

## ANNEX A: MARKET SURVEILLANCE COMMITTEE WORK PLAN for 2019-2021

**I. MISSION: POWER**
**Desired Outcome: Ensuring Supply of Power:** The market is conducive to attracting new resources and investments to meet the growing demand of the Filipino consumers

Corporate Strategies	Corporate Targets	Committee Activities	Targets & Outputs	Required Resources	Lead Dept./WGC
<b>P.1. Indicator: Availability of relevant and accurate market signals</b>					
P.1.1 Implement the enhanced market design in Luzon and Visayas	1. Complete the software certification audit of the New Market Management System (NMMS).	Participate in trainings regarding market trading including updates about the new market design features, among others, subject to IEMOP's timeline	Participation to trainings on the NMMS, as scheduled	IEMOP OP  CSD-Finance (Budget for participation/ attendance)	MAG PAC
	2. Commercial operations of the NMMS.				MAG PAC
P.1.2 Provide and promote the relevant market information to potential investors and current market players	1. Enhanced WESM website	Provide inputs or updates on Committee member information/affiliation, etc. for the Committee page in the PEMC website	Inputs or updates on Committee member information/affiliation, etc., as necessary	MAG CPC	ISTD
	2. Conducted Information campaigns, membership meetings, and trainings	1. Participate in Market Participants' Update, Open House, Trainings, Workshops, WCO Summit Event, or similar PEMC events	1. Participation as attendee or as resource speaker, as required	MAG CPC	CPC
		2. Provide inputs and participate in the development of frequently asked questions or FAQs on MSC activities	1. Frequently Asked Questions (FAQs) on MSC activities	CPC MAG ECO OCGO OP IT WESM TPs	
	3. Publish relevant reports (e.g. state of the market report, forecast report, etc) on time	Timely review and approval of market reports for publication, as required	Published MSC reports in the PEMC website	MAG ECO OCGO	MAG
4. Glossary of WESM terminologies, aligned with the Philippine Grid Code, Philippine Distribution Code and other relevant documents	Provide inputs in the development of the glossary of WESM terminologies	Inputs on the development of the glossary of WESM terminologies	PEMC IEMOP WGCs DOE ERC	TC CPC	
<b>P.2 Indicator: Commercial operations of WESM Mindanao</b>					

Corporate Strategies	Corporate Targets	Committee Activities	Targets & Outputs	Required Resources	Lead Dept./WGC
P.2.1 Assess the Market in Mindanao	1. Assess the market in Mindanao,	Review and provide inputs on the Mindanao market assessment/competitive analysis on Mindanao (Q3 2019)	Inputs on the Mindanao Market Assessment Report, as necessary	MAG OCGO OP DOE ERC	TC CPC
<b>P.3 Indicator: Co-optimization of energy and reserves market</b>					
P.3.1 Advocate for the approval of the PDM	1. Completed the conduct of necessary activities for the implementation of co-optimized energy and reserves markets - Secured agreement/commitment from SO - Conducted and participated in coordination/consultations meetings with NGCP-SO, ERC and DOE.	Participate in trainings on Ancillary Services as scheduled	Participation to trainings on ancillary services, as scheduled	NGCP-SO OP	OP OCGO
		Review of Reserve Market Assessment Report (Q3 2019)	Submission of Reserve Market Assessment Report to PEM Board, DOE, ERC, as required	MAG OCGO OP DOE ERC	
P.3.2 Implement the co-optimization of energy and reserves markets	1. Readiness certificate on the implementation of co-optimized energy and reserves market signed by NGCP-SO and market participants	Review assessment on the reserve market as part of the Market Assessment Report, as required	Submission of Quarterly Market Assessment Report PEM Board, DOE, ERC, as required	MAG OCGO OP DOE ERC	
<b>P.4 Indicator: Responsive integration of variable renewable energy (VRE) resources and other new technologies</b>					
P.4.1 Conduct a comprehensive analysis on the integration of the variable renewable energy (VRE) and other new technologies into the WESM.	1. Roadmap and proposed recommendations for the integration of VRE and other technologies into the WESM				CPC TC
	2. Proposed amendments to market rules and guidelines to mitigate the impact and imbalances caused by the integration of VRE in the market	Review and provide inputs in the development of the proposed rules changes	Inputs to the proposed amendments	CPC TC	

**II. MISSION: EFFICIENCY**

**Desired Outcome: Exceptional Market Operations:** The operations of the market, and the performance of the market operator and service providers are among the best in the global electricity markets.

Corporate Strategies	Corporate Targets	Committee Activities	Targets & Outputs	Required Resources	Lead Dept./WGC
<b>E.1 Indicator: The operation and performance of the Market operator, service providers, and PEMC continue to improve to be among the best in the global electricity markets.</b>					
E.1.1 Establish performance management framework, on market and system operations, and market governance functions with corresponding provisions on incentives and penalties	1) Revised MOPS to include 1. Financial and institutional compliances of the market operator; and 2. global electricity market practices on identified/specific criteria with respect to market and system operations and market governance functions and prescribe the stages to attain global benchmarks to the PEM Board	Review/provide inputs/comments on the revised MOPS (Q2 2019)	Inputs to the revised MOPS	MAG OCGO OP DOE/ERC MO SO  WESM TPs	MAG  PAC
	2) Performance metrics for NGCP-SO	Review/provide inputs/comments in the development of System Operator Performance Standards (SOPS) (subject to NGCP-SO-IEMOP Protocol)	Inputs/comments to SOPS	MAG OCGO OP DOE/ERC MO SO WESM TPs	MAG PAC
	3) Performance metrics for PEMC	Review/provide inputs/comments in the development of performance metrics for PEMC, as necessary	Inputs to the performance metrics of PEMC	MAG OCGO OP DOE/ERC MO SO WESM TPs	CPC
	4) Performance metrics for MSPs	Review/provide inputs/comments in the proposed rules changes to the metering manual on the enhanced performance metrics for MSPs (Q1 2020)	Inputs/comments to the proposed rules changes for the enhanced performance metrics for MSPs	MAG OCGO OP DOE/ERC MO SO	MAG PAC

