



Philippine Electricity  
Market Corporation

## WESM COMPLIANCE BULLETIN

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**Enforcement and Compliance Office  
Philippine Electricity Market Corporation**

05 August 2024

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Questions on this WESM Compliance Bulletin may be addressed to Enforcement and Compliance Office, Philippine Electricity Market Corporation, 18<sup>th</sup> Floor Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City 1600 or by email at [eco@wesm.ph](mailto:eco@wesm.ph)

# INTERIM GUIDELINES FOR RESERVE OFFER CAPACITY (ROCC) MONITORING

## 1. Overview

On 25 January 2024, the Department of Energy (DOE) issued Advisory 2024-01-001-SEC, which declared the start of the Full Commercial Operations of the Reserve Market effective 26 January 2024. However, in an Order dated and released on 26 March 2024, the ERC directed the PEMC and the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP) to suspend the implementation of Section 8 on Billing and Settlement of the PDM for the Reserve Market.

In June 2024, the DOE issued Department Circular DC No. 2024-06-0019, which promulgated the ASM Manual. This Manual which became effective on 09 July 2024 mandates, among others, the monitoring by the Enforcement and Compliance Office (ECO) of the compliances by the Ancillary Services Providers (ASP) with the Reserve Market Compliance.

On 02 August 2024, the Department of Energy (DOE) issued the DOE Advisory 2024-08-001-SEC declaring the resumption of the Full Commercial Operations of the Reserve Market on 05 August 2024, following the lifting of the suspension on the implementation of Section 8 of the Price Determination Methodology by the Energy Regulatory Commission last 26 July 2024. The Advisory states, among others:

“The Governance Arm is directed to enforce the WESM Rules and Market Manuals and adhere to its responsibilities therein.”

The ECO is authorized under Section 6.3.1 of the ASM Manual to establish a detailed process or procedure of compliance monitoring and assessment and prescribe a reply format or template that may be accomplished by the ASP as part of the monitoring process as well as the facility through which the reply and supporting documents shall be submitted.

Thus, ECO, in conformance with the ASM Manual and the directive of the DOE, issues these *Interim Guidelines* which are intended to be provisionally implemented while awaiting the completion of some external dependencies (e.g., full/regular data migration, CPEMS<sup>1</sup> enhancement, etc.) that would help achieve a more methodical yet more practical way of monitoring the Reserve Market Compliance.

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

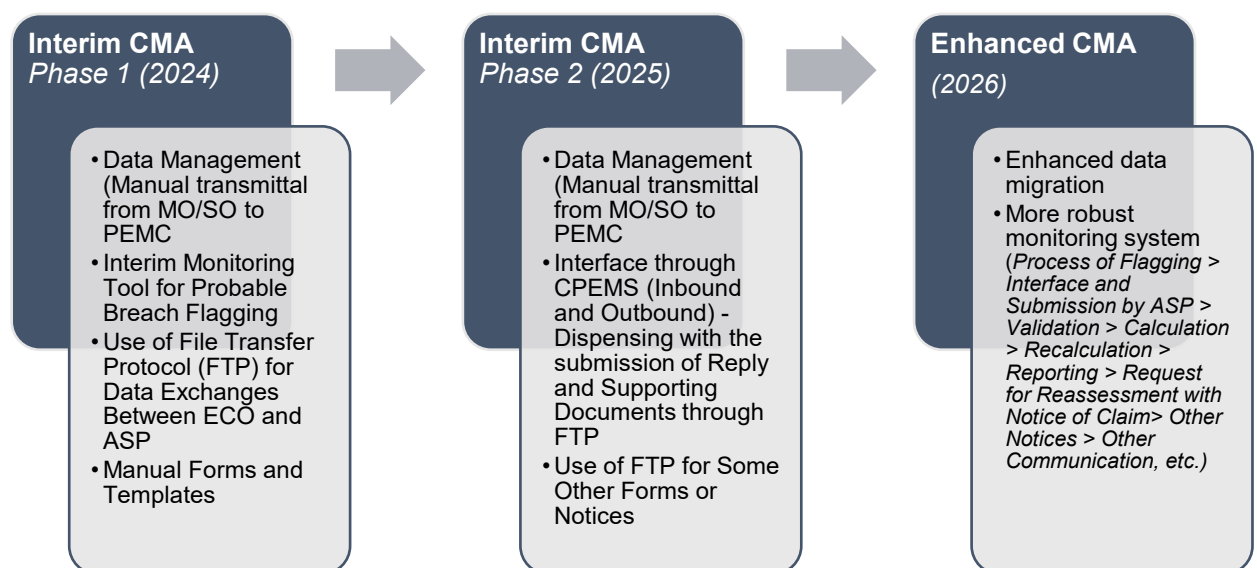


Figure 1.0 - CMA-Reserve Market Compliance Transition Plan

<sup>1</sup> CPEMS – Compliance Post-Evaluation and Monitoring System

## 2. Monitoring Guidelines

### 2.1. Probable Breach Flagging

RESPONSIBLE	DESCRIPTION	FREQUENCY AND TIMELINE	FORM
ECO	<ul style="list-style-type: none"><li>Determination if ROCC is breached</li><li>Breach flagging is per Resource ID and per reserve type</li><li>Breach flagging is per dispatch interval</li></ul>	DAILY  <b>D+1</b> <i>Example:</i> Probable Breach for 05-Aug-2024 transaction will be flagged on 06-Aug-2024 <sup>2</sup>  Transactions for weekends and holidays will be consolidated and collectively processed on the next working day.	Non-Compliance Notice (see Section 2.3 below)

**NOTE:**

**For August 2024 Billing Period** (and until such time that the necessary data are provided to PEMC on a daily/regular basis):

The ECO may generate the Probable Breach flaggings **collectively, by batch** (covering a number of days) depending on the completeness of the data transmitted to PEMC.

