

Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC2021-06-0015

**DECLARING THE COMMERCIAL OPERATIONS OF ENHANCED
WHOLESALE ELECTRICITY SPOT MARKET (WESM) DESIGN AND
PROVIDING FURTHER POLICIES**

WHEREAS, Section 30 and 37 of the Electric Power Industry Reform Act of 2001 ("EPIRA") provides that the Department of Energy ("DOE"), jointly with the electric power industry participants, shall establish the WESM and formulate the detailed rules governing the operations thereof;

WHEREAS, the DOE, on 28 June 2002, pursuant to its mandate, in consultation with the electric power industry participants, promulgated Department Circular ("DC") 2002-06-0003 or the WESM Rules;

WHEREAS, the DOE, on 23 October 2015, issued DC 2015-10-0015 providing the policies for the implementation of the Enhanced WESM Design and Operations ("EWDO");

WHEREAS, the DOE, on 04 May 2017, issued DC 2017-05-0009 entitled "Declaring the Launch of the WESM in Mindanao and Providing for Transition Guidelines", effective 26 June 2017, to provide sufficient time for the Market Operator ("MO"), System Operator ("SO") and WESM Participants to prepare and familiarize themselves in WESM operations;

WHEREAS, the Energy Regulatory Commission (ERC), on 29 December 2020, promulgated the Price Determination Methodology for the EWDO;

WHEREAS, in anticipation of the eventual commercial operations of the EWDO, the DOE, on 24 May 2021, posted for comments the draft circular declaring the commercial operations date of the EWDO and subjected the same for a one week period of comments;

WHEREAS, on 27 May 2021, the Philippine Electricity Market Corporation (PEMC) submitted to the DOE a certification on the readiness of the Luzon, Visayas, and Mindanao Grids in compliance to the readiness criteria in the implementation of EWDO pursuant to DC2017-05-009;

WHEREAS, on 11 June 2021, the Independent Electricity Market Operator of the Philippines submitted to the DOE the report on the Limited Live Dispatch Operations ("LLDO") from 29 May 2021 to 04 June 2021; and

WHEREAS, the DOE, upon evaluation of the reports submitted by PEMC on the readiness of the conditions for the commercial operation of EWDO in Luzon, Visayas, and Mindanao, and by the MO on the results of the LLDO, found that needed preparations have been met, however, the DOE deemed it necessary to provide

additional support and measures to ensure efficient transition of the Trading Participants.

NOW, THEREFORE, from the foregoing premises and pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following:

Section 1. Declaration of Commercial Operation Date of the EWDO. The DOE hereby declares the commercial operation of the EWDO effective 26 June 2021 ("Commercial Operation Date") in Luzon, Visayas, and Mindanao. For this purpose, all WESM Members and concerned Electric Power Industry Participants shall comply with the provisions of this DC, the WESM Rules and Market Manuals covering the EWDO; Provided, that the following shall be observed during the initial phase of the commercial operation of EWDO:

- 1.1. For Luzon and Visayas, the compliance to Dispatch Conformance Standards shall be relaxed for the first three (3) months from Commercial Operation Date in accordance with the Section 3 of this DC.
- 1.2. For Mindanao, the WESM Central Scheduling shall continue to be implemented until 25 July 2021 based on WESM Central Scheduling Guidelines as provided for in Annex "A" of this DC. During this period, the resulting WESM prices for Mindanao will not be binding on any party and all energy transactions shall be settled in accordance with applicable power supply agreements.

Thereafter, actual commercial operations shall commence in accordance with the relaxation for the first three (3) months of the following:

- 1.2.1. Posting of Prudential Requirements ("PR"); and
- 1.2.2. Dispatch Conformance Standards.

