



# WHOLESALE ELECTRICITY SPOT MARKET (WESM) IN MINDANAO



## **DOE DRAFT CIRCULAR: RESPONSIBILITY OF NEA**

- The NEA shall ensure that all Mindanao Electric Cooperatives (On-Grid) are technically and financially prepared to operate under the deregulated electricity market, consistent with its mandate under Section 58 of the EPIRA.



## DOE DRAFT CIRCULAR: RESPONSIBILITY OF NEA

- 11.1 - Assist the ECs in securing sufficient amount of prudential guarantees and filing with the ERC on the recovery of the same;
- 11.2 - Pursue completion of initiatives undertaken in line with DOE Circular No. DC2012-06-007 entitled "Directing the NEA to Develop a Mechanism for Ensuring the Adequacy of and Compliance by the ECs with the prescribed Prudential Requirements in the WESM and Spearhead the Collective Petition Thereof for the approval of the ERC", for the recovery of prudential requirements needed by the ECs;
- 11.3 - Provide guidance to ECs in the transition to the new market environment and ensure timely compliance of the ECs to all requisites for their successful registrations in the WEM;
- 11.4 - In coordination with the DOE and PEMC, conduct information, education and communication (IEC) campaign to the ECs on the benefits and potential changes the establishment of WESM may brought upon the EC operations and the consumers in general;
- 11.5 - Assist in all activities relating to the integration of Mindanao in the WESM, as may be necessary or as may be directed by the DOE.



# RESPONSIBILITY OF NEA

1. The NEA will assist the ECs in securing sufficient amount of prudential guarantees.
2. On the WESM in Mindanao Public Consultations as scheduled, the NEA will assist PEMC being the principal entity for WESM in the following endeavors:
  - a) Providing guidance to ECs in the transition to the new market environment and ensure timely compliance of the ECs to all requisites for their successful registration in the WESM;
  - b) The conduct of information, education and communication (IEC) campaign to the ECs on the benefits and potential changes the establishment of WESM may brought upon the EC operations and the consumers in general;
  - c) The conduct of all activities relating to the integration of Mindanao in the WESM, as may be necessary , or as may be directed by the DOE.



## DOE DC No. 2013-19-0024

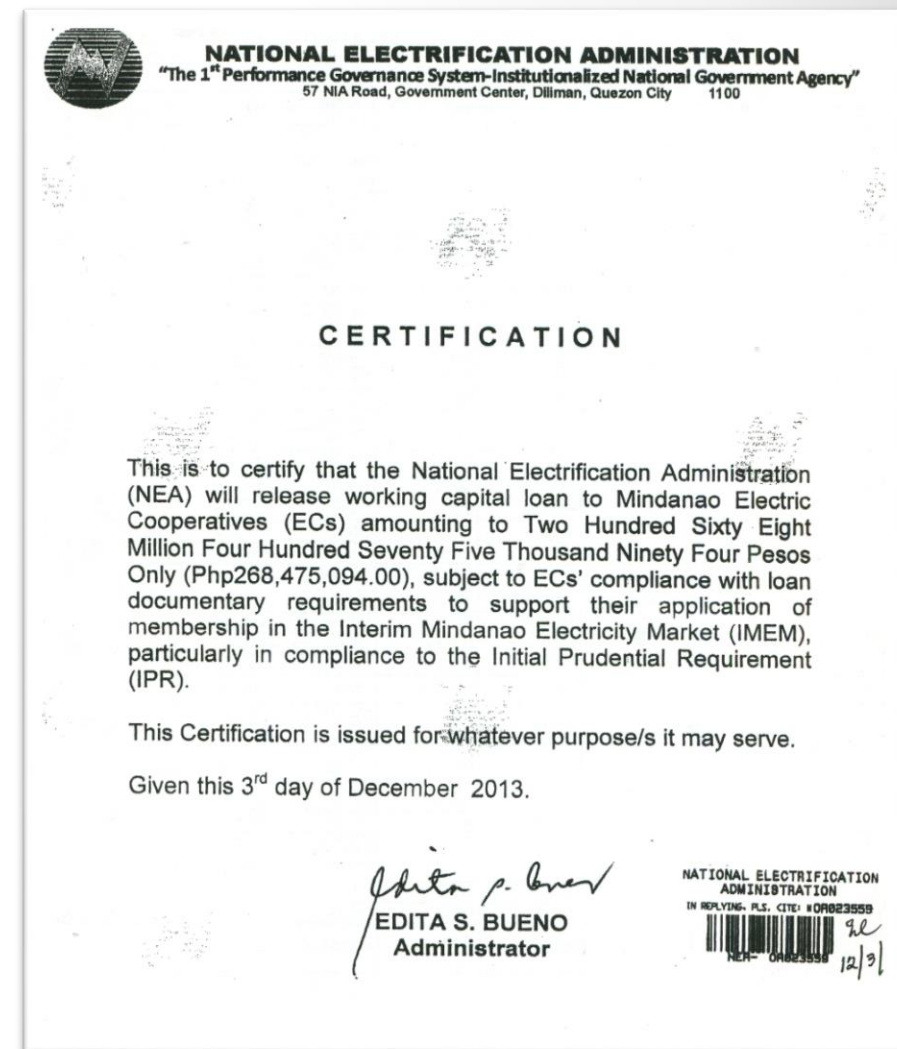
- Directing the NEA to assist the Mindanao Electric Cooperatives in Ensuring Compliance with the Prudential Requirements in the IMEM



