



ORCP-WR-WM-22-09
Date Received by RCC: 10 Nov 2022

REQUEST FOR MARKET RULES AND MANUALS AMENDMENTS

Proposals made only under this prescribed form shall be accepted and considered as submitted.

This request for amendments is be submitted to:

Rules Change Committee

Attention: WESM Governance Committee Secretariat
Philippine Electricity Market Corporation
18/F Robinsons Equitable Tower
ADB Avenue, Ortigas Center
Pasig City, 1605 Philippines
Email addresses: rcc@wesm.ph / mag_rrd@wesm.ph
Contact No: (+632) 8631-8734

I. Proponent's Information

Name	Elvin Hayes E. Nidea
Designation	PEMC President
Company	Philippine Electricity Market Corporation
Company Address	18F Robinsons Equitable Tower, ADB. Ave.
	Ortigas, Pasig City 1600
Telephone No.	8631 8734
Fax. No.	
Email Address	eenidea@wesm.ph ; rcbalegre@wesm.ph



Philippine Electricity
Market Corporation

II. Amendment Information

Proposed Amendments to the (please tick the box):

WESM Rules Retail Rules

Market Manual: **Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units (FAS Manual)**

Topic: **Proposed Urgent Amendments to the FAS Manual On Matters Relating to Enforcement Proceedings and Actions**

Proposed Classification of Amendments (please tick the box):

General Minor Urgent

If Urgent, reason for urgency:

- To avoid, reduce the risk of or mitigate the unintended adverse effect of the relevant provisions of the WESM Rules and the Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units (FAS Manual); and
- To facilitate the implementation of the DOE DC2022-05-0015.



III. SUMMARY OF THE PROPOSED RULES CHANGE

The following are covered in the proposed urgent amendments to the Procedures for the Monitoring of Forecast Accuracy Standards (FAS) for Must Dispatch Generating Units Issue 2.0 (“FAS Manual,” for brevity):

A. For completeness of the enforcement procedures –

1. Additional provisions on monitoring, submission of responses/confirmation of periodic results, reporting of results, and their respective timelines;
2. Clarity in the responsibilities of the generation companies, the Enforcement and Compliance Office, and the Market Operator;
3. Clarity in the definition of initial loading vis-à-vis the computation of the forecast percentage error and other terms used in the FAS Manual;
4. Frequency of reporting to the PEM Board, the Compliance Committee, and the Department of Energy (DOE)
5. Types of report to be issued relative to the FAS monitoring

B. For alignment with the relevant DOE issuance –

1. Inclusion of the must dispatch generating units with Final Certificate of Approval to Connect (FCATC) in the coverage of the FAS monitoring pursuant to DOE DC2022-05-0015.¹

C. For integration of the rules applicable to certain conditions/situations –

1. Treatment for a generation facility with expansion unit that is allowed participation in the WESM if issued with FCATC but is otherwise restricted to nominate its full capacity *via* the market management system.

D. For practical application of the penalties and sanctions –

1. Clarity in the Transition Period
2. Provision of the Exemption Period
3. Application of pro-rated penalties/sanctions depending on the length of participation in the WESM within a monitoring year.
4. Retroactive application of the rule amendment for practicality

¹ DOE DC2022-05-0015 “Supplementing Department Circular No. DC2021-06-0013 on the Framework Governing Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network” Published in June 2022



IV. BACKGROUND

The Philippine Electricity Market Corporation - Enforcement and Compliance Office (PEMC-ECO) began its monitoring of the compliance with FAS of the generation companies with respect to their must dispatch generating units since the implementation of the Enhanced WESM Design and Operations (EWDO) in June 2021. It differs from the previous monitoring activity in mainly two (2) aspects: *First*, in terms of responsible party wherein the monitoring function was transferred from the Market Operator to the Governance Arm; and *second*, in the formula used in consideration of the change in the dispatch interval from one (1) hour to five (5) minutes.

PEMC through ECO has implemented interim procedures in the form of compliance bulletins and advisories to carry out the mandate as contained in the WESM Rules and FAS Manual. In the process, it noted and consolidated various concerns and issues encountered by both ECO and the trading participants, and their observations during the implementation of the FAS monitoring under the EWDO regime. ECO also made consultations with the DOE, the Market Operator, and the trading participants on those matters. As the one-year monitoring period (January-December 2022 billing period) is about to end and the cumulative results are required to be assessed with finality by first quarter of 2023, PEMC deems it appropriate to properly address the gaps and to give effect to the related DOE issuance.

