

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

RESOLUTION NO. 10, Series of 2026

**RESOLUTION PRESCRIBING A MODIFIED
ADMINISTERED PRICE FOR THE
WHOLESALE ELECTRICITY SPOT MARKET (WESM)
PURSUANT TO EXECUTIVE ORDER NO. 110,
SERIES OF 2026**

WHEREAS, Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA), mandates the Energy Regulatory Commission (ERC) to promote competition, ensure customer choice, and protect consumers against abuse of market power in the restructured electricity industry;

WHEREAS, Section 30 of the EPIRA provides that in cases of national and international security emergencies or natural calamities, the ERC is empowered to suspend the operation of the WESM or declare a temporary WESM failure;

WHEREAS, on 24 March 2026, the President of the Republic of the Philippines issued Executive Order No. 110, Series of 2026 (EO 110), declaring a state of national energy emergency due to disruption in global energy supply, volatility in fuel prices, and risk to the adequacy and stability of the country’s energy supply;

WHEREAS, Section 5 of EO 110 authorizes and directs the Department of Energy (DOE), in coordination with the ERC and other concerned agencies, to implement appropriate measures to safeguard the stability and adequacy of the country’s energy supply, including regulatory interventions affecting the operation of the WESM;

WHEREAS, Section 5 (g) of EO 110 provides the directive to the DOE, in part:

Adopt and implement a resource conservation and prioritization mechanism, and may recommend to the Energy Regulatory Commission (ERC) when warranted by extraordinary price volatility or risks to electricity supply reliability, the adoption of appropriate regulatory measures in the operation of the Wholesale Electricity Spot Market (WESM), including the possible suspension of market operations or the declaration of a temporary market failure, in accordance with existing laws, market rules, and regulatory procedures.

The resource conservation and prioritization mechanism, as determined by the DOE, shall consider the optimal dispatch of power plants, taking into consideration grid reliability, priorities in the use of

cheaper technologies, and the conservation of fuel that will mitigate price impact and prolong supply. The DOE and ERC are authorized to issue the necessary implementing guidelines, rules, and regulations.

WHEREAS, on 25 March 2026, the Commission received a letter from the DOE recommending the suspension of the WESM effective 26 March 2026, pursuant to Section 5 (g) of the above-mentioned Executive Order;

WHEREAS, pursuant to the recommendation of the DOE to suspend the operations of the WESM and by virtue of the authority vested under Section 5 of EO 110, the Commission has ordered the suspension of WESM operations effective 26 March 2026 at the 0005H dispatch interval, as specified in the *Order* issued under ERC Case No. 2026-018 MC;¹

WHEREAS, on 25 March 2026, the Commission posted on its official website (www.erc.gov.ph) the proposed Resolution entitled, “*A Resolution Prescribing Modified Administered Price Pursuant to Executive Order No. 110, Series of 2026*”, docketed under ERC Case No. 2026-006 RM, for solicitation of comments from industry stakeholders;

WHEREAS, in accordance with the ERC Revised Rules of Practice and Procedures (ERC RRPP), the proposed amendments were subjected to public consultations through the submission of comments with a deadline set on 30 March 2026;

WHEREAS, on various dates, the Commission received comments from the following:

- (1) Aboitiz Power (AP);
- (2) Alsons Power Group;
- (3) Agusan del Norte Electric Cooperative, Inc. (ANECO);
- (4) Cebu II Electric Cooperative, Inc. (CEBECO II);
- (5) Central Negros Power Reliability, Inc. (CENPRI);
- (6) Excellent Energy Resources, Inc. (EERI);
- (7) Emerging Power, Inc. (EPI);
- (8) GN Power Kauswagan Ltd. Co. (GNPK);
- (9) Manila Electric Company (MERALCO);
- (10) MERALCO PowerGen Corporation (MGEN);
- (11) Millennium Energy, Inc. (PEI and SEDI);
- (12) Minergy Power Corp. (MPC);
- (13) Palm Concepcion Power Corp. (PCPP et al.)
- (14) National Grid Corporation of the Philippines (NGCP);
- (15) Practical Business Ventures, Corp. (PBS);
- (16) Philippine Geothermal Production Company, Inc. (PGPC);

¹ In the Matter of the Suspension of the Operations of the Philippine Wholesale Electricity Spot Market (WESM) in the Luzon, Visayas and Mindanao Grids pursuant to Executive Order No. 110, Series of 2026, Declaring a State of National Energy Emergency due to Conflict in the Middle East.

- (17) Philippine Independent Power Producers Association, Inc. (PIPPA);
- (18) Prime Coregen, Inc. (PCI);
- (19) SN Aboitiz Power Group (SNAP);
- (20) South Premiere Power Corp (SPPC) and
- (21) Vivant Energy Corporation (VIVANT).

