

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City

**RESOLUTION NO. 14, Series of 2026**

**A RESOLUTION CLARIFYING AND PROVIDING GUIDELINES  
ON THE IMPLEMENTATION OF ERC RESOLUTION NO. 10,  
SERIES OF 2026, ENTITLED, “A RESOLUTION PRESCRIBING A  
MODIFIED ADMINISTERED PRICE FOR THE WHOLESALE  
ELECTRICITY SPOT MARKET (WESM) PURSUANT TO  
EXECUTIVE ORDER NO. 110, SERIES OF 2026”**

**WHEREAS**, on 02 April 2026, the Commission adopted Resolution No. 10, Series of 2026, entitled, “*Resolution Prescribing a Modified Administered Price for the Wholesale Electricity Spot Market (WESM) Pursuant to Executive Order No. 110, Series of 2026*”;

**WHEREAS**, the Commission deems it proper to retain the framework under Resolution No. 10, Series of 2026, and to issue this Resolution solely to clarify and provide supplemental guidelines for its effective implementation;

**WHEREAS**, on 20 April 2026, a meeting was convened by the Department of Energy (DOE), with the participation of the Commission, the Independent Electricity Market Operator of the Philippines (IEMOP), the National Grid Corporation of the Philippines (NGCP), the National Transmission Corporation (TransCo), the Philippine Electricity Market Corporation (PEMC), Power Sector Assets and Liabilities Management Corporation (PSALM), and the Manila Electric Company (MERALCO), to discuss the observations on the initial implementation of the Special Operating Guidelines (SOG) under Market Suspension;

**WHEREAS**, on 23 April 2026, the Philippine Independent Power Producers of the Philippines (PIPPA) presented its concerns regarding the operational and settlement issues during the Market Suspension. In particular, PIPPA manifested that certain coal-based generating units are being constrained or ramped down by the NGCP, thereby exposing these generators to the spot market in order to meet their contractual obligations to their counterparties. PIPPA further stated that such conditions result in additional costs for these generators;

**WHEREAS**, during the same meeting, PIPPA highlighted that there are instances where coal-fired plants with Bilateral Contract Quantities (BCQ) are constrained or curtailed despite being available, particularly during periods of high renewable generation. As a result, these generators are unable to fully dispatch their contracted quantities and are exposed to the spot market to fulfill their obligations to their counterparties, which is further illustrated in Figure 1 below:

**Resolution No. 14, Series of 2026**

**A Resolution Clarifying and Providing Guidelines on the Implementation of ERC Resolution No. 10, Series of 2026, entitled, “Resolution Prescribing a Modified Administered Price in the Wholesale Electricity Spot Market (WESM) Pursuant to Executive Order No. 110, Series of 2026”**

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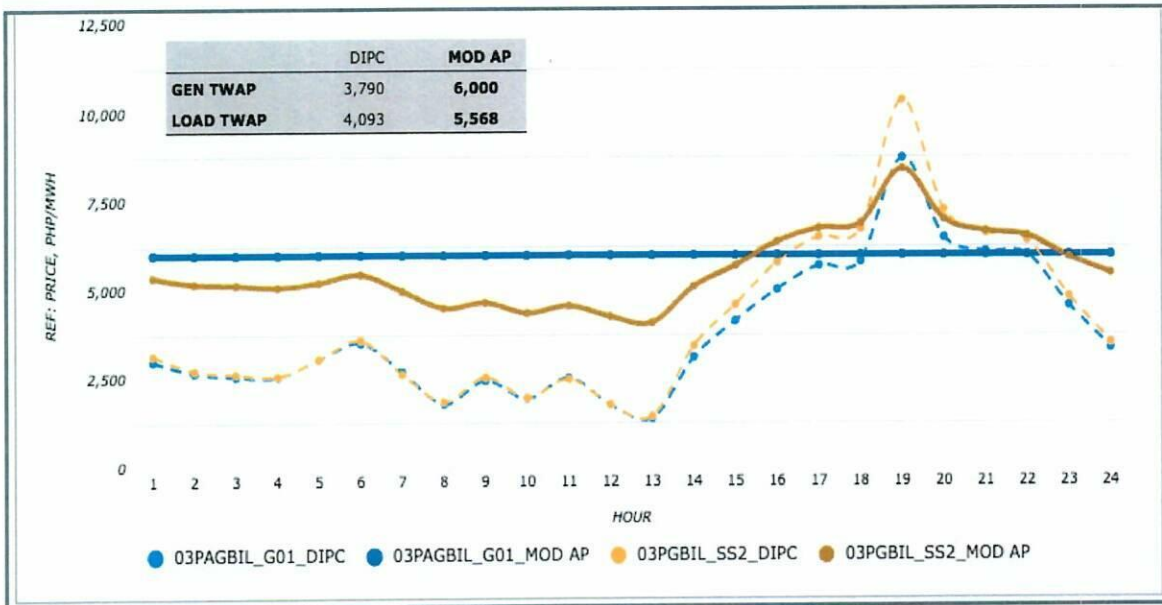


