



Proposed Abolishment of Relevant WESM Manuals in View of the Implementation of Enhanced WESM Design and Operations

**Independent Electricity Market Operator of the
Philippines**

January 2020

I. SUMMARY OF THE PROPOSED RULES CHANGE

In view of the new market manuals for the implementation of WESM design enhancements, relevant existing WESM Manuals that were consolidated in the new manuals or will not be applicable anymore under the new design are proposed to be abolished. The market manuals proposed to be terminated are as follows:

- Methodology For Determining Pricing Errors And Price Substitution Due To Congestion For Energy Transactions In The WESM Issue 4.0
- Segregation Of Line Rental Trading Amounts Issue 1.0
- Procedures For Start Up And Shutdown Of Generators Issue 1.0
- Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run Issue 1.0
- Procedure For Determining Ex-Post Nodal Energy Prices Issue 2.0
- Management Of Net Settlement Surplus Issue 3.0
- Administered Price Determination Methodology Issue 6.0

II. BACKGROUND

For the implementation of the enhanced WESM design and operations provided under DOE circular DC2017-05-0009, the WESM Dispatch Protocol¹, the WESM Price Determination Methodology², and the WESM Manual on Constraint Violation Coefficients and Pricing Re-Runs³ were revised to reflect changes in market processes such as the reduction of dispatch interval to five minutes from one hour. In addition to the changes, these documents also consolidated updated procedures currently provided in separate market manuals under the present market design. The table below summarizes the procedures included in the revised WESM Dispatch Protocol and WESM Price Determination Methodology.

WESM Manual for the Enhanced WESM Design	Included Present WESM Manuals
Dispatch Protocol Issue 13.0	<ul style="list-style-type: none"> • Management Procedures on Excess Generation • Procedures For Start Up And Shutdown Of Generators • Management Procedure For Load Shedding • Management of Must-Run And Must-Stop Units • Emergency Procedures
Price Determination Methodology Issue 2.0	<ul style="list-style-type: none"> • Methodology For Determining Pricing Errors And Price Substitution Due To Congestion For Energy Transactions In The WESM

¹ Issue No. 13

² Pending ERC approval, ERC Case No. 2017-042 RC

³ Issue No. 6

WESM Manual for the Enhanced WESM Design	Included Present WESM Manuals
	<ul style="list-style-type: none"> • Segregation Of Line Rental Trading Amounts • Administered Price Determination Methodology • Management Of Net Settlement Surplus
Constraint Violation Coefficients and Pricing Re-Runs Issue 6.0	<ul style="list-style-type: none"> • Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run

On 7 July 2017, the WESM Rules Change Committee approved the Proposed Amendments to the WESM Rules and the WESM Manual on Dispatch Protocol through RCC Resolution No. 2017-08. In the same resolution, the RCC abolished the following market manuals after the relevant provisions have been consolidated in the updated Dispatch Protocol:

- Management Procedure On Excess Generation
- Management Procedure For Load Shedding
- Management of Must-Run And Must-Stop Units
- Emergency Procedures

The proposed amendments on WESM Manual on Dispatch Protocol and abolishment of the abovementioned market manuals were subsequently approved by the PEM Board and the Department of Energy (DOE) last 18 September 2017 and 29 March 2018, respectively.

Lastly, under the new market design, the WESM Manual on the Procedure for Determining Ex-Post Nodal Energy Prices will no longer be applicable as the enhanced design does not include ex-post pricing.

III. THE PROPOSED RULES CHANGE

The proposed rules change seeks to abolish the WESM Manuals that are no longer applicable with the implementation of the enhanced WESM design and operations. The proposal will eliminate redundancy and possible confusion on which manuals are effective for the new market design. The market manuals proposed to be terminated are as follows:

- Methodology For Determining Pricing Errors And Price Substitution Due To Congestion For Energy Transactions In The WESM Issue 4.0
- Segregation Of Line Rental Trading Amounts Issue 1.0
- Procedures For Start Up And Shutdown Of Generators Issue 1.0
- Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run Issue 1.0
- Procedure For Determining Ex-Post Nodal Energy Prices Issue 2.0
- Management Of Net Settlement Surplus Issue 3.0
- Administered Price Determination Methodology Issue 6.0

IV. BACKGROUND AND DESCRIPTION OF THE PROPONENT

The proponent is the Independent Electricity Market Operator of the Philippines. IEMOP acts as the independent market operator of the WESM.

Top Officers:

Richard J. Nethercott – President and CEO

Robinson P. Descanzo – Acting Chief Operating Officer / Trading Operations Head

Rachel Angela P. Anosan – Chief Legal Officer

Isidro E. Cacho Jr. – Chief Corporate Strategy and Communications Officer

Arthur P. Pintado – Internal Audit Head

Salvador D. Subaran – Chief Information Systems and Technology Officer

V. CONCLUSIONS AND RECOMMENDATIONS

With the implementation of enhanced WESM design and operations, it is proposed that the market manuals that are no longer applicable be abolished. The proposal will eliminate redundancy and confusion with the effective manuals for the new market design.

VI. REFERENCES

1. DOE DC 2017-05-0009
2. DOE DC 2018-04-0007
3. Dispatch Protocol Issue 13.0
4. Price Determination Methodology Issue 2.0
5. Constraint Violation Coefficients and Pricing Re-Runs Issue 6.0
6. Methodology For Determining Pricing Errors And Price Substitution Due To Congestion For Energy Transactions In The WESM Issue 4.0
7. Segregation Of Line Rental Trading Amounts Issue 1.0
8. Procedures For Start Up And Shutdown Of Generators Issue 1.0
9. Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run Issue 1.0
10. Procedure For Determining Ex-Post Nodal Energy Prices Issue 2.0
11. Management Of Net Settlement Surplus Issue 3.0
12. Administered Price Determination Methodology Issue 6.0