

[RESOLUTION NO. 12, S. OF 2018, July 12, 2018]

**A RESOLUTION ADOPTING AMENDMENTS TO THE RULES IN THE
EVENT OF MARKET SUSPENSION OR DECLARATION OF
TEMPORARY MARKET FAILURE AND THE SUBSEQUENT MARKET
RESUMPTION OF THE OPERATION OF THE WHOLESALE
ELECTRICITY SPOT MARKET (WESM)**

*Adopted: 29 May 2018
Date Filed: 12 July 2018*

WHEREAS, Section 30 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), provides that in cases of national and international security emergencies or natural calamities, the Energy Regulatory Commission (ERC) is empowered to suspend the operation of the Wholesale Electricity Spot Market (WESM) or declare a temporary WESM failure;

WHEREAS, the Philippine Electricity Market Corporation (PEMC) was incorporated on 18 November 2003 as a non-stock, non-profit corporation and designated as the Autonomous Group Market Operator (AGMO) of the WESM;

WHEREAS, the Department of Energy (DOE), on 21 June 2006, issued Department Circular (DC) No. 2006-06-0008 declaring the start of commercial operations of the WESM in the Luzon Grid;

WHEREAS, on 11 April 2007, the ERC issued Resolution No. 15, Series of 2007 adopting the procedures in the event of Market Suspension or declaration of temporary market failure and the subsequent market resumption of the operation of the WESM;

WHEREAS, at the time of promulgation of the said Resolution, WESM was commercially operating in Luzon Grid only and the functions of the System Operator was still lodged with the National Transmission Corporation (TransCo);

WHEREAS, the DOE, on 26 November 2010, issued DC No. 2010- 11-0012 declaring the start of commercial operations of the WESM in the Visayas Grid and its integration with the Luzon Grid;

WHEREAS, the DOE, on 04 May 2017, issued DC No. 2017-05-0009 declaring the launch of WESM in the Mindanao Grid and providing for transition guidelines therefor;

WHEREAS, in the proper execution of its function pursuant to Section 30 of EPIRA, the ERC has resolved to amend the set of procedures relative to the declaration of Market Suspension;

WHEREAS, on 26 October 2017, the draft Resolution Adopting Amendments to the Rules in the Event of Market Suspension or Declaration of Temporary Market Failure and the Subsequent Market Resumption of the Operation of the WESM (Rules for Market Suspension) was posted on the ERC website in order to solicit comments from the industry participants;

WHEREAS, the ERC in revising the draft Rules for Market Suspension considered the comments and issues raised by the industry participants which were subsequently presented to the Grid Management Committee (GMC) during a series of discussions for its technical input and recommendations;

NOW THEREFORE, after thorough and due deliberation, the ERC consistent with its mandate under the EPIRA, hereby RESOLVES, as it is hereby RESOLVED, to APPROVE and ADOPT, the amended set of Rules in the event of Market Suspension or declaration of temporary market failure and the subsequent market resumption of the operation of the WESM herein attached as Annex "A" and made an integral part of this Resolution;

This Resolution shall take effect immediately following its publication in a newspaper of general circulation or in the Official Gazette.

Let copies of this resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR).

Pasig City, 29 May 2018.

(SGD) AGNES VST DEVANADERA
Chairperson and CEO

(SGD) GLORIA VICTORIA
C. YAP-TARUC
Commissioner

(SGD) ALFREDO J. NON
Commissioner

(SGD) JOSEFINA PATRICIA
A. MAGPALE-ASIRIT
Commissioner

(SGD) GERONIMO J. STA.
ANA
Commissioner

Annex "A"

**Rules in the Event of Market Suspension
n or Declaration of Temporary Market Failure and the
Subsequent Market Resumption of the Operations of the
Wholesale Electricity Spot Market (WESM)**

Pursuant to Section 30 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), in case of national and international security emergencies or natural calamities, the Energy Regulatory Commission (ERC) is empowered to suspend the operation of the Wholesale Electricity Spot Market (WESM) or declare a temporary WESM failure

Upon occurrence of a Natural Calamity or declaration of a national or

international Security Emergency by the President of the Philippines, the ERC hereby adopts and promulgates the following Rules for this purpose:

ARTICLE I GENERAL PROVISIONS

Section 1. Purpose

This document provides the procedural undertaking of the ERC in declaring the suspension of the operations of the WESM pursuant to Section 30 of the EPIRA.

