

MEETING MINUTES

Subject/Purpose : 196th Rules Change Committee (Regular) Meeting
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ATTENDEES

	Name	Designation/Position	Department/ Company
1	Concepcion I. Tanglao	Chairperson, Independent	RCC
2	Jesusito G. Morillos	Member, Independent	RCC
3	Fernando Martin Y. Roxas	Member, Independent	RCC
4	Jose Roderick F. Fernando	Member, Independent	RCC
5	Dixie Anthony R. Banzon	Member, Generation Sector	RCC
6	Cherry A. Javier	Member, Generation Sector	RCC
7	Carlito C. Claudio	Member, Generation Sector	RCC
8	Jessie Victorio	Member (Alternate), Generation Sector	RCC
9	Mark D. Habana	Member, Generation Sector	RCC
10	Ryan S. Morales	Member, Distribution Sector	RCC
11	Nelson M. Dela Cruz	Member, Distribution Sector	RCC
12	Virgilio C. Fortich, Jr.	Member, Distribution Sector	RCC
13	Ricardo G. Gumalal	Member, Distribution Sector	RCC
14	Lorreto H. Rivera	Member, Supply Sector	RCC
15	Ambrocio R. Rosales	Member, System Operator	RCC
16	Isidro E. Cacho, Jr.	Member, Market Operator	RCC
17	John Mark S. Catriz	RCC Secretariat	PEMC
18	Karen A. Varquez	RCC Secretariat	PEMC
19	Divine Gayle C. Cruz	RCC Secretariat	PEMC
20	Dianne L. De Guzman	RCC Secretariat	PEMC
21	Kathleen R. Estigoy	RCC Secretariat	PEMC
22	Ira Lee P. Corectico	MSC Secretariat	PEMC
23	Ria Crizette B. Alegre	OCGO	PEMC
24	Melanie Papa	Observer	DOE
25	Jhannelyn D. Marasigan	Observer	DOE
26	Mario R. Pangilinan	TC Chairperson	PEMC
27	Kevin John Y. Dela Cuesta	TC Secretariat	PEMC
28	Aldrin W. Reyes	TC Secretariat	PEMC
29	Ma. Hazel M. Gubaton-Lopez	Proponent	PEMC
30	Lilibeth Grace Vetus	Proponent	IEMOP
31	Edward I. Olmedo	Proponent	IEMOP
32	Sheryll M. Dy	Proponent	IEMOP
33	Katrina A. Garcia-Amuyot	Proponent	IEMOP
34	John Paul S. Grayda	Proponent	IEMOP
35	Ruziel Larmae T. Gimpaya	Proponent	IEMOP
36	Arjon B. Valencia	Proponent	IEMOP



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37	Ermelindo R. Bugaoisan, Jr.	Proponent	NGCP
38	Ken Trinidad	Proponent	NPC
39	Valeriano C. Barro Jr.	Proponent	NPC
40	Jun Abellera	Proponent	NPC
41	Sergio Villafuerte	Proponent	NPC
42	Antonio O. Mercado	Proponent	MEI/PEI
43	Vida Toque	Commenter	SNAP
44	Richard O. Arcenal	Commenter	SPC/SPIC
45	Laudy Lyn O. Calde	Commenter	SPC/SPIC
46	Krizzia Alyanna G. Angeles	Commenter	SPC/SPIC
47	Jacqueline Kate S. Tamayo	Commenter	Global Power
48	Herbert Alexander A. Tipace	Commenter	Global Power

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I. Call to Order	a. The meeting was conducted via Microsoft Teams and was called to order at 9:09 AM. b. The meeting was presided by Ms. Concepcion I. Tanglao (Chairperson/Independent).
II. Determination of Quorum	All principal members and 1 alternate member were present.
III. Adoption of Agenda	The agenda was approved, as presented.
IV. Approval of Minutes of Previous Meeting - 193 rd Regular Meeting, 22 April 2022	The minutes of the meeting was approved, as revised.
V. Matters Arising from Previous Meeting	
5.1 Proposed General Amendments for the Implementation of Green Energy Option Program (GEOP) <ul style="list-style-type: none"> • Deliberation of pending additional revisions to Retail Rules and Retail Manual on GEOP, and items for clarification • Draft RCC Resolution No. 22-07 	<p><u>Presenter:</u> IEMOP (Proponent) as represented by Mr. Isidro E. Cacho, Jr., Atty. Lilibeth Grace Vetus, and Ms. Ruziel Gimpaya.</p> <p><u>Action Requested:</u> For endorsement to the PEM Board and approval to affix e-signature</p> <p><u>Material/s:</u> Annex A – Partial Matrix of GEOP Proposal (Revisited Provisions)</p> <p><u>Proceedings:</u></p> <ul style="list-style-type: none"> • The RCC continued the deliberation starting with the provisions that are for clarification by the proponent. Below are the highlights of the discussion: <p>WESM Rules</p> <ul style="list-style-type: none"> - IEMOP clarified that Clause 2.6.1 refers to the suspension, de-registration and cessation of the membership of Suppliers, Retail Metering Services Providers and Retail Customers that are registered in the WESM, while Clause 2.6.2 refers to cessation of membership of Retail Customers that are registered with the Central Registration Body. <p>WESM Manual on Billing and Settlement</p> <ul style="list-style-type: none"> - On proposed Section 9.1.12, IEMOP confirmed that the Central Registration and Settlement System (CRSS) can

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	<p>send prompt notices to the affected parties who need to resubmit bilateral contract declarations.</p> <ul style="list-style-type: none"> - The validation of compliance to proposed Section 9.1.11 is not yet automatic. The criteria for double-checking the bilateral contract declaration will be a post-analysis activity. In accordance to proposed Section 9.1.10, the Renewable Energy Supplier shall ensure that the gross energy settlement quantity is fully covered by bilateral contract declarations. <p>Retail Manual on Registration Criteria and Procedures</p> <ul style="list-style-type: none"> - In reference to the comment of Ms. Luningning Baltazar on proposed Section 2.7, outstanding obligations and liabilities to any other person notwithstanding cessation of registration is no longer appropriate to be included since it is already outside of the process. IEMOP clarified that the said provision only refers to outstanding obligations of the participant with the CRB. <p>Retail Manual on Green Energy Option Program Procedures (new)</p> <ul style="list-style-type: none"> - The proposed Section 3.7 is in accordance with Section 45 of the ERC GEOP Rules which provides that the ERC has jurisdiction over disputes related to GEOP. - On the alignment of the timelines for the termination of the Distribution Wheeling Services Agreement or Transmission Wheeling Service Agreement, it was agreed by the RCC that MERALCO should bring this to the attention of the ERC. - For consistency, the GEOP Manual will use the 24-hour format. <ul style="list-style-type: none"> • On the supplemental budget for the enhancement of the CRSS to accommodate switching, Ms. Sheryll M. Dy (MO) informed the RCC that it will be incorporated in the Market Fee Application for 2023, which is due for filing in July 2022, subject to PEM Board's approval. <p>Having no further questions, Mr. Ricardo G. Gumalal (Distribution) moved for the approval of the proposal and was duly seconded by Mr. Ryan M. Morales (Distribution) and adopted by the body.</p>

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	<p><u>Agreement:</u></p> <ul style="list-style-type: none"> The RCC approved the proposal for endorsement to the PEM Board, as revised, subject to finalization of the matrix.
<p>5.2. Proposed Amendments to the WESM Rules and WESM Manuals on System Security and Reliability (SSRG Manual) and Dispatch Protocol for the Implementation of the Reserve Market (ORCP-WR-WM-21-13)</p> <ul style="list-style-type: none"> Discussion of issues pending clarification (e.g., interpretation of PGC 6.2.2.1, critical loading, derogation from ERC on grid operation notices) Draft RCC Resolution No. 22-06 	<p><u>Presenter:</u> NGCP (Proponent) as represented by Mr. Ermelindo Bugaoisan, Jr.</p> <p><u>Action Requested:</u> For endorsement to the PEM Board and approval to affix e-signature</p> <p><u>Materials:</u></p> <ul style="list-style-type: none"> Annex B 1 – Presentation of Pending Items Annex B 2 – Technical Committee's Opinion on the Proposed Amendments to SSRG Manual <p><u>Proceedings:</u></p> <p>The RCC discussed the following pending items as follows:</p> <ul style="list-style-type: none"> <i>On the consistency of the definition of terms with PGC 2016</i> <p>The RCC adopted to include a new provision in the SSRG Manual Glossary to state that the definition of terms adopted is consistent with the PGC. It reads as: <i>"Unless otherwise defined or the context implies otherwise, the italicized terms used in this manual which are defined in the WESM Rules or Philippine Grid Code shall bear the same meaning as defined in the WESM Rules or Philippine Grid Code."</i></p> <ul style="list-style-type: none"> <i>On the uniform required deadband</i> <p>The RCC adopted NGCP's proposal that the required deadband under Section 6 (f) shall be uniform for each generator providing ancillary services, as applicable, in accordance with the technical specifications as set forth in relevant DOE and ERC issuances.</p> <ul style="list-style-type: none"> <i>On the definition of dispatchable reserves</i> <p>With the majority vote, the RCC adopted to retain the definition of dispatchable reserve as endorsed by the PEM Board to the DOE under PEM Board Resolution No. 2021-34-09 dated 31</p>

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	<p>March 2021 and 2021-41-04 dated 27 October 2021 (Urgent and General Amendments regarding Enhancements to the Market Operator and System Operator Procedures). Under the said proposal, it is defined as: <i>“Dispatchable Reserve is defined as the Generating capacity that is not scheduled for regular energy supply, regulating reserve, contingency reserve, or interruptible loads not scheduled for contingency reserve, and that are readily available for dispatch in order to replenish the contingency reserve service whenever a generating unit trips or a loss of a single transmission interconnection occurs.”</i></p> <ul style="list-style-type: none"> <p><i>On the application of PGC 2016 GO 6.2.2.1 (e) to Section 5.1 (Normal State) and Section 5.2 (Alert State)</i></p> <p>Considering that the provision is beyond the jurisdiction of the RCC as it involves the application of PGC provisions, Mr. Cacho, Jr. (MO) moved to set aside the discussion of the proposal, which was adopted by the body. Further, with the inconsistency between allowable loading levels of transmissions lines and substation equipment in the Normal State and Alert State, as prescribed in PGC 2016 GO 6.2.2.1 and 6.2.2.2 in relation to Critical Overloading and Imminent Overloading, the RCC retained the original provision of SSRG Manual Section 5.1.</p> <p>In reference to the query of Ms. Cherry Javier (Generation) last meeting, the line capacity that should be reflected in the market network model is 100%.</p> <p><i>On the technical feasibility of the proposed introduction of net operating margin in the implementation of Yellow and Red Alert Notices</i></p> <p>Net operating margin is a concept not yet defined in the PGC. It is defined by NGCP as the available generating capacity in excess of the sum of the system demand plus losses and regulating reserve requirement within a specified period of time based on the 1200H day-ahead projection of the Market Operator. Currently, the NGCP is implementing the concept of net operating margin in declaring Yellow or Red Alert.</p> <p>Mr. Mario Pangilinan (Technical Committee) opined that any discussion associated to operating margin and net operating margin is less important unless the difference between the definition of contingency reserve is reconciled between the PGC</p>



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	<p>2016 and DOE DC 2019-12-0018. The question of technical feasibility is not necessary as it is already currently practiced by the SO. On the other hand, Mr. Claudio is of the position that there is only one document which must be followed in the implementation of issuance of grid alert notices and that is the PGC. Mr. Claudio emphasized that the DOE DC 2019-12-0018 did not suspend the issuance of the grid alert notices but only the use of the nomenclature for reserve categories.</p> <p>Mr. Bugaoisan informed the RCC that the NGCP is preparing its correspondence to the ERC regarding their request for derogation from the requirements of PGC 2016 GO 6.4.1.1 (a) and guidance on the possible use of other conditions as basis for issuance of alerts. Mr. Rosales also suggested Mr. Bugaoisan to likewise write the DOE regarding the use of net operating margin and inform them that such requirement under PG 2016 GO 6.4.1.1 (a) cannot be complied with. Chairperson Tanglao requested that the RCC be furnished by NGCP to RCC, for information/reference.</p> <p>Considering the foregoing, the RCC adopted to set aside all proposed provisions relating to net operating margin and retain the original provisions. Chairperson Tanglao requested the Secretariat to coordinate with NGCP for the finalization of the matrix.</p> <p><u>Agreement:</u></p> <p>The RCC approved the proposal, as revised. Provisions related to net operating margin were not adopted due to its inconsistency with PGC 2016 GO 6.4.1.1 (a).</p> <p>NGCP will send correspondence to the ERC and DOE regarding their non-compliance with PGC 2016 GO 6.4.1.1 (a). Copies of the letter will be furnished by NGCP to RCC, for information/reference.</p>
VI. New Business	
<p>6.1 Proposed Amendments to the WESM Manuals to Include Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation (ORCP-WM-22-01)</p> <ul style="list-style-type: none"> Deliberation of Comments and Proponent's Response 	<p><u>Presenter:</u> Millennium Energy/Panasia Energy, Inc. (Proponent) represented by: Carlito C. Claudio, Antonio O. Mercado and Jessie B. Victorio.</p> <p><u>Action Requested:</u> For deliberation and approval</p> <p><u>Material:</u> Annex C – Proposed Amendments with Comments and Responses</p>

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	<p><u>Proceedings:</u></p> <p>The Secretariat noted that the discussion of the proposal has been twice postponed due to time constraints in the RCC meetings in March and April.</p> <p>Mr. Antonio O. Mercado (MEI/PEI) presented the background of the proposal as follows:</p> <ul style="list-style-type: none"> • The proposal intends to provide additional compensation to qualified Trading Participants whose generating units were scheduled and dispatched in dispatch intervals in which a Pricing Error Notice (PEN) was issued, and a market pricing re-rerun was performed by the Market Operator. • There are dispatch intervals wherein the initial market prices are erroneous due to incorrect, inconsistent, or inappropriate input data. In such cases, the Market Operator issues a pricing error notice (PEN) and executes a market pricing re-run. However, it was observed by MEI/PEI using their January to July 2021 billing and settlement data that their resulting re-calculated market prices are lower than the initial market prices and lower than the offer prices submitted for the quantity scheduled and dispatched for its generating unit. This results in financial losses to the affected Trading Participant since it cannot fully recover its production costs, having no legal or regulatory basis to file for additional compensation. <p>To illustrate such occurrence, MEI/PEI presented its billing and settlement data for January to July 2021 and noted that the huge price difference during such PEN occurrence continues to happen even in 2022.</p> <p>Below are the highlights of the RCC deliberation:</p> <ul style="list-style-type: none"> • Upon inquiry of Mr. Fernando Martin Y. Roxas (Independent) of whether there has been similar instance as described by the proponent and if compensation was given, Mr. John Paul Y. Grayda (IEMOP) confirmed that there have been previous reports by the trading participants that the after the re-run due to PEN, the re-run price becomes lower than the offer price. But the

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	<p>trading participants were not compensated for these incidents and MEI/PEI's proposal is the first proposal regarding this matter.</p> <p>Noting that the proposal will set a precedent in favor of a claimant, Mr. Roxas suggested to document or establish a process for the processing of the claim, to which Chairperson Tanglao gave a guidance for RCC's careful evaluation of the proposal as the provisions will be applicable to all generators, not only to MEI/PEI, if adopted and eventually approved by the DOE and the ERC.</p> <ul style="list-style-type: none"> • Mr. Fortich, Jr. asked for clarification whether the presented data are only applicable for MEI/PEI, to which Ms. Estigoy answered in the affirmative. Further, Mr. Olmedo clarified that the PEN applies to all participants which were subjected to pricing error in a certain region and what MEI/PEI specified where the intervals where their prices were affected. • Mr. Morales requested for an estimate of financial impact of the proposal since it will eventually be passed on to the consumer. Mr. Claudio said that on yearly basis, MEI/PEI incurred a loss of about Php8.3 Million (rough estimate). But they will submit their calculated monthly exposure to the RCC. <p>Pending the submission of MEI/PEI, Chairperson Tanglao inquired if it would be safe to say that the loss is significant which would warrant the consideration of the proposal, to which Mr. Claudio and Mr. Mercado answered in the affirmative and emphasized that their losses is continuing even up to 2022. Chairperson Tanglao then requested IEMOP to validate the data to be submitted by MEI/PEI.</p> <p>For purposes of the Board Review Committee (BRC) and PEM Board Meetings, IEMOP was requested to provide an estimate of the rate impact of the proposal and its recovery, whether in full or in staggered basis. Mr. Cacho clarified that they can only provide the total amount of additional compensation for MEI/PEI and would not include estimates on the financial impact to the consumer since it is already the DU that is passing on electricity costs to the consumer.</p> <ul style="list-style-type: none"> • Mr. Claudio clarified that they are not claiming the difference between the offer price and final price. The proposal aims to recover the remainder of the total cost of the fuel and variable

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	<p>operating and maintenance expenses which the settlement amounts are not able to cover based on the existing formula.</p> <ul style="list-style-type: none"> • As requested by the RCC to validate the first data submission of MEI/PEI, Mr. Grayda noted that most of the PENs that were issued affecting the concerned intervals are related to input error. If the proposal will be considered, budget for software enhancement will be needed and MO may need time to implement the same. He also requested the RCC to consider the impact of ERC's directive to stop the collection of congestion charges, which is equivalent to zero for all Negros-Panay Participants. MEI/PEI is not, however, affected because their generators are in Luzon. • On the comments of Global Business Power (GBP) and MERALCO Generation (MGEN) to compensate a Trading Participant who incurred losses due to SO's instructions to constrain-off, Chairperson Tanglao clarified that as discussed last meeting, it should be submitted as a separate proposal as it is another matter which may involve substantial changes to the WESM Manual on Price Determination Methodology (PDM). The Secretariat also noted that the proposal must also be posted for comments. • On PEMC's comment regarding possible double compensation of generators that are scheduled/dispatched to provide reserves, Mr. Claudio explained that there can be no double recovery since in the formula for additional compensation, the incidental energy is not included as eligible for double compensation. He expounded that in the formula under Section 10.3.2 of the BSM, the bilateral contract quantity (BCQ) and the ancillary service (AS) incidental energy is deducted from the gross energy settlement quantity (GESQ). • On Section 10.3.3 (Formula) of the BSM, MEI/PEI will provide illustration on the application of the formula for purposes of explaining the proposal to the BRC and PEM Board. • On Aboitiz Power Corporation's question whether it should be metered quantity (Gen MQ) less the BCQ since they are only accounting the energy sold to spot, Mr. Olmedo responded in the affirmative and explained the allowed additional compensation quantity is the MQ or the dispatch instruction, whichever is lower.

