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New firm to handle energy spot market

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The board of Philippine Electricity Market Corp. (PEMC) has approved the transition plan for the creation of an independent market operator (IMO), paving the way for state firm to finally relinquish control of the wholesale electricity spot market (WESM).

The WESM is a centralized venue for buyers and sellers to trade electricity as a commodity where its prices are based on actual use and availability.

The Electric Power Industry Reform Act mandates an IMO to take over the management and

operation of the WESM from PEMC.

The rules governing WESM, which began commercial operations in June 2006, provides that the market operator should be an independent entity after a year of operation.

PEMC said in a statement the IMO would be incorporated as a non-profit company that is independent of the government and industry participants.

Even then, PEMC said it would remain as the governing body of the spot market with a board of directors made up of industry representatives and independent members.

As part of activities for the said transition, a special meeting among market participants is slated on Feb. 6 for the constitution of the PEMC membership.

"A special PEM board meeting will also be held to finalize and approve the amendments to PEMC's articles of incorporation and by-laws," PEMC said.

"Likewise, the selection of IMO company incorporators and initial board members shall be made based on the submissions of the PEMC board and the PEMC transition committee," it added.

According to PEMC, it expected to enter with the IMO by the second quarter of 2018 an

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operational agreement to formalize turnover of the use of the market management system (MMS) and other trading platforms as well as the transfer of market operations functions.

PEMC said personnel placement and employment for the two companies—PEMC and the IMO—are slated for completion in June.

In the meeting, the chair underscored to the board of directors the importance of implementing the IMO transition in accordance with the specified timeline.

"This [implementing the IMO transition] has been long overdue, [having] been delayed

for more than a decade," Energy Secretary Alfonso Cusi said.

"Now is the best time to usher in its independence as provided in the law," Cusi added.

In July 2017, PEMC said it moved a step closer to achieving full automation of all WESM processes with the deployment of a new enterprise system that facilitates timely and updated participants' registration and trading information.

The new system, called Central Registration and Settlement System (CRSS), enhanced market processes such as registration, metering, billing and settlement.

The CRSS was designed and

developed considering the enhanced WESM rules based on a five-minute dispatch interval. It is linked to the New Market Management System to collect data on prices and schedules, which will be used in the settlement process.

Then PEMC president Melinda Ocampo said enhancing the operations of the country's platform for electricity trading was a substantial undertaking and showed PEMC's commitment to support the government's ongoing efforts to reform the electricity sector with market liberalization and private investment. INQ