



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

DEPARTMENT CIRCULAR NO. _____

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY
SPOT MARKET (WESM) RULES AND MARKET MANUAL ON MANAGEMENT
OF MUST-RUN AND MUST-STOP UNITS
(Provisions for the Settlement of Displaced Generators)**

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, 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 18 February 2020, the Philippine Electricity Market Corporation (PEMC) submitted its proposed amendments to the WESM Rules and the Market Manual on Management of Must-Run and Must-Stop Units;

WHEREAS, the proposed amendments aim to:

- 1) Clarify that the settlement methodology for Displaced Generators shall be effective only until the commercial operations of the enhanced market design; and
- 2) Remove the terms “must-stop units” and “displaced generators” and all references thereto in the version of the WESM Rules for the enhanced market design.

WHEREAS, on 21 February 2020, during its 161st RCC Meeting, the RCC approved the publication of the said proposed amendments to solicit comments from the market participants and other interested parties;

WHEREAS, on 24 April 2020, during its 164th RCC Meeting, the RCC deliberated on the proposal taking into consideration the comments received and the proponent’s response and clarifications;

WHEREAS, on 15 May 2020, during its 165th RCC Meeting, the RCC approved the proposed amendments for endorsement to the PEM Board;

WHEREAS, on 27 May 2020 and 08 June 2020, PEM Board approved the proposal and PEMC formally endorsed the said proposal to the DOE, respectively.

WHEREAS, on -----, the DOE conducted Public Consultations on the proposed amendments to solicit further comments from the market participants and other interested parties;

WHEREAS, the DOE reviewed the said PEM Board-approved proposal, made minor revisions on the proposed amendments for consistency with the objectives of the WESM and the DOE policies on the enhancements of WESM design and operations;

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 its Market Manuals:

Section 1. Amendments to the WESM Rules. The following provisions of the WESM Rules, presented as ANNEX A to this Circular, are hereby amended.

Section 2. Amendments to the WESM Rules for the Enhanced Market Design and Operations. The following provisions of the WESM Rules promulgated by the DOE through Department Circular No. DC2016-10-0014, presented as ANNEX B to this Circular, are hereby amended.

Section 3. Amendments to the Market Manual on Must-Run and Must-Stop Units. The following provisions of the Market Manual on the Management of Must-Run and Must-Stop Units Issue 8.0, presented as ANNEX C to this Circular, are hereby amended.

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. Effectivity. This Circular shall take effect fifteen (15) days following its publication in 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 on _____ 2020 at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.

ALFONSO G. CUSI
Secretary