The proposed urgent amendments seek to:

1. address the gap between the FAS Manual and the actual procedures and practices being adopted to implement the provisions of the said Manual;
2. ensure compliance with the requirements set forth in the DOE DC2022-05-0015² that seeks to include in the FAS-related enforcement proceedings/actions the must dispatch generating units with issued FCATC;
3. define with more clarity the reference data for the calculation of the forecast percentage error and other terms used in the Manual;
4. address some unique conditions, situations, or circumstances affecting the compliance of the must dispatch generating units but are not otherwise included in the current FAS Manual;

² "Pending the issuance of the COC by the ERC, a Generation Company that has been **issued with a final CATC** may be allowed to continue to operate and be compensated as price taker in the market, unless the ERC issues an Order for the Generation Company's immediate disconnection from the grid.

For this purpose, the Generation Company's dispatch shall be in accordance with the following:

4.4.5.1 For Variable Renewable Energy, the Generation Company shall x x x **comply with applicable forecast accuracy standards;** xxx" DOE DC2022-05-0015 (Emphasis supplied).



5. give considerations or exemptions for some plants who have just commenced operations and have low chance of passing the mean absolute percentage error (MAPE) or the Percentile 95 of the forecasting error (Perc95) due to their limited time of participation in the WESM within the subject monitoring year; and
6. add provisions that will promote due process before any sanction is imposed relative to a finding of breach of MAPE and PERC95.

The filing of this urgent rule amendment is deemed necessary to ensure that the enforcement proceedings, as enhanced throughout the monitoring period, and the enforcement actions to be taken once the FAS annual results are concluded, are supported by clear, fair, and adequate basis and reference in the WESM Rules and Market Manual.

With the proposed rule amendment, the PEMC will be able to meet the above-mentioned objectives or goals which are likewise consistent with the provisions of Section 3.1 (c) and (d) of the Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals, *i.e.*, to:

- avoid, reduce the risk of, or mitigate the unintended adverse effect of the WESM Rules, Retail Rules and Market Manuals (or any of its amendments); and
- facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA.

V. THE PROPOSED RULES CHANGE

A. WESM Rules

Area/Subject of Amendment	Brief Description
Reference Report	Annual (as distinguished from monthly) FAS results – as final basis for the imposition of penalty or sanctions
Recipient of the Report	Adding as the recipient of the periodic report the Compliance Committee which performs oversight functions on compliance matters.
Exemption Provision	Providing exception to the general rule on one-month exemption period
Others	Deletion of redundant provision



B. FAS Manual

Area/Subject of Amendment	Brief Description
Subject of the FAS monitoring	Adding generation facilities with FCATC; and those with expansion unit
Condition/Treatment for Plants with Expansion Unit	Application of zero (0) FPE; or one hundred (100) FPE under a certain set of conditions.
Glossary	<ul style="list-style-type: none"> • Adding new terms used in the Manual • Redefining the initial loading for practicability • Improvement in the definition
Responsible Parties	Completing the list of duties and responsibilities of the generation companies, ECO, and the Market Operator
Enforcement procedures and Reporting	Specifying a clear-cut procedure for monitoring, the types of reports, frequency of reporting, timelines, and entities/parties to whom reports are submitted
Basis for Recalculation	Adding data variance as basis for recalculation
Penalty Considerations	Adding provisions related to: Pro-rated penalties or sanctions; and exemptions involving generation facilities that have limited participation in the WESM in terms of the number of months in operation within a monitoring year.
Effectivity	Providing for a retroactive effect of the rule amendment for practicality



VI. BACKGROUND AND DESCRIPTION OF THE PROPONENT

The proponent is the Philippine Electricity Market Corporation, acting as the Governance Arm of the WESM with its officers as follows:

Elvin Hayes E. Nidea – President
Fortunato C. Leynes - Chief Governance Officer
Andrea J. Mendiola – Officer-In-Charge of the Legal Department
John Mark S. Catriz – Market Assessment Group Head
Ma. Hazel M. Gubaton-Lopez – Enforcement and Compliance Office Head
Elaine D. Gonzales – Internal Audit Head
Clares Loren J. Jalocon –Corporate Planning and Communications Head
Patrick S. Fernandez – Information System and Technology Head

VII. CONCLUSIONS AND RECOMMENDATIONS

The amendments to the WESM Rules and the FAS Manual are proposed for the efficient and effective monitoring of the compliance of the must dispatch generating units with the FAS and to implement the directives under the DOE DC2022-05-0015. Thus, it is recommended that the proposed changes be adopted.

