

RULES CHANGE COMMITTEE

Proposed Urgent Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program Implementation

Effective Date : 22 March 2023

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WHEREAS, the Energy Regulatory Commission (ERC) issued ERC Resolution No. 08, Series of 2010¹ which provides the rules to govern the Interruptible Load Program (ILP) wherein participating customers are requested by ILP Administrators to either fully de-load, by disconnecting its delivery point that receives electricity, or partially de-load by reducing its load in response to alert or notice issued by the System Operator of an expected power shortage;

WHEREAS, the ERC issued supplemental resolutions, namely ERC Resolution No. 08,² Series of 2013 and ERC Resolution No. 05, Series of 2015,³ to provide further guidelines on implementation of the ILP including provisions for participation of Contestable Customers (CCs) and Directly-Connected Customers (DCCs) in the ILP;

WHEREAS, the Department of Energy (DOE) issued DC2015-06-0003⁴ which provided guidelines for redeclaration of bilateral contract quantities (BCQs) in favor of CCs and DCCs that are ILP participants and directed the Philippine Electricity Market Corporation (PEMC) to formulate and publish protocols to allow for transparent adjustment of WESM processes during ILP;

WHEREAS, in compliance to Section 3 of the said DOE Circular, PEMC published on 01 July 2015 the Interim Protocol for Declaration of BCQ during ILP ("Interim Protocol") which, among others, a) allowed Generation Company counterparty of Suppliers to submit BCQ re-declaration for ILP CCs and re-declare it for the account of the host distribution utility, and b) Generation Company counterparty of DCC to submit BCQ re-declaration for ILP DCCs;

WHEREAS, on 17 February 2023, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted proposed urgent amendments to the WESM Rules and various WESM Manuals on the ILP implementation to comply with the DOE directive to prepare urgent rules change proposal considering the ILP implementation for the upcoming summer of 2023, with summary as follows:

Proposal	Rationale
Clarify timelines for submission of day-ahead information by Generation Companies	To assist in accurate and timely declaration of alerts by the System Operator which is the basis for ILP activation
Require Network Service Providers and Directly Connected Customers to inform the Market Operator of significant change in demand due to ILP implementation during real-time scheduling	To enable Market Operator to consider ILP de-loading capacity in forecasted demand during real-time scheduling
Incorporate procedures as per the Interim Protocol for BCQ Declaration during ILP into the WESM Billing and Settlement Manual	To institutionalize the Interim Protocol, which is currently not officially part of the WESM Manuals

¹ Resolution No. 08, Series of 2010, A Resolution Adopting the Rules to Govern the Interruptible Load Program (ILP) of Distribution Utilities (DUs)

² Resolution No. 08, Series of 2013, A Resolution Amending Article IV, Section 1 of the "Rules to Govern the Interruptible Load Program of Distribution Utilities"

³ Resolution No. 05, Series of 2015, A Resolution Adopting the Amended Rules to Govern the Interruptible Load Program (ILP)

⁴ Department Circular No. DC2015-06-0003 Providing the Interim Manner of Declaring Bilateral Contract Quantities (BCQ) in the Wholesale Electricity Spot Market (WESM) and directing the Philippine Electricity Market Corporation (PEMC) to establish Necessary Protocols to Complement the Interruptible Load Program (ILP)

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Proposal	Rationale
Include inability to access the Central Registration and Settlement System (CRSS) due to force majeure as additional ground for BCQ redeclaration	To accommodate cases of Trading Participants requesting for redeclaration during force majeure events (e.g. CRSS unavailability)

WHEREAS, IEMOP signified that the proposal satisfies certain criteria for urgent amendments per WESM Rules Clause 8.4.1.1, which states that urgent proposals:

- Avoid, reduce the risk of or mitigate the adverse effects of certain conditions on the ability of the power system to function normally (item a.i); and
- Facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA (item a.iv);

WHEREAS, following the procedures for processing proposed urgent amendments specified in Section 7.2 of the WESM Manual on Procedures for Changes to the WESM and Retail Rules and Market Manuals (“Rules Change Manual”), the RCC convened a special meeting (210th Meeting) on 03 March 2023 to determine if the proposal is urgent based on the criteria set forth in Section 3.1 of the Rules Change Manual, and if so, deliberate the proposal for endorsement to the PEM Board;

WHEREAS, after being given an overview of the proposal and provisionally agreeing that the proposal is urgent, the RCC proceeded to discuss the preliminary assessment provided by the RCC Secretariat and deliberate on the proposed amendments, with the following highlights:

- On the objective of the proposal to implement ILP in the coming summer months, it was recommended that demand-side bidding (DSM) as a market mechanism can be pursued more actively to better manage the supply-demand margin.
- On the Dispatch Protocol Manual (DPM), retain current timeline for Trading Participants’ (TP) submission of most updated self-scheduled nomination, bids and offers for the week-ahead projection (WAP) and day-ahead projection (DAP) market runs instead of the proposal to make the submissions earlier.

The Market Operator is amenable to this as long as Sections 6.1.7 and 6.13 of the DPM are invoked in the relevant portions of the WAP and DAP timetables in Sections 4.3.2 and 4.4.2, respectively, to emphasize the TPs’ obligation to submit accurate and most updated information.