Figure 1: Pagbilao Generator and Load Spot Prices

**WHEREAS**, under the WESM settlement mechanism, as provided in the Price Determination Methodology (PDM), generation companies, including coal-fired plants, remain classified as generators and are settled using the applicable generator administered price (AP) based on their Market Trading Node (MTN) classification, even in instances where they become net buyers due to dispatch constraints;

**WHEREAS**, as a result of such classification, generation companies that are constrained from dispatch are required to procure replacement power from the market while continuing to be settled at generator AP, thereby exposing them to additional procurement costs and resulting in unfavorable financial outcomes;

**WHEREAS**, on 30 April 2026, the Commission posted on its official website ([www.erc.gov.ph](http://www.erc.gov.ph)), the proposed Clarificatory Resolution, entitled, “A Resolution Clarifying and Providing Guidelines on the Implementation of ERC Resolution No. 10, Series of 2026 Entitled “Resolution Prescribing A Modified Administered Price in the Wholesale Electricity Spot Market (WESM) Pursuant to Executive Order No. 110, Series of 2026”, under ERC Case No. 2026-006 RM, for solicitation of comments from industry stakeholders;

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

- (1) Aboitiz Power Corporation (APC);
- (2) Cebu III Electric Cooperative, Inc. (CEBECO III);
- (3) IEMOP; and
- (4) PIPPA

**WHEREAS**, to address said exposure, proposals were submitted, including: (i) allowing generators to be settled at customer AP for replacement power procured from the market; and (ii) permitting the redeclaration of excess Bilateral Contracted Quantities (BCQ) for the relevant billing period;

**WHEREAS**, upon evaluation, the proposal to apply the customer AP to generators acting as net buyers, while commercially beneficial, is not feasible under the current market systems and settlement framework, as it would require substantial system enhancements and material amendments to the PDM;

**WHEREAS**, on the other hand, the redeclaration of excess BCQ is considered feasible and consistent with prior regulatory precedents, including the relief measures allowed during previous market disruptions, and aligns contracted quantities with actual dispatch conditions;

**WHEREAS**, such redeclaration mechanism effectively shifts the exposure arising from dispatch curtailment and directs that the corresponding financial impact be settled outside the market between contracting parties, while maintaining settlement based on existing Power Supply Agreements (PSAs) and preserving compliance with Minimum Energy Off-Take (MEOT) requirements;

**WHEREAS**, with respect to the Pump-Storage Hydro (PSH) facilities, including the Kalayaan Pump Storage Power Plant (KPSPP), it is observed that during pumping operations, such facilities are correctly classified as load and are therefore settled at customer AP under existing market rules;

**WHEREAS**, proposals to settle PSH facilities at generator AP during pumping operations were evaluated and found to be inconsistent with the fundamental design of the market, such that treatment would distort settlement outcomes and may result in under-recovery by generators;

**WHEREAS**, it is further observed that PSH facilities are instructed by the NGCP to undertake pumping operations in support of system reliability, resulting in significant financial losses not driven by commercial decisions but by system requirements;

**WHEREAS**, in such instances, it is deemed fair and reasonable that losses incurred by PSH facilities due to NGCP-directed operations be subject to appropriate compensation, in recognition of their role in maintaining grid stability;

**WHEREAS**, the Commission, in its letter dated 30 April 2026 to the Market Operator, advised that the issuance of the preliminary statements

may be temporarily deferred pending the release of the Clarificatory Resolution, to ensure alignment with the policy direction;

