

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**NINETEENTH CONGRESS**  
First Regular Session

**HOUSE RESOLUTION NO. 30**



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**Introduced by Rep. Rodante D. Marcoleta and Rep. Caroline L. Tanchay**

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**A RESOLUTION  
DIRECTING THE COMMITTEE ON ENERGY TO CONDUCT AN INQUIRY IN  
AID OF LEGISLATION AS TO THE LEGAL PERSONALITY OF THE  
INDEPENDENT ELECTRICITY MARKET OPERATOR OF THE PHILIPPINES  
(IEMOP) TO OPERATE THE WHOLESALE ELECTRICITY SPOT MARKET**

**WHEREAS**, Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (“EPIRA”) mandates the establishment of WESM, which will be the electricity market in the Philippines wherein the prices of electricity ultimately sold to the consumers are set based on actual variations of demand and supply.

**WHEREAS**, because of its highly technical nature, the EPIRA directed the DOE to establish the WESM rules and to constitute an autonomous group to undertake all the preparatory work and initial operation of WESM and which shall be referred to as the Autonomous Group Market Operator (“AGMO”).<sup>1</sup>

**WHEREAS**, within one (1) year from the implementation and operation of the WESM, an Independent Market Operator (“IMO”) shall be formed and shall be tasked to operate the WESM. **All the functions, assets, and liabilities** of the AGMO shall be transferred to the IMO.

**WHEREAS**, from April 2004 to 19 September 2018, the Philippine Electricity Market Corporation (“PEMC”) acted as the AGMO. PEMC, a government-owned and controlled corporation (“GOCC”), both governed and operated the WESM while the formation of the IMO is still pending.

**WHEREAS**, in order to run the WESM, PEMC was granted by the Energy Regulatory Commission (“ERC”) with the right to collect Market Fees from the public. This grant of authority to collect market fees is annually applied by PEMC with the ERC; thus, only the amount allowed by ERC for a particular year may be validly used by PEMC (as the AGMO) for its expenditures, which include, among others its fees for its facilities, personnel, and overall operations.

**WHEREAS**, EPIRA IRR provided the requisites for the formation and designation of the IMO which will replace PEMC as the operator of the WESM: Under the EPIRA IRR, the IMO should have (i) **F**inancial capability; (ii) **I**ndependence; (iii) **T**echnical Capability; (iv) **E**xperience and expertise of not less than two (2) years as a leading market operator of

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<sup>1</sup> EPIRA, Section 30.

similar or larger sized electricity market (“FITE”).<sup>2</sup> In addition, the IMO should be jointly endorsed by the DOE and the energy power industry power participants before it can operate the WESM.

**WHEREAS**, on 15 May 2018, the IEMOP was incorporated with the primary purpose of operating the WESM. Barely four (4) months into its existence, or on 19 September 2018, IEMOP and PEMC entered into an Operating Agreement wherein PEMC transferred all its assets for market operation to IEMOP.

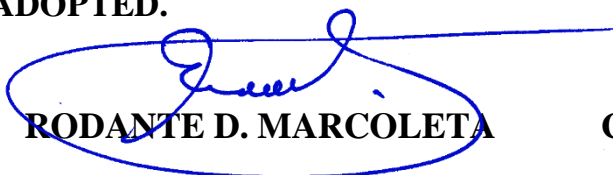
**WHEREAS**, since then, IEMOP started to operate the WESM and started to collect market fees from the public even without authorization from the ERC. Unfortunately, IEMOP is not qualified to act as the IMO as it lacked the FITE Requirement:

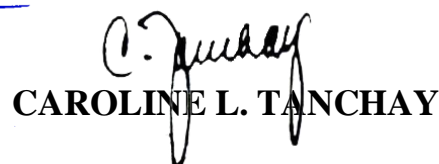
- a) IEMOP is not Financially capable: IEMOP was incorporated with only PhP7,000.00 as capital. Because it was designated as the IMO, its assets skyrocketed to PhP1,587,655,462.00.
- b) IEMOP is not Independent: PEMC remains to be the governing body of the WESM. Further, the original incorporators of IEMOP are the DOE Transition Board. (“DTC”) of 2018, thus stripping the IMO of the required independence from government. On top of that, one of the original incorporators of IEMOP, Oscar E. Ala (“Ala”), was thereafter appointed as PEMC President. Ala also signed the Operating Agreement between PEMC and IEMOP for the transfer of all the assets of PEMC as market operator to IEMOP. Even with the collection of market fees, the PEM Board had to direct the IEMOP to file an application to the ERC, which includes the authorized budget to collect. Clearly, the IEMOP had to discretion of its own in running the WESM.
- c) IEMOP is not Technically capable: When IEMOP was designated as the IMO, IEMOP had no technical capacity to run the WESM. Since it only had PhP7,000.00 in capital, IEMOP cannot possibly own a decent laptop, let alone a high-powered computer fit to run the electricity market.
- d) IEMOP does not have the Experience and Expertise: The EPIRA IRR requires that the IMO should have experience and expertise of not less than two (2) years as a leading market operator of similar or larger sized electricity market before it can be endorsed as the IMO. IEMOP was only 4 months old when it signed the deal with PEMC.

**WHEREAS**, IEMOP also immediately started collecting market fees from the public even without the authority from the ERC. In its first year of operation, IEMOP already reported the amount of PhP54,873,409.00 in market fees and market fees receivable.

**NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, that the Committee on Energy be directed to conduct an inquiry in aid of legislation as to the legal personality of IEMOP to act as the Independent Market Operator and to further inquire as to the liabilities/offenses that may have been committed, if any.

**ADOPTED.**

  
**RODANTE D. MARCOLETA**

  
**CAROLINE L. TANCHAY**

<sup>2</sup> EPIRA IRR, Rule 9, Section 6.