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	<p>As provided under the BSM, all recoveries are capped up to the MQ or as scheduled. If there were deliveries that are more than the dispatch instruction, full recovery of the MQ is not being allowed. The baseline is MQ or SO's instruction less BCQ and incidental energy as the generator's volume is either contracted or settled as an ancillary with the NGCP.</p> <ul style="list-style-type: none"> On PEMC's suggestion for an additional clause that the trading participant may not claim additional compensation if it will run as reserve, Mr. Richard Arcenal (SPC/SIPC) suggested that it can be modified in such a way as that the trading participant can only be compensated if the TP is not fully scheduled as ancillary. <p>Mr. Victorio also opined that there can be no double payment for the ancillary reserve since the MO can net out the spot and the ancillary. Mr. Olmedo also commented that there is no need for the additional clause since under the BSM, the ancillary energy is already considered as incidental energy. Under this provision, quantities on scheduled generation, the BCQ and AS incidental energy are being netted out, which is also reconciled with NGCP to avoid double compensation. He also added that this provision is also part of ERC's approval on PDM.</p> <ul style="list-style-type: none"> On IEMOP's suggestion to adopt the terms under the PDM ("calculated prices" to "market re-run prices"; "market prices" to "nodal energy dispatch prices"), Mr. Grayda explained that there are other terms for market prices in the market such as LMP, GWAP, LWAP, and their suggestion will clarify the proposal. The RCC adopted the proposal. On the timing for the filing of additional compensation, it was proposed to be after the issuance of the final statement since during this time, the settlement data is already final, correct, and verifiable. <p>Having no further question, Ms. Lorreto H. Rivera (Supply) moved for the approval of the proposal which was duly seconded by Mr. Rosales and was adopted by the body.</p> <p><u>Agreement:</u></p>

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	<p>MEI/PEI to submit data of estimated loss and for IEMOP to validate the same and to provide the estimated additional compensation for MEI/PEI. MEI/PEI to also provide illustration on the application of the formula under Section 10.3.3 of the BSM.</p>
<p>6.2 Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints (ORCP-WM-22-04)</p> <ul style="list-style-type: none"> • Deliberation of Comments and Proponent's Response 	<p><u>Presenter:</u> National Power Corporation (NPC/Proponent) as represented by Mr. Jun Abellera, Mr. Sergio Villafuerte and Ken Trinidad</p> <p><u>Action Requested:</u> For endorsement and approval to the PEM Board</p> <p><u>Materials:</u> Annex D - Proposed Amendments with Comments and Responses</p> <p><u>Proceedings:</u></p> <ul style="list-style-type: none"> • Mr. Ken Trinidad (NPC) stated that the NPC acknowledged the comments of the stakeholders, and that the NPC will instead coordinate the dispatch of their hydropower plants during local calamities and emergency with the plant operators. Further, Mr. Jun Abellera (NPC) said that upon evaluation of comments received, it would be difficult for NPC's hydropower plants to pre-release water dams in case of calamity or emergencies. They will instead revisit their existing protocols with plant operators to better manage their dams' reservoir. <p>Chairperson Tanglao requested clarification whether the proposal is being withdrawn by the proponent, to which the representatives of the NPC answered in the affirmative. Mr. Villafuerte explained that their intention for proposing such rules changes was for the local calamities and emergencies affecting their dams to be included again as criteria for Must-Run Unit (MRU) designation. But since most of the comments received were not supportive of the proposal, NPC would just again coordinate with the SO for their dispatch.</p> <p>Chairperson Tanglao clarified that the RCC has yet to decide on their proposal. As discussed in the previous meeting, the RCC suggested for the NPC to resubmit the proposal as an over-riding non-security constraint since it could not be reinstated as MRU because under the latter classification, the criteria should address systems reliability and security. If classified under over-riding non-security constraints, there will be a basis under the manual for the SO to dispatch hydropower plants during local calamities and emergencies. Mr. Villafuerte responded that they also</p>

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	<p>wanted to have such basis for SO's dispatch of their hydropower plants.</p> <p>Mr. Rosales commented that the NPC wanted to be designated as MRU for the maximum dispatch of their hydropower plants. However, this criterion is only used for security and reliability of the grid. He opined that NPC's situation can be accommodated as non-security overriding constraint. There is, however, a difference between those designations. As a non-security overriding constraint, the trading participant will not be able to file for additional compensation. But if the NPC's objective is to be scheduled at a maximum dispatch (hard limit), their hydropower plants can be considered as non-security overriding constraint even without the additional compensation. It is important to include this in the manual for the SO to have basis in dispatching hydropower plants, since other traders would also offer a lower or negative price for them to be dispatched. Moreover, Mr. Rosales clarified that SO can only accommodate the over-riding constraint during normal operations. During market intervention or suspension or red alert, most if not all the power plants are instructed to be at a minimum dispatch to avoid tripping.</p> <p>Mr. Dixie Anthony R. Banzon (Generation) also commented that if NPC will just manage their reservoir thru coordination with the trading participants and the SO, the same might not be considered. The trading participant's obligation is only to offer but it is not guaranteed that they will be dispatched.</p> <p>Based on the foregoing, the proponent stated that they will pursue their proposal.</p> <p>For the proponent's guidance, Ms. Estigoy clarified that the comments received from stakeholders do not necessarily reflect the RCC's final decision. As part of the RCC's process, the proponent is being requested during the meeting to explain their responses to the comments received for the RCC to have a well-informed decision.</p> <p>The RCC continued with the deliberation of the comments as follows:</p> <ul style="list-style-type: none"> • Ms. Divine Gayle Cruz (PEMC) stated that PEMC supports NPC's objective to have a market-based solution on the issue. But PEMC maintains that the default mechanism for such solution should be thru management of offers and that the utilization of non-security constraint should be minimized.

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	<ul style="list-style-type: none"> • Mr. Rosales noted that the SO properly documents and regularly monitors the utilization of non-security overriding constraint. However, he emphasized that NPC's request would only be accommodated as long market intervention or market suspension is not yet being declared. If the local emergency or calamity is already approaching, contingency protocols can be implemented to minimize the damaging effect of excessive water dams. • On the question on how the immediate need to discharge water from dams during local calamities and prioritizing dispatch of hydro plants possibly affect or be considered in the CVC hierarchy when there is over-generation, Mr. Olmedo explained that over-generation is a case where the demand is lower than the minimum operating limit. As such, there will be a constraint violation which is part of the rules that will relax the violation to produce prices. If there is an over-generation, the MDOM produces prices that are reflective of the lowest offer price adjusted with losses and congestion. Further, he expounded that there is an existing procedure under the Dispatch Protocol Manual for excess generation. The implication of the proposal would be for other power plants to be shut down for the hydropower plants to be dispatched. • On PEMC's proposal to qualify the limits of the criteria to dam operations during calamities, Mr. Roxas opined that the proponent's proposal is reasonable and captures what is being explained by NPC. It provides factors for evaluating a specific situation warranting the status being requested. The RCC adopted the proponent's definition, which reads as: <i>"Local Calamities refers to short-term incidents (i.e. flooding, etc.) that would allow hydro-electric plants to run under Non-Security Overriding Constraints to avert or minimize damage to infrastructures and to ensure safety of people living in affected localities."</i> • On the definition of emergency, Mr. Villafuerte expounded that there are emergencies which requires immediate action to lower water level and the same can sometimes be unforeseeable. The emergency is sometimes dependent on the strength of the typhoons which could cause damage to the downstream spillway gates. If the spillway gates become inoperable, this is the time that turbines must be turned on to immediately release water. Otherwise, it could lead to dam collapse. With this, Chairperson Tanglao suggested to define emergency, to which Mr. Rosales commented that it would be difficult to define it as it is on a case-to-case basis and a judgment call on the part of the power plant, which can be later justified.

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Philippine Electricity
Market Corporation

Agenda	Agreements / Action Taken / Action Required
	<p>Ms. Varquez suggested to adopt a specific definition for the emergency in relation to the definition of “emergency” under WESM Rules Clauses 6.3.1.1 and 6.3.1.2. Mr. Rosales, however, noted that the definition of the emergency under the WESM Rules is the basis of the SO and MO to declare market intervention. The RCC adopted to include flooding, earthquake and damage to dam infrastructure as among the emergency contemplated in the proposal. Chairperson Tanglao requested the Secretariat to finalize the definition.</p> <ul style="list-style-type: none"> • On PEMC’s comment that the proposal calls for dispatching hydro plants under the non-security overriding constraint category, the RCC adopted that the hydropower plants should be compensated under such category (i.e., price-taker only and not eligible for claiming additional compensation). • On PEMC’s proposal for the generating units to submit to the System Operator the MW profile that details the MW target for each dispatch interval during its requested spilling operations period, the RCC adopted the same. <p>Having no further question, Mr. Roxas moved for the approval of the proposal, which was duly seconded by Mr. Gumalal and was adopted by the body.</p> <p><u>Agreement:</u></p> <p>The Secretariat will finalize the matrix of proposal and submit the resolution next meeting.</p>
<p>6.3. Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Penalty Framework for Test and Commissioning</p>	<p><u>Presenter:</u> PEMC (Proponent) as represented by Atty. Ma. Hazel Gubaton-Lopez</p> <p><u>Action Requested:</u> For approval to post for comments</p> <p><u>Material:</u> Annex E – Summary of Proposal</p> <p><u>Proceedings:</u></p> <p>Ms. Ma. Hazel Gubaton-Lopez (PEMC) gave an overview of the proposal by explaining the guiding principles employed in establishing the penalty framework as follows:</p>

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	<ol style="list-style-type: none"> 1. The acts or omissions constituting the breach of the WESM Rules or Market Manuals for which penalties can be imposed must be specified. 2. The penalties, financial and non-financial, that can be imposed for each type of breach should be commensurate to the nature and gravity of the breach. 3. The procedures for and respective obligations of responsible persons or entities in implementing penalties must be specified. <p>She also explained that there are four (4) areas of rule amendments to have a complete penalty framework. These are:</p> <ol style="list-style-type: none"> 1. Subject of Enforcement 2. Trigger of Enforcement 3. Enforcement Proceedings 4. Enforcement Action <p>Of these four (4) areas, only three (3) will be covered – subject of enforcement, trigger of enforcement and enforcement action. Enforcement and proceedings will not be covered since it is already covered by the Enforcement and Compliance Manual which provides for the generic application for all types of breach of the WESM Rules.</p> <ul style="list-style-type: none"> • <i>On the subject of enforcement</i> <ul style="list-style-type: none"> - There are two subjects of enforcement: (1) non-registration for commercial operation and (2) generation despite expired Testing and Commissioning (T&C) status. - On the first subject, it presupposes that test and commissioning activities have already been concluded and the appropriate certification from the ERC has already been obtained by the concerned generation company. However, the WESM member failed or refused to be registered in the WESM under a commercial operation status. The generation companies awaiting commercial registration with the Market Operator is not included as subject. - On the second subject, the generator with expired test and commissioning status still generates or injects to the grid in violation of the rules set in DOE DC 2021-06-0013.

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	<ul style="list-style-type: none"> • <i>On the trigger of enforcement</i> <ul style="list-style-type: none"> - The Market Operator is proposed to have an obligation to report probable breach since the registration function is lodged with them and they are also the source of market data/information. - It also proposed for the Enforcement and Compliance Office (ECO) to have a <i>motu proprio</i> investigation of breach on the basis of market data it receives related to market dispatch implementation. Based on this data, the ECO can determine the plants that generates despite the expiration of their T&C since it is possible that they are still generating as they are not yet physically disconnected. • <i>On the enforcement action</i> <ul style="list-style-type: none"> - The proposal will adopt the determination of penalty levels in relation to frequency of occurrence of breach covered by the subject of enforcement. <p><u>Market Rules/Manuals Affected</u></p> <ul style="list-style-type: none"> - There is no need to amend the WESM Rules since generation companies with plants on T&C status is already a WESM Member; thus, within the coverage of WESM Rules Clause 7.2.2.5. (Enforcement Proceedings and Enforcement Actions) - Registration, Suspension and De-Registration Criteria and Procedures Manual <ul style="list-style-type: none"> o Section 2.5.7.3 (g) and (h) [Guidelines for Test and Commissioning Registration] – The obligation of the registration company to register is already in place and not to generate when the T&C expires. The tenor of the provision, however, speaks only of consequence rather than a clear strict enforcement, wherein violation would constitute a breach of the rules. o Section 2.5.7.3 (h) – The obligation for the Market Operator to report probable breach and for the ECO to be authorized to conduct motu proprio investigation

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	<p>based on the available market data, without waiting for the report of the Market Operator.</p> <ul style="list-style-type: none"> - WESM Penalty Manual – To have a clear basis for imposing the penalty, the following provisions will be amended: <ul style="list-style-type: none"> o Section 5 (Schedule of Breach and Penalties) o Section 4.5.2 (Table 1 – Frequency of Occurrence Matrix) <p><u>Other Relevant Matters:</u></p> <ul style="list-style-type: none"> • The Registration Manual will undergo review and deliberation of the RCC per WESM Rules Clause 8.3.1, while the Penalty Manual will be reviewed by the MSC in consultation with the RCC, Compliance Committee and the PEM Board based on WESM Rules Clause 7.2.5.5. • Ms. Gubaton-Lopez also requested for the simultaneous review of the RCC and the MSC of the Penalty Manual, and to consider in the review thereof the development of the changes/considerations made on the Registration Manual. The RCC made no contention on the request. • In relation to the 10 unregistered loads, the Secretariat requested for update on ECO's coordination with IEMOP based on the directive of the DOE to study its probable breach. Ms. Gubaton-Lopez said that the registration is still ongoing per their latest discussion and as to the likelihood of occurrence, IEMOP assessed that it will be unlikely that there will be entities that will be withdrawing or injecting from the grid without registration as they are strictly enforcing the registration requirements. As to DOE's directive to investigate the unregistered loads, Ms. Gubaton-Lopez explained that the ECO cannot investigate them since they are not WESM Members. What can be enforced are the provisions for registration, which is already ongoing. <p>Having no further questions, Mr. Roxas moved to approve the posting of the proposal to call for comments, which was duly seconded by Mr. Gumalal and was adopted by the body.</p>

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Agenda	Agreements / Action Taken / Action Required
	<p><u>Agreement:</u></p> <p>The RCC approved the posting of the proposal in PEMC website for solicitation of comments.</p>
VII. Other Matters	
7.1 DOE Updates	Schedule of virtual public consultation, if any, will be requested from DOE representatives.
7.2 Recently Promulgated Amendments to Market Documents	<p><u>Presenter:</u> Ms. Kathleen R. Estigoy (Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p>The RCC noted the following recently promulgated amendments to market documents:</p> <ul style="list-style-type: none"> a) DOE DC 2022-03-0009: Provisions for De-registration and Cessation of Registration b) DOE DC 2022-03-0010: Clarify Bilateral Contracts Accounted for in Settlements c) DOE DC 2022-03-0011: Exceptions for Confidentiality Undertakings for DOE and ERC d) DOE DC 2022-03-0012: Provisions for Audit and Performance Monitoring
V. Schedule of Next Meetings	<p><u>Presenter:</u> Ms. Kathleen R. Estigoy (Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p>The RCC noted the following schedules:</p> <ul style="list-style-type: none"> • RCC Meetings <ul style="list-style-type: none"> ○ 17 Jun 2022 ○ 15 Jul 2022 ○ 19 Aug 2022 • BRC Meeting <ul style="list-style-type: none"> ○ 16 May 2022 • PEM Board Meeting <ul style="list-style-type: none"> ○ 25 May 2022 • RCC presenter for the Board Meeting will be designated offline.



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IX. Adjournment	Having no further agenda, Mr. Cacho moved to adjourn the meeting which was duly seconded by Ms. Javier and was adopted by the body. The meeting was adjourned at 4:54 PM.

Prepared by:

KATHLEEN R. ESTIGOY
Specialist, Rules Review Division
Market Assessment Group

Reviewed by:

KAREN A. VARQUEZ
Manager, Rules Review Division
Market Assessment Group

Noted by:

JOHN MARK S. CATRIZ
Head, Market Assessment Group

Approved by:

CONCEPCION I. TANGLAO
Chairman, Independent

JESUSITO G. MORALLOS
Member, Independent

FERNANDO MARTIN Y. ROXAS
Member, Independent

JOSE RODERICK F. FERNANDO
Member, Independent

DIXIE ANTHONY R. BANZON
Member, Generation Sector
Masinloc Power Partners Co. Ltd. (MPPCL)

CHERRY A. JAVIER
Member, Generation Sector
Aboitiz Power Corp. (APC)

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CARLITO C. CLAUDIO
Member, Generation Sector
Millennium Energy, Inc. / Panasia Energy, Inc.
(MEI/PEI)

A handwritten signature in black ink, appearing to be 'MDH'.

MARK D. HABANA
Member, Generation Sector
Vivant Corporation – Philippines (Vivant)

A handwritten signature in blue ink, appearing to be 'R. Morales'.

RYAN S. MORALES
Member, Distribution Sector
Manila Electric Company (MERALCO)

A handwritten signature in black ink, appearing to be 'V. Fortich, Jr.'.

VIRGILIO C. FORTICH, JR.
Member, Distribution Sector
Cebu III Electric Cooperative, Inc. (CEBECO III)

A handwritten signature in black ink, appearing to be 'R. Gumalal'.

RICARDO G. GUMALAL
Member, Distribution Sector
Iligan Light and Power, Inc. (ILPI)

A handwritten signature in black ink, appearing to be 'N. Dela Cruz'.

NELSON M. DELA CRUZ
Member, Distribution Sector
Nueva Ecija II Area 1 Electric Cooperative, Inc.
(NEECO II – Area I)

A handwritten signature in black ink, appearing to be 'L. Rivera'.

