

FREQUENTLY ASKED QUESTIONS ABOUT RESERVE MARKET COMPLIANCE

ENFORCEMENT AND COMPLIANCE OFFICE
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QUESTIONS

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What is Reserve Market Compliance?

Reserve Market Compliance refers to the monitoring of obligations in the Reserve Market, such as the submission of reserve offers (Reserve Offer Capacity Compliance or “ROCC”) and compliance with reserve schedules and dispatch implementation (Reserve Conformance Standards or “RCS”).

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What is ROCC?

Reserve Offer Capacity Compliance (ROCC) pertains to the rule requiring all certified and registered *Ancillary Service Providers* shall submit *reserve offers* up to their registered maximum reserve capability for all reserve categories, whether or not the capacities are covered by Ancillary Service Procurement Agreements (ASPAs).

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What is RCS?

Reserve Conformance Standards refer to a set of criteria and procedures for determining whether the Ancillary Service Providers comply with their reserve schedules by measuring its reserve facility's adequacy, accuracy, and timeliness in its actual reserve response with respect to the expected operating parameters set for a specific type of reserve.

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Does Compliance with ROCC and RCS cover both the spot reserve market transactions and the contracted reserves with NGCP?

The RM compliance monitoring will only cover **spot reserve market** transactions.

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When will ECO start monitoring the compliance of ASPs with the Reserve Market Compliance rules?

In line with Department of Energy (DOE) Advisory 2024-08-001-SEC declaring the resumption of the Full Commercial Operations of the Reserve Market on 05 August 2024, and the effectivity of the ASM Manual, ECO will start the monitoring of ROCC and RCS on **06 August 2024**. It is the expected start date of transmittal to PEMC-ECO of the relevant Reserve Market (RM) data pertaining to 05 August 2024 for compliance monitoring purposes. This may, however, be **deferred** if the required reserve market data are not transmitted completely to PEMC.

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Will the ASPs receive a notification of the Probable Breach Flagging for ROCC and RCS or a Non-Compliance Notice (NCN) beginning 06 August 2024?

Yes. However, ECO may defer the issuance of the NCN if it is not able to receive the data completely from the Market Operator or the System Operator. The correctness of the flagging of Probable Breach would depend on the completeness of the relevant data. It is possible that NCNs may be received by ASP on a later date **collectively, by batch,** until such time that the necessary data are provided to PEMC on a daily/regular basis.

ECO is aiming to send the NCN daily or on a regular basis once the data transmittal and the data exchange protocol have been firmly established.

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Should the ASP respond to the NCN daily beginning 07 August 2024?

Yes, if NCN-RCS is received by the ASP. It shall respond to NCN on the day following its receipt from ECO.

Given the tight timeline for ECO to report the RCS Monitoring Results to the Market Operator, which is set on a fixed date, *i.e.*, 28th day of the month following the covered monitoring period, the ECO will need the inputs or responses of the ASPs from time to time to manage the incremental daily flagging and assessment, and to come up with a complete and fair RCS result for the whole billing period within the period prescribed by the ASM Manual.

For the ROCC Monitoring, however, the ASP may respond to ROCC-NCN within 5 *business days* from receipt of the said NCN.

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How will the ASP receive the NCN? And how will it respond to NCN?

ASP will receive the NCN through a secure File Transfer Protocol (FTP) facility. It may also submit the response and supporting documents through FTP. ASP may refer to the [*Detailed Work Instructions for Retrieval and Submission of RM Documents via FTP*](#).

The objective of PEMC-ECO is to eventually transition its Interim Compliance Monitoring and Assessment (CMA) process to Enhanced CMA.

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How is the RCS Breach finding determined? Is it hourly or on a per dispatch interval basis?

Breach is determined on a per *dispatch interval* basis.

Further, it is determined by *reserve facility* and by *reserve type*.

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What is/are the consequence/s of the breach of RCS finding?

A breach of RCS would have two (2) effects, namely –

- Non-payment of the Reserve Trading Amount (RTA) for the relevant dispatch interval, and
- Imposition of penalty or sanction which will be computed based on Section 8.1.2 of the ASM Manual.

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Regarding breach of RCS finding, will the non-payment of RTA and imposition of penalty be executed simultaneously?

No. The non-payment of RTA will be implemented by the Market Operator in the form of deduction from the gross RTA of the ASP. The basis of the non-payment will be the RCS monitoring results from ECO, the Market Operator and the System Operator after due reconciliation. It will be reflected in the Preliminary Settlement Statement that will be issued by the Market Operator after the covered monitoring period.

The penalty, on the other hand, will be imposed and collected by PEMC after due assessment of any dispute or *Request for Reassessment with Notice of Claim* that may be filed by the concerned ASP. Please note that the imposition of penalty is subject to the Transitory Provision of the ASM Manual. [See related Q&A.](#)

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What is/are the consequence/s of the ROCC Breach finding?

A breach of ROCC will entail imposition of penalty or sanction on the concerned ASP.

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Regarding breach of RCS finding, will the ASP know which interval/s was/were breached and the details thereof as basis of the non-payment of the RTA?

Yes. The Market Operator, upon issuance of the Preliminary Settlement Statement, will also inform the ASP of the basis thereof. The Market Operator's internal process or procedures and forms shall apply.

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Can the ASP file a Request for the Reassessment of the finding of breach of the RCS?

Yes. The ASP may file a Request for Reassessment with Notice of Claim with the Enforcement and Compliance Office within 10 days from receipt of the Preliminary Settlement Statement issued by the Market Operator.

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Can the ASP file a Request for Reconsideration or Appeal relative to a finding of breach of the Reserve Market Compliance?

It depends. If the finding pertains to a breach of ROCC, the ASP may file a Request for Reconsideration or Appeal following the pertinent provisions of the Enforcement and Compliance Manual and/or the Penalty Manual.

If the finding pertains to a breach of RCS, no Request for Reconsideration or Appeal shall be filed pursuant to Section 7.6.6 of the ASM Manual.

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Will the ASP be penalized for breach of ROCC and RCS immediately after the determination of breach?

Not yet. The ASM Manual provides for a six-month relaxation period (Sec. 10 Transitory Provision of the ASM Manual). PEMC-ECO is awaiting the clarification and guidance from the DOE as to the counting of the relaxation period, *i.e.*, whether it will be counted from 26 January 2024 (full commercial operation of RM) or from 05 August 2024 (resumption of RM).

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Where can ASP find the detailed rules about the Reserve Market Compliance and the Ancillary Services Monitoring?

The Ancillary Services Monitoring Manual may be accessed and downloaded from [PEMC Website > Downloads Page](#).

ECO also posted the Implementing Guidelines for the guidance and immediate reference of the ASPs in complying with the Reserve Market Compliance. WESM Compliance Bulletin Issue 21.0 and WESM Compliance Bulletin Issue 22.0 may also be accessed and downloaded from [PEMC Website > Enforcement and Compliance Page > WESM Compliance Bulletins](#).

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