VIII. REFERENCES

- A. WESM Rules
- B. DOE DC2022-05-0015 (Adopting “Supplementing Department Circular No. DC2021-06-0013 on the Framework Governing Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network” Published in June 2022
- C. Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units (FAS Manual) Issue 2.0

A. Proposed Urgent Amendments to the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale
Section 3.5.5 Generation Offers and Data	3.5.5.10	A <i>Trading Participant</i> who fails to meet the requisite forecast accuracy standards set out in accordance with Clause 3.5.5.8 in respect of <i>projected outputs</i> for a <i>must dispatch generating unit</i> submitted under Clause 3.5.5.5 may be liable for sanctions imposed under Clause 7.2.	A <i>Trading Participant</i> who fails to meet the requisite forecast accuracy standards set out in accordance with Clause 3.5.5.8 based on an annual assessment and results in respect of <i>projected outputs</i> for a <i>must dispatch generating unit</i> submitted under Clause 3.5.5.5 may be liable for sanctions imposed under Clause 7.2.	For clarity. ECO monitors monthly and annually. Only the failed annual rating shall be subject to sanctions. Deleted part – redundant; it is already stated in the referred clause 3.5.5.8
	3.5.5.11	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> the monthly and annual compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards with respect to its <i>projected outputs</i> .	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> , the Compliance Committee , and the <i>DOE</i> the monthly and annual compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards with respect to its <i>projected outputs</i> .	To include CC to whom ECO reports as part of the Committee's oversight functions.
	3.5.5.12	y	The <i>Market Operator</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> the monthly and annual compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards with respect to its <i>projected outputs</i>.	Redundant provision. Under Clause 3.5.5.11, ECO shall perform this task.

Title	Section	Provision	Proposed Amendment	Rationale
Section 7.2 Enforcement	7.2.10	<p>All <i>WESM Member</i> shall be exempted from an investigation and imposition of sanctions for probable <i>breach</i> that are committed –</p> <p>(a) Within the first one (1) month of membership in the <i>WESM</i> by said <i>WESM Member</i>; or</p> <p>(b) Within the first one (1) month of the issuance of a new provision of the <i>WESM Rules</i> or a new <i>Market Manual</i>, or an amendment thereto, with respect to such new provisions, <i>Market Manual</i> or amendment, if non-compliance with the same amounts to a <i>breach</i>.</p> <p>Notwithstanding, the <i>DOE</i> may issue a longer exemption period as it may deem necessary, to ensure the readiness of the <i>WESM Members</i> and in the implementation of a new policy or program that directly impacts the enforcement of the <i>WESM Rules</i> and its <i>Market Manuals</i>. For this purpose, the <i>DOE</i> shall issue an advisory to the <i>Governance Arm</i> providing such details of exemption as necessary.</p>	<p><u>Unless otherwise provided in the relevant <i>Market Manual</i>, All <i>WESM Members</i></u> shall be exempted from an investigation and imposition of sanctions for probable <i>breach</i> that are committed –</p> <p>x x x</p>	<p>To allow flexibility in setting a different exemption period when the <i>Market Manual</i> provides for a more practicable provision or consideration.</p> <p>Note: Under the <i>WESM Rules</i>, one-month exemption is provided. In the proposed <i>FAS Manual</i>, an exemption is provided if the plant is in operation for 3 months or less prior to the end of the covered monitoring year. (See related proposal, Section 4.6.2 [b] of the <i>FAS Manual</i>)</p>
Chapter 11 GLOSSARY		<p>Must Dispatch Generating Unit. A <i>Generating Unit</i> or <i>Generating System</i> so designated by the <i>Market Operator</i> under Clause 2.3.1.5 and is provided <i>Must Dispatch</i>.</p>	<p>Must Dispatch Generating Unit. A <i>Generating Unit</i> or <i>Generating System</i> so designated by the <i>Market Operator</i> <u>certified by the <i>DOE</i> as must dispatch generating unit</u> under Clause 2.3.1.5 and is provided <i>Must Dispatch</i> <u>registered as such in the <i>WESM</i> by the <i>Market Operator</i>.</u></p>	<p>Use of more appropriate terms.</p> <p>Section 2.3.1.5 speaks of certification by the <i>DOE</i> rather than designation by the <i>Market Operator</i>.</p>

**B. Proposed Urgent Amendments to the
Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units (FAS Manual)**

Title	Section	Provision	Proposed Amendment	Rationale
SECTION 1 – INTRODUCTION				
1.1. Background				
	1.1.3	[NEW]	<u><i>A Generation Company that has secured a Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC for its must dispatch generating unit shall likewise comply with the forecast accuracy standards in respect of its projected outputs.³</i></u>	To reflect the provisions of DOE DC 2022-05-0015 as regards MDGUs’ obligation to comply with forecast accuracy standards
	1.1.4	[NEW]	<u><i>A Generation Company that has an expansion unit shall comply with the forecast accuracy standards following the parameters set forth in Section 4.2.8 of this Manual.</i></u>	To consider the monitoring of a MDGU with expansion unit, i.e., facility with same plant substation and revenue meter; and to comply with the requirements under DOE DC 2022-05-0015 The definition of expansion unit is added to the Glossary (Section 2.1 of the Manual)

³ Section 4.4.5 of the DOE DC2022-05-0015 “Supplementing Department Circular No. DC2021-06-0013 on the Framework Governing Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network” Published in June 2022

