



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

DEPARTMENT CIRCULAR NO. DC 2021-10-0034

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY  
SPOT MARKET (WESM) RULES AND MARKET MANUAL ON THE  
PROCEDURES FOR CHANGES TO THE WESM RULES, RETAIL RULES AND  
MARKET MANUALS**

**WHEREAS**, Sections 30 and 37(f) of the Electric Power Industry Reform Act (EPIRA) provides that the Department of Energy (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. DC2002-06-0003;

**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 13 March 2020, the Rules Change Committee (RCC) finalized its proposed amendments to the WESM Rules and Market Manual relative to the rules change process, and thereafter approved the publication of the proposed amendments in the market information website to solicit comments from market participants and other interested parties;

**WHEREAS**, the proposal aims to enhance the rules change process and align with relevant policies of the DOE concerning WESM governance;

**WHEREAS**, on 15 May 2020, the RCC during its 165<sup>th</sup> Meeting reviewed and deliberated on the proposal giving due course to the comments and recommendations received from the market participants, and thereafter approved its endorsement to the PEM Board;

**WHEREAS**, on 27 May 2020, after due evaluation and deliberation, the PEM Board during its 24<sup>th</sup> Regular Meeting approved for endorsement to the DOE the above stated RCC proposal;

**WHEREAS**, on 10 June 2020, the PEM Board-approved amendments to the WESM Rules and Market Manual on the Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals were submitted to the DOE for final approval, in compliance with Chapter 8 of the WESM Rules;

**WHEREAS**, on 31 July 2020, the DOE posted the draft Department Circular adopting the proposed amendments in the DOE website to solicit comments from the market participants and other interested parties;

**WHEREAS**, on 10 and 15 December 2020, the DOE conducted public consultations on the abovementioned proposed amendments to solicit inputs and consider comments of stakeholders in the finalization of the same;

**WHEREAS**, in a letter dated 23 March 2021, the DOE remanded the proposal to the PEM Board to address inconsistencies in the proposal relating to the process of the PEM Board approval of the urgent proposals, its period of effectivity and endorsement as general amendment to the DOE;

**WHEREAS**, on 16 April 2021 and 21 May 2021 the RCC discussed and deliberated on the proposed revisions to address the inconsistencies raised by the DOE and thereafter adopted RCC Resolution No. 2021-04 entitled "Addition to RCC Resolution No. 2020-14 on the Proposed WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals" for endorsement to the PEM Board;

**WHEREAS**, on 26 May 2021, after due evaluation and deliberation, the PEM Board during its 36<sup>th</sup> Regular Meeting approved for endorsement to the DOE the above stated RCC proposal;

**WHEREAS**, in a letter dated 10 June 2021, the PEM Board endorsed the said proposal to the DOE for its approval;

**NOW THEREFORE**, after careful review of the PEM Board-approved proposal and the comments and recommendations received on the same, the DOE, pursuant to its authority under the EPIRA and the WESM Rules, hereby adopts, issues, and promulgates the following amendments to the WESM Rules and Market Manual on the Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals:

**Section 1. Amendments to the WESM Rules.** The following provisions of the WESM Rules are hereby amended:

a. Clause 8.4.1.2 under Clause 8.4.1 (Rules Change Classification Procedures) is hereby amended to read as:

"8.4.1.2 The process for the approval of proposed amendments to the *WESM Rules* and/or existing *Market Manuals*, or adoption of new *Market Manuals* shall be made in accordance with the detailed guidelines and procedures under *WESM Rules* Clause 8.4.1.3.

The effectivity of changes to the *WESM Rules* and/or existing *Market Manuals* or the adoption of new *Market Manuals* shall be as follows:

(a) Urgent Proposals shall take effect 24 hours after the completion of publication and shall be effective for no more than six (6) months from such approval, or until such time that a general amendment on the same matter has been approved and takes effect, whichever



comes first. The *PEM Board* may extend the effectivity only once for up to six (6) months and shall inform the *DOE* of such extension. Urgent proposals shall apply only to proposed amendments to the provisions of the *WESM Rules* and/or existing *Market Manuals*.

- (b) Minor and/or General Proposals shall take effect upon approval and promulgation by the *DOE*."

- b. Clause 8.5.2 under Clause 8.5 (Consideration of Proposals to Change the *WESM Rules* or *Market Manuals* or Adopt New *Market Manuals* by the *PEM Board*) is hereby amended to read as:

"8.5.2 *PEM Board* discretions when assessing a proposal for a change in the *WESM Rules* or *Market Manuals*, or for the adoption of new *Market Manuals*

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- (b) Consult with such persons as the *PEM Board* reasonably considers will likely be affected by the proposal;
- (c) Seek such information and views from any person whom the *PEM Board* considers relevant or as may be practicable in the circumstances; and
- (d) Remand a proposal to the *Rules Change Committee* for further study. As necessary, the *Rules Change Committee* may subject a proposal to consultation as set out in *WESM Rules* Clause 8.4.5 (b)."

