



Republic of the Philippines
DEPARTMENT OF ENERGY

DEPARTMENT CIRCULAR NO. DC2020-06-0013

ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) RULES AND MARKET MANUAL ON REGISTRATION, SUSPENSION AND DE-REGISTRATION CRITERIA AND PROCEDURES FOR THE IMPLEMENTATION OF ENHANCEMENTS TO WESM DESIGN AND OPERATIONS

(Provisions for Registration of New Facility and Harmonization with Republic Act No. 11234 entitled "An Act Establishing the Energy Virtual One-Stop Shop")

WHEREAS, Sections 30 and 37(f) of the Electric Power Industry Reform Act (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, on 14 October 2016, the DOE promulgated the amended WESM Rules for the enhancements of WESM design and operations through Department Circular DC2016-10-0014;

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

WHEREAS, on 12 February 2019, the Market Operator submitted to the Rules Change Committee (RCC) its proposed amendments to the WESM Market Manual on Registration, Suspension, and De-Registration Criteria and Procedures;

WHEREAS, the proposal aims to enhance the WESM's registration processes and requirements for generation companies;

WHEREAS, on 22 February 2019, the RCC during its 149th RCC Meeting discussed with the Market Operator the abovementioned proposal, and thereafter approved the publication of the proposed amendments in the market Philippine Electricity Market Corporation's (PEMC) information website to solicit comments from market participants and other interested parties;

WHEREAS, Republic Act R.A. No. 11234 or "An Act Establishing the Energy Virtual One-Stop Shop" which took effect on 30 March 2020 was promulgated for the purpose of streamlining the permitting process of Power Generation, Transmission and Distribution Projects;

WHEREAS, Section 13(h) thereof, provides for the Market Operator to act on applications within fifteen (15) calendar days;

WHEREAS, on 12 April 2019 and 17 May 2019, the RCC during its 151st and 152nd RCC Meetings, respectively, reviewed and deliberated on the proposal giving due course to the comments and recommendations received from the market participants and the DOE;

WHEREAS, the RCC during its 152nd RCC Meeting finalized the proposed amendments, and thereafter approved for endorsement to the PEM Board;

WHEREAS, on 29 May 2019, after due evaluation and deliberation, the PEM Board during its 12th Regular PEM Board Meeting approved the above stated RCC-approved proposal for endorsement to the DOE;

WHEREAS, on 03 June 2019, the PEMC submitted to the DOE the abovementioned PEM Board-approved proposal for final approval;

WHEREAS, on 10 June 2019, the Market Operator submitted additional rules change proposal to the RCC to harmonize market rules provisions pursuant to the R. A. 11234 "Energy Virtual One-Stop Shop", particularly on the processing of applications for generation facility;

WHEREAS, on 21 June 2019, the RCC during its 153rd RCC Meeting approved the publication of the abovementioned proposal in the PEMC information website to solicit comments from the industry stakeholders and interested parties;

WHEREAS, on 20 September 2019, the RCC during its 156th RCC Meeting discussed and deliberated on the proposal giving due course to the comments received from market participants, and thereafter finalized and approved for endorsement to the PEM Board;

WHEREAS, on 25 September 2019, the PEM Board during the its 16th Regular PEM Board Meeting, approved the above stated RCC-approved proposal for endorsement to the DOE;

WHEREAS, on 01 October 2019, the PEMC submitted to the DOE the abovementioned PEM Board-approved proposal for final approval;

WHEREAS, on 07 and 10 October 2019 and 11, 14 and 20 November 2019, the DOE conducted various public consultations on the abovementioned proposed amendments to ensure transparency and consistency with the objectives of the EPIRA and the WESM;

WHEREAS, the DOE reviewed and finalized the said PEM Board-approved proposed amendments, made minor revisions taking into consideration the comments and recommendations received from the public consultations;

NOW THEREFORE, pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following amendments to the WESM Rules and Market Manual on Registration, Suspension and De-registration Criteria and Procedures:

Section 1. Amendments to the WESM Rules. The following provisions in the WESM Rules promulgated by the DOE through Department Circular No. DC2016-10-0014 are hereby amended:

- (a) Clause 2.5.3 (Further Information to Assess Application) and its Subsections under Applications for Registration are amended to read as –

“2.5.3 Further Information to Assess Application

2.5.3.1 Within five (5) *calendar days* of receiving an application, the *Market Operator* shall advise the applicant of any further information which the *Market Operator* reasonably considers to be required to enable the *Market Operator* to properly assess the application.

