

RESOLUTION NO. 013-0806
August 18, 2006 – 46th Board Meeting
EXEMPTION OF ANGAT RESERVOIR HYDROELECTRIC PLANT FROM THE
WHOLESALE ELECTRICITY SPOT MARKET (WESM) SYSTEM

WHEREAS, the WESM system was created by virtue of Section 30 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act (EPIRA) of 2001”.

WHEREAS, the WESM is a venue for trading electricity as a commodity. It serves as a clearing house to reflect the economic value of electricity for a particular period, as indicated by the "spot price". The wholesale electricity market uses the concept of a “pool” where all electricity outputs from generators are centrally coordinated. Generators as well as buyers of bulk electricity compete for a share of this pool, to be dispatched and scheduled to meet the electricity demand in real time. The commercial operation of WESM started last June 26, 2006.

WHEREAS, the dispatch strategy of WESM on loading of hydro plants in Luzon provides that when the water level of the dam/reservoir is above the operation rule curves, the operation of hydro plants will be maximized based on their declared capabilities and proper timing to displace expensive plants, if necessary.

WHEREAS, multipurpose dams/reservoirs such as Angat, Magat, Pantabangan and San Roque dams are among those registered as WESM participants.

WHEREAS, the Technical Working Group on Angat Dam Operations and Management has observed that since the WESM system was implemented, water releases from the Angat main power plant have not been in accordance with the approved allocation of the Board resulting to under or over water releases. If allowed to continue, it is likely to cause shortage of water during dry seasons and inundation during wet seasons. On July 17, 2006, the TWG recommended that all hydroelectric plants be exempted from the WESM system.

WHEREAS, on August 4, 2006, the TWG requested that an NWRB Board Resolution be issued requesting the WESM Board to exempt all hydroelectric plants from participating in the WESM system.

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to approve the recommendations of the TWG and request the WESM Board to exempt the Angat Reservoir Hydroelectric Plant from the Wholesale Electricity Spot Market System.

RESOLVED further that copies of this resolution be furnished to the WESM Board, Philippine Electricity Market Corporation (PEMC) Board, Department of Energy, National Power Corporation, Metropolitan Waterworks and Sewerage System and National Irrigation Administration.