



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

DEPARTMENT CIRCULAR NO. DC 2021-07-0024

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY
SPOT MARKET (WESM) RULES FOR THE OPERATION OF THE RENEWABLE
ENERGY MARKET**

WHEREAS, Section 37 and 37(p) of the Electric Power Industry Reform Act (EPIRA) mandates the DOE to supervise the restructuring of the electricity industry and formulate such rules and regulations as may be necessary to implement the objectives of the Act;

WHEREAS, Sections 30 and 37(f) 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, with the endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular No. DC2002-06-003;

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, under Section 8 of the Renewable Act of 2008 states that the DOE shall establish the Renewable Energy Market (REM) and shall direct the Philippine Electricity Market Corporation (PEMC) to implement changes to the WESM Rules in order to incorporate the rules specific to the operation of the REM under the WESM;

WHEREAS, on 04 December 2019, the DOE promulgated the REM Rules through Department Circular No. DC2019-12-0016 to facilitate the compliance of the Mandated Participants with the Renewable Portfolio Standards (RPS);

WHEREAS, on 27 February 2020, the PEMC submitted to the Rules Change Committee (RCC) its proposed amendments to the WESM Rules and Retail Rules for the operation of REM as approved by the REM Governance Committee;

WHEREAS, the proposal aims to harmonize the WESM Rules and the Retail Rules with the policies stipulated in Section 8 of the Renewable Act of 2008 and the REM Rules;

WHEREAS, the proposal also aims to enable the RE Registrar (RER) to carry out its functions in issuing Renewable Energy Certificates (RECs) by gaining rights of access to WESM and Retail Market registration, metering, and settlement data and other

confidential information that are vital to the REM operations and its corresponding reporting mechanism pursuant to the RPS Rules;

WHEREAS, on 10 March 2020, the RCC during its PEMC submitted the RGC-approved proposal, which the RCC approved for publication in the PEMC website to solicit comments from industry stakeholders and interested parties;

WHEREAS, following the 30-working day commenting period from publication date on 11 March 2020, comments were received from the Independent Electricity Market Operator of the Philippines (IEMOP);

WHEREAS, on 15 May 2020, the RCC during the 165th RCC Meeting reviewed the proposal and deliberated the comments, and thereafter approved for endorsement to the PEM Board;

WHEREAS, on 27 May 2020, after due evaluation and deliberation, the PEM Board during its 24th Regular PEM Board Meeting approved for endorsement to the DOE the above stated RCC-approved proposal;

WHEREAS, on 08 June 2020, the Philippine Electricity Market Corporation submitted the abovementioned PEM Board-approved proposed amendments to the DOE;

WHEREAS, on 31 July 2020, 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 10 and 15 December 2020, the DOE conducted various public consultation on the said proposed amendments to ensure transparency and consistency with the objectives of the EPIRA;

WHEREAS, the DOE reviewed the said PEM Board-approved proposal and the comments and recommendations from the public consultation, made further revisions on the proposed amendments for consistency with the objectives of the WESM such as transparency and efficiency;

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

Section 1. Amendments to the WESM Rules. The following provisions in the WESM Rules are hereby amended:

- a. New Clause 5.2.1.6 under Clause 5.2.1 (Provision of Information) is hereby added to read as:

"5.2.1.6 The *Market Operator* shall make available to the *Renewable Energy Registrar* all pertinent information to facilitate the participation and transaction with the *RE Market* of the *WESM members*, for their compliance to the Renewable Portfolio Standards, pursuant to the RE Act."

b. Clause 5.3.2 (l) under Clause 5.3.2 (Exceptions) is added to read as:

"5.3.2 (l) The disclosure of registration and settlement information to the *RE Registrar*, pursuant to the *REM Rules*, of the following:

- i. *WESM members* participating in the *REM*; and
- ii. directly-connected customers who have contracts with *Generation Companies*."

c. New term Renewable Energy Market under the Glossary is hereby added to read as:

"Renewable Energy Market or REM. The market developed and implemented by PEMC where the trading of Renewable Energy Certificates (RECs) is made."

d. New term REM Rules under the Glossary is hereby added to read as:

"REM Rules. The REM Rules refers to the rules established by the DOE for the operation of the RE Market and to govern the conduct of the RE Registrar for the purpose of implementing the RPS Rules for both the On-Grid and Off-grid Areas."

e. New term Renewable Energy Registrar under the Glossary is hereby added to read as:

"Renewable Energy Registrar or the RE Registrar. The unit established in accordance with Republic Act No. 9513 to issue, keep and verify RECs corresponding to energy generated from eligible RE facilities."

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. Effectivity. This Circular shall take effect fifteen (15) days following its complete publication in at least 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 this JUL 09 2021 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


ALFONSO G. CUSI
Secretary

