



Philippine Electricity
Market Corporation

WESM COMPLIANCE BULLETIN

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Enforcement and Compliance Office Philippine Electricity Market Corporation

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This Wholesale Electricity Spot Market (WESM) Compliance Bulletin is an occasional publication that is prepared and published by the Enforcement and Compliance Office of the Philippine Electricity Market Corporation. The purpose of the WESM Compliance Bulletin is only to provide information and guidance to the participants of the WESM on their obligations in the WESM as well as on various matters relating to enforcement and compliance. This document is not intended as a source of obligation or as authority on relevant WESM Rules and market manuals, and as such, is not binding on the WESM participants or any other person or entity. While the ECO strives to make this document complete and accurate, the actual contents may be incomplete or inaccurate. WESM participants and other readers are encouraged to refer to the official issuance of the WESM Rules, and its amendments and manuals for details.

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COMPLIANCE MONITORING AND ASSESSMENT GUIDELINES UNDER THE ENHANCED WESM DESIGN AND OPERATIONS

Upon commercial operation of the Enhanced WESM Design and Operations (EWDO) and the start of the implementation of the New Market Management System (NMMS), the PEMC-Enforcement and Compliance Office (ECO) will likewise implement the enhanced compliance monitoring tool or the Compliance Post-Evaluation and Monitoring System (CPEMS) on the official date of the commercial operation of EWDO.

On the presumption that the NMMS will start on 26 June 2021, the CPEMS will be used for transactions beginning such date, i.e., 26 June 2021. Below is a set of the frequently asked questions for the guidance of the WESM Compliance Officers (WCOs) and WESM Enforcement Officers (WEOs) of the generator-trading participants.

FREQUENTLY ASKED QUESTIONS

- Q1: When is the start of the commercial operation of the EWDO and the implementation of the NMMS?**
- A1:** Upon declaration by the Department of Energy (DOE). The target date of the commercial operation of the EWDO is on 26 June 2021 based on earlier pronouncement but this needs to be formalized through the issuance of a department circular.
- Q2: Will the CPEMS also be implemented on 26 June 2021 or on date as may be specified by the DOE as start of the commercial operation of EWDO (“Start Date”)?**
- A2:** As CPEMS displays the compliance flagging the following day, the CPEMS will officially start on **27 June 2021** or on the day after the start date to cover the transactions of the previous day, i.e., 26 June 2021.
- Q3: If CPEMS is implemented on 27 June 2021, will the interim or the current compliance monitoring and assessment (CMA) activities (like submission of Significant Event Report Form (SERF) and Dispatch Deviation Report Form (DDRF) be put on hold?**
- A3:** No. ECO will still proceed using the interim CMA tool **for the May and June 2021 billing periods** as these cover hourly transactions and could not be mixed with the 5-minute data of the NMMS. Thus, WCOs and WEOs will be requested to submit their reasons/explanations and supporting documents in the usual manner like the following:
- Retrieving the Daily Compliance Notice (DCN) via FTP
 - Submission of SERF and DDRF via FTP
 - Submission of Supporting Documents via FTP

Q4: What about the Compliance Monitoring and Assessment Report (CMAR) for May and June 2021? Will the WCOs/ WEOs receive it via the CPEMS?

A4: No. ECO will continue to transmit the individual CMARs **for May and June 2021** billing months to the WCOs and WEOs via FTP on or before the following dates:

- CMARs for May 2021: On or before 15 July 2021
- CMARs for June 2021: On or before 15 August 2021

After 15 August 2021 we are expected to transition fully to CPEMS.

For transactions covering trading intervals **25 June 2021 and earlier**, retrieval of DCNs and CMAR, as well as submission of SERF/DDRF shall be done via the FTP used during the interim CMA.

While for all transactions involving trading dates **26 June 2021 onwards** shall be done using the CPEMS.

Q5: Who are required to register in the CPEMS?

A5: All generator-trading participants are required to register in the CPEMS including those in test and commissioning stage. However, only those plants in commercial operation will be monitored for OCC and DCS. Distribution utilities or entities other than the generators are not required to register in the CPEMS.

Q6: Will the TPs receive a notification when they have flagging in CPEMS just like in the interim CMA?

A6: No. The Trading Participant will need to actively check the CPEMS to see if there are intervals that are flagged as probable breach.

Q7: Can supporting documents be submitted outside of CPEMS?

A7: The CPEMS provides a facility where you are to submit supporting documents. It is advised that supporting documents be submitted through the system.

Q8: What if the WCOs/WEOs could not access the CPEMS? Will their plants or facilities be covered in the compliance monitoring?

A8: If the plant is on commercial operation and has been transacting in the WESM, it will be covered by the monitoring via the CPEMS. The WCOs and the WEOs are advised to ensure access to the CPEMS to afford them the opportunity to provide reasons for the flagged probable breach, if any.

Q9: What will be the consequence/s if some or all the flagged intervals in the CMON in a billing period were not replied correctly or unknowingly not replied at all by the WCO's/WEO's?

