



Philippine Electricity
Market Corporation

WESM COMPLIANCE BULLETIN

Issue No.	Date Issued	Contents
18.0	25-Jan-2023	Relaxation and Exemption Period for WESM Mindanao Compliance Monitoring and Related Matters

Enforcement and Compliance Office Philippine Electricity Market Corporation

25 January 2023

This Wholesale Electricity Spot Market (WESM) Compliance Bulletin is an occasional publication that is prepared and published by the Enforcement and Compliance Office of the Philippine Electricity Market Corporation. The purpose of the WESM Compliance Bulletin is only to provide information and guidance to the participants of the WESM on their obligations in the WESM as well as on various matters relating to enforcement and compliance. This document is not intended as a source of obligation or as authority on relevant WESM Rules and market manuals, and as such, is not binding on the WESM participants or any other person or entity. While the ECO strives to make this document complete and accurate, the actual contents may be incomplete or inaccurate. WESM participants and other readers are encouraged to refer to the official issuance of the WESM Rules, and its amendments and manuals for details.

Questions on this WESM Compliance Bulletin may be addressed to Enforcement and Compliance Office, Philippine Electricity Market Corporation, 18th Floor Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City 1600 or by email at eco@wesm.ph

1.0 Introduction

On 23 December 2022, the Department of Energy (DOE) promulgated the Department Circular No. DC2022-12-0039 *“Declaring the Commercial Operation of the Wholesale Electricity Spot Market (WESM) in the Mindanao Grid”*. As the WESM Mindanao commercial operations will start on 26 January 2023, the monitoring of all WESM Mindanao generator-trading participants with the WESM Rules and relevant Market Manuals will likewise commence on such date.

Prior to the commercial operation of the WESM Mindanao, the PEMC-Enforcement and Compliance Office (ECO) already began the monitoring of the compliance of the WESM Mindanao trading participants with the Must Offer Rule / Offered Capacity Compliance (OCC) and the Dispatch Conformance Standards (DCS) in reference to the WESM Central Scheduling (WCS) Guidelines that had been implemented in the interim since 26 June 2021 until the full transition to the commercial operations of the WESM in the Mindanao Grid. No sanctions had yet been imposed during the said period.

With the commercial operation commencing on 26 January 2023, such monitoring by ECO shall be continued and be further strengthened, this time, in reference to the WESM Rules, the Must Offer Rule / OCC and DCS based on the established general rules and standards instead of the interim WCS Guidelines.

2.0 Exemption and Relaxation Period

Upon commercial operation of the WESM Mindanao, the following shall be applied for purposes of compliance monitoring and enforcement of sanctions.

Rule Reference	Case Type Monitoring	Exemption / Relaxation Period
Sec. 6.1, DOE DC2022-12-0039	Dispatch Conformance Standards (DCS)	First three (3) billing months of the Commercial Operation Date (COD). 26-Jan-2023 to 25-Apr-2023 (February to April 2023 billing months)
Clause 7.2.10 (a), WESM Rules	Offered Capacity Compliance (OCC)	One month from WESM Membership ¹ unless a new advisory is issued by DOE extending the period, as authorized by Clause 7.2.10 of the WESM Rules. ² 26-Jan-2023 to 25-Feb-2023 (February 2023 billing month)

¹ The one month from WESM Membership under Clause 7.2.10 (a) of the WESM Rules as exemption period shall, for this purpose, be reckoned from the commercial operation date (COD) as provided in DOE DC2022-12-0039 and not from the actual registration date in the WESM in consideration of the actual effectivity of WESM in the Mindanao Grid. This matter was consulted with the Department of Energy on 05 January 2023.

² “Notwithstanding, the DOE may issue a longer exemption period as it may deem necessary, to ensure the readiness of the WESM Members and in the implementation of a new policy or program that directly impacts the enforcement of the WESM Rules and its Market Manuals. For this purpose, the DOE shall issue an advisory to the Governance Arm providing such details of exemption as necessary.” Clause 7.2.10, last par., WESM Rules

Rule Reference	Case Type Monitoring	Exemption / Relaxation Period
Sec. 4.6.2, FAS Manual 2.1	Forecast Accuracy Standards (FAS)	<p>FAS compliance is determined on an annual basis. An exemption or a pro-rated penalty shall apply depending on the number of months that the plant had been participating in the WESM.</p> <ul style="list-style-type: none"> Exempted from liability, if it commences operation within three (3) months prior to the end of the covered monitoring year. Subject to pro-rated penalty, i.e., in proportion to the number of months in operation during the covered monitoring year

NOTE: The above guidelines shall be subject to any modification based on the advisories or legal issuances that may be issued by the DOE for the purpose, or the rule amendments that may be promulgated concerning the matter. A separate advisory will be issued for any change, if necessary.

