



Philippine Electricity
Market Corporation

WESM COMPLIANCE BULLETIN

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| 10.1 | 30-Apr-2021 | Guidelines for the Conferment of WESM Compliance Awards/ Recognition (Revision 1) |

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.

Questions on this WESM Compliance Bulletin may be addressed to Enforcement and Compliance Office, Philippine Electricity Market Corporation, 18th Floor Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City 1600 or by email at eco@wesm.ph

REVISED GUIDELINES FOR THE CONFERMENT OF WESM COMPLIANCE AWARDS/RECOGNITION

A. Introduction

In recognition of the efforts of WESM Participants, specifically generators, to comply with the requirements of the WESM Rules and its Manuals, particularly but not limited to the said WESM Participants' obligations to offer their maximum available capacity, submit their standing nomination of loading levels or standing projected output, depending on their generator classification whether scheduled, non-scheduled, priority dispatch or must dispatch and to comply with their real-time schedule/dispatch instructions, PEMC shall confer awards on a yearly basis subject to a set of criteria as herein laid out in these guidelines.

B. Rationale

The grant of recognition to WESM Participants with the highest complying marks based on the criteria set by PEMC is intended to:

1. Provide incentives for the most compliant participants by acknowledging their efforts in complying with their obligations in the WESM;
2. Recognize the individual and collective efforts of the WESM Compliance Officers (WCOs), WESM Enforcement Officers (WEOs), Traders and Operators and other personnel in complying with the requirements of the WESM and PEMC;
3. Give value to compliance as an important component in attaining the objectives of the WESM; and
4. Foster compliance by promoting a culture of compliance and integrity in the WESM.

C. Guiding Principles

1. Recognition of Distinct Obligations

- a. Cognizant that generators have distinct obligations depending on their classification types, i.e. scheduled/non-scheduled, priority dispatch or must dispatch generators, PEMC shall adopt a separate set of criteria applicable for each of these classification types.
- b. Likewise, noting the different technologies employed by generating units depending on the resource (fuel) used, a separate ranking and recognition shall be made depending on the resource (fuel) type.

- c. The awards to be conferred shall be based on the performance of individual generating units. As such, the compliance rating to be computed shall be for each generating plant or generating unit. Recognition for the highest complying generating units as well as the trading participants in charge of the specific generating units shall also thus be made.
- d. Periodic recognition per season type, namely: (1) Hot Dry; (2) Rainy; and (3) Cool Dry, considering the peculiarities of varying plant and classification types shall be made to acknowledge plant performance. Such assessment shall give the WESM Participants an idea on how far along they have performed through the months. For this purpose, the classification of which months are covered by the above season types will be that as adopted by the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAG-ASA).

2. Commitment to Offer the Maximum Available Capability/Nominate Loading Levels/Projected Outputs and Comply with Real-Time Dispatch Schedules/Instructions for Scheduled, Non-Scheduled and Priority Dispatch Generators

- a. Generator performance for scheduled, non-scheduled and priority dispatch generating units will be assessed on the basis of the combined results of the following: (i) Must-Offer Rule (MOR) or the Rule on Nominations (NOM) rating based on the assessment of a generator’s compliance with the MOR/NOM and the Availability Factor; and (ii) Real-Time Dispatch (RTD) Schedules/Instructions rating, with weights distributed as follows:

| Category | Nomination and Availability Factor | Real- Time Dispatch Schedules/Instructions |
|---|------------------------------------|--|
| Scheduled Generators, Priority Dispatch | 40% | 40% |
| Non-Scheduled Generators | 50% | 30% |

- b. For the assessment of the compliance of scheduled, non-scheduled and priority dispatch generators with the MOR/NOM and Real-Time Dispatch Schedules/ Instructions, generating plants that are deemed compliant at the first point of monitoring (referred to as “Compliant per se”) and those that are unable to comply due to circumstances “beyond the control of the plant” shall be given a greater weight than generating plants whose non-compliances were thereafter “justified” after compliance assessment .

