

Republic of the Philippines
DEPARTMENT OF ENERGY

11 JUN 2009

DEPARTMENT CIRCULAR NO. DC2009-06-0009

**CREATION OF STEERING COMMITTEE TO ENSURE THE SECURITY OF ELECTRIC
POWER SUPPLY IN THE VISAYAS GRID**

WHEREAS, Section 2 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 or EPIRA, declared as a policy of the State to, among others, ensure the quality, reliability, security and affordability of the supply of electric power, protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power, and encourage the efficient use of energy and other modalities of demand side management;

WHEREAS, to address the power supply situation in the Visayas Grid, the DOE conducted the Visayas Stakeholders' Meetings on January 15-16, 2009 where it presented and discussed the Visayas Supply Augmentation Auction Program (VSAAP);

WHEREAS, the DOE issued Circular No. DC2009-01-0001 on January 16, 2009, which directed DOE-attached agencies, all power industry participants, consumers and various stakeholders to adopt and implement contingency measures to ensure adequate and reliable electric power supply in the Visayas grid particularly in the islands of Cebu, Negros, Panay and Bohol;

WHEREAS, the VSAAP was officially endorsed by the Visayas electric power industry participants in a series of public consultations on February 4-6, 2009, held in Cebu, Negros and Panay islands;

WHEREAS, on April 13, 2009, the Energy Regulatory Commission (ERC) provisionally approved the conduct of preparatory activities for the VSAAP, particularly the commencement of registration process;

WHEREAS, the DOE promulgated the VSAA Rules through the issuance of Circular No. DC2009-05-006 on May 05, 2009;

NOW, THEREFORE, premises considered, the DOE hereby creates the "**Visayas Power Supply Steering Committee**" to oversee among others the, (a) overall implementation of the VSAAP and ensure the effective coordination of various activities of all entities involved in the establishment of the VSAAP; (b) overall implementation of activities for the smooth transition to commercial operation of the Wholesale Electricity Spot Market (WESM) in the Visayas Grid and (c) any other related activities.

SECTION 1. Composition of the Visayas Power Supply Steering Committee.
The Committee shall be composed of:

Chairman: Department of Energy (DOE)

Members: Philippine Electricity Market Corporation (PEMC)
National Transmission Corporation (TRANSCO)
National Grid Corporation of the Philippines (NGCP)
National Electrification Administration (NEA)
National Power Corporation (NPC)
Power Sector Assets and Liabilities Management Corp. (PSALM)

SECTION 2. Functions of the Visayas Power Supply Steering Committee. - The Visayas Power Supply Steering Committee shall exercise the following functions.

A. Monitor the Activities for the Operation of the VSAAP, as follows:

- (1) Timelines, action plans, and overall target implementation schedule of the VSAAP;
- (2) Formulation and establishment of all necessary documents, infrastructures and activities needed for the operation of the VSAAP;
- (3) Coordination of all entities involved in the preparation of regulatory compliances;
- (4) Coordination of various entities involved in the operation of the VSAAP; and
- (5) Assessment or evaluation of the VSAAP including the identification of issues and formulation of solutions to address such issues.

B. Monitor the Activities for the Transition to Commercial Operation of the WESM in the Visayas Grid:

- (1) Timelines, action plans, and overall target implementation for the commercial operation of the Visayas WESM;
- (2) Formulation and establishment of all necessary infrastructures, manuals and relevant activities necessary to start the commercial operation of the Visayas WESM;
- (3) Coordination of all entities involved in the preparation of regulatory compliances;
- (4) Coordination between and among various stakeholders involved in the commercial operation of the Visayas WESM;
- (5) Power supply situation and transmission conditions in the Visayas Grid;
- (6) Assessment or evaluation of the Visayas WESM including the identification of issues and formulation of solutions to address such issues.

C. Monitor power supply situation and resolve any potential power supply issue in the Visayas Grid;

D. Perform such other functions as may be necessary and delegated to it by the DOE to ensure the reliability, security and adequacy of the supply of electric power in the Visayas Grid.

The Committee shall regularly provide the DOE Secretary updates of action plan and attendant activities related to implementation of the VSAAP and Transition Plan implementation of the WESM Visayas.

SECTION 3. Responsibilities of the Member Entities. - To assist the Committee in the performance of their functions, the PEMC, TRANSCO, NGCP, NEA, NPC and PSALM shall have the following responsibilities:

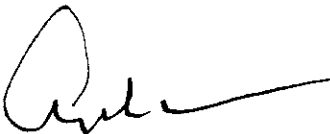
- A. Prepare and implement action plans for the operation of the VSAAP under the direction of the Committee;
- B. Regularly provide the Committee updates on the progress of the implementation of the VSAAP including implementation issues;
- C. Prepare and implement action plans for the transition to the commercial operation of the WESM in the Visayas Grid under the direction of the Committee;
- D. Regularly provide the Committee updates on the progress of the transition action plan for the commercial operation of WESM in the Visayas Grid including implementation issues;
- E. Ensure provision of adequate resources such as manpower and other necessary resources to support the smooth implementation of the VSAAP and the WESM Visayas;
- F. Ensure the mutual cooperation by and among the entities involved and allow the Committee access to information on relevant matters;

SECTION 4. Meetings. - The Committee shall hold a regular monthly meeting or as often as the Chairman directs. The Committee may direct the presence in a meeting of any resource person to provide expert advice or opinion on relevant matters.

This Circular shall be effective immediately upon its publication in two (2) newspapers of general circulation.

This Circular shall remain in effect until otherwise revoked.

Taguig, Metro Manila, _____.


ANGELO T. REYES
Secretary

