



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

Department Circular No. _____

**DECLARING THE COMMERCIAL OPERATION OF THE WHOLESALE
ELECTRICITY SPOT MARKET (WESM) IN THE MINDANAO GRID**

WHEREAS, the Department of Energy (the “DOE”) is mandated under Section 30 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” or “EPIRA” to establish the Wholesale Electricity Spot Market (the “WESM”) that would facilitate a transparent, competitive, and reliable market for electricity.

WHEREAS, the DOE on 28 June 2002, promulgated Department Circular (“DC”) 2002-06-0003 or the WESM Rules pursuant to its mandate, in consultation with the electric power industry participants.

WHEREAS, the DOE, on 21 June 2006, issued DC 2006-06-0008 declaring the start of commercial operations of the WESM in the Luzon Grid.

WHEREAS, the DOE, on 26 November 2010, issued DC 2010-11-0012 declaring the start of commercial operations of the WESM in the Visayas Grid and its integration with the Luzon Grid.

WHEREAS, the DOE, on 23 October 2015 issued the DC2015-10-0015 providing the policies for implementation of the Enhanced WESM Design and Operations (“EWDO”).

WHEREAS, the DOE, on 04 May 2017, issued the DC 2017-05-0009 “Declaring the Launch of the WESM in Mindanao and Providing for Transition Guidelines” effective 26 June 2017 to provide sufficient time for the Market Operator (“MO”), System Operator (“SO”) and WESM Participants to prepare and familiarize themselves in WESM operations.

WHEREAS, the DOE on 25 June 2021, issued the DC2021-06-0015 “Declaring the Commercial Operations of Enhanced Wholesale Electricity Spot Market (WESM) Design and Providing Further Policies” and providing an Advisory on “Implementation of WESM Central Scheduling (WCS)”.

WHEREAS, the DOE on 24 July 2021, issued the Advisory “Continued Implementation of WCS” extending the WCS until further notice, in light of the pending registration of WESM Mindanao Participants.

WHEREAS, per the latest WESM Mindanao registration update from the MO dated 24 October 2021, only 39 out of the expected 96 participants in Mindanao have completed registration in the WESM. Further, the registration update showed that LASURECO has still yet to commence its registration in the WESM and MAGELCO has yet to provide a counterparty confirmation from its direct WESM member counterparty.

WHEREAS, on 08 October 2021, it has been agreed that the pending registration concerns shall no longer impede the WESM Mindanao Commercial Operation. As such, PSALM and NEA were directed to provide its necessary assistance in ensuring the registration of the ailing ECs, LASURECO and MAGELCO.

NOW, THEREFORE, from the foregoing premises and pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby declares the following:

Section 1. Declaration of Commercial Operation of the WESM in the Mindanao Grid. The DOE hereby declares the commercial operation of the WESM in Mindanao effective 26 December 2021 (“Commercial Operation Date”). For this purpose, all WESM Members and concerned Electric Power Industry Participants shall comply with the provisions of this DC, the WESM Rules and Market Manuals; Provided, that the following shall be observed during the initial phase of the commercial operation of the WESM Mindanao:

- 1.1. Continuing compliance for the non-hard WESM Mindanao registration requirements, as duly identified by the MO, will be temporarily allowed. Further, a compliance plan from power plants with Remote Terminal Units (RTUs) under Corrective Maintenance status will be required.
- 1.2. Nomination for Embedded Generators (EGs) with pending RTU concerns made by the Host Distribution Utility (DU) will be allowed, provided that the nomination be done in at least 15 minutes and be properly coordinated with the SO for the manual updating.

Section 2. Mandatory Registration of All Electric Industry Participants. All Trading Participants shall ensure completion of their WESM registration prior to Commercial Operation Date. Otherwise, applicable sanctions and/or penalties shall be imposed in accordance with the applicable provisions of WESM Rules and Market Manuals and other relevant issuances of the DOE. Trading Participants with an allowed compliance plan shall ensure the completion of their WESM Registration requirements.

Section 3. Delegation of Responsibilities for LASURECO and MAGELCO. For the first three (3) months from the commercial operations date, the following arrangements shall be accordingly followed:

- 3.1. PSALM shall assume all power quantities of the Lanao del Sur Electric Cooperative Inc. (LASURECO) and Maguindanao Electric Cooperative Inc.

(MAGELCO);

3.2. PSALM shall serve as the Direct Member on behalf of LASURECO and MAGELCO.

3.3 Likewise, NEA, IEMOP, and PEMC is expected to provide its assistance in the above arrangements for LASURECO and MAGELCO.

Section 4. Separability. If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 5. Effectivity and Publication. This Circular shall be effective immediately upon its publication in two (2) newspapers of general circulation. Copies thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on _____ at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.

ALFONSO G. CUSI
Secretary