



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

**DEPARTMENT CIRCULAR NO. \_\_\_\_\_**

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY  
SPOT MARKET (WESM) RULES AND MARKET MANUALS FOR THE  
IMPLEMENTATION OF POLICY AND FRAMEWORK GOVERNING THE  
OPERATIONS OF EMBEDDED 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 08 February 2019, the DOE promulgated the Department Circular No. DC2019-02-0003, providing the framework governing the operations of Embedded Generators;

**WHEREAS**, under the Section 11.1 of the Department Circular No. DC2019-02-0003, the Market Operator was mandated to propose changes to the WESM Rules and Market Manuals to incorporate the new policy on Embedded Generators;

**WHEREAS**, 10 June 2019, the Independent Electricity Market Operator (IEMOP) of the Philippines submitted to the Rules Change Committee (RCC) its proposed amendments to the WESM Rules and various Market Manuals in line with the implementation of the Department Circular No. DC2019-02-0003:

**WHEREAS**, during the 153<sup>rd</sup> RCC Meeting, on 21 June 2019, IEMOP presented the proposed amendments to the RCC for approval for publication in the PEMC website;

**WHEREAS**, following the presentation and request, the RCC approved the publication of the proposed amendments in the PEMC website to solicit comments from WESM stakeholders, giving them thirty (30) working days from the date of publication (25 June 2019) to submit comments on the matter;

**WHEREAS**, the Philippine Electricity Market Corporation, the Technical Committee (TC), the National Grid Corporation of the Philippines, Panasia/Millennium Energy Inc., and MERALCO submitted comments to the proposal;

**WHEREAS**, 16 August 2019, the RCC during its 155<sup>th</sup> RCC Meeting deliberated on the proposal giving due consideration to the submitted comments and the corresponding responses of the proponent;

**WHEREAS**, the RCC finalized the proposed amendments of the PEMC, and thereafter approved for endorsement to the PEM Board on 20 September 2019;

**WHEREAS**, on 25 September 2019 (16<sup>th</sup> Regular PEM Board Meeting), the PEM Board, after due evaluation and deliberation, approved the above stated RCC-approved proposal for endorsement to the DOE;

**WHEREAS**, on \_\_November 2019, the DOE conducted various public consultation on the said proposed amendments to ensure transparency and consistency with the objectives of the EPIRA and the WESM;

**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 and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following amendments to the WESM Rules and Market Manuals:

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

- (a) Section 2.3.1 (Generation Company) and its Subsections under Categories of WESM Member is amended to read as –

**“2.3.1 Generation Company**

2.3.1.1 A *Generation Company* with facilities connected to a *transmission system* shall register with the *Market Operator* as a *WESM member*. A *Generation Company of an Embedded Generator* shall register with the *Market Operator* as a *WESM member* if it meets the criteria under Clause 2.3.1.10; otherwise, it may register as a *WESM Member* on a voluntary basis.

xxx      xxx              xxx

2.3.1.3 *Subject to Clauses 2.3.1.5 and 2.3.1.6, a generating unit or a group of generating units* connected at a common connection point with a nameplate rating or a combined nameplate rating of greater than or equal to the following regional thresholds shall be classified as a *scheduled generating unit*:

- (a) 10 MW for Luzon *Grid*;
- (b) 5 MW for Visayas *Grid*; and
- (c) 5 MW for Mindanao *Grid*.

2.3.1.4 *Subject to Clauses 2.3.1.5 and 2.3.1.6, a generating unit or a group of generating units connected at a common connection point with a nameplate rating or a combined nameplate rating less than the regional thresholds provided in Clause 2.3.1.3, shall be classified as a non-scheduled generating unit, but may at its option be classified as a scheduled generating unit.*

xxx      xxx                  xxx

2.3.1.10 A *Generation Company* of an *Embedded Generator* shall register with the *Market Operator* if:

- (a) The *Pmax* of its *generating unit* is greater than or equal to 10 MW, if the *generating unit* is in the Luzon Grid, or 5 MW, if the *generating unit* is in the Visayas or Mindanao Grids; or
- (b) The *Pmax* of its *generating unit* is below the regional thresholds provided under Clause 2.3.1.10 (a) but it has a *bilateral contract* outside its host *distribution utility*, or intends to sell to the *WESM*, or inject power to the *transmission system*; or
- (c) Its *generating unit* is under the *Feed-In Tariff System*.

xxx      xxx                  xxx”

- (b) The term “Pmax” is added under Glossary (Chapter 11) to read as –

“Pmax. The maximum demand in MW that a *generating unit*, or generating block or module in case of a combined cycle power plant, can reliably sustain for an indefinite period of time, based on time generator capability tests.”

- (c) The term “Non-Scheduled Generating Unit” under Glossary (Chapter 11) is amended to read as –

“Non-Scheduled Generating Unit. A *generating unit* or a group of *generating units* connected at a common point with a nameplate rating and a combined nameplate rating less than the regional thresholds provided in Clause 2.3.1.3.”

- (d) The term “Scheduled Generating Unit” under Glossary (Chapter 11) is amended to read as –

“Scheduled Generating Unit. A *generating unit* so classified in accordance with Clause 2.3.1.2 (a)(1). A *generating unit* or group of *generating units* connected at a common connection point with a nameplate rating or a combined nameplate rating of greater than or equal to the regional thresholds provided in Clause 2.3.1.3.”