LORRETO H. RIVERA
Member, Supply Sector
TeaM (Philippines) Energy Corporation (TPEC)

A handwritten signature in blue ink, appearing to be 'I. Cachó, Jr.'.

ISIDRO E. CACHO, JR.
Member, Market Operator
Independent Electricity Market Operator of the
Philippines (IEMOP)

A handwritten signature in black ink, appearing to be 'A. Rosales'.

AMBROCIO R. ROSALES
Member, System Operator
National Grid Corporation of the Philippines
(NGCP)

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

A. WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures, Issue 10

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
Level of Participation/Direct & Indirect WESM Membership	(new)	(new)	<u>2.3.9 An entity that is mandated to register in the WESM as an Indirect WESM Member if it opts to participate as a GEOP End-User.</u>	Added to include the indirect WESM Members opts participating as a GEOP End-User. Approved: <u>An entity that is mandated to register in the WESM as an Indirect WESM Member may opt to participate as a GEOP End-User.</u>

B. WESM Manual on Billing and Settlement, Issue 8.0

WESM Manual on Billing and Settlement				
Title	Section	Provision	Proposed Amendment	Rationale
DECLARATIONS FOR ENERGY TRANSACTIONS	(new)	(new)	<u>9.1.12 In case of non-compliance with Clauses 9.1.10 and 9.1.11, the Market Operator shall promptly inform the affected parties to re-submit bilateral contract declarations.</u>	See discussion in the minutes of meeting

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

C. Retail Rules

Retail Rules				
Title	Section	Provision	Proposed Amendment	Rationale
GOVERNANCE OF THE MARKET	1.5.1	1.5.1 The provisions of Chapter 1 of the <i>WESM Rules</i> shall govern the operations of the <i>Central Registration Body</i> and the participation and transactions of <i>Suppliers</i> and <i>Contestable Customers</i> .	1.5.1 The provisions of Chapter 1 of the <i>WESM Rules</i> shall govern the operations of the <i>Central Registration Body</i> and the participation and transactions of Suppliers and Contestable <u>Retail</u> Customers.	<ul style="list-style-type: none">Generalized to <i>Retail</i> Customers to include GEOP End-UsersGovernance on the WESM and RCOA shall also apply to GEOP.
SUSPENSION, DE-REGISTRATION AND CESSATION OF MEMBERSHIP	2.6	The suspension, de-registration and cessation of the membership of <i>Suppliers</i> and <i>Contestable Customers</i> in the <i>WESM</i> shall be governed by the <i>WESM Rules</i> and <i>relevant Market Manuals</i> .	2.6 <u>2.6.1</u> The suspension, de-registration and cessation of the membership of <i>Suppliers</i> , <u>Retail Metering Services Providers</u> and <i>Retail Contestable Customers</i> <u>that are registered</u> in the <i>WESM</i> shall be governed by the <i>WESM Rules</i> and <i>relevant Market Manuals</i> . <u>2.6.2 The cessation of the membership of <i>Retail Customers</i> that are registered with the <i>Central Registration Body</i> only shall be governed by a relevant <i>Market Manual</i>.</u>	Generalized to <i>Retail Customers</i> to include GEOP End-Users <i>See discussion in the minutes of meeting</i>
FAILURE OF A SUPPLIER	3.4.2	3.4.2 When the Central Registration Body determines the occurrence of a last resort event, it shall notify the affected Contestable Customers, the Supplier of Last Resort, and the defaulting Supplier if practicable, of the occurrence and the effective date of the transfer of the Contestable Customers to the Supplier of Last Resort.	3.4.2 When the Central Registration Body determines <u>receives notice of</u> the occurrence of a last resort event , the shall notify the affected <i>Contestable</i> <u>Retail</u> Customers, the Supplier of Last Resort, and the defaulting Supplier if practicable, of the occurrence and the effective date of the transfer of the <i>Contestable</i> <u>Retail</u> Customers to the Supplier of Last Resort.	<ul style="list-style-type: none">Changed to <i>Retail Customers</i> in order to provide a general term for Contestable Customers and GEOP End-Users which are not contestable Customers.

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Retail Rules				
Title	Section	Provision	Proposed Amendment	Rationale
				IEMOP: This is in accordance with Section 22 of the GEOP Rules

D. Retail Manual on Registration Criteria and Procedures, Issue 3

Retail Manual on Registration Criteria and Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
SUSPENSION, DISCONNECTION AND DEREGISTRATION	Section III	SUSPENSION, DISCONNECTION AND DE-REGISTRATION	SUSPENSION, DISCONNECTION <u>DEREGISTRATION AND CESSATION</u>	IEMOP: Revised title is correct.
	Section III	The suspension, de-registration and cessation of the membership of the <i>Suppliers</i> and <i>Contestable Customers</i> in the <i>WESM</i> shall be governed by the <i>WESM Rules</i> , <i>Retail Rules</i> and relevant <i>Market Manuals</i> .	<u>1. FOR PARTICIPANTS REGISTERED IN THE WESM</u> The suspension, de-registration and cessation of the membership of the <i>Suppliers</i> , <u>Retail Metering Services Providers</u> and <i>Contestable Customers</i> in the <i>WESM</i> shall be governed by the <i>WESM Rules</i> , <i>Retail Rules</i> and relevant <i>Market Manuals</i> , <u>provided that the Contestable Customer and/or its relevant Supplier is not required to provide notice of cessation of WESM membership of a Contestable Customer to the System Operator.</u> <u>Upon suspension, deregistration, or cessation of membership from the WESM, the Supplier, Retail Metering Services Provider or Contestable Customer</u>	IEMOP: Revised title is correct. Notes: GEOP End-Users may only revert to the captive market once every 12 months per ERC GEOP Rules. [For Section 2.7: see discussion in the minutes of meeting]

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

Retail Manual on Registration Criteria and Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>shall also be deemed suspended, de-registered or ceased with the Central Registration Body.</u></p> <p><u>2. FOR PARTICIPANTS REGISTERED WITH THE CENTRAL REGISTRATION BODY ONLY</u> <u>The cessation of registration of <i>Contestable Customers</i> that are not registered in the <i>WESM</i> but registered with the <i>Central Registration Body</i> shall be governed by the following:</u></p> <p><u>2.1 The incumbent <i>Supplier</i> or <i>Supplier of Last Resort</i> shall initiate the termination of registration of a <i>Contestable Customer</i> when it receives notice from the relevant <i>Network Service Provider</i> that the <i>Contestable Customer</i> has met any of the following conditions:</u></p> <p><u>i. Termination from its network; or</u> <u>ii. Reversion to being a <i>Captive End-User</i>.</u></p> <p><u>2.2 The incumbent <i>Supplier</i> or <i>Supplier of Last Resort</i> shall provide a notice to the <i>Central Registration Body</i> in writing which shall, among other things, specify the date on which the <i>Contestable Customer</i> shall cease to be registered, which date shall not be less than thirty (30) business days after the date on which the <i>Supplier</i> sends the notice.</u></p> <p><u>2.3. If the reason for cessation of registration is the termination of the <i>Contestable Customer</i>, the notice</u></p>	

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

Retail Manual on Registration Criteria and Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>to be submitted by the incumbent <i>Supplier</i> or <i>Supplier of Last Resort</i> to the <i>Central Registration Body</i> shall be accompanied by the proof of termination of <i>Contestable Customer</i>, as well as a notice of cessation to the <i>Network Service Provider</i> and copy of its proof of receipt of the notice.</u></p> <p><u>2.4. If the reason for cessation of registration is the reversion of the <i>Contestable Customer</i> to being a <i>Captive End-User</i>, the notice to be submitted by the incumbent <i>Supplier</i> or <i>Supplier of Last Resort</i> to the <i>Central Registration Body</i> shall be accompanied by the approval by the Energy Regulatory Commission that the <i>Contestable Customer</i> has met the conditions for reversion and confirmation from the incumbent <i>Supplier</i> or <i>Supplier of Last Resort</i> that the <i>Contestable Customer</i> has fulfilled all contractual obligations.</u></p> <p><u>2.5 The cessation shall be effective on the date stated in the notice submitted by the incumbent <i>Supplier</i> or <i>Supplier of Last Resort</i> or on such other date as may be notified by the <i>Central Registration Body</i> which shall not be less than thirty (30) business days from the date the notice was sent by the incumbent <i>Supplier</i> or <i>Supplier of Last Resort</i>, subject to completeness of requirements.</u></p> <p><u>2.6 Upon submission of the notice of cessation by the incumbent <i>Supplier</i> or <i>Supplier of Last Resort</i></u></p>	

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

Retail Manual on Registration Criteria and Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>and on the effective date, the <i>Contestable Customer</i> shall cease to be registered as a <i>Contestable Customer</i> with the <i>Central Registration Body</i> and shall cease all activities relevant to a <i>Contestable Customer</i>.</u></p> <p><u>2.7 Notwithstanding cessation of registration, all outstanding obligations and liabilities to the <i>Central Registration Body</i>, or to any other person, including financial liabilities and obligations which may arise under the <i>Retail Rules</i>, of the <i>Contestable Customer</i> shall remain valid and subsisting until fully settled.</u></p> <p><u>2.8 A <i>Contestable Customer</i> may be registered again with the <i>Central Registration Body</i> upon approval of switch request submitted by a new <i>Supplier</i>, subject to eligibility requirements.</u></p>	

E. Retail Manual on Market Transactions Procedures, Issue 3

Retail Manual on Market Transactions Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
CUSTOMER RELOCATION – OVERVIEW	Section III.2.1	A <i>Contestable Customer</i> that wishes to relocate to a new service address within the same franchise area and wishes to continue to be served by its present <i>Supplier</i> shall send a prior	A <i>Contestable Customer</i> that wishes to relocate to a new service address within <u>or outside</u> the same franchise area and wishes to continue to be served by its present <i>Supplier</i> shall send a prior request for relocation of	To harmonize with Retail Rules 3.2.3.1 Approved: A <i>Contestable Customer</i> that wishes to relocate to a new service address within <u>or outside</u> the

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

Retail Manual on Market Transactions Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
		request for relocation of service to the <i>Supplier</i> and the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i>	service to the <i>Supplier</i> and the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i>	same franchise area and wishes to continue to be served by its present <i>Supplier</i> shall send a prior request for relocation of service to the <i>Supplier</i> and the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i>

F. Retail Manual on Green Energy Option Program Procedures (new)

Retail Manual on Green Energy Option Program Procedures (NEW)				
Title	Section	Provision	Proposed Amendment	Rationale
OVERVIEW	(new)	(new)	<p><u>1.1 OVERVIEW</u></p> <p><u>1.1.1 The commercial transfer of the electricity supply of a GEOP End-User shall be facilitated by the incoming entity supplier through the submission of a switch request.</u></p> <p><u>1.1.2 In the case of a last resort event, the Central Registration Body shall facilitate the transfer of the GEOP End-User to the Supplier of Last Resort.</u></p>	<p>To align with policies for switching and other transactions of GEOP participants pursuant to ERC Resolution No. 8, Series of 2021, DOE DC2018-07-0019 and DOE DC2020-04-0009</p> <p>Approved: incoming “supplier” to cover RES, RE Supplier and SOLR</p>

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Retail Manual on Green Energy Option Program Procedures (NEW)				
Title	Section	Provision	Proposed Amendment	Rationale
			<u>1.1.3</u> <u>Upon receipt of a switch request, the <i>Central Registration Body</i> shall immediately evaluate the completeness of the requirements under Clause 3.3.3. The <i>Central Registration Body</i> shall notify the <i>Renewable Energy Supplier</i> and the <i>GEOP End User</i>, of any deficiencies, if any, within two (2) working days from its receipt of the switch request.</u>	APC deferred to IEMOP’s revision.
PROHIBITED GEOP END-USER TRANSFER	(new)	(new)	<u>1.2 PROHIBITED GEOP END-USER TRANSFER</u> SECTION 1 SECTION 2 <i>A Renewable Energy Supplier</i> shall not be permitted to transfer a <i>GEOP End-User</i> to another <i>Renewable Energy Supplier</i> without the authorization of the affected <i>GEOP End-User</i> and without complying with the switching requirements and procedures set out in Section 3.3. <u>The <i>GEOP End-User</i> shall file a complaint with the Energy Regulatory Commission, in the event a prohibited <i>GEOP End-User</i> transfer has occurred.</u>	To align with Section 19 of ERC Resolution No. 08, Series of 2021 IEMOP: This is in accordance with Section 45 of GEOP Rules

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

Retail Manual on Green Energy Option Program Procedures (NEW)				
Title	Section	Provision	Proposed Amendment	Rationale
			<u>1.2.1</u> The <i>Renewable Energy Supplier</i> shall then submit a Notice of Pre-termination of GEOP Supply Contract to the <i>Central Registration Body</i> within one (1) <i>working day</i> from the effectivity of the pre-termination.	For 1.3.2: IEMOP suggested that MERALCO should raise its comment with the ERC. MERALCO's Comment: The effective date of termination of DWSA should coincide with what is provided in Section 22 of the DWSA.
			<u>1.2.2</u> The <i>Central Registration Body</i> shall forward the notice to the <i>Network Service Provider</i> within one (1) <i>working day</i> from receipt of the <i>GEOP Supply Contract Termination Notice</i> . The <i>Network Service Provider</i> and the <i>Renewable Energy Supplier</i> or <i>GEOP End-User</i> shall act on the termination of the <i>Distribution Wheeling Services Agreement</i> or <i>Transmission Service Agreement</i> for that <i>GEOP End-User</i> within three (3) <i>working days</i> .	
REPORTING	(new)	(new)	<u>3.10 REPORTING</u> <u>3.10.1</u> The Central Registration Body shall submit to the Energy Regulatory Commission every 15th day after the end of each month a report which shows the registration records and database as listed in Section 2.3.	To align with Section 47 of ERC Resolution No. 08, Series of 2021 <i>Approved insertion of "and" in Section 3.10.2</i>

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

Retail Manual on Green Energy Option Program Procedures (NEW)				
Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>3.10.2 The <i>Central Registration Body</i> shall submit Quarterly Reports to the Energy Regulatory Commission, every 15th day of the month following the quarter in review, which shall include the following information:</u></p> <p><u>a) List of GEOP End-Users’ name served by each Renewable Energy Supplier;</u></p> <p><u>b) Meter number;</u></p> <p><u>c) Monthly registered demand (in kW);</u></p> <p><u>d) Monthly metered quantity (in kWh);</u></p> <p><u>e) Number of GEOP End-Users that switched, sorted by the Distribution Utility franchise area; and</u></p> <p><u>f) Percent (%) increase in switching per Distribution Utility franchise area;</u></p> <p><u>3.10.3 The <i>Central Registration Body</i> shall provide any other information that the Energy Regulatory Commission deems necessary or useful in carrying out its duties and obligations.</u></p> <p><u>3.10.4 The Energy Regulatory Commission shall accord certain information disclosed and identified by the respective entities such level of strict confidentiality by subjecting the same to appropriate protective measures, as may be applicable.</u></p>	

ANNEX A - Partial Matrix of GEOP Proposal (Revisited Provisions)

Retail Manual on Green Energy Option Program Procedures (NEW)				
Title	Section	Provision	Proposed Amendment	Rationale
DISPUTES	(new)	(new)	<p><u>3.11 DISPUTES</u></p> <p><u>SECTION 3</u></p> <p><u>3.11.1 In case of emergencies affecting the operation of the Central Registration and Settlement System, the <i>Central Registration Body</i> shall provide notice to the <i>Energy Regulatory Commission, Network Service Providers, Metering Service Providers and Renewable Energy Suppliers</i> by email and/or publication in the market information website of such fact within one (1) hour from its occurrence. During such event, transactions shall be done through electronic mail, fax or other means of communication capable of time stamping.</u></p> <p><u>SECTION 4</u></p> <p><u>3.11.2 In case of discrepancies in data, data from the <i>Network Service Provider</i> and <i>Retail Metering Services Provider</i> shall be used while the dispute is being investigated by Energy Regulatory Commission.</u></p> <p><u>SECTION 5</u></p> <p><u>3.11.3 Requests, notices, responses, and data sent or received by the <i>Central Registration Body</i> beyond 5:00 PM shall be deemed to have been sent or received on the first working hour of the next working day.</u></p>	<p>To align with Article XII of ERC Resolution No. 08, Series of 2021</p> <p>IEMOP: It will be published in the market information website managed by IEMOP.</p> <p>Approved to changes to 24-hour time-formatting for consistency with other manuals.</p>

ANNEX B1 - Presentation of Pending Items



Philippine Electricity
Market Corporation

PENDING ITEMS FOR DISCUSSION FOR SSRG PROPOSAL

20 May 2022 | via Microsoft Teams

Reference	Pending Item for Discussion	RCC's Way Forward
RCC's insertion of the phrase "consistent with PGC 2016"	Secretariat's Recommendation:	Approved
SSRG Manual Section 6 (f)	Uniform required <u>deadband</u>	Approved
SSRG Manual Glossary	Definition of dispatchable reserve	Adopt the 1 st column definition
SSRG Manual Section 5.1	Application of PGC 2016 GO 6.2.2.1 (e) to Section 5.1 (Normal State) and Section 5.2 (Alert State) Inconsistency between allowable loading levels of transmission lines and substation equipment in the Normal State and Alert State	Retain original provision
SSRG Manual Sections 5.2 and 5.5	Technical feasibility of the proposed introduction of net operating margin in the implementation of Yellow and Red Alert Notices	NGCP will seek guidance from ERC and DOE (PGC <u>cant</u> be complied)

CONSISTENCY WITH WESM RULES/PGC

Proposed provision in Section 2 (Definition of Terms)

"Unless otherwise defined or the context implies otherwise, the italicized terms used in this manual which are defined in the *WESM Rules* or *Philippine Grid Code* shall bear the same meaning as defined in the *WESM Rules* or *Philippine Grid Code*."

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ANNEX B1 - Presentation of Pending Items

UNIFORM DEADBAND

Original Provision	NGCP's Proposal	SNAP	RCC's Decision
(f) Propose a uniform required deadband applicable to all generators; and	(f) Propose a uniform required deadband applicable to all generators providing ancillary services; and	Propose a uniform required deadband applicable to all generating units providing Regulating and/or Contingency Reserves in free governor mode as primary response.	(f) Propose a uniform required deadband to all for each generators providing ancillary services, as applicable, in accordance with the technical specifications as set forth in relevant DOE and ERC issuances.

