

## Philippines: ERC suspends WESM operations amid fuel supply constraints; DOE issues fuel conservation and dispatch guidelines

### In brief

On 25 March 2026, the Energy Regulatory Commission (“**ERC**”) ordered the suspension of operations of the Wholesale Electricity Spot Market (“**WESM**”) in the Luzon, Visayas, and Mindanao grids, effective 26 March 2026, following President Ferdinand “Bongbong” R. Marcos Jr.’s declaration of a State of National Energy Emergency under Executive Order (“**EO**”) No. 110, Series of 2026 on 24 March 2026. The suspension was issued upon the recommendation of the Department of Energy (“**DOE**”) in light of escalating fuel supply constraints and price volatility arising from the conflict in the Middle East.

On the same date, the DOE issued an Advisory on Conservation and Prioritization of Fuel in the Power Sector to Mitigate Rising Global Fuel Prices and Supply Disruption (“**Advisory**”), together with Special Operating Guidelines (“**SOG**”) that will govern system dispatch, market operations, and fuel utilization during the period of WESM suspension. These measures are intended to conserve critical fuel inventories, mitigate electricity price impacts, and maintain grid reliability.

The WESM suspension will remain in effect until lifted through an official issuance by the ERC, upon the recommendation of the DOE.

### Recommended actions

All affected power sector participants should immediately review and ensure compliance with the DOE’s Advisory and the SOG, particularly with regard to the requirements on fuel reporting, dispatch prioritization, and market participation during the suspension period.

Generation Companies (“**Generation Companies**”) operating fuel-based plants should prepare to provide daily fuel inventory reports to DOE.

### In more detail

#### Declaration of national energy emergency and WESM suspension

EO No. 110 directs and authorizes the DOE to adopt and implement resource conservation and prioritization measures and to recommend appropriate regulatory interventions in the operation of the WESM when warranted by extraordinary price volatility or risks to electricity supply reliability. Acting on the DOE’s recommendation, the ERC ordered the nationwide suspension of WESM operations and directed market participants to comply with interim operating rules.

During the suspension, the ERC will implement a Modified Administered Pricing Mechanism, which is currently under stakeholder consultation.

The suspension of the WESM will remain in effect until a market resumption is ordered by the ERC.

## **DOE advisory on conservation and prioritization of fuel**

To implement EO No. 110, the DOE issued the Advisory to mandate fuel conservation measures across the power sector. The Advisory applies to all Generation Companies, Distribution Utilities/Electric Cooperatives, Ancillary Service Providers, PSALM,<sup>1</sup> NPC,<sup>2</sup> TRANSCO,<sup>3</sup> NGCP,<sup>4</sup> IEMOP,<sup>5</sup> and all other WESM trading participants.

The Advisory requires:

### **1. Mandatory fuel inventory reporting**

All Generation Companies operating fuel-based generating facilities (including coal-, oil-, LNG- and natural gas-fired plants) are required to submit daily fuel inventory information to the DOE, no later than 9 am each day, covering fuel storage capacities, current inventory levels, incoming volume of deliveries (including shipment schedules and sources), projected fuel sufficiency, and any anticipated supply disruptions.

Unless already affected by delivery limitations, conventional power plants are expected to maintain at least 15 days of fuel supply under normal operating conditions. Affected Generation Companies must immediately inform the DOE of any fuel delivery issues.

### **2. Special Operating Guidelines during WESM suspension**

In order to conserve and mitigate the impact of more expensive fuel on electricity prices, the SOG sets out interim operational measures to guide the dispatch and coordination of generation resources while maintaining essential market processes during the period of WESM suspension.

Among others, the SOG aims to:

- Maintain grid reliability and operational security.
- Optimize the dispatch of renewable energy and utilize energy storage systems for grid balancing.
- Conserve critical fuel inventories.
- Ensure continued conduct of essential market processes, such as scheduling, metering, settlement, and billing.

### **3. Off-grid operations and distribution system measures**

For off-grid areas, Distribution Utilities/Electric Cooperatives, and Generation Companies are directed to coordinate with TRANSCO to optimize dispatch, conserve fuel, and ensure at least 30 days of fuel availability where feasible.

### **4. Maximizing renewable energy and fuel alternatives**

Distribution Utilities are directed to maximize the use of embedded renewable energy resources within their franchise areas and fast-track the connection of new renewable energy systems, including net-metering systems.

### **5. Consideration of fuel alternatives for price mitigation**

Generation Companies are also encouraged to evaluate fuel alternatives or blending options, such as higher biodiesel blends, coal blending, or co-firing alternatives, and to submit the results of such evaluations to the DOE within one week from issuance of the Advisory.

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<sup>1</sup> Power Sector Assets and Liabilities Management Corporation

<sup>2</sup> National Power Corporation

- <sup>3</sup> National Transmission Corporation
- <sup>4</sup> National Grid Corporation of the Philippines
- <sup>5</sup> Independent Electricity Market Operator of the Philippines



**Ina Alexandra Dominguez**  
Partner and Subsector Head, Energy  
Energy Mining & Infrastructure  
Partner, Corporate & Commercial / M&A  
[ina.dominguez](mailto:ina.dominguez)  
[@quisumbingtorres.com](https://www.quisumbingtorres.com)



**Alexandra Castro-Samson**  
Senior Associate  
Energy Mining & Infrastructure  
Corporate & Commercial / M&A  
[alexandra.castro](mailto:alexandra.castro)  
[@quisumbingtorres.com](https://www.quisumbingtorres.com)



**Selina Alessandra Miranda**  
Associate  
Corporate & Commercial / M&A  
[selinaalessandra.miranda](mailto:selinaalessandra.miranda)  
[@quisumbingtorres.com](https://www.quisumbingtorres.com)

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The law is stated as of 27 March 2026.