



ORCP-WR-WM-22-13

Date Received by RCC: 23 December 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 are to 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
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I. Proponent's Information

| | |
|-----------------|--|
| Name | Richard J. Nethercott |
| Designation | President and CEO |
| Company | Independent Electricity Market Operator of the Philippines, Inc. |
| Company Address | 9/F Robinsons Equitable Tower ADB Ave. Ortigas Center |
| | Pasig City |
| Telephone No. | 02 5318 9376 |
| Fax. No. | 02 8636 0802 |
| Email Address | richard.nethercott@iemop.ph |



II. Amendment Information

Proposed Amendments to the (please tick the box):

☒ WESM Rules ☐ Retail Rules

☒ Market Manual: 1. Registration, Suspension and De-Registration
Criteria and Procedures

Topic: Proposed Urgent Amendments to the WESM Rules
and Registration Manual in view of DOE DC2022-10-
0031 “Declaring All Renewable Energy Resources as
Preferential Dispatch Generating Units in the WESM
Amending for this Purpose Department Circular No.
DC2015-03-0001”

Proposed Classification of Amendments (please tick the box):

☐ General ☐ Minor ☒ Urgent

If Urgent, reason for urgency:

The proposal is being submitted as urgent to comply with the DOE directive, communicated through the PEMC President and relayed to the proponent, to fast track the process for the approval of the rules change recommendations specifically, to grant all generating units utilizing RE resources with Preferential Dispatch status in the WESM. Additionally, the timely implementation of the provisions of DOE DC2022-10-0031 will be helpful in the upcoming implementation of the reserve market.



III. SUMMARY OF THE PROPOSED RULES CHANGE

The proposed changes to the WESM Rules and Registration Manual are being made in view of DOE's Department Circular DC2022-10-0031, "Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the WESM Amending for this Purpose Department Circular No. DC2015-03-0001".

IV. BACKGROUND

The DOE published DOE DC2022-10-0031 entitled "Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the WESM Amending for this Purpose Department Circular No. DC2015-03-0001" in October 2022, which aims to grant all generating units utilizing RE resources with Preferential Dispatch status in the WESM.

Preferential dispatch generating units are further classified into two: (1) must dispatch generating units and (2) priority dispatch generating units.

Currently as defined in the WESM Rules:

1. A must dispatch generating unit is a generating unit or group of generating units connected at a common connection point that is intermittent renewable energy resource-based, whether or not under the Feed-In Tariff system, such as wind, solar, run-of-river hydro or ocean energy with the corresponding DOE certification.
2. A priority dispatch generating unit is a generating unit or group of generating units connected at a common connection point that uses biomass as fuel, that is under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance.

V. THE PROPOSED RULES CHANGE

The proposed amendments to the WESM Rules and WESM Manual on "Registration, Suspension and De-Registration Criteria and Procedures" aim to comply with the prescribed guidelines of the DOE DC2022-10-0031.

In summary, DOE DC2022-10-0031 amends the classification of priority dispatch generating units to include all biomass plants (with FiT certificate or none), geothermal, and impounding hydro plants.



However, it is recommended that controllable generating units involving biomass, geothermal and impounding hydro plants that are currently registered as providers of ancillary services should be registered as scheduled generating units in view of the principles of co-optimizing its energy and reserve capacities through market offers for the upcoming reserve market.

The proposal is submitted as urgent to comply with the DOE directive, communicated through the PEMC President and relayed to the proponent, to fast track the process for the approval of the rules change recommendations. Additionally, the timely implementation of the provisions of the DOE DC2022-10-0031 will be helpful in the upcoming implementation of the reserve market.

VI. BACKGROUND AND DESCRIPTION OF THE PROPONENT

The proponent is the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP), the independent market operator of the WESM.

Top Officers:

Richard J. Nethercott – President and Chief Executive Officer

Robinson P. Descanzo – Chief Operating Officer

Sheryll M. Dy – Assistant Vice President and Officer-in-Charge of Legal Department

Isidro E. Cacho, Jr. – Head of Corporate Strategy and Communications

Salvador D. Subaran – Head of Information Systems and Technology

Arthur P. Pintado – Internal Audit Head

VII. CONCLUSIONS AND RECOMMENDATIONS

The proposed amendments to the Retail Rules and various Market Manuals aim to provide a mechanism for Suppliers and Retail Customers to comply with the switching requirement for Retail Customers to have no outstanding balance with a Network Service Provider or an incumbent Supplier. It is recommended that the proposed amendments be adopted.