2.5.3.2 If the *Market Operator* has not received any further information as required under Clause 2.5.3.1 within the next fifteen (15) *calendar days*, the *Market Operator* may immediately terminate the processing of the application.

xxx xxx xxx”

- (b) Clause 2.5.5 (Notice of Approval of Publication) and its Subsections under Applications for Registration are amended to read as –

“2.5.5 Notice of Approval of Application

2.5.5.1 If the *Market Operator* approves an application under Clause 2.5.4, the *Market Operator* shall send written notice of approval to the applicant within fifteen (15) *calendar days* from receipt of the:

xxx xxx xxx

2.5.5.2 The registration of the applicant shall take effect on the date specified in the notice of approval which shall be a date not more than seven (7) *calendar days* after the date from which the *Market Operator* sends the notice of approval under Clause 2.5.5.1.”

- (c) Clause 2.5.6 (Notice of non-approval of application) and its Subsections under Applications for Registration are amended to read as –

“2.5.6 Notice of Non-approval of Application

2.5.6.1 If the *Market Operator* disapproves an application for registration, the *Market Operator* shall send a written notice, advising the applicant of the

disapproval and the pertinent reasons thereof, within fifteen (15) *calendar days* from receipt of application and/or additional information that the *Market Operator* requires.

2.5.6.2 The *DOE* and the *ERC* shall, in all instances, be provided a copy of such written notice within five (5) *calendar days* after issuance to the applicant.

xxx xxx xxx”

Section 2. Amendments to the Market Manual on Registration, Suspension and De-registration Criteria and Procedures. The following provisions in the Market Manual on Registration, Suspension and De-registration Criteria and Procedures Issue 6.0 are hereby amended:

- (a) Section 2.5.4.2 (Aggregation of Generating Units) under Other Considerations is amended to read as –

“2.5.4.2. Aggregation of Generating Units

A *Generation Company* that owns multiple *generating units* located in a single generating station shall, upon application, inform the *Market Operator* if it wishes to have an aggregated representation for such *generating units* in the *market network model*. The *Applicant*, the *Network Services Provider*, *Metering Services Provider*, *System Operator* and the *Market Operator* shall agree on the manner of aggregated representation in accordance with the procedures set forth in relevant *Market Manuals*.”

- (b) Section 2.5.4.4 (Generation Registered Capacities) under Other Considerations is amended to read as –

“2.5.4.4. Aggregation of Generating Units

A *Generation Company* shall include in its application the *maximum stable load (Pmax)*, the *minimum stable load (Pmin)*, the *ramp up rate*, and the *ramp down rate* of each *generating unit* or aggregated *generating units* that are included in its application. The information provided to the *Market Operator* must be consistent with the information contained in the *Certificate of Compliance* issued by the *ERC* as well as submissions made to the *ERC* in relation to the issuance of its *Certificate of Compliance*. If the *generating unit* is a *battery energy storage system*, the *Generation Company* shall include the *generating unit's* energy storage efficiency and maximum storage capacity in its application. If the *generating unit* is a *pumped-storage unit*, the *Generation Company* shall include the *generating unit's* maximum pump load.

The *Generation Company* shall also provide information on the location of the real-time monitoring facility where the *Pmin*, *Pmax*, and *ramp up/down rates* were certified against (i.e., gross generation, or net of station use). Should the location represent the gross generation output of the *generating system*, the

Generation Company shall comply with the procedures provided for under Section 2.5.4.5 of this *Market Manual*.”