PGC 2016 GCR 4.4.2.4.2

The speed-governing systems of the Generating Unit shall not have any kind of intentional delay. The System Operator shall propose a uniform required deadband applicable to all Generating Units providing Primary Reserve as an Ancillary Service.

DISPATCHABLE RESERVE

Original Provision / MO-SO Proposal per DC2019-12-0018	NGCP's Proposal	DC2021-03-0009 / SPC's Proposal	RCC's Decision
Dispatchable Reserve. Generating capacity that is not scheduled for regular energy supply, regulating reserve, contingency reserve, or interruptible loads not scheduled for contingency reserve, and that are readily available for dispatch in order to replenish the contingency reserve service whenever a generating unit trips or a loss of a single transmission interconnection occurs	Dispatchable Reserve. Generating capacity that is not scheduled for regular energy supply, regulating reserve, contingency reserve, or interruptible loads not scheduled for contingency reserve, and that are readily available for dispatch in order to replenish the contingency reserve service whenever a generating unit trips or a loss of a single transmission interconnection occurs.	Dispatchable Reserve. Generating capacity that are readily available for dispatch in order to replenish the contingency reserves whenever a generating unit trips or a loss of a single transmission interconnection occurs.	see chatbox Retained?

APPLICATION OF PGC 2016 GO 6.2.2.1

PGC 2016 GO 6.2.2.1	PGC GO 6.2.2.2	NGCP's Proposal	Approval – 195 th RCC
The Grid shall be considered to be in the Normal State when: (a) xxx; (b) xxx; (c) xxx; (d) xxx; (e) The loading levels of all transmission lines and substation Equipment are below 100% of the Operational Thermal Limit Capacity of phase conductors and Transformers as certified and submitted by the Transmission Network Provider; and (f) xxx.	The Grid shall be considered to be in the Alert State when 100% of the following conditions exists: (a) xxx; (b) xxx; (c) xxx; (d) There is Critical Loading or Imminent Overloading of transmission lines or substation Equipment; (e) xxx; or (f) xxx.	The Grid shall be considered to be in the Normal State when: xxx (e) The loading levels of all transmission lines and substation equipment are below 90% of the operational thermal limit capacity of phase conductors and transformers as certified and submitted by the Transmission Network Provider; and xxx	The loading levels of all transmission lines and substation equipment are below 90% of continuous rating of phase conductors and transformers as certified and submitted by the Transmission Network Provider; and 196 th RCC - Retain consistency with the PGC - Modelling: 100%

Critical Overloading

This refers to the condition where the loading of transmission lines or substation Equipment is between 90% and 100% of the continuous rating.

Imminent Overloading

The condition when the loading of transmission lines or substation Equipment is above 100% up to 110% of the continuous rating.

ANNEX B1 - Presentation of Pending Items

APPLICATION OF PGC 2016 GO 6.2.2.1

TC's OPINION
1. Obvious relaxation of performance/requirements from the NSP
2. Tightening network constraints in MNM/MDOM may lead to sub-optimal dispatch and higher nodal prices although marginal losses can be lowered
3. This may result to higher frequency of the MI by the SO due to lower network standard for "Normal" operation
RECOMMENDATIONS:
1. To conduct further validation on the impact of the loading level noting that this may lead to higher frequency of MI declaration by the SO, sub-optimal dispatch and higher nodal prices.
2. To examine regulatory impact on NSP availability performance

NET OPERATING MARGIN

• NGCP's Proposed Definition

The available generating capacity in excess of the sum of the system demand plus losses and regulating reserve requirement within a specified period of time based on the 1200H day-ahead projection of the Market Operator.

NET OPERATING MARGIN

GO 6.4.1.1 (a) of PGC 2016	Original Provision	NGCP's Proposal
The following notices shall be issued, without delay, by the System Operator to notify all Users of the Grid of an existing alert state: (a) Yellow Alert when either the Primary Reserve or Secondary Reserve is less than the requirement; (b) Red Alert when any of the following conditions exists: (i) The Primary Reserve is zero; (ii) The Operating Margin is less than the Load of the largest Synchronized Generating Unit; (iii) The Available Generating Capacity is less than the Demand; or (iv) There is Critical Loading or Imminent Overloading of transmission lines or Equipment; (c) xxx; (d) xxx; and (e) xxx.	The following notices shall be issued, without delay, by the System Operator to notify all grid users of an existing alert state: (a) Yellow alert when the contingency reserve is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher; (b) Red alert when the contingency reserve is zero or generation deficiency exists or if there is critical loading or imminent overloading of transmission lines or equipment; For clarity, when the operating margin net of the regulating reserve capacity is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher, the System Operator shall issue yellow alert notice. Likewise, if the operating margin less the regulating reserve capacity becomes zero, the System Operator shall issue red alert notice. (c) xxx; (d) xxx; and (e) xxx.	(a) Yellow alert when the either the contingency reserve or regulating reserve is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher <u>requirement</u> . <u>For clarity, when the net operating margin is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher, the System Operator shall issue yellow alert notice.</u> (b) Red alert when the contingency reserve is zero or generation deficiency exists or if there is critical loading or imminent overloading of transmission lines or equipment; <u>For clarity, when the operating margin net of the regulating reserve capacity is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher, the System Operator shall issue yellow alert notice. Likewise</u> <u>Further, if the operating margin less the regulating reserve capacity becomes zero, the System Operator shall issue red alert notice.</u> (c)xxx (d)xxx (e)xxx

ANNEX B1 - Presentation of Pending Items

NET OPERATING MARGIN: OPINIONS

Technical Committee	MEI/PEI	RCC's Remarks
The use of the term "operating margin" and "net operating margin" together with reserves should be clearly defined to avoid confusion	It means that the contingency reserve requirement is not satisfied, which is already covered by GO 6.4.1.1 (a) of PGC 2016.	Operating Margin also known as Gross Operating Margin It is the available generating capacity in excess of the sum of the system demand plus losses within a specified period of time. Net Operating Margin The available generating capacity in excess of the sum of the system demand plus losses and regulating reserve requirement within a specified period of time based on the 1200H day-ahead projection of the Market Operator.
By using the new reserve classification from the PGC 2016 in the definition of Yellow Alert and Red Alert, confusion can be avoided. At the same time, the reserve and alert definitions are harmonized between SSRG and PGC.	The new concept cannot be introduced without the necessary amendment of PGC 2016.	

NET OPERATING MARGIN: OPINIONS

TC's OPINION	MEI/PEI	RCC's Remarks
1. There are discrepancies in the PGC 2016 and SSRG Manual with DOE DC 2019-12-0018 that need to be harmonized		
2. The technical feasibility of using the term "net operating margin" in Yellow or Red Alert is moot because it is already the current practice of SO	Disagree. The conditions under which a Yellow Alert or Red Alert notice shall be declared by the System Operator are set forth in the PGC. If the use of the level of net operating margin has long been used by SO, it should have been proposed as an additional condition for the alert notices during the preparation of PGC 2016. The issue is whether the SO, or any grid user for that matter, can forego any PGC provision and introduce and implement another one in its place on the basis of it being a current practice, without the benefit of an ERC approval. This is a regulatory issue. Further, please note that the NGCP proposed amendments to the SSRG do not include the removal of the condition that a Yellow Alert notice shall be declared when the Primary (Contingency) Reserve or Secondary (Regulating) Reserve is less than the requirement. Hence, granting for the sake of argument that the level of net operating margin is satisfied, a Yellow Alert notice still has to be issued by SO because the former condition has been reached.	
3. The more important concern for TC is how to reconcile the diverse documents for reserve market implementation		

NET OPERATING MARGIN: RECOMMENDATIONS

TC's OPINION	MEI/PEI	RCC's Remarks
To harmonize the provisions of the DOE DC 2019-12-0018, PGC and SSRG Manual relevant to reserves and operating margins noting its significant effects to the AS procurement, cost recovery and the reserve market implementation and submit results to the DOE and ERC	Introducing another condition requires a PGC amendment which should undergo the necessary consultative process with the grid users and approval by the ERC. Yellow Alert notice still has to be issued by SO when the Primary (Contingency) Reserve or Secondary (Regulating) Reserve is less than the requirement	



ANNEX B1 - Presentation of Pending Items

NET OPERATING MARGIN: PROPOSED WORDINGS

NGCP'S PROPOSAL	MEI/PEI	MERALCO	SNAP	RCC's Decision
<p>(a)Yellow alert when the either the contingency reserve or regulating reserve is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher requirement;</p> <p><u>For clarity, when the net operating margin is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher, the System Operator shall issue yellow alert notice.</u></p> <p>(b) Red alert when the contingency reserve is zero or generation deficiency exists or if there is critical loading or imminent overloading of transmission lines or equipment;</p> <p><u>Further, if the operating margin less the regulating reserve capacity becomes zero, the System Operator shall issue red alert notice.</u></p> <p>(c)xxx (d)xxx (e)xxx</p>	<p><u>Yellow Alert when either the contingency reserve or regulating reserve is less than the requirement.</u></p> <p><u>Red alert when any of the following conditions exists:</u></p> <p><u>i. The contingency reserve is zero;</u></p> <p><u>ii. The operating margin is less than the load of the largest synchronized generating unit;</u></p> <p><u>iii. The available capacity is less than the demand; or</u></p> <p><u>iv. There is critical loading or imminent overloading of transmission lines or equipment.</u></p>	<p>a) Yellow alert when the contingency reserve is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher;</p> <p>For clarity, when the net operating margin is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher, the System Operator shall issue yellow alert notice <u>to all affected grid users by 1600H, a day ahead.</u></p> <p>(b) Red alert when the contingency reserve is zero or generation deficiency exists or if there is critical loading or imminent overloading of transmission lines or equipment;</p> <p>Further, if the operating margin less the regulating reserve capacity becomes zero, the System Operator shall issue red alert notice <u>to all affected grid users by 1600H, a day ahead.</u></p>	<p>(a) Yellow alert when the contingency reserve is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher;</p> <p><u>For clarity, when the net operating margin is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher, the System Operator shall issue yellow alert notice.</u></p> <p>(b) Red alert when the contingency reserve is zero or generation deficiency exists or if there is critical loading or imminent overloading of transmission lines or equipment;</p> <p><u>Further, if the net operating margin less the regulating reserve capacity becomes zero, the System Operator shall issue a red alert notice.</u></p> <p>(c)xxx (d)xxx (e)Xxx</p>	

Other considerations of the RCC	TC's Opinion	Affects the endorsement of the proposal? (Y/N)
Impact to the market price and line utilization of lowering the loading level to 90% or maintaining the 100% loading level per the PGC	If the amendment reduces the normal loading criteria from 100% to 90%, the grid will be declared on alert state if any line or substation load reach 90% even if N-1 criterion is met.	
Line loss (in MW) should the loading level be lowered or maintained	Transmission Limit Capacity can also be a regulatory issue when providing OATS to grid users. Derating of lines or generation should be considered partial outage when measuring availability. The amendment will effectively reduce average network availability but lower loading criteria may provide higher security or resilience to system disturbance.	
Loading level that should be reflected in the market network model		
NGCP's request to ERC for derogation from PGC in relation to grid alert notices and consideration in declaring normalcy of grid's state		





Connect with PEMC

 pemc.info@wesm.ph

 +63 2 8631 8734

 18F Robinsons Equitable Tower, ADB Avenue
Ortigas Center, Pasig City 1600, Philippines

 [pemcinfo](#)

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**Technical Committee’s Opinion on the
Proposed Amendments to the WESM
Manual on System Security and
Reliability Guidelines (SSRG)
Issue 1.0**

MAY 2022

This Report is prepared by the
WESM Technical Committee (TC) for the
Rules Change Committee (RCC)



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1.0 PURPOSE OF THE DOCUMENT

This report is in relation to the Rules Change Committee’s (RCC) request for technical opinion on the Proposed Amendments to the WESM Manuals on System Security and Reliability Guidelines (SSRG Manual) Issue 1.0 and Dispatch Protocol Issue 16.0 for the implementation of the Reserve Market. Specifically, the RCC requested for the TC’s expert opinion on the following items:

- 1. On the application of GO 6.2.2.1 (e) in the Philippine Grid Code (PGC) in relation to the National Grid Corporation of the Philippines’ (NGCP) Proposal; and
- 2. On whether the proposed introduction of the condition/term net operating margin is technically feasible as basis for issuance of Yellow and Red Alert Notices under Section 5.5 of the SSRG Manual in relation to Section 6.4.1.1 (a) of PGC 2016.

The RCC further explained that “critical loading” refers to load conditions of lines or substation equipment between 90 to 100% of their continuous rating and “imminent overloading” refers to load conditions between 100 to 110% of continuous rating as defined in the PGC.

Specifically, the RCC requested the TC to interpret section 6.2.2.1 of the PGC (“Normal State” conditions) and review the Market Network Model (MNM) Manual to assess market impact of lowering network (i.e., lines and substation equipment) loading criteria on prices and transmission losses if applied to the MNM.

For this report, the TC focused their review on the proposed amendment in Sections 5.1 and 5.4 of the SSRG Manual. The opinion of the TC on the subject matter are summarized in Annex A including relevant provisions in the SSRG Manual and the PGC.

Lastly, the TC would like to highlight that these opinions are based on the limited resources and information available at the time of preparation. The opinions provided in this document should not be construed as an endorsement or opposition to the subject amendments.

2.0 TC OPINION ON THE PROPOSED AMENDMENTS TO THE SSRG MANUAL

2.1 Proposed Amendments to Section 5.1 of the SSRG Manual

The proposal for network loading (i.e., lines and substation equipment) to be below 90% of Thermal Limit Capacity when the PGC indicates 100% is an obvious relaxation of performance/requirement for the Network Service Provider (NSP).

The term “Thermal Limit Capacity” is defined in the PGC as the maximum capacity of transmission facilities determined and declared by the System Operator (SO) and Transmission Network Provider (TNP) and submitted to Grid Management Committee (GMC) for validation annually.

The TC has the following comments regarding the use of the Thermal Limit Capacity:

- It does not include a time element – unlike “continuous rating” or “Maximum Continuous Rating” which implies that the facility can be loaded “continuously” without derating or stopping.

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- The SO/NSP (NGCP) determines and declares the limits to be validated by GMC – the latter has very limited technical resources for effective validation and was dissolved by the Energy Regulatory Commission (ERC).
- Given that the SO/NSP has control in establishing the loading limits of transmission facilities, they should have declared a lower limit (say 10% lower) instead of proposing to lower PGC requirement from 100% to 90%.

It is reasonable to assume that lowering the normal loading limit in the SSRG Manual will have to be reflected in the MNM, which ultimately inputs to the Market Dispatch Optimization Model (MDOM) for dispatch and pricing. Theoretically, tightening of network constraints in the MDOM will lead to less optimal dispatch and higher nodal prices. Although, marginal losses may become lower because of the lowering of network loading which could be simply explained with a two-bus, two-generator and single-load model. PEMC’s Market Assessment Group (MAG) and/or the Market Operator (MO) can be requested to perform a more detailed market study to show this impact.

The TC expects higher frequency or likelihood of market intervention (MI) with the of fixing of Critical Loading from a range of 90-100% to 90%. This is better explained by referring to Table 1 which shows the relationships of Grid Operating States and Grid Operations Notices.

Table 1. Logic Table Grid Operating States and Notices

Grid Operating States and Notices		Grid Operation Notices (PGC GO 6.4.1.1 and SSRG 5.5)				
		Yellow Alert	Red Alert	Weather Disturbance	Blue Alert	Security Red Alert
Grid Operating States (PGC GO 6.2.2)	GO 6.2.2.1 Normal State					
	a) N-1 Contingency criterion is met					
	b) Primary and Secondary Reserve are adequate					
	c) Grid Frequency within limits (±0.30Hz variation)					
	d) Substation voltages within limits (0.95-1.05 pu)					
	e) Lines and equipment loading below 100%					
	f) Reliable Grid Protection system					
	GO 6.2.2.2 Alert State					
	a) N-1 Contingency criterion is not met					
	b) Primary and Secondary Reserves are inadequate to maintain frequency within 59.4 to 60.6 Hz.	PGC/SSRG				
	c) Voltages at connection points beyond 0.95-1.05 pu but within 0.90-1.10 pu.					
	d) Critical Loading (90-100% TLC) or Imminent Overloading (100-110% TLC)		PGC/SSRG			
	e) Weather disturbance within PAR which may affect Grid operations		PGC/SSRG	PGC/SSRG	PGC/SSRG (w/in 24h)	

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TC.REP.22.004

Grid Operating States and Notices	Grid Operation Notices (PGC GO 6.4.1.1 and SSRG 5.5)				
	Yellow Alert	Red Alert	Weather Disturbance	Blue Alert	Security Red Alert
f) Peace and order problems which may pose a threat to Grid operations		PGC/SSRG			PGC/SSRG
GO 6.2.2.3 Emergency State					
a)N-1 or N-k exists without Total System Blackout					
b)Generation deficiency or operating margin is zero		PGC			
c) Transmission are voltages is beyond 0.90-1.10 pu					
d)Lines and substation equipment beyond 115% TLC					
GO 6.2.2.4 Extreme State					
Total power system failure					
GO 6.2.2.5 Restorative State					
Energization and synchronization process					

This logic table was derived from relevant PGC 2016, WESM Rules and SSRG Manual. For MI, Chapter 6 of the WESM Rules provides the following:

- Intervention is warranted when the grid or a portion of the grid is in the alert or emergency state condition as established in the Grid Code arising from: (a) an emergency condition; (b) a threat to system security; or (c) an event of force majeure¹.
- During MI or market suspension (MS), the System Operator and Market Operator shall coordinate their actions to restore normal operation of the power system and the market².
- Upon determination of the existence of an alert or emergency state, the System Operator, in coordination with the Market Operator, may declare MI³.

The above provisions identify what warrants declaration of MI and grid restoration to normal operation. In Table 1, the lines and equipment loading during normal state are below 100% and N-1 criterion is met. Note that all other normal conditions must be satisfied to keep the grid in the normal state. On the other hand, if any alert state condition exists, the grid goes to alert state. This includes critical loading (90-100%) or imminent overloading exists, or N-1 criterion is not met.