# DOE DC No. 2013-19-0024

- On December 06, 2013, in coordination with PEMC, NEA issued a Certification for the release of Working Capital Loan to Mindanao On-Grid ECs amounting to Php 268,475,094, subject to EC compliance with loan documentary requirements to support their application of membership in the IMEM particularly in compliance to the Prudential Requirements.

Particular	Number of Participants	Historical Energy, GWh	Forecasted Energy, GWh		Contracted Energy provided by PEMC	Variance GWh	Estimated Initial Prudential Requirement Php
		2012	2013	2014			
<b>Electric Cooperatives</b>	<b>27 **</b>	<b>4,490</b>	<b>4,977</b>	<b>5,181</b>	10,313	446	<b>268,475</b>
PIOUs / LGUOUS	4	2,921	3,143	3,401			176,224
Grid Connected End-User				2,177			112,801
<b>MINDANAO</b>	<b>31</b>	<b>7,410</b>	<b>8,121</b>	<b>10,759</b>	<b>10,313</b>	<b>446</b>	<b>557,500*</b>





## STATUS OF WORKING CAPITAL LOAN - IMEM

Particular	No. of ECs	Amount (Php)	
		Approved	Released
NEA	11	93,875,629	66,928,061
EC/Other Sources	5		7,781,635
<b>Total</b>	<b>16</b>	<b>93,875,629</b>	<b>74,709,696</b>



## DOE DC No. 2012-06-007

- Directing the NEA to Develop a Mechanism for Ensuring the Adequacy of and Compliance by the ECs with the prescribed Prudential Requirements in the WESM and Spearhead the Collective Petition Thereof for the approval of the ERC.





## ERC Case No. 2013-007 RM (Docketed June 27, 2013)

- On March 6, 2013, the PHILRECA filed a petition for the adoption of the proposed “Rules Governing the Collection from the Consumers of the Cost of Payment Guarantees for the Power Supply Contracts and Transmission Service Agreements Entered into by the ECs”
  - The purpose of the prudential requirements is to ensure the effective operation of the spot market by providing a level of comfort that WESM members will be able to meet their respective obligations for the payments as required under the WESM Rules.