**Section 2. Amendments to the WESM Manual on Metering Standards and Procedures Issue 12.0.** The following provisions in the WESM Manual on Metering Manual on Metering Standards and Procedures Issue 12.0 are hereby amended:

- (a) Section 2.8 (Communication Links for the Meter) under Metering Installation Standards is amended to read as –

## “2.8. COMMUNICATION LINKS FOR THE METER

The communication link to be installed for *metering installations* of facilities directly connected to the *transmission system* shall be a dedicated line for metering purposes (e.g. PLDT, Bayantel, Digitel lines or GSM Modem) of the MSP.

The communication link to be installed for *metering installations* of *Embedded Generators* shall comply with the relevant provisions of the *Philippine Distribution Code*.”

- (b) Section 2.9 (Security of Metering Installations and Data) and its Subsections under Metering Installation Standards is amended and renumbered to read as –

## “2.9 SECURITY OF METERING INSTALLATIONS AND DATA

### 2.9.1 General Requirements

Security of *metering installations* of facilities directly connected to the *transmission system* shall comply with the requirements of this Section 2.9.

*Metering installations* of *Embedded Generators* shall comply with the security requirements of the *Philippine Distribution Code*.

### 2.9.2 Physical Security of Metering Equipment

xxx    xxx            xxx

#### 2.9.2.1 Instrument transformers connections

xxx    xxx            xxx

#### 2.9.2.2 Conduit Systems

xxx    xxx            xxx

#### 2.9.2.3 Second Terminal Box

xxx    xxx            xxx

#### 2.9.2.4 Meter Enclosure

xxx    xxx            xxx

#### 2.9.2.5 Meter Test Block/Switch

xxx    xxx            xxx

#### 2.9.2.6 Meter Seals and Padlock

xxx      xxx                  xxx

#### 2.9.2.7 Metering Perimeter

xxx      xxx                  xxx

#### 2.9.3 Security of Metering Data

xxx      xxx                  xxx”

- (c) New Section 2.10.4 under Redundant Metering Installation is added to read as –

“2.10.4 Facilities of *Embedded Generators* are not required to have alternate metering.”

**Section 3. Amendments to the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures.** The following provisions in the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures are hereby amended:

- (a) Section 1.4 (General Guidelines) and its Subsections under Introduction and General Guidelines is amended and renumbered to read as –

#### “1.4 General Guidelines

xxx      xxx                  xxx

1.4.3 A *Generation Company* of an *Embedded Generator* shall register with the *Market Operator* it:

- a) The *P<sub>max</sub>* of its *generating unit* is greater than or equal to 10 MW, if the *generating unit* is in the *Luzon Grid*, or 5 MW, if the *Visayas* or *Mindanao Grids*; or
- b) The *P<sub>max</sub>* of its *generating unit* is below the regional thresholds provided under Clause 2.3.1.10(a) but it has a *bilateral contract* outside its host *distribution utility*, or intends to sell to the *WESM*, or inject power to the *transmission system*; or
- c) Its *generating unit* under the *Feed-In Tariff System*.

1.4.4 Given the mandatory nature of membership in the WESM for relevant persons or entities, the Market Operator shall endeavor to ensure that no unnecessary barriers to entry to the WESM are presented.

1.4.5 Considering its implications, suspension and deregistration from the WESM shall be carried out in strict compliance with the procedures in this Manual.”

- (b) Section 2.5.4.1 (Generation Unit Classification) under Other Considerations is amended to read as –

“2.5.4 Other Considerations

2.5.4.1 Generation Unit Classification

- a) An Applicant wishing to register as Generation Company shall, upon application, classify each of the generating unit or group of generating units which form part of the generation system it owns or operates or controls or from which it otherwise sources electricity as either –
- *Scheduled generating unit/s* for unit/s that are connected to a common connection point with a nameplate rating or a combined nameplate rating of greater than or equal to the following regional thresholds:
    - 10 MW for Luzon *Grid*
    - 5 MW Visayas *Grid*; and
    - 5MW for Mindanao *Grid*.
  - *Non-scheduled generating unit/s* for unit/s that are connected at a common connection point with a nameplate rating and a combined nameplate rating of less than the regional thresholds for scheduled generating unit/s. However, the *Generation Company* may also elect to have such unit/s classified as *scheduled generating unit/s*.

xxx    xxx            xxx”

- (c) Section 5.2.1 (Requirements for Cessation of Registration/Notice to the Market Operator) under Cessation of Registration is amended to read as-

“5.2 Cessation of Registration

5.2.1 Requirements for Cessation of Registration/Notice to the Market Operator

5.2.1.1 A *WESM member* wishing to cease to be registered in any one or more of the categories in which it is registered shall notify the *Market Operator* and the *Network Service Provider* in writing.

xxx    xxx            xxx

5.2.1.5 A voluntary *WESM Member* may de-register by following the procedures in this Section 5.2.1.”

**Section 3. 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 4. Effectivity.** This Circular shall take effect 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 \_\_\_\_ November 2019 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.

**ALFONSO G. CUSI**  
Secretary