



ADVISORY
2024-03-001-SEC

TO : WHOLESALE ELECTRICITY SPOT MARKET (WESM)
PARTICIPANTS

INDEPENDENT ELECTRICITY MARKET OPERATOR OF THE
PHILIPPINES (IEMOP)

PHILIPPINE ELECTRICITY MARKET CORPORATION (PEMC)

NATIONAL GRID CORPORATION OF THE PHILIPPINES
(NGCP)

ENERGY REGULATORY COMMISSION (ERC)

FROM : SECRETARY OF ENERGY

SUBJECT : ADDITIONAL GUIDELINES FOR THE IMPLEMENTATION OF
THE RESERVE MARKET (RM) IN LINE WITH THE ERC ORDER
ON ERC CASE NO. 2023-002 RC

DATE : **MAR 27 2024**

On 25 March 2024, the ERC promulgated its Order in ERC Case No. 2023-002 RC concerning the Price Determination Methodology (PDM) in the Co-optimized Energy and Reserve Market in the Wholesale Electricity Spot Market (WESM). In its Order, the ERC directs PEMC and IEMOP to *"suspend the implementation of (the) Section 8 of the PDM Manual on the Billing and Settlement under the promulgated Interim Relief dated 24 August 2023,"* and provides that *"the suspension will cover the March 2024 billing period and will remain in effect until otherwise lifted by the Commission."*

In view thereof, the RM shall revert to Trial Operations, subject to the following guidelines of the DOE on the continued implementation of the RM:

1. The Market Operator (MO) and the WESM Governance Arm shall continue to enforce the applicable provisions of the WESM Rules, relevant WESM Market Manuals, and applicable DOE issuances on the RM.
2. The System Operator (SO) and the MO shall implement the optimal dispatch of capacities providing energy and ancillary services in accordance with the WESM Rules, Dispatch Protocol Manual, and other relevant manuals to ensure that demand and ancillary services requirements are met at all times.
3. In the preparation and submission of the day-ahead ancillary service schedule to the MO, the SO shall consider the nomination of its non-firm ASPAs to allow non-firm AS Providers to provide AS in the RM. To this end,

all non-firm AS Providers are highly encouraged to participate in the RM and provide AS for the benefit of the country's energy security.

4. All Trading Participants shall adhere to the Must Offer Rule, Reserve Offer Capacity Compliance Standards, Dispatch Conformance Standards, and Reserve Conformance Standards.

The MO and the WESM Governance Arm shall submit the required documents as provided in the ERC's Order to enable the Commission to:

1. urgently issue the final decision and guidance on the PDM for the implementation by the MO and SO; and
2. provide a resolution on the suspension of the implementation of Section 8 of the Billing and Settlement Manual as indicated in the ERC's Interim Relief and guidance on the compensation of affected Trading Participants on or before 15 May 2024.

The ERC is also enjoined to implement and, where necessary, formulate measures to ensure that the suspended implementation of Section 8 of the Billing and Settlement Manual under the Interim Relief shall not adversely affect the balancing of supply and demand, the prices of energy in the WESM, and the reliability and security of power supply to electricity consumers.

As provided in Joint Resolution No. 1, "Creating the WESM Tripartite Committee," the DOE, ERC and MO shall provide price mitigating measures for the RM, including offer and price caps, sharing of reserve costs among all Grid users and other modalities.

To this end, the ERC shall, pursuant to its mandate, monitor the behavior of Trading Participants and impose sanctions and penalties on non-compliant Trading Participants.

Please be guided accordingly.


RAPHAEL P.M. LOTILLA
Secretary