If the amendment reduces the normal loading criteria from 100% to 90%, the grid will be declared on alert state if any line or substation load reach 90% even if the N-1 criterion is met. This can be further validated by a more thorough investigation of MAG or the MO.

In addition to the market concerns of RCC, the TC would like to highlight that Transmission Limit Capacity can also be a regulatory (ERC/GMC) issue when providing Open Access Transmission Service (OATS) to grid users. Derating of lines or generation should be considered partial outage when measuring availability. The amendment will effectively reduce average network availability but lower loading criteria may provide higher security or resilience to system disturbance.

¹ Section 6.2.1.2, WESM Rules, 06 May 2022

² Section 6.2.1.4, WESM Rules, 06 May 2022

³ Section 6.6.2.1, WESM Rules, 06 May 2022

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2.2 Proposed Amendments to Section 5.5 of the SSRG Manual

The PGC 2016 Edition changed the classification of reserves from Contingency Reserve, Regulating Reserve and Dispatchable Reserves into Primary Reserve, Secondary Reserve and Tertiary Reserve, respectively. However, Department of Energy (DOE) Circular DC 2019-12-0018 entitled “ADOPTING A GENERAL FRAMEWORK GOVERNING THE PROVISION AND UTILIZATION OF ANCILLARY SERVICES IN THE GRID”, did not endorse this reclassification citing technical issues. A supplemental circular DC 2021-03-0009 further reinforced this position of DOE. Table 2 shows a comparison of the relevant terms used in both documents. The third column of this table shows relevant terms used in the SSRG Manual.

Table 2. Comparison of Reserve Terminologies

DOE Circular DC 2019-12-0018	PGC 2016 Edition	SSRG Manual Issue 1.0
Contingency Reserve - Synchronized generation capacity from Qualified Generating Units and Qualified Interruptible Loads allocated to cover the loss or failure of a synchronized generating unit or a transmission element or the power import from a circuit interconnection	Primary Reserve. Synchronized generating capacity that is allocated to stabilize the system Frequency and cover the loss or failure of a Synchronized Generating Unit or a transmission line or the power import from a single circuit interconnection.	Contingency Reserve. The generating capacity that is intended to take care of the loss of the largest synchronized generating unit or the power import from a single grid interconnection, whichever is larger. Contingency reserve includes spinning reserve and backup reserve.
Regulating Reserve - Readily available and dispatchable generating capacity that is allocated exclusively to correct deviations from the acceptable nominal frequency caused by unpredicted variations in demand or generation output;	Secondary Reserve. Synchronized generating capacity that is allocated to restore system Frequency from quasi-steady state value as established by the primary responses of Generating Units to the nominal Frequency of 60 Hz.	Load Following and Frequency Regulating (LFFR) Reserve. The amount of generating capacity that provides for following the moment-to-moment variations in demand or supply in a power system and for maintaining acceptable system frequency.
Dispatchable Reserve - Generating capacity that is not scheduled for Regular Energy Supply, Regulating Reserve or Contingency Reserve, or interruptible loads not scheduled for Contingency Reserve, and that are readily available for dispatch in order to replenish the Contingency Reserve Service whenever a generating unit trips or a loss of a single transmission interconnection occurs;	Tertiary Reserve (Minute Reserve). The capacity which can be connected (automatically or manually) under Tertiary Control in order to provide an adequate Secondary Reserve. This reserve must be used to contribute to the restoration of Secondary Control range when required. The restoration of adequate Secondary Control Range may take, for example, up to 15 minutes, whereas Tertiary Control for the optimization of the network and generating system will not necessarily be complete after this time.	Backup Reserve (also called cold standby reserve). Refers to a generating unit that has fast start capability and can synchronize with the grid to provide its declared capacity for a minimum period of eight (8) hours.
(No equivalent term)	(No equivalent term)	Net Operating Margin (proposed).The available generating capacity in excess of the sum of the system demand plus losses and regulating reserve within a specified period of time".
(No equivalent term)	Operating Margin. The Available Generating Capacity in excess of the sum of the system Demand plus	Operating Margin. The margin of generation over the total demand plus losses that is necessary for

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DOE Circular DC 2019-12-0018	PGC 2016 Edition	SSRG Manual Issue 1.0
	losses within a specified period of time".	<u>ensuring power quality and the security of the grid. Operating margin is the sum of the load following and frequency regulating reserve and the contingency reserve."</u>
(No equivalent term)	(No equivalent term)	Spinning Reserve (also called hot standby reserve). The component of contingency reserve which is synchronized to the grid and ready to take on load.

The TC is of the opinion that the discrepancies in terminology and the context by which they are used in each document are so significant it affects the Ancillary Services procurement, cost recovery, and the reserve market implementation.

The question of “technical feasibility” of introducing “net operating margin” when declaring Yellow or Red Alert notices seems less relevant because SO is just trying to inject their current practices given the said policy and regulatory differences. Unless there are serious problems or issues with their practices, this question is moot.

The more pressing concern for TC is how the Reserve Market can be properly implemented in the WESM using these diverse documents as references.

We strongly recommend a thorough study to harmonize the provisions of these documents relevant to reserves and operating margins.

3.0 RECOMMENDATION

In view of the foregoing, the TC recommends the conduct of the following activities on this matter:

- 1. Further validation on the impact of fixing the loading level noting that this may lead to higher frequency of MI declaration by the SO, sub-optimal dispatch and higher nodal prices.
- 2. Examine the potential regulatory impact on availability performance of NSP.
- 3. Harmonize the provisions of the DOE Circular DC 2019-12-0018, PGC and SSRG Manual relevant to reserves and operating margins noting its significant effects to the Ancillary Services procurement, cost recovery, and the reserve market implementation and submit the results to the DOE and ERC.

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TC.REP.22.004

Submitted by:

TECHNICAL COMMITTEE


MARIO R. PANGILINAN
Chairperson


JORDAN R. C. ORILLAZA
Member


ERMELINDO R. BUGAOISAN, JR.
Member



ANNEX A. SUMMARY OF TC OPINION ON THE PROPOSED AMENDMENTS TO THE SSRG MANUAL

SSRG Original Wording	SSRG Proposed Amendment	Relevant PGC Provisions	TC Opinion
<p>5.1 Normal State Operation</p> <p>(d) The loading levels of all transmission lines and transformers are below the limit as set forth in the Grid Code.</p>	<p>5.1 Normal State Operation</p> <p>(e) The loading levels of all transmission lines and substation equipment are below 90% of the operational thermal limit capacity of phase conductors and transformers as certified and submitted by the Transmission Network Provider</p>	<p>GO 6.2.2.1 The Grid shall be considered to be in the Normal State when:</p> <p>(e) The loading levels of all transmission lines and substation Equipment are below 100% of the Operational Thermal Limit Capacity of phase conductors and Transformers as certified and submitted by the Transmission Network Provider</p> <p>GO 6.2.2.2 The Grid shall be considered to be in the Alert State when any one of the following conditions exists:</p> <p>(d) There is Critical Loading or Imminent Overloading of transmission lines or substation Equipment;</p>	<p>On the application of GO 6.2.2.1 (e) in the Philippine Grid Code (PGC) in relation to NGCP’s Proposal:</p> <ul style="list-style-type: none">• This is an obvious relaxation of performance/requirements from the NSP.• Tightening network constraints in MNM/MDOM may lead to sub-optimal dispatch and higher nodal prices although marginal losses can be lower.• This may result to higher frequency of Market Intervention (MI) by SO due to lower network loading standard for “Normal” operation.
<p>5.5 Grid Operation Notices</p> <p>(a) Yellow alert when the contingency reserve is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher;</p> <p>(b) Red alert when the contingency</p>	<p>5.5 Grid Operation Notices</p> <p>(a) Yellow alert when the contingency reserve is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher;</p> <p>For clarity, when the <u>net operating margin</u></p>	<p>6.4.1.1 Grid Operations Notices</p> <p>(a) Yellow Alert when either the Primary Reserve or Secondary Reserve is less than the requirement;</p> <p>(b) Red Alert when any of the following conditions exists:</p> <p>(i) The Primary Reserve is zero;</p> <p>(ii) The Operating Margin is less than</p>	<p>On whether the proposed introduction of the condition/term net operating margin is technically feasible as basis for issuance of Yellow and Red Alert Notices under Section 5.5 of the SSRG Manual in relation to Section 6.4.1.1 (a) of PGC 2016:</p> <ul style="list-style-type: none">• The use of the term “operating margin” and “net operating margin” together with reserves should be clearly defined to avoid confusion.

JB

ANNEX B2 - Technical Committee’s Opinion on the Proposed Amendments to SSRG Manual



TC.REP.22.004

SSRG Original Wording	SSRG Proposed Amendment	Relevant PGC Provisions	TC Opinion
<p>reserve is zero or generation deficiency exists or if there is critical loading or imminent overloading of transmission lines or equipment;</p> <p>For clarity, when the <u>operating margin</u> net of the regulating reserve capacity is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher, the System Operator shall issue yellow alert notice.</p> <p>Likewise, if the operating margin less the regulating reserve capacity becomes zero, the System Operator shall issue red alert notice.</p>	<p>is less than the capacity of the largest synchronized generating unit or power import from a single interconnection, whichever is higher, the System Operator shall issue yellow alert notice.</p> <p>(b) Red alert when the contingency reserve is zero or generation deficiency exists or if there is critical loading or imminent overloading of transmission lines or equipment;</p> <p>Further, if the <u>net operating margin</u> is less than the regulating reserve capacity becomes zero, the System Operator shall issue red alert notice.</p>	<p>the Load of the largest Synchronized Generating Unit;</p> <p>(iii) The Available Generating Capacity is less than the Demand; or</p> <p>(iv) There is Critical Loading or Imminent Overloading of transmission lines or Equipment;</p>	<ul style="list-style-type: none">• By using the new reserve classification from the PGC 2016 Ed. In the definition of Yellow Alert and Red Alert, confusion can be avoided.• At the same time, the reserve and alert definitions are harmonized between SSRG and PGC.

JB

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

A. WESM Manual on Price Determination Methodology

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					<p><u>Technical Committee:</u></p> <p>i. The provided numerical examples presume that the Proponent’s intention is to be compensated based on the difference between the offer price and the final market clearing price due to a pricing error notice or a market pricing re-run. However, the conditions for additional compensation as stipulated in Chapter 10 of the WESM Manual on Billing and Settlement (BSM) are associated with the cost incurred in complying with the dispatch instructions, which does not necessarily represent</p>		<p>The example that was provided highlights the difference between the offer prices of the Trading Participant and the final nodal energy dispatch prices, but is not in any way intended to illustrate the amount of possible additional compensation that the Trading Participant may be entitled to. The additional compensation for generators affected by</p>	<p>Noted</p>

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					<p>the generator’s offer price.</p> <p>ii. The disclosure of detailed evidence of the cost incurred for possible claims of additional compensation is required under the BSM and Price Determination Methodology (PDM) Manuals, which may be disadvantageous and inconsistent with the presumed intention of the Proponent as stated above.</p>		market pricing errors is aimed towards the recovery of the remainder of the total cost of fuel and variable operating and maintenance expenses which the settlement amounts are not able to cover. Please refer to the proposed revision of Section 10.2.2 of the Billing and Settlement Manual.	
					<p><u>IEMOP:</u></p> <ul style="list-style-type: none">Following are some observations that we have noted on occurrence of pricing errors:		While it is recognized that the total number of PEN intervals is only a small percentage of the total dispatch intervals, we believe that the	Noted

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					<ul style="list-style-type: none">For the period covered from July 2021-January 2022, PEN intervals account for 2.2% of the total dispatch intervalsMore than half total PEN intervals have market re-run prices lower than the original RTD pricesThe proposal will require enhancements to the WESM settlement systems, thus the need for approved/available budget to cover its cost. The timeline for implementation should consider budget availability and sufficient time to complete the		PEN pricing issue should not be downplayed as a mere statistical matter. The financial losses incurred by a generation company due to its inability to recoup its total production costs run into millions of pesos even for just one year of operation. If this problem remains unabated, it may threaten the economic viability of the generation company.	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					<div>development of the enhancements and software audit.</div> <div><div>▪ Since the proposal includes amendment to the PDM, implementation by the MO shall be only upon approval by the ERC of the PDM amendment.</div><div>▪ We also propose to consider the impact of this proposal to ERC’s directive to stop collection of congestion charges in the islands of Negros and Panay until the complete restoration and operationalization of the Cebu-Negros submarine cable or until a more</div></div>		<div>Noted</div> <div>Noted</div>	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					applicable pricing and settlement solution is ordered by the Commission. Currently, the IEMOP has no basis to approve filing of additional compensation by affected Generators given that IEMOP is also ordered to defer the payment of congestion and other related charges to affected Generators.			
					<u>GBP/MGEN:</u> The proposal only covers situations where a Trading Participant was scheduled and dispatched in intervals where a pricing error notice was issued. It is equally important to compensate a		We note that GBP/MGEN’s comments do not pertain to our proposed amendments per se, but suggest an additional compensation mechanism for constrain-off	GBP/MGEN’s Comment should be filed as a separate proposal.

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					Trading Participant who incurred losses due to the System Operator’s Constrain-off (as defined in the PGC) instructions		generators. Additional compensation for constrain-off generators (displaced generators) was not included in this proposal in consideration of PEMC/IEMOP’s compliance with the ERC directive for PEMC to submit a proposal for the possible compensation of displaced generators, as specified in the Commission’s Decision on the PDM. A request for an update of PEMC/IEMOP’s compliance with the said ERC instruction was	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
							made during the 188 th RCC meeting. It is our opinion that a separate rules change proposal on additional compensation for generators affected by the constrain-off instructions from the System Operator should be submitted to the RCC.	
					<p><u>PEMC:</u></p> <p>1. The ERC, in its decision on ERC Case No. 2017-042RC, directed that the existing pricing mechanism during under-gen and over-gen should be maintained.</p>		In the cited ERC Decision, the Commission directed PEMC to include constrained-on plants during PSM and constrain-on generators re-dispatched by the SO above its	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					<p>Thus, when a TP is affected by PEN, it should be paid at the re-run price.</p> <p>For consideration: 1. In the provided excel file, PEI/MEI compared its max offer price with the re-run price. We note that PEI’s proposal is comparing the initial market price with the re-run price.</p> <p>Also, we note that the maximum offer price is not always the offer price at which a generator is dispatched.</p> <p>2. In addition, a generator may be dispatched to provide reserve (currently at 0 reserve offer price), regardless of its energy offer price, on the interval wherein there is a pricing error.</p>		<p>RTD schedule in accordance with the WESM Merit Order Table (MOT) among those that may be entitled to additional compensation, although the same was not contained in the original PDM filed by PEMC. This is in line with the Commission’s policy recognizing that the provision of additional compensation is crucial in maintaining the economic viability of the power plants and in ensuring that the plants are</p>	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					With this, the TP was also paid as a reserve provider.		<p>compensated enough for their short-term cost of production. We believe that it is time to bring to the attention of the Commission the fact that oil-based plants affected by market pricing errors are unable to recover the total cost of fuel and variable operating and maintenance expenses from the settlement amounts alone.</p> <p>We acknowledge that the maximum offer price is not always the offer price at which the</p>	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
							<p>generator is scheduled and dispatched. In some dispatch intervals, the maximum offer price is higher than the initial market clearing price, and the generator is dispatched at a quantity lower than the quantity offered at the maximum offer price.</p> <p>The generator will be paid separately for the reserve service that it provided, but there will be no double recovery because the ancillary services</p>	

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WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
							incidental energy is not included in the quantity eligible for additional compensation.	
Additional Compensation	8.3	8.3.1 A <i>Trading Participant</i> may be entitled to additional compensation when the costs incurred in complying with <i>dispatch</i> instructions are not sufficiently covered by the <i>trading amounts</i> related to <i>settlement intervals</i> with <i>dispatch intervals</i> under any of the following conditions: xxx	8.3.1 A <i>Trading Participant</i> may be entitled to additional compensation when the costs incurred in complying with <i>dispatch</i> instructions are not sufficiently covered by the <i>trading amounts</i> related to <i>settlement intervals</i> with <i>dispatch intervals</i> under any of the following conditions: xxx <u>e. When a Trading Participant was scheduled and dispatched in</u>	Add another condition wherein a Trading Participant may be entitled to additional compensation when the trading amounts it has received or will receive in dispatch intervals tagged with pricing error and applied with market pricing re-run are not sufficient to cover its	<u>IEMOP:</u> Suggest replacing the following terms consistent with the naming in the PDM: <ul style="list-style-type: none">• calculated prices → market re-run prices• market prices → nodal energy dispatch prices	<u>IEMOP:</u> XXX <u>e. When a Trading Participant was scheduled and dispatched in dispatch intervals in which a pricing error notice was issued and a market pricing re-rerun was performed by the Market Operator in accordance with Section 5.3.1, but the resulting market re-run prices were lower than the initial nodal energy dispatch prices.</u>	Agree	Approved with revisions from IEMOP

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
			<u>dispatch intervals in which a pricing error notice was issued and a market pricing re-rerun was performed by the Market Operator in accordance with Section 5.3.1, but the resulting calculated prices were lower than the initial market prices.</u>	production costs.	<u>GBP/MGEN:</u> Under the regime of Competitive Selection Process and the Competitive Retail Electricity Market, supply contracts do not have outage allowances. Thus, a Trading Participant that is constrained-off is obliged to source replacement power for its bilateral customers which may result in actual losses. If a plant that is scheduled to supply under its bilateral supply agreement is to be constrained-off, and it has no outage allowance, it would be compelled to purchase power from the WESM well in excess of its bilateral contract price. There must be a mechanism to compensate the	<u>GBP/MGEN:</u> 8.3.1 A <i>Trading Participant</i> may be entitled to additional compensation when the costs incurred in complying with <u>Constrain- off instructions from the System Operator</u> are not sufficiently covered by the <i>trading amounts</i> related to <i>settlement</i> intervals with <i>dispatch intervals</i> under any of the following conditions: e. xxxx <u>f. When the System Operator Constrains-off a Trading Participant which resulted to capacity displacement. Additional compensation shall be</u>	This may be considered by PEMC/IEMOP in their study on possible compensation of displaced generators.	Noted. GBP/MGEN's Comment should be filed as a separate proposal.