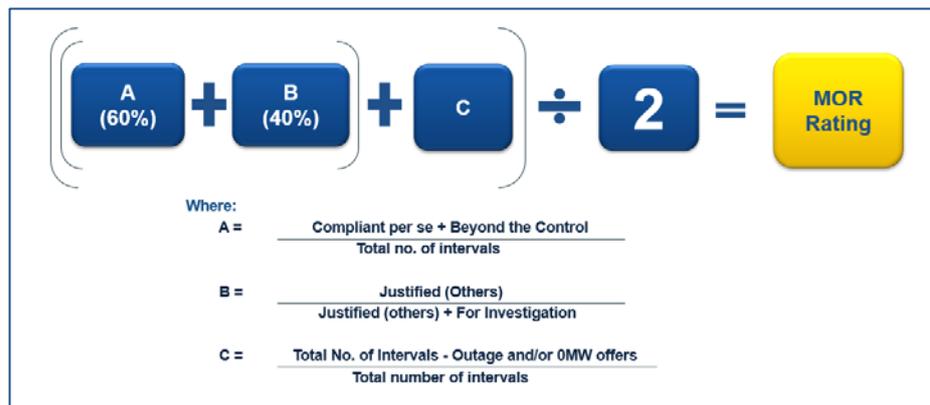
Shown below is the non-exhaustive list of what could be classified as “Compliant *per se*”, “Beyond the Control of the Plant” or “Justified”:

| Rating Part | Compliant <i>per se</i> | Beyond the Control of the Plant | Justified “Others” |
|---|--|--|---|
| Scheduled and Priority Dispatch Generators | | | |
| MOR/NOM | <ul style="list-style-type: none"> • Offer is equal to registered capacity • Nomination is not equal to zero for priority dispatch | <ul style="list-style-type: none"> • Transmission Related Constraints • Force Majeure | <ul style="list-style-type: none"> • Derating -Plant Problem • Derating - Ambient Condition • Cogeneration • Resource Constraints • On Security Limit • Start-up/Shutdown Procedures • Pumped Storage, Battery, etc. |
| RTD | <ul style="list-style-type: none"> • Deviation is within the dispatch tolerance | <ul style="list-style-type: none"> • SO Re-Dispatch Instructions • Market Intervention • Ancillary Services • Non-Updating Data • Transmission Related Constraints • Force Majeure | <ul style="list-style-type: none"> • Load Fluctuation/Stabilization • Plant Problem Maintenance • Outage • Other Causes, etc. |
| Non- Scheduled Generators | | | |
| MOR/NOM | <ul style="list-style-type: none"> • With valid nomination • Nomination is not equal to zero | <ul style="list-style-type: none"> • Transmission Related Constraints • Force Majeure • Other Reasons as directed by the System Operator | <ul style="list-style-type: none"> • Derating – Plant Problem • Derating– Ambient Condition • Cogeneration • Resource Constraints • On Security Limit • Start-up/Shutdown Procedures |
| RTD | <ul style="list-style-type: none"> • If actual dispatch is equal to target schedule. | <ul style="list-style-type: none"> • SO Re-Dispatch Instructions • Market Intervention • Non-Updating Data • Transmission Related Constraints • Force Majeure | <ul style="list-style-type: none"> • Load Fluctuation/Stabilization • Plant Problem/Maintenance • Outage • Other Causes, etc. |