Section 2. Relaxation of PR. The posting of PR by Mindanao WESM Trading Participants shall be relaxed for three (3) months subject to Section 1 of this DC. For this purpose, the following shall be observed:

- 2.1. The Mindanao WESM Trading Participants shall be allowed to post the required PR within the three (3) month relaxation period.
- 2.2. For each of the spot transactions during the period of relaxation of the posting of PR, the concerned Mindanao WESM Trading Participants shall ensure timely settlement of its monthly bills with the MO. Otherwise, interest shall apply in accordance with the applicable provisions of WESM Rules and Market Manuals.
- 2.3. Prior to the lapse of the three (3) month relaxation period, the Mindanao Trading Participants who may not be able to post the required PR may opt to change its registration status to Indirect WESM Membership and transact in the WESM through its Direct WESM Member counterparty. Otherwise,

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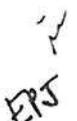











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applicable sanctions and/or penalties shall be imposed in accordance with the applicable provisions of WESM Rules and Market Manuals.

Section 3. Relaxation of Compliance to Dispatch Conformance Standards. The compliance to Dispatch Conformance Standards shall be relaxed for three (3) months subject to Section 1 of this DC. For this purpose:

- 3.1. The WESM Trading Participants in Luzon, Visayas, and Mindanao shall be exempted from sanctions and penalties in case of breach of Dispatch Conformance Standards provided under the WESM Dispatch Protocol during the three (3) month relaxation period as provided under Section 1 hereof. Notwithstanding, the Enforcement and Compliance Office (ECO) shall continue to monitor the observance of Dispatch Conformance Standards by the Trading Participants for the purpose of evaluation of the initial commercial operation of EWDO.

All Trading Participants shall ensure full compliance to all other obligations under the WESM Rules and Market Manuals.

- 3.2. Upon the lapse of the three (3) month relaxation period, the Trading Participants shall ensure full compliance to Dispatch Conformance Standards in accordance with the applicable provisions of WESM Rules and Market Manuals.

Section 4. Assignment of Metering Service Provider ("MSP") for Embedded Generators ("EG"). The host Distribution Utility (DU) of EGs may provide metering services to EGs operating within their franchise area until such time that the ERC promulgates appropriate rules. For this purpose:

- 4.1. The host DU who intends to register as MSP for the EGs within its franchise area shall submit an intention letter to ERC prior to the Commercial Operation Date.
- 4.2. The host DU acting as MSP shall ensure compliance to the applicable provisions of the WESM Rules and Market Manuals to include metering standards and timely submission of metering data among others.
- 4.3. The DU-MSP shall be regularly subject to the conduct of MSP audit undertaken by the PEM Audit Committee.

Section 5. Compliance to WESM Registration. Subject to Section 2 of this DC, all Trading Participants shall ensure completion of their WESM registration prior to Commercial Operation Date. Otherwise, applicable sanctions and/or penalties shall be imposed in accordance with the applicable provisions of WESM Rules and Market Manuals and other relevant issuances of the DOE.

Section 6. Regulatory Support. The ERC shall ensure the provision of support in the regulatory requirements and approvals consistent with the policies set forth under this Circular and in accordance with existing laws and procedures. It shall impose penalties

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for any violation to this Circular.

Section 7. Separability. If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 8. Repealing Clause. All issuances inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

Section 9. Effectivity. This Circular shall be effective immediately upon its publication in the Official Gazette or two (2) newspapers of general circulation. Copies hereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on _____ at the Energy Center, Rizal Drive, Bonifacio Global City, Taguig City.


ALFONSO G. CUSI
Secretary



Republic of the Philippines
DEPARTMENT OF ENERGY
IN REPLYING PLS. CITE:

DOE-AGC-21003679



JUN 25 2021



GUIDELINES ON THE WESM CENTRAL SCHEDULING IN MINDANAO

18 June 2021

1. BACKGROUND

All Mindanao Generator Trading Participants are expected to implement the 5-minute dispatch schedules generated from the New Market Management System (MMS) during the WESM Central Scheduling (or WCS) period. Settlement shall be based on the existing contractual arrangements in Mindanao. There shall be no settlement of transactions in the WESM.