- c. Clause 8.6.4 under Clause 8.6 (Approval of Proposal for Changes to the *WESM Rules* or *Market Manuals* or Adopt New *Market Manuals*) is hereby amended to read as:

"8.6.4 Approval of a proposal

If the *DOE* concludes that a proposal is consistent with the *Act* and the public interest and satisfies the criteria, which are set out in *WESM Rules* Clause 8.4.2, it shall approve the proposal, cause its publication, and inform the *Governance Arm* to incorporate approved amendments to the relevant market rules documents for posting in the *Governance Arm* website and market information website. The proposal approved by the *DOE* shall take effect within fifteen (15) working days from its publication or on such later date as the *DOE*, determines or upon such time that the amendment may be implemented."

**Section 2. Amendments to the *WESM Market Manual on the Procedures for Changes to the *WESM Rules*, Retail Rules and *Market Manuals**.** The following provisions in the *Market Manual on the Procedures for Changes to the *WESM Rules*, Retail Rules and *Market Manuals**, Issue No. 3.0, are hereby amended:

- a. Section 1.1 (Purpose) under Section 1 (Introduction) is amended to read as:

"1.1 Purpose

This Manual:

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- (b) Describes the responsibilities and undertakings required of the *DOE*, the *PEM Board*, the *Rules Change Committee*, the other *WESM Governance Committees*, any *WESM Member* and of any interested parties in the initiation, evaluation, and approval or disapproval of any amendment, review or interpretation of the *WESM Rules*, *Retail Rules* and *Market Manuals*, guidelines and issuances governing the *WESM*. The procedures described in this *Market Manual* shall be read and construed consistent with Chapter 8 of the *WESM Rules*."

- b. Original term "PEM Board Committees" under Section 2.1 (Definitions) is amended to read as:

"WESM Governance Committees refers to the Committees created by the *PEM Board* pursuant to the *WESM Rules*."

- c. Original term "PEM Committee Secretariat" under Section 2.1 (Definitions) is amended to read as:

"WESM Governance Committee Secretariat refers to the support group tasked to handle administrative matters of the *WESM Governance Committees*."

- d. Original term "Publish" under Section 2.1 (Definitions) is amended to read as:

"Publish means to make information available through the market information website and the Governance Arm website."

- e. Section 5.3 (To whom submitted) under Section 5 (Proposals for Rules Change) is amended to read as:

"5.3      To whom submitted

- (a) The *proposals* shall be submitted to the *Rules Change Committee* through the *WESM Governance Committee Secretariat*, who shall check for the completeness of the *proposal* and its compliance with the formal requirements set forth in Section 5.2 of this Manual. Only *proposals* which are made in the prescribed form shall be accepted and considered as submitted.
- (b) Complete *proposals* shall be given due course and shall be forwarded to the *Rules Change Committee* for consideration. *Proposals* for general and minor amendments shall be forwarded to the *Rules Change Committee* within five (5) working days from receipt of complete *proposal*. *Proposals* for urgent amendments will be forwarded immediately upon receipt as provided for in Section 7.2(a).
- (c) Incomplete *proposals* or those which do not comply with the formal requirements shall be denied due course, and the *WESM*



*Governance Committee Secretariat* shall notify the proponent of the denial citing the grounds therefor. The proponent may re-submit the *proposal* and comply with the formal requirements.”

- f. Section 6.1.1 (Assessment of Proposal) under Section 6.1 (Rules Change Committee) is amended to read as:

“6.1.1      Assessment of Proposal

- (a) Upon endorsement by the *WESM Governance Committee Secretariat*, the *Rules Change Committee* shall give due course to the *proposal* in the next *Rules Change Committee* meeting.

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- (d) If the *Rules Change Committee* determines that the *proposal* satisfies the criteria, it shall notify the *PEM Board* of the *proposal* and proceed to evaluate the proposal in the manner set forth in this *Market Manual*.”

