan meetings last October 2019 by accounting other contracts as follows:

- a) Between a Retail Electricity Supplier (RES) and a Direct WESM Contestable Customer (CC), i.e. RES-CC contract, to eliminate the involuntary sharing of commercially sensitive information between said RES and its corresponding Generation Company supplier; and
- b) Between two (2) Generation Companies (GEN) for replacement or additional power, i.e. GEN1-GEN2 contract, to eliminate the involuntary sharing of commercially sensitive information between GEN1 and the corresponding Customer of GEN2;

WHEREAS, during the same meeting, the RCC approved the publication of the proposal in the PEMC website to solicit comments from industry stakeholders and interested parties;

WHEREAS, on 24 April 2020, during its 164th RCC Meeting, the RCC deliberated on the proposal and gave due course to the comments received and corresponding proponent's responses;

WHEREAS, on 15 May 2020, during its 165th RCC Meeting, the RCC provisionally approved the proposal, subject to revision of resolution and IEMOP's submission of information regarding the reconfiguration of the Central Registration and Settlement System (CRSS) CRSS to implement the proposal in response to the query of DOE representative.

WHEREAS, on 21 May 2020, the RCC approved the proposed amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures to Clarify Bilateral Contracts Accounted for in Settlements, for endorsement to the PEM Board;

WHEREAS, on 27 May 2020 and 08 June 2020, PEM Board approved the proposal and PEMC formally endorsed the said proposal to the DOE, respectively.

WHEREAS, on -----, the DOE conducted Public Consultations on the proposed amendments to solicit further comments from the market participants and other interested parties;

WHEREAS, the DOE reviewed the said PEM Board-approved proposal, made minor revisions on the proposed amendments for consistency with the objectives of the WESM and the DOE policies on the enhancements of WESM design and operations;

NOW THEREFORE, pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following amendments to the WESM Rules and its Market Manuals:

Section 1. Amendments to the WESM Market Manual. The provisions in the WESM Market Manual on Registration, Suspension, and De-Registration Criteria and Procedures Issue 8.0 are hereby amended:

a. Sections 3.5.1.1 – 3.5.1.3 under ENROLMENT AND DE-LISTING OF SUPPLY CUSTOMERS – Enrolment are amended to read as –

“3.5.1.1 *Trading Participants* that wish their transactions with their supply contract customers (the “*supply customers*”) to be accounted for in the *WESM* settlements shall notify and enroll such *supply customers* with the *Market Operator*.

3.5.1.2 The notice to the *Market Operator* shall include the following –

- a) details on the duration of the supply contract,
- b) desired effective date on which the bilateral contract transactions are to be accounted for in the WESM settlements. To the extent practicable, the effective date shall coincide with the start of a WESM billing month.

- c) identification of the *market trading node* or *nodes* associated with the supply contract whose *final energy dispatch price* will be used as reference for the supply contract during settlements,
- d) indication whether the *bilateral contract quantities* submitted by the selling participant would require confirmation by the buying participant in accordance with the billing and settlement timetable; and
- e) confirmation by the supply customer of the notice and the foregoing information.

b. Sections 3.5.1.4 – 3.5.1.6 under ENROLMENT AND DE-LISTING OF SUPPLY CUSTOMERS – Enrolment are added to read as –

“3.5.1.4 Subject to section 3.5.1.5 and 3.5.1.6 of this manual, only *Trading Participants* that are *Generation Companies* or *Suppliers* may enroll supply customers with the *Market Operator*.

3.5.1.5 *Generation Companies* may register other *Generation Companies* or *Customer Trading Participants*, except for *Contestable Customers*, as *supply customers*.

3.5.1.6 *Suppliers* may only enroll *supply customers* that are *Contestable Customers*.”

c. The definition of Supply Customer under APPENDIX A – GLOSSARY OF TERMS is amended to read as –

“Supply Customer – Customers under any power supply agreement or contract.”

Section 2. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

Section 3. Effectivity. This Circular shall take effect fifteen (15) days following its publication in two (2) newspapers of general circulation. Copies thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on _____ 2020 at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.

ALFONSO G. CUSI
Secretary