WHEREAS, during market suspension, the price used is the **Administered Price (AP)**, which is based on the four (4) most recent similar trading days and intervals;

WHEREAS, regarding the **AP for WESM**, the Commission observes that the prevailing WESM energy prices in January and February 2026 were lower and were determined under conditions that no longer reflect the current market realities, given the geopolitical conflict between the United States of America, Israel, and Iran;

WHEREAS, using 4-week recent historical prices as the basis for the AP, without appropriate adjustments, will lead to prices that do not accurately reflect actual generation costs of certain generation plants, thereby posing risks to the ongoing operation and financial viability of the affected generation companies;

WHEREAS, in a prior case involving abnormal market conditions, the Commission adopted an administered pricing methodology based on 2018 WESM historical prices;

WHEREAS, the approved modified AP under ERC Case No. 2022-005 MC, which relied on the 2018 market prices, was adopted by the Commission as the most reasonable mechanism to balance the dual objectives of promoting consumer welfare and ensuring fair and prudent payment to the generators in that particular situation;

WHEREAS, the Commission has determined that the current conditions necessitate a modified AP approach, considering prevailing fuel costs, system conditions, and the need to ensure reliability and adequacy of supply;

WHEREAS, the Commission, in the exercise of regulatory authority and police power, is mandated to implement timely and appropriate action to protect public welfare, particularly in times of emergency affecting essential services such as electricity;

WHEREAS, the Commission, after consideration of the comments received, has developed the following options for the proposed modifications to the AP:

Option 1: All technologies: Current AP methodology

Option 2: Coal fixed at PhP6,000/MWh (Based on Short-Run Marginal Cost)

All other technologies: Current AP methodology

Option 3: All technologies: AP methodology computed based on seven (7) days of historical prices

Option 4: Coal: Fixed at PhP6,000/MWh

Oil-based: Fixed at PhP32,000/MWh

All other technologies: Current AP methodology

Option 5: Coal: Fixed at PhP3,152/MWh (Based on URR from 2023 to February 2026)

Natural Gas: PhP5,506/MWh (Based on URR from 2023 to February 2026)

All other technologies: Current AP methodology

WHEREAS, the Commission conducted simulations of the indicative administered prices for the April 2026 billing month under each option, including a scenario wherein intervals with negative prices are set to zero (0), in order to assess the impact of each modification;

WHEREAS, the results of the simulations demonstrate that Option 2 yields a moderate increase in administered prices relative to Option 1, while remaining significantly lower than Option 4, thereby providing a balanced outcome between cost recovery and consumer protection;

WHEREAS, the Commission found that Option 3 results in higher price sensitivity due to shorter reference periods, while Option 5 may pose risks of under-recovery due to fixed pricing assumptions, and Option 4 results in significantly higher administered prices driven by the inclusion of oil-based fixed pricing;

WHEREAS, the Commission also observed that oil-based generating units are typically dispatched on a limited basis and are expected to be conserved during periods of supply constraint. Therefore, maintaining their treatment under the current administered pricing methodology helps avoid unnecessary upward pressure on prices;

WHEREAS, the Commission determined that implementing zero pricing during intervals with negative prices shields generators, especially those with priority dispatch, from incurring payment obligations, without significantly impacting overall price outcomes;

WHEREAS, the Commission further determined that it is appropriate to restrict eligibility for additional compensation to oil-based, natural gas, battery energy storage systems, and pumped storage hydro

facilities, as these technologies incur fuel-related or equivalent variable costs that are not fully recoverable under administered prices;

WHEREAS, for the **AP for the Reserve Market**, the Commission reviewed the prevailing average zonal reserve prices across Luzon, Visayas and Mindanao for the months of January and February, wherein the observed prices for Regulating, Contingency and Dispatchable Reserves reflect expected market behavior as shown in Tables 1 to 3;

Table 1. Luzon Average Reserve Zonal Prices

Reserve Category	Zonal Price (PhP/MWh)	
	January	February
Regulating Up	9,680	10,270
Regulating Down	8,670	10,370
Contingency	1,950	6,150
Dispatchable	490	230

Table 2. Visayas Average Reserve Zonal Prices

Reserve Category	Zonal Price (PhP/MWh)	
	January	February
Regulating Up	15,200	13,350
Regulating Down	15,290	14,940
Contingency	7,960	8,010
Dispatchable	3,900	2,420

Table 3. Mindanao Average Reserve Zonal Prices

Reserve Category	Zonal Price (PhP/MWh)	
	January	February
Regulating Up	23,400	23,950
Regulating Down	23,220	23,900
Contingency	1,890	2,430
Dispatchable	124	26

WHEREAS, during the February billing month, reserve prices surged to as high as PhP23,950/MWh, significantly higher than energy prices, demonstrating that reserve clearing prices continue to be responsive to actual system conditions and the demand for ancillary reserves;

WHEREAS, the observed February reserve price levels, including any effects arising from administered price calculations, are deemed reasonable given prevailing system conditions and operational requirements;

WHEREAS, the Commission found that the current administered pricing mechanism for reserves remains suitable and adequately reflects prevailing market conditions. Therefore, no changes to the administered pricing mechanism for reserves are necessary at this time;

NOW, THEREFORE, after thorough review of all available information and consideration of the comments submitted by various stakeholders, the Commission, exercising its authority under Republic Act No. 9136 and pursuant to Executive Order No. 110, Series of 2026, **RESOLVES**, as it is hereby **RESOLVED**, to **APPROVE** and **ADOPT** the **RESOLUTION PRESCRIBING A MODIFIED ADMINISTERED PRICE FOR THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) PURSUANT TO EXECUTIVE ORDER NO. 110, SERIES OF 2026**.

