



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

DEPARTMENT CIRCULAR NO. DC 2022 - 03 - 0010

**ADOPTING FURTHER AMENDMENTS TO THE MARKET MANUAL ON
REGISTRATION, SUSPENSION AND DE-REGISTRATION CRITERIA AND
PROCEDURES TO CLARIFY BILATERAL CONTRACTS ACCOUNTED FOR IN
SETTLEMENTS**

WHEREAS, Sections 30 and 37(f) of the Electric Power Industry Reform Act (EPIRA) provides that the Department of Energy (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, with the endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular No. DC2002-06-0003;

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

WHEREAS, on 17 February 2020, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted to the Rules Change Committee (RCC) the proposed amendments to the Market Manual on Registration, Suspension and De-registration Criteria and Procedures to allow other types of bilateral contract transactions to be accounted for in settlements in the WESM;

WHEREAS, on 27 May 2020 and 08 June 2020, the PEM Board approved the proposal and the Philippine Electricity Market Corporation (PEMC) formally endorsed the said proposal to the DOE, respectively;

WHEREAS, on 30 July 2020, the said proposal was posted in the DOE website to solicit comments from the stakeholders and other interested parties;

WHEREAS, various meetings were conducted between the DOE and IEMOP to clarify the intent of the proposal;

WHEREAS, in a letter dated 17 March 2021, the DOE remanded the proposal to the PEM Board recommending the proponent to revisit the proposal and enhance the same to provide clear limitation to its scope and address potential implications on the competitiveness and security of the supply in the market as the present proposal limits the Market Operator's knowledge as to whether an actual contract for replacement power really exists between generators while the supply customers can declare corresponding bilateral contract quantities;

WHEREAS, on 18 June 2021, during its 180th RCC Regular Meeting, the RCC deliberated the proposal considering the comments received from its posting in the PEMC website of the revised proposal;

WHEREAS, on 16 July 2021, during its 181st RCC Regular Meeting, the RCC approved Resolution No. 2021-12 entitled "Revisions to RCC Resolution 2020-09 on the Proposed Amendments to the Registration, Suspension and De-Registration Criteria and Procedures to Clarify Bilateral Contracts Accounted for in Settlements";

WHEREAS, on 25 August 2021, after due evaluation and deliberation, the PEM Board during its 39th Regular Meeting approved for endorsement to the DOE the above stated proposal;

WHEREAS, on 01 October 2021, the PEM Board submitted the revised proposal to the DOE, seeking the latter's consideration, approval and promulgation of the proposed amendments;

WHEREAS, on 25 October 2021, the DOE posted the draft Department Circular adopting the proposed amendments in the DOE website to solicit comments from the market participants and other interested parties;

WHEREAS, on 15 and 17 November 2021, the DOE conducted nationwide virtual public consultations on the abovementioned proposed amendments to solicit inputs and consider comments of stakeholders in the finalization of the same;

NOW THEREFORE, after careful review of the proposal and the comments and recommendations received on the same, having find the same consistent with the objectives of the EPIRA and the WESM Rules, the DOE, pursuant to its authority, hereby adopts, issues, and promulgates the following amendments to the WESM Manual on Registration, Suspension and Deregistration Criteria and Procedures:

Section 1. Amendments to the Market Manual on Registration, Suspension and Deregistration Criteria and Procedures. The Market Manual on Registration, Suspension and Deregistration Criteria and Procedures Issue No. 10.0 is hereby amended as follows:

a. Section 3.5.1.2 under Section 3.5.1 (Enrolment) is hereby amended to read as:

"3.5.1.2 The notice to the *Market Operator* shall include the following -

- (a) details on the duration of the supply contract;
- (b) desired effective date on which the bilateral contract transactions are to be accounted for in the WESM settlements. To the extent practicable, the effective date shall coincide with the start of a WESM billing month;
- (c) identification of the *market trading node* or *nodes* associated with the supply contract whose *final energy dispatch price* will be used as reference for the supply contract during settlements;

- (d) indication whether the *bilateral contract quantities* submitted by the selling participant would require confirmation by the buying participant in accordance with the billing and settlement timetable;
- (e) confirmation by the *supply customer* of the notice and the foregoing information;
- (f) for *Replacement Power Arrangements* between *Generation Companies*, copy of the supply contract; and
- (g) for supply to an *Indirect WESM Member* through its *Direct WESM Member* that is a *Generation Company*, written confirmation by the *Indirect WESM Member* of the notice and the foregoing information.”

b. Section 3.5.1.5 under Section 3.5.1 (Enrolment) is hereby added to read as:

“3.5.1.5 *Generation Companies* may register other *Generation Companies* or *Customer Trading Participants*, except for *Contestable Customers*, as *Supply Customers*. A *Generation Company* can only enroll another *Generation Company* as a *Supply Customer* if:

- (a) the *Generation Companies* have entered into a *Replacement Power Arrangement*; or
- (b) the *Generation Company* acting as the *Supply Customer* is the designated *Direct WESM Member* of an *Indirect WESM Member* that has a contract with the enrolling *Generation Company*.”

c. Appendix A – Glossary of Terms is amended to include and define the following terms:

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Replacement Power Arrangement – agreement entered by a *generation company* with another *generation company* for delivery of electricity by the purchasing *generation company* to its customers when its power plant is on outage or supply deration due to seasonal dependency or resource intermittency.

xxx xxx xxx”

Supply Customer – *Customers* or *Generation Companies* that purchase electricity under any power supply agreement, *replacement power arrangement* or contract with a *Generation Company* or *Retail Electricity Supplier*.

xxx xxx xxx”

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. Repealing Clause. All issuances inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

Section 4. Effectivity. This Circular shall take effect fifteen (15) days following its complete publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked. Copies hereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on MAR 17 2022 at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


ALFONSO G. CUSI
Secretary

