



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2013-12-0028

ADOPTING FURTHER AMENDMENTS TO THE WESM RULES
(Market Operator's Business Continuity Plan and Disaster Recovery Procedures)

WHEREAS, Section 37 of the Electric Power Industry Reform Act 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, upon the joint endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular No. 2002-06-003;

WHEREAS, any changes, amendments, and modifications to the WESM Rules shall be undertaken in accordance with the provisions of Chapter 8 thereof;

WHEREAS, on 05 August 2013, the Philippine Electricity Market Corporation (PEMC) submitted to the Rules Change Committee (RCC) its proposed amendments to Chapter 6 of the WESM Rules to include provisions on the obligations of the Market Operator (MO) on the development, implementation and simulation of its Business Continuity Plan (BCP) and Disaster Recovery Procedures (DRP) for consideration and approval;

WHEREAS, the proposal aims to ensure operational continuity of the WESM in cases of emergencies and any unplanned event or disaster that can shut down or disrupt critical business processes of the MO;

WHEREAS, the proposal includes the BCP and the DRP simulation and incidents arising from actual implementation of the same as grounds for Market Intervention, given that these may cause interruption of certain market processes resulting in the inability of the MO to generate dispatch schedule;

WHEREAS, on 07 August 2013, the RCC thoroughly discussed and deliberated the proposal during its 77th RCC Meeting, and after which, published the proposal in the WESM website to solicit comments from market participants and other interested parties;

WHEREAS, on 02 October 2013, the RCC in its 79th RCC Meeting deliberated upon the comments received from the stakeholders, and it finalized and approved the proposed amendments for endorsement to the PEM Board;

WHEREAS, on 29 October 2013, after due evaluation and deliberation, the PEM Board has resolved to approve for endorsement to the DOE the above stated proposed amendments to the WESM Rules;

WHEREAS, on 05 November 2013, the above stated amendments was submitted to the DOE for approval, consistent with Chapter 8 of the WESM Rules;

WHEREAS, the DOE thoroughly reviewed the PEM Board-approved amendments to the WESM Rules and considered it reasonable and consistent with the objectives of the WESM Rules;

WHEREAS, the DOE deemed it necessary to incorporate the MO's reportorial responsibility and the approval of the PEM Board to the plans and procedures concerning BCP and DRP for better transparency and efficiency;

NOW THEREFORE, pursuant to its authority under the WESM Rules, the DOE hereby adopts, issues and promulgates the following amendment to the WESM Rules:

Section 1. Amendment to the WESM Rules.

1.1 Clause 6.1 under Scope of Chapter 6 (Intervention and Market Suspension) is amended to read -

This chapter 6 sets out:

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- (c) The procedures which are to take effect in the event of a threat to *system security*;
- (d) The circumstances and manner in which the ERC through the *Market Operator* may intervene or suspend the *spot market*; and
- (e) The responsibilities of the *Market Operator* to develop, simulate and implement *business continuity plan* and *disaster recovery procedures*.

1.2 Clause 6.2.1 under Preparation and Responses is amended to read -

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6.2.1.3 Intervention may be warranted if there are interruptions in the operations of market software used by the *Market Operator* to support various processes in the WESM during the simulation of the *business continuity plan* and *disaster recovery procedures* of the *Market Operator* developed under Clause 6.8.8.1.

6.2.1.4 During *intervention* or *market suspension*, the *System Operator* and *Market Operator* shall coordinate their actions to restore normal operation of the *power system* and the market.

6.2.1.5 *WESM Participants* acknowledge that:

- (a) The operation of the *power system* involves risks to public safety and property and therefore accepts that the provisions of this Chapter 6 are appropriate and reasonable;

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1.3 Clause 6.8 is amended to read –

6.8 Business Continuity Plan and Disaster Recovery Procedures of the Market Operator

6.8.1 Development of Business Continuity and Disaster Recovery Procedures

6.8.1.1 In consultation with the *System Operator*, the *Market Operator* shall develop and implement Business Continuity Plan and Disaster Recovery Procedures to ensure operational continuity of the WESM in cases of emergencies and force majeure events. Provided that, the said plan and procedures, shall be approved by the *PEM Board*.