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					<p>plant for such actual losses.</p> <p>In addition to the foregoing, a Trading Participant may also incur unrealized sales from WESM for energy it is ready to dispatch but prevented from doing so. A plant is constructed and funded on a project financing basis on the assumption that it is able to achieve a certain level of revenue. When a plant is constrained-off, it losses revenue. This leads to reduced return for the plant or worse, it could affect its ability to service its loans as projected. There should also be a mechanism to</p>	<p><u>equivalent to actual loss and unrealized profit of the Trading Participant using the following formula:</u></p> <p>Actual losses: If WESM Final Energy Dispatch Price (FEDP) > Replacement Power Cost, then Additional Compensation = BCQ Curtailed * (WESM FEDP - Replacement Power Cost)</p> <p>Where: BCQ Curtailed = BCQ quantity affected by curtailment RTD = Real Time Dispatch Schedule of the affected generator MQ = Metered Quantity of the affected generator WESM FEDP = Final Energy Dispatch Price of the affected generator Replacement Power Cost = Price at which generator sourced</p>		

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					compensate a plant for such loss.	replacement power for its bilateral contract due to SO curtailment Unrealized sales: Additional Compensation = Merchant Curtailed * (WESM FEDP – Variable Cost) Where: Merchant Curtailed = Uncontracted Capacity affected by SO curtailment Variable Cost = Fuel + VOM of affected plant (for merchant capacity, suggesting to include CRF).		
					APC: We would like to seek clarification if the production costs is equivalent to all cost related to the generation, and if the	APC: e. When a <i>Trading Participant</i> was scheduled and dispatched in dispatch intervals in which a pricing error notice was issued and a market pricing re-rerun was		

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					<p>“initial market prices” refer to LMP?</p> <p>We also suggest to change “resulting calculated prices” to “Final Energy Dispatch Price” to identify the specific price used in the settlements.</p>	<p>performed by the Market Operator in accordance with Section 5.3.1, but the resulting calculated prices Final Energy Dispatch Price were lower than the initial market prices.</p>	<p>We concur with IEMOP’s suggestion of replacing calculated prices with market re-run prices and replacing market prices with nodal energy dispatch prices to be consistent with the naming in the PDM.</p>	Not adopted
					<p><u>PEMC:</u></p> <p>If this criterion will be considered, we suggest to further assessed whether the generator was dispatched to provide reserve.</p> <p>If so dispatched, then the generator should not be able to file for additional</p>	<p><u>PEMC:</u></p> <p><u>e. When a Trading Participant was scheduled and dispatched in dispatch intervals in which a pricing error notice was issued and a market pricing re-rerun was performed by the Market Operator in accordance with Section 5.3.1, but the</u></p>	<p>In the formula for determining the additional compensation quantity in Section 10.3.2 of the Billing and Settlement Manual, the bilateral contract quantity and the ancillary services incidental energy are deducted</p>	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Price Determination Methodology								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					compensation for the portion it was dispatched for reserve.	<u>resulting calculated prices were lower than the initial market prices.</u> <u>A Trading Participant may not claim additional compensation if it was scheduled as a reserve provider on the intervals wherein a pricing error notice was issued and market re-run was performed.</u>	from the gross energy settlement quantity or the scheduled generation. Hence, only the spot energy is eligible for additional compensation and there will be no double recovery if the generating unit is dispatched to provide reserve service. We think that the proposed additional wording is not necessary.	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

B. WESM Manual on Billing and Settlement

WESM Manual on Billing and Settlement								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
					<p><u>PEMC:</u></p> <p>For Information:</p> <p>There will be a scheduled DOE VPC on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process (RCC Resolution No. 2021-19 or PEM Board Resolution No. 2021-41-03).</p> <p>No conflict between the current and previous proposed amendments is observed for the foregoing provisions.</p>		Noted	

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Billing and Settlement								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
Criteria for Additional Compensation	10.1	10.1.1 In accordance with Section 8.3 of the Price Determination Methodology Manual, Trading Participants may be entitled to additional compensation when the cost incurred in complying with the <i>dispatch instruction</i> are not sufficiently covered by the trading amounts related to settlement intervals with dispatch intervals under any of the following conditions: xxx	10.1.1 In accordance with Section 8.3 of the Price Determination Methodology Manual, Trading Participants may be entitled to additional compensation when the cost incurred in complying with the <i>dispatch instruction</i> are not sufficiently covered by the trading amounts related to settlement intervals with dispatch intervals under any of the following conditions: xxx <u>e) A Trading Participant has a generating unit that was scheduled and dispatched in dispatch intervals in which a pricing error notice was issued and a market pricing re-run was</u>	Add another condition wherein a Trading Participant may be entitled to additional compensation when the trading amounts it has received or will receive in dispatch intervals tagged with pricing error and applied with market pricing re-run are not sufficient to cover its production costs.	<u>GBP/MGEN:</u> A Trading Participant who receives Constrain-off instructions incurs losses due to displaced capacity which warrants additional compensation. Under the regime of Competitive Selection Process and the Competitive Retail Electricity Market, supply contracts do not have outage allowances. Thus, a Trading Participant is obliged to source replacement power for its bilateral customers which may result in actual losses. Trading Participant may also incur unrealized sales from WESM for energy it is ready to	<u>GBP/MGEN:</u> <u>f) When the System Operator Constrains-off a Trading Participant which resulted to capacity displacement. Additional compensation shall be equivalent to actual loss and unrealized profit of the Trading Participant.</u> xxx	This may be considered by PEMC/IEMOP in their study on possible compensation of displaced generators.	GBP/MGEN's Comment – Not adopted MEI/PEI's Proposal – adopted

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Billing and Settlement								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
			<u>performed by the Market Operator.</u>		dispatch but prevented from doing so.			
					<u>PEMC:</u> If this criterion will be considered, we suggest to further assessed whether the generator was dispatched to provide reserve. If so dispatched, then the generator should not be able to file for additional compensation for the portion it was dispatched for reserve.	<u>PEMC:</u> <u>e) A Trading Participant has a generating unit that was scheduled and dispatched in dispatch intervals in which a pricing error notice was issued and a market pricing re-run was performed by the Market Operator.</u> <u>A Trading Participant may not claim additional compensation if it was scheduled as a</u>	In the formula for determining the additional compensation quantity in Section 10.3.2 of the Billing and Settlement Manual, the bilateral contract quantity and the ancillary services incidental energy are deducted from the gross energy settlement quantity or the scheduled generation. Hence, only the spot energy is eligible for additional	Not adopted

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Billing and Settlement								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
						<u>reserve provider on the intervals wherein a pricing error notice was issued and market re-run was performed.</u>	compensation and there will be no double recovery if the generating unit is dispatched to provide reserve service. We think that the proposed additional wording is not necessary.	
		10.1.2 In the event that two (2) or more of the conditions occur in the same <i>dispatch interval</i> and a <i>Trading Participant</i> is entitled to additional compensation due to more than one condition, the <i>Trading Participant</i> and the <i>Market Operator</i> shall adhere with the procedures and timelines of the condition with the highest priority based on the following hierarchy: xxx	10.1.2 In the event that two (2) or more of the conditions occur in the same <i>dispatch interval</i> and a <i>Trading Participant</i> is entitled to additional compensation due to more than one condition, the <i>Trading Participant</i> and the <i>Market Operator</i> shall adhere with the procedures and timelines of the condition with the highest priority based on the following hierarchy: xxx	Include the condition specified under the new Section 10.1.1(e) in the prioritization hierarchy.	<u>GBP/MGEN:</u> Include the condition specified under the new Section 10.1.1(f) in the prioritization hierarchy.	<u>GBP/MGEN:</u> 10.1.2 In the event that two (2) or more of the conditions occur in the same <i>dispatch interval</i> and a <i>Trading Participant</i> is entitled to additional compensation due to more than one condition, the <i>Trading Participant</i> and the <i>Market Operator</i> shall adhere with the procedures and timelines of the condition with the highest priority based	This may be considered by PEMC/IEMOP in their study on possible compensation of displaced generators.	GBP/MGEN’s Comment – not adopted MEI/PEI’s Proposal – adopted

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Billing and Settlement								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
			<u>e) Claim Category in Section 10.1.1(e)</u>			on the following hierarchy: Xxx <u>f) Claim Category in Section 10.1.1(f)</u>		
Filing of Claims	10.2	10.2.1 <i>Trading Participants</i> shall submit the written claim for additional compensation within the allowable timeframe, as follows: xxx	10.2.1 <i>Trading Participants</i> shall submit the written claim for additional compensation within the allowable timeframe, as follows: xxx <u>e) Qualified Trading Participants in dispatch intervals in which a pricing error notice was issued and a market pricing re-run was performed by the Market Operator – not later than fourteen (14) working days after the posting of the calculated market</u>	Include qualified Trading Participants specified under the new Section 10.1.1(e) in those required to submit the written claim for additional compensation within the allowable timeframe.	<u>IEMOP:</u> Suggest replacing calculated market prices → market re-run prices consistent with the naming in the PDM.	<u>IEMOP:</u> 10.2.1 <i>Trading Participants</i> shall submit the written claim for additional compensation within the allowable timeframe, as follows: Xxx <u>e) Qualified Trading Participants in dispatch intervals in which a pricing error notice was issued and a market pricing re-run was performed by the Market Operator – not later than fourteen (14)</u>	Agree	Adopted IEMOP's proposed wording

ANNEX C – Proposed Amendments with Comments and Responses (Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation ORCP-WM-22-01)

WESM Manual on Billing and Settlement								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent’s Response	RCC Decision
			<u>prices by the Market Operator.</u> xxx			<u>working days after the posting of the market re-run prices by the Market Operator.</u> Xxx		
					<u>GBP/MGEN:</u> Include qualified Trading Participants specified under the new Section 10.1.1(f) in those required to submit the written claim for additional compensation within the allowable timeframe.	<u>GBP/MGEN:</u> 10.2.1 <i>Trading Participants</i> shall submit the written claim for additional compensation within the allowable timeframe, as follows: xxx <u>f) Qualified Trading Participants in dispatch intervals where energy was displaced as a result of a constrained off instruction from the System Operator – not later than fourteen (14)</u>	This may be considered by PEMC/IEMOP in their study on possible compensation of displaced generators.	Not adopted

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WESM Manual on Billing and Settlement								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
						<u>working days after the posting of the calculated market prices by the Market Operator.</u> Xxx		
					<u>APC:</u> We concur with the proposed amendment of 14 days after release of the final settlement data to avoid redundancy in the validation process.		Noted	
		10.2.2 Within a maximum period of sixty (60) <i>business days</i> from the <i>Market Operator's</i> receipt of the written claim, <i>Trading Participants</i> shall submit the complete documentation that	10.2.2 Within a maximum period of sixty (60) <i>business days</i> from the <i>Market Operator's</i> receipt of the written claim, <i>Trading Participants</i> shall submit the complete documentation that	Include qualified Trading Participants specified under the new Section 10.1.1(e) in those required to submit complete documentation in filing claims for	<u>GBP/MGEN:</u> Include (1) qualified Trading Participants specified under the new Section 10.1.1(f) in those required to submit complete	<u>GBP/MGEN:</u> 10.2.2 Within a maximum period of sixty (60) business days from the Market Operator's receipt of the written claim <u>upon the receipt of Market Operator's</u>	This may be considered by PEMC/IEMOP in their study on possible compensation of displaced generators.	GBP/MGEN's Comment – Not adopted MEI/PEI's Proposal – adopted

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		provides sufficient proof regarding the costs incurred, which are limited to fuel cost and variable operating and maintenance costs, which may include start-up and shut down cost. Below is the non-exhaustive list of requirement documents in filing claims for additional compensation: xxx b) <i>Constrained-on generators in dispatch intervals</i> when the price substitution methodology due to congestion was applied, or qualified <i>Trading Participants in dispatch intervals</i> when price mitigation measure was applied, unless a different set of requirements is set out in the relevant issuance of the <i>ERC</i> or competent agency	provides sufficient proof regarding the costs incurred, which are limited to fuel cost and variable operating and maintenance costs, which may include start-up and shut down cost. Below is the non-exhaustive list of requirement documents in filing claims for additional compensation: xxx b) <i>Constrained-on generators in dispatch intervals</i> when the price substitution methodology due to congestion was applied, or qualified <i>Trading Participants in dispatch intervals</i> when price mitigation measure was applied, unless a different set of requirements is set out in the relevant issuance of the <i>ERC</i>	additional compensation.	documentation in filing claims for additional compensation and (2) such other related cost as may be relevant.	<u>reply on Trading Participant's claim,</u> Trading Participants shall submit the complete documentation that provides sufficient proof regarding the costs incurred, which are limited to fuel cost and variable operating and maintenance costs, which may include start-up and shut down cost. Below is the non-exhaustive list of requirement documents in filing claims for additional compensation: Xxx b) Constrained-on generators in dispatch intervals when the price substitution methodology due to congestion was		

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		imposing the price mitigation measure – i. Actual fuel consumption and inventory report, duly certified by the Vice President of Finance of the power plant applying for additional compensation; ii. Purchase Invoices, Official Receipts and other supporting documents; and iii. List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts. xxx	or competent agency imposing the price mitigation measure, <u>or qualified Trading Participants in dispatch intervals in which a pricing error notice was issued and a market pricing-re-run was performed by the Market Operator –</u> i. Actual fuel consumption and inventory report, duly certified by the Vice President of Finance of the power plant applying for additional compensation; ii. Purchase Invoices, Official Receipts and other supporting documents; and iii. List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts.			applied, or qualified <i>Trading Participants</i> in dispatch intervals when price mitigation measure was applied, unless a different set of requirements is set out in the relevant issuance of the ERC or competent agency imposing the price mitigation measure, <u>or qualified Trading Participants in dispatch intervals in which a pricing error notice was issued and a market pricing-re-run was performed by the Market Operator – or Qualified Trading Participants in dispatch intervals where energy was displaced as a result of Constraint-off instructions from the System Operator –</u>		

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			xxx			<p>i. Actual fuel consumption and inventory report, duly certified by the Vice President of Finance of the power plant applying for additional compensation;</p> <p>ii. Purchase Invoices, Official Receipts and other supporting documents; and</p> <p>iii. List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts.</p> <p>Xxx</p>		
					<p><u>PEMC:</u></p> <p>To provide clearer guidance on the specified provision</p>	<p><u>PEMC:</u></p> <p>Within a maximum period of sixty (60) <i>business days</i> from</p>	<p>Agree (The comment is misplaced and should refer instead to the proposed</p>	<p>Adopted PEMC’s proposed revision</p>

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						<p>the <i>Market Operator’s</i> receipt of the written claim, <i>Trading Participants</i> shall submit the complete documentation that provides sufficient proof regarding the costs incurred, which are limited to fuel cost and variable operating and maintenance costs, which may include start-up and shut down cost. Below is the non-exhaustive list of requirement documents in filing claims for additional compensation:</p> <p>a) <i>Market suspension, market intervention, must-run unit or constrain-on-generating unit</i> <u>For Claim</u></p>	revision of Section 10.2.2.)	

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						<p><u>category in Section 10.1.1(a) and (b) –</u></p> <p>Xxx</p> <p>b) Constrained-on generators in dispatch intervals when the price substitution methodology due to congestion was applied or qualified Trading Participants in dispatch intervals when price mitigation measure was applied, unless a different set of</p>		

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						<div>requirements is set out in the relevant issuance of the ERC or competent agency imposing the price mitigation measure, For Claim category in Section 10.1.1(c), (d) and (e) –</div> <div>xxx</div>		
		10.2.4 The <i>Market Operator</i> shall inform the requesting <i>Trading Participant</i> of the approval or disapproval of the claim within the following periods reckoned from receipt of the complete	10.2.4 The <i>Market Operator</i> shall inform the requesting <i>Trading Participant</i> of the approval or disapproval of the claim within the following periods reckoned from receipt of the complete	Include qualified Trading Participants specified under the new Section 10.1.1(e) in those whom the Market Operator will inform regarding the approval or	GBP/MGEN: Include qualified Trading Participants specified under the new Section 10.1.1(f) in those whom the Market Operator will inform	GBP/MGEN: 10.2.4 The Market Operator shall inform the requesting Trading Participant of the approval or disapproval of the claim within the following periods	This may be considered by PEMC/IEMOP in their study on possible compensation of displaced generators.	GBP/MGEN’s Comment – Not adopted MEI/PEI’s Proposal – adopted

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		documents from the <i>Trading Participant</i> : a) For claims under the claim category in Section 10.1.1 (a), (b), and (c) - within fourteen (14) <i>working days</i> ; xxx	documents from the <i>Trading Participant</i> : a) For claims under the claim category in Section 10.1.1 (a), (b), and (c) , and (e) - within fourteen (14) <i>working days</i> ; xxx	disapproval of claims for additional compensation within the stipulated period.	regarding the approval or disapproval of claims for additional compensation within the stipulated period	reckoned from receipt of the complete documents from the Trading Participant: a) For claims under the claim category in Section 10.1.1 (a), (b), and (c) , (d), (e) and (f) - within fourteen (14) <i>working days</i> ; xxx		
Quantity Eligible for Additional Compensation	10.3	xxx 10.3.2 For claims due to <i>market suspension, market intervention, designation as constrain-on units, implementation of price substitution methodology, or imposition of price mitigation measures unless a different formula is set out in the relevant issuance of the ERC</i> or competent agency imposing the price mitigation	xxx 10.3.2 For claims due to <i>market suspension, market intervention, designation as constrain-on units, implementation of price substitution methodology, or imposition of price mitigation measures unless a different formula is set out in the relevant issuance of the ERC</i> or competent agency imposing the price	Include claims due to pricing error and market pricing re-run in the determination by the Market Operator of the volume eligible for additional compensation.	GBP/MGEN: Include losses due to Constrained-off instructions eligible for additional compensation.	GBP/MGEN: 10.3.2 For claims due to <i>market suspension, market intervention, designation as constrain-on units, implementation of price substitution methodology, or imposition of price mitigation measures unless a different formula is set out in the relevant issuance of the ERC</i> or	This may be considered by PEMC/IEMOP in their study on possible compensation of displaced generators.	GBP/MGEN’s Comment – Not adopted MEI/PEI’s Proposal – adopted