Title	Section	Provision	Proposed Amendment	Rationale
	1.1.3	A <i>Trading Participant</i> who fails to meet the requisite forecast accuracy standards in respect of <i>projected outputs</i> for a <i>must dispatch generating unit</i> may be liable for sanctions imposed under Clause 7.2 of the <i>WESM Rules</i> .	A <i>Trading Participant</i> <u>referred to in Sections 1.1.2, 1.1.3, and 1.1.4 hereof, who which</u> fails to meet the requisite forecast accuracy standards in respect of <i>projected outputs</i> for a <i>must dispatch generating unit</i> may be liable for sanctions imposed under Clause 7.2 of the <i>WESM Rules</i> <u>and the <i>WESM Penalty Manual</i></u> .	<ul style="list-style-type: none"> Renumbered to 1.1.5 with modification For clarity. MDGUs with FCATC are already liable for sanctions in case of violations / breach of FAS.
	1.1.4	Moreover, the <i>Enforcement and Compliance Office</i> is required by the <i>WESM Rules</i> report to the <i>PEM Board</i> and the <i>DOE</i> the annual compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards with respect to its <i>projected outputs</i> .	Moreover, the <i>Enforcement and Compliance Office</i> is required by the <i>WESM Rules</i> <u>to</u> report to the <i>PEM Board</i> , <u>the <i>Compliance Committee</i></u> , and the <i>DOE</i> the annual compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards with respect to its <i>projected outputs</i> .	<ul style="list-style-type: none"> Renumbered to 1.1.6 To include CC's oversight functions. There is also a corresponding change in WESM Rules Clause 3.5.5.11
SECTION 2 DEFINITIONS, REFERENCES, AND INTERPRETATION				
2.1 Definitions				
	2.1.2	Glossary		
	<u>a)</u>	[NEW]	<u>a) Expansion Unit. It shall refer to the expanded capacity of a power plant or facility or that built in phases and is designed to have the same plant substation and revenue meter as the existing capacity unit.</u>	<p>To clarify the term used in the Manual.</p> <p>To cover the expanded unit in the assessment of the FAS compliance of the MDGUs.</p>
	<u>b)</u>	[NEW]	<u>b) Forecast Accuracy Standards Report. Reports which are prepared and issued by the Enforcement and Compliance Office, as prescribed in Section 4.4 of this Manual.</u>	For reference to the type/s of report that ECO needs to prepare/issue in compliance with FAS Manual.

Title	Section	Provision	Proposed Amendment	Rationale
		<p>a) Forecast percentage error. Error (in %) of the <i>projected output</i> submitted by a <i>must dispatch generating unit</i> with respect to its maximum <i>metered quantity</i> over a <i>billing period</i> as dependable capacity and calculated in accordance with Section 4.2.3.</p>	<p>a)-c) c) Forecast percentage error. Error (in %) of the <i>projected output</i> submitted by a <i>must dispatch generating unit</i> with respect to its maximum <i>metered quantity</i> over a <i>billing period</i> as dependable capacity and calculated in accordance with Section 4.2.3.</p>	Renumbered to c
		<p>b) Initial loading. Loading (in MW) for the beginning of the <i>dispatch interval</i> assumed in, or estimated by, the dispatch optimization performed prior to the beginning of that <i>dispatch interval</i>.</p>	<p>b)-d) d) Initial loading. <u>Loading (in MW) for the beginning of the <i>dispatch interval</i> assumed in, or estimated by, the dispatch optimization performed prior to the beginning of that <i>dispatch interval</i>. It shall refer to the previous <i>dispatch schedule</i> of the <i>must dispatch generating unit</i>. For example, the initial loading for 0105H shall be the <i>dispatch schedule</i> for 0100H.</u></p>	<p>To reflect the nearest reference to the load for the beginning of the dispatch interval – which is more appropriate for MDGUs.</p> <p>Note: the IL as originally defined is more appropriate for use by the conventional plants/ facilities.</p> <p>Renumbered to d</p>
		<p>c) MAPE. Abbreviation of <i>mean absolute percentage error</i>.</p>	<p>c)-e) e) MAPE. x x x</p>	Renumbered to e
		<p>d) Mean absolute percentage error. Mean of the <i>forecast percentage errors</i> of a <i>must dispatch generating unit</i> over a certain period calculated in accordance with Section 4.2.1.</p>	<p>d)-f) f) Mean absolute percentage error. x x x</p>	Renumbered to f
		<p>e) Must dispatch generating unit. A <i>generating unit</i> so designated by the <i>Market Operator</i> under clause 2.3.1.5 of the <i>WESM Rules</i> and is provided <i>Must Dispatch</i>. For brevity and when the context applies, this also refers to a <i>generation company</i></p>	<p>e)-g) g) Must dispatch generating unit. A <i>generating unit</i> so designated by the <i>Market Operator</i> <u>certified by the DOE as must dispatch</u> under clause 2.3.1.5 of the <i>WESM Rules</i> and is provided <i>Must Dispatch</i> <u>registered as such in the WESM by the Market Operator</u>. For brevity and wWhen the context</p>	<p>For clarity. Section 2.3.1.5 speaks of certification by the DOE rather than designation by the Market Operator.</p> <p>Renumbered to g</p>

