



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

DEPARTMENT CIRCULAR NO. DC2023-04-0007

**AMENDING CERTAIN PROVISIONS AND SUPPLEMENTING DEPARTMENT
CIRCULAR NO. DC2022-06-0022 ON THE APPLICATION PROCESS OF NEW
WESM MEMBERS**

WHEREAS, Section 2 of Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA), declared as the policy of the State to ensure the quality, reliability, security, and affordability of the supply of electric power;

WHEREAS, Section 37 of the EPIRA further mandates the Department of Energy (DOE) to supervise the restructuring of the electric power industry and among others, to promote a system of incentives to encourage industry participants, including new generating companies and end-users to provide adequate and reliable electricity supply;

WHEREAS, on 03 June 2021, the DOE promulgated Department Circular (DC) No. DC2021-06-0013 providing the general framework which governs the test and commissioning of generation facilities for ensuring readiness to deliver energy to the grid or distribution network;

WHEREAS, on 20 May 2022, DC No. DC2022-05-0015 was issued to amend and supplement DC No. DC2021-06-0013 allowing power plants to continue to inject energy to the grid and be compensated even without Certificate of Compliance (COC), after successful completion of test and commissioning process and beyond the allowable period thereof, to support the anticipated increase in demand particularly during period of high demand;

WHEREAS, on 20 June 2022, DC No. DC2022-06-0022 was issued amending the WESM Manual on Registration, Suspension, and Deregistration Criteria and Procedures (RSDCP) to allow the declaration of bilateral contract quantities and entitlement to WESM payments of generating units within the authorized test and commissioning period pursuant to DC No. DC2021-06-0013.

WHEREAS, DC No. DC2022-06-0022 inadvertently superseded the provisions of DC No. DC2022-05-0015, defeating the objective of the latter issuance particularly that of maximizing available power generating capacity at all times to support the power requirement particularly during critical periods;

NOW, THEREFORE, pursuant to its authority and mandate under the EPIRA and its IRR, the DOE hereby issues, adopts, and promulgates the following:

Section 1. The following provisions of the Market Manual on Registration, Suspension, and De-Registration Criteria and Procedures, as promulgated by DC No. DC2022-06-0022, are hereby updated as follows:

xxx xxx xxx

2.5.6.1 Submission and Preliminary Assessment of Applications

xxx xxx xxx

- h) Participant Interface Access. During the Test and Commissioning Registration phase, the Applicant may subscribe to and allow the Market Operator to apply or install a method employing encryption in its computers to provide secure access to the Market Management System. The Applicant shall have read-only access to the Market Management System for its facility during the Test and Commissioning phase to enable the Trading Participant to view its generating unit's schedules. Full access for its facility will only be enabled by the Market Operator no later than eight (8) calendar days from approval of the Applicant's Commercial Operations registration, or from the date of effectivity of Final Certificate of Approval to Connect (FCATC) if the Energy Regulatory Commission (ERC) is yet to issue the COC.

xxx xxx xxx

2.5.7.3. Guidelines for Test and Commissioning Registration

- a) The WESM Member shall be allowed to declare bilateral contract quantities for its generating unit and be entitled to WESM payments for its generated output only:
 - (i) within the test and commissioning period indicated in the valid Provisional Certificate of Approval to Connect (PCATC) issued by the Network Service Provider or until completion of the conduct of test and commissioning, if completed earlier; or
 - (ii) when the WESM Member is issued a FCATC by the Network Service Provider pending the issuance of the COC by the ERC, unless the latter issues an Order for the immediate disconnection of the generating unit from the Grid.

In the absence of the requirement or condition set forth in this Section, except for its own station use, generation beyond the authorized period of test and commissioning shall not be allowed, unless an extended period has been approved by the Network Service Provider. Neither shall such generation be declared as a bilateral contract quantity nor shall it be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized test and commissioning activity or operation will be treated in accordance with Clause 3.13.12 of the WESM Rules. However, the WESM Member shall still be charged for all withdrawals from the grid or distribution network, as the case may be.

