



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

DEPARTMENT CIRCULAR NO. DC2024-01-0004 *g*

ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) RULES AND THE WESM MANUAL ON REGISTRATION, SUSPENSION AND DE-REGISTRATION CRITERIA AND PROCEDURES

(Provisions on Preferential Dispatch of Renewable Energy Generating Units)

WHEREAS, Sections 30 and 37(f) of Republic Act (RA) No. 9136, or the “Electric Power Industry Reform Act of 2001” (EPIRA), provide that the Department of Energy (DOE), jointly with the electric power industry participants, shall establish the 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 (DC) No. DC2002-06-003;

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

WHEREAS, Section 20 of RA 9513, or the “Renewable Energy Act of 2008,” declares that qualified and intermittent RE resources shall be considered “must dispatch” based on available energy and shall enjoy the benefit of priority dispatch; further, the phrase “RE generating unit with intermittent RE resources” refers to a RE generating unit or group of units connected to a common connection point whose RE energy resource is location-specific, naturally difficult to precisely predict the availability of RE energy resource thereby making the energy generated variable, unpredictable and irregular, and the availability of the resource inherently uncontrollable;

WHEREAS, the priority dispatch of generating units utilizing RE resources will aid in accelerating the development and utilization of indigenous RE resources and reduce dependence on imported conventional energy resources, thereby making the supply and delivery of electric power more stable and secure;

WHEREAS, on 05 October 2022, the DOE promulgated DC No. DC2022-10-0031 titled “Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the Wholesale Electricity Spot Market Amending for This Purpose Department Circular No. DC2015-03-0001”, amending the definition of Priority Dispatch to extend to “all qualified and registered RE plants that are not Must Dispatch such as biomass, geothermal, and impounding hydro plants which are given preference in the dispatch scheduling process, taking into consideration their contractual obligations with their respective customers”;

WHEREAS, on 31 July 2023, the PEM Board, in compliance with Chapter 8 of the WESM Rules, submitted to the DOE its proposed amendments to the WESM Rules and WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures, to operationalize and align the provisions thereof with DC No. DC2022-10-0031;

WHEREAS, the DOE, cognizant that the intent of the proposal is consistent with the objectives of the EPIRA and the WESM, drafted a circular to solicit comments and recommendations from interested parties, posted the same on the DOE website on 07 August 2023 and conducted the following public consultations:

Leg	Date	Venue
Luzon	23 August 2023	Taguig City
Visayas	06 September 2023	Cebu City
Mindanao	30 August 2023	General Santos City

NOW, THEREFORE, after careful review of the PEM Board proposal and the comments and recommendations received from stakeholders and 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 the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures:

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

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2.3. Categories of WESM Member

2.3.1 Generation Companies

xxx xxx xxx

2.3.1.5. A *generating unit* or group of *generating units* connected at a common connection point that is *intermittent renewable energy resource-based*, whether or not under the *Feed-In Tariff system*, such as wind, solar, run-of-river hydro or ocean energy with the corresponding *DOE* certification, shall be classified as a *must dispatch generating unit*, but may at its option, be classified as a *scheduled generating unit* or a *non-scheduled generating unit* subject to Clause 2.3.1.4.

2.3.1.6 A *generating unit* or group of *generating units* connected at a common connection point that are qualified renewable energy plants that are not *must dispatch*, such as those using either geothermal energy or biomass as fuel, or is an impounding hydro plant, and is not providing *frequency control ancillary services*, shall be classified as a *priority dispatch generating unit*, but may at its option, be classified as a *scheduled generating unit* or a *non-scheduled generating unit* subject to Clause 2.3.1.4.

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GLOSSARY

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Frequency Control Ancillary Services. *Ancillary services* used by the System Operator to maintain the *frequency* of the *grid* within the limits prescribed by the *Grid Code* through the timely use of *reserves* and *demand control*.

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Priority Dispatch. Registered renewable energy plants that are not *Must Dispatch* such as biomass, geothermal, and impounding hydro plants, which are given preference in the dispatch scheduling process.

Projected Output. The *loading level* at the end of a *dispatch interval* nominated by a *Generation Company* for its *must dispatch generating units* or *priority dispatch generating units*. *Projected output* of a *must dispatch generating unit* shall indicate its forecasted output. In the case of a *priority dispatch generating unit*, *projected output* shall refer to its *available capacity*, as defined in the WESM Rules or Market Manual.

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Section 2. Amendments to the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures. The following provisions of the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures are hereby amended:

xxx xxx xxx

Section 2. Registration

xxx xxx xxx

2.5. Registration of Direct WESM Members and Trading Participants

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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 generating

system it owns or operates or controls or from which it otherwise sources electricity as either –

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- (iv) A *priority dispatch generating unit* for a *generating unit* or group of *generating units* connected at a common connection point that are qualified renewable energy plants that are not *must dispatch*, such as those using either geothermal energy or biomass as fuel, or is an impounding hydro plant, and is not providing *frequency control ancillary services*. However, the *Generation Company* may also elect to have such unit/s classified as *scheduled generating unit/s* or *non-scheduled generating unit/s* subject to this Section.

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Section 3. Repealing Clause. The provisions of other circulars, orders, issuances, rules, and regulations which are inconsistent with the provisions of this Circular, are hereby repealed, amended, modified, or superseded accordingly.

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 after its publication in at least two (2) newspapers of general circulation. A copy of this Circular shall be filed with the University of the Philippines Law Center – Office of the National Administrative Register.

Issued this JAN 12 2024 at the DOE, Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig City, Metro Manila.


RAPHAEL P.M. LOTILLA
Secretary

