

## RULES CHANGE COMMITTEE

### Request for Extension of Effectivity of Urgent Amendments to the WESM Rules and WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units on Matters Relating to Enforcement Proceedings and Actions



Effective Date : 21 November 2023

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**WHEREAS**, the PEM Board approved on 23 November 2022<sup>1</sup> RCC Resolution No. 2022-13 entitled “Proposed Urgent Amendments to the WESM Rules and WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units (FAS Manual) on Matters Relating to Enforcement Proceedings and Actions”, which sought to amend the (1) WESM Rules, and (2) FAS Manual to reflect the following:

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 DC2022-05-0015<sup>2</sup> that seeks to include in the FAS-related enforcement proceedings/actions the must dispatch generating units with issued Final Certificate of Approval to Connect;
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;
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.

**WHEREAS**, in accordance with the rules change process for urgent amendments, the pertinent market documents were immediately revised and posted in the PEMC website, with the changes taking effect for a period of not more than six (6) months from the date of posting (i.e., until 22 May 2023) or until a general amendment on the same matter has been approved by the DOE, whichever comes first<sup>3</sup>;

**WHEREAS**, the rules change process for the corresponding general amendments was initiated with the posting of the proposal in the PEMC website<sup>4</sup> on 14 December 2022 to solicit comments from WESM Members, stakeholders and interested parties within 30-working days;

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<sup>1</sup> PEM Board Resolution No. 2022-54-04

<sup>2</sup> DOE DC2022-05-0015 entitled “Supplementing Department Circular No. DC2021-06-0013 on the Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network”

<sup>3</sup> WESM Manual Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals (“Rules Change Manual”); Sections 7.4 (a) and (b)

<sup>4</sup> Rules Change Manual, Section 7.4 (f)

**WHEREAS**, the RCC proceeded to deliberate on and finalize the general proposed amendments over three (3) meetings<sup>5</sup>, approved the endorsement of same to the PEM Board, as revised, per RCC Resolution No. 2023-05 dated 19 May 2023; and in the same Resolution likewise recommended extending the effectivity of the urgent amendments for another six (6) months (until 22 November 2023), as permitted in the Section 7.4 (g) of the Rules Change Manual, noting that the effectivity was to expire on 22 May 2023;

**WHEREAS**, the PEM Board approved the general amendments and the recommendation to extend the effectivity of the urgent amendments on 27 June 2023 per PEM Board Resolution No. 2023-61-02, which was thereafter endorsed to the DOE for final approval on 11 July 2023;

**WHEREAS**, noting that the effectivity of the PEM-Board approved urgent amendments is due to expire by 22 November 2023 and in the absence of the DOE's approval of the general amendment, the RCC again recommends extending the effectivity of the urgent amendments for another six (6) months;

**WHEREAS**, fully cognizant that the foregoing recommendation deviates from the procedure specified in Section 7.4 (g) of the Rules Change Manual, the RCC considers there may arise confusions on the imposition of penalties for breach if the effectivity of the current FAS Manual ("FAS 2.1") expires and the implementation of the relevant processes is reverted back in accordance to the previous version ("FAS 2.0"). More specifically, the following implications are considered:

- 1) On cumulative computation. It would be impractical to apply two different versions of the manual in one monitoring period since the Enforcement and Compliance Office monitors the cumulative forecast accuracy results of Must-Dispatch Generating Units (MDGU) annually.
- 2) On penalty imposition (No Exemption/Proportionate Penalty for those plants in operation for less than 12 months). As required by the rules, the annual cumulative results cover the period from 26th of December of a year and ending on the 25th of December of the succeeding year. The approved amendments in FAS 2.1 removed the exemption from penalty previously granted to MDGUs that are in operation for less than 12 months during the monitoring period. Thus, if the urgent amendments were to lapse on 22 November 2023, the monitoring period for year 2023 will be under FAS 2.1 for the January to November 2023 billing months but will be under FAS 2.0 for the December 2023 billing period. This can lead to confusion because the penalty imposition is based on annual results.

It should be noted that under FAS 2.0, all Mindanao plants that are determined to be in breach shall not be penalized since WESM Mindanao commenced commercial operation only in February 2023.

- 3) On treatment for expansion units. Computation for expansion unit was introduced only in FAS 2.1. MDGUs may have an expansion unit that has the same plant substation and revenue meter as the existing capacity unit. Due to its unique case, a special monitoring procedure is considered to align with the plant's operation. This provision in FAS 2.1 addresses the concern/limitation of the plant wherein its expansion unit is undergoing a test and commissioning while its existing capacity is in commercial operation. There is no distinction on the generation of the plant, as it has combined metered quantity.

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<sup>5</sup> February 17, March 17 and April 28, 2023.

- 4) On treatment for data variance. Replacement due to data variance (e.g., bad data or non-updating data) was introduced in FAS 2.1. Reverting to FAS 2.0 will also omit the other basis for calculation or the data variance.

**NOW THEREFORE**, we, the undersigned, on behalf of the sectors we represent, hereby resolve that extending the implementation of the PEM-Board approved Urgent Amendments is necessary considering the material effects to enforcement proceedings in relation to the monitoring of Forecast Accuracy Standards if said amendments cease to take effect;

**RESOLVED**, that the RCC recommends to the PEM Board extending the effectivity of the PEM-Board Approved Urgent Amendments for another six (6) months;

Done this **21<sup>st</sup>** day of **November 2023**, Pasig City.

Approved by: <b>THE RULES CHANGE COMMITTEE</b>	
Independent Members:	
(signed) <b>JESUSITO G. MORALLOS</b> Chairperson	(signed) <b>JOSE RODERICK F. FERNANDO</b>
(signed) <b>RACHEL ANGELA P. ANOSAN</b>	(signed) <b>JORDAN REL C. ORILLAZA</b>
Generation Sector Members:	
(signed) <b>DIXIE ANTHONY R. BANZON</b> Masinloc Power Partners Co. Ltd. (MPPCL)	(signed) <b>CHERRY A. JAVIER</b> Aboitiz Power Corp. (APC)
(signed) <b>CARLITO C. CLAUDIO</b> Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	(signed) <b>MARK D. HABANA</b> Vivant Corporation - Philippines (Vivant)
Distribution Sector Members:	
(signed) <b>RYAN S. MORALES</b> Manila Electric Company (MERALCO)	(signed) <b>VIRGILIO C. FORTICH, JR.</b> Cebu III Electric Cooperative, Inc. (CEBECO III)

*Request for Extension of Effectivity of Urgent Amendments to the WESM Rules and WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units on Matters Relating to Enforcement Proceedings and Actions*

<p>(signed) <b>NELSON M. DELA CRUZ</b> Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)</p>	<p>(signed) <b>RUSSEL S. ALABADO</b> Angeles Electric Corporation (AEC)</p>
<b>Supply Sector Member:</b>	
<p>(signed) <b>GIAN KARLA C. GUTIERREZ</b> First Gen Corporation (FGEN)</p>	
<b>Market Operator Member:</b>	
<p>(signed) <b>ISIDRO E. CACHO, JR.</b> Independent Electricity Market Operator of the Philippines (IEMOP)</p>	
<b>System Operator Member:</b>	
<p>(signed) <b>DARRYL LON A. ORTIZ</b> National Grid Corporation of the Philippines (NGCP)</p>	