Title	Section	Provision	Proposed Amendment	Rationale
		that operates a <i>must dispatch generating unit</i> in this <i>Market Manual</i> .	applies, this also refers to a <i>generation company</i> that operates a <i>must dispatch generating unit</i> in this <i>Market Manual</i> .	
		f) Perc95. Abbreviation of <i>percentile 95 of the forecasting error</i> .	f)-h) Perc95. Abbreviation of p Percentile 95 of the forecasting error .	Clerical correction. Renumbered to h
		g) Percentile 95 of the forecasting error. The value (in %) not exceeding 95% of the <i>forecast percentage errors of the must dispatch generating unit</i> during a certain period (see Section 6, Appendix A of this Manual).	g)-i) Percentile 95 of the forecasting error. x x x	Renumbered to i
		h) Projected quantity. Estimated <i>generation of a must dispatch generating unit over a dispatch interval</i> based on its submitted <i>projected output</i> assuming linear ramping calculated in accordance with Section 4.2.4.	h)-j) Projected quantity. x x x	Renumbered to j
		i) Transition Period. The period specified by the <i>DOE</i> wherein the provisions under Section 4.5 shall apply.	i)-k) Transition Period. The period specified by the DOE wherein the provisions under 4.5 shall apply <u>referred to in Section 4.5 of this Manual.</u>	Provide for the specific duration of transition for clarity. Section 4.5 – 6 months from implementation of the EWDO.
SECTION 3 – RESPONSIBILITIES 3.1 Enforcement and Compliance Office				

Title	Section	Provision	Proposed Amendment	Rationale
	3.1.1	The <i>Enforcement and Compliance Office</i> shall evaluate annually the compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards in this <i>Market Manual</i>	<p>The <i>Enforcement and Compliance Office</i> shall <u>assess,</u> evaluate annually <u>and issue</u> the <u>cumulative results of MAPE and PERC95 to</u> compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards in this <i>Market Manual</i>. <u>on a monthly and annual basis in accordance with the procedures set forth in Section 4.4 hereof.</u></p> <p><u>The Enforcement and Compliance Office shall, for this purpose, establish a detailed process or procedure of compliance monitoring and assessment and prescribe a reply format or template that may be accomplished by the Generation Company as part of the monitoring process.</u></p>	<p>For consistency with Section 4.4.2 (renumbered to 4.4.5) of this Manual -requiring <u>monthly</u> reporting; and Section 4.4.1 (renumbered to 4.4.6) -requiring <u>annual</u> reporting</p> <p>2nd paragraph – to integrate current process as would allow ECO to efficiently gather adequate data, information, or evidence from the trading participants.</p>
	3.1.2	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> its evaluation on the annual compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards with respect to each <i>must dispatch generating unit's</i> projected outputs	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> , <u>the Compliance Committee</u> , and the <i>DOE</i> its evaluation on the annual compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards <u>as set forth in Section 4.4.6 of this Manual</u> . with respect to each must dispatch generating unit's projected outputs	<p>Included Compliance Committee in view of its oversight functions.</p> <p>Reference to Section 4.4.6, as renumbered (previously Section 4.4.1)</p>
3.4 Generation Companies	<u>3.4.3</u>	[NEW]	<u>Generation companies shall coordinate with the Enforcement and Compliance Office for matters, data, or information necessary to establish, validate, and verify the incidents or circumstances referred to in Sections 4.3, and such other matters, data, or information relative to the calculation of MAPE and PERC95.</u>	<p>To integrate the current process; to ensure that all the data/information used in the calculation of FAS results are verified/validated. This requires active participation of the trading participants.</p> <p>Due process requirement.</p>

