



Philippine Electricity
Market Corporation

WESM COMPLIANCE BULLETIN

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10.2	17-Mar-2022	Guidelines for the Conferment of WESM Compliance Awards/ Recognition (Revision 2)

**Enforcement and Compliance Office
Philippine Electricity Market Corporation**

17 March 2022

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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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 the Offered Capacity Compliance, depending on their generator classification whether scheduled, non-scheduled, priority dispatch or must dispatch and to comply with the Dispatch Conformance Standards and the Forecast Accuracy Standards, PEMC shall confer awards on a yearly basis subject to a set of criteria as herein laid out in these guidelines.

On 25 June 2021, the Department of Energy (DOE) promulgated the Department Circular No. DC2021-06-0015 *"Declaring the Commercial Operation of Enhanced Wholesale Electricity Spot Market (WESM) Design and Providing Further Policies"*. Upon the shifting from one-hour dispatch interval to five-minute dispatch interval and during the initial period of compliance monitoring, several changes were observed and noted by the Enforcement and Compliance Office (ECO) both as to the implementation of the new compliance rules and its impact on the performance of the generator-trading participants in terms of their compliances.

This revised criteria for determining compliance rating, as approved by the Compliance Committee on 16 March 2022, is developed to align it with the current rules and consistent with the new parameters relative to the monitoring of the performance of the generator-trading participants with respect to their compliance with the rule on Offered Capacity Compliance, the Dispatch Conformance Standards, and the Forecast Accuracy Standards.

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 every quarter of the year, 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.

2. Commitment to the Offered Capacity Compliance and Comply with the Dispatch Conformance Standards for Scheduled and Priority Dispatch Generators

- a. Generator performance for scheduled, and non-scheduled, and priority dispatch generating units will be assessed on the basis of the combined results of the following: (i) Offered Capacity Compliance (OCC) rating based on the assessment of a generator's compliance with the OCC and the Availability Factor; and (ii) Dispatch Conformance Standards (DCS) rating, with weights distributed as follows:

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

- b. For the assessment of the compliance of scheduled, non-scheduled and priority dispatch generators with the OCC and DCS, 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 .

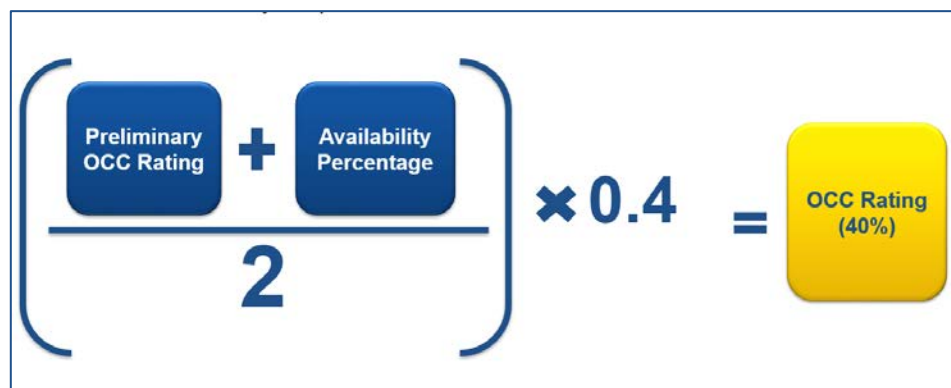
Shown below is the non-exhaustive list of what could be classified as “Compliant *per se*”, “Beyond the Control of the Plant” or “Justified”:

Rating Part	Compliant <i>per se</i>	Beyond the Control of the Plant	Justified “Others”
Scheduled and Priority Dispatch Generators			
OCC	<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 • Market System Constraints 	<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.
DCS	<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			
OCC	<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
DCS	<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.