This Resolution is solely intended to govern the pricing and settlement of spot energy and reserve transactions in the WESM during the market suspension that the Commission declared following the Department of Energy's recommendation, invoking the President of the Philippines' declaration of a state of national energy emergency.

The **Modified Administered Price** will be governed by the following conditions, without prejudice to the dispatch instructions issued by the System Operator under the relevant Special Operating Guidelines (SOG):

1. The prescribed Modified Administered Price for the following technologies shall be implemented during the period of market suspension, as follows:

Technology	Energy Market	Reserve Market	Additional Compensation
Preferential Dispatch (Must Dispatch: <i>Solar, Wind, Run-of-River</i> and Priority Dispatch: <i>Biomass, Geothermal, Impounding hydro</i>)	Settlement shall be based on the applicable AP pursuant to the WESM PDM Manual; <i>provided</i> that intervals with negative AP shall not be used for settlement and shall instead be replaced with a value of zero (0).	Settled based on applicable AP pursuant to ERC Case No. 2023-002 RC ² Order dated 26 July 2024	Not Eligible
Oil-based, Natural Gas, Battery Energy Storage System, and Pumped Storage Hydro Facilities	Settlement shall be based on the applicable AP pursuant to the WESM PDM Manual; <i>provided that</i> intervals with negative AP shall not be used for settlement and shall instead be replaced with a value of zero (0).		Eligible
Coal	Settlement shall be based on fixed AP of PhP6,000/MWh.		Not Eligible

2. The Modified Administered Price shall take effect starting from the dispatch interval at 00:05H on 26 March 2026, in accordance with ERC Case No. 2026-018 MC Order, which declares a nationwide

² In the Matter of the Application for the Issuance of the Rules on the Price Determination Methodology for the Implementation of the Co-Optimized Energy and Reserve Market in the Wholesale Electricity Spot Market (WESM).

market suspension. The Modified Administered Price shall remain in effect until the Commission lifts the market suspension.

3. The Commission shall continue to monitor the implementation of the Modified Administered Price and will make any necessary adjustments or further modifications based on prevailing market conditions.
4. Natural Gas, Oil-based, Battery Energy Storage, and Pumped Storage Hydro Plants, which are eligible for Additional Compensation, shall file claims within fourteen (14) calendar days from the issuance of the WESM final statement bill and settlement data. Any claims not filed within the prescribed period shall be deemed waived.
5. In relation to Item No. 4, the concerned generating units shall submit complete supporting documentation within a maximum period of thirty (30) business days from the Market Operator's receipt of the written claim. Such documentation must provide sufficient proof of the costs incurred, in accordance with Section 10.2.2 of the WESM Billing and Settlement Manual, Issue No. 16.
6. If the calculated customer rate impact exceeds PhPo.005/kWh, the approved claims and corresponding payments shall be recovered over three (3) equal installments across three (3) successive billing periods, starting on the scheduled date of the billing period immediately following the approval of the claim.

The foregoing provisions on additional compensation are prescribed solely for purposes of this Resolution and shall not be construed as an amendment to, or replacement of, existing market rules and procedures, unless otherwise expressly provided by the Commission.

7. The Market Operator is hereby directed to publish the applicable Modified Administered Price values in accordance with this Resolution, and to include the same in the Post-Market Reports for purposes of transparency and monitoring.

RESOLVED FURTHER, that the Commission shall periodically review the Modified Administered Price to ensure that it remains responsive to prevailing market conditions and consistent with the objectives of this Resolution;

This Resolution shall take effect immediately following its publication in a newspaper of general circulation or in the Official Gazette.

Resolution No. 10, Series of 2026

A Resolution Prescribing Modified Administered Price in the Wholesale Electricity Spot Market (WESM) Pursuant to Executive Order No. 110, Series of 2026

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Let copies of this Resolution be furnished to the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR) and all industry stakeholders, as well as published on the ERC's official website (www.erc.gov.ph) and such other online platforms available to the ERC.

Pasig City.



FRANCIS SATURNINO C. JUAN
Chairperson and CEO



FLORESINDA G. BALDO-DIGAL
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PARIS G. REAL
Commissioner


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**Deliberated and approved during the 25 March 2026 Commission Meeting.*