6.8.1.2 The *Market Operator* shall review and update the Business Continuity Plan and Disaster Recovery Procedures as may be necessary, provided that, any changes thereto shall be approved by the *PEM Board*.

6.8.2 Simulations

6.8.2.1 The *Market Operator* shall regularly simulate the procedures set forth in the Business Continuity Plan as well as the Disaster Recovery Procedures to ensure the preparedness of the *Market Operator*, *System Operator* and *Trading Participants* in the event of emergencies affecting market operations. The *Market Operator* shall evaluate the results of the simulation exercise and shall identify deficiencies in the procedures, if any. In cases of deficiencies in the procedures, the *Market Operator* shall recommend corrective measures for approval of the *PEM Board*.

Thereafter, the *Market Operator* shall provide a report to the *PEM Board*, *DOE* and *ERC* on the result of the simulation and the implementation of the Business Continuity Plan and Disaster Recovery Procedures.

6.8.2.2 The *Market Operator* shall inform the *Trading Participants* and the *System Operator* of the simulations at least thirty (30) days prior to the conduct of the same.

6.8.2.3 The *Market Operator* shall also notify all *Trading Participants* and the *System Operator* as soon as reasonably possible if the simulation or implementation of its Business Continuity Plan and Disaster Recovery Procedures may interrupt the operations of market software used by the *Market Operator* to support various processes in the WESM. The *Market Operator* shall use all efforts to minimize any possible market interruption in the conduct of the simulation or implementation of the Business Continuity Plan or Disaster Recovery Procedures.

1.4 Original Clause 6.8 under Market Suspension is renumbered and the reference numbers are amended accordingly, to read –

6.9 Market Suspension

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6.9.2.3 Following a declaration by the ERC under clause 6.9.1.1, the *spot market* is to remain suspended until the ERC notifies the *Market Operator* that *spot market* operation is to resume.

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6.9.4.2 A copy of the report prepared under clause 6.9.4.1 shall be provided to:

xxx xxx xxx

6.9.5.1 Within ten *business days* following a declaration by the ERC under clause 6.9.1.1, the *Market Surveillance Committee* shall investigate the circumstances of that event and prepare a report to assess:

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6.9.5.2 A copy of the report prepared under clause 6.9.5.1 shall be provided to:

xxx xxx xxx

1.5 Glossary Chapter 11 is amended to read –

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Business Continuity. Refers to the activity performed by the *Market Operator* to ensure that critical business functions will be available to the *Trading Participants, System Operator, Metering Services Provider, ERC, DOE,* and other entities that must have access to those functions.

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Disaster. Refers to natural or man-made event that results in physical damage, destruction of property or loss of life. Disasters shall include, but are not limited to earthquakes, typhoons, floods, storms, fires, bomb threats, acts of terrorism or sabotage, power system blackouts or civil disturbances.

Disaster recovery. Refers to a subset of business continuity. This is the process, policies and procedures that are related to preparing for recovery or continuation of technology infrastructure which are vital to the *Market Operator* after a natural or human-induced disaster.

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Intervention. A measure taken by the *System Operator* when the *grid* is in extreme state condition as established in the *Grid Code* arising from a threat to *system security, force majeure event* or *emergency*, or by the *Market Operator* in relation to the simulation or implementation of the *business continuity* or *disaster recovery* procedures developed in accordance with Clause 6.8.1. During such event, the *administered price cap* shall be used for settlements.

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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 into effect fifteen (15) days from its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Issued this ____ December 2013 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


CARLOS JERICHO L. PETILLA
Secretary



Republic of the Philippines
DEPARTMENT OF ENERGY

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