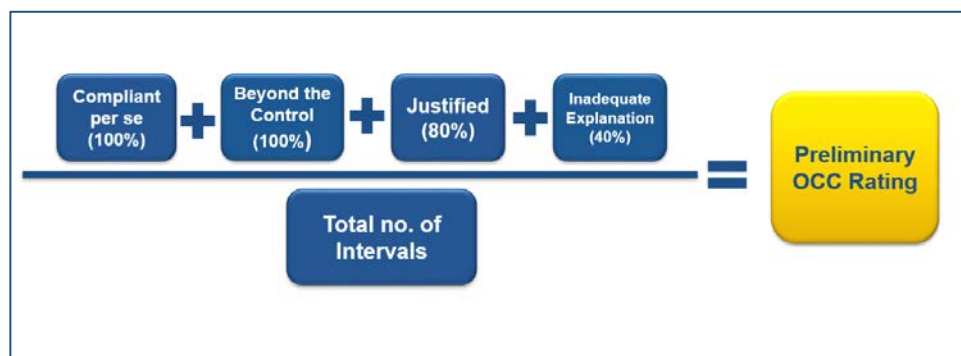
- c. In the computation of the total score for OCC rating or scheduled generators, non-scheduled, and priority dispatch, the percentage availability of the plant (herein referred to also as availability factor) shall also be considered and the total score derived shall be the average score of the combined weighted score of all three factors.
- d. The following diagrams indicate how ratings will be computed for the following types of plants as follows:

(i) Scheduled, Non-Scheduled and Priority Dispatch Generators

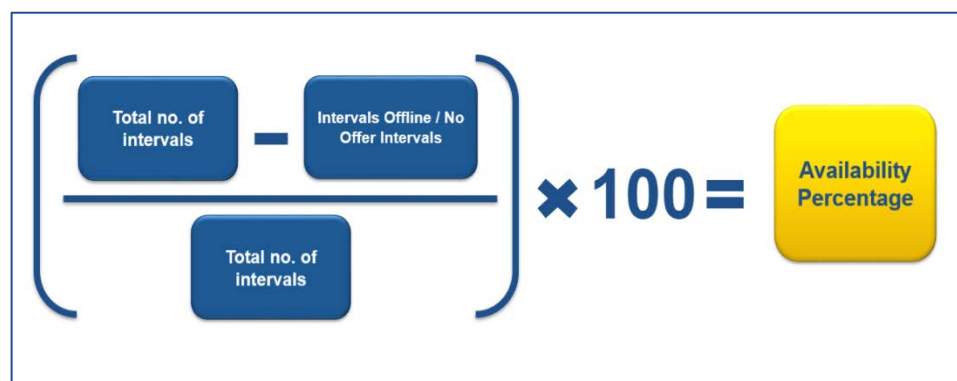
- **OCC Rating Computation**



- **Preliminary OCC Rating Computation**

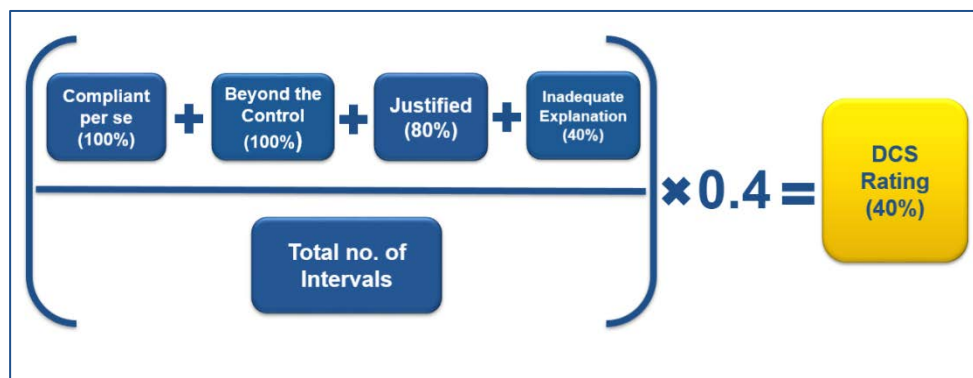


- **Availability Percentage Computation**

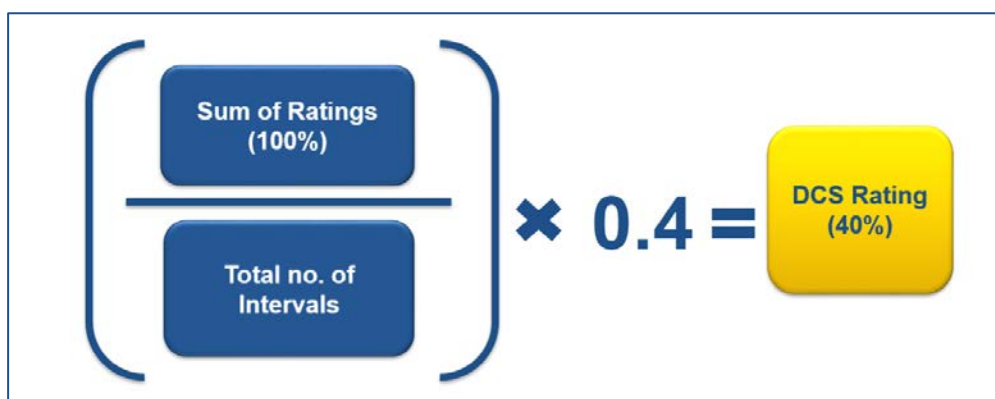


- **DCS Rating Computation**

- **Scheduled and Priority**



- **Non-scheduled**



For non-scheduled generating units, the DCS rating per interval is calculated based on the following conditions:

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

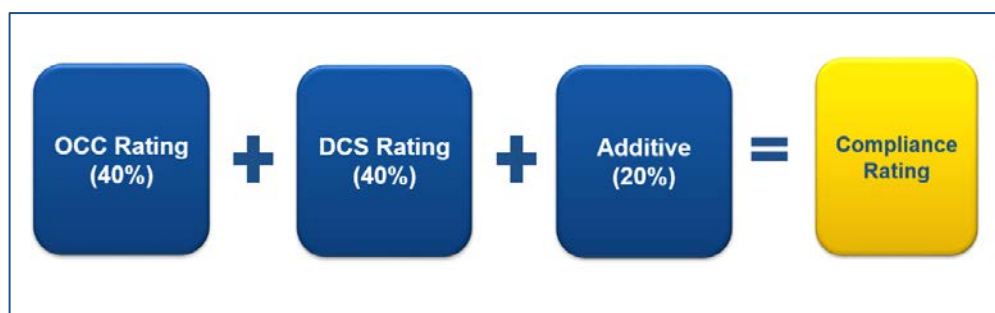
$$RTD \text{ Rating} = 100 - \left(\frac{|RTD - Actual|}{RTD} \right)$$

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

$$DCS \text{ Rating} = 100 - (Actual \times 100)$$

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

- **Total Compliance Rating Computation**



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

- 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 40% each shall be given to a VRE's performance with respect to its MAPE Rating and PERC 95 Rating.

- 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:



- (iv) 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.

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 (10%)
 - 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%)
 - Quality and timeliness of Replies, submission of Certifications/affidavits, and participation/attendance to compliance trainings
 - Submitting ahead of time, Providing a comprehensive explanation and documents; Participations to ECO Activities
 - Complete and timely submission of documents
 - Compliant however needs constant follow ups; Sometimes lacking supporting documents; Improper entries to report forms; etc.
 - Attending ECO Activities

D. Basis for Compliance Ratings

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

Classification	Basis of Compliance Rating
Scheduled, Non-scheduled, and Priority Dispatch Generating Units	Offered Capacity Compliance and Dispatch Conformance Standards
Must Dispatch Generating Units	Offered Capacity Compliance and 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 basis, dependent shall be done, one billing cycle after the covered period. For the periodic assessment, the 20% additive on other WESM forms of compliance shall not be included.