Title	Section	Provision	Proposed Amendment	Rationale
3.5 Market Operator	3.5.2	[NEW]	<u>The Market Operator shall provide to the Enforcement and Compliance Office all the market data and information necessary for the calculation of MAPE and PERC95 and for verification or validation of data, when necessary.</u>	To integrate the current practice. All market data used in the calculation of FAS by ECO are obtained from IEMOP.
SECTION 4 – FORECAST ACCURACY STANDARDS AND PROCEDURES			SECTION 4 – FORECAST ACCURACY STANDARDS, AND PROCEDURES, AND SANCTIONS	To align the title with the additional proposed subsection on sanctions (Section 4.6)
4.1 Standards	4.1.2	The MAPE and Perc95 of each <i>must dispatch generating unit</i> shall be calculated over the period starting on the 26 th of December of a year and ending on the 25 th of December of the succeeding year.	The MAPE and Perc95 of each <i>must dispatch generating unit</i> shall be calculated <u>every billing period in cumulative results and shall be reported to each Generation Company within the timeline prescribed in Section 4.4 hereof. The annual cumulative results covering over the period starting on the 26th of December of a year and ending on the 25th of December of the succeeding year <u>shall be determined with finality by the Enforcement and Compliance Office within the period prescribed in Section 4.4.6 of this Manual</u></u>	To integrate the current procedure (due process requirement): Issuance of Monthly FASR – to afford the Generation Companies the opportunity to see the results, provide relevant data as basis for recalculation, if any, and be able to catch up by improving its performance in the succeeding months.
	4.1.3	Subject to Section 4.5 of this <i>Market Manual</i> , <i>must dispatch generating units</i> who fail to meet the requisite forecast accuracy standards set out in Section 4.1.1 of this <i>Market Manual</i> may be liable for sanctions imposed under Clause 7.2 of the <i>WESM Rules</i> , and in accordance with the <i>WESM Penalty Manual</i> .	Subject to Sections <u>4.5 and 4.6</u> of this <i>Market Manual</i> , <u>the Generation Companies of the must dispatch generating units who which</u> fail to meet the requisite forecast accuracy standards <u>based on the annual Forecast Accuracy Standards Report shall be considered in breach of</u> set out in Section 4.1.1 of this <i>Market Manual</i> <u>and</u> may be liable for sanctions imposed under Clause 7.2 of the <i>WESM Rules</i> , and in accordance with the <i>WESM Penalty Manual</i> .	For clarity – only the breach based on annual (final) FAS results shall be subject to sanctions per WESM Penalty Manual.

Title	Section	Provision	Proposed Amendment	Rationale
4.2 Calculations				
	4.2.6	A one hundred (100) percent FPE shall be imposed to a must dispatch generating unit for non-submission of projected output.	A one hundred (100) percent FPE shall be imposed to a must dispatch generating unit for non-submission of projected output. <u>The non-submission of projected output referred to in this section shall exclude submission of zero (0) MW nomination or cancellation of nomination based on the zero projection or load profile of the must dispatch generating unit.</u>	To distinguish active nomination of zero (0) MW or cancellation of nomination due to unavailability of the plant, from the non-submission at all.
	4.2.8	[NEW]	<p><u>For generating plants with expansion unit that is either on test and commissioning or in actual operation, as may be allowed by the rules, but is awaiting the issuance of the Certificate of Compliance or the Provisional Authority to Operate, the following shall apply:</u></p> <p><u>a) A zero (0) FPE shall be imposed if the projected quantity is less than the combined metered quantity.</u></p> <p><u>b) A one hundred (100) FPE shall be imposed if the projected quantity is greater than the combined metered quantity.</u></p> <p><u>For this purpose, the combined metered quantity shall refer to the sum of the metered quantity of the existing capacity unit and that of the expansion unit.</u></p> <p><u>This provision shall apply until the registered Pmax of the power plant or facility is updated in the WESM to include both the capacity of the existing and expansion unit.</u></p>	<p>To address changes and possible constraints in the nominations, meter readings of the existing unit, and additional unit while the latter is on test and commissioning stage or before the commercial operation registration.</p> <p>Note: The IEMOP cannot update the Pmax of the generating facility (original capacity plus expanded capacity) in the WESM registration unless the same is supported by COC/PAO even if it had been issued with FCATC already. The generation company could not yet nominate its full/combined capacity in the MMS-MPI. Meanwhile, the meter reading already reflects the total capacity. In such a</p>

Title	Section	Provision	Proposed Amendment	Rationale
				<p>situation, the generation company would be adversely affected by the results of the FPE if it will be based on the normal computation.</p> <p>This section intends to address the</p>
4.3 Exclusions			4.3 Exclusions <u>and Other Basis for Recalculation</u>	Align the title with the additional provisions under this Sub-section
	<u>4.3.2</u>	[NEW]	<u>Any variance in the market data used in the calculation of MAPE and/or PERC95 that may be discovered during the monitoring and assessment must be properly addressed, validated, and verified within the prescribed timeline. The Generation Company shall provide adequate supporting documents to substantiate any claim of data variance. Only those data that have been proven and verified to be inaccurate, inconsistent, or erroneous shall be considered in the recalculation of the results.</u>	<p>To address the recurring problem on data inconsistency, non-updating, or variance.</p> <p>Due process requirement.</p>
4.4. Monitoring, Reporting, and Review				
	<u>4.4.1</u>	[NEW]	<u>The Enforcement and Compliance Office shall monitor the compliance of the Generation Company of each must dispatch generating unit, calculate the MAPE and PERC95 and issue the Preliminary Forecast Accuracy Standards Reports including the data used in the calculation within 30 calendar days from the end of the calendar month of the covered monitoring period. For instance, the Preliminary Forecast Accuracy Standards Report for September</u>	To provide general provision on monitoring and issuance of preliminary results to the trading participants.