- On the Load Forecasting Manual, the RCC deferred its decision on proposed Section 7.3 and its sub-section which requires Network Service Providers to provide information to the Market Operator on the capacity committed for the ILP due to compliance concerns raised by an RCC member from the Distribution sector.
- On the Billing and Settlements Manual (BSM), the RCC considered IEMOP’s re-wording for Section 9.5.8 to clearly state the MO’s authority to approve or disapprove a request for BCQ redeclaration, as well as the recourse of a TP by way of the WESM dispute resolution process if the MO decides to disapprove a request.

The RCC also corrected the timeline stated in Section 9.5.10 pertaining to the accounting BCQ redeclaration relative to the preliminary and final settlement statement (i.e., 29th calendar month instead of 29th of billing month).

WHEREAS, the RCC requested additional information and further revisions to the proposal by the MO and the concerned sector representatives, as follows:

- Supply representative and IEMOP to revise BSM Section 9.5.1 to include in the process for declaring bilateral contract quantities the RES transactions with Contestable Customers.
- IEMOP to provide the following information and revisions to the proposal:
 - Add overarching provision within the WESM Rules to introduce the concept of ILP and not merely defining it in the Glossary;
 - Examples on the process of BCQ redeclaration with values to clearly illustrate the effect for ILP;
 - Check if there will be any violations to the Data Privacy and Confidentiality in BSM Section 9.5.2 requiring the DU and System Operator to provide the MO with the list of their customers participating in ILP; and
 - Consider transfer of proposed new BSM Sections 9.5.2 to 9.5.4 to the Registration Manual or Dispatch Protocol Manual, as appropriate, as these refer to registration and pre/post-dispatch procedures;

WHEREAS, during the 212th (Regular) Meeting on 17 March 2023 and continuing with the discussion of the proposal, the RCC agreed through a vote⁵ to not certify the proposal as urgent in consideration of the following:

- 1) DOE representative shared the DOE's position to retain the classification of the proposal as urgent and the inclusion of ILP in the WESM Manuals as necessary to clarify the details and the intention of rules.
- 2) Per RCC member from the Distribution sector:
 - a) Subject proposal should focus on settlement processes. Committed ILP quantities, that are being proposed by IEMOP to be considered in the dispatch process, may not be fulfilled by ILP participants since ILP is voluntary.
 - b) A study should be conducted first on the Interim ILP Protocol to address issues, such as the timing and process of issuing Red Alert Notices, before incorporating the ILP in the market rules.
- 3) Per IEMOP:
 - a) There are 218 registered ILP Customers as of 15 September 2022. There have been no BCQ declarations on ILP for the 5-minute market.
 - b) Issues encountered with the implementation of the Interim Protocol:
 - i. SO reported inaccuracy of day-ahead projection (DAP) submissions which resulted to inaccurate determination of alert conditions; and
 - ii. No existing provision for NSPs to provide MO with information on ILP capacity prior to implementation;
- 4) Some RCC members from the Distribution and Supply sectors requested to publish the proposal first to provide their sectors the opportunity to comment on the proposed amendments;

⁵ Thirteen (13) voted Not Urgent [4-Independent; 3-Generation; 3-Distribution; 1-Supply; 1-Transmission; 1-Market Operation]

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NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve, as follows:

RESOLVED, that IEMOP's Proposed Urgent Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program Implementation cannot be certified as Urgent Amendments given that said proposals do not meet the criteria to be certified as such;

RESOLVED, that the said Proposed Urgent Amendments, as revised and submitted by the Proponent on 17 March 2023 to consider the RCC's inputs, be admitted as Proposed General Amendment and, as such, shall be posted in the PEMC website to solicit comments;







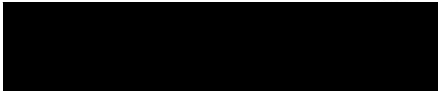
RESOLVED FURTHER, that pursuant to Section 7.3 of the Rules Change Manual, that the foregoing decisions be endorsed to the PEM Board for its concurrence, and, upon the PEM Board's concurrence, that this RCC Resolution be submitted to the DOE and ERC for their information.

Done this **22nd** day of **March 2023**, *via* Microsoft Outlook.

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Approved by: THE RULES CHANGE COMMITTEE	
Independent Members:	
 JESUSITO G. MORALLOS Chairperson	  JOSE RODERICK F. FERNANDO 
 RACHEL ANGELA AMOSAN 	 JORDAN REY C. ORILLAZA 
Generation Sector Members:	
 DIXIE ANTHONY B. BANZON Masinloc Power Partners, Co. 3 Ltd (MPPCL)	 CHERRY A. JAVIER Abotiz Power Corp (APC)
 CARLITO C. CAUDIO Millennium	 MARK D. DE VERA 
Distribution Sector Members:	
RYAN S. MORALES () 	 ROCKY D. BAYAS San Fernando Electric Light and Power Company (SFELAPCO)
VIRGILIO C. FORTICH, JR Cebu III Electric Cooperative (CEBECO III)	 NELSON M. DELA CRUZ Nueva

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Supply Sector Member:	
<p>LORRETO H. RIVERA TeaM (Philippines) Energy Corporation </p>	 
Market Operator Member:	
<p> JOHN PAUL S. GRAYDA Independent  nes</p>	
System Operator Member:	
<p> AMBROCIO R. ROSALES National Grid Corporation of the Philippines (NGCP)</p>	