All Generators that are required to register in the WESM, including those that voluntarily registered, shall participate in the WCS. These shall include grid-connected and embedded generators.

2. RESPONSIBILITIES

2.1. Generators

- 2.1.1. Generators shall ensure that they have access to their generation resources in the User Interface of the MMS' Market Participant Interface (MPI). For this purpose, they shall have an updated Digital Certificate and valid user credentials.
- 2.1.2. Alternatively, Generators can transact in the MMS using the MPI's API Web Service (optional).
- 2.1.3. Trading Participants and their counterpart plant operators shall ensure that they have a communication protocol in place for the timely communication and coordination of dispatch targets.
- 2.1.4. Generators shall inform the Market Operator on any issues and/or concerns encountered during the WCS.

2.2. System Operator

- 2.2.1. The System Operator shall ensure that its Energy Management System (EMS) is available for the Market Operator to capture real-time data via the Inter-Control Center Communications Protocol (ICCP).
- 2.2.2. The System Operator shall submit the input constraints in the MMS (e.g. overriding constraints, outages, transmission limits, reserve requirements, etc.).
- 2.2.3. The System Operator shall submit information on all their re-dispatch instructions to the Market Operator.
- 2.2.4. The System Operator shall submit a report to the Market Operator on their observations on the WCS implementation.
- 2.2.5. The Metering Services Providers shall continue to submit metered quantity (MQ) data to the Central Registration and Settlement System (CRSS). It is provided, however, settlements during the WCS shall be in accordance with the current contracted arrangements in Mindanao.

2.3. Market Operator

- 2.3.1. The Market Operator shall regularly update regional demand forecasts for the market projections (WAP, DAP, and HAP) and for the real-time dispatch (RTD) market runs.
- 2.3.2. The Market Operator shall ensure that the MMS is available to provide accurate and timely dispatch schedules to the Generators and the System Operator.
- 2.3.3. The Market Operator shall ensure that the Market Participant Interface (MPI) is always available for access by the Market Participants.
- 2.3.4. The Market Operator shall submit to the DOE an evaluation of the WCS considering all inputs from the Generators and the System Operator.

3. PROCEDURES DURING WCS

3.1. Current Contractual Obligations and Implementation of Interim Mindanao Dispatch Protocol

- 3.1.1. All generators and customers shall still perform their existing processes in accordance with their contracts.
- 3.1.2. All generators and customers are still expected to perform their responsibilities as provided for in the Interim Mindanao Dispatch Protocol.

3.2. Submission of Working Offers

- 3.2.1. Scheduled Generators are expected to submit working offers in the MMS based on their Day-Ahead Generation Schedule (DAGS).
 - 3.2.1.1 The MW quantity block up to the DAGS should be offered at P0.00/MWh.
 - 3.2.1.2 Scheduled generators shall submit their preferred offer price for MW quantity block beyond the DAGS up to their maximum available capacity.

Figure 1. Sample Offer Profile Based on DAGS



- 3.2.2. Generators shall also consider the commitment of the technical Pmin of their generation units when submitting offers in the MMS.
 - 3.2.3. Generators shall revise their working offers in the MMS in consideration of their in-day re-nominations.
 - 3.2.4. During tripping of their generation units, generators shall cancel their working offers in the MMS.
 - 3.2.5. Generators can only declare up to three (3) ramp rate break quantities for their generation unit's ramp rate profile.
- 3.3. Central Scheduling of Contracted Ancillary Services in the WESM
- 3.3.1. Scheduled Generators that obtained a Day-Ahead Ancillary Service Schedule (DAASS) from the System Operator shall update their working offers to include reserve offers.
 - 3.3.2. All reserve offers should contain two offer break quantities: the first MW should be zero, the next MW should be based on the DAASS (except for regulation reserve).
 - 3.3.2.1 Regulation reserve providers shall submit half of their DAASS for regulation up (RU), and another half for regulation down (RD).
 - 3.3.2.2 For contingency and dispatchable reserve providers, their reserve offers should be equal to their DAASS
 - 3.3.3. The two (2) reserve offer break quantities should be offered at P0.00/MWh.
 - 3.3.4. Generators may revise their reserve offers based on re-nominations with the System Operator.
- 3.4. Submission of Working Nominations
- 3.4.1. Must-Dispatch, Priority Dispatch, and Non-Scheduled Generators are expected to submit accurate 5-minute MW nominations in the MMS' MPI.
 - 3.4.2. Must-Dispatch, Priority Dispatch, and Non-Scheduled Generators shall amply revise their working nominations to reflect the best estimate of their generator's output in the immediate horizon.
 - 3.4.3. During tripping of their generation units, the Generators shall cancel their working nominations in the MMS.
- 3.5. Submission of Standing Offers and Nominations
- 3.5.1. Scheduled Generators shall submit Standing Offer Profiles in the MMS.
 - 3.5.2. Must-Dispatch, Priority Dispatch, and Non-Scheduled submit Standing Nomination Profiles in the MMS.