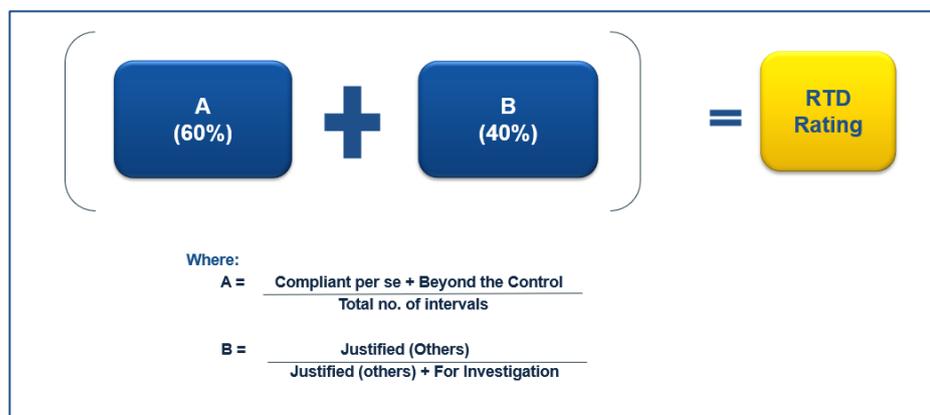
- c. In the computation of the total score for MOR/NOM rating
- (i) For scheduled generators and priority dispatch, the percentage availability of the plant (herein referred to also as availability factor) shall also be considered and the total score derived shall be the average score of the combined weighted score of all three factors.
 - (ii) For non-scheduled generators, intervals with valid nominations and no valid nominations that are justified will get full credit at 100% while those with intervals wherein plant nomination is less than or equal to 0.5MW but actual generation is equal to 0MW will get half credit. Those that are marked “for investigation” and “error or negligence” shall not get any credits.
- d. The following diagrams indicate how ratings will be computed for the following types of plants as follows:

(i) Scheduled and Priority Dispatch Generators

a) MOR/NOM Rating Computation



b) RTD Rating Computation

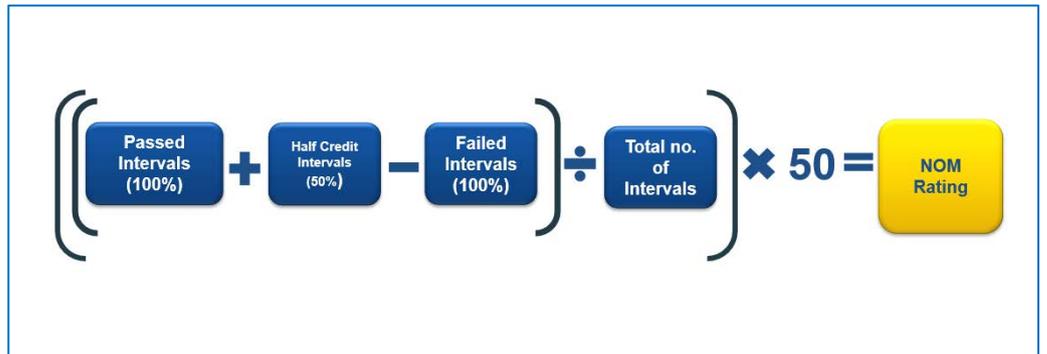


c) Total Compliance Rating Computation



(ii) Non-Scheduled Generators

a) NOM Rating Computation



b) RTD Rating Computation

The RTD rating per interval is calculated based on the following conditions:

(1) If $RTD=Actual$, 100% rating:

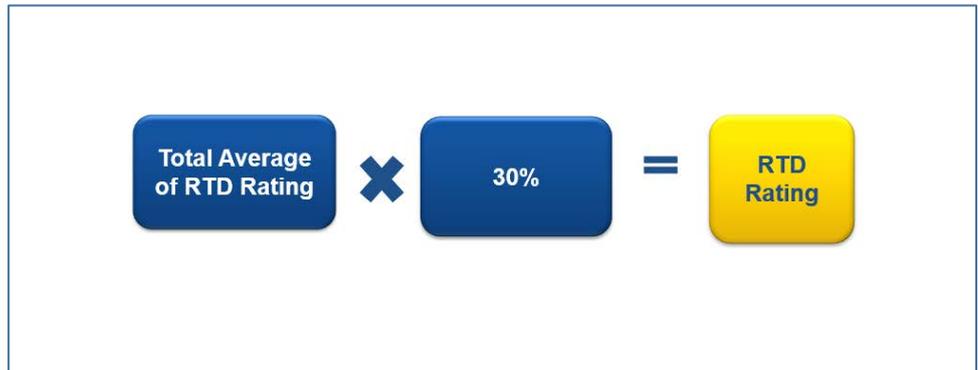
$$RTD\ Rating = 100 - \left(\frac{|RTD - Actual|}{RTD} \right)$$

