

**Comments on the Draft Department Circular entitled, “ESTABLISHING MINDANAO
WHOLESALE ELECTRICITY SPOT MARKET (WESM) TRANSITION COMMITTEE”**

Provision	Comments/Suggestions	Proposed Revision
DEPARTMENT CIRCULAR No. DC2017_____ ESTABLISHING MINDANAO WHOLESALE ELECTRICITY SPOT MARKET (WESM) TRANSITION COMMITTEE		
WHEREAS, Section 2 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (“EPIRA”), declared the Policy of the State to among others:		
b) To ensure the quality, reliability, security and affordability of the supply of electric power;		
c) To 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;		
f) To protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;		
j) To establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market;		
WHEREAS, Section 37 of the EPIRA further mandates the Department of Energy (DOE) to supervise the restructuring of the electricity industry, and in addition thereto:		

f) Jointly with the electric power industry participants, establish the wholesale electricity spot market and formulate the detailed rules governing the operations thereof;		
l) Formulate such rules and regulations as may be necessary to implement the objectives of the EPIRA;		
q) Exercise such other powers as may be necessary or incidental to attain the objectives of the EPIRA;		
WHEREAS, pursuant to its mandate, in consultation with the electric power industry participants, the DOE on 28 June 2002, promulgated Department Circular (“DC”) 2002-06-0003 or the Wholesale Electricity Spot Market (“WESM”) Rules and established the WESM;		
WHEREAS, pursuant to Section 30 of the EPIRA, the DOE is mandated to constitute a market operator which shall be an autonomous group with equitable representation from electric power industry participants;		
WHEREAS, the Philippine Electricity Market Corporation (“PEMC”), on 18 November 2003, was incorporated as a non-stock, non-profit private corporation currently comprising of an equitable representation from electric power industry participants and currently designated as the Autonomous Group Market Operator (“AGMO”) of the WESM;		
WHEREAS, PEMC, as the AGMO, has been tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA;		

WHEREAS, the Energy Regulatory Commission (“ERC”) approved the Price Determination Methodology (“PDM”) for the WESM on 20 June 2006, and the Administered Price Determination Methodology (“APDM”) and the Structure and Level of the Market Fees for the WESM on 22 June 2006;		
WHEREAS, the DOE, on 21 June 2006, issued DC 2006-06-0008 declaring the start of commercial operations of the WESM in the Luzon Grid;		
WHEREAS, the DOE, on 26 November 2010, issued DC 2010-11-0012 declaring the start of commercial operations of the WESM in the Visayas Grid and its integration with the Luzon Grid;		
WHEREAS, the DOE, on 04 May 2017, issued the DC 2017-05-0009 “Declaring the Launch of the Wholesale Electricity Spot Market (WESM) in Mindanao and Providing for Transition Guidelines” effective 26 June 2017 (“Launch Date”) to provide sufficient time for the Market Operator (“MO”), System Operator (“SO”) and WESM Participants to prepare and familiarize themselves in WESM operations;		
WHEREAS, Section 1.2 of the DC 2017-05-0009 provides that the establishment of the WESM in Mindanao shall support representation of Mindanao stakeholders through the creation of a Mindanao WESM Transition Committee to be attached as one of the committees under the Philippine Electricity Market (“PEM”) Board, and representations		

in the PEM Board and other working committees as may be applicable;		
NOW, THEREFORE, pursuant to its authority and mandate under the EPIRA and its Implementing Rules and Regulations, the DOE hereby establishes the Mindanao WESM Transition Committee.		
Section 1. Guiding Principles. Consistent with its mandate under the EPIRA and Section 1.2 of the DC 2017-05-0009, the DOE recognizes that the creation of the Mindanao WESM Transition Committee will support the Mindanao Stakeholders in transitioning to WESM through involvement in the governance committees and representation in the PEM Board.		
Section 2. Composition of the Mindanao WESM Transition Committee. In line with the guiding principles of this Circular and DC 2017-05-0009, the Mindanao WESM Transition Committee shall be composed of nine (9) members as follows:		
i. One (1) representative from the Electric Cooperatives;		
ii. One (1) representative from the Private Distribution Utilities;		
iii. One (1) representative from the Embedded Generators;		
iv. One (1) representative from the Conventional Grid-Connected Generators;		
v. One (1) representative from the RE Grid-Connected Generators;		
vi. Two (2) representatives from the Independent Sector		
vii. One (1) representative from the Market Operator; and		

viii. One (1) representative from the Mindanao System Operator		
The Mindanao WESM Transition Committee shall elect one of the independent members of the Committee to act as Chairperson.		
Section 3. Responsibilities of the Mindanao WESM Transition Committee. Following are the defined functions of the Mindanao WESM Transition Committee:		
3.1 Oversee and monitor the development of the WESM in Mindanao;		
3.2 Oversee and monitor the activities of the MO, the Mindanao System Operator with regard to WESM processes as implemented in Mindanao to ensure that they fulfil their responsibilities under the WESM Rules;		
3.3 Oversee and monitor the activities of Mindanao WESM Members to ascertain and determine compliance or non-compliance with the WESM Rules;		
3.4 Pursuant to its oversight and monitoring functions over the WESM, require any Mindanao WESM Member or the Mindanao System Operator to submit information as may be necessary to fulfil its mandate;		
3.5 Refer any suspected incidents of non-compliance with the WESM Rules to the Enforcement and Compliance Officer (ECO) for investigation;		
3.6 Issue Rules Change proposals through resolutions to the Rules Change Committee (RCC);		
3.7 Issue policy recommendations through resolutions and report		

regular updates on any matter related to WESM in Mindanao to the PEM Board; and		
3.8 Other tasks as may be determined by the PEM Board and the DOE		
Section 4. Selection Process. The members of the Mindanao WESM Transition Committee shall be appointed in the following manner:		
4.1 The Sectoral groups shall issue a resolution expressing their respective list of nominated representatives to the PEM Board. The nominated Sectoral representatives shall then submit letter of intent and curriculum vitae to the PEM Board;		
4.2 For the Independent Sector, interested individuals shall submit letter of intent and curriculum vitae to the PEM Board;		
4.3 The PEM Board shall evaluate the received applications and submit the results of the evaluation and recommendation to the DOE; and		
4.4 The DOE shall review the evaluation and recommendation of the PEM Board based on the established Criteria and appoint the Mindanao WESM Transition Committee through a DOE Special Order		
Section 5. Representation in the Rules Change Committee. The Mindanao stakeholders shall have representatives in the Rules Change Committee and shall be selected and appointed in accordance with the Guidelines Governing the Constitution of the PEM Board		

Committees WESM Manual Issue 3.0.		
Section 6. Representation in the PEM Board. The DOE shall appoint Mindanao Stakeholder member/s, as applicable, from the Mindanao WESM Transition Committee as representative/s in the PEM Board. The appointed Mindanao Stakeholder representative/s in the PEM Board shall perform the obligations of PEM Board Directors set out in Clause 1.4.5 of the WESM Rules.		
Section 7. Term of Office. The Mindanao WESM Transition Committee shall hold office until such time the Mindanao Grid is interconnected with the Luzon and Visayas Grid, or as may be determined by the DOE. The Mindanao Stakeholder representative/s in the PEM Board shall hold office until such time the functions of the AGMO is transferred to the Independent Market Operator (IMO).		
Section 8. Regulatory Support. The ERC shall ensure the provision of support in the regulatory requirements and approvals consistent with the policies set forth under this DC and in accordance with existing laws and procedures.		
Section 9. Repealing Clause. All previous issuances inconsistent with this DC are hereby repealed or amended accordingly.		
Section 10. Separability Clause. If for any reason, any section or provision of this DC is declared unconstitutional or invalid, such		

parts not affected shall remain valid and subsisting.		
Section 11. Effectivity. This DC shall take effect 15 days after its publication in at least 2 newspapers of general circulation and shall remain in effect until otherwise revoked.		
Issued on _____ at Energy Center, Bonifacio Global City, Taguig City.		
ANNEX A CRITERIA FOR EVALUATING THE QUALIFICATIONS OF THE NOMINEES		
A. Basic Qualification [Mandatory]		
1. Resident of the Philippines		
2. At least held a top managerial position for three (3) years		
3. In good moral character or no pending case		
4. Shall at least hold a bachelor's degree of either the following: •Electrical/Mechanical or other Engineering Course •Economics/Finance •Business Administration/Accountancy		
B. Rating Criteria	Weight	
1. Years of relevant experience on governance positions •>10 years (100%) •8-10 years (90%) •4-7 years (70%) •1-3 years (50%)	20%	
2. Number of relevant trainings hours on governance and energy •>20 hours (100%) •15-20 hours (90%) •10-14 hours (70%) •0-9 hours (50%)	20%	
3. Highest Educational Attainment •Doctorate Degree (completed) (100%)	15%	

<ul style="list-style-type: none"> •Master's Degree (completed) (90%) •Bachelor's Degree (completed) (80%) 			
4. Applicable Performance Rating of the company/affiliation during the Nominee's term of office	40%		
5. Compliance to DOE Reportorial Requirements	5%		
C. Other Considerations			
The DOE may consider exemplary contributions of the Nominees to the policies and programs of the DOE; may also consider involvement to market-related activities			