

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

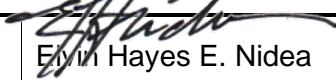
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[In accomplishing and submitting this form, you give your consent for PEMC to collect, record, organize, and update your personal data as herein provided as part of your information for purposes of rules change process.]

I. Proponent's Information

Name	 Evelyn Hayes E. Nidea
Designation	PEMC President and WESM Governance Officer
Company	Philippine Electricity Market Corporation Independent Electricity Market Operator of the Philippines, Inc.
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II. Amendment Information

Proposed Amendments to the (please tick the box):

☐ WESM Rules ☐ Retail Rules

☒ Market Manual: **Dispatch Protocol Manual Issue 21.0**

Topic: Proposed Amendments on the Issuance and Coverage
of Dispatch Instruction regarding minimum stable load

Proposed Classification of Amendments (please tick the box):

☐ General ☐ Minor ☒ Urgent

If Urgent, reason for urgency:

- Provision of guidelines for the dispatch of generating units having dispatch schedules below their minimum stable load considering the cessation of the effectivity of the WESM Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves
- To avoid, reduce the risk of, or mitigate the adverse effects of being dispatched below minimum stable load to the generating units and to the System Operators' ability in maintaining grid stability and reliability from the consequent and permitted actions by generating units with dispatch schedules below their minimum stable load.

III. SUMMARY OF THE PROPOSED RULES CHANGE

These proposed amendments are intended to provide guidelines for trading participants and plant operators in managing the dispatch of their generating units in the event of having dispatch schedules below their minimum stable load or Pmin.

IV. BACKGROUND

A. Central Scheduling and Dispatch of Energy and Contracted Reserves

On 26 March 2013, the DOE issued the DOE Department Circular DC2014-03-0009 entitled *"Declaring a New Commercial Launch Date for the Wholesale Electricity Spot Market (WESM) Reserve Market and Directing a Central Scheduling and Dispatch of Energy and Contracted Reserves"* to monitor all available generation capacity in both energy and reserve, and to prepare the participants for the eventual commercial operation of the WESM Reserve Market. Pursuant to said DOE Circular, the National Grid Corporation of the Philippines (NGCP) and the Philippine Electricity Market Corporation (PEMC) jointly formulated the *"Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves"* (Protocol), which the DOE promulgated under DOE Department Circular DC2014-12-0022 on 02 December 2014.

In view of the DOE DC2015-10-0015, providing policies for further enhancement of the WESM Design and Operations, enhancements were adopted including the (1) Removal of Pmin constraint in MDOM, (2) Ex-ante pricing only for every five (5)-minute trading and dispatch interval, and (3) One (1)-hour settlement interval for settlement purposes based on weighted average of the five (5)-minute ex-ante prices. The DOE declared through DOE DC2021-06-0015, the Commercial Operations of the Enhanced WESM Design and Operations (EWDO) on 26 June 2021.

DOE Department Circular DC2015-11-0018 promulgated the implementation of the Central Scheduling and Dispatch of Energy and Contracted Reserves in Luzon and Visayas to provide additional preparation of the WESM Trading Participants and stakeholders for the impending WESM Reserve market. DOE Department Circular DC2019-12-0018 reinforced the implementation of the Protocol until the commercial operation of the WESM Reserve market.

The Protocol defined the specific arrangements among the Market Operator, System Operator, and Trading Participants during the Central Scheduling of energy and reserves covered by Ancillary Services Procurement Agreement (ASPA) for WESM tradable reserve categories and provided for the mechanism to centrally schedule all energy and reserve capacities covered by Energy Regulatory Commission (ERC)-Approved ASPA in the WESM.

B. Commercial Operation of the Reserve Market

Pursuant to the full implementation and commercial operations of the Reserve Market mandated under DOE DC2023-09-0026, the DOE Advisory 2024-01-001-SEC declared the commencement of Commercial Operation of the Reserve Market at dispatch interval

0005H of 26 January 2024. However, in line with the ERC's Order dated 25 March 2024 on ERC Case No. 2023-002 RC for the PEMC and IEMOP to suspend the implementation of Section 8 (Billing and Settlement) of the Price Determination Methodology to address the significant prices in the Reserve market and protect consumer interest, the DOE reverted to Trial Operations per DOE Advisory 2024-03-001-SEC dated 27 March 2024.

