



Frequently Asked Questions

Monitoring of Market Compliances in relation to the Department of Energy (DOE) Advisory on Conservation and Prioritization of Fuel

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The information contained in this document is based on data that are subject to continuous verification by the Philippine Electricity Market Corporation (PEMC). The same information is subject to change as updated figures come in.

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1. **What is the DOE advisory on Conservation and Prioritization of Fuel?**

The Department of Energy (DOE) in the Philippines issued an advisory on 25 March 25 on fuel conservation and prioritization in the power sector, linked to Executive Order No. 110 signed by President Ferdinand Marcos Jr. on 24 March 2026.

This responds to global fuel price surges and supply disruptions, mainly from the current Middle East conflict, by directing measures to ensure energy stability.

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2. When will the market suspension be effective, and when shall it be lifted?

The Market was suspended in all regions at 0005H on 26 March 2026, following the Declaration of State of National Energy Emergency and the implementation of fuel conservation and prioritization measures in the power sector, aimed at mitigating rising global prices brought about by the current Middle East conflict while also ensuring effective supply distribution.

The suspension shall remain in effect until the Energy Regulatory Commission (ERC) issues a Notice of Market Resumption.

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3. **During the market suspension, what shall serve as the operational framework?**

The **Supplemental Operating Guidelines (SOG)** for system dispatch during the suspension of the Wholesale Electricity Spot Market (WESM) arising from global fuel supply disruption or the Annex “A” of the DOE advisory shall serve as the operational framework for the System Operator (SO), the Market Operator (MO), and all the WESM Trading Participants to be followed during the period of market suspension.

All Trading Participants are directed to follow the SOG for System Dispatch during the suspension of the WESM and the dispatch instructions issued by the SO aligned with the SOG.

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4. Will trading participants still be monitored for their compliance with the WESM Rules and Market Manuals during the Market Suspension?

The market participants will be monitored for compliance as they must continue submitting their energy and reserve offers, as well as their nominations, through the Market Participant Interface (MPI).

These submissions must accurately reflect each generating unit's maximum available capacity and must likewise show the unit's actual operational capability.

The WESM Governance Arm, through the Enforcement and Compliance Office (ECO), has likewise been instructed to continue enforcing the WESM Rules, evaluating and monitoring compliance, and imposing the applicable penalties and sanctions on WESM members found to have committed a breach.

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5. Will there be any changes in the energy and reserve offer?

There will be expected changes in the energy and reserve offers.

This is because under the DOE advisory on Conservation and Prioritization of Fuel, energy, and reserve offers may effectively change in practice as generating units are expected to base their MPI submissions on their actual operational capability and maximum available capacity, which could be adjusted due to fuel conservation measures, fuel supply constraints, or operational directives tied to the State of National Energy Emergency.

Additionally, during the market suspension, coal generating facilities are instructed to offer their maximum available capacity with offer prices in a manner that will ensure their dispatch for each trading interval, but not more than PHP6,000/MWH.

Market Participants are advised to strictly comply with the Offered Capacity Compliance (OCC) and the Reserve Offer Capacity Compliance (ROCC).

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6. During the Market Suspension (arising from global fuel supply disruption), can Trading Participants request exclusion from FAS calculation for the affected intervals?

Trading Participants may request exclusion from the Forecast Accuracy Standards (FAS) calculation for the affected intervals as Market Suspension is recognized as a valid exclusion criterion under the FAS Manual.

However, it is important to note that this does not mean all data should automatically be excluded from the FAS calculation during Market Suspension.

Trading Participants are still expected to nominate/offer in the MPI in line with the DOE-issued Special Operating Guidelines (SOG), and these should reflect the plant's actual operational capability.

Participants also remain obligated to project their output as accurately as possible.

If the Projected Quantity (PQ) or the Metered Quantity (MQ) were affected due to SO re-dispatch or MO scheduling, then exclusion may apply for those intervals.

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7. Will there be any change in compliance with the Dispatch Conformance Standards (DCS) and Reserve Conformance Standards (RCS) during the market suspension?

There will be changes in the compliance with the DCS and the RCS during the Market Suspension.

While the MO shall continue to generate the energy and reserve real-time dispatch (RTD) schedules, such schedules shall serve as the basis for dispatch implementation, subject to re-dispatch instructions by the SO in consideration of system security and real-time operating conditions.

All WESM Members are directed to strictly and immediately comply with the dispatch instructions issued by the SO.

WESM members are likewise advised to reflect the dispatch instructions provided by the SO in their supporting documents.

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8. Can the generators file claims for additional compensation?

Generators may file claims for additional compensation.

This is in line with the SOG where generators affected by dispatch adjustments may file claims for additional compensation pursuant to the provisions of the WESM Billing and Settlement Manual.

The additional claim for compensation shall be subject to the applicable validation and settlement processes.

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9. **How is the redispatch of unscheduled coal plant capacity handled by the System Operator?**

Under the SOG, the SO may redispatch unscheduled coal capacity to optimize fuel use and ensure grid stability.

The operation follows WESM dispatch protocols wherein generators must await explicit SO instruction before adjusting output.

Coal plants cannot proceed to maximum levels without SO clearance, even if they are unscheduled or partially curtailed. This requirement is intended to maintain the merit order and avoid penalties.

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10. What actions are expected from oil-fired generation units and Liquefied Natural Gas (LNG) fired generating units constrained off during redispatch?

Oil-fired and LNG plants that are constrained off to prioritize coal redispatch must remain on standby at minimum stable levels, ready for ramp-up upon the issuance of any SO instruction, without self-dispatching to higher outputs.

Any generation output of Oil-fired and LNG-fired units shall remain subject to re-dispatch, in accordance with the conservation and prioritization mechanisms.

Additionally, these generating plants should also report fuel stock levels and efficiency data to the DOE and to the PEMC-ECO, adhering to dispatch curtailment to conserve premium fuel and ensuring grid reliability while minimizing non-compliance risks.

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11. What documentation does ECO rely upon for compliance monitoring under the Emergency Fuel Conservation Dispatch Framework?

For DCS compliance monitoring, generation companies, through their plant operators, must maintain clear and spontaneous records of the instructions issued by the SO.

All generation companies are therefore strongly encouraged to maintain complete and accurate documentation of these instructions at all times as the ECO will cross-check this documentation against the official SO reports, particularly the post-dispatch report or the Dispatch Instruction Report (DIR), to verify adherence to dispatch instructions and fuel conservation measures.

In particular, the ECO will look at the dispatch instructions issued, the actual generation delivered, and specific redispatch instructions. These verifiable data points would enable the ECO to confirm whether the participants adhered to the mandated fuel conservation measures and offer submissions.

For the OCC and the ROCC monitoring, the ECO will continue to evaluate whether offers and nominations are reasonable estimate of a plant's capacity and operations.

Accuracy and transparency remain essential, and all generation companies are strongly encouraged to maintain complete and verifiable records of their respective available capacity to support compliance validation.

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12. What are the consequences of a breach during emergency condition, suspension, or intervention?

Under Section 4.5.4 of the WESM Penalty Manual, *“where an obligation is required to be carried out while the system is under an emergency state as declared by the System Operator, or the WESM is suspended by the Energy Regulatory Commission or placed under intervention by the System Operator, or the relevant market run indicates the occurrence of excess generation, a higher penalty level shall be imposed. This qualified circumstance is given priority over frequency of occurrence.”*

Consistent with Section 5, Breach No. 6, if a breach is committed under such conditions, the applicable sanctions escalate to Level 3 or PHP 20,000 per count of breach.

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