



Republic of the Philippines  
**DEPARTMENT OF ENERGY**

DEPARTMENT CIRCULAR NO. DC 2010-12-0013

**CREATING THE SPECIAL BIDS AND AWARDS COMMITTEE (SBAC) FOR THE  
PROCUREMENT OF THE NEW MARKET MANAGEMENT SYSTEM (MMS) FOR THE  
PHILIPPINE WHOLESALE ELECTRICITY SPOT MARKET (WESM)**

**WHEREAS**, Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA) mandates the Department of Energy (DOE) to, among others, ensure the reliability, quality and supply of electric power; ensure transparent and reasonable prices of electricity in a regime of free and a fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market; and protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;

**WHEREAS**, pursuant to Section 30 of EPIRA, the DOE is mandated to establish the Wholesale Electricity Spot Market (WESM) that will facilitate a transparent, competitive, and reliable electricity market in the country and to organize and establish the appropriate market design and governance structure of the WESM;

**WHEREAS**, in accordance with Rule 9, Section 3(b) of the EPIRA Implementing Rules and Regulations, the Philippine Electricity Market Corporation (PEMC) was incorporated on 18 November 2003 as a non-stock, non-profit corporation, to act as the Autonomous Group Market Operator (AGMO) tasked to undertake the preparatory work and initial operation of the WESM;

**WHEREAS**, the PEMC, in the performance of its functions as the AGMO, utilizes the Market Management System (MMS) for the commercial operation of the WESM in Luzon which commenced on 26 June 2006. The MMS is the infrastructure with various hardware, software and interfaces that supports the operations of the WESM. It is the core system that forecasts electricity demand, receives bids and offers from trading participants, generates real-time dispatch schedules, and process the settlement of the spot market transactions. It is composed of a full set of applications that runs twenty four hours a day, seven days a week (24x7). It is also connected with the National Grid Corporation of the Philippine (NGCP) System Operator's infrastructure that monitors, controls and optimizes the performance of all generating and transmission facilities;

**WHEREAS**, the MMS is designed in accordance with the market design contained in the WESM Rules issued by the DOE, jointly with the electric power industry participants;

**WHEREAS**, the MMS hardware is reaching the end of its economic life and its performance is beginning to deteriorate;

**WHEREAS**, the reliability of the MMS is crucial to the uninterrupted operation of the WESM and hence a concern of the DOE as current chairman of the Philippine Electricity Market (PEM) Board and as the supervisor of the electric power industry;

**WHEREAS**, on 15 January 2010, the DOE issued a memorandum creating the Technical Working Group (TWG) on the Market Management System (MMS) Migration and Enhancement Project to conduct study on all matters relating to MMS and implement the MMS migration project;

**WHEREAS**, as a result of the TWG's assessment, it is necessary to procure a new MMS to ensure the reliability of the WESM operation;

**NOW, THEREFORE**, for and in consideration of the foregoing premises the DOE hereby declare the following:

**Section 1.** A Special Bids and Awards Committee, hereinafter referred to as the "MMS-SBAC" is hereby created to supervise the overall activities related to the procurement of the new Market Management System (MMS) for the Philippine WESM

**1.1 Composition.** The MMS-SBAC shall be composed of the following:

Chairperson : Undersecretary for Power, DOE  
Members : Director-Electric Power Industry Management Bureau, DOE  
President, PEMC

**1.2 Functions and Authority.** The MMS-SBAC shall have the following functions and authority:

- i. Approve the bidding documents, the draft contract and all other necessary documents;
- ii. Approve all communications to bidders and the Board;
- iii. Approve and endorse the evaluation report/result to the Board including recommendation of the most competitive complying bid; and
- iv. Endorse to the Board the award of the contract to the winning bidder

**Section 2. MMS-SBAC Technical Working Group (TWG).** To assist the Board and the MMS-SBAC in the performance of its functions and responsibilities, the MMS-SBAC TWG is hereby created:

**2.1 Composition.** The MMS-SBAC TWG shall be composed of the following:

Chairperson : Assistant Director-Electric Power Industry Management Bureau, DOE  
Vice Chairperson : Head-Information Systems and Technology Group, PEMC  
Members : Head-Trading Operations Group, PEMC  
Head-Corporate Planning and Communications Group, PEMC  
Head-Market Assessment Group, PEMC  
Head-Corporate Services, PEMC  
Head-Legal Services, PEMC  
Head-Enforcement and Compliance Office, PEMC

**2.2 Functions and Responsibilities.** The MMS-SBAC TWG shall perform the following tasks:

- i. Formulate the action plans and timeline for the procurement of the new MMS;
- ii. Prepare and issue the Request for Proposal (RFP) which includes, among others, the terms of reference (TOR), instructions to bidders/firms and the draft contract;
- iii. Issue invitation to the bidders to submit Technical and Financial proposals;
- iv. Participate in the Preliminary/Technical Conferences;
- v. Evaluate the Technical and Financial Proposals submitted by bidders;
- vi. Submit evaluation report including recommendation of the most competitive complying bid to MMS-SBAC;
- vii. Assist the MMS-SBAC in the drafting of all other necessary documents;

- viii. Attend meetings as may be required by the MMS-SBAC;
- ix. Identify procurement issues and formulate recommendations to address such issues;
- x. Conduct contract negotiations with the winning bidder; and
- xi. Perform such other tasks as may be directed by the Board and the MMS SBAC.

**Section 3. PEM Board Advisory Committee on MMS.** A Board Advisory Committee on MMS shall be formed within the PEM Board to assess the items to be discussed related to the procurement of the new MMS prior to presentation to the PEM Board for policy determination and directions.

**Section 4. Technical Secretariat.** To facilitate the meetings, reports and information dissemination among the MMS-SBAC and the TWG members, a MMS-SBAC Secretariat shall be formed which shall be composed of the representatives from the DOE and PEMC.

**Section 5. Confidentiality.** All activities undertaken in the performance of the above functions and responsibilities shall be made with utmost confidentiality and each member of the MMS-SBAC, the TWG and the Secretariat shall ensure that all documents, data and information in connection with the bidding and the actual implementation of the procurement of the new MMS shall not be released, reproduced or made available for other purposes.

**Section 6. Tenure.** The MMS-SBAC, the TWG and the Secretariat shall continue to undertake its functions until the procurement and its attendant activities have been completed.

**Section 7.** This Circular supersedes all issuances relating to the Market Management System (MMS) Migration and Enhancement Projects.

**Section 8. Effectivity.** This Circular shall take effect immediately upon its publication in a newspaper of general circulation. PEMC is hereby directed to publish this Circular in the market information website.

Issued this 22nd day of December, 2010 at Fort Bonifacio, Taguig City, Metro Manila.

This Circular shall remain in effect until otherwise revoked.



**JOSE RENE D. ALMENDRAS**

Secretary

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DEPARTMENT OF ENERGY

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