(2) If $RTD \neq Actual$ & $RTD \neq 0$, rating is:

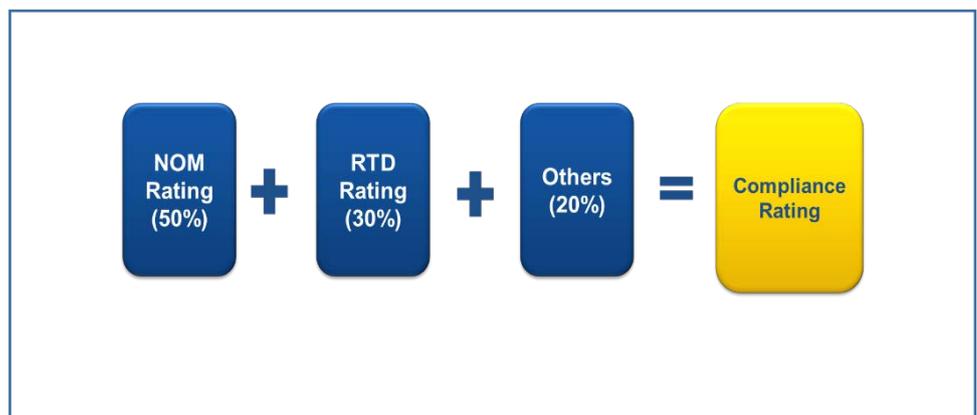
$$RTD\ Rating = 100 - (Actual \times 100)$$

(3) If $RTD \neq Actual$ but $RTD=0$, rating is 0%

The average of the RTD rating for the period is given a 30% weight, as follows:



c) Total Compliance Rating Computation



(iii) Compliance Obligations of Must Dispatch Generating Units/VREs

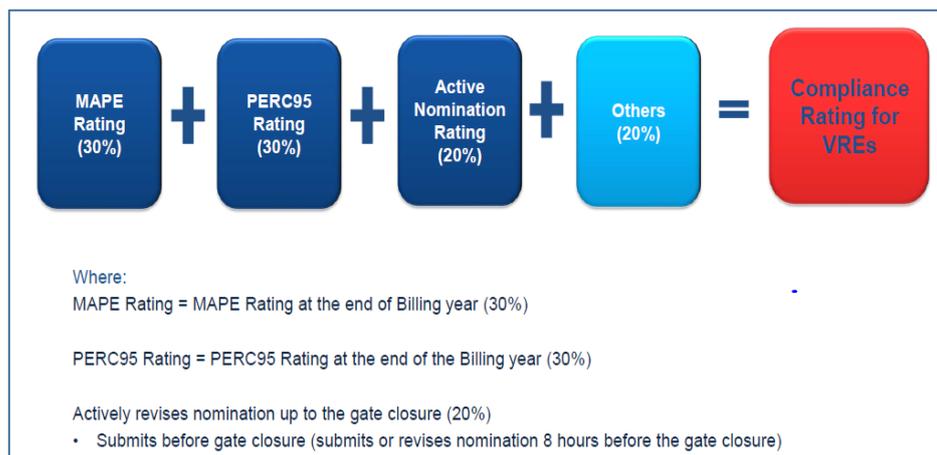
- a) Must Dispatch Generating Units shall be gauged with respect to its mean absolute percentage error (MAPE) and percentile 95% of the forecast error (Perc 95%) based on the following standards:

| Technology | Standards | |
|--------------------|-----------|--------|
| | MAPE | Perc95 |
| Solar | <18% | <30% |
| Wind | | |
| Run of River Hydro | <9% | |

In calculating for the MAPE and PERC95, the following conditions shall be considered: a) Dispatch intervals where both projected quantity and metered quantity are zero shall be excluded from the calculation of the MAPE and PERC 95; and b) Dependable capacity (e.g maximum output for the month shall represent the maximum dependable capacity) shall be used in calculating the forecast percentage error (FPE) instead of registered capacity.

