



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC 2015-11-0018

**DECLARING THE COMMERCIAL OPERATION OF THE CENTRAL SCHEDULING
AND DISPATCH OF ENERGY AND CONTRACTED RESERVES IN THE WHOLESALE
ELECTRICITY SPOT MARKET AND FURTHER AMENDMENTS TO ITS PROTOCOL
IN PREPARATION FOR THE EVENTUAL COMMERCIAL OPERATION OF THE
WESM RESERVE MARKET**

WHEREAS, Section 37 of the Electric Power Industry Reform Act of 2001 (EPIRA) provides that the Department of Energy (DOE) is mandated to, among others:

- a) Supervise the restructuring of the electric power industry;
- b) Ensure the reliability, quality and security of supply of electric power;
- c) Develop policies and procedures and, as appropriate, promote a system of energy development incentives to enable and encourage electric power industry participants to provide adequate capacity to meet demand including, among others, reserve requirements; and
- d) Exercise such other powers as may be necessary to attain the objectives of the EPIRA;

WHEREAS, Section 37 of the EPIRA 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. DC2002-06-003;

WHEREAS, on 26 March 2014, the DOE directed the implementation of the Central Scheduling and Dispatch of Energy and Contracted Reserves (The Central Scheduling) through Department Circular No. DC2014-03-0009 entitled "*Declaring a New Commercial Launch Date for the Wholesale Electricity Spot Market (WESM) Reserve Market and Directing a Central Scheduling and Dispatch of Energy and Contracted Reserves*" in order to provide better monitoring of the available capacity and more preparation for the eventual commercial operation of the WESM Reserve Market;

WHEREAS, on 02 December 2014, the DOE adopted and promulgated the Protocol for the Central Scheduling and Dispatch of Energy and Contracted Reserves (The Protocol), as jointly formulated by the Philippine Electricity Market Corporation (PEMC) and National Grid Corporation of the Philippines (NGCP), through Department Circular No. DC2014-12-0022 entitled "*Promulgating the Protocol for the Central Scheduling and Dispatch of Energy and Reserves in Preparation for the Commercial Operation of the Wholesale Electricity Spot Market (WESM) Reserve Market*;"

WHEREAS, the PEMC as the Market Operator started the implementation of the said Central Scheduling through Trial Operations Program (TOP), but its commercial operation was deferred taking into consideration the recommendation of the stakeholder vis-à-vis supply-demand outlook during the summer months of 2015;

WHEREAS, on 26 July 2015, the PEMC reassessed that the electric power supply situation became stable and resumed the TOP for the implementation of the Central Scheduling in the WESM;

WHEREAS, on 17 September 2015, the PEMC conducted a forum with the WESM Trading Participants wherein they confirmed that the readiness criteria for Central Scheduling in the Luzon Grid were fully met while facilities and familiarization of some Visayas participants have yet to be completed;

WHEREAS, on 29 September 2015, the PEMC recommended through its letter to the DOE that the Commercial Operations of the said Central Scheduling should be launched on 07 October 2015 for Luzon Grid and 28 October for Visayas Grid, respectively;

WHEREAS, on the same PEMC's letter to the DOE on 29 September 2015, the PEMC proposed an amendments to the said Protocol for Central Scheduling to include an additional provisions to address the dispatch scheduling issues encountered during the TOP; and

WHEREAS, the DOE thoroughly reviewed the abovementioned PEMC's readiness assessment including the proposed amendments to the Protocol for the implementation of Central Scheduling, and deemed it consistent with the objectives of the WESM and the implementation of the WESM Reserve Market.

NOW THEREFORE, from the foregoing premises and pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following for the implementation of the Central Scheduling in the WESM:

Section 1. Commencement of the Commercial Operation of the Central Scheduling and Dispatch of Energy and Contracted Reserves (The Central Scheduling) in the WESM. The Commercial Operation of the Central Scheduling in the WESM (Luzon and Visayas Grid) shall commence on 26 November 2015 (hereafter the Commencement Date). This is to provide additional preparations and familiarizations of the WESM Trading Participants and stakeholders for the impending WESM Reserve Market and its development.

During the implementation of Central Scheduling, all Reserve Transactions shall be based on the Trading Participant's existing Ancillary Service Procurement Agreement (ASPA). The implementation of the Central Scheduling and its Protocol shall immediately cease upon the Commercial Operation of the said Reserve Market or upon the declaration of its cessation by the DOE.

Further, pursuant to DOE Circular No. DC2014-12-0022, PEMC as the Market Operator shall continuously submit an assessment report to the DOE on its implementation of the Central Scheduling.

Section 2. Amendments to the Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves in the WESM. The following Sections are hereby amended to read:

(a) Section 4.2 under Central Scheduling of Reserve Capacities –

“4.2 Submission of Generation and Reserve Offers for Market Projections

xxx xxx xxx

4.2.6 If a generating unit is not scheduled as a dispatchable reserve, and it has a zero commercial Pmin¹ and a non-zero technical Pmin, the Market Operator shall use a security limit for that generating unit indicating its technical Pmin as the minimum operating limit, whereas its maximum operating limit shall correspond to its maximum offered capacity.

4.2.7 If a generating unit is scheduled as a dispatchable reserve, and it has a non-zero commercial Pmin, the Market Operator shall use a security limit for that generating unit indicating zero (0) as its minimum operating limit, whereas its maximum operating limit shall correspond to its maximum offered capacity.”

(b) Section 4.7 under Central Scheduling of Reserve Capacities –

“4.7 Real-Time Dispatch Scheduling and Dispatch Implementation

xxx xxx xxx

4.7.2 If a generating unit is not scheduled as a dispatchable reserve, and it has a zero commercial Pmin and a non-zero technical Pmin, the Market Operator shall use a security limit for that generating unit indicating its technical Pmin as the minimum operating limit, whereas its maximum operating limit shall correspond to its maximum offered capacity.

4.7.3. If a generating unit is scheduled as a dispatchable reserve, and it has a non-zero commercial Pmin, the Market Operator shall use a security limit for that generating unit indicating zero (0) as its minimum operating limit, whereas its maximum operating limit shall correspond to its maximum offered capacity.

4.7.4. The System Operator may constrain-on or constrain-off the output of generating unit/s in accordance with the WESM Merit Order Table (WMOT) and may designate must-run units (MRUs) in real-time if all available ancillary reserve capacity has been exhausted or depleted.

4.7.5 For generators that were scheduled below their respective technical Pmin for the next trading interval:

¹ Commercial Pmin is defined as the registered Pmin in the WESM in accordance with DOE Department Circular No. DC2014-02-0004

4.7.5.1 Trading Participants shall manage their offers appropriately for the following intervals so that such an incident may not recur.

4.7.5.2 If it is currently running or dispatched, then it should operate at its technical Pmin for that next trading interval.

4.7.5.3 If a generator is scheduled below its technical Pmin for the next trading interval, and it is currently off-line, then it should remain off-line for that next trading interval.

4.7.6 WESM Rules Clause 3.8.4 states that Trading Participants who are dispatched shall use reasonable endeavors to achieve a linear ramp rate over the trading interval to reach the target loading level by the end of that trading interval and within the dispatch tolerances specified in WESM Rules Clause 3.8.7. Trading Participants will not be required to operate in a different fashion unless it is necessary to:

(a) Respond in accordance with reserve or ancillary service contracts; or


(b) Respond to a direction in accordance with WESM Rules Clauses 6.3 and 6.5."

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 upon publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Issued this ____ November 2015 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


ZENAIDA Y. MONSADA
Secretary

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