

**Proposed Amendment to the WESM Manual on  
Billing and Settlement Issue 6.0**  
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## **I. SUMMARY OF THE PROPOSED RULES CHANGE**

This paper contains the proposed amendments to the WESM Manual on Billing and Settlement Issue 6.0 approved last 26 June 2018 wherein certain provisions will become effective on the commencement date for the New Market Management System. The amendments are essential to cover instances of non-submission, non-confirmation and nullification by the Trading Participant all resulting to non-settlement of bilateral contract declaration as provided for under Section 9 of the Manual

## **II. BACKGROUND**

As part of the activities of the Enhanced WESM Design and Operation – Parallel Operations Program (POP), Bilateral Contract Quantities (BCQ) declarations shall be done by the seller Trading Participant (TP) thru the Central Registration and Settlement System (CRSS). These BCQ declarations submitted by the seller TP must also be confirmed by their corresponding buyer TP thru the CRSS following the same timeline of D+1. Depending on the enrollment of the TPs, the buyer TP may choose to require daily confirmation or declarations are deemed approved unless nullified.

During the course of POP, it was observed that confirmation and nullification will only transpire if the seller TP submits its BCQ declaration no later than end of D+1. If no submission is received, there is nothing to neither confirm nor nullify on the side of buyer TP.

It is vital that all relevant scenarios resulting to bilateral contract declarations not being accounted for during settlement should be considered given its financial impact to Trading Participants

## **III. THE PROPOSED RULES CHANGE**

The proposed amendments are as follows:

### **1. Insertion of a new provision – Section 9.1.9**

If there is no bilateral contract declaration submitted by the end of after each trading day, the Market Operator shall promptly inform the selling and buying Trading Participant that the contracted capacity declared under the supply contract shall be used in lieu and shall be accounted for in settlement

### **2. Renumbering of Section 9.1.9 to 9.1.10**

**\*\*No changes on the provision\*\***

The non-submission of BCQ declaration needs to be addressed to (1) uphold the validity of the enrolled supply contract of and (2) prevent unnecessary exposure to both TPs as a result of non-submission. The current Billing and Settlement Manual only assumes the ideal scenario wherein bilateral declarations are submitted by the seller TP. If for whatever reason, there is

no submission made by the end of D+1, both parties are left not meeting their contractual obligations and unnecessary market exposure.

3. Amendment of Section 9.2.5

At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to require confirmation and whose valid bilateral contract declarations was not confirmed, that **the contracted capacity declared under the supply contract shall be used in lieu and shall** be accounted for during settlements.

4. Insertion of new provision - Section 9.2.7

At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to not require confirmation and whose valid bilateral contract declarations was nullified in relation to Section 9.2.2 of this Manual, that the contracted capacity declared under the supply contract shall be used in lieu and shall be accounted for during settlements.

#### **IV. BACKGROUND AND DESCRIPTION OF THE PROPONENT**

Pagbilao Energy Corporation (PEC) is a registered Market Participant- Generator since 27 July 2017.

Edmundo G. Tuazon is a Registered Electrical Engineer and is currently the Trading Manager for Pagbilao Energy Corporation. He has over thirteen (13) years of experience in the field of electricity trading and more than twenty five (25) years of experience in the Power Industry

#### **V. CONCLUSIONS AND RECOMMENDATIONS**

It is vital that the Market Manual considers all relevant scenarios when it comes to bilateral contract declarations as it is a crucial component of how market will do their settlement.

It is respectfully recommended that to the Rules Change Committee to consider and approve the proposed amendments to the Billing and Settlement Manual.

#### **VI. REFERENCES**

Billing and Settlement Manual Issue 6.0