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City

IN THE MATTER OF THE  
PETITION FOR THE ADOPTION  
OF THE PROPOSED RULES  
GOVERNING THE COLLECTION  
FROM CONSUMERS OF THE  
COST OF PAYMENT  
GUARANTEES FOR POWER  
SUPPLY CONTRACTS AND  
TRANSMISSION SERVICE  
AGREEMENTS ENTERED INTO  
BY ELECTRIC COOPERATIVES

PHILIPPINE RURAL ELECTRIC  
COOPERATIVES ASSOCIATION,  
INC. (PHILRECA),

Petitioner.  
x-----x

ERC CASE NO. 2013-007 RM

DOCKETED  
Date: JUN 27 2013  
By: [Signature]



## PEMC INITIAL PRUDENTIAL REQUIREMENTS

- On February 6, 2017 during the Preparatory Meeting for WESM Mindanao Communication Plan held at PEMC Training Room, the Initial Prudential Requirement for the 28 On-Grid ECs was discussed and requested assistance from PEMC on the computation of respective PRs of the ECs.



# **MINDANAO GRID CONNECTED ELECTRIC COOPERATIVES**

## **STATUS OF SUPPLY AND DEMAND**



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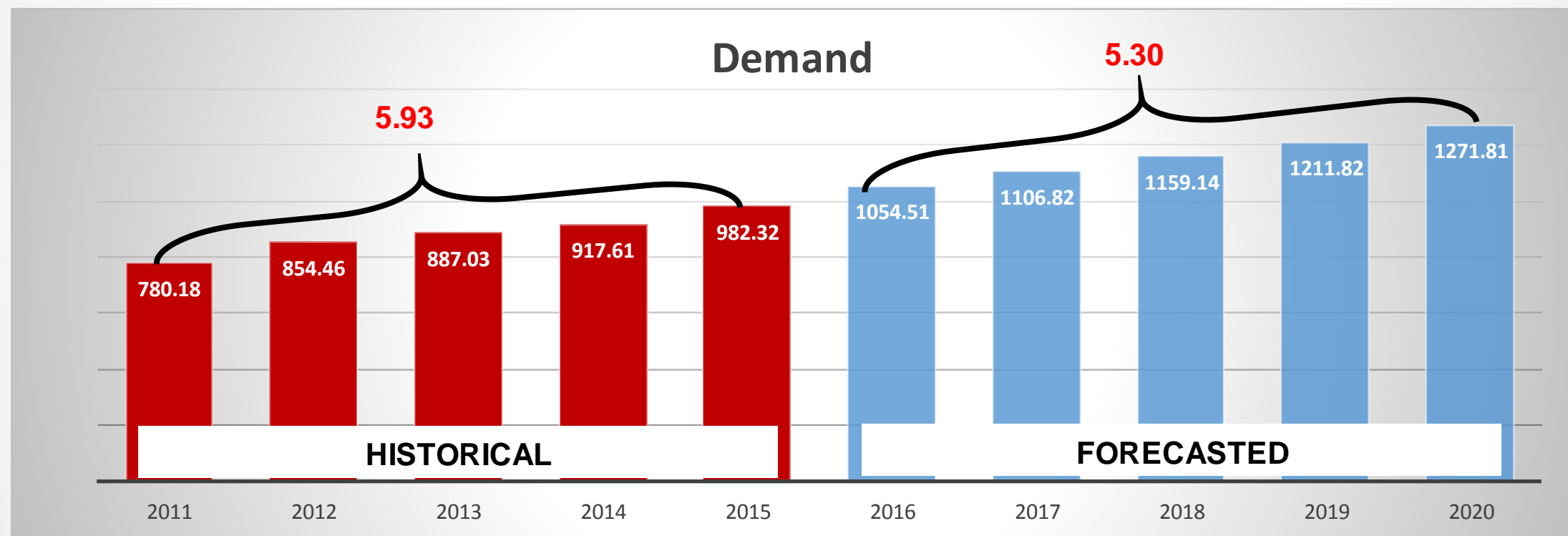
## HISTORICAL & FORECASTED DEMAND (MW)

