



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 WESM MANUAL ON DISPATCH
PROTOCOL**

**(Provisions on the Re-Dispatching, Reporting, and Market Intervention/Market
Suspension Procedures)**

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 (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, Clause 6.9.4 of the WESM Rules and Clause 16.3.3 of the WESM Manual on Dispatch Protocol mandate the Market Surveillance Committee to perform an assessment of the Market Intervention/Market Suspension and submit a report;

WHEREAS, the WESM Rules and WESM Manual on Dispatch Protocol set out the guidelines, timetable, and procedures on dispatch scheduling and implementation in the WESM. Specifically, the Dispatch Protocol Manual provides procedures for the following:

- (i) Re-dispatch instructions of the System Operator (SO); and
- (ii) Market Intervention (MI) and Market Suspension (MS)

WHEREAS, on 23 December 2022, the National Grid Corporation of the Philippines (NGCP) submitted proposed amendments to said WESM documents to update the SO's procedures for re-dispatch implementation, submission of system advisories and significant incident reports, and MI/MS.

WHEREAS, on 06 June 2023, the PEM Board-approved amendments to the WESM Rules and Market Manual on Dispatch Protocol were submitted to the DOE for final approval, in compliance with Chapter 8 of the WESM Rules;

WHEREAS, the DOE, to ensure transparency and consistency with the objectives of the EPIRA and the WESM, conducted in-person public consultations on the said proposed amendments;

WHEREAS, the DOE reviewed and finalized the said PEM Board-approved proposals and made revisions thereto, taking into consideration the comments and recommendations received from the stakeholders;

NOW THEREFORE, after careful review of the PEM Board-approved proposal 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 amendments to the WESM Rules and WESM Manual on Dispatch Protocol:

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

6.9. Market Suspension

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6.9.4.2 A copy of the report prepared under Clause 6.9.4.1 shall be provided to:

xxx xxx xxx

- c) *System Operator*,
- d) the *ERC* and the *DOE*; and
- e) *WESM* participants and interested persons on request.

Section 2. Amendments to the WESM Manual on Dispatch Protocol. The following provisions of the WESM Manual on Dispatch Protocol are hereby amended to read as:

2.1. Definitions

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2.1.2 The following words and phrases are used in this Market Manual and shall have the following meaning

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w. National WESM Merit Order Table (WMOT). WMOT for the interconnected grids where WESM is in operation. Upon energization of the Mindanao-Visayas Interconnection Project

x. Normal State. The grid operating condition when the power system frequency, voltage, and transmission line and equipment loading are within their normal operating limits, the Operating Margin is sufficient, and the grid configuration is such that any fault current can be interrupted, and the faulted equipment isolated from the grid.

y. Offer. Also refers to a Market Offer.

z. Operating margin. The available generating capacity in excess of the sum of the system demand plus losses within a specified period of time.

aa. Preferential Dispatch Units. Must dispatch generating units and priority dispatch generating units.

bb. Real-Time Data. Contains analog measurements (MW and MVAR) of generators and loads and the connection status of breakers and disconnect switches.

cc. Real-Time Dispatch. Otherwise known as RTD. It is the dispatch schedule that determines the target loading of facilities at the end of the dispatch interval. The RTD calculates the ex-ante nodal energy dispatch prices.

dd. Red Alert. An alert issued by the System Operator when the Contingency Reserve is zero, a generation deficiency exists, or there is critical loading or imminent overloading of transmission lines or equipment.

ee. Regional WESM Merit Order Table (WMOT). WMOT for each of the grids where WESM is in operation.

ff. Regulating Reserve. Readily available and dispatchable generating capacity that is allocated exclusively to correct deviations from the acceptable nominal frequency caused by unpredicted variations in demand or generation output.

gg. Security. The continuous operation of a power system in the normal state, ensuring a safe and adequate supply of power to end-users, even when some parts or components of the system are on outage.

hh. Self-scheduled nomination. Nominations of loading levels by Non-Scheduled Generation Companies and projected outputs of Generation Companies with must dispatch generating units and priority dispatch generating units.

ii. Shutdown. The condition of the equipment when it is de-energized or disconnected from the system.

jj. Stability. Ability of the dynamic components of the power system to return to a normal or stable operating point after being subjected to some form of change or disturbance.

kk. Start-up. The synchronization of a generating unit to the grid from its outage state (closing of generator breakers).

