



JOINT RESOLUTION NO. 1

**EXTENSION OF INTERIM OFFER PRICE CAP IN THE
WHOLESALE ELECTRICITY SPOT MARKET**

WHEREAS, on 02 June 2006, the Department of Energy (DOE), the Energy Regulatory Commission (ERC) and the Philippine Electricity Market Corporation (PEMC) issued Joint Resolution No. 1 "Creating the WESM Tripartite Committee," composed of these agencies/entity as a body for coordination of efforts, monitoring of price volatilities and setting of market mitigation or pre-emptive measures to be implemented in the Philippine Wholesale Electricity Spot Market (WESM);

WHEREAS, the WESM Tripartite Committee is authorized, among other things, to set and establish the initial levels of price or formula at or by which market prices shall be capped as a mitigating measure to be applied in the WESM;

WHEREAS, on 09 June 2006, the WESM Tripartite Committee issued Joint Resolution No. 2 "Setting the Initial Pre-Emptive, Market Mitigating Measures for the Commercial Operation of the Philippine WESM;"

WHEREAS, the WESM Tripartite Committee through its Joint Resolution No. 2, adopted the implementation of a bid cap, or otherwise referred to as an Offer Price Cap of PhP62,000 per megawatt-hour (MWh), equivalent to PhP62.00 per kilowatt-hour (kWh);

WHEREAS, recognizing the need for mutual cooperation and sharing of information amongst the DOE, ERC and PEMC for the purpose of providing each agency relevant information to identify price-related contingencies, and to determine the need for adoption or recommendation of certain measures to mitigate extreme price conditions in the market, the DOE, ERC and PEMC issued a subsequent resolution on 30 September 2013 reconvening the WESM Tripartite Committee;

WHEREAS, on 20 December 2013, the WESM Tripartite Committee met and with due recognition on the need to constantly put in place procedures and measures to address extreme price spikes or prolonged price volatility, agreed to adopt measures to adjust these contingencies;

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WHEREAS, on 27 December 2013, the WESM Tripartite Committee issued Joint Resolution No. 2, series of 2013 "Adjustments to the Wholesale Electricity Spot Market Offer Price Cap";

WHEREAS, Section 1 of Joint Resolution No. 2, series of 2013, set the interim level of the Offer Price Cap in the WESM to PhP32,000 per MWh which is in effect until the issuance of a new Offer Price Cap not later than ninety (90) days from the issuance of the said Resolution;

WHEREAS, Section 2 of Joint Resolution No. 2, series of 2013, directed PEMC to submit to the WESM Tripartite Committee a study on the appropriate Offer Price Cap based on the result of the WESM Design Study within thirty (30) days from the issuance of the said Resolution;

WHEREAS, on 22 January 2014, PEMC presented the results of its study to the DOE and subsequent meetings were held with the DOE and the ERC regarding the Offer Price Cap;

WHEREAS, on 27 January 2014, PEMC submitted its study on the appropriate Offer Price Cap for the WESM in compliance with abovementioned Resolution, for consideration of the WESM Tripartite Committee;

WHEREAS, on 20 March 2014, the Tripartite Committee met for the finalization of the Offer Price Cap, and determined that the existing timeline was insufficient for public consultation;

WHEREAS, on 20 March 2014, the WESM Tripartite Committee met and deliberated on the PEMC's study and recommendations on new Offer Price Cap, and recognized that the existing timeline is tight for the conduct of public consultation as provided under Section 1 of Joint Resolution No. 2 series of 2013;

NOW, THEREFORE, premises considered, the DOE, the ERC and the PEMC hereby jointly adopt the following:

Section 1. Extension of the Effectivity of the Cap. The Interim Offer Price Cap of PhP32,000 per MWh set in the WESM Tripartite Committee Joint Resolution No. 2, series of 2013 is hereby extended for a period of sixty (60) days from 27 March 2014 to allow for the conduct of public consultation on the proposed Offer Price Cap.

Section 2. Separability Clause. If for any reason, any section or provision of this Joint Resolution is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 3. Effectivity. This Joint Resolution shall take into effect immediately following its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Signed this 26th March 2014 at Metro Manila, Philippines.


CARLOS JERICHO L. PETILLA
Secretary
Department of Energy


ZENAIDA G. CRUZ-DUCUT
Chairperson
Energy Regulatory Commission

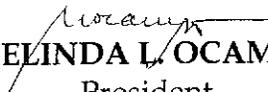


Republic of the Philippines
DEPARTMENT OF ENERGY

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MELINDA L. OCAMPO
President

Philippine Electricity Market Corporation