

**Retail,**  
from S1/1

The offer period for the dollar-denominated debt is from Sept. 27 to Oct. 6, while settlement is on Oct. 11. The bonds will mature on April 11, 2029.

Authorized selling agents for the RDBs are BDO Capital and Investment Corp., Bank of the Philippine Islands, China Banking Corp., Development Bank of the Philippines and First Metro Investment Corp. (FMIC).

**Growth,**  
from S1/1

“The industry sector expansion will be broad-based, although manufacturing will take the lead,” they said. “The service sector should see domestic and foreign tourism drive trade, transportation and storage, and accommodations and food services starting September.”

“We still see full-year GDP growth at a respectable 5.5% despite the global slowdown,” they added.

FMIC and UA&P expect inflation to remain elevated until October before settling within the Bangko Sentral ng Pilipinas’ (BSP) target by November.

“The inflation outlook has become cloudy,” they said in the report. “We still expect headline inflation to go below BSP’s 4% target ceiling by November even though we may expect elevated crude oil prices until November.”

Inflation quickened to 5.3% in August — the 17<sup>th</sup> straight month

Also joining them are HSBC, Metropolitan Bank and Trust Co., Philippine National Bank, Security Bank Corp., Land Bank of the Philippines and Union Bank of the Philippines, Inc.

The government plans to borrow P2.208 trillion this year, consisting of P1.654 trillion from domestic and P553.5 billion from foreign sources. — **Aaron Michael C. Sy**

that it breached the central bank’s 2-4% target — after easing for the past six months. Inflation in the first eight months averaged 6.6%, above the BSP’s 5.8% full-year forecast.

This week, oil companies cut pump prices by 20 centavos a liter for gasoline and diesel, and by 50 centavos a liter for kerosene. This ended the 11-week streak of price increases since July.

Some lawmakers have proposed to suspend taxes on petroleum products amid high pump prices.

“Food prices will likely decelerate as rice harvests come to markets in late September and October, at the same time when we are beginning to see Thai rice prices easing from their August peak,” according to the FMIC and UA&P report.

President Ferdinand R. Marcos, Jr. earlier this month imposed a price ceiling on regular and well-milled rice amid spiraling prices.

**GDP,**  
from S1/1

“It is important to emphasize that most of the world is already here,” he said. “And those that are here, most of them want to grow their presence even more, because they’re happy with the results so far.”

The IT-BPM sector expects to add 257,000 full-time workers and \$5.9 billion in revenues in the two years until the end of this year.

“These numbers indicate that the industry is set to achieve 23% of the 1.1 million jobs it needs to create and 20% of the \$29.5 billion it needs to generate by 2028,” Mr. Madrid said.

The IT-BPM industry’s growth was also mirrored in the countryside, where development was robust as companies committed to expand to more locations outside Metro Manila, he said.

Cagayan de Oro, Cebu, Clark, Davao and Iloilo are now the fa-

vored locations of IT-BPM companies, the IBPAP chief said.

“This commitment not only contributes to economic growth but also spreads the benefits of the industry to regions that need it and across other sectors like food, logistics, real estate, retail and transportation,” he added.

The Philippines ranked second in the top global IT-BPM players after India, which remained No. 1 due to its population advantage, Mr. Madrid said. “We are not the biggest, but I’d like to occasionally say that we are like the Swiss Bank of the IT-BPM industry — not the biggest, but I think we’re the best in delivering customer experience.”

There is a chance for the country to overtake India “to a certain extent” as the “whole world wants a Filipino agent to take care of their query or concern.”

**PPP,**  
from S1/1

Senate Majority Floor Leader Emmanuel Joel J. Villanueva asked Senate President Juan Miguel F. Zubiri to name senators to the bicameral committee.

The proposed Public-Private Partnership (PPP) Code seeks to ensure an “open, fair, transparent and competitive selection as the central tenet for securing private investment in PPP projects,” according to a copy of the bicameral report.

The bill seeks to ease bottlenecks and challenges in the PPP process and improve the framework for unsolicited project proposals.

Senators and congressmen who discussed the bill in a conference agreed to “elevate the PPP law into a code so that future amendments will be made to the code instead of in a scattered way,” Mr. Salceda said in a statement earlier in the day.

The proposed code will cover all contracts between a state agency and its private partner to finance, design, construct, operate and maintain infrastructure or development projects and services.

PPP projects may also be financed partly by the government or through official development assistance (ODA) from foreign governments.

ODAs will include blended finance, where the partner government, bilateral or multilateral agency or international or multilateral lending institution can

mobilize financing from private or commercial institutions for a loan or grant.

The proposed code will also cover joint ventures, agreements on toll construction, operation and maintenance, and lease agreements.