Consistent with the Notice of Resolution dated 26 July 2024 of the ERC that resolved to lift the abovementioned suspension, on 02 August 2024 through DOE Advisory 2024-08-001-SEC, the DOE directed the Market Operator to resume the Commercial Operation of the Reserve Market effective 05 August 2024. In view thereof, the Governance Arm, the Market Operator, and the System Operator were also directed to ensure the alignment of rules, systems, and procedures for the successful commercial operations of the co-optimized energy and reserve market.

In addition, the Supplemental Operating Guidelines for the Commercial Operations of the Reserve Market on the scheduling and dispatch and pricing and settlement of Ancillary Services under DOE Advisory 2024-08-001-SEC supplemented the procedures defined in the existing WESM Rules and Market Manuals for the commercial operations of the Reserve Market. It superseded all the operating guidelines provided under DOE Advisory 2024-01-001-SEC and DOE Advisory 2024-03-001-SEC.

C. Urgency of the Proposal

The WESM Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves (WESM-PCSD) has ceased its effectivity upon the commercial operations of the co-optimized energy and reserve market in accordance with Section 1.3.1 of the Manual, to wit:

*“1.3.1. This Protocol shall apply to the Market Operator, the System Operator and all WESM Members, including intending WESM Members, and WESM Participants in the electric power industry for a limited period and **shall immediately cease upon commencement of the commercial operation of the WESM reserve market** pursuant to the provisions of the DOE Department Circulars Nos. DC2014-03-0009 and DC2019-12-0018.” (Emphasis supplied)*

The cessation of the effectivity of the WESM-PCSD by operation of law, or upon the commercial operation of the Reserve Market as stated in Section 1.3.1 thereof, has rendered the guidelines or the provisions relating to the implementation of the dispatch schedules that are below the technical Pmin of the generators (Section 4.7.8, WESM-PCSD) ineffective.

While Section 2.7 of the Supplemental Operating Guidelines adopted a provision similar to Section 4.7.8 of WESM-PCSD, the said guidelines have not been incorporated yet in any WESM Market Manual and the said section only applies to ancillary services providers.

The amendment is deemed necessary since the rationale for the provision of said Section 4.7.8 still stands as far as dispatch implementation is concerned. It may still serve as the authority on the part of the generator-trading participants to reasonably implement its

operational measures whenever they are issued dispatch schedules that are below their minimum stable load or Pmin. Furthermore, the said provision also serves as a guidance on the part of PEMC-Enforcement and Compliance Department (PEMC-ECO) in monitoring the compliance of the generating units with the Dispatch Conformance Standards (DCS).

The proponent sees the urgent need to amend the Dispatch Protocol, by incorporating the pertinent provisions of Section 4.7.8 of WESM-PCSD in relation to Section 2.7 of the Supplemental Operating Guidelines, to facilitate the implementation of the order of the DOE, as contained in DOE Advisory 2024-08-001-SEC, i.e., for the Governance Arm, the Market Operator and the System Operator to *“perform all actions required to **ensure the alignment** of rules, systems and procedures for the successful commercial operations of the co-optimized energy and reserve market”*.

Further, the proposal aims to ensure the trading participant’s ability to react accordingly when its generating unit/s are dispatched below Pmin or the System Operators’ ability in maintaining grid stability and reliability from such consequent and permitted actions made by generating units.

These are consistent with the provisions of the Rules Change Manual that states:

“Urgent Amendments are those which are needed:

- a) To avoid, reduce the risk of or **mitigate the adverse effects of certain conditions** on the ability of the **power system to function normally**;
x x x
- d) To **facilitate the implementation** of any regulation, circular, **order or issuance of the DOE** or ERC pursuant to the EPIRA.”

V. THE PROPOSED RULES CHANGE

Area/Subject of Amendment	Brief Description
Issuance and Coverage of Dispatch Instructions / WESM Dispatch Protocol Section 11 (Dispatch Implementation)	New sub-section 11.4.4 providing appropriate guidance when generating units are scheduled below the minimum stable load or Pmin

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 and WESM Governance Officer
Andrea J. Mendiola – Legal Department Head
Bienvenido C. Mendoza, Jr. – 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 Dispatch Protocol Manual are being proposed for the efficient and effective compliance and enforcement of its provisions pertaining to dispatch implementation. Thus, it is recommended that the proposed changes be adopted.