Title	Section	Provision	Proposed Amendment	Rationale
			<u>billing period shall be issued not later than 30 October.</u>	
	<u>4.4.2</u>	[NEW]	<u>The Generation Company shall provide a reply or confirmation of the MAPE and PERC95 results, as the case may be, to the Enforcement and Compliance Office within fifteen (15) calendar days from receipt of the Preliminary Forecast Accuracy Standards Report. If any of the circumstances fall within the exclusions and data variance under Section 4.3 of this Market Manual, the Generation Company shall likewise provide and submit the documents or proof thereof as basis for recalculation of the results.</u>	To afford the participants the opportunity to check the results and provide adequate basis for recalculation of the results, as may be allowed under Section 4.3 of the Manual Due process requirement
	<u>4.4.3</u>	[NEW]	<u>The Enforcement and Compliance Office shall assess, validate, and verify the responses and documents submitted by the Generation Company. It may also consult the Market Operator, the System Operator, or the Metering Service Provider, as necessary, to ascertain the truthfulness of the claim or allegations of the Generation Company. The Enforcement and Compliance Office shall perform the recalculation, as may be appropriate.</u>	To ensure that there is adequate basis for recalculation. Due process requirement
	<u>4.4.4</u>	[NEW]	<u>The Enforcement and Compliance Office shall issue the Final Forecast Accuracy Standards Report within seventy (70) days from the end of the calendar month of the covered monitoring period regardless of whether a reply or confirmation is submitted by the concerned Generation Company or whether a recalculation of the results was performed for a particular must dispatch generating unit.</u>	To issue the final monthly results after recalculation. The ECO is mandated to issue the Final monthly reports – with or without change from preliminary results as official reference for the monthly performance or compliance of the MDGU.

Title	Section	Provision	Proposed Amendment	Rationale
	4.4.1	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> the annual compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards with respect to its <i>projected outputs</i> within two (2) calendar months after the end of the period specified in Section 4.1.2.	The <i>Enforcement and Compliance Office</i> shall <u>submit a consolidated monthly</u> report to the <i>PEM Board</i> , <u>the Compliance Committee</u> , and the <i>DOE</i> <u>containing</u> the status of the compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards as of the most recent <i>Billing Period</i> with a final statement on a monthly basis based on the Final Forecast Accuracy Standards Report within the same timeline provided in Section 4.4.4 of this Manual.	<ul style="list-style-type: none"> • Re-arranged for coherence. Previously Section 4.4.2 with modification • Renumbered to 4.4.5 • Included Compliance Committee in view of its oversight functions.
	4.4.2	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> the status of the compliance of each <i>must dispatch generating unit</i> to the forecast accuracy standards as of the most recent <i>Billing Period</i> with a <i>final statement</i> on a monthly basis.	The <i>Enforcement and Compliance Office</i> shall <u>likewise submit an annual consolidated</u> report to the <i>PEM Board</i> <u>the Compliance Committee</u> , and the <i>DOE</i> the annual compliance of each must dispatch generating unit to the forecast accuracy standards with respect to its projected outputs within two (2) calendar months after the end of the period specified in Section 4.1.2. <u>on or before 31 March of the year following the covered monitoring period.</u>	<ul style="list-style-type: none"> • Re-arranged for coherence. Previously Section 4.4.1 with modification • Renumbered to 4.4.6 • Provide a more definitive period for compliance • Proposed period based on the calculated period to process one whole year of data. • Included Compliance Committee in view of its oversight functions.
	4.4.3	The <i>Market Operator</i> shall review annually the forecast accuracy standards set in Section 4.1 and shall provide recommendation to the <i>PEM Board</i> and the <i>DOE</i> .	The <i>Market Operator</i> <u>or the Enforcement and Compliance Office</u> shall review annually the forecast accuracy standards set in Section 4.1 and shall provide recommendation to the <i>PEM Board</i> and the <i>DOE</i> .	<ul style="list-style-type: none"> • Renumbered to 4.4.7 • To include ECO being the office in charge of the monitoring of FAS.
4.5 Transition Period	4.5.1	A <i>transition period</i> covering the period specified by the <i>DOE</i> shall be implemented. The sanction on the non-compliance with the forecast accuracy standards shall be implemented upon the	A <i>transition period</i> <u>shall be six (6) months</u> covering the period specified by the DOE shall be implemented. The sanction on the non-compliance with the forecast accuracy standards shall be	To reflect the current practice (as consulted with DOE – DOE will no longer issue formal issuance re: lifting of