It will not apply to infrastructure projects under the Government Procurement Reform Act, management and service contracts, divestments or dispositions, corporatization, incorporation of subsidiaries with private sector equity, onerous or gratuitous donations, and joint venture agreements that are purely commercial in nature.

In developing a PPP project, an agency must consider the legal, technical, financial and commercial feasibility of the project; the value for money of the project; optimal risk allocation; affordability of fees and tariffs; climate resilience and sustainability; and social and environmental safeguards.

Under the bill, national PPP projects that cost P15 billion must be approved by the Investment Coordination Committee of the National Economic and Development Authority (NEDA), while those costing below P15 billion must be approved by the agency head.

Local PPP projects must be approved by local councils. — **Beatriz Marie D. Cruz and John Victor D. Ordoñez**

**Stablecoin issuers risk disrupting funding markets, JPMorgan says**

STABLECOIN issuers vying for assets in the short-term funding space risk disrupting the market after the US Federal Reserve limited access to a key facility, according to JPMorgan Chase & Co.

The central bank decided in April that money funds created for the sole purpose of accessing its overnight reverse repo facility, or ON RRP, were deemed ineligible as a counterparty. That means stablecoins, seeking to park cash in liquid assets and unable to access the Fed facility, will likely have to compete with the \$5.64-trillion money-market fund industry

for assets like Treasury bills, potentially pushing those rates below the offering level on the RRP — currently at 5.3%.

“While prohibiting access to non-standard money-market funds makes sense from a financial stability perspective, it risks potentially disrupting the already-soft floor for money market rates that the Fed’s ON RRP currently provides,” strategists led by Teresa Ho wrote in a note to clients on Tuesday.

The RRP is a safe and attractive place for money-market funds, banks and other counterparties like government-sponsored enterprises to stash

money overnight. It offers a steady known rate that’s linked to Fed policy benchmarks that is oftentimes higher than many other money-market alternatives like Treasury bills or market-based repo.

Until Treasury unleashed a deluge of bill supply beginning in June, counterparties parked more than \$2 trillion at the Fed’s facility. Since then, usage has declined by roughly \$723 billion as money-market funds shifted cash to higher-yielding T-bill and private repo markets. That shift slowed in the middle of July as other investors, enticed by the 5% yield on

bills, piled into the very front end, crowding out the money funds.

So far this year, the total value of the crypto market has jumped around 30% to about \$1.05 trillion, while the stablecoin sector has actually shrunk. It was down about 8% to around a two-year low of \$127 billion in late July, according to researcher CCData.

— **Bloomberg News**

**FULL STORY**

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Republic of the Philippines  
**DEPARTMENT OF ENERGY**  
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC2023-09-0026

**DECLARING THE COMMERCIAL OPERATIONS OF THE RESERVE MARKET AND PROVIDING FURTHER POLICIES**

**WHEREAS**, Section 37 of the Electric Power Industry Reform Act of 2001 (EPIRA) mandates the Department of Energy (DOE) to: (a) supervise the restructuring of the electric power industry by formulating policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan and with the policies on environmental protection and conservation and maintenance of ecological balance; (b) ensure the reliability, quality, and security of supply of electric power; and (c) jointly with the electric power industry participants, establish the Wholesale Electricity Spot Market (WESM) and formulate the detailed rules governing the operations thereof;

**WHEREAS**, the EPIRA mandates the System Operator (SO) to ensure and maintain the reliability, adequacy, security, stability, and integrity of the Grid in accordance with the performance standards for the operations and maintenance of the Grid, as set forth in the Grid Code;

**WHEREAS**, on 28 June 2002, the DOE promulgated Department Circular (DC) No. DC2002-06-0003 for the WESM Rules and established the WESM in consultation with the electric power industry participants;

**WHEREAS**, Ancillary Services (AS), as defined in the EPIRA, are services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with good utility practice and the Grid Code;

**WHEREAS**, Clause 3.3.3.2 of the WESM Rules mandates the SO to provide adequate AS for each region by entering into contracts with AS Providers and/or by competitive spot market trading;

**WHEREAS**, on 23 June 2010, the DOE promulgated DC No. DC2010-06-0007 titled, “Directing the Preparations for the Trading of AS in the Philippine WESM”, establishing the conditions, roles, and responsibilities of concerned agencies and entities in the preparations for the establishment and commencement of the Reserve Market;

**WHEREAS**, on 02 December 2014, the DOE promulgated DC No. DC2014-12-0022 titled, “Promulgating the Protocol for the Central Scheduling and Dispatch of Energy and Contracted Reserves in Preparation for the Commercial Operation of the WESM Reserve Market”, approving and adopting the WESM Manual on the Protocol for the Central Scheduling and Dispatch of Energy and Contracted Reserves in preparation for the commercial operations of the Reserve Market;