VIII. REFERENCES

1. DOE DC2022-10-0031 “Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the WESM Amending for this Purpose Department Circular No. DC2015-03-0001”
2. WESM Rules as of 25 Nov 2022
3. WESM Manual on “Registration, Suspension and De-Registration Criteria and Procedures” Issue 12.1

ANNEX A

IX. PROPOSED AMENDMENTS

A. WESM Rules

| Title | Section | WESM Rules as of 25 Nov 2022 | Proposed Amendment | Rationale |
|------------|---------|---|---|--|
| WESM Rules | 2.3.1.5 | A generating unit or group of generating units connected at a common connection point that is intermittent renewable energy resource-based, whether or not under the Feed-In Tariff system, such as wind, solar, run-of-river hydro or ocean energy with the corresponding DOE certification shall be classified as a must dispatch generating unit, but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4. | A generating unit or group of generating units connected at a common connection point that is intermittent renewable energy resource-based, whether or not under the Feed-In Tariff system, such as wind, solar, run-of-river hydro or ocean energy with the corresponding DOE certification shall be classified as a must dispatch generating unit, but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4. | Clerical correction. |
| WESM Rules | 2.3.1.6 | A generating unit or group of generating units connected at a common connection point that uses biomass as fuel, that is under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance shall be classified as a priority dispatch generating unit, but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit or a a non-scheduled generating unit subject to Clause 2.3.1.4. | A generating unit or group of generating units connected at a common connection point that uses <u>geothermal energy or</u> biomass as fuel, <u>or is an impounding hydro plant</u> , that is <u>whether or not</u> under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance shall be classified as a priority dispatch generating unit <u>on the condition that it is not providing ancillary services</u> , but may at its | In compliance to DOE DC2022-10-0031, but with consideration that it is not providing ancillary services. |

ANNEX A

| Title | Section | WESM Rules as of 25 Nov 2022 | Proposed Amendment | Rationale |
|-------------------|----------|---|--|--------------------------------|
| | | generating unit subject to Clause 2.3.1.4. | option be classified as a scheduled generating unit or a a non-scheduled generating unit subject to Clause 2.3.1.4. | |
| WESM Rules | Glossary | Priority Dispatch. Preference to biomass plants under the Feed-In Tariff System in the dispatch schedule pursuant to Section 7 of the Renewable Energy Act. (Added per DOE DC No. 16-01-0002 dated 12 January 2016) | Priority Dispatch. <u>Option or Preference to all qualified and registered renewable energy plants that are not eligible for Must Dispatch such as</u> biomass, geothermal, and impounding hydro plants under the Feed-In Tariff System in the dispatch schedule pursuant to Section 7 of the Renewable Energy Act. (Added Revised per DOE DC No. 16-01-0002 dated 12 January 2016 2022-10-0031 dated 05 October 2022) | In view of DOE DC2022-10-0031. |

B. WESM Manual on “Registration, Suspension and De-Registration Criteria and Procedures” Issue 12.1

| Title | Section | WESM Manual on “Registration, Suspension and De-Registration Criteria and Procedures” Issue 12.1 | Proposed Amendment | Rationale |
|----------------------------|---------|---|---|-----------|
| Registration Manual | 2.5.4.1 | a) An Applicant wishing to register as Generation Company shall, upon application, classify each of the generating unit or group of generating units which form part of the generating system it owns or operates or controls | a) An Applicant wishing to register as Generation Company shall, upon application, classify each of the generating unit or group of generating units which form part of the generating system it owns or operates or controls | |

ANNEX A

| Title | Section | WESM Manual on “Registration, Suspension and De-Registration Criteria and Procedures” Issue 12.1 | Proposed Amendment | Rationale |
|-------|---------|--|---|-----------|
| | | <p>or from which it otherwise sources electricity as either –</p> <p>xxx</p> <p>(iv) A priority dispatch generating unit for a generating unit or group of generating units connected at a common connection point that uses biomass as fuel, that is under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance issued by the ERC. However, the Generation Company may also elect to have such unit/s classified as scheduled generating unit/s or non-scheduled generating unit/s subject to this Section.</p> | <p>or from which it otherwise sources electricity as either –</p> <p>xxx</p> <p>(iv) A priority dispatch generating unit for a generating unit or group of generating units connected at a common connection point that uses <u>geothermal energy or biomass as fuel, or is an impounding hydro plant</u>, that is <u>whether or not</u> under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance issued by the ERC <u>on the condition that it is not providing ancillary services</u>. However, the Generation Company may also elect to have such unit/s classified as scheduled generating unit/s or non-scheduled generating unit/s subject to this Section.</p> | |