



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

DEPARTMENT CIRCULAR NO. DC2021 - 12 - 0040

**AMENDING CERTAIN PROVISIONS OF ANNEX "A" OF DEPARTMENT
CIRCULAR NO. DC2021-06-0015 ENTITLED "*DECLARING THE COMMERCIAL
OPERATIONS OF ENHANCED WHOLESALE ELECTRICITY SPOT MARKET
(WESM) DESIGN AND PROVIDING FURTHER POLICIES*"**

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

WHEREAS, on 28 June 2002, the DOE, with the endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular No. DC2002-06-003;

WHEREAS, on 04 May 2017, the DOE promulgated the policies for the launching of WESM in Mindanao including the transition guidelines through Department Circular No. DC2017-05-0009;

WHEREAS, on 25 June 2021, the DOE issued the Department Circular No. DC2021-06-0015 declaring the commercial operation of Enhanced WESM Design and Operations (EWDO) effective 26 June 2021;

WHEREAS, Annex "A" of DC2021-06-0015 specified that the WESM Central Scheduling (WCS) shall be used for the initial phase of the commercial operation of the EWDO in Mindanao grid until 25 July 2021;

WHEREAS, on 24 July 2021, the DOE issued an Advisory extending the implementation of WCS in Mindanao grid until further notice on the DOE's declaration of the actual commercial operations date of the WESM in Mindanao;

WHEREAS, on 10 September 2021, the DOE, during the 32nd WESM Mindanao Readiness Assessment, noted the Market Operator (MO) and System Operator's (SO) observations and concerns on the implementation of the WCS in Mindanao grid, advised the MO and SO to conduct a focused group discussion to determine and recommend solutions to the aforementioned concerns on WCS;

WHEREAS, on 17 September 2021, the DOE conducted the focused group discussion with the Market Operator, System Operator and Mindanao Trading Participants to discuss and propose a solution concerning the implementation of WCS in Mindanao grid;

WHEREAS, the MO submitted to the DOE the proposed amendments to the Guidelines on WCS as formulated in consultation with the market participants in Mindanao;

WHEREAS, on the basis of the recommendations submitted by MO, the DOE drafted a circular amending the WCS Guidelines and posted the same in the DOE website on 05 October 2021 to solicit comments from the market participants and other interested parties.

WHEREAS, the DOE, in consultation with the Market Operator and in consideration of the comments received on the same, reviewed and finalized the proposed amendments to the WCS Guidelines for the efficient implementation of the same;

NOW THEREFORE, in consideration of the foregoing and pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby issues and promulgates the following amendments to Annex "A", providing for the Guidelines on WCS under DC2021-06-0015:

Section 1. Amendments to the Guidelines on the WESM Central Scheduling in Mindanao (Annex "A"). The following provisions under Submission of Working Offers are hereby amended to read as:

3. PROCEDURE DURING WCS

3.1. xxx

3.2 Submission of Working Offers

"3.2.1 Scheduled Generators are expected to submit working offers in the Market Management System based on their Expected Day-Ahead Generation Output (DAGO).

3.2.1.1 If the generator's WESM registered capacity is based on its gross Megawatt (MW) output, then the DAGO shall be equal to the generator's Day-Ahead Generation Schedule (DAGS) plus its station use.

3.2.1.2 If the generator's WESM registered capacity is based on its MW output net of its station use, then the DAGO shall be equal to its DAGS.

3.2.1.3 The MW quantity block up to the technical Pmin shall be offered at the offer floor price (– P10,000.00/MWh).

3.2.1.4 The MW quantity block representing the quantity beyond the Pmin up to the DAGO shall be offered at P0.00/MWh.

3.2.1.5 Scheduled generators shall submit their preferred offer price for the MW quantity block beyond the DAGS up to their maximum available capacity.

Figure 1. Sample Offer Profile Based on DAGS

INFO		MW		OFFER PROFILE IN MMS-MPI	
				QUANTITY	PRICE
PMIN		30		0	-10,000.00
DAGO		100		30	-10,000.00
MAX AVAILABILITY		120		100	0.00
				120	4000.00*

*Based on TP input (e.g. production cost)

Section 2. Repealing Clause. All issuances inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

Provisions of the Department Circular No. DC2021-06-0015 not affected by this Circular shall remain in effect.

Section 3. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

Section 4. Effectivity. This Circular shall take effect immediately following its complete publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked. Copies thereof shall be filed with the University of the Philippines Law Center – Office of National Administrative Register (UPLC-ONAR).

Issued on DEC 21 2021 at Energy Center, Bonifacio Global City, Taguig City.


ALFONSO G. CUSI
 Secretary





GUIDELINES ON THE WESM CENTRAL SCHEDULING IN MINDANAO

23 July 2021



1. BACKGROUND

All Mindanao Generator Trading Participants are expected to implement the 5-minute dispatch schedules generated from the 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 Expected Day-Ahead Generation Output (DAGO).
 - 3.2.1.1 If the generator's WESM registered capacity is based on its gross MW output, then the DAGO shall be equal to the generator's Day-Ahead Generation Schedule (DAGS) plus its station use.
 - 3.2.1.2 If the generator's WESM registered capacity is based on its MW output net of its station use, then the DAGO shall be equal to its DAGS.
 - 3.2.1.3 The MW quantity block up to the DAGO should be offered at P0.00/MWh.
 - 3.2.1.4 Scheduled generators shall submit their preferred offer price for the MW quantity block beyond the DAGS up to their maximum available capacity.

Figure 1. Sample Offer Profile Based on DAGS

INFO	MW	OFFER PROFILE IN NMMS-MPI	
DAGS	100	QUANTITY	PRICE
MAX AVAILABILITY	120	0	0.00
		100	0.00
		120	4,000*

➔

ZERO PMIN

DAGO

MAX AVAILABILITY

*Based on TP input (e.g. production cost)

- 3.2.2. Generators shall also consider the commitment of the technical Pmin of their generation units when submitting offers in the MMS (i.e. may revise offers to ensure commitment of schedules at least at technical Pmin).
 - 3.2.3. Generators shall revise their working offers in the MMS in consideration of their in-day re-nominations. Similar to the DAGO, in-day re-nominations shall similarly consider its station use in revising its offers if the generator's WESM registered capacity is based on its gross MW output.
 - 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 DAGO or in-day re-nominations.
 - 3.7.1.1 If the 5-minute dispatch schedule is greater than their DAGO or in-day re-nomination, then generators are expected to dispatch their generating facility up to their DAGO 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.
- 3.9.3. The System Operator shall also report incidents where generators are unable to comply with the procedures of generation dispatch in section 3.7 of this document.