**WHEREAS**, on 23 October 2015, the DOE promulgated DC No. DC2015-10-0015 titled, “Providing Policies for Further Enhancement of the WESM Design and Operations”, providing policies for the enhancements to WESM design and operations which includes among others the change from a 1-hour dispatch interval to a 5-minute dispatch interval and the implementation of the co-optimized Energy and Reserve dispatch schedule and pricing in the WESM;

**WHEREAS**, on 12 November 2015, the DOE promulgated DC No. DC2015-11-0018 titled, “Declaring the Commercial Operations of the Central Scheduling and Dispatch of Energy and Contracted Reserve in the WESM and Providing Further Amendments to its Protocol in Preparation for the Eventual Operation of the WESM Reserve Market”;

**WHEREAS**, on 08 February 2019, the DOE promulgated DC No. DC2019-02-0003 titled, “Providing for the Framework Governing the Operations of Embedded Generators”, encouraging the provision of AS from Embedded Generators subject to the criteria provided in relevant rules and regulations;

**WHEREAS**, on 04 December 2019, the DOE promulgated DC No. DC2019-12-0018 titled, “Adopting a General Framework Governing the Provision and Utilization of AS in the Grid”, providing the general policy framework governing the provision and utilization of AS in the Grid which specified among others, the criteria for the commercial operation of the Reserve Market in the WESM, and the creation of the AS-Technical Working Group (AS-TWG) to render technical assistance to DOE in developing further policies, among other responsibilities;

**WHEREAS**, on 23 June 2020, the DOE promulgated Department Order No. DO2020-06-0009 titled, “Organizing the Creation and Composition of the AS-TWG”, formalizing the composition and representations in the AS-TWG;

**WHEREAS**, on 28 October 2020, the AS-TWG promulgated the AS-TWG Resolution No. 2020-01 providing recommendations to the DOE and Energy Regulatory Commission (ERC) on further implementation of the general framework governing the provision and utilization of AS in the Grid;

**WHEREAS**, on 13 May 2021, the DOE promulgated DC No. DC2021-03-0009 titled, “Adopting a General Framework Governing the Operationalization of the Reserve Market in the WESM and Providing Further Policies to Supplement DC2019-0018”, providing the policy framework for the operationalization of the Reserve Market and mandating the Market Operator (MO) to submit rules changes necessary for the co-optimization of Energy and Reserve in the WESM;

**WHEREAS**, on 26 October 2022, the Independent Electricity Market Operator of the Philippines (IEMOP) as the MO and the Philippine Electricity Market Corporation (PEMC) as the WESM Governance Arm filed a joint application to the ERC for the Price Determination Methodology (PDM) for the co-optimization of Energy and Reserve dispatch schedules and pricing in the WESM;

**WHEREAS**, on 07 November 2022, the DOE promulgated DC No. DC2022-11-0032 titled, “Adopting Further Amendments to the WESM Rules and Market Manuals for the Implementation of Reserve Market”, providing the information required for registration of AS Providers, monitoring of effective provision of AS through Reserve Effectiveness Factor, including reserve settlement quantities and amounts, and reinforcing the designation of the SO as the single buyer of reserves;

**WHEREAS**, on 26 June 2023, the DOE issued an Advisory declaring the Implementation of the Trial Operations Program (TOP) of the Reserve Market in preparation for the commercial operations of the Reserve Market;

**WHEREAS**, the ERC granted an Interim Relief on ERC Case No. 2023-002 RC titled, “Application for the Issuance of Rules on the PDM for the Implementation of the co-optimized Energy and Reserve Market in the WESM”, promulgated on 24 August 2023; and

**WHEREAS**, the DOE, in consideration of the above developments, drafted the proposed policy on the commercial operations of the Reserve Market and posted the corresponding DC on the DOE website on 16 September 2023 to solicit comments and recommendations by interested parties;

**NOW, THEREFORE**, from the foregoing premises and pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following:

**Section 1. Declaration of Commercial Operations of the Reserve Market.** The DOE hereby declares the commercial operation of the Reserve Market, which shall mark the co-optimization of the energy and reserve in the WESM, in the following manner:

**1.1 Final Preparations Stage**

The MO is mandated to conduct the Final Preparations Stage and the Limited Live Dispatch Operations of the Reserve Market immediately after the effectivity of this Circular until 25 December 2023, unless otherwise lifted for full commercial operations. During this period, the MO shall conduct live parallel operations involving end-to-end testing among the MO, SO, and registered AS Providers using a non-production system, thus, transactions shall not be binding for purposes of settlement. During this period, the MO, in coordination with the WESM Governance Arm, the SO, and all Trading Participants (TPs) shall ensure the completion of readiness requirements. The MO shall ensure compliance with the requirements of the ERC on the approval of the PDM. The WESM Governance Arm shall ensure the audit’s completion and certify the readiness and completeness of all requirements for the full commercial operations.