- (c) New Section 2.5.4.5 (Modelling of Station Use of Generating Units) under Other Considerations is added to read as –

“2.5.4.5. Modelling of Station Use of Generating Units

A Generation Company shall inform the *Network Service Provider* and the *Market Operator* of the provisions of its station use for registration and inclusion in the *market network model*.”

- (d) New Section 2.5.4.6 (Modelling of Generating Units of Ancillary Service Providers) under Other Considerations is added to read as –

“2.5.4.6. Modelling of Generating Units of Ancillary Service Providers

A Generation Company with generating units providing ancillary services, in coordination with *Market Operator*, shall ensure that the generating units are represented in the *market network model* in accordance with the requirements of the *System Operator*.”

- (e) Section 2.5.5.1 (Submission and Preliminary Assessment of Applications) under Assessment of Applications is amended to read as –

“2.5.5.1. Submission and Preliminary Assessment of Applications

xxx xxx xxx

- b) Within five (5) *calendar days* from receipt of application, the *Market Operator* shall advise the *Applicant* of any lacking requirement as well as additional information required to enable the proper assessment of the application. As provided for in *WESM Rules* Clause 2.5.3.2, if the *Market Operator* has not received the lacking requirement or additional information that it requires within the next (15) fifteen *calendar days*, it may immediately terminate the processing of the application and shall immediately notify the *Applicant* in writing of the termination.”

xxx xxx xxx”

- (f) Section 2.5.6.2 (Notice of Approval) under Approval of Applications is amended to read as –

“2.5.6.2. Notice of Approval

- a) For approved applications, the *Market Operator* shall send a notice of approval to the *Applicant* within fifteen (15) *calendar days* from complete submission by the *Applicant* of the required application forms and supporting documents and information.

b) The registration of the *Applicant* shall take effect on the date specified in the notice of approval which shall be a date not more than seven (7) *calendar days* after the *Market Operator* sends the notice of approval or on the date when the *Applicant* complies with all the requirements provided under Section 2.5.6.3 of this Manual, whichever is later. Subject to concurrence by the *Market Operator*, the effective date may be set on another date requested by the *Applicant*.”

(g) Section 2.5.6.3 (Other Requirements for Approved Applications) under Approval of Applications is amended to read as –

“2.5.6.3. Other Requirements for Approved Applications

xxx xxx xxx

b) Participant Interface Access. The *Applicant* shall 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*.

xxx xxx xxx”

(h) Section 2.5.7 (Non-Approval of Applications/Remedies) under Registration of Direct WESM Members and Trading Participants is amended to read as –

“2.5.7. Non-Approval of Applications/Remedies

a) If an application is not approved, the *Market Operator* shall send a written notice to the *Applicant*, advising that its application has been disapproved with the pertinent reason/s for disapproval, within fifteen (15) *calendar days* from completion of application requirements.

xxx xxx xxx”

(i) Section 2.6.1.1 under Qualifications and Requirements is amended to read as –

“2.6.1.1. Persons or entities wishing to register as *WESM Member* under this category must –

xxx xxx xxx

d) Comply with the technical requirements for *Ancillary Service Providers* set forth in the Philippine Grid Code and any other relevant documents that the ERC or DOE will promulgate on the provision of *Ancillary Services*.”

(j) Section 2.10.2.2 under Procedures for Application is amended to read as –

“2.10.2.2. Within five (5) *calendar days* from receipt of the application, the *Market Operator* shall advise the *Applicant* if it requires submission of additional information as would enable it to properly assess the application.”

(k) Section 2.10.3.2 (Notice) under Approval/Disapproval of Application is amended to read as –

“2.10.3.2. Notice. Within fifteen (15) *calendar days* from complete submission of the application and the additional information, the *Market Operator* shall issue to the *Applicant* the notice of approval or disapproval of the application. If the application is disapproved, the notice shall indicate the reasons for such disapproval.”