A9: Based on the proposed Enforcement and Compliance Manual, the ECO shall proceed with the assessment of compliances based on the available data or information (this includes information from the Market Operator and System Operator). If the WCOs/WEOs provided an incorrect input, he/she is advised to

immediately coordinate with the assigned ECO personnel to take note of the concern that will be considered in the assessment. If necessary, the ECO may still need to call for a conference to clarify/ consult some matters with the concerned WCO/WEO.

Note: Still awaiting the promulgation of such amendments in the WESM Rules and the Revised WESM Penalty Manual.

A10: What if there are discrepancies between the NMMS-CMON data and probable breach as shown in CPEMS?

A10: The CPEMS only derives the data from the NMMS-Compliance Monitoring Module (CMON) including the flagging of the probable breach. Should there be any discrepancy, the WCO/WEO is advised to immediately bring it to the attention of the ECO for immediate resolution.

Q11 If we are found in breach of the Dispatch Conformance Standards (DCS) (or the Non-Compliance with the Real-Time Dispatch Schedule), will we be penalized immediately?

A11: Based on the draft Circular of the DOE (as posted in its website for comments), the compliance with the DCS by the generator-trading participants in Luzon, Visayas, and Mindanao will be relaxed **during the first 3 months of the commercial operation of the EWDO**. The ECO, however, is tasked to already commence monitoring upon the start date. This means that for any breach of the DCS found during the 3-month period, the concerned WESM Member will be exempted from sanctions/penalties.

Q12: What about the Offered Capacity Compliance (or compliance with the must offer rule or nomination of projected outputs/loading levels), will there also be relaxation of compliance?

A12: Based on the proposed recent amendment in the WESM Rules and the WESM Penalty Manual, there will be an exemption “within the first month from the issuance of **a new provision of the WESM Rules or a new Market Manual**, or an amendment thereto, with respect to such new provision, Market Manual or amendment, if non-compliance with the same amounts to a breach.”

Note: Still awaiting the promulgation of such amendments in the WESM Rules and the Revised WESM Penalty Manual.

Q13: Upon the lapse of the 3-month period and the compliance with DCS and OCC is in full effect, if the trading participant is in breach thereof, will it be endorsed for investigation through issuance of the Request for Investigation (RFI) and Preliminary Notice of Investigation (PNI) to the concerned trading participant?

A13: No. The CMAR will already contain the penalty or sanction, if the generator-trading participant is found in breach. This will no longer be endorsed for investigation.

Discussion of the details on this matter will be covered in the awareness trainings that may be scheduled by ECO once the relevant rules/manuals are promulgated.

Q14: Upon the lapse of the 3-month period, will the penalty be imposed immediately after the publication of CMAR?

A14: Based on the proposed revised WESM Penalty Manual and the Enforcement and Compliance Manual, penalty will be imposed upon finding of breach during the CMA. In such a case, the concerned trading participant will also receive the Notice of Specified Penalty.

Note: Still awaiting the promulgation of the revised Penalty Manual.

Q15: During the relaxed period, does the WCO/WEO need to answer the flagged probable breach in the CPEMS and what is the event category to indicate?

A15: Yes. Only the penalty or the sanction is withheld during the period specified by the DOE or by the rules. ECO is tasked to monitor already the compliances upon the start date. The WCO/WEO shall indicate the appropriate event category that is fitting for the real cause or nature of the probable breach and shall also submit the supporting documents.

Q16: Who shall collect the penalty as may be contained in the CMAR?

A16: It will be the IEMOP which shall collect the penalty either through check payment payable to IEMOP or offsetting from trading receivables.

Discussion of the details on this matter will be covered in the awareness trainings that may be scheduled by ECO once the relevant rules/manuals are promulgated.

Q17: When is the CMAR for OCC and DCS published?

A17: It will be published on the 15th day following the month of monitoring. For example, the July 2021 monitoring results will be published on or before 15 August 2021. However, for reasons beyond the control of the ECO, (for example, in case of unavailability of data from the Market Operator or System Operator – upon which the assessment shall be made), the release of CMAR may correspondingly be adjusted to ensure completeness of verification and assessment activities.

Q18: When will the Revised Penalty Manual and Enforcement and Compliance Manual be published?

A18: Upon promulgation of the DOE Department Circular on the related amendments.

Q19: Do we still need to submit affidavit for the submitted supporting documents in CPEMS? What is the deadline for submission?

A19: Yes. Affidavit may be submitted on or before the 15th day of the month following the covered monitoring period. For instance, the Affidavit attesting the authenticity of all the documents submitted for July 2021 billing month shall be submitted on or before the 15th day of August 2021.

Q20: What shall I do if I am unable to connect to the CPEMS?

A20: You are advised to immediately relay your concern to the Compliance Monitoring Division of ECO at eco-cmd@wesm.ph for immediate resolution.

Q21: What if no DOE Circular on the commercial operation of EWDO/NMMS is issued this week, will we assume that we will continue with the current FTP protocol under the current CMA process for the July billing month?

A21: In case no DOE Circular is issued before 26 June 2021, we will have to implement the current CMA process.

Note: For **complete** details of the related policies and processes, the ECO will schedule **awareness trainings** on the Enforcement and Compliance Manual and Revised Penalty Manual once the New/Amended Rules/Manuals are promulgated by the Department of Energy.