PARTICULAR	HISTORICAL					FORECASTED				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REGION 9	153.89	158.85	175.98	178.07	185.38	200.82	209.70	219.30	229.62	240.61
REGION 10	138.29	169.28	177.06	184.54	205.13	224.07	235.63	244.48	253.88	265.26
REGION 11	116.36	122.25	115.92	124.98	137.11	143.19	153.60	163.60	174.80	187.26
REGION 12	211.84	239.60	247.90	262.45	274.08	282.90	292.37	301.65	311.16	320.86
CARAGA	118.65	122.64	129.97	133.96	145.61	154.56	164.60	173.51	182.55	194.27
ARMM	41.15	41.84	40.20	33.61	35.01	48.97	50.92	56.60	59.81	63.55
<b>TOTAL</b>	<b>780.18</b>	<b>854.46</b>	<b>887.03</b>	<b>917.61</b>	<b>982.32</b>	<b>1,054.51</b>	<b>1,106.82</b>	<b>1,159.14</b>	<b>1,211.82</b>	<b>1,271.81</b>

● Data based on ECs submitted 2016-2025 DDP



# HISTORICAL & FORECASTED DEMAND (MW)



● Data based on ECs submitted 2016-2025 DDP



## STATUS OF ECs POWER SUPPLY CONTRACT

Particular	No. of ECs	No. of Power Supplier/s (including Embedded)	No. of Contracts	Contracted Capacity, MW				
				2016	2017	2018	2019	2020
REGION 9	4	13	23	202	194	242	169	167
REGION 10	8	18	52	185	261	323	318	315
REGION 11	3	12	26	221	238	225	210	215
REGION 12	5	13	36	303	352	366	352	352
CARAGA	6	13	36	195	207	224	232	232
ARMM	2	2	3	25	20	20	20	20
<b>TOTAL</b>	<b>28</b>	<b>71</b>	<b>176</b>	<b>1,130</b>	<b>1,271</b>	<b>1,401</b>	<b>1,302</b>	<b>1,302</b>

● \*Including COTELCO-PPALMA ●



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**SUPPLY DEMAND SCENARIO  
 WITH COMMITTED/FOR APPROVAL OF PSA**

MINDANAO	PROJECTED									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PEAK DEMAND</b>										
Peak Demand	1,054.51	1,106.82	1,159.14	1,211.82	1,271.81	1,328.11	1,391.01	1,452.52	1,520.45	1,593.90
<b>CONTRACTED CAPACITY</b>										
Firmed/Embedded	1,005.20	1,016.90	1,134.48	1,032.28	1,032.28	1,029.63	1,031.63	1,008.62	976.22	956.22
Committed / For Approval	125.10	254.10	266.02	269.52	269.52	269.52	269.52	264.52	258.52	258.52
<b>Total</b>	<b>1,130.30</b>	<b>1,271.00</b>	<b>1,400.50</b>	<b>1,301.80</b>	<b>1,301.80</b>	<b>1,299.15</b>	<b>1,301.15</b>	<b>1,273.14</b>	<b>1,234.74</b>	<b>1,214.74</b>
Indicative Supply	75.79	164.18	241.36	89.98	29.99	(28.96)	(89.86)	(179.38)	(285.71)	(379.16)

● Data based on ECs submitted 2016-2025 DDP



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**SUPPLY DEMAND SCENARIO**  
**WITHOUT COMMITTED/FOR APPROVAL OF PSA**

MINDANAO	PROJECTED									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PEAK DEMAND</b>										
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<b>CONTRACTED CAPACITY</b>										
Firmed/Embedded	1,005.20	1,016.90	1,134.48	1,032.28	1,032.28	1,029.63	1,031.63	1,008.62	976.22	956.22
Total	1,005.20	1,016.90	1,134.48	1,032.28	1,032.28	1,029.63	1,031.63	1,008.62	976.22	956.22
Indicative Supply	(49.31)	(89.92)	(24.66)	(179.54)	(239.53)	(298.48)	(359.38)	(443.90)	(544.23)	(637.68)

● Data based on ECs submitted 2016-2025 DDP





**THANK YOU**