**NOW, THEREFORE**, after a thorough review of all information and careful consideration of the issues raised by various stakeholders, the Commission, in the exercise of its authority under Republic Act No. 9136, and pursuant to Executive Order No. 110, Series of 2026, hereby **RESOLVES**, as it is hereby **RESOLVED**, that:

1. The implementation of a one-time Bilateral Contract Quantity (BCQ) redeclaration for the trading intervals during the Market Suspension imposed under ERC Case No. 2026-018 MC Order dated 25 March 2026 is hereby **ADOPTED** for **coal-fired** generation companies and their counterparties;
  - 1.1 The BCQ redeclaration mechanism shall apply exclusively to verified instances where a coal-fired generating unit was available and capable of dispatch, but was constrained, curtailed, or ramped down due to instructions of the NGCP;
  - 1.2 The redeclaration mechanism shall not apply to instances of generator outage, deration, fuel limitation, plant unavailability, commercial decisions, economic withholding, or any cause attributable to the generator;
  - 1.3 Any exposure of the load customer arising from the curtailment of coal-fired plants due to instructions of the NGCP shall be settled outside the WESM, with the corresponding cost to be borne by the coal-fired generator in favor of its counterparty; provided, further, that payment to the generator by the counterparty shall be based on the applicable Power Supply Agreement (PSA) rate;
  - 1.4 The coal-fired generation companies shall submit the BCQ redeclaration to the Market Operator **within two (2) calendar days** from the effectivity of this Resolution. Such submissions shall be deemed final for purposes of the issuance of the WESM settlement statements, without prejudice to the verification and dispute mechanisms prior to final billing. Submission beyond the prescribed period shall no longer be accepted; and
  - 1.5 The Market Operator shall issue the Preliminary Billing Statement for the April 2026 billing month within two (2) calendar days from the deadline of submission of BCQ redeclaration;

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2. The current settlement treatment of the Kalayaan Pump Storage Power Plant (KPSPP) is hereby **MAINTAINED**, such that pumping operations shall continue to be settled at the applicable customer administered price (AP), consistent with its classification as load under the WESM framework; and
3. KPSPP is hereby **AUTHORIZED** to claim additional compensation for pumping operations undertaken pursuant to NGCP dispatch instructions and outside of KPSPP's nomination to pump, in recognition of the costs incurred in support of system reliability during the Market Suspension.
  - 3.1 KPSPP shall submit to the Market Operator, within fourteen (14) working days from the issuance of the WESM Final Statement Bill and corresponding settlement data, the following:
    - i. A list of trading intervals during which KPSPP incurred costs in implementing NGCP's instructions outside its declared nomination to pump; and
    - ii. Sufficient supporting documents, including records of actual trading amounts, WESM settlement data, dispatch instructions, and other verifiable documents, as may be required by the Market Operator;
  - 3.2 NGCP shall submit to the Market Operator all relevant instructions issued to KPSPP during the implementation of the Market Suspension, covering the period from 26 March to 30 April 2026, within fourteen (14) calendar days from the effectivity of this Resolution; and
  - 3.3 The pumping costs incurred by KPSPP pursuant to NGCP instructions shall be allocated to WESM trading participants acting as customers on a pro rata basis, in accordance with their Gross Energy Settlement Quantity (GESQ), as defined under the WESM Rules and Market Manuals.

This Resolution is solely intended to govern the pricing and settlement of spot energy and reserve transactions in the WESM during the Market Suspension following the Department of Energy's recommendation invoking the President of the Philippines' declaration of a state of national energy emergency.<sup>1</sup>

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

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<sup>1</sup> Executive Order no. 110, 24 March 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 be published on the ERC's official website ([www.erc.gov.ph](http://www.erc.gov.ph)) and such other online platforms as may be available to the ERC.

Pasig City. May 05, 2026



**FRANCIS SATURNINO C. JUAN**  
*Chairperson and CEO*



**FLORESINDA G. BALDO-DIGAL**  
*Commissioner*



**MARKO ROMEO L. FUENTES**  
*Commissioner*



**AMANTE A. LIBERATO**  
*Commissioner*



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*Commissioner*

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