It is, thus, important for the both the generator-trading participants, the Market Operator, and the PEMC as the WESM Governance Arm to observe and assess the results of the initial commercial operation of the WESM in Mindanao for further study and policy directions. The WESM Members or trading participants are therefore encouraged to provide inputs / comments regarding the matter by responding to the PEMC's inquiry and clarifications during the initial implementation or in the first three (3) months of implementation of the WESM Mindanao.

3.0 Frequently Asked Questions

Below is the compilation of the frequently asked questions that ECO has so far received from the stakeholders. The answers are intended to guide the generator-trading participants in proceeding with the monitoring of their own compliances in the WESM.

Q1:	When is the start of the commercial operation of the WESM Mindanao?
A1:	The Department of Energy (DOE) declares 26 January 2023 as the commercial operation of the WESM in Mindanao.
Q2:	How will the WESM Mindanao generators check the compliance flagging and submit explanations or justifications?
A2:	All generator-trading participants are required to register in the Compliance Post-Evaluation and Monitoring System (CPEMS) including those in test and commissioning stage yet. To register, please get in touch with eco@wesm.ph . Please note that the plants with Final Certificate of Approval to Connect (FCATC) which opt to participate in the WESM as price taker will also be monitored in the same manner as those plants that are already in commercial operation.

Q3:	Will the TPs receive a notification when they have flagging of probable breach in CPEMS?
A3:	<p>For OCC and DCS: There will be no notification. The Trading Participant will need to actively check the CPEMS to see if there are intervals that are flagged as probable breach. The flagging of probable breach will be reflected in the system the day after the transaction (D+1).</p> <p>For the FAS: The Enforcement and Compliance Office regularly issue an advisory on the publication of Preliminary and Final Forecast Accuracy Standard Results in the CPEMS.</p>
Q4:	Can supporting documents be submitted outside of CPEMS?
A4:	<p>For OCC and DCS: The CPEMS provides a facility where you can submit supporting documents. It is advised that supporting documents be submitted through the system. It must be noted, however, that submission of explanation and documents has expiration period. For documents that could no longer be submitted via CPEMS, the same may be coordinated with the assigned ECO personnel for possible transmittal via email.</p> <p>For FAS: The Secure File Transfer Protocol (SFTP) is the platform that will be used by the generator-trading participants to submit explanations and supporting documents to ECO.</p>
Q5:	What if the WCOs/WEOs could not access the CPEMS? Will their plants or facilities be covered in the compliance monitoring?
A5:	<p>If the plant is on commercial operation and has been transacting in the WESM, it will be covered by the monitoring via the CPEMS. The WCOs and the WEOs are advised to access the CPEMS to afford them the opportunity to provide reasons for the flagged probable breach, if any. To register in CPEMS, please coordinate with eco@wesm.ph</p>
Q6:	What will be the consequence/s if some or all the flagged intervals in the CPEMS in a billing period were not replied correctly or unknowingly not replied at all by the WCO's/WEO's?
A6:	<p>Based on the Enforcement and Compliance Manual, the ECO shall proceed with the assessment of compliances based on the available data or information (this includes information from the Market Operator and System Operator). If the WCOs/WEOs provided an incorrect input, he/she is advised to immediately coordinate with the assigned ECO personnel to take note of the concern that will be considered in the assessment. If necessary, the ECO may still need to call for a conference to clarify/ consult some matters with the concerned WCO/WEO.</p>

Q7:	We are not sure if the documents that we submitted or about to be submitted via CPEMS are acceptable or adequate to support my explanation for the flagged probable breach. What should I do?
A7:	You may refer to the WESM Compliance Bulletin Issue No. 11 (Event Categories Guide for Generator-Trading Participants in Responding to Non-Compliance Notice/ Notice of Investigation) or you may coordinate with the assigned ECO personnel that handles your compliance monitoring account, or email ECO at eco@wesm.ph for guidance.
Q8:	How do we know the results of the monitoring and see if we are found in breach or not?
A8:	You will receive a copy of the Compliance Monitoring and Assessment Report (CMAR) for each power plant or facility via CPEMS. Said CMAR contains the results of the monitoring and the corresponding penalty, if any. You can access it in the Published Folder of the CPEMS.
Q9:	If we are found in breach of the OCC or DCS, will we be penalized immediately?
A9:	Please refer to Discussion Item No. 2.0 of this Bulletin for guidance.

Note: If you have other inquiries or concerns regarding the matter, you may e-mail the ECO Compliance Monitoring Division at eco@wesm.ph.