

[DOE DEPARTMENT CIRCULAR NO. DC2013-12-0028, December 16, 2013]

**ADOPTING FURTHER AMENDMENTS TO THE WESM RULES
(MARKET OPERATOR'S BUSINESS CONTINUITY PLAN AND
DISASTER RECOVERY PROCEDURES)**

WHEREAS, Section 37 of the Electric Power Industry Reform Act 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, upon the joint endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular No. 2002-06-003;

WHEREAS, any changes, amendments, and modifications to the WESM Rules shall be undertaken in accordance with the provisions of Chapter 8 thereof;

WHEREAS, on 05 August 2013, the Philippine Electricity Market Corporation (PEMC) submitted to the Rules Change Committee (RCC) its proposed amendments to Chapter 6 of the WESM Rules to include provisions on the obligations of the Market Operator (MO) on the development, implementation and simulation of its Business Continuity Plan (BCP) and Disaster Recovery Procedures (DRP) for consideration and approval;

WHEREAS, the proposal aims to ensure operational continuity of the WESM in cases of emergencies and any unplanned event or disaster that can shut down or disrupt critical business processes of the MO;

WHEREAS, the proposal includes the BCP and the DRP simulation and incidents arising from actual implementation of the same as grounds for Market Intervention, given that these may cause interruption of certain market processes resulting in the inability of the MO to generate dispatch schedule;

WHEREAS, on 07 August 2013, the RCC thoroughly discussed and deliberated the proposal during its 77th RCC Meeting, and after which, published the proposal in the WESM website to solicit comments from market participants and other interested parties;

WHEREAS, on 02 October 2013, the RCC in its 79th RCC Meeting deliberated upon the comments received from the stakeholders, and it finalized and approved the proposed amendments for endorsement to the PEM Board;

WHEREAS, on 29 October 2013, after due evaluation and deliberation, the PEM Board has resolved to approve for endorsement to the DOE the above stated proposed amendments to the WESM Rules;

WHEREAS, on 05 November 2013, the above stated amendments was submitted to the DOE for approval, consistent with Chapter 8 of the WESM Rules;

WHEREAS, the DOE thoroughly reviewed the PEM Board-approved amendments to the WESM Rules and considered it reasonable and consistent with the objectives of the WESM Rules;

WHEREAS, the DOE deemed it necessary to incorporate the MO's reportorial responsibility and the approval of the PEM Board to the plans and procedures concerning BCP and DRP for better transparency and efficiency;

NOW THEREFORE, pursuant to its authority under the WESM Rules, the DOE hereby adopts, issues and promulgates the following amendment to the WESM Rules:

Section 1. Amendment to the WESM Rules.

1.1 Clause 6.1 under Scope of Chapter 6 (Intervention and Market Suspension) is amended to read –

This chapter 6 sets out:

xxx xxx xxx

- (c) The procedures which are to take effect in the event of a threat to *system security*;
- (d) The circumstances and manner in which the ERC through the *Market Operator* may intervene or suspend the *spot market*; and
- (e) The responsibilities of the *Market Operator* to develop, simulate and implement *business continuity* plan and *disaster recovery* procedures.

1.2 Clause 6.2.1 under Preparation and Responses is amended to read –

xxx xxx xxx

6.2.1.3 Intervention may be warranted if there are interruptions in the operations of market software used by the *Market Operator* to support various processes in the WESM during the simulation of the *business continuity* plan and *disaster recovery* procedures of the *Market Operator* developed under Clause 6.8.8.1.

6.2.1.4 During *intervention* or *market suspension*, the *System Operator* and *Market Operator* shall coordinate their actions to restore normal operation of the *power system* and the market.

6.2.1.5 *WESM Participants* acknowledge that:

- (a) The operation of the *power system* involves risks to public safety and property and therefore accepts that the provisions of this Chapter 6 are appropriate and reasonable;

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