ll. System Integrity Protection Scheme (SIPS). A protection system that is designed to detect abnormal or predetermined system conditions and take automatic corrective actions other than and/or in addition to the isolation of faulted components to preserve the integrity of the power system or strategic portions thereof.

mm. System Operator System Advisories. Messages issued by the System Operator depicting particular issues regarding the existing or anticipated status of the power system.

nn. Technical Constraint. Refers to plant equipment-related failure, limitations encountered during start-up/shutdown procedure, effects of ambient temperature, and resource-related constraints due to the following: (a) water elevation and diversion requirements for domestic or irrigation use for hydro plants; (b) steam quality (chemical composition, condensable and non-condensable gases, steam pressure and temperature) for geothermal plants; (c) unavailability of fuel resources that are not within the control of the Generation Company for biomass power plants; and (d) steam flow limitations, station load, and electricity demand of its energy host, in the case of the co-generation systems.

oo. Voltage Control. Any action undertaken by the System Operator or user to maintain the voltage of the grid within the limits prescribed by the Grid Code such as, but not limited to, adjustment of generator reactive output, adjustment in transformer taps, or switching of capacitors or reactors.

pp. Voltage Instability. A condition that results in grid voltages that are below the level where voltage control equipment can return them to the normal level.

qq. Voltage Sag. A short-duration voltage variation where the RMS value of the voltage decreases to between 10 percent and 90 percent of the nominal value.

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10.1 Background

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10.1.4 The *Market Operator* prepares *national WMOT* and *regional WMOTs* for each of the *grids* where the *WESM* is in commercial operation. The *regional WMOT* is further classified as follows:

- i. Luzon-Visayas WMOT – WMOT for interconnected Luzon-Visayas Grid, when the Mindanao Grid is in Market Intervention, upon energization of MVIP.
- ii. Visayas-Mindanao WMOT - WMOT for interconnected Visayas-Mindanao Grid, when the Luzon Grid is in Market Intervention, upon energization of MVIP
- iii. Luzon WMOT - WMOT for Luzon Grid
- iv. Visayas WMOT - WMOT for Visayas Grid
- v. Mindanao WMOT - WMOT for Mindanao Grid

10.1.5 The *System Operator* utilizes the *national WMOT* and the *regional WMOT* as a guide in the management of capacity sharing between *grids*, where *WESM* is in commercial operation.

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11.1 Background

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11.1.4 At any given *dispatch interval*, the *System Operator* shall issue re-dispatch instructions in accordance with the *WMOT* and shall make an *out-of-merit dispatch* when the *system security* is at risk.

11.1.5 Dispatch of scheduled *reserves* shall be in accordance with Section 23 of this Manual.

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11.7 Re-dispatch Procedures

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11.7.5 After complying with the re-dispatch instructions, generators shall wait for the *System Operator's* instruction for them to follow the *dispatch schedules* for the next *dispatch interval*.

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13.4 Start-up of a Generating Unit

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13.4.3 If the *start-up* will be deferred, the generators shall submit their new *outage* schedule to the *System Operator* prior to the original schedule of the *start-up* or the relevant *RTD* run. The *System Operator* shall then update the *outage* schedule accordingly and in accordance with the *WESM timetable* for submission of *outage* schedules.

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16.3.3 The *Market Surveillance Committee* will perform an assessment and submit a report to the *PEM Board*, the *DOE*, and the *ERC* containing the following:

- a. Adequacy of the provisions of the *WESM Rules* relevant to the event/s which occurred;
- b. Appropriateness of actions taken by the *System Operator* in relation to the event/s that occurred; and
- c. Costs incurred by the *WESM Members* as a result of responding to the event/s.

A copy of the report shall be furnished to the *Market Operator* and the *System Operator* for their information and reference.

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16.8.1 Market Resumption after a Market Suspension. If the cause of the *market suspension* is the occurrence of a natural calamity, the *Market Operator* or the *System Operator* may recommend to the *ERC* the lifting of the *market suspension* if the effects of the calamity on the market or the *grid* have already been resolved. When the *ERC* lifts the suspension of the market, the operations of the market will resume at the specific *dispatch interval* prescribed by the *ERC*, which may come from the recommendation of the *Market Operator* in coordination with the *System Operator* considering the preparations necessitated by the participants in complying with market-based instructions.

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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. 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 5. 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.

Issued this _____ 2023 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.

RAPHAEL P. M. LOTILLA
Secretary