3.6. Start-up and Shutdown Procedures

- 3.6.1. Generators whose generating units are scheduled to start-up or shutdown shall request clearance from the System Operator at least four (4) hours before scheduled start-up.
- 3.6.2. Once cleared by the System Operator, Generators shall manage the start-up and shutdown sequence of their generation facilities through their offers (e.g. reflect accurate ramp rate profiles, manage offer MW/price blocks, etc.).

3.7. Implementation of 5-minute Dispatch Schedules

- 3.7.1. Except for scheduled ancillary service providers, generators are expected to ramp to their target 5-minute dispatch schedules as generated from the MMS while considering their DAGS or in-day re-nominations.
 - 3.7.1.1 If the 5-minute dispatch schedule is greater than their DAGS or in-day re-nomination, then generators are expected to dispatch their generating facility up to their DAGS or in-day re-nomination.
- 3.7.2. The System Operator shall provide dispatch instructions to scheduled ancillary service providers.
- 3.7.3. The System Operator may re-dispatch generators based on the following.
 - 3.7.3.1 Available ancillary services; or
 - 3.7.3.2 Load Adjustment Notice.
- 3.7.4. Generators are expected to follow SO re-dispatch instructions.
 - 3.7.4.1 For compliance reporting purposes, Generators are expected to ask for the reason of SO's re-dispatch instruction: (i.e. ancillary service and Load Adjustment Notice)
 - 3.7.4.2 Generators should log reason provided by the System Operator in the MMS-MPI's Dispatch Conformance Display.
- 3.7.5. In cases where 5-minute RTD schedule is below Pmin:
 - 3.7.5.1 If expected to start-up/shutdown, ramp towards RTD schedule; or
 - 3.7.5.2 If currently online, ramp towards Pmin; or
 - 3.7.5.3 If currently offline, stay offline.
 - 3.7.5.4 Immediately revise offers to ensure generating unit is scheduled at intended MW level (e.g offline or at least at Pmin).
 - 3.7.5.5 The above guidelines may still be overridden by the System Operator for reliability reasons.

3.8. Settlement During WCS

- 3.8.1. Generators, Customers, the System Operator, and the Market Operator shall perform their responsibilities as provided for in the Interim Mindanao Dispatch Protocol.
- 3.8.2. Settlement shall be based on the existing contractual arrangements between Generators and Customers in Mindanao.
- 3.8.3. There is no settlement of WESM transactions.

3.9. Complying to the 5-minute Dispatch Schedules and Instructions

- 3.9.1. Generators are expected to follow the procedures of generation dispatch as provided in section 3.7 of this document.
- 3.9.2. Should Generators be unable to comply with the procedures of generation dispatch in section 3.7 of this document, they shall report the reasons for such non-compliances to PEMC's Enforcement and Compliance Office. They shall provide the same reason for non-compliance to the Market Operator near real-time through the Dispatch Conformance Standards (DCS) module of the Market Participant Interface.