(l) Section 3.3.1 (Registered Capacities) and its Subsections under Facility-Related Changes are amended to read as –

“3.3.1. Registered Capacities and Ramp Rates

Changes in the registered capacities and ramp rates of a generating unit shall require confirmation by the *Market Operator* before such change can be considered in the *WESM* scheduling and dispatch processes.

3.3.1.1. The *Trading Participant* wishing to change the registered capacities and/or ramp rates of its generating unit/s shall make a request in writing to the *Market Operator*. Such changes shall be in accordance with the latest Certificate of Compliance.

3.3.1.2. Request for changes submitted by the *Trading Participant*, in connection with the registered capacities and/or ramp rates of its generating units shall be approved by the *Market Operator* on the basis of the latest Certificate of Compliance.

3.3.1.3. The *Market Operator* shall notify the *PEM Board*, *ERC* and *DOE* of any changes in the registered capacities and/or ramp rates of *generating units* in the *WESM*.”

(m) Section 3.3.2.3 under Re-classification of generation units is amended to read as –

“3.3.2.3. The *Market Operator* shall send a written notice to the *WESM Member* of the approval or disapproval of the reclassification. If approved, the reclassification shall be effective on the date stated in the notice of approval but not earlier than seven (7) *calendar days* from issuance of the notice of approval by the *Market Operator*.

(n) Section 3.3.4.1 under Retirement of Facilities is amended to read as –

"3.3.4.1. The *Trading Participant* whose facilities will be retired, mothballed, or otherwise will cease operations shall de-register said facilities by submitting written notice to the *Market Operator* no later than eight (8) *working days* prior to the date such facilities will cease operations."

- (o) Section 3.3.5.4 under Transfer of Registration of Facilities is amended to read as –

"3.3.5.4. The parties to the transfer shall submit a copy of the assignment or equivalent agreement to the *Market Operator*, together with the respective amended registration if applicable. If the transferee is not yet registered as a *WESM Member*, the transfer shall become effective on the date of approval of the transferee's registration as a *WESM Member*. If the transferee is already registered as a *WESM Member*, the transfer shall be effective on the date to be notified by the *Market Operator* which shall not be earlier than seven (7) *calendar days* from receipt by the *Market Operator* of the amended registration from both the transferor and the transferee."

- (p) New Section 3.3.6 (New Facility) and its Subsections under Facility-Related Changes are added to read as –

"3.3.6. New Facility

3.3.6.1. A registered *Generation Company* that has a new *generating system* and intends to trade the capacity of the new *generating system* through a separate *market trading node* shall register that *generating system* as new *facility*.

3.3.6.2. The registered *Generation Company* shall comply with the technical and commercial requirements under Section 2.5.3 and the procedures under Section 2.5.4 for the registration of its new *facility*.

3.3.6.3. The *Market Operator* shall assess and approve the request for the registration of new *facility* in accordance with the procedures under Sections 2.5.5, 2.5.6, and 2.5.7."

- (q) Section 5.4.2.1 under Issuance of Notices of De-Registration and Disconnection is amended to read as –

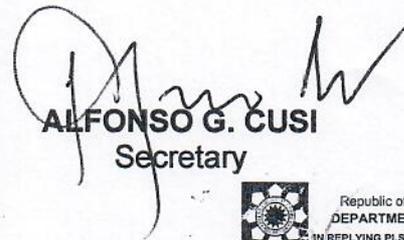
"Within five (5) *working days* from receipt or submission of the document/s specified in the foregoing section, the *Market Operator* shall issue a deregistration notice to the *WESM Member* or the *Metering Services Provider* sought to be deregistered. The deregistration notice shall be in writing and shall include the ground/s for deregistration; date of effectivity of the deregistration; and notice that the *WESM Member* subject to deregistration shall still be liable for its outstanding obligations to the *WESM*."

Section 4. 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 5. Repealing Clause. All issuances inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

Section 6. 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 thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC – ONAR).

Issued this JUN 01 2020 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


ALFONSO G. CUSI
Secretary



Republic of the Philippines
DEPARTMENT OF ENERGY
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