VIII. REFERENCES

- A. Dispatch Protocol Issue 21.0

PROPOSED URGENT AMENDMENTS TO THE DISPATCH PROTOCOL MANUAL

DISPATCH PROTOCOL MANUAL ISSUE 21.0				
Title	Section	Provision	Proposed Amendment	Rationale
Section 11 – Dispatch Implementation 11.4 Issuance and Coverage of Dispatch Instruction		<u>(NEW)</u>	<p><u>11.4.4 Generator Dispatch Compliance for Schedules Below Minimum Stable Load or Pmin</u></p> <p>a) <u>For <i>generating unit</i> with <i>real-time dispatch schedule</i> below its <i>minimum stable load</i> or <i>Pmin</i> for the next <i>dispatch interval</i>, the following shall be observed:</u></p> <p style="padding-left: 40px;">(i) <u>If the <i>generating unit</i> is currently running or is being dispatched, it should operate at its <i>Pmin</i> for that next <i>dispatch interval</i>.</u></p> <p style="padding-left: 40px;">(ii) <u>If the <i>generating unit</i> is currently offline, it should remain offline for that next trading interval.</u></p> <p><u>Notwithstanding the foregoing, the <i>generating unit</i> shall follow re-dispatch instructions issued by the <i>System Operator</i> in accordance with Section 11.6 of this Manual.</u></p> <p>b) <u>The <i>Trading Participant</i> shall, upon publication of the relevant RTD schedule in the <i>MPI</i>, communicate to the <i>System</i></u></p>	<p>To provide guidance to TPs whenever they are issued with RTD schedules that are below Pmin.</p> <p>To emphasize that the re-dispatch instructions of the System Operator shall prevail in the event that one is issued for purposes of securing grid reliability / security.</p> <p>To allow the System Operator to address the possible adverse impact of the non-compliance and correspondingly take</p>

DISPATCH PROTOCOL MANUAL ISSUE 21.0				
Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>Operator the action it has taken or will be taken, as may be authorized in the preceding provision, in view of the resulting <i>real-time dispatch schedule</i> for the relevant <i>dispatch interval</i>.</u></p> <p>c) <u>The Trading Participant shall manage its offers appropriately for the following dispatch intervals so that such an incident may not recur.</u></p>	<p><u>necessary actions (e.g., call another generating unit to run in place and stead of unavailable plant).</u></p> <p><u>To impose upon the TP the obligation to also revisit its offer submission and to revise the offers in the next intervals, if necessary, to prevent its recurrence.</u></p>
Section 11 – Dispatch Implementation 11.4 Issuance and Coverage of Dispatch Instruction	11.4.4. Generator Dispatch Compliance Beyond Normal Grid Frequency Threshold	11.4.4. Generator Dispatch Compliance Beyond Normal Grid Frequency Threshold. a. xxx b. Once the grid frequency goes up to 60 Hz after coming off from a state in Section 11.4.4 (a), then the Trading Participants shall resume to dispatch its generating units to meet its dispatch schedule. c. xxx d. Once the grid frequency comes down to 60 Hz after coming off from a state in Section 11.4.4 (c),	11.4.4 xxx 11.4.5 Generator Dispatch Compliance Beyond Normal Grid Frequency Threshold. a. xxx b. Once the grid frequency goes up to 60 Hz after coming off from a state in Section 11.4.4 11.4.5 (a), then the Trading Participants shall resume to dispatch its generating units to meet its dispatch schedule. c. xxx d. Once the grid frequency comes down to 60 Hz after coming off from a state in Section 11.4.4	<u>Renumbering of the succeeding provisions due to insertion of new provision</u>

DISPATCH PROTOCOL MANUAL ISSUE 21.0				
Title	Section	Provision	Proposed Amendment	Rationale
		then the Trading Participants shall resume to dispatch its generating units to meet its dispatch schedule.	11.4.5 (c), then the Trading Participants shall resume to dispatch its generating units to meet its dispatch schedule.	