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		measure, the <i>Market Operator</i> shall determine the volume that shall be eligible for additional compensation in accordance with the following formula: xxx	mitigation measure, <u>or issuance of pricing error notice and conduct of market pricing re-run</u> , the <i>Market Operator</i> shall determine the volume that shall be eligible for additional compensation in accordance with the following formula: xxx			competent agency imposing the price mitigation measure, or issuance of pricing error notice and conduct of market pricing re-run , – or <u>Qualified Trading Participants in dispatch intervals where energy was displaced as a result of Constrain-off instruction from the System Operator</u> , the <i>Market Operator</i> shall determine the volume that shall be eligible for additional compensation: xxx		
		10.3.3 The scheduled generation of a <i>generating unit</i> that filed a claim for additional compensation shall be calculated using the following formulas: xxx	10.3.3 The scheduled generation of a <i>generating unit</i> that filed a claim for additional compensation shall be calculated using	Specify the formula that will be used for the calculation of the scheduled generation of a generating unit that filed for additional compensation due	<u>GBP/MGEN:</u> Specify the formula that will be used for the calculation of the scheduled generation of a generating unit that	<u>GBP/MGEN:</u> 10.3.3 The scheduled generation of a <i>generating unit</i> that filed a claim for additional compensation shall	This may be considered by PEMC/IEMOP in their study on possible compensation of displaced generators.	Adopted

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			<p>the following formulas: xxx <u>e) If due to pricing error and market pricing re-run,</u> <u>$SG_{g,i} = (IL_{g,i} + DT_{g,i})/2$</u> <u>x 1/12</u> Xxx</p>	<p>to pricing error and market pricing re-run.</p>	<p>filed for additional compensation due to pricing error and market pricing re-run.</p>	<p>be calculated using the following formulas: Xxx <u>f) If due to energy displacement as a result of constrained off instruction from the System Operator,</u> Actual loss: If WESM FEDP > Replacement Power Cost, then Additional Compensation = BCQ Curtailed * (WESM FEDP - Replacement Power Cost) Additional Compensation = Merchant Curtailed * (WESM FEDP – Variable Cost) Where:</p>		

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						BCQ Curtailed = BCQ quantity affected by curtailment RTD = Real Time Dispatch Schedule of the affected generator MQ = Metered Quantity of the affected generator WESM FEDP = Final Energy Dispatch Price of the affected generator Replacement Power Cost = Price at which generator sourced replacement power for its bilateral contract due to SO curtailment		

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						Unrealized sales: Additional Compensation = Merchant Curtailed * (WESM FEDP – Variable Cost) Where: Merchant Curtailed = Uncontracted Capacity affected by SO curtailment Variable Cost = Fuel + VOM of affected plant (for merchant capacity, suggesting to include CRF)		
					<u>APC:</u> we would like to seek the clarification regarding the proposed formula whether it should be Gen MQ less the BCQ since we are only accounting the energy sold to spot.		The proposed formula in Section 10.3.3(e) is for the determination of the scheduled generation of a generating unit that filed a claim for additional compensation due to pricing error. The volume that shall be eligible for additional compensation is	

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							calculated using the formulas in Section 10.3.2, wherein the BCQ and the ancillary services incidental energy are deducted from the gross energy settlement quantity or scheduled generation to determine the additional compensation quantity.	
					<p><u>PEMC:</u></p> <p>Suggest to update this formula to consider the added criterion in Section10.1 of this manual.</p> <p>If so considered, requesting inputs from IEMOP how the added criterion will be implemented.</p>		In the formula for determining the additional compensation quantity in Section 10.3.2 of the Billing and Settlement Manual, the bilateral contract quantity and the ancillary services incidental energy are deducted from the gross energy settlement quantity	See discussion in the minutes of meeting

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							or the scheduled generation. Hence, only the spot energy is eligible for additional compensation and there will be no double recovery if the generating unit is dispatched to provide reserve service. We think that updating the formula is not necessary.	

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					GENERAL COMMENTS: A. Technical Committee (TC)¹: 1. The TC agrees that (appropriate) actions must be done to minimize (or avoid) the damage to infrastructure and (protect the) security of people living in the affected areas in the event of local emergencies and calamities. However, actions in response thereof does not necessarily have to be part of the security-related actions of the System Operator (SO) (e.g., imposition of over-riding constraints, designation of must run units) considering that the scenario is more of an exception		For TC: NPC: NPC acknowledges that WESM operates/ functions primarily in ensuring security/ reliability of the Grid and that the matters presented are not within the scope of WESM and therefore, cannot be captured by the WESM Rule.	

¹ Items in parenthesis are from the TC's letter dated 07 April 2022 to the RCC.

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					<p>rather than a general rule (in the WESM).</p> <p>2. In cases of anticipated local emergencies or calamities, the plant operator should take preventive and precautionary measures to minimize damages and thereafter inform the SO of the measure/s taken if it affects the grid's reliability and security. On the other hand, the SO may (decide to) impose over-riding constraints based on the information received from the plant operator. (Such judgement calls by the SO cannot be captured by market rules changes based</p>			

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					<p>only on one particular case).</p> <p>B. PEMC</p> <p>1. PEMC supports NPC's objective in ensuring the safety of communities downstream and in the vicinity of dam infrastructures. The proposal may be an opportunity to provide market-based safeguards to implement that goal without compromising the objective of a level-playing field in the market.</p> <p>2. Dispatch of plants should be, by default or as much as possible, determined <u>through</u></p>			

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					<u>offers</u> submitted by Trading Participants. Even with imminent weather disturbance or emergencies, the dam operator and its Trading Participant should coordinate beforehand for the latter to manage offers allowing the discharge of water through the turbines. The 5-minute dispatch interval regime allows TPs to change offers as close to real-time dispatch as possible, in which offers could be adjusted as weather conditions			

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					<p>change. Dispatch through the over-riding constraints mechanism should be minimized and viewed as a last resort option.</p> <p>3. For the System Operator: Over-riding constraints are regularly monitored by the Market Surveillance Committee. Does the SO have an existing process whereby TPs' requests to be imposed with non-security limit are duly documented and justified?</p> <p>4. For the System Operator: How would the SO</p>			

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					<p>decide on its actions if given the choice between ensuring grid security and safety of downstream communities (e.g., situation of Caliraya Dam which only has 20-40 minutes before discharged water reaches the communities).</p> <p>5. For IEMOP: How could the immediate need to discharge water from dams during local calamities, thus prioritizing dispatch of hydro plants, possibly affect or be considered in the CVC hierarchy</p>		<p>IEMOP to PEMC Comment #5: In the MMS, overriding constraints are considered as hard constraints in the MDOM that form part of a generator's minimum operating limit (which includes ramp-down limits of generating units). If</p>	

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					<p>when there is over-generation?</p> <p>C. NGCP In support of the NPC proposal, NGCP would like to recommend enjoining traders of the affected hydroelectric power plants to offer their unit capacity/ies in the WESM as another option to ensure that these will be included in the RTD schedule.</p>		<p>the total minimum operating limit of generators is greater than the demand, then the over-generation CVC shall be triggered. Whenever this happens, the generator schedules remain the same, while the RTD prices generated are still "feasible" as part of the automatic pricing re-run feature that is equipped in the MMS.</p> <p>As an example, if the total minimum operating limit is 7000 MW, and the demand is 6500 MW, the total schedules remain the same amounting to 7000 MW, but the prices are feasible (more often than not, prices shall be equal to the lowest offered price, which is most likely around</p>	

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							<p>the value of the offer floor of – P10,000/MWh).</p> <p>Even if the prices are feasible, we are still left with the dilemma of having 500 MW of excess generation. In cases such as this, Section 18 of the WESM Dispatch Protocol provides the guidelines for handling excess generation in the upcoming projections and in real-time.</p>	
Over-riding Constraints	7.6.2	7.6.2 The types of <i>over-riding constraints</i> that may be imposed in the MDOM include the following: a. <i>Security Limits</i> - The <i>System Operator</i> may impose <i>security limits</i> to override the <i>market offers</i> and address	7.6.2 The types pf over-riding constraints that may be imposed in the MDOM include the following: xxx b. Non-Security Limits: Testing and commissioning i. Generating Unit Limitations	- MRU Operation minimizes flooding downstream by pre-emptive water spillage through power generating turbines at the onset of any weather disturbances.	A. IEMOP: We recommend to retain that MRU should be used for purposes of system security and reliability. Note that all MRUs are under <i>Security Limits</i> , making them eligible for additional			xxx b. Non-Security Limits: Testing and commissioning i. Generating Unit Limitations ii. Regulatory and Commercial Testing

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		<p>possible threats in <i>system security</i>.</p> <p>i. <i>Generation</i> Limits – involves the minimum and maximum operating limits for <i>generation</i>. <i>Security</i> limits for <i>generating units</i> shall also include scheduled <i>must-run units</i> in accordance with the selection criteria in section 17.2 of this Dispatch Protocol.</p> <p>ii. Branch Group Limits – involves the maximum flow that may pass through a certain group of <i>transmission lines</i></p> <p>iii. Transmission Limits – involves the maximum flow that may pass through a specific line or transformer or <i>HVDC</i></p>	<p>ii. Regulatory and Commercial Testing</p> <p>iii. <u>Local Calamities– refers to short-term incidents (i.e. flooding, etc.) that would allow hydro-electric plants to run under Non-Security Over-riding Constraints to avert or minimize damage to infrastructures and to ensure safety of people living in affected localities.</u></p> <p>iv. <u>Emergencies– refers to situations where there is an immediate need to lower reservoir elevation but spilling operation through the spillway cannot be made due to</u></p>	<p>- Priority dispatch should be given to hydropower plants in times of calamities where reservoirs are in excess of stored water to maximize the beneficial use of stored water while avoiding emission of air pollution from oil-based plants.</p> <p>- Note that Caliraya Dam has no record of spilling operation through its spillway and its reservoir elevation is being maintained to safe level through its power generating turbines. In addition, the flood</p>	<p>compensation. The original intent of delineating security limits from non-security limits is that non-security limits should not be eligible for additional compensation.</p> <p>Emergency is already a defined term in the WESM Rules.</p> <p>B. TC:</p> <p>1. Are the conditions described items “iii Local Calamities” and “iv Emergencies” anticipated or forecasted?</p> <p>2. Are these not covered in Section</p>		<p>For TC:</p> <p>1. NPC: The circumstances under Item iii. Local Calamities are forecasted while conditions under Item iv. Emergencies may be anticipated or</p>	<p>iii. <u>Local Calamities</u></p> <p>iv. <u>Emergencies</u></p> <p>2.1.2 The following words and phrases as used in this <i>Market Manual</i> shall have the following meaning: xxx <u>Emergencies– refers to situations under the WESM Rules Clause 6.3.1.1 and 6.3.1.2 where there is an immediate need to lower reservoir elevation but spilling operation</u></p>

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		<p>iv. Other types as may be recommended by the <i>System Operator</i></p> <p>b. Non <i>Security</i> Limits: Testing and commissioning</p> <p>i. Generating Unit Limitations</p> <p>ii. Regulatory and Commercial Testing</p>	<p><u>spillway gates or other dam appurtenances requiring repair.</u></p>	<p>propagation time from spillway to the downstream only takes around 25-40 minutes giving very limited time for the communities to take safety measures.</p> <p>- The utilization of the power generating turbines is the only option in lowering reservoir elevation immediately in situations where dam discharge through its spillway cannot be conducted due to dam structure/ appurtenances requiring repair.</p>	<p>6.1.9 and 6.14.4 (d) & (e) of this protocol?</p> <p>3. Is the case of Caliraya Dam, mentioned in the rationale, a maintenance and repair or environmental issue?</p> <p>4. In case this proposal is adopted, do we specify a procedure or authorization for declaring "calamity" or "emergency"?</p>		<p>not anticipated at all.</p> <p>2. NPC: In NPC's understanding, Sections 6.1.9 and 6.14.4 refers only to the reporting/ notification of those among the non-exhaustive list which includes local calamities and impending emergencies. However, this does not necessarily give definite action regarding the presented matter. However, NPC acknowledges that the matters presented are</p>	<p><u>through the spillway cannot be made due to spillway gates or other dam appurtenances requiring repair.</u></p> <p><u>Local Calamities– refers to short-term incidents (i.e. flooding, etc.) that would allow hydro-electric plants to run under Non-Security Over-riding Constraints to avert or minimize damage to infrastructures and to ensure safety of people</u></p>

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							<p>not within the scope of SO but in turn, NPC will discuss the matter with the Trading participants and Plant Operators regarding the necessary actions on the matter.</p> <p>3. NPC: The case being presented in the rationale is an environmental issue.</p> <p>4. NPC: A new protocol among respective stakeholders of the Dams will be established detailing the criteria, procedure, and</p>	<p><u>living in affected localities.</u></p> <p>xxx</p> <p>(See discussion on the minutes of meeting)</p>

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Dispatch Protocol Manual								
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					<p>C. PEMC</p> <p>1. There is a need to limit the scope of the “Local Calamities” criterion to the specific needs of dam operations during local calamities.</p> <p>2. For cases of “Emergency” as described in the proposed amendment, the dam operator generally knows the schedule during which the spillway gates are inoperable or under repair. In view of this, it has reasonable time to plan and coordinate with its</p>	<p>C. PEMC</p> <p>7.6.2 The types of over-riding constraints that may be imposed in the MDOM include the following: xxx b. Non-Security Limits: Testing and commissioning</p> <p>i. Generating Unit Limitations ii. Regulatory and Commercial Testing iii. <u>Dam Operations during Local Calamities – refers to instances where there is an immediate need to lower reservoir elevation due</u></p>	<p>communication network in the declaration of local calamities as well as the corresponding activities. Nevertheless, NPC to discuss the matter with the PO/ TP in order to resolve the matter</p>	

ANNEX D - Proposed Amendments with Comments and Responses (Non-security Over-riding Constraints ORCP- WM-22-04)

Dispatch Protocol Manual								
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					Trading Participant for the latter to strategize offers so the hydro plant will be dispatched, instead of through over-riding constraints.	<u>to short-term incidents (i.e. flooding, damage to dam infrastructure etc.) that would allow hydro-electric plants to run under Non-Security Over-riding Constraints to avert or minimize damage to infrastructures and to ensure safety of people living in affected localities.</u> <u>iv. Emergencies—refers to situations where there is</u>		

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					<p>D. MEI/PEI</p> <p>For simplicity, MEI and PEI suggest to just include Local Calamities and Emergencies in the list of non-security limits and to incorporate their definition in Section 2.1.2.</p>	<p><u>an immediate need to lower reservoir elevation but spilling operation through the spillway cannot be made due to spillway gates or other dam appurtenances requiring repair.</u></p> <p>D. MEI/PEI</p> <p>7.6.2 The types of over-riding constraints that may be imposed in the MDOM include the following: xxx</p>		

ANNEX D - Proposed Amendments with Comments and Responses (Non-security Over-riding Constraints ORCP- WM-22-04)

Dispatch Protocol Manual								
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					E. SNAP	<p>b. Non-Security Limits: Testing and commissioning</p> <p>i. Generating Unit Limitations</p> <p>ii. Regulatory and Commercial Testing</p> <p>iii. <u>Local Calamities</u></p> <p>iv. <u>Emergencies</u></p> <p>2.1.2 The following words and phrases as used in this <i>Market Manual</i> shall have the following meaning: xxx <u>Emergencies– refers to situations where there is an immediate need to lower reservoir elevation but</u></p>	For SNAP: NPC: Hydropower plants do have maximum turbinng capacity	

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					<p>Retain the original provision, for the reasons cited below:</p> <p>-There are hydropower plants that provide Ancillary Services. These Ancillary Services are necessary to ensure grid reliability, especially during emergencies and calamities.</p> <p>-Hydropower plants have maximum turbinng capacity. Hence, placing the hydropower plants in the over-riding constraint to run at maximum capacity cannot fully prevent spillage. The necessity to dispatch hydropower plants</p>	<p><u>spilling operation through the spillway cannot be made due to spillway gates or other dam appurtenances requiring repair.</u></p> <p><u>Local Calamities– refers to short-term incidents (i.e. flooding, etc.) that would allow hydro-electric plants to run under Non-Security Over-riding Constraints to avert or minimize damage to infrastructures and to ensure safety of people living in affected localities.</u></p> <p>xxx</p>	<p>but it has been proven that the utilization of hydro-electric turbines in full dispatch are effective in minimizing, if not preventing, dam spilling operations. Caliraya Dam, for instance, has no history of dam spilling operations due to the utilization of its turbines to lower its elevation to safe levels. Regardless, the NPC will coordinate the matter with Trading Participants and Plant Operators.</p>	

ANNEX D - Proposed Amendments with Comments and Responses (Non-security Over-riding Constraints ORCP- WM-22-04)

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					<p>can be addressed by management of energy offers.</p> <p>- Emergency is defined as <i>Any abnormal system condition that requires automatic or immediate manual action to prevent or limit loss of transmission facilities or generation supply that could adversely affect the reliability of the electric system</i> in the WESM Market Manual - Emergency Procedures Section 2. Introducing an isolated definition of 'Emergencies' would cause confusion.</p> <p>-The issues presented by the</p>	<p><i>(Renumber the list in the definition of terms as appropriate.)</i></p>	<p>NPC: The Contingency Protocol during Weather Disturbances or Flood Periods for Caliraya Dam (approved in 2009) includes the process of obtaining approvals in the designation of MRUs when there is imminent danger to the integrity of Caliraya Dam and its immediate environment. The proponent's revision of over-riding constraints instead of MRU is to ensure that incidence of</p>	

ANNEX D - Proposed Amendments with Comments and Responses (Non-security Over-riding Constraints ORCP- WM-22-04)

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					proponent cannot be resolved thru over-riding constraints. Long-term solutions such as improvement in the water/inflow forecasting and better water planning and management should be in place to mitigate the issues in relation to water spillage.		spilling for Caliraya Dam is lessened (or totally averted) since propagation time from the spillway to the downstream communities is just 20-45 mins. The NPC-DMD continues to improve its Flood Forecasting System for better water management. As part of this [water management], NPC views that one proactive response in preventing or if not, minimizing dam spilling operations is the optimization of the	

