



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

DEPARTMENT CIRCULAR NO. DC2022-06-0022

ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) MANUAL ON REGISTRATION, SUSPENSION, AND DE-REGISTRATION CRITERIA AND PROCEDURES (RSDCP)
(General Enhancements to the Application Process of New WESM Members)

WHEREAS, Sections 30 and 37(f) of the Electric Power Industry Reform Act (EPIRA) provides that the Department of Energy (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, as amended, which provides that 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, on 29 November 2021, in compliance with Chapter 8 of the WESM Rules, the Philippine Electricity Market Board, after due process, endorsed for the DOE's approval its proposed amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures to enhance application process for registration of New WESM Members, particularly covering withdrawal of backfeed power, test and commissioning and commercial operations processes;

WHEREAS, the DOE to ensure transparency and solicit comments and recommendations from electric power industry participants, posted the draft Department Circular at the DOE website starting 23 February 2022 and conducted virtual public consultations on 15-16 March 2022 covering Luzon, Visayas and Mindanao;

NOW THEREFORE, after careful review of the proposed amendments and the comments and recommendations received on the same, the DOE, pursuant to its authority under the EPIRA and the WESM Rules, hereby adopts, issues, and promulgates the following:

Section 1. Amendments to the Market Manual on Registration, Suspension and De-registration Criteria and Procedures. The following provisions of the Market Manual on Registration, Suspension and De-registration Criteria and Procedures are hereby amended to read as:

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2.5.4.7. Modelling of Generating Unit's Availability

Upon registration, *Trading Participants* shall specify if the availability of its *generating units* shall be based on the real-time status of its generator breaker, or on the availability of its *market offers*.

2.5.5 Registration Phases

2.5.5.1 An *Applicant* wishing to register as a *Generation Company* or a *generating system* as an additional *facility* shall start its registration from one of the following phases:

- a) If the *Applicant* needs to withdraw power from the *transmission system* for the construction and development of its *generating system* and for station use during such period, the *Applicant* shall undergo Backfeed Registration. The *facility* of the *Applicant* shall be included in the *market network model* as load resource at this phase.
- b) If the *Applicant* needs to conduct the necessary *test and commissioning* process as required by the *PGC*, the *Applicant* shall undergo *Test and Commissioning* Registration. For this purpose, *Test and Commissioning* shall refer to the generating unit's connection / synchronization to the grid.
- c) If the *Applicant* commences actual commercial operations, the *Applicant* shall undergo Commercial Operation Registration.

2.5.5.2 An *Applicant* wishing to register as a *Customer* or a load *facility* shall start its registration at the Commercial Operation Registration phase.

2.5.6 Assessment of Applications

2.5.6.1 Submission and Preliminary Assessment of Applications

- a) Applications for registration shall be submitted to the *Market Operator* together with documents and information required by the *Market Operator* to prove compliance with the membership criteria and requirements for registration. An *Applicant* shall submit a separate application for registration in each applicable phase. Documents and information submitted during its registration for a prior phase may be used in succeeding applications, provided that the *Applicant* shall update the same as of the date of the filing of the separate application, if necessary.
- 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 fifteen (15) calendar days, it may immediately terminate the processing of the application and shall immediately notify the *Applicant* in writing of the termination.

- c) The *Market Operator* shall assess the amount of security required to satisfy *prudential requirements*, if applicable, in accordance with the requirements and procedures set forth in the *WESM Rules*, the *WESM Manual on Billing and Settlements* and other relevant market manuals.
- d) If the *facilities* being registered are not yet represented in the prevailing *WESM Market Network Model*, the *Market Operator* shall, in consultation with the *System Operator* and the *Applicant*, determine the appropriate representation for the said *facility* based on the registration phase of the *Applicant*. It shall then update the *WESM Market Network Model* following the procedures set forth in relevant market manuals.
- e) The *Applicant* shall execute a market participation agreement in the form prescribed by the *Market Operator* and PEMC.
- f) An *Applicant* as a *Generation Company* shall comply with the authorization requirement under Section 2.5.3.1 based on its registration phase as follows:
 1. *Backfeed Registration*. The *Applicant* shall submit a receiving copy of its application with the ERC for a Certificate of Compliance, together with Form 7 (General Plant Description) duly stamped "received" by the ERC.
 2. *Test and Commissioning Registration*. The *Applicant* shall submit the scheduled date of *Test and Commissioning*, as coordinated with the *Network Service Provider** and *System Operator*, for the conduct of *test and commissioning*. Prior to the actual conduct of *test and commissioning*, the *Generation Company* shall furnish the *Market Operator* and *System Operator* a copy of its Provisional Certificate of Approval to Connect (PCATC). *Embedded generators* shall submit a Clearance to energize from the *Network Service Provider* as an additional requirement. The *test and commissioning* period of the *Applicant* shall be as indicated in the Provisional Certificate of Approval to Connect. *Applicant* shall submit a receiving copy of its application with the ERC for a Certificate of Compliance, together with Form 7 (General Plant Description) duly stamped "received" by the ERC if this was not yet submitted. In case of extended period for *Test and Commissioning*, the *Applicant* shall submit to the *Market Operator* the corresponding extended PCATC three (3) *working days* from the original expiry date of PCATC indicating the approved period for the extended conduct of *Test and Commissioning*.
 3. *Commercial Operations Registration*. The *Applicant* shall submit either a Certificate of Compliance or Provisional Authority to Operate (PAO).
- g) *Registration Fees*. During its first registration phase, the *Applicant* shall pay to the *Market Operator* a registration fee, as may be approved by

the ERC, to cover the cost incurred for the assessment of the application, training of the participants and installation and maintenance of digital certificates.