**For the Succeeding Billing Period**

The ECO will generate the Probable Breach flagging on a *daily basis* (D+1) as indicated in the Timeline above.

### 2.2. Non-Compliance Notice (NCN)

RESPONSIBLE	DESCRIPTION	FREQUENCY AND TIMELINE	FORM
ECO	<ul style="list-style-type: none"><li>Transmittal of the Probable Breach Flagging Results to ASPs (in excel form).</li><li>One set of Probable Breach Flagging (Non-Compliance Notice) per trading day.</li></ul>	DAILY  D+1 (Same timeline as 2.1)  NCN for trading day that falls on a weekend or holiday will be transmitted to ASP on the next working day.	Non-Compliance Notice (see Section 2.3 below)

**NOTE:**

**For August 2024 Billing Period** (and until such time that the necessary data are provided to PEMC on a daily/regular basis):

The ECO may transmit to ASP the NCNs **collectively, by batch** (covering a number of days) depending on the completeness of the data transmitted to PEMC.

**For the Succeeding Billing Period**

The ECO will transmit to ASP the NCN on a *daily basis* (D+1) as indicated in the Timeline above.

<sup>2</sup> Condition: All relevant market data are transmitted by NGCP-SO/IEMOP to PEMC

### 2.3. Response to NCN

RESPONSIBLE	DESCRIPTION	FREQUENCY AND TIMELINE	FORM
ASP	<ul style="list-style-type: none"><li>• Verification of the NCN received from ECO</li><li>• Providing response by accomplishing the NCN and submitting supporting documents</li><li>• Expected to be the same reason or explanation provided for OCC (Energy Market) flagging</li></ul>	DAILY  Within 5 BD from receipt of NCN	Accomplished Non-Compliance Notice

### 2.4. Validation and Assessment

RESPONSIBLE	DESCRIPTION	FREQUENCY AND TIMELINE	FORM
ECO	<ul style="list-style-type: none"><li>• Validation of the response and inputs of ASPs and the supporting documents</li><li>• Assessment of the reason, explanation, or justification</li></ul>	DAILY  Anytime within the billing period as the data/information, or response is made available.	Internal Assessment Form

### 2.5. Issuance of Compliance Monitoring and Assessment Reports (CMAR)

RESPONSIBLE	DESCRIPTION	FREQUENCY AND TIMELINE	FORM
ECO	<ul style="list-style-type: none"><li>• Finalization of CMA-ROCC Findings<ul style="list-style-type: none"><li>○ Contain findings (breach or no breach)</li><li>○ Amount of Penalty</li></ul>Note that this is not the penalty imposition yet. (See related activity in Sec. 2.7)</li></ul>	MONTHLY  Within 5 BD from completion of validation and assessment.  <i>E.g., CMAR for August 2024 Billing Period is due on 30 September 2024</i>	CMAR

### 2.6. Request for Reconsideration/Appeal

The relevant provisions of the WESM Penalty Manual and/or the Enforcement and Compliance Manual shall apply to the remedies that may be availed by the ASP.

## 2.7. Penalty Imposition

RESPONSIBLE	DESCRIPTION	FREQUENCY AND TIMELINE	FORM
ECO	<ul style="list-style-type: none"><li>Issuance to ASP and PEMC-Finance Unit of the Notice of Specified Penalty (NSP) indicating the count of breach and the corresponding penalty level and amount.</li></ul>	MONTHLY  When the findings of breach become final and executory.	NSP

**NOTE:**

**For August 2024 Billing Period**

No penalty will be imposed on ASP that is found in breach of ROCC pursuant to Section 10 (Transitory Provision) of the ASM Manual providing for a *six-month relaxation period*. Awaiting further clarification of the Department of Energy as to the start and end date of the Relaxation Period.

## 2.8. Penalty Collection

RESPONSIBLE	DESCRIPTION	FREQUENCY AND TIMELINE	FORM
PEMC-Finance	Transmittal to ASP of the billing statement for penalty collection	Within 5 BD from receipt of the NSP	Billing Statement or equivalent

## 2.9. Payment of Penalty

RESPONSIBLE	DESCRIPTION	FREQUENCY AND TIMELINE	FORM
ASP	Payment of penalty amount to PEMC.	Within 15 BD from receipt of the billing statement	Cash Check

## 3. Mode of Transmittal

During the interim CMA for ROCC, the forms (as identified) above will be retrieved and/or transmitted through a secure File Transfer Protocol (FTP) facility. Please refer to the [Work Instructions for Retrieval and Submission of RM Documents via FTP](#) for detailed steps/procedures.

## 4. Effectivity of Interim Guidelines

These Interim Guidelines will be in effect until a new or revised one is issued by ECO consistent with any changes and developments that may hereafter ensue by reason of rule amendments, regulatory directives/issuances, or development or enhancement of monitoring system or tool that may further streamline the existing process or procedures.