Title	Section	Provision	Proposed Amendment	Rationale
		commercial operation of the enhanced WESM design and operations.	implemented upon <u>from</u> the commercial operation of the enhanced WESM design and operations <u>unless extended by the DOE through appropriate issuance.</u>	<p>transition period; and the monitoring officially starts in January 2022 billing period).</p> <p>Given that the annual FAS rating is reckoned from 26 December of the year until 25 December of the succeeding year, the annual FAS rating could NOT be computed for 2021 as the EWDO commenced only on 26 June 2021 (or short of 6 months for annual rating).</p> <p>The annual FAS rating (Jan to Dec billing period) could be computed beginning January 2022</p>
	4.5.3	Before the end of the <i>transition period</i> , the <i>Market Operator</i> shall submit to the <i>DOE</i> and other concerned government agencies a report on the compliance of <i>must dispatch generating units</i> to the forecast accuracy standards, and it shall inform the <i>must dispatch generating units</i> on their performance with respect to the forecast accuracy standards.	Before the end of the <i>transition period</i> , the <u><i>Market Operator Enforcement and Compliance Office</i></u> shall submit to the <i>DOE</i> and other concerned government agencies a report on the compliance of <i>must dispatch generating units</i> to the forecast accuracy standards, and it shall inform the <i>must dispatch generating units</i> on their performance with respect to the forecast accuracy standards.	For consistency with Responsibilities of ECO under Section 3.1 of this Manual.
4.6 PENALTIES AND SANCTIONS		<u>[NEW]</u>	New sub-section	For clarity of the application of the penalty based on possible sets of circumstances.

Title	Section	Provision	Proposed Amendment	Rationale
	4.6.1	[NEW]	<p><u>One breach is counted for each category of forecast accuracy standard that was not complied with based on the Annual Forecast Accuracy Standards Report. The breach of MAPE and PERC95 shall be counted as separate breach even if they occur on the same period subject to penalty under Clause 7.2 of the WESM Rules and the relevant provisions of WESM Penalty Manual.</u></p>	<p>For clarity: separate finding for MAPE and PERC95; and separate penalty imposition; consistent with the provisions of the WESM Penalty Manual.</p>
	4.6.2	[NEW]	<p><u>The Generation Company with must dispatch generating unit that is in operation for less than a year and is found in breach of MAPE or PERC95, shall be:</u></p> <p><u>a) imposed a penalty in proportion to the number of months in operation during the covered monitoring year. For instance, the plant commenced operation on 26 March, the financial penalty to be imposed shall be in proportion to the nine (9) billing months over the twelve (12) month-period.</u></p> <p><u>b) exempted from liability, if it commences operation within three (3) months prior to the end of the covered monitoring year.</u></p> <p><u>A must dispatch generating unit shall be considered in operation, for purposes of this Section, upon commencement of its operation or participation in the WESM either by virtue of the Final Certificate of Approval to Connect or the commercial operation registration in the WESM, whichever is applicable.</u></p>	<p>To consider situation where the duration of commercial operation is less than one year.</p> <p>For (a): duration of commercial operation within the year is 9 months and above. Proportionate penalty.</p> <p>For (b): duration is less 3 months or less. MDGUs which commenced operation in October, November, and December billing period – exempted. This is in consideration of the adjustments during the initial period of operation.</p> <p>Reckoning of operation: Issuance of FCATC (if plant opts to operate already); or commercial operation registration, as the case may be.</p>

Title	Section	Provision	Proposed Amendment	Rationale
SECTION 5 – AMENDMENT, PUBLICATION, AND EFFECTIVITY				
5.3 Effectivity	5.3.2	[NEW]	<p><u>The amendments made herein and approved pursuant to the <i>Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals</i> shall have a retroactive effect from the beginning of the year that the said amendments are approved, unless the application thereof becomes inequitable and impracticable under the circumstances. For avoidance of doubt, the amended provisions that are given retroactive effect shall be indicated in the PEM Board resolution and/or DOE issuance approving or promulgating them.</u></p>	<p>The final FAS results are <u>cumulative</u> in nature and are determined on <u>annual basis</u>. It would be impractical to have different sets of the governing rule in different months in one year. Thus, to always ensure uniformity and practicality in the application of the rules/provisions, the same should be applied for the whole year.</p> <p>For instance, the amendment is approved in July 2023, it shall be applied from January to December 2023 billing period.</p> <p><i>“unless the application thereof becomes inequitable and impracticable under the circumstances” –to consider the prospective application of the amendment in the event that it would become unjust or affect the vested rights of the generation company (e.g. stricter rule).</i></p>