- 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 its facility during the *Test and Commissioning* phase to enable the *Trading Participant* to view its generating unit's schedules. Meanwhile, full access to 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.

2.5.7 Approval of Applications

2.5.7.1 Basis

The application shall be approved if the *Market Operator*:

- a) Determines that all relevant prerequisites have been satisfied.
- b) Determines that the *Applicant* is eligible to be registered in the category or categories and phase in which it is applying for registration.
- c) Reasonably considers that the applicant will be able to comply and maintain compliance with the *WESM Rules*.

2.5.7.2 Notice of Approval

- a) For approved applications, the *Market Operator* shall send a notice of approval as a *WESM Member* at the applied registration phase to the *Applicant* within fifteen (15) calendar days from completed submission by the *Applicant* of the required application forms and supporting documents and information. The failure of the *Market Operator* to act on the application within this period shall not be deemed an approval of the application.
- b) The notice of approval of the Backfeed Registration shall indicate the effective date thereof, which date shall not be more than three (3) working days after the transmittal of the notice of approval by the *Market Operator*.
- c) The notice of approval of the *Test and Commissioning* Registration shall indicate the effective date thereof, which date shall not be more than three (3) working days after the transmittal of the notice of approval by the *Market Operator*.

- d) The notice of approval of the Commercial Operations Registration shall indicate the effective date thereof, which date shall not be more than eight (8) calendar days after the transmittal of the notice of approval by the *Market Operator*.

2.5.7.3 Guidelines for *Test and Commissioning* Registration

- a) The generating unit of the *WESM Member* shall be allowed to declare bilateral contract quantities and be entitled to WESM payments for its generated output only within the *test and commissioning* period indicated in the valid Provisional Certificate of Approval to Connect issued by the *Network Service Provider* or upon completion of the conduct of *test and commissioning*, if completed earlier. Generation beyond the authorized *test and commissioning* period shall not be allowed to be declared as a bilateral contract quantity and shall not be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized *test and commissioning* activity will be treated in accordance with *WESM Rules* Clause 3.13.16. However, the *WESM Member* shall still be charged for all withdrawals from the grid for the conduct of its *test and commissioning* activities.
- b) The *Market Operator* shall notify the *WESM Member*, copy furnished the *System Operator*, of the expiration of its Provisional CATC fifteen (15) calendar days prior to the date of expiry. The *System Operator* shall no longer impose over-riding constraints on the *generating unit* once the *test and commissioning* period ends.
- c) The *WESM Member* may submit an extended Provisional Certificate of Approval to Connect to *Market Operator* and *System Operator* for the extension of its *test and commissioning* period within three (3) working days prior to original expiry date. 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). In case of failure to submit the extended PCATC to the *Market Operator* within three (3) working days prior to the original expiry date, the PCATC shall be deemed without effect after the expiry date.
- d) The *Network Service Provider* shall immediately inform *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.
- e) 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.

- f) The *Network Service Provider* of a generating unit shall furnish the ERC and *Market Operator* a copy of the Final Certificate of Approval to Connect within three (3) calendar days from issuance thereof to the relevant *WESM Member*.
- g) The *WESM Member* of a *generating unit* shall submit to the *Market Operator* an application for Commercial Operations Registration within three (3) *working days* from receipt of its Certificate of Compliance or Provisional Authority to Operate (PAO).

2.5.8. 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 reasons for disapproval, within fifteen (15) calendar days from completion of application requirements.
- b) The ERC shall be given a copy of the written notice within five (5) *business days* after its issuance to the *Applicant*.
- c) The *Applicant* whose application is disapproved may rectify the shortcomings in the application and re-submit the same. If it elects to re-submit the application, the re-submitted application shall be acted upon by the *Market Operator* following the same timetable set forth in this Manual as if it were a new application.

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2.9 Continuing Compliance

2.9.1 As condition to continuing membership in the WESM, all registered *WESM members* shall ensure their continuing compliance with the membership criteria, and technical and commercial requirements set forth in the *WESM Rules* and this Manual without the need for reminder from the *Market Operator*.

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3.3.6 New Generating Facility

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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 Sections 2.5.4, 2.5.5, 2.5.6 and 2.5.7 for the registration of its new facility.

3.3.6.3 The *Market Operator* shall assess and approve the request for the registration, on applicable phases, of new *facility* in accordance with the procedures under Sections 2.5.6, and 2.5.7, and 2.5.8.

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Appendix A – Glossary of Terms

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Supply Customer - Customers connected to the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators under any power supply agreement or contract.

Test and Commissioning - Refers to the conduct of procedures to determine and certify that a generating unit was connected to the grid in accordance with the Philippine Grid Code (PGC), Philippine Distribution Code (PDC) and other relevant guidelines and specifications and to determine readiness to deliver energy to Grid or distribution network for the purpose of securing a COC from the ERC.

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Section 2. 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 3. Repealing Clause. Except insofar as may be manifestly inconsistent herewith, nothing in this Circular shall be construed as to repeal any mechanisms already existing or responsibilities already provided for under existing rules.

Section 4. 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 on JUN 20 2022 at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.


ALFONSO G. CUSI
Secretary