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Dispatch Protocol Manual								
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							use of water in the reservoir through maximizing power generation prior to the arrival of weather disturbance, since this have been very effective particularly in Caliraya and San Roque Dams. For Ambuklao and Binga Dams which have very limited storage capacities, applying the same could provide additional flood storage which can also help in flood mitigation.	
Over-riding Constraints	7.6.3	7.6.3 <i>Over-riding constraints</i> in the scheduling and <i>dispatch</i> of <i>generating units</i>	7.6.3 <i>Over-riding constraints</i> in the scheduling and <i>dispatch</i> of <i>generating units</i>	- The revised statement in the provision is intended to	A. IEMOP: Similar to previous input, we recommend			Adopted as revised

ANNEX D - Proposed Amendments with Comments and Responses (Non-security Over-riding Constraints ORCP- WM-22-04)

Dispatch Protocol Manual								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's/ SO/MO Response	RCC Decision
		qualifying as <i>must-run units</i> designated under Section 7.6.2 and Section 17, shall be compensated based on the mechanism set forth in the Price Determination Methodology Manual. <i>Over-riding constraints</i> for the scheduling and <i>dispatch of generating units</i> undergoing Regulatory and Commercial testing process shall be considered as price takers in the <i>WESM</i> for <i>generation</i> traded in the <i>spot market</i> .	qualifying as <i>must-run units</i> <u>and Over-riding constraints in the scheduling and dispatch of generating units due to Local Calamities and Emergencies</u> designated under Section 7.6.2 and Section 17, shall be compensated based on the mechanism set forth in the Price Determination Methodology Manual. <i>Over-riding constraints</i> for the scheduling and <i>dispatch of generating units</i> undergoing Regulatory and Commercial testing process shall be considered as price takers in the <i>WESM</i> for <i>generation</i> traded in the <i>spot market</i> .	consider Over-riding constraints for the scheduling and dispatch of generating units due to <i>local calamities</i> and <i>emergencies</i> as price takers in the <i>WESM</i> for generation traded in the spot market.	that additional compensation should only be allowed for system security-related cases. B. TC: See previous comments. C. PEMC The proposal calls for dispatching hydro plants under the non-security overriding constraint category, therefore they should be compensated as such (i.e., price-taker only and not eligible for claiming additional compensation). PEMC recognizes that the proponent is	C. PEMC 7.6.3 <i>Over-riding constraints</i> in the scheduling and <i>dispatch of generating units</i> qualifying as <i>must-run units</i> <u>and Over-riding constraints in the scheduling and dispatch of generating units due to Local</u>		Generating units under the category of non-security over-riding constraints as cited in Section 7.6.2 shall be considered as price takers in the <i>WESM</i> for <i>generation</i> traded in the <i>spot market</i> .

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Dispatch Protocol Manual								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's/ SO/MO Response	RCC Decision
					MEI and PEI are of the position that generating units placed under over-riding constraints due to Local Calamities and Emergencies should not be compensated based on the mechanism set forth in the Price Determination Methodology. These generating units are not entitled to and cannot file for additional compensation like must-run units. The generators imposed with the said over-riding constraints are hydroelectric units in which no fuel costs are involved. Further, MEI and PEI suggest the rewording of the section to avoid ambiguity. The	<i>generation traded in the spot market.</i> D. MEI/PEI 7.6.3 Over-riding constraints in the scheduling and dispatch of generating <u>Generating</u> units qualifying <u>designated</u> as must-run units designated under Section 7.6.2 and Section 17, shall be compensated based on the mechanism set forth in the Price Determination Methodology Manual. Over-riding constraints for the scheduling and dispatch of		

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Dispatch Protocol Manual								
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					<p>generating units, not the over-riding constraints, are the ones that should either be compensated under the PDM or be considered as price takers.</p> <p>E. SNAP Retain the original provision</p>	<p>generating <u>Generating</u> units undergoing Regulatory and Commercial testing process <u>or imposed with over-riding constraints due to local calamities or emergencies</u> shall be considered as price takers in the <i>WESM</i> for <i>generation</i> traded in the <i>spot market</i>.</p> <p>Non-Security Limits: Testing and commissioning</p> <p>i. Generating Unit Limitations</p> <p>ii. Regulatory and Commercial Testing</p> <p>iii. <u>Local Calamities</u></p>		

ANNEX D - Proposed Amendments with Comments and Responses (Non-security Over-riding Constraints ORCP- WM-22-04)

Dispatch Protocol Manual								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's/ SO/MO Response	RCC Decision
						iv. <u>Emergencies</u>		
				-	<p>A. PEMC</p> <p>Consider adding new provision similar with the current Section 7.6.4 but for “Dam Operations during Local Calamities”. The timeline for submission to the System Operator of the MW target could still be discussed.</p> <p>Current Section 7.6.4:</p> <p><i>Generating units undergoing regulatory and commercial tests shall submit to the System Operator the MW profile that details the MW target for each dispatch interval during its</i></p>	<p>A. PEMC</p> <p><u>7.6.5 Generating units requesting dispatch by reason of Dam Operations during Local Calamities shall submit to the System Operator the MW profile that details the MW target for each dispatch interval during its requested spilling operations period on or before two (2) business days prior to the start of the dam’s spilling operations.</u></p>	<p>NPC: As a general response, the main objective of NPC in the said proposal is to utilize hydropower turbines in bringing the reservoir elevations to a safe level in the occurrence of local calamities and emergencies (i.e. dam appurtenance malfunction, etc.) regardless of whether it comes with additional compensation or not. Nevertheless, NPC acknowledges that WESM operates/ functions primarily in ensuring security/ reliability of the Grid and that the matters</p>	adopted

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Dispatch Protocol Manual								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's/ SO/MO Response	RCC Decision
					<i>requested test period on or before two (2) working days prior to the start of its testing.</i>		presented are not within the scope of WESM and therefore, cannot be captured by the WESM Rule. In this regard and in consideration to various comments from stakeholders/ members of WESM, NPC decides to coordinate the matter with the Plant Operators and Trading Participants particularly in the notification/ coordination with the SO if such dam threats arise and in the management of energy offers to ensure prioritization of trading participants bids/ offers.	

ANNEX E – Summary of Proposal (Penalty Framework for Test and Commissioning)



PROPOSED RULES CHANGE RE: PENALTY FRAMEWORK FOR TEST AND COMMISSIONING

RCC Regular Meeting

20 May 2022 | MS Teams



- 

ACTION REQUESTED
- 

RATIONALE
- 

SUMMARY OF THE
PROPOSAL
- 

OTHER RELEVANT
MATTERS



REQUESTED ACTION

FOR APPROVAL
SOLICITATION/POSTING FOR COMMENTS

ANNEX E – Summary of Proposal (Penalty Framework for Test and Commissioning)



RATIONALE



Enforcement on T&C Rules
Under DOE DC2021-06-0013

Extended T&C pose a material effect on the WESM outcomes particularly displacing scheduled generators while being exempted from mandatory requirements of submitting offers or projected outputs

The DOE DC2021-06-0013 provided for the clear-cut procedures and timeline for the conduct of test and commissioning; and possible consequences if the allowable T&C period expires.

But no sanctions yet for any violation/s of the rule.



Mandate of WESM
Governance Arm
Under DOE DC2021-06-0013

- 9.1. Submit to RCC **proposed rules change** in accordance with the enforcement and compliance policy
- 9.3. Review and recommend **possible sanctions and other measures** to promote compliance of concerned stakeholders



Consultations with the
Stakeholders

- With CC on 15-Dec-2021
- With MSC on 16-Dec-2021 & 17-Mar-2022
- With the ERC on 21-Dec-2021
- With the DOE on 23-Dec-2021
- With the Generation Companies (with T&C plants) on 12-Jan-2022



GUIDING PRINCIPLES

In Establishing Penalty Framework

- The **acts or omissions** constituting breach of the WESM Rules or Market Manuals for which penalties can be imposed **must be specified**.
- The penalties, financial and non-financial, that can be imposed for each type of breach should be **commensurate to the nature and gravity** of the breach.
- The **procedures** for and **respective obligations** of responsible persons or entities in implementing penalties **must be specified**.

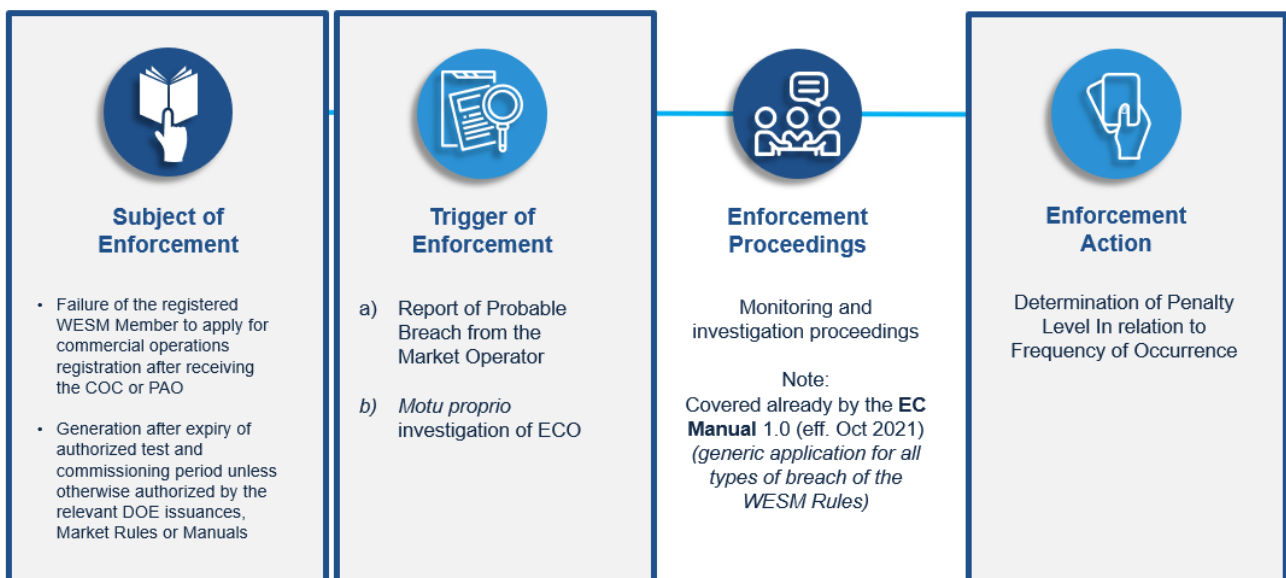
- WESM Rules, Sec. 7.2.2.5



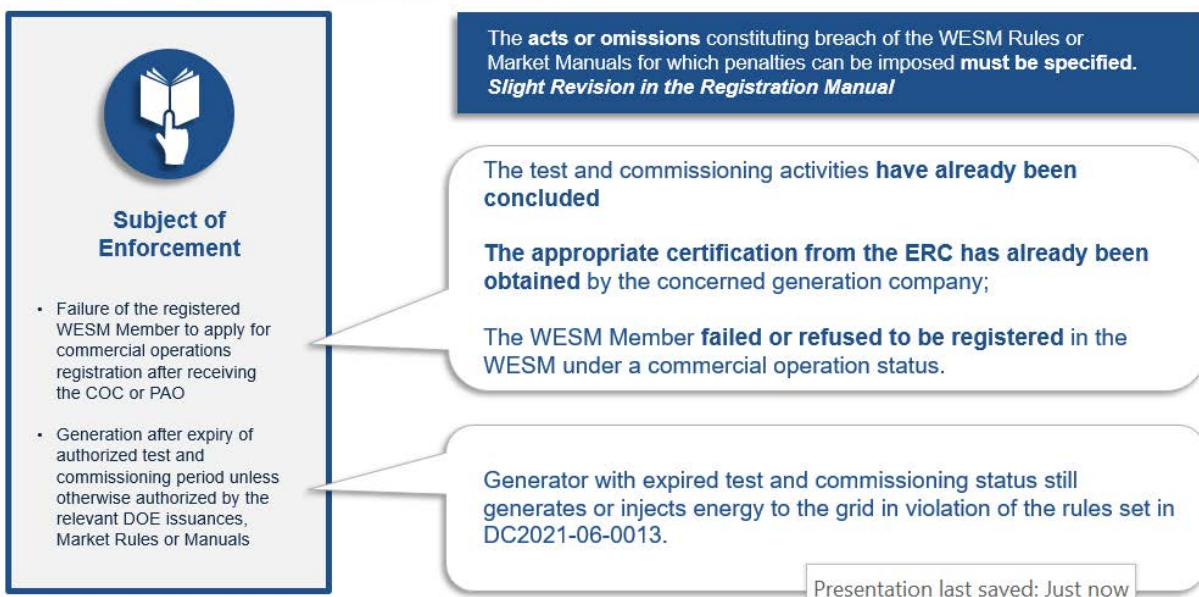
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ANNEX E – Summary of Proposal (Penalty Framework for Test and Commissioning)

A. AREAS OF RULE AMENDMENTS




A. AREAS OF RULE AMENDMENTS



8


ANNEX E – Summary of Proposal (Penalty Framework for Test and Commissioning)

A. AREAS OF RULE AMENDMENTS



Subject of Enforcement

- Failure of the registered WESM Member to apply for commercial operations registration after receiving the COC or PAO
- Generation after expiry of authorized test and commissioning period unless otherwise authorized by the relevant DOE issuances, Market Rules or Manuals



Trigger of Enforcement


- a) Report of Probable Breach from the Market Operator
- b) *Motu proprio* investigation of ECO

Proposed to be specified also in the relevant manual to determine the commencement of enforcement proceedings

A. AREAS OF RULE AMENDMENTS

- To include the appropriate penalty for the breach of the rules pertaining to the 2 subjects of enforcements: non-registration for commercial operation; and generation despite the expired T&C Status.
- To update the Table for Penalty Level Determination to cover the instances, as proposed.

Note: The review of the rules change proposal for the penalty mechanism part will be done by the MSC (per WESM Rules) subject to consultation with RCC, CC, and PEM Board.

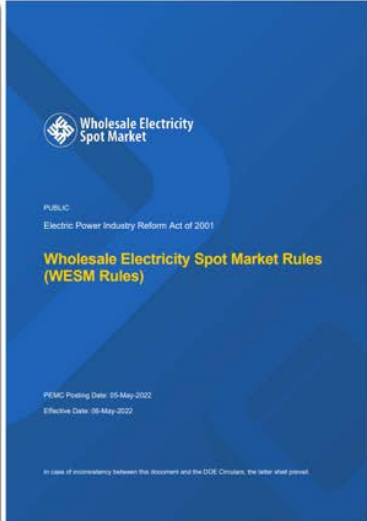


Enforcement Action

Determination of Penalty Level In relation to Frequency of Occurrence

B. RULES OR MANUALS AFFECTED

(1) On WESM Rules



7.2.2.5 The enforcement proceedings and enforcement actions set out in this Clause 7.2 may only be carried out for non-compliances of **a WESM Member** with the WESM Rules or Market Manuals as specified in the WESM Penalty Manual, or in any provision of the WESM Rules or any Market Manual which are subject of sanctions or investigation under this Clause 7.2.

- WESM Rules




Generation Company with plants on T&C status is already a **WESM Member**; thus, within the coverage of Sec. 7.2.2.5

No need to amend WESM Rules

ANNEX E – Summary of Proposal (Penalty Framework for Test and Commissioning)

B. RULES OR MANUALS AFFECTED

(2) On Market Manuals


 <p>Subject of Enforcement</p> <p>Registration, Suspension and De-Registration Criteria and Procedures Manual</p> <p>Section 2.5.7.3 (g) (Guidelines for Test and Commissioning Registration)</p> <p><i>Note: The version used for this purpose is the latest version (now pending with the DOE)</i></p>	 <p>Trigger of Enforcement</p> <p>Registration, Suspension and De-Registration Criteria and Procedures Manual</p> <p>Section 2.5.7.3 (h) (Guidelines for Test and Commissioning Registration)</p> <p><i>Note: The version used for this purpose is the latest version (now pending with the DOE)</i></p>	 <p>Enforcement Action</p> <p>WESM Penalty Manual</p> <ul style="list-style-type: none">Section 5 – Schedule of Breach and PenaltiesSection 4.5.2 Table 1 – Frequency of Occurrence Matrix
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PENALTY FRAMEWORK FOR T&C

OTHER RELEVANT MATTERS

 Philippine Electricity Market Corporation

REVIEWING COMMITTEES

FOR REVIEW AND DELIBERATION		
 <p>Subject of Enforcement</p> <p>Registration, Suspension and De-Registration Criteria and Procedures Manual</p>	 <p>Trigger of Enforcement</p> <p>Registration, Suspension and De-Registration Criteria and Procedures Manual</p>	 <p>Enforcement Action</p> <p>WESM Penalty Manual</p>
By RCC (per Clause 8.3.1 WR)		By MSC (per Clause 7.2.5.5 WR)

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ANNEX E – Summary of Proposal (Penalty Framework for Test and Commissioning)

REVIEWING COMMITTEE
For Penalty Design/Matters

“The **Market Surveillance Committee** shall review the WESM Penalty Manual from time to time as may be necessary, and **in consultation with the Rules Change Committee**, Compliance Committee and the PEM Board, recommend changes thereto, provided, that changes on the same shall be subject to the approval of the DOE.

- Clause 7.2.5.5, WESM Rules”



As the revisions or amendments are interrelated, PEMC requests –

<div>RCC</div> <div></div> <div><ul style="list-style-type: none">To review and deliberate the rules change proposal in Registration ManualTo review <i>(in view of the consultation process)</i> the rules change proposal in Penalty Manual <i>(subject to the formal endorsement by MSC to RCC for consultation)</i></div>	<div>MSC</div> <div></div> <div><ul style="list-style-type: none">To review the rules change proposal in Penalty ManualTo consider in the review thereof the development of the changes/considerations made in the Registration Manual</div>
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Connect with
PEMC

pemc.info@wesm.ph

+63 2 8631 8734

18F Robinsons Equitable Tower, ADB Avenue
Ortigas Center, Pasig City 1600, Philippines

pemcinfo

pemcinfo

PEMC_Info

PEMC Info