

**[ DOE DEPARTMENT CIRCULAR NO. DC2013-03-0004, March 22, 2013 ]**

**ADOPTING FURTHER AMENDMENTS TO THE WESM RULES (WESM RULES APPENDIX A1. INFORMATION TO BE SUPPLIED WITH OFFERS TO SUPPLY AND TO BUY ELECTRICITY)**

**WHEREAS**, Appendix A1 of the Wholesale Electricity Spot Market (WESM) Rules provides information to be supplied with offers to supply and to buy electricity;

**WHEREAS**, on 27 July 2012, the Philippine Electricity Market Corporation (PEMC) submitted its proposed changes to Appendix A of the WESM Rules on Minimum Offer Block Size to the Rules Change Committee (RCC) for consideration and approval;

**WHEREAS**, the PEMC proposed amendment seeks to reduce the minimum energy offer block size and contingency reserve offer block size from five (5) MW to one (1) MW, which will enable the small generating units to have the option to register as scheduled generating units and to actively compete in the WESM;

**WHEREAS**, on 05 September 2012, the RCC in its 66<sup>th</sup> Meeting deliberated the said proposals and agreed to reduce further the minimum bid block size from 1 MW, as originally proposed, to 0.1 MW in order to allow the generator-trading participants to submit their bids with precision;

**WHEREAS**, on 20 September 2012, the RCC submitted to the PEM Board its proposed changes to Appendix A of the WESM Rules which seeks to reduce the minimum energy offer block size and contingency reserve offer block size from five (5) MW to one tenth of one (0.1) MW;

**WHEREAS**, the PEM Board Review Committee (BRC) in its 21 September 2012 Meeting observed that the RCC-approved and submitted rules change proposal is a deviation from the original PEMC proposal;

**WHEREAS**, the BRC remanded the said proposal to the RCC for further review taking into consideration that the proposed reduction in the minimum offer block size from 5 MW to 0.1 MW was significant so as to affect WESM participants and the said proposal lacked the required posting of rules change proposal as provided in the WESM Rules change processes;

**WHEREAS**, on 03 October 2012, the RCC reopened the discussion on the subject, following the directive from the BRC;

**WHEREAS**, on 14 November 2012, the RCC noted the reservations expressed by the NGCP System Operations (SO) in the discussions, requested the SO to submit its comments on the issue;

**WHEREAS**, on 05 December 2012, the RCC discussed at length the NGCPSO's Comments on the said proposal, and it agreed to retain the original proposal of