



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

DEPARTMENT CIRCULAR NO. DC 2015-06-0003

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**PROVIDING THE INTERIM MANNER OF DECLARING  
BILATERAL CONTRACT QUANTITIES (BCQ) IN THE WHOLESALE ELECTRICITY SPOT  
MARKET (WESM) AND DIRECTING THE PHILIPPINE ELECTRICITY MARKET  
CORPORATION (PEMC) TO ESTABLISH NECESSARY PROTOCOLS TO COMPLEMENT  
THE INTERRUPTIBLE LOAD PROGRAM (ILP)**

**WHEREAS**, Republic Act (RA) No. 7638 or the "Department of Energy (DOE) Act of 1992" mandates the DOE to formulate policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy;

**WHEREAS**, RA 9136 or the "Electric Power Industry Reform Act of 2001" (EPIRA) mandates the DOE:

- (a) to ensure the quality, reliability, security and affordability of supply of electric power; and,
- (b) to formulate such rules and regulations as maybe necessary to implement the objectives of the EPIRA;

**WHEREAS**, the Interruptible Load Program (ILP) was adopted through Energy Regulatory Commission (ERC) Resolution No. 8, Series of 2010, and amended through ERC Resolution No. 8, Series of 2013, to address the imminent power shortage and augment the limited power requirements of the Distribution Utilities (DUs);

**WHEREAS**, the DOE recognizes the potential of ILP to help alleviate the expected power shortage in the Luzon Grid within the period abovementioned as identified by the National Grid Corporation of the Philippines (NGCP) as the System Operator;

**WHEREAS**, there is a considerable number and capacity of back-up generating sets owned and operated by Contestable Customers (CCs), which can potentially augment the power supply through the ILP;

**WHEREAS**, a number of CCs through the Retail Electricity Supplier Association (RESA), expressed their support in the ILP;

**WHEREAS**, the ERC issued Resolution No. 5, series of 2015 "Adopting the Amended Rules to Govern the ILP" which was expanded to include, among others, CCs through their Retail Electricity Suppliers (RES)/Local RES; and

**WHEREAS**, the DOE recognizes the need to provide further policies to ensure the effective participation of CCs in alleviating supply shortage without prejudice to the existing contractual arrangement between CCs and their respective RESs as a result of their participation in the ILP Program.

**NOW, THEREFORE**, for and in consideration of the foregoing premises, the DOE, hereby adopts and promulgates in the interim, an extended period to declare Bilateral Contract Quantities (BCQs) in the WESM, following the participation of CCs in the ILP:

**Section 1. Policy Statement and Objective.** This Circular is intended to complement the ERC Resolution No. 5, Series of 2015, which expanded the scope of the ILP Program to include CCs, Directly-Connected Customers (DCCs) and the National Grid Corporation of the Philippines (NGCP). For this purpose, it is hereby declared that the ILP implementation shall continue to preserve the transparency and accountability in the WESM.

**Section 2. Declaration and Submission of BCQ in the WESM.** Trading Participants which deliver electricity pursuant to bilateral contracts with CCs and/or DCCs that participate in the ILP and those bilateral contracts to be accounted for in the WESM settlement as bilateral contracts quantities of the DU that implemented ILP, shall submit the schedule of bilateral quantities of the said CC or DCC in accordance with Clause 3.13.1 of the WESM Rules: *Provided*, That the schedule of bilateral quantities in favor of participating CCs or DCCs for intervals when the ILP was activated may be submitted no later than seven (7) days from the end of the relevant trading day: *Provided further*, That bilateral contract quantities which are declared after the 29th day of the relevant billing month may not be included in computation of the preliminary settlement statements but shall be included in the final settlement statements for that billing month.

**Section 3. Provision of Protocols.** PEMC is hereby directed to formulate and publish, within fifteen (15) days from the effectivity of this Circular, the necessary protocols to allow for the transparent adjustment of the WESM processes during the implementation of the ILP, with utmost consideration of the WESM objective to ensure transparency, efficiency, and accountability of the WESM Participants: *Provided*, That any protocols established shall not disrupt the existing systems and processes of the WESM including, but not limited to, the timeline for the issuance of the preliminary and final statements.

**Section 4. Regular Review.** On a regular basis, the DOE shall assess the impact of the implementation of the ILP on the WESM and shall provide the amendments to this Circular as may be needed, in consultation with ERC, PEMC, NGCP and other electric power industry participants.

Towards this end, PEMC shall submit to the DOE a report on the implementation of ILP, particularly on the impact of the extend BCQ declaration to WESM processes, not later than one (1) month after the final settlements have been issued following activation of ILP.

**Section 5. Regulatory Support.** The ERC shall provide the necessary support primarily in promulgating the supplemental rules and regulations for the smooth participation of the CCs through their RES /Local RES.

**Section 6. Separability.** If for any reason, any provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

**Section 7. Effectivity.** This Circular shall take effect immediately following its publication in two (2) national newspapers of general circulation, until otherwise revoked.

Issued at Energy Center, Bonifacio Global City, Taguig City.

  
CARLOS JERICO L. PETILLA  
Secretary

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DEPARTMENT OF ENERGY

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