



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

DEPARTMENT CIRCULAR NO. _____

**ADOPTING THE ABOLITION OF VARIOUS MARKET MANUALS IN VIEW OF
THE IMPLEMENTATION OF THE ENHANCED WHOLESALE ELECTRICITY
SPOT MARKET (WESM) DESIGN AND OPERATIONS**

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 21 February 2020, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted its proposal to abolish the following Market Manuals considered no longer applicable or redundant upon the commencement of the implementation of the enhanced WESM design and operations:

- a. Methodology for Determining the pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM Issue 4.0;
- b. Segregation of Line Rental Trading Amounts Issue 1.0;
- c. Procedures for Start Up and Shutdown of Generators Issue 1.0;
- d. Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run Issue 1.0;
- e. Procedure for Determining Ex-Post Nodal Energy Prices Issue 2.0;
- f. Management of Net Settlement Surplus Issue 3.0; and
- g. Administered Price Determination Methodology Issue 6.0.

WHEREAS, it was clarified that the core provisions of the foregoing Market Manuals were consolidated and updated under the enhanced market design versions of the Market Manuals on (1) Dispatch Protocol, (2) Constraint Violation Coefficient and Pricing Re-Run, and (3) Price Determination Methodology, as follows:

Original Market Manuals	Market Manuals for the enhanced market design where the Original Market Manuals were consolidated
<ol style="list-style-type: none"> 1) Management Procedures on Excess Generation 2) Management Procedure for Load Shedding 3) Management if Must-Run and Must-Stop Units 4) Emergency Procedures 5) Procedures for Start-up and Shutdown of Generators 	Dispatch Protocol Issue 14
Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-run	Constraint Violation Coefficient and Pricing Re-Run Issue 6.0
<ol style="list-style-type: none"> 1) Methodology for Determining Pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM 2) Segregation of Line Rental Trading Amounts 3) Administered Price Determination Methodology 4) Management of Net Settlement Surplus 	Price Determination Methodology Issue 2.0
Procedures for Determining Ex-Port Nodal Energy Prices Issue 2.0	<i>No longer applicable since the new pricing methodology will no longer include ex-post price</i>

WHEREAS, Department Circular No. DC2018-04-0007 entitled *Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and Market Manual on Dispatch Protocol for the Implementation of Enhancements to WESM Design and Operations*, abolished the following Market Manuals that were consolidated under the Market Manual on Dispatch Protocol Issue 14, namely:

- a. Management Procedures on Excess Generation
- b. Management Procedure for Load Shedding
- c. Management of Must Run and Must-Stop Units
- d. Emergency Procedures

WHEREAS, on 26 February 2020, the proposal was published in the PEMC website to solicit further comments from industry stakeholders and interested parties;

WHEREAS, on 24 April 2020, during its 164th RCC Meeting, the RCC deliberated on the proposal and found no objections for the abolition of the seven (7) Market Manuals;

WHEREAS, on 15 May 2020, during its 165th RCC Meeting, the RCC approved the proposed abolition of seven (7) Market Manuals, 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. Repealing Clause. The following Market Manuals shall be repealed upon the commercial operations of the integrated WESM and Retail Market using the New Market Management System for the effective and efficient implementation of the enhanced WESM design and operations:

- (a) Methodology for Determining the pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM Issue 4.0;
- (b) Segregation of Line Rental Trading Amounts Issue 1.0;
- (c) Procedures for Start Up and Shutdown of Generators Issue 1.0;
- (d) Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run Issue 1.0;
- (e) Procedure for Determining Ex-Post Nodal Energy Prices Issue 2.0;
- (f) Management of Net Settlement Surplus Issue 3.0; and
- (g) Administered Price Determination Methodology Issue 6.0.

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