- g. Section 6.1.2 (Consultation and referral to Other Committees and Persons) under Section 6.1 (Rules Change Committee) is amended to read as:

“6.1.2      Consultation and referral to Other Committees and Persons

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- (b) The following committees or persons shall likewise be notified of the *proposal* and invited to make their written submissions within the period stated in Section 6.1.3(a) of this *Market Manual*:

(i) xxx    xxx    xxx

(ii) xxx    xxx    xxx

(iii) the *PEM Audit Committee*, where the *proposal* affects any matter falling under its competence;

(iv) xxx    xxx    xxx

(v) xxx    xxx    xxx

(vi) the *Energy Regulatory Commission*, where the *proposal* affects any provision of the Philippine Grid Code, Philippine Distribution Code, and other *ERC* issuances, for the purpose, among other things, of determining the effect of the *proposal* and the need to harmonize such *proposal* with the provisions of these issuances.

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- h. Section 6.1.3 (Written Submissions) under Section 6.1 (Rules Change Committee) is amended to read as:

“6.1.3      Written Submissions

- (a) xxx xxx xxx
- (b) Only written submissions actually received by the *WESM Governance Committee Secretariat* within the prescribed period shall be validly considered by the *Rules Change Committee*.
- (c) xxx xxx xxx
- (d) The written submissions may be provided through printed documents, by electronic means or by facsimile, and directed to the *Rules Change Committee* through the *WESM Governance Committee Secretariat*."

i. Section 6.2.2 under Section 6.2 (PEM Board) is amended to read as:

"6.2.2 The *PEM Board* shall render its decision

- (a) xxx xxx xxx
  - (i) xxx xxx xxx
  - (ii) consult with persons who are likely to be affected by the *proposal*;
  - (iii) seek such information and views from any person with expertise on the subject matter of the *proposal*; and
  - (iv) remand the *proposal* to the *Rules Change Committee* for further study. As necessary, the *Rules Change Committee* may subject the *proposal* to consultation as set out in *WESM Rules* Clause 8.4.5 (b).

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j. Section 7.4 (Effectivity of Urgent Amendment) under Section 7 (Urgent Amendments) is amended to read as:

"7.4 Effectivity of Urgent Amendment

- (a) The approved urgent amendment shall become effective within twenty-four (24) hours upon publication of the relevant *Rules* and/or *Market Manual(s)* in the market information website and Governance Arm website. The Governance Arm and *Market Operator* shall issue an advisory to the participants of the date of its effectivity. The Governance Arm and *Market Operator* shall publish the amendments within twenty-four (24) hours from its approval, and advisories shall be made through email, the market information website and the Governance Arm website.

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- (f) Within ten (10) days from ratification by the *PEM Board* of the urgent amendment or upon approval by the *PEM Board*, the *Rules Change Committee* shall notify and invite all *WESM Members* and all other interested parties of the amendment to make written submissions as a general amendment in accordance with Section 6 hereof. After one (1) billing period but no later than ninety (90) calendar days from the



*PEM Board's* approval, the Market Assessment Group shall prepare and submit to the *Rules Change Committee*, copy furnished the *PEM Board* and the *DOE*, an assessment report on the implementation of the approved urgent amendments. Thereafter, the *Rules Change Committee* shall deliberate on the written submissions received to consider the urgent amendment as a general amendment in accordance with Section 6 hereof.

- (g) On the basis of the assessment conducted by the Market Assessment Group, the *PEM Board* may extend the effectivity of urgent amendments only once for up to six (6) months and shall inform the *DOE* of such extension."

- k. Section 8 (Effectivity) is amended to read as:

"8 Effectivity of Minor and General Amendment

General and minor amendments to the *WESM Rules*, *Retail Rules* and *Market Manual(s)* approved by the *DOE* shall take effect fifteen (15) working days from its publication in two (2) newspapers of general circulation, or on such later date as determined by the *DOE*, or upon such time that the amendments may be implemented. Urgent amendments to the *WESM Rules* shall take effect in accordance with Section 7.4 of this Manual."

- l. Section 9.2 (Custodian of Records) under Section 9 (Reports and Records) is amended to read as:

"9.2 Custodian of Records

The Head of the *Rules Change Committee* Secretariat shall have official custody and be in-charge of the records prepared for or in connection with the rules change process, including but not limited to the journal, resolutions and minutes of deliberations of the *Rules Change Committee* or the *PEM Board*. The Governance Arm shall keep and maintain the official version of all the amendments made pursuant to this *Market Manual*."

- m. Section 11.2 (Publication and Effectivity) under Section 11 (Amendments, Publication and Effectivity) is amended to read as:

"11.2 Publication and Effectivity

This *Market Manual*, as it may be amended from time to time, shall be published in the Governance Arm website and market information website for reference of the stakeholders.

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**Section 3. 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 4. Effectivity.** This Circular shall take effect fifteen (15) days following its complete publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked. Copies thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on OCT 12 2021 at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.

  
**ALFONSO G. CUSI**  
Secretary