- b) Dispatch of a generating unit to which FCATC has been released but with pending issuance of COC shall be in accordance with the following:
 - (i) For its must dispatch generating units, the Generation Company shall submit projected output to the Market Operator and comply with the applicable forecast accuracy standards; and

- (ii) For scheduled generating units, priority dispatch generating unit, and energy storage systems, the Generation Company shall submit to the Market Operator its day-ahead nomination and shall comply with the applicable dispatch conformance standards.

Projected output and day-ahead nominations shall be submitted through the Market Operator's Market Participant Interface, which, as necessary, may be revised by the Generation Company near real-time.

Compliance of generating units referred in these guidelines with the forecast accuracy standards and dispatch conformance standards, as applicable, shall be monitored by the Enforcement and Compliance Office and non-compliance shall be subject to imposition of financial penalties.

- c) The Market Operator shall notify the WESM Member, copy furnished the System Operator, of the expiration of its PCATC fifteen (15) calendar days prior to the date of expiry.
- d) In case the test and commissioning cannot be completed by the expiry date of the PCATC for technical or other reasons attributable to the WESM Member, the WESM Member may submit a request for extension of its test and commissioning to the Network Service Provider, copy furnished the Market Operator, within three (3) working days prior to the original expiration date of its PCATC. The Network Service Provider shall act on the request for extension not later than the expiration date, and as applicable issue an extension of the PCATC to the WESM Member, copy furnished the Market Operator.
- e) In case the Network Service Provider did not issue an extended PCATC to the WESM Member, the PCATC shall be deemed without effect after the expiry date and the System Operator shall no longer impose over-riding constraints on the generating unit. Any unauthorized generation shall not be allowed to be declared as bilateral contract quantity and shall not be entitled to WESM payments in accordance with Section 2.5.7.3 (a).
- f) The Network Service Provider shall immediately inform the Market Operator of any suspended validity of PCATC due to failure of the generating facility to satisfy the grid connectivity parameters required by the PGC. Suspended PCATC shall observe Section 2.5.7.3 (a). Notwithstanding the suspension of the PCATC, an extended PCATC shall be submitted within three (3) working days prior to original expiry of PCATC. Should the PCATC expire while the WESM Member is in the process of satisfying the grid connectivity parameters required by PGC or PDC, the process for the conduct of test and commissioning shall be reset.
- g) In case of changes in capacity and capabilities of the generating unit arising from the results of test and commissioning, the WESM Member shall immediately inform the Market Operator for the purpose of updating its registration details subject to provisions of Section 3.3 of the WESM Manual.

- h) The Network Service Provider of a generating unit shall furnish the ERC and Market Operator a copy of the FCATC within three (3) calendar days from issuance thereof to the relevant WESM Member.
- i) The WESM Member shall submit to the Market Operator an application for Commercial Operations Registration of its generating unit within three (3) working days from date of receipt of its COC or Provisional Authority to Operate (PAO) from the ERC, provided that this shall not apply to embedded generation companies that are allowed to register on a voluntary basis and have opted not to register in the WESM.

Furthermore, the WESM Member shall likewise furnish the System Operator of the said submission. The said notification shall include the date of effectivity of the COC or the PAO, and the estimated or target date of commercial operation of the WESM Member.

xxx xxx xxx

Appendix A - Glossary of Terms

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 DC is declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

Section 3. Repealing Clause. Any issuance, contrary to or inconsistent with this DC is hereby repealed, modified or amended accordingly.

Section 4. Retroactivity. This DC shall retroact to the date of effectivity of DC No. DC2022-06-0022 (27 August 2022) in so far as to effectuate only Section 2.5.7.3 of the DC No. DC2022-06-0022.

Section 5. Effectivity. This DC shall take effect fifteen (15) days after publication in two (2) newspapers of general circulation. A copy of this DC shall be furnished to the University of the Philippines Law Center - Office of National Administrative Register (UPLC-ONAR).

Issued this ___ April 2023 at the DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City.


RAPHAEL P. M. LOTILLA
Secretary

APR 19 2023