A weight of 30% each shall be given to a VRE’s performance with respect to its MAPE Rating and PERC 95 Rating.

- b) The VREs shall likewise be gauged on the basis of their active nominations up to the gate closure whereby they submit before gate closure (submits or revises 8 hours before the gate closure). This portion shall be given a 20% weight in the scoring system.
- (i) The MAPE and PERC 95 of each must dispatch generating unit shall be calculated over the period starting on the 26th December of a year and ending on the 25th of December of the succeeding year.
 - (ii) Similar to other types of generators, an additional 20% for other forms of compliance shall be included in the total compliance rating of Must Dispatch Generating Units.
 - (iii) The total compliance rating computation for Must Dispatch Generators/VREs shall be as follows:



- ii) From time to time as may be appropriate, the ECO shall also regularly publish the performance of VRES based on their MAPE and Perc 95 rating as may be computed by the Independent Electricity Market Operator (IEMOP).

3. Embodiment of the Culture of Compliance in General

PEMC shall also consider as an additional criterion other forms of compliances by generating units as well as the participants' efforts to attain a high level of compliance in the WESM. Said additional compliance factor shall be given a weight of 20% with the weighted score for this factor added to total computed score of all generating units for the annual awarding of the Top Compliant Generators for the year. Forms of compliances included under this category are the following:

- a. WCO Compliances (5%)
 - Designation of WESM Compliance Officer (WCO)
 - Submission of WCO Annual Report
 - Implementation of an Internal Compliance Program
 - Formulation of an Internal Code of Conduct for Traders and Plant Operators
- b. Participation and Cooperation to Compliance and Enforcement Activities (10%)
 - Timely and complete submission of SERF/DDRF and replies to Preliminary Notice of Investigation
 - Monthly submission of CMA Affidavits
 - Participation and attendance to conferences, training and seminars
- c. Market Readiness Assessment Performance (5%)
 - This refers Market Participants' responsiveness to surveys regularly given out by PEMC to assess the readiness of participants to the shift to the New Market Management System (MMS)

D. Basis for Compliance Ratings

Depending on the classification of the generating units, the basis of the compliance rating shall be as follows:

| Classification | Basic of Compliance Rating |
|--------------------------------|---|
| Scheduled Generating Units | Compliance to the Rules on the Submission of Offers and Real-Time Dispatch Schedule and/or Instructions |
| Non-Scheduled Generating Units | Compliance to the Rules on the Nomination of Loading Levels; and Compliance to Real-Time Dispatch Schedules and/or Instructions |

| Classification | Basic of Compliance Rating |
|---|---|
| Priority Dispatch Generating Units | Compliance to the Rules on the Nomination of Loading Levels; and Compliance to Real-Time Dispatch Schedules and/or Instructions |
| Must Dispatch Generating Units | Compliance to Forecast Accuracy Standards Active Submission of Nomination of Projected Output |
| Common to All Generating Units Regardless of Type | Additional Compliance Factors, i.e., Designation of WCOs, WEOs, Submission of WCO Report, etc. |

E. Awarding and Recognition

1. The awarding rites to recognize exemplary compliance performance of WESM Participants shall be held on annual basis.
2. On the other hand, the recognition of WESM Participants on a periodic and seasonal basis, dependent on the season types shall be done, one billing cycle after the covered period. For the seasonal assessment, the 20% additive on other WESM forms of compliance shall not be included.