Section 2. Conditions for Market Suspension

Only the ERC is granted the authority to suspend the operations of the WESM or declare a temporary WESM failure (collectively referred to henceforth as "Market Suspension") as mandated under Section 30 of EPIRA in cases of:

- a. Natural Calamities; or^[1]
- b. National and international Security Emergency declared by the President of the Philippines pursuant to Republic Act No. 6826 and other related laws"^[2]

A Natural Calamity^[3] is an act, event, happening or occurrence due to natural causes thus, without interference or aid from man. Some examples are flood, earthquake, storms, hurricanes, wild fires, tsunamis, typhoons and volcanic eruption that will gravely affect the power system.

ARTICLE II CRITERIA AND PROCEDURES FOR MARKET SUSPENSION

Section 1. Criteria for Market Suspension

The ERC, during the occurrence of any of the conditions set forth in Section 2 of Article 1, may declare Market Suspension over the affected area upon breach of any of the following criteria:

Syste m Suspensi on [4]	Reg i onal Suspensi on [5]	I sl and Grid Suspensi o n [6]
A. System Available Generating Capacity7 less Actual System Demand < Zero (0) MW	Regional Available Generating Capacity less Actual Regional Demand < Zero (0) MW	Grid under Islanding Operation with: 1. Zero (0) or one (1) Generating Plant supplying the Demand; or 2. Two (2) or more Generating Plants but Actual Demand exceeds

		Available Generating Capacity
B. System Pmin > Actual System Demand	Regional Pmin > Actual Regional Demand	1. Two (2) or more Generating Plants' Total Pmin > Actual Island Demand

During extreme weather disturbances and other natural calamities, the measures and weather reports from the Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA) and Philippine Institute of Volcanology and Seismology (PHIVOLCS) shall prompt the ERC to consider the suspension of the WESM notwithstanding the above criteria. On the other hand, the report from the National Grid Corporation of the Philippines – System Operator (NGCP-SO) on the grid condition during the occurrence of the conditions set forth in Section 2, Article I of this Rules, shall be the ERC's basis of its decision to suspend the operations of the market.

Section 2. Procedures for Declaration of Market Suspension

2.1 Submission of Information during Occurrence of Natural Calamity/National and International Security Emergency

1. During an existence of a Natural Calamity or National and International Security Emergency, NGCP-SO shall start providing information to ERC-Market Operations Service, Spot Market Division (ERC-MOS-SMD) upon occurrence of the following:

- a. System Available Generating Capacity^[8] < sum of the required Primary and Secondary Reserves in Luzon and Visayas, and Mindanao, if applicable;
- b. Regional Available Generating Capacity^[9] < sum of the required Regional Primary and Secondary Reserves
- c. Islanding Operation in any part of the Grid;
- d. Implementation of load dropping

2. The SO must submit information including, but not limited to the following:

HVD C Avail ability:	HVD C Non-Avail ability:	Gr id Isl andi ng:
Syste m Avail able Genera ti ng Capacity	Reg i onal Avail able Genera ti ng Capacity	Numbe r of Avail able

		Generators
Primary + Secondary Reserve (Raise) Requirement	Primary + Secondary Reserve (Raise) Requirement	Island Available Generating Capacity
System Pmin	Regional Pmin	Generator/s Pmin
Actual System Demand	Actual Regional Demand	Actual Grid Demand

3. NGCP-SO must provide update to the ERC-MOS-SMD on the current grid condition every two (2) hours from the time of the initial submission of the above information or if there are significant changes until the condition improves;

The initial and subsequent information shall be submitted through email at spotmarket@erc.gov.ph copy furnished the Director of the ERC-MOS and the Chief Energy Regulation Officer of the ERC-MOS-SMD and/or by sending an SMS to +63917-584 4843 and a designated mobile number of the Chief ERO of the ERC-MOS-SMD to be provided to NGCP-SO.

4. The NGCP-SO report and update shall be the basis of the ERC in declaring the corresponding suspension and eventual resumption of the market.

2.2 Procedures upon Breach of the Criteria for Market Suspension

1. In the event that any of the criteria set under Article II, Section 1 has been triggered, NGCP-SO shall immediately report such information within one (1) hour to the ERC either through:

- a. SMS to +63917-584 4843 and designated mobile number of the Chief ERO of the ERC-MOS-SMD; or
- b. E-mail to spotmarket@erc.gov.ph

2. The ERC shall have full discretion to immediately suspend market operations after it receives information that any of the criteria for Market Suspension set under Article II, Section 1 has been triggered.

3. ERC-MOS-SMD shall notify the Market Operator (MO) on the declaration of Market Suspension and the particular trading interval commencing thereof through the following manner: