ORCP-
Date Received by Secretariat: DD-Mmm-YYYY

REQUEST FOR MARKET RULES AND MANUALS AMENDMENTS

Proposals made only under this prescribed form shall be accepted and considered as submitted.

This request for amendments should be submitted to:

Rules Change Committee
Attention: WESM Governance Committee Secretariat
Philippine Electricity Market Corporation
18/F Robinsons Equitable Tower
ADB Avenue, Ortigas Center
Pasig City, 1605 Philippines
Email address: mag_rrd@wesm.ph

[In accomplishing and submitting this form, you give your consent for PEMC to collect, record, organize, and update your personal data as herein provided as part of your information for purposes of rules change process.]

I. Proponent's Information

Name	**Elvin Hayes E. Nidea**
Designation	PEMC President and WESM Governance Officer
Company	Philippine Electricity Market Corporation Independent Electricity Market Operator of the Philippines, Inc.
Company Address	18F Robinsons Equitable Tower, ADB Ave.
	Ortigas, Pasig City 1600
Telephone No.	8631 8734
Email Address	eenidea@wesm.ph; rcbalegre@wesm.ph; OP <op@wesm.ph>

II. Amendment Information

Proposed Amendments to the (please tick the box):

☐ WESM Rules ☐ Retail Rules

☒ Market Manual: **Ancillary Services Monitoring (ASM) Manual 1.0; and Penalty Manual 3.0**

Topic: **Amendments to Certain Provisions Regarding the Reserve Conformance Standards and Related Enforcement Actions**

Proposed Classification of Amendments (please tick the box):

☐ General ☐ Minor ☒ Urgent

If Urgent, reason for urgency:

- To avoid, reduce the risk of, or mitigate the unintended adverse effect of the relevant provisions of the Ancillary Services Monitoring (ASM) Manual, and the Penalty Manual before the actual implementation of the enforcement actions, i.e., the adjustment in, or deduction from, the Reserve Trading Amount as a result of breach of the Reserve Conformance Standards

III. SUMMARY OF THE PROPOSED RULES CHANGE

The following are covered in the proposals:

1. Clarification on, and correction of, the criteria and formulas relating to compliance with the Reserve Conformance Standards (RCS) which include the following:

    - For Regulating Reserve and Contingency Reserve:

        - Revision/Correction of some of the formulas and parameters in measuring *Response Time* and *Response Accuracy* for reserves on Governor Control Mode (GCM) and on Automatic Generation Control (AGC) Mode
        - Clarity on the deadband requirement
        - Change from monthly to hourly averaging of *Response Accuracy* and *Response Time*

    - For Dispatchable Reserve:

        - Additional criteria for the *"Sustainability"* requirement applicable to the provision of the Dispatchable Reserve.

2. Clarity on the basis of the Ancillary Service Providers in submitting the Request for Reassessment with Notice of Claim.

3. Clarity in the responsibilities of the Market Operator, the WESM Governance Arm, and the System Operator regarding the data provision, flagging, determination, and reporting of breach.

4. Remove inconsistency in the penalty application for Reserve Offer Capacity Compliance (ROCC) between the Ancillary Services Monitoring (ASM) Manual and the WESM Penalty Manual.

IV. BACKGROUND

Rules Change Proposal Relating to Reserve Market Compliance

In October 2023, the Philippine Electricity Market Corporation (PEMC), in coordination with the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP), submitted the rules change proposal concerning the *Reserve Market Compliance and Related Enforcement Actions* to the Rules Change Committee (RCC) in compliance with Section 1.2.1 (a) of the Department Circular DC-2023-

09-0026[1] which mandated the WESM Governance Arm to finalize the reserve market compliance guidelines and to submit the same to the DOE for approval not later than 15 November 2023.. The RCC resolved to approve the Proposed Urgent Amendments to the WESM Rules, the new WESM Manual on Ancillary Services Monitoring, and the WESM Manual on Dispatch Protocol on 23 October 2023. *(RCC-RESO-23-10).*

On 09 November 2023, the WESM Governance Arm through the PEM Board, submitted to the DOE for final approval the aforesaid rules change proposal with additional provision allowing a six-month relaxation period for the imposition of penalty.

Commercial Operation of the Reserve Market

On 26 December 2023, the Pilot stage of the Reserve Market Commercial operations commenced wherein the scheduling and dispatch involve only the contracted AS providers. On 26 January 2024, the full commercial operation of the Reserve Market commenced. At that time, the ASM Manual had not been promulgated by the DOE. During the commercial operation, the *"Supplemental Operating Guidelines for the Commercial Operations of the Reserve Market"* issued by the DOE governed the Reserve Market.

Under the said Guidelines, the National Grid Corporation of the Philippines (NGCP)-System Operator was tasked, in the interim, to monitor the compliance of the Ancillary Service Providers (ASPs) in the Reserve Market based on the System Operator's own compliance standards as currently being applied to contracted reserves.

Simulation of RCS Monitoring with Notable Observations

Meanwhile, the PEMC through the Enforcement and Compliance Office (ECO) had conducted mock-ups or simulations of the RCS monitoring in preparation for the full implementation of the ASM Manual. In the course of simulations, the PEMC-ECO saw the need to address some gaps or inconsistencies in some provisions of the proposed ASM Manual.

On 28 February 2024, the PEMC submitted to the DOE additional provisions to the Ancillary Services Monitoring (ASM) Manual that would further clarify the counting of breaches of the RCS. Such proposed additional submissions were considered

[1] "Declaring the Commercial Operations of the Reserve Market and Providing Further Polices," 26 September 2023

by the DOE in the final/approved version of the ASM Manual which came out in June 2024.[2]

The Reserve Market was, however, suspended beginning March 2024 Billing Period following the Energy Regulatory Commission (ERC) Order directing the suspension of the implementation of Section 8 on Billing and Settlement of the Price Determination Methodology (PDM) for the Reserve Market.

Promulgation of the ASM Manual

On 24 June 2024, the DOE promulgated the Department Circular DC-2024-06-0019, *"Adopting further amendments to the Wholesale Electricity Spot Market (WESM) Rules and WESM Manual on Dispatch Protocol, and creation of WESM Manual on Ancillary Services Monitoring regarding Reserve Market Compliance and related Enforcement and Actions,"* by publishing the same in the Business Word and the Philippine Star. It became effective on 09 July 2024; at which time, the Reserve Market was still suspended.

The Need for Further Amendments to the ASM Manual

While the ASM Manual was still pending review by the DOE, and while the Reserve Market was still suspended (from March to June 2024), PEMC-ECO continued its simulation using the actual data of some ASPs and held a series of coordination meetings with both the NGCP-System Operator and IEMOP. The parties agreed that, based on the simulation results, there were a few items or provisions in the proposed ASM Manual that need further revisions in order to arrive at a correct and more reasonable and objective determination or measures for the *Response Time, Accuracy,* and *Sustainability* metrics for a specific type of reserve and mode of operations.

In light of these developments, the PEMC seeks the approval of its Request for Urgent Amendments to the ASM Manual. The proposal would:

1. Ensure appropriate, correct, and complete measures in determining *"Response Time," "Response Accuracy,"* and *"Sustainability"* measures in the RCS by revising or correcting the relevant formulas and parameters and adding specific metrics thereto.
2. Ensure a more balanced breach determination of the RCS by changing the horizon of averaging for purpose of determining the compliance with *Response Accuracy* and *Response Time*.

[2] Additional Provisions considered by DOE during its review of the ASM Manual: Sections 2.1 (h); 5.3.7, 5.3.8, 5.4.8, and 5.4.9 of the ASM Manual.

3. Further streamline the monitoring process by transferring the responsibility of flagging of breach from the Market Operator to PEMC-ECO and removing the reconciliation procedure to avoid any potential conflicts during the reconciliation of results.
4. Harmonize the penalty mechanisms between the ASM Manual and the Penalty Manual as regards the Reserve Offer Capacity Compliance (ROCC).
5. Address the gap between the process for adjusting the Reserve Trading Amount and for the filing of the Request for Reassessment with Notice of Claim.

Urgency of the Proposal

With the resumption of the Reserve Market effective 05 August 2024 as declared through DOE Advisory 2024-08-001-SEC dated 02 August 2024, and the effectivity of the ASM Manual, the PEMC-ECO is mandated to conduct compliance monitoring and to provide the results thereof to IEMOP as basis for the Reserve Trading Amount adjustments.

PEMC-ECO will need to submit the RCS monitoring results *(based on the corrected formula)* to IEMOP for practical purposes especially that the compliance monitoring of the RCS would already cover 05 August 2024 transactions and onwards.

PEMC and IEMOP would need to have a legal basis for applying the Reserve Trading Adjustment based on the corrected formula in determining the *Response Time*, *Response Accuracy,* and *Sustainability.* Absent such legal basis, the IEMOP may need to defer the deduction or adjustment in the Preliminary Settlement Statement. Such a situation may lead to the non-implementation of the following provision of the ASM Manual.

The PEMC files this Urgent Amendment to the ASM Manual in reference to Section 3.1 (c) and (d) of the *Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals* and based on the following:

Reference	Provision	Description
Section 3.1 (c)	Avoid, reduce the risk of, or mitigate the **unintended adverse effect** of the ASM Manual and Penalty Manual	Possible Adverse Effect: • For ASM Manual: Incorrect/unreasonable results or findings of Breach of RCS with financial implication • For Penalty Manual: Confusion on the penalty application for Breach of RCS with financial implication

Section 3.1 (d)*	Facilitate the implementation of the WESM Rules and the ASM Manual.	• To fairly implement Section 7.7.1 of the ASM Manual requiring the IEMOP to reflect in the adjustments based on the report submitted by ECO.

The filing of this urgent rule amendment is deemed necessary to ensure that the identified issues are addressed before the actual implementation of the enforcement actions, *i.e.,* adjustments in the Reserve Trading Amount, and the imposition of penalty.

V. THE PROPOSED RULES CHANGE

A. WESM Ancillary Services Monitoring Manual

Area/Subject of Amendment	Brief Description
Response Accuracy and Response Time on Governor Control Mode (GCM) and Automatic Generation Control (AGC) Mode	Provides for - • Appropriate way to determine Response Compliance measures. • Revised formula for computing the Response Accuracy • Revised horizon of averaging the Response Accuracy and Response Time • Added specific metric to complete the metrics in determining the Response Time
Reserve Conformance Standards for Dispatchable Reserves	Provides additional requirements in the determination of breach for Dispatchable Reserves.
Settlement Amount Due from the System Operator after Monitoring	Provides a more streamlined process in the filing of the Request for Reassessment with Notice of Claim.
Provision of Data for Monitoring and Reporting	• Inclusion of WESM Governance Arm in the direct data transmission. • For a clear understanding and delineation of the functions, roles, and responsibilities of the Market Operator, the System Operator, and the WESM Governance Arm.

B. WESM Penalty Manual

Area/Subject of Amendment	Brief Description
Schedule of Breach and Penalties	Removed “reserve offer” on the section for the breach for both the generation and reserve offer, in view of the specific rule pertaining to sanctions for breach of the ROCC under Section 8 of the ASM Manual.

VI. BACKGROUND AND DESCRIPTION OF THE PROPONENT

Philippine Electricity Market Corporation, acting as the Governance Arm of the WESM with its officers as follows:

Elvin Hayes E. Nidea – President
Andrea J. Mendiola – Legal Department Head
Bienvenido C. Mendoza – Market Assessment Department Head
Ma. Hazel M. Gubaton-Lopez – Enforcement and Compliance Department Head
Elaine D. Gonzales – Internal Audit Department Head
Patrick S. Fernandez – Information System and Technology Department Head
Herbie C. Ngirngir - Finance and Internal Relations Department Head

VII. CONCLUSIONS AND RECOMMENDATIONS

The amendments to the Ancillary Services Monitoring Manual and the WESM Penalty Manual are proposed for the efficient and effective compliance and enforcement proceedings in relation thereto. Thus, it is recommended that the proposed changes be adopted.

VIII. REFERENCES

A. Ancillary Services Monitoring Manual 1.0
B. Penalty Manual 3.0

PROPOSED URGENT AMENDMENTS TO THE ANCILLARY SERVICES MONITORING MANUAL

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 2 – Definition, References, and Interpretation 2.1 Definitions	g. Enforcement Related Notices -	Notice of Probable Breach – A notice issued by the *Market Operator* to the *Enforcement and Compliance Office.* It specifies the *dispatch intervals* in which a probable breach of *Reserve Conformance Standards* is identified. It also specifies the amount adjusted or to be adjusted from the *reserve trading amounts* due from the *System Operator* as a result of probable breach flagging.	Notice of ~~Probable~~ Breach – A notice issued by the *Market Operator* to the ***Ancillary Service Providers*** ~~*Enforcement and Compliance Office*~~*.* It specifies the *dispatch intervals* in which a ~~probable~~ breach of *Reserve Conformance Standards* is identified. It also specifies the amount adjusted or to be adjusted from the *reserve trading amounts* due from the *System Operator* ~~as a result of probable breach flagging~~ **after due assessment and verification**.	Deletion of “Probable” to provide clarity in the definition of the notice, as the results have already been assessed by ECO and verified by the ASPs. This already serves as the basis of MO for non-payment reflected in the Preliminary Settlement Statement. ASPs shall be the recipient of the Notice of Breach as this becomes the basis for filing the Request for Reassessment with Notice of Claim. Related proposed revision: Sec. 7.3.1 (b), 2nd par, where a copy of the consolidated Notice of Breach shall be furnished by IEMOP to ECO and NGCP under Section 7.3.1 (b), 2nd par.

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 2 – Definition, References, and Interpretation 2.1 Definitions	g. Enforcement Related Notices -	Notice of Confirmation of Breach – A notice issued to the *Market Operator,* the *System Operator,* and the *Ancillary Services Provider* by the *WESM Governance Arm* after due assessment and verification by the *Enforcement and Compliance Office* which contains confirmation of the finding/s of breach as initially flagged by the *Market Operator.*	Notice of Confirmation of Breach – A notice issued to the *Market Operator,* the *System Operator,* and the *Ancillary Services Provider* by the *WESM Governance Arm* after due assessment and verification by the *Enforcement and Compliance Office* which contains confirmation of the finding/s of breach as ~~initially~~ flagged**, assessed, and reported** by **the *Enforcement and Compliance Office* to** the *Market Operator.*	In reference to revision in Sections 3.1.1 and 7.2 where the responsibility of flagging the probable breach is removed from MO. ECO will flag the breach, validate, assess, and report the results to MO.
	i.	(NEW)	**i. Rated Capacity - The full-load continuous gross capacity of a unit under the specified conditions, as calculated from the electric generator nameplate based on the rated Power Factor.**	Reference: • PGC (2016 Ed.) • Resolution No. 17, Series of 2023 *"A Resolution Adopting the 2023 Revised Rules for the Issuance of Certificates of Compliance (COCs) For Generation Facilities"* Renumbering of the succeeding Terms due to insertion of new term.

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 3 – Responsibilities 3.1 Market Operator	3.1.1	The *Market Operator* shall establish a procedure for the monitoring or flagging of *breach* in accordance with the *Reserve Conformance Standards* and the rule pertaining to *Reserve Offer Capacity Compliance* through the use of an appropriate facility.	The *Market Operator* shall establish a procedure for the **timely gathering and provision of available market data to the *WESM Governance Arm* that are necessary for the monitoring of compliance** ~~monitoring or flagging of *breach* in accordance~~ with the *Reserve Conformance Standards* and the rule pertaining to *Reserve Offer Capacity Compliance* ~~through the use of an appropriate facility~~.	In reference to revision in Section 7.2 where the responsibility of flagging the probable breach is removed from MO. ECO will flag the breach, validate, assess, and report the results to MO. MO will instead be in charge of the timely collection and gathering of data, and provision thereof to PEMC for the Reserve Market compliance monitoring purposes.
Section 3 Responsibilities 3.4 Ancillary Services Provider	3.4.1	3.4.1 Ancillary Services Providers shall submit to the System Operator the following real-time data for purposes of monitoring compliance with the Reserve Conformance Standards. a. Generator mode of operations b. Dead band setting	3.4.1 Ancillary Services Providers shall submit to the System Operator the following real-time data for purposes of monitoring compliance with the Reserve Conformance Standards. a. Generator mode of operations b. Dead band setting **c. Speed droop characteristic**	Addition of Speed Droop characteristic to the required data from the Ancillary Services Providers (ASPs) in reference to Section 5.3.3 and 5.4.4.

<table>
<tr><th colspan="4">ANCILLARY SERVICES MONITORING MANUAL 1.0</th></tr>
<tr><th>Title</th><th>Clause</th><th>Provision</th><th>Proposed Amendment</th><th>Rationale</th></tr>
<tr>
<td>SECTION 5 – Reserve Conformance Standards

5.2 Provision of Data for Monitoring and Reporting</td>
<td>5.2.1</td>
<td>The System Operator shall submit to the Market Operator data and reports that may be necessary in initially determining probable breach, such as but not limited to the following:

<table>
<tr><th>Data</th><th>Timeline of Provision</th></tr>
<tr><td>Generator mode of operation (e.g., Automatic Generation Control, Governor Control Mode, Manual Dispatch Instruction)</td><td>Real-Time</td></tr>
<tr><td>Dead band settings</td><td>Real-Time</td></tr>
<tr><td>Speed droop</td><td>Real-Time</td></tr>
<tr><td>Generator Status</td><td>Real-Time</td></tr>
<tr><td>Dispatch instructions</td><td>By 1200H of the next day for all instructions of the current trading day</td></tr>
<tr><td>Outages</td><td>By 1200H of the next day for all instructions of the current trading day</td></tr>
<tr><td>Power System Frequency</td><td>Real-Time</td></tr>
<tr><td>Control Dead band</td><td>Real-Time</td></tr>
</table>
</td>
<td>The System Operator ~~shall submit to~~ and the Market Operator shall submit to the WESM Governance Arm data and reports that may be necessary in initially determining probable breach, such as but not limited to the following:

<table>
<tr><th>Data</th><th>Timeline of Provision</th><th>Source</th></tr>
<tr><td>Generator mode of operation (e.g., Automatic Generation Control, Governor Control Mode, Manual Dispatch Instruction)</td><td>D+1</td><td>Market Operator</td></tr>
<tr><td>Dead band settings (Based on certification)</td><td>As necessary</td><td>Market Operator</td></tr>
<tr><td>Speed droop characteristic (Based on certification)</td><td>As necessary</td><td>Market Operator</td></tr>
<tr><td>Generator Status</td><td>D+1</td><td>System Operator</td></tr>
</table>
</td>
<td>For Clarity: SO and MO will be the data provider; and WGA as recipient of the data for compliance monitoring purposes. For consistency with Section 3.2.2 of the ASM Manual.

The timeline in the ASM Manual for PEMC-ECO to report the results to IEMOP as basis for any reserve amount adjustments is too tight (Sections 7.7.1 and 7.7.2 of the ASM Manual), as any delay would affect PEMC’s ability to generate compliance monitoring results within the timeline set for the issuance of the WESM Preliminary Statement.

To avoid potential issues relating to missing or inconsistent data from the intermediate data transfer through IEMOP.</td>
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<tr><th colspan="4">ANCILLARY SERVICES MONITORING MANUAL 1.0</th></tr>
<tr><th>Title</th><th>Clause</th><th>Provision</th><th>Proposed Amendment</th><th>Rationale</th></tr>
<tr>
<td></td>
<td></td>
<td>For other data or reports not enumerated in the foregoing table, the Market Operator and the System Operator shall, from time to time, agree on the manner and schedule of submission.</td>
<td>
<table>
<tr><td>Dispatch instructions</td><td><u>D+1</u></td><td><u>System Operator</u></td></tr>
<tr><td>Outages</td><td><u>D+1</u></td><td><u>System Operator</u></td></tr>
<tr><td>Power System Frequency</td><td><u>D+1</u></td><td><u>System Operator</u></td></tr>
<tr><td><s>Control Dead band</s></td><td><s>Real-Time</s></td><td></td></tr>
<tr><td><u>Desired MW/AGC Command</u></td><td><u>D+1</u></td><td><u>System Operator</u></td></tr>
<tr><td><u>Certified Capacity (Based on certification)</u></td><td><u>As necessary</u></td><td><u>Market Operator</u></td></tr>
<tr><td><u>Day-Ahead Ancillary Service Schedule (DAASS)</u></td><td><u>D-1</u></td><td><u>System Operator</u></td></tr>
<tr><td><u>BCQ-SO</u></td><td><u>D+1</u></td><td><u>System Operator</u></td></tr>
<tr><td><u>Actual MW Output</u></td><td><u>D+1</u></td><td><u>System Operator</u></td></tr>
<tr><td><u>Reserve Type (Based on certification)</u></td><td><u>As necessary</u></td><td><u>Market Operator</u></td></tr>
</table>

For other data or reports not enumerated in the foregoing table, the Market Operator<u>, the WESM Governance Arm</u>, and the System Operator shall,
</td>
<td>For clarity.</td>
</tr>
</table>

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
			from time to time, agree on the manner and schedule of submission. **[Add Footnote] "D" - Day; "D+1": Next Day**	
SECTION 5 – Reserve Conformance Standards 5.3 Reserve Conformance Standards for Regulating Reserve	5.3.3	Reserve facilities scheduled to provide regulating reserve shall also ensure that they meet the following requirements during the relevant dispatch interval: a. Dead band is 0.15 Hz or lower if operating on GCM or AGC b. Speed-droop characteristic is 5% or lower; and c. Provision of reserve is sustainable for the entire dispatch interval.	Reserve facilities scheduled to provide regulating reserve shall also ensure that they meet the following requirements **based on the certified settings** during the relevant dispatch interval: a. Dead band is **0 Hz to +/- 0.15 Hz** ~~0.15 Hz or lower~~ if operating on GCM ~~or AGC~~**.** b. ~~Speed-droop~~ **Speed droop** characteristic is 5% or lower **and 1% or lower for *Battery Energy Storage System* if operating on GCM**; and c. Provision of reserve is sustainable for the entire dispatch interval.	To indicate the correct dead band settings for GCM mode and to delete "or AGC" as there is no dead band requirement for AGC operations. No speed droop characteristic requirement for AGC since it is automatically controlled by a Supervisory Control and Data Acquisition (SCADA) from the SO Control Center or manual adjustment of load with specific instructions from the SO. To include the speed droop characteristic for Battery Energy Storage System (BESS)

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
SECTION 5 – Reserve Conformance Standards 5.3 Reserve Conformance Standards for Regulating Reserve	5.3.4	A reserve facility providing regulating reserve that fails to maintain an average response accuracy as set out in Sections 5.6.1 and 5.7.1 or an average response time as set out in Sections 5.6.3 and 5.7.3 in any dispatch interval during the monitoring period shall be flagged as non-compliant. Once flagged as non-compliant, a reserve facility will be assessed further based on the following: a) Compliance with the response accuracy for each dispatch interval; and b) Compliance with the response time for each dispatch interval.	A reserve facility providing regulating reserve that fails to maintain an average response accuracy as set out in Sections 5.6.1 ~~and 5.7.1~~ or an average response time as set out in Sections 5.6.3 ~~and 5.7.3~~ **or Percentage (%) of Compliance as set out in sections 5.7.1** in any dispatch interval during the ~~**monitoring period**~~ ***settlement interval*** shall be flagged as non-compliant. Once flagged as non-compliant, a reserve facility will be assessed further based on the following: a) Compliance with the response accuracy for each dispatch interval; and b) Compliance with the response time for each dispatch interval.	To revise the averaging from a monthly period to hourly interval as this proposed approach would calculate the average response accuracy and response time for the reserve facility operating under GCM within each relevant hourly interval, providing a more balanced and granular assessment of compliance. To distinguish hourly averaging of response accuracy and response time (under GCM) from Percentage of Compliance (under AGC), in relation to the proposed revisions to Section 5.7 “Measuring Reserve Response Compliance of Generators on Automatic Generation Control”.

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
SECTION 5 – Reserve Conformance Standards 5.4 Reserve Conformance Standards for Contingency Reserve	5.4.4	Reserve facilities scheduled to provide contingency reserve shall also ensure that they meet the following requirements during the relevant dispatch interval: a. Dead band is greater than 0.15 Hz but less than 0.30 Hz if operating on GCM or AGC; b. Speed-droop characteristic is 5% or lower; and c. Provision of reserve is sustainable for the entire dispatch interval.	Reserve facilities scheduled to provide contingency reserve shall also ensure that they meet the following requirements **based on the certified settings** during the relevant dispatch interval: a. Dead band is ~~greater than 0.15 Hz~~ **-0.16 Hz to -0.30 Hz** ~~but less than 0.30 Hz~~ if operating on GCM ~~or AGC~~**.** b. ~~Speed-droop~~ **Speed droop** characteristic is 5% or lower **and 1% or lower for *Battery Energy Storage System*, if operating on GCM;** and c. Provision of reserve is sustainable for the entire dispatch interval.	To indicate the correct dead band settings for GCM mode and to delete “or AGC” as there is no dead band requirement for AGC operations. No speed droop characteristic requirement for AGC since it is automatically controlled by a Supervisory Control and Data Acquisition (SCADA) from the SO Control Center or manual adjustment of load with specific instructions from the SO. To include the speed droop characteristic for BESS.
SECTION 5 – Reserve Conformance Standards 5.4 Reserve Conformance Standards for	5.4.5	A reserve facility providing contingency reserve that fails to maintain an average response accuracy as set out in Sections 5.6.1 and 5.7.1 or an average response time as set out in Sections 5.6.3 and 5.7.3 for the entire monitoring period shall be flagged as non-compliant. Once flagged as non-compliant, a reserve facility will be assessed further based on the following:	A reserve facility providing contingency reserve that fails to maintain an average response accuracy as set out in Sections 5.6.1 ~~and 5.7.1~~ or an average response time as set out in Sections 5.6.3 ~~and 5.7.3~~ **or Percentage (%) of Compliance as set out in sections 5.7.1** for the entire ~~**monitoring period**~~ ***settlement interval*** shall be flagged as non-compliant. Once flagged as non-compliant, a reserve facility will be assessed further based on the following:	To revise the averaging from a monthly period to hourly interval as this proposed approach would calculate the average response accuracy and response time for the reserve facility operating under GCM within each relevant hourly interval, providing a more

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Contingency Reserve		a) Compliance with the response accuracy for each dispatch interval; and b) Compliance with the response time for each dispatch interval.	a) Compliance with the response accuracy for each dispatch interval; and b) Compliance with the response time for each dispatch interval.	balanced and granular assessment of compliance. To distinguish hourly averaging of response accuracy and response time (under GCM) from Percentage of Compliance (under AGC), in relation to the proposed revisions to Section 5.7 “Measuring Reserve Response Compliance of Generators on Automatic Generation Control”.
SECTION 5 – Reserve Conformance Standards 5.5 Reserve Conformance Standards for Dispatchable Reserve	5.5.3	After synchronization, the dispatchable reserve facility shall deliver the MW capacity instructed by the System Operator within fifteen (15) minutes from synchronization.	After synchronization, the dispatchable reserve facility shall deliver the MW capacity instructed by the System Operator within fifteen (15) minutes from synchronization **and shall generate within the upper and lower dispatch thresholds of +/-1% of the dispatch instruction, or +/- 0.5 MW, whichever is higher. The facility shall sustain and maintain generation in accordance with the active instruction and any succeeding instructions from the System Operator until instructed to shut down.**	To add a criterion that in addition to the requirement for DR to generate within 15 minutes from the SO instruction, the reserve facility must follow a dispatch tolerance of +/- 1% (based on SO’s standard practice for monitoring) or +/- 0.5 MW (based on the survey results conducted with DR-ASPs) for the given period and to clearly establish that the facility must sustain/continue to generate to meet the SO instruction until it receives a

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
				specific directive to stop generating. **(See Illustration 1 in Annex A)**
SECTION 5 – Reserve Conformance Standards 5.5 Reserve Conformance Standards for Dispatchable Reserve	5.5.4	[NEW]	**A dispatchable *reserve facility* that fails to comply with the real-time dispatch instruction of the *System Operator* based on the *Reserve Schedule* due to an outage or unavailability shall be considered in breach of the *reserve conformance standards* for the *dispatch interval* that the non-compliance occurs and in all preceding intervals of the same trading day that have Dispatchable *Reserve Schedules*.**	It covers instances where a facility (that is required to be offline) offers for DR but it is, in fact, not available when called to run. It will only be ascertained during the time that it is asked to run by SO. The dispatchable reserve facility that becomes non-dispatchable real-time or is unable to deliver the MW capacity in real-time due to an outage or other cause/s of unavailability presupposes that it is not also available in the prior intervals (while it was offline). By being unable to run as DR, it does not serve its purpose, i.e., assuring the grid that it is indeed readily available for dispatch (when needed) in order to replenish the CR whenever a generating unit trips or a loss of a single transmission interconnection occurs.

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
SECTION 5 – Reserve Conformance Standards 5.5 Reserve Conformance Standards for Dispatchable Reserve	5.5.4	A *reserve facility* that fails to comply with the provisions set out in Sections 5.5.1, 5.5.2, or 5.5.3 at any *dispatch interval* shall be considered in breach of the *reserve conformance standards* for *dispatchable reserves* for that *dispatch interval*.	A *reserve facility* that fails to comply with the provisions set out in Sections 5.5.1, 5.5.2, or 5.5.3 at any *dispatch interval* shall be considered in breach of the *reserve conformance standards* for *dispatchable reserves* for that *dispatch interval*.	Renumbered to 5.5.5 due to inserted new provision *(see above Sec. 5.5.4)*
Section 5 – Reserve Conformance Standards 5.6 Measuring Reserve Response Compliance of Generators on Governor Control Mode	5.6.1	A *reserve facility* responding to a *frequency-driven event* through GCM shall maintain a response accuracy of at least 80% for the entire monitoring period.	A *reserve facility* responding to a *frequency-driven event* through GCM shall maintain **an average** response accuracy of at least 80% ~~**but shall not exceed 120%**~~ for the ~~entire monitoring period~~ **relevant *settlement interval*.** **For purposes of averaging under Sections 5.3.4 and 5.4.5, the response accuracy for a dispatch interval shall be capped at 120%.**	To revise the requirement from being measured over the entire monitoring period, to being measured within relevant settlement interval. This provides for a more granular and balanced assessment. **Rationale for Capping at 120%:** **The 120% capping on the average response accuracy is intended to manage outliers (e.g. overshoot in response accuracy by 200-300%) and setting an upper limit or fixed threshold value of 120% as**

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				the reasonable metric in determining accuracy within a *settlement interval*.
Section 5 – Reserve Conformance Standards 5.6 Measuring Reserve Response Compliance of Generators on Governor Control Mode	5.6.2	A reserve facility's response accuracy via GCM shall be calculated as follows. $$Response\ Accuracy = \frac{Actual\ MW\ Response\ Capacity}{Expected\ MW\ Response\ Capacity}\ x\ 100\%$$ Where: Actual MW Response Capacity = Highest Actual MW Output – MW Output Prior to Frequency-Driven Event Expected MW Response Capacity = Static Gain x Frequency Change Frequency Change	A reserve facility's response accuracy via GCM shall be calculated as follows. $$Response\ Accuracy = \frac{Actual\ MW\ Response\ Capacity}{Expected\ MW\ Response\ Capacity}\ x\ 100\%$$ **a. When System Frequency falls below the lower deadband:** Actual MW Response Capacity = Highest Actual MW Output – MW Output Prior to Frequency-Driven Event **Where: The Highest Actual MW Output is the value obtained 20 seconds after the Lowest frequency that occurred during the Frequency-Driven Event** **Frequency Change** **= Frequency Prior to Frequency-Driven Event - Lowest Frequency During Frequency-Driven Event** **Frequency Prior to Frequency-Driven Event** **= Nominal Frequency - Dead band Setting**	• Modification of the formula (*i.e.,* addition of the "lowest" Actual MW output on the formula) for Actual MW Response Capacity to use both the highest and lowest actual MW output values, in order to reflect the correct response accuracy for any given Frequency Driven-Event, whether it requires an upward or downward response from Ancillary Services Providers (ASPs). A frequency-driven event can trigger the need for immediate response from ASPs to either increase or decrease generation, depending on whether the system frequency breaches the upper or lower threshold (facilities' dead band settings). Using highest

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		= Worst Frequency Highest/Lowest – Frequency Prior to Frequency-Driven Event Frequency Prior to Frequency-Driven Event = Nominal Frequency ± Dead band Setting $Static\ Gain = \frac{Scheduled\ MW\ Capacity}{Droop\ Setting\ x\ Nominal\ Frequency}\ x\ 100\%$	**b. When System Frequency breaches the upper deadband:** **Actual MW Response Capacity** **= Lowest Actual MW Output – MW Output Prior to Frequency-Driven Event** **Where: The Lowest Actual MW Output is the value obtained 20 seconds after the highest frequency that occurred during the Frequency-Driven Event** **Frequency Change** **= Frequency Prior to Frequency-Driven Event - Highest Frequency During Frequency-Driven Event** Expected MW Response Capacity = Static Gain x Frequency Change ~~Frequency Change~~ ~~= Worst Frequency Highest/Lowest – Frequency Prior to Frequency-Driven Event~~ ~~**Frequency Change**~~ ~~**= Frequency Prior to Frequency-Driven Event - Highest/Lowest Frequency During Frequency-Driven Event**~~ ~~Frequency Prior to Frequency-Driven Event~~ ~~= Nominal Frequency ± Dead band Setting~~	actual MW output when the response requires an increase, and the lowest actual MW output when the response requires a decrease, ensures the Actual MW Response Capacity is calculated correctly for the specific event scenario. • Rationale for the 20 seconds time reference: 20 seconds is a time frame that is typically critical for a reserve facility to respond to control signals being sent from SO's energy management system (EMS). • Transposition in the formula for Frequency Change. This is to ensure consistency with the sign of the resulting Expected Response with the Actual MW Output and to have a non-negative Response Accuracy.

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			$$Static\ Gain = \frac{\sout{Scheduled\ MW}\ \textbf{Rated}\ Capacity}{Droop\ Setting\ x\ Nominal\ Frequency}\ x\ 100\%$$ **<u>If the system frequency breaches the upper deadband threshold, the reserve facility needs to react by decreasing generation to correct the frequency and *vice versa*. In this case, the Actual MW Response Capacity shall be calculated as the difference between the Highest or Lowest Actual MW Output, as the case may be, and the MW Output prior to the Frequency-Driven Event.</u>**	Addition of the word "during" to clarify that the frequency referenced should be the value observed during the frequency-driven event. **(See Illustration 2 in Annex A)** • The Static Gain formula is being revised to use the *Rated Capacity* instead *of Scheduled MW Capacity*. During the discussions with the System Operator, it was clarified that the value of static gain, which represents the change of active power output (in MW) per unit change in system frequency (in Hz), should not be variable and must be a fixed value grounded in the ASPs' *Rated Capacity*. **(See Illustration 3 in Annex A)** • To provide case scenarios when to use the applicable formula, depending on the system frequency condition.

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Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 5 – Reserve Conformance Standards 5.6 Measuring Reserve Response Compliance of Generators on Governor Control Mode	5.6.3	A reserve facility responding to a frequency-driven event or to a dispatch instruction, while on GCM shall have an average response time of not more than five (5) seconds for the entire monitoring period.	A reserve facility responding to a frequency-driven event or to a dispatch instruction, while on GCM shall have an average response time of not more than five (5) seconds for the ~~entire monitoring period~~ **relevant *settlement interval***.	Evaluating the response time during the relevant settlement interval, rather than an entire monitoring period, provides a more accurate and representative assessment of the facility's performance during the provision of Ancillary Service (AS).
Section 5 – Reserve Conformance Standards 5.7 Measuring Reserve Response Compliance of	5.7.1	A reserve facility responding to a frequency-driven event or to dispatch instructions, through commands received from the System Operator's Energy Management System (EMS) via AGC shall comply to at least 75% of such AGC commands for the entire monitoring period.	A reserve facility responding to a frequency-driven event or to dispatch instructions, through commands received from the System Operator's Energy Management System (EMS) via AGC shall comply to at least ~~75%~~ **90%** of such AGC commands for the ~~entire monitoring period~~ **relevant *settlement interval***. **Percentage (%) of Compliance of a reserve facility/unit operating on AGC is given below:**	• 90% compliance is to be consistent with the standard practice of NGCP-SO in monitoring reserve facilities operating under AGC. • To reflect, for clarity, the formula in getting Percentage (*%) of Compliance*. • To revise the requirement from being measured over the entire monitoring period,

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Generators on Automatic Generation Control			$\%\ \boldsymbol{Compliance} = \frac{\boldsymbol{No.of\ Compliant\ AGC\ Commands}}{\boldsymbol{No.\ of\ AGC\ Commands}}\ \boldsymbol{x}\ \mathbf{100}\%$	to being measured within each relevant settlement interval. This provides for a more granular and balanced assessment, as proposed in Sections 5.3.4 and 5.4.5. **(See Illustration 4 in Annex A)**
Section 5 – Reserve Conformance Standards 5.7 Measuring Reserve Response Compliance of Generators on Automatic Generation Control	5.7.2	A reserve facility is deemed compliant to an AGC command if: Actual MW Generation > (Desired MW Generation – Control Dead band); and Actual MW Generation < (Desired MW Generation + Control Dead band).	A reserve facility is deemed compliant to an AGC command if **the following conditions are met**: ~~Actual MW Generation > (Desired MW Generation – Control Dead band); and~~ ~~Actual MW Generation < (Desired MW Generation + Control Dead band).~~ **5.7.2.1 The Actual Generation of the reserve facility shall reach at least 63% of the Desired Generation within 25 seconds from the time the AGC command is issued.** **5.7.2.2 Additionally, the Actual Generation of the reserve facility shall reach at least 90% but shall not exceed 130% of the Desired Generation or ± 0.5 MW from the Desired Generation, (whichever requirement is the higher threshold)**	Adopted from the System Operator's standard practice for monitoring the compliance of their contracted AS Providers with the AGC commands.

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			within 32 seconds from the time AGC command is issued. The facility shall sustain and maintain generation throughout the command in such range set out herein.	
Section 5 – Reserve Conformance Standards 5.7 Measuring Reserve Response Compliance of Generators on Automatic Generation Control	5.7.3	A reserve facility responding to a frequency-driven event, or dispatch instructions, through AGC commands shall also have an average response time of not more than twenty-five (25) seconds for the entire monitoring period.	~~A reserve facility responding to a frequency-driven event, or dispatch instructions, through AGC commands shall also have an average response time of not more than twenty-five (25) seconds for the entire monitoring period.~~	No longer applicable in view of the proposed revision in 5.7.2.
Section 5 – Reserve Conformance Standards	5.7.4	A reserve facility's response time is computed from the time of the AGC command until the actual generation reaches control dead band (i.e., desired generation + the dead band).	~~A reserve facility's response time is computed from the time of the AGC command until the actual generation reaches control dead band (i.e., desired generation + the dead band).~~	No longer applicable in view of the proposed revision in 5.7.2.

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<tr><th>Title</th><th>Clause</th><th>Provision</th><th>Proposed Amendment</th><th>Rationale</th></tr>
<tr><td>5.7 Measuring Reserve Response Compliance of Generators on Automatic Generation Control</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Section 5 – Reserve Conformance Standards

5.8 Summary Table of Reserve Conformance Standards for Each Reserve Type</td><td>5.8</td><td><u>5.8 Summary Table of Reserve Conformance Standards for Each Reserve Type</u>

<table><tr><th colspan="3">For Regulating Reserves</th></tr><tr><td rowspan="2">Response Accuracy</td><td>On GCM</td><td>At least 80%</td></tr><tr><td>On AGC</td><td>At least 75%</td></tr><tr><td rowspan="2">Response Time</td><td>On GCM</td><td>not more than 5 seconds</td></tr><tr><td>On AGC</td><td>not more than 25 seconds</td></tr><tr><td>Dead band Setting</td><td colspan="2">0.15 Hz or lower</td></tr><tr><td>Speed droop</td><td colspan="2">5% or lower</td></tr><tr><td>Sustainability</td><td colspan="2">for the entire dispatch interval</td></tr></table></td><td><u>5.8 Summary Table of Reserve Conformance Standards for Each Reserve Type</u>

<table><tr><th colspan="3">For Regulating Reserves</th></tr><tr><td rowspan="2">Response Accuracy</td><td>On GCM</td><td>At least 80% <u>~~to 120%~~</u></td></tr><tr><td>On AGC</td><td>At least <u>~~75%~~</u> <u>90%</u></td></tr><tr><td rowspan="2">Response Time</td><td>On GCM</td><td>not more than 5 seconds</td></tr><tr><td>On AGC</td><td><u>~~not more than 25 seconds~~</u>
<u>At least 63% of the desired generation within 25 seconds; and at least 90% and not more than 130% of the desired generation or 0.5 MW tolerance whichever</u></td></tr></table></td><td>To align the reserve conformance standards for each type of reserves set out in Sections 5.3.3 5.4.4, 5.5.3., <u>5.6.1 and 5.7.</u></td></tr>
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<tr><th colspan="3">For Contingency Reserves</th></tr>
<tr><td rowspan="2">Response Accuracy</td><td>On GCM</td><td>At least 80%</td></tr>
<tr><td>On AGC</td><td>At least 75%</td></tr>
<tr><td rowspan="2">Response Time</td><td>On GCM</td><td>not more than 5 seconds</td></tr>
<tr><td>On AGC</td><td>not more than 25 seconds</td></tr>
<tr><td>Dead band Setting</td><td colspan="2">greater than 0.15 Hz but less than 0.30 Hz</td></tr>
<tr><td>Speed droop</td><td colspan="2">5% or lower</td></tr>
<tr><td>Sustainability</td><td colspan="2">for the entire dispatch interval</td></tr>
</table>
<table>
<tr><th colspan="2">For Dispatchable Reserves</th></tr>
<tr><td>Status</td><td>must be offline unless there is a dispatch instruction from the System Operator, or it was scheduled for energy dispatch in the WESM.</td></tr>
<tr><td>Synchronization</td><td>Within 15 minutes upon advice from the System Operator</td></tr>
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<tr><td></td><td></td><td><u>is higher within 32 seconds</u></td></tr>
<tr><td>Dead band Setting <u>on GCM</u></td><td colspan="2"><u>0 Hz to +/-0.15Hz or as per certification</u></td></tr>
<tr><td><u>Speed droop characteristic on GCM</u></td><td colspan="2">5% or lower<u>; and</u>
<u>1% or lower for BESS</u></td></tr>
<tr><td>Sustainability</td><td colspan="2">for the entire dispatch interval</td></tr>
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<tr><td>Sustainability</td><td>After synchronization, the dispatchable reserve facility shall deliver the MW capacity instructed by the System Operator within 15 minutes</td></tr>
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<table>
<tr><td>Dead band Setting <u>on GCM</u></td><td><u>- 0.16 Hz to - 0.30 Hz or as per certification</u></td></tr>
<tr><td><u>Speed droop characteristic on GCM</u></td><td>5% or lower<u>; and 1% or lower (for BESS)</u></td></tr>
<tr><td>Sustainability</td><td>for the entire dispatch interval</td></tr>
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<tr><td>Synchronization</td><td>Within 15 minutes upon advice from the System Operator</td></tr>
<tr><td>Sustainability</td><td><s>After synchronization, the dispatchable reserve facility shall deliver the MW capacity instructed by the System Operator within 15 minutes</s>
<u>Must sustain the upper and lower threshold of +/-1% of the dispatch instruction or +/- 0.5 MW whichever is higher, within 15 minutes from synchronization</u></td></tr>
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ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 7 – Monitoring of Compliance with Reserve Conformance Standards 7.2 Flagging of Breach of Reserve Conformance Standards	7.2.1	The *Market Operator* shall, through a dedicated monitoring facility, flag a breach of the *Reserve Conformance Standards* by the *Ancillary Services Provider* based on the parameters set in Section 5*,* and shall notify the *System Operator*, the *Ancillary Services Provider*, and the *Enforcement and Compliance Office* of the same.	The ~~*Market Operator*~~ ***Enforcement and Compliance Office*** shall, through a dedicated monitoring facility, flag a breach of the *Reserve Conformance Standards* by the *Ancillary Services Provider* based on the parameters set in Section 5*,* and shall notify the ~~*System Operator*~~, ~~the~~ *Ancillary Services Provider*~~,~~ ~~and the *Enforcement and Compliance Office*~~ of the same.	ECO to flag the probable breach of the RCS as essential part of the monitoring process. Related revision: See Section 3.1.1 above on the responsibility of the Market Operator
Section 7 – Monitoring of Compliance with Reserve Conformance Standards 7.2 Flagging of Breach of Reserve Conformance Standards	7.2.2	The *Market Operator* and the *System Operator* shall provide copies of the data and information to the *Enforcement and Compliance Office* which will be used by the latter as basis for the validation or confirmation of breach of the *Reserve Conformance* in accordance with the procedures set out in Section 7.5. The *Enforcement and Compliance Office* shall generate monitoring results for reconciliation with the results generated by the *Market Operator.*	The ~~*Market Operator* and the *System Operator* shall provide copies of the data and information to the~~ *Enforcement and Compliance Office* ~~which will be used by the latter as basis for the~~ **shall conduct** validation**, verification, and assessment** ~~or confirmation~~ of breach of the *Reserve Conformance* ***Standards*** ~~in accordance with the procedures set out in Section 7.5~~. The *Enforcement and Compliance Office* shall generate monitoring results for **submission to** ~~reconciliation with the results generated by~~ the *Market Operator* **within thirty (30) business days after the end of the covered monitoring period.. The *Reserve Conformance Standards* monitoring report shall include the**	ECO to proceed with the validation, verification, and assessment and reporting based on the flagged probable breach as essential part of the monitoring process. Added reporting timeline consistent with Sec. 7.7.2 of the ASMM Added contents of the ECO's RCS Monitoring Report to be submitted to MO. These are

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Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
			specific intervals, resource unit/s, the type of reserve that is found in breach, and such other relevant information as may be appropriate. **The *Enforcement and Compliance Office* shall furnish the *System Operator* a copy of the monitoring results for any feedback or confirmation of the results or findings.**	information necessary in the Notice of Breach to be provided by MO to ASPs in Section 7.3.2 Delete reference to Section 7.5 as the validation / assessment referred to therein is done only when there is request for reassessment with Notice of Claim file by ASP. Amended provisions as affected by the 30-day window for completing the validation and assessment of the reserve conformance standards (rcs) monitoring.
Section 7 – Monitoring of Compliance with Reserve Conformance Standards	7.2.3	The *Market Operator* shall consolidate the initial monitoring results relating to compliance with the *Reserve Conformance Standards* for the relevant billing period on or before the end of the month of the covered billing period. It shall then confer with the *System Operator* and the *Enforcement and Compliance Office* its findings referred to in Section 7.2.1. They shall endeavor to reconcile and/or confirm the results of monitoring within	The *Market Operator* shall consolidate the ~~initial~~ monitoring result **provided by the *Enforcement and Compliance Office* and the confirmation or report of the *System Operator*, if any,** relating to compliance with the *Reserve Conformance Standards* for the relevant billing period ~~on or before the end of the month of the covered billing period. It shall then confer with the *System Operator* and the *Enforcement and Compliance Office* its findings~~	Proposed revision: MO will no longer reconcile the reports of ECO, NGCP, and its own monitoring report - to streamline the process and prevent any potential conflicts during the reconciliation of results.

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Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
7.2 Flagging of Breach of Reserve Conformance Standards		five (5) calendar days after the end of the billing period.	~~referred to in Section 7.2.1. They shall endeavor to reconcile and/or confirm the results of monitoring~~ within five (5) calendar days ~~after the end of the billing period~~ **from receipt of the monitoring results. For instance, the results for August received on 25 September shall be consolidated on or before 30 September**.	In lieu of the reconciliation activity, IEMOP will consolidate the RCS monitoring results of ECO and the confirmation or report of NGCP-SO, if any, before it issues the Preliminary Settlement Statement. Amended provisions as affected by the 30-day window for completing the validation and assessment of the reserve conformance standards (rcs) monitoring.
Section 7 – Monitoring of Compliance with Reserve Conformance Standards 7.2 Flagging of Breach of Reserve Conformance Standards	7.2.6	If no feedback or confirmation is received from the *System Operator* or no reconciliation is made after the lapse of the period set in Section 7.2.3, the *Market Operator* shall proceed with the finalization of the monitoring breach of the *reserve conformance standards.*	If no feedback**,** ~~or~~ confirmation**, or report** is received from the *System Operator* ~~or no reconciliation is made~~ after the lapse of the period set in Section 7.2.3, the *Market Operator* shall proceed with the **settlement adjustment as set out in Section 7.2.7 based on the monitoring report submitted by the *Enforcement and Compliance Office* on compliance of the *Ancillary Services Providers* with the** ~~finalization of the monitoring breach of the~~ *reserve conformance standards.*	Revised to remove “reconciliation” consistent with the proposed revision in Section 7.2.3 and 7.2.6. For clarity.

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Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 7 – Monitoring of Compliance with Reserve Conformance Standards 7.3 Settlement Amount Due from the System Operator after Monitoring	7.3.1	Upon reconciliation or confirmation of the results of the monitoring of the Reserve Conformance Standards following the procedure referred to in Section 7.2, the Market Operator shall: a. calculate the settlement amount due from the System Operator taking into account the finding of breach of the *reserve conformance standards* on or before the due date for the issuance of preliminary settlement statements, as set in the Billing and Settlement Manual. For this purpose, the Market Operator is authorized to automatically deduct from the settlement amount the reserve amount to the Ancillary Services Provider pertaining to the intervals where an initial determination of breach was flagged; and b. send the Notice of Probable Breach to the Enforcement and Compliance Office, which shall perform the necessary validation and assessment and shall issue the Compliance Monitoring and Assessment Report, as set out in Section 7.5 and Section 7.6.	Upon **receipt of the monitoring report of the *Enforcement and Compliance Office* and the confirmation or report, if any, of the *System Operator*,** ~~reconciliation or confirmation of the results of the monitoring of the Reserve Conformance Standards~~ following the procedure referred to in Section 7.2, the *Market Operator* shall: a. calculate the settlement amount due from the System Operator taking into account the finding of breach of the *reserve conformance standards* on or before the due date for the issuance of preliminary settlement statements, as set in the Billing and Settlement Manual. For this purpose, the *Market Operator* is authorized to automatically deduct from the settlement amount the reserve amount ~~to the Ancillary Services Provider pertaining~~ **corresponding** to the **number of** intervals ~~where an initial determination of breach was flagged~~ **with findings of breach of the *Reserve Conformance Standards***; ~~and~~ b. ~~send the Notice of Probable Breach to the Enforcement and Compliance Office, which shall perform the necessary validation and assessment and shall issue the Compliance Monitoring and Assessment Report, as set out in Section 7.5 and Section 7.6.~~ **send the preliminary settlement**	Revised to remove “reconciliation” consistent with the proposed revision in Section 7.2.3 and 7.2.6. Typo correction. For clarity For clarity on what will be issued by MO to ASP, *i.e.,* Preliminary Settlement Statement and Notice of Breach. The latter serves as the basis for the filing of Request for

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Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
			statement to the *Ancillary Services Providers* which shall include the *Notice of Breach* in accordance with the timeline provided in the Billing and Settlement Manual.	Reassessment with Notice of Claim. IEMOP: to ensure the provision of the Notice along with the prelim statement. This can be included in the settlement data made available in the CRSS for ASPs to access/download
			c. furnish the *Enforcement and Compliance Office* and the *System Operator* a copy of the consolidated *Notice of Breach* in the event that the *Market Operator* receives a confirmation or report from the System Operator referred to in Section 7.2.3.	For clarity on what will be issued to ECO and NGCP, *i.e.,* only the consolidated or complete list of intervals with findings of breach of RCS. IEMOP to define the appropriate timeline for the provision of this file to ECO and SO
Section 7 – Monitoring of Compliance with Reserve Conformance Standards	7.3.2	The Notice of Probable Breach of the Reserve Conformance Standards shall contain, at a minimum, the specific intervals, resource unit/s, the type of reserve that is found in breach and the amount that is not considered in determining the reserve amount due, and thus, not paid to the	The *Notice of ~~Probable~~ Breach* of the *Reserve Conformance Standard*s shall contain, at a minimum, the specific intervals, resource unit/s, the type of reserve that is found in breach and the amount that is not considered in determining the reserve amount due, and thus, not paid to the	Related to Revision in Section 2.1 (g). Definition of “Notice of Breach” To provide clarity in the definition of the notice, as the results have already been

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Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
7.3 Settlement Amount Due from the System Operator after Monitoring		Ancillary Services Providers as a consequence of the breach.	Ancillary Services Providers as a consequence of the breach.	assessed by ECO and verified by the ASPs. This already serves as the basis of MO for non-payment reflected in the Preliminary Settlement Statement.
Section 7 – Monitoring of Compliance with Reserve Conformance Standards 7.4. Request for Reassessment with Notice of Claim by Ancillary Services Providers	7.4.1	The Ancillary Service Provider may file a Request for Reassessment with Notice of Claim with the Enforcement and Compliance Office not later than ten (10) calendar days from receipt of the Preliminary Settlement Statement from the Market Operator. A copy thereof shall be furnished by the Ancillary Service Provider to the System Operator and the Market Operator.	The *Ancillary Service Provider* may file a *Request for Reassessment with Notice of Claim* with the *Enforcement and Compliance Office* not later than ten (10) calendar days from receipt of the *Preliminary Settlement Statement* ***and Notice of Breach*** from the *Market Operator.* A copy thereof shall be furnished by the *Ancillary Service Provider* to the *System Operator* and the *Market Operator.*	Related to revision in Section 7.3.1. above. The Notice of Breach shall accompany the Preliminary Settlement Statement. Such notice serves as the basis of ASP for the filing of Request for Reassessment with Notice of Claim.

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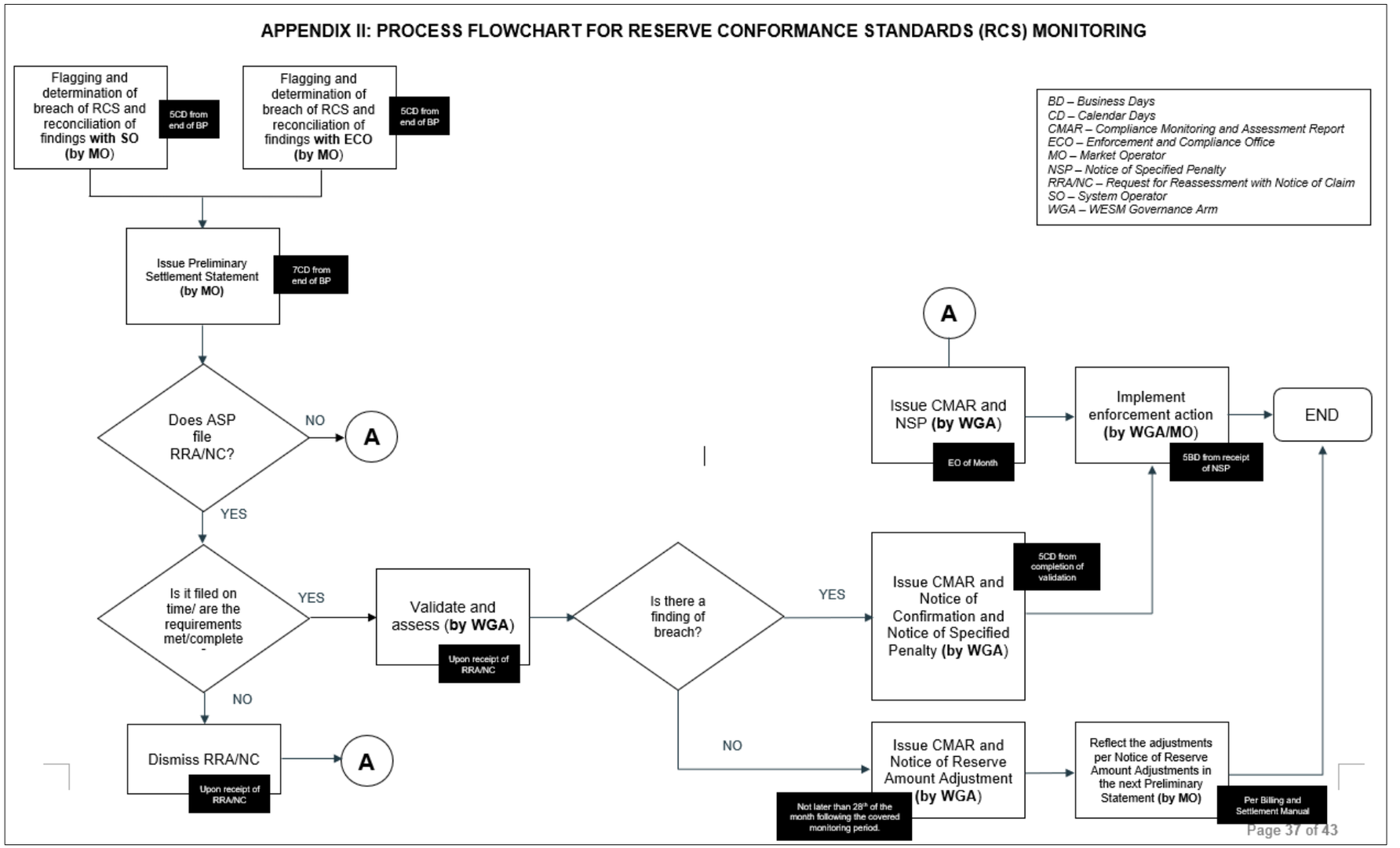
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 7 – Monitoring of Compliance with Reserve Conformance Standards 7.5 Validation and Assessment	7.5.3	7.5.3 The assessment, validation, and verification of the information gathered in relation to the request shall be completed not later than the end of the billing month following the covered monitoring period. For instance, if the request for reassessment pertains to the August Billing Period, the validation and assessment shall be completed on or before 25 September.	7.5.3 The assessment, validation, and verification of the information gathered in relation to the request shall be completed **within fifteen days from receipt of the *Request for Reassessment with Notice of Claim*** ~~not later than the end of the billing month following the covered monitoring period. For instance, if the request for reassessment pertains to the August *Billing Period,* the validation and assessment shall be completed on or before 25 September~~.	Amended provisions as affected by the 30-day window for completing the validation and assessment of the reserve conformance standards (rcs) monitoring.
Section 7 – Monitoring of Compliance with Reserve Conformance Standards **7.6 Compliance Monitoring and Assessment Reports**	7.6.1	If *Notice of Probable Breach* is received by *Enforcement and Compliance Office,* and no *Request for Reassessment with Notice of Claim* is filed by the concerned *Ancillary Services Provider* within the allowable period to file the same under Section 7.4.1, the *Enforcement and Compliance Office* shall issue a *Compliance Monitoring and Assessment Report* based on its monitoring and assessment, and after reconciliation of the findings with the *Market Operator.* The said report and a *Notice of Specified Penalty* shall be issued not later than the end of the month following the covered monitoring period. For instance, if the *Notice of Probable Breach* pertains to the August *Billing Period,* the compliance monitoring and assessment report shall be issued on or before 30 September.	If **the consolidated** *Notice of* ~~*Probable*~~ *Breach* is received by *Enforcement and Compliance Office,* and no *Request for Reassessment with Notice of Claim* is filed by the concerned *Ancillary Services Provider* within the allowable period to file the same under Section 7.4.1, the *Enforcement and Compliance Office* shall issue a *Compliance Monitoring and Assessment Report* based on its monitoring and assessment~~, and after reconciliation of the findings with the *Market Operator.*~~ The said report and a *Notice of Specified Penalty* shall be issued ~~not later than~~ **within sixty (60) *business days* from** the end of the month following the covered monitoring period. For instance, if the *Notice of* ~~*Probable*~~ *Breach* pertains to the August *Billing Period,* the compliance monitoring and assessment report shall be issued on or before 30 **October**.	Related to Revision in Section 2.1 (g). Definition of “Notice of Breach” “consolidated” - to be consistent with Section 7.3.1 (c). To provide clarity in the definition of the notice, as the results have already been assessed by ECO and verified by the ASPs. This already serves as the basis of MO for non-payment reflected in the Preliminary Settlement Statement. Revised to remove “reconciliation” consistent with

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
				the proposed revision in Section 7.2.3 and 7.2.6. Amended provisions as affected by the 30-day window for completing the validation and assessment of the reserve conformance standards (rcs) monitoring.
Section 7 – Monitoring of Compliance with Reserve Conformance Standards **7.6 Compliance Monitoring and Assessment Reports**	7.6.4	If the *Enforcement and Compliance Office* found, after due validation and assessment, that no breach was committed by the Ancillary Service Provider, the Compliance Monitoring and Assessment Report shall indicate such findings and shall be accompanied by the Notice of Reserve Amount Adjustment. The Notice of Reserve Amount Adjustment shall indicate the amount to be adjusted by the Market Operator in favor of the Ancillary Services Provider.	If the *Enforcement and Compliance Office* found, after due validation and assessment, that no breach was committed by the Ancillary Service Provider, the Compliance Monitoring and Assessment Report shall indicate such findings and shall be accompanied by the Notice of Reserve Amount Adjustment. ~~The Notice of Reserve Amount Adjustment shall indicate the amount to be adjusted by the Market Operator in favor of the Ancillary Services Provider.~~	For correction. ECO will only reassess the intervals with findings of beach and come up with the final compliance monitoring results but will not determine the corresponding amount to be adjusted. Such amount adjustment will be computed and determined by the Market Operator (and not by ECO).

ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 11 Appendices Appendix II: Process Flowchart for Reserve Conformance Standards (RCS) Monitoring	Appendix II			To reflect the changes in Appendix II or the process flowchart for RCS, particularly on the following procedures: • Flagging and determination of breach of RCS should be performed by ECO instead of MO. • MO will no longer reconcile the findings of ECO, NGCP, and its own findings. It will just consolidate the report of ECO and the confirmation, feedback, or report, if any, of the SO. • MO will issue a Notice of Breach to ASP in addition to the Preliminary Settlement Statement. • Amended provisions as affected by the 30-day window for completing the validation and assessment of the reserve conformance standards (RCS) monitoring.

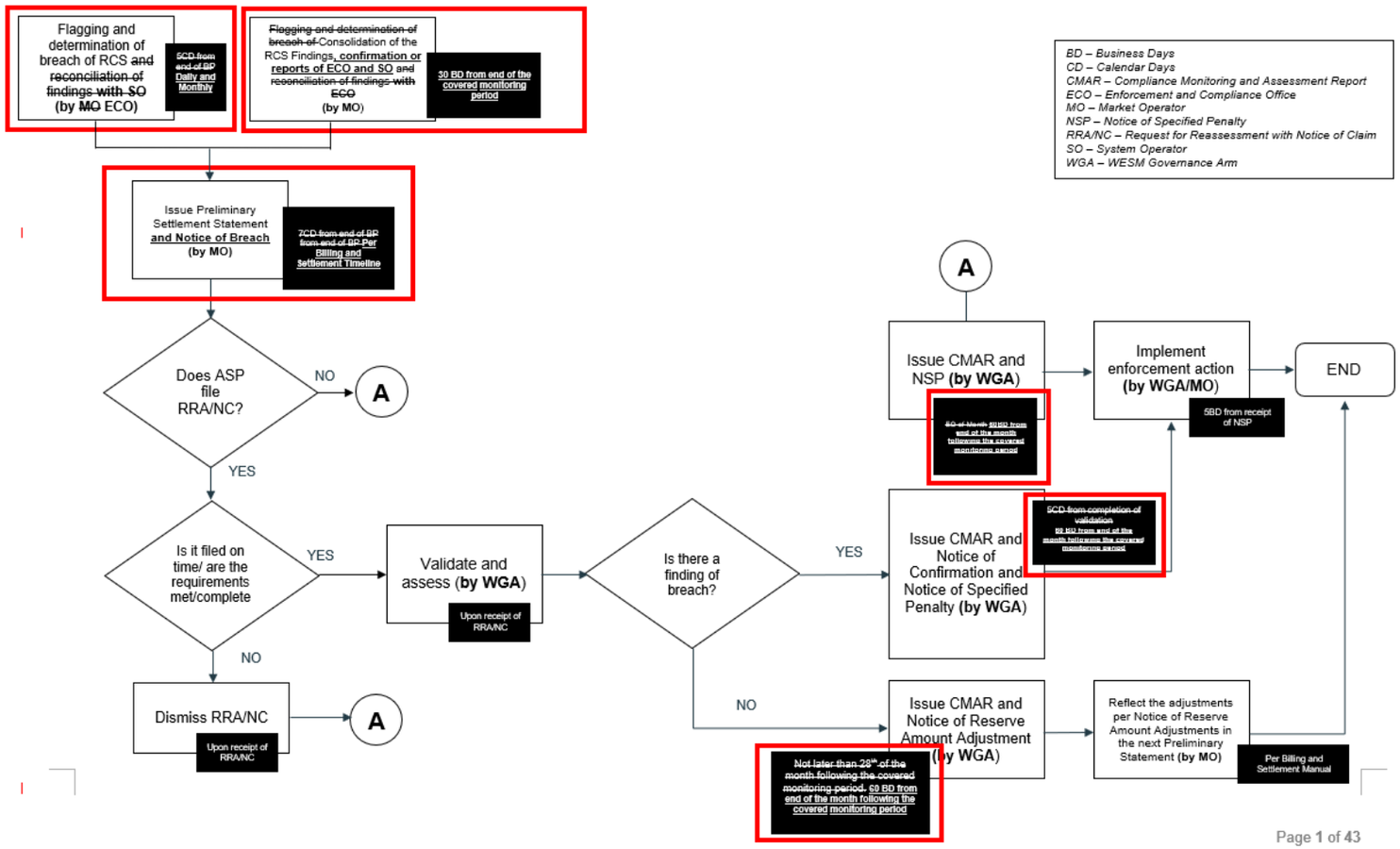
ANCILLARY SERVICES MONITORING MANUAL 1.0				
Title	**Clause**	**Provision**	**Proposed Amendment**	**Rationale**
Section 11 Appendices Appendix IV: Sample Illustration on the Monitoring of Compliance with Reserve Conformance Standards	Appendix IV	[NEW]		Immediate reference for the interpretation or application of the formula

Appendix II (Original Flowchart / Provision)



Appendix II (Proposed Amendment)

APPENDIX II: PROCESS FLOWCHART FOR RESERVE CONFORMANCE STANDARDS (RCS) MONITORING



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PROPOSED URGENT AMENDMENTS TO THE WESM PENALTY MANUAL 3.0				
Title	**Section**	**Provision**	**Proposed Amendment**	**Rationale**
Section 5 – Schedule of Breach and Penalties	No. 1	Breach Failure of generation company to submit valid generation and/or reserve offers, or failure to submit valid generation and/or reserve offers that is equivalent to the maximum stable load (Pmax) or available capacity of their generating units at any dispatch interval; Valid generation or reserve offer refers to the offer that is considered in the real time dispatch optimization run for the relevant dispatch interval. x x x	Breach Failure of generation company to submit valid generation and/or reserve offers, or failure to submit valid generation **~~and/or reserve~~** offers that is equivalent to the maximum stable load (Pmax) or available capacity of their generating units at any dispatch interval; Valid generation **~~or reserve~~** offer refers to the offer that is considered in the real time dispatch optimization run for the relevant dispatch interval. x x x 3rd Column (Market Rule Breached and Associated Market Manual) of Section 5, Item 1 WESM Rules • 3.5.5.1; 3.5.5.2; Appendix A1.1 ~~• 3.5.7.2~~ In relation to 3.5.12.1& the WESM Dispatch Protocol	The penalty section of the ASM Manual already provides for the penalty and penalty level applicable to the breach of the Reserve Offer Capacity Compliance (ROCC). Deletion of “reserve” and the corresponding Rule Reference (Clause 3.5.7.2 of the WESM Rules): to avoid confusion as to the applicability of the penalty provisions from the WESM Penalty Manual, Item 1. Noted distinctions between the two penalty mechanisms for breach based on generation offer (Offered Capacity Compliance) and based on reserve offers (Reserve Offer Capacity Compliance):

PROPOSED URGENT AMENDMENTS TO THE WESM PENALTY MANUAL 3.0				
Title	**Section**	**Provision**	**Proposed Amendment**	**Rationale**

				As to count:
				• OCC: per trading hour
				• ROCC: per dispatch interval
				As to Initial Penalty Level:
				• OCC: With Penalty of Reprimand
				• ROCC: No Reprimand; Financial Penalty as initial level
				As to Penalty Amount per count
				• OCC
				  ○ Penalty Level 1: P10,000 / count
				  ○ Penalty Level 2: P20,000 / count
				Where: count = trading hour
				• ROCC
				  ○ Penalty Level 1: P1,000 / count
				  ○ Penalty Level 2: P2,000 / count
				Where: count = dispatch interval

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