



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2014 - 02 - 0004

**RELAXATION OF CHAPTER III SECTION 3.1.1 OF THE WESM
MANUAL ON REGISTRATION, SUSPENSION, AND
DEREGISTRATION CRITERIA AND PROCEDURES**

WHEREAS, Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA) declares as policy of the State, among others, to:

- (a) ensure the quality, reliability, security and affordability of the supply of electric power; and
- (b) protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power.

WHEREAS, Section 37 of the EPIRA mandates the Department of Energy (DOE), among others to:

- (a) ensure the reliability, quality, and security of supply of electric power;
- (b) encourage private sector investments in the electricity sector and promote development of indigenous and renewable energy sources;
- (c) promote a system of incentives to encourage electric power industry participants including electricity end-users to provide adequate and reliable electric power supply;
- (d) jointly with the electric power industry participants, establish the wholesale electricity spot market and formulate the detailed rules governing the operations thereof; and
- (e) exercise such other powers as may be necessary or incidental to attain the objectives of EPIRA.

WHEREAS, on 28 June 2002, in consultation with the electric power industry participants, the WESM Rules was issued, adopted, and promulgated by the DOE;

WHEREAS, Generation Company/ies registering in the WESM as Trading Participants are required to submit operating parameters consisting of the minimum (P_{min}) and maximum (P_{max}) generator stable loading of their generating units which information are then made as default inputs to the Market Dispatch Optimization Model (MDOM) in accordance with the WESM Price Determination Methodology (PDM) approved by the Energy Regulatory Commission (ERC);

WHEREAS, the DOE, in cooperation with PEMC, undertook a study on the WESM design which recommended setting the *P_{min}* at a lower level or zero (0) MW would provide more offers to the spot market and thereby reduce the capacity gap in the WESM;

WHEREAS, the WESM Manual on Registration, Suspension and Deregistration Criteria and Procedures only allows changes to be made on the registered *P_{min}* and *P_{max}* upon compliance to the procedures set therein;

WHEREAS, Section 3.1.1 of the said WESM Manual respectively provides that:

“3.1.1. The Trading Participant wishing to change the registered capacities of its generating unit/s shall make a request in writing to the Market Operator. Such changes shall be in accordance with either the latest Certificate of Compliance (COC) issued by the ERC or a certification of generator capability test to be issued jointly by the DOE, ERC and SO. The conduct of testing shall be based on the internationally-accepted testing procedures as required in the COC, and the cost of testing shall be the responsibility of the applicant.”

WHEREAS, the abovementioned WESM Manual requirement for the changes on the registered *P_{min}*, which is generation testing and certification, may limit the opportunity to facilitate more offers in the WESM coming from generating units with fast start capability;

WHEREAS, the DOE deemed it appropriate to relax the requirement of the aforementioned WESM Manual procedure concerning changes in *P_{min}* for better efficiency in ensuring the security and reliability of supply of electric power;

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

Section 1. Scope. This Circular shall apply to all Generation Company/ies with generating units having fast start capability as defined in the Philippine Grid Code (PGC) and other entities mandated to support the implementation of the policy set herein.

Section 2. Relaxation of Specific Provisions of the WESM Registration Manual. Notwithstanding the procedures provided in the WESM Registration Manual for the changes in *P_{min}* registration, effective 01 December 2013, Generation Company/ies, which generating units have fast start capability, as defined in the Philippine Grid Code (PGC), may be allowed to register a lower operating limit or *P_{min}* of zero (0) in the WESM.

For this purpose, the National Grid Corporation of the Philippines (NGCP) in consultation with the Grid Management Committee (GMC) is hereby directed to submit to the DOE within ten (10) days from the effectivity of this Circular a certified list of all generating units having fast start capability. Said certification shall therefore serve as PEMC's basis in allowing Generation Company/ies requests for change in their current *P_{min}* registration to a lower level or zero (0) MW as provided for under this Circular.

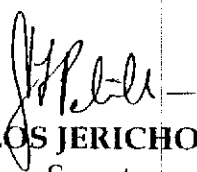
Section 3. Review of WESM Design. Consistent with the objectives of this Circular, the Philippine Electricity Market Corporation (PEMC) shall review the applicable provisions of the Registration Manual and recommend necessary changes in accordance with the policy that may be adopted by the DOE on the overall WESM Design.

In the interest of ensuring adequacy and reliability of the power supply, the DOE shall continue to assess the performance of the generation units and if warranted, will issue the necessary policies and effect changes to the WESM Rules, *motu proprio*, as necessary.

Section 4. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts that are not affected shall remain in full force and effect.

Section 5. Effectivity. This Circular shall take effect immediately following its publication in two (2) newspapers of general circulation and shall remain in effect unless otherwise revoked.

Issued in Energy Center, Bonifacio Global City, Taguig City on **FEB 06 2014**


CARLOS JERICO L. PETILLA
Secretary