**1.2 Full Commercial Operations Date**

Starting 26 December 2023 or such earlier date as may be declared under Section 1.1, the MO shall implement the full commercial operation of the Reserve Market, wherein the co-optimized energy and reserve schedules, including their associated prices generated by the Market Dispatch Optimization Model, shall be financially binding. For this purpose, the following shall be observed:

**1.2.1 Monitoring and Compliance to Reserve Offer Capacity Compliance (ROCC) and Reserve Conformance Standards (RCS)**

Upon the commercial operations of the Reserve Market, all TPs shall ensure full compliance with the ROCC, RCS, and all other applicable provisions of the WESM Rules and Market Manuals. Towards this end, the WESM Governance Arm, through the Enforcement and Compliance Office (ECO) shall:

- finalize the guidelines for compliance with the ROCC and RCS by the TPs, to be submitted for DOE’s approval, not later than 15 November 2023;
- monitor, evaluate compliance, and provide recommendations on its findings on compliance with the ROCC and RCS, as applicable. Provided, that, the ECO, in its evaluation of possible incidents of non-compliance, shall consider the transitory nature of the Reserve Market operations;
- upon determination of a breach, impose applicable sanctions and/or penalties in accordance with the relevant provisions of the WESM Rules and Market Manuals; and
- recommend as necessary, changes to the WESM Rules and/or Market Manuals, to foster compliance and efficiency among the WESM participants.

**1.2.2 System Operator’s Posting of Prudential Requirements (PR)**

The SO shall comply with the posting of the PR in accordance with the relevant provision of the WESM Rules and Market Manuals not later than 25 March 2024. The SO shall ensure the timely settlement of its monthly bills with the MO in accordance with the Reserve Market billing and settlement timetable, as provided in the WESM Manual on Billing and Settlement. Further, the SO shall be responsible for complying with the applicable requirements of the ERC in implementing the required changes in its settlement system and support to its compliance with the PR.

**Section 2. Compliance with the Reserve Market Registration Requirements.** All Generation Companies, duly certified and accredited by the SO as AS Providers, shall ensure completion of their registration before the full commercial operations date of the Reserve Market, subject to the evaluation by the MO. Otherwise, non-completion of the requirements for registration shall entail imposition of applicable sanctions and/or penalties, in accordance with the relevant provisions of WESM Rules and Market Manuals and other relevant issuances of the DOE after due process. The registration of AS Providers shall continue beyond 26 October 2023 for those Generation Companies that will receive their AS certificates from the SO after said date.

**Section 3. Regulatory Support.** The ERC shall ensure the timely provision of support for the regulatory requirements and approvals consistent with the policies set forth under this Circular in accordance with existing laws and procedures. Among others, the ERC shall:

- Approve the PDM for the co-optimization of energy and reserve schedules and prices in the WESM;
- Promulgate as applicable, in coordination with the DOE, the price caps and floors for the reserve products and other price mitigating measures;
- Promote competition and penalize abuse of market power in the co-optimized energy and reserve market;
- Evaluate and act on all applications for approval of the Ancillary Services Procurement Agreement (ASPA) between the SO and the AS Providers, including the provision of guidelines that would allow AS Providers to source replacement of their contracted reserve capacities from the Reserve Market or other AS Providers, in case their capacities are unavailable while ensuring transparency and consistency of the pass-through costs duly approved by the ERC in the respective ASPAs;
- Ensure compliance by the SO and the AS Providers with the provisions of this Circular, the Philippine Grid Code, and other relevant issuances for the sufficient provision and efficient dispatch of AS; and
- Provide support to the MO and the WESM Governance Arm in terms of timely approval of the corresponding application for cost recovery to enable these entities to perform their respective obligations relative to the Reserve Market.

**Section 4. Separability.** If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected shall remain valid and subsisting.

**Section 5. Repealing Clause.** Except insofar as may be manifestly inconsistent herewith, nothing in this Circular shall be construed as to repeal any mechanisms already existing or responsibilities already provided for under existing rules. All other rules and regulations, or any portion thereof, that are inconsistent with this Circular are revised or repealed accordingly.

**Section 6. Effectivity and Publication.** This Circular shall take effect immediately after its publication in two (2) newspapers of general circulation. A copy of this Circular shall be filed with the University of the Philippines Law Center – Office of National Administrative Register.

Issued this \_\_\_\_\_ September 2023 at the DOE, Energy Center, Rizal Drive cor. 34<sup>th</sup> Street, Bonifacio Global City, Taguig City.

**RAPHAEL P.M. LOTILLA**  
Secretary

SEP 26 2023