Corporate Strategies	Corporate Targets	Committee Activities	Targets & Outputs	Required Resources	Lead Dept./WGC
				WESM TPs	
<b>E.2 Indicator: Level of compliance with the Market Rules and relevant Market Manuals by the Market Operator and Service Providers</b>					
E.2.3 Monitor compliance plan of the service provider to their audit action plans	1. Compliance monitoring report with assessment and recommendations	Review of the compliance monitoring report with assessment and recommendations (as submitted by ECO)	Approved Compliance Monitoring Reports and Requests for Investigation, as necessary	ECO MAG OCGO OP DOE	MAG PAC
<b>E.3 Indicator: Level of compliance with the Market Rules and relevant Market Manuals by the Market Operator and Service Providers</b>					
E.3.1 Enhance performance and business processes of WGCs.	1. Performance metrics for the WGCs	Provide inputs/comments on the performance metrics for WGCs	Inputs/comments to the WGCs performance metrics, as necessary	MAG ECO OCGO OP	OCGO
	2. Enhanced WGC processes based on global best practices	Review of MSC Internal Rules, annual or as may be necessary	Approved MSC Internal Rules	MAG	OCGO
<b>E.4 Indicator: Strengthened coordination with the IEMOP, NGCP and other service providers</b>					
E.4.1 Establish effective protocols with service providers	1. PEMC- IEMOP protocol	Provide inputs in the development of protocols	Inputs to the development of protocols		
	2. PEMC- NGCP-SO protocol				
	3. PEMC-MSPs protocol				

**III. Mission: MARKET**
**Desired Outcome Dynamic Market: PEMC conducts the development and appropriate implementation of a responsive market.**

Corporate Strategies	Corporate Targets	Committee Activities	Targets & Outputs	Required Resources	Lead Dept./WGC
<b>M.1. Indicator: Commercial operations of RE Market</b>					
M.1.1 Establish the RE Market	1. Appropriate systems for the RE Market	Participate in the establishment of the REC Market	Participation in the establishment of the REC Market	MAG ECO OCGO OP	CPC
	2. Completed necessary activities in coordination with the DOE for the establishment of the RE Market				
	3. Completed the necessary preparations within PEMC for the operations of the RE Market				
	4. Capacity-building activities on the operations of the RE Market for the market participants				
<b>M.2 Indicator: Implementation of demand-side participation</b>					
M.2.1 Propose policies on alternative demand side resources and accounting for demand side resources	1. Study on the proposed design for the demand-side participation	Participate in the establishment of the REC Market	Participation in the establishment of the REC Market	MAG ECO OCGO OP	CPC TC
<b>M.3. Indicator: Decision to implement the Financial Transmission Rights</b>					
M.3.1 Conduct a study on the viability to implement FTRs provider to their audit action plans	1. Study on the viability to implement FTRs	1. Coordinate with IEMOP on the NMMS module on FTRs  2. Review/provide inputs and submit Report on the Viability of Financial Transmission Rights (FTRs)  Q4 2019	Completed Report on the Viability of FTRs submitted to PEM Board, DOE, ERC, as necessary	PEMC IEMOP	MAG MSC

Corporate Strategies	Corporate Targets	Committee Activities	Targets & Outputs	Required Resources	Lead Dept./WGC
<b>M.4. Indicator: Commercial operations of Derivatives Market</b>					
M.4.1 Recommend policies on the effective implementation of derivatives market	1. Study on the proposed design for the electricity derivatives market in consideration of the previous study with recommended policies and proposed ways forward to the DOE.	Review/provide inputs on the proposed design for the electricity derivatives market	Inputs/comments to the proposed design for the electricity derivatives market, as necessary	MAG OCGO OP	CPC PAC
<b>M.5 Indicator : Participation of the retail market in the WESM.</b>					
M.5.1 Conduct a comprehensive assessment of the retail market	1. Assessment study on retail market.	Review the enhancement of the retail market (Q4 2019)	Completed Report on enhancement of the retail market	PEMC IEMOP WESM TPs PEM Board DOE/ERC	MAG MSC

**IV. Mission: COMPETITION**

**Desired Outcome: Efficient Competition:** Market participants adhere to proper market behavior, and culture of compliance and accountability.

Corporate STRATEGIES	Corporate TARGETS	Committee ACTIVITIES	TARGETS	Required Resources	Lead Dept./WGC
<b>C.1. Indicator: Market participants are compliant with the anti-competitive behavior framework</b>					
C.1.1 Establish a proactive deterrent to anti-competitive behavior	1. Anti-competitive behavior framework and indicators	1. Review of the proposed framework and indicators in identifying possible anti-competitive behavior (ACB) (Q1 2020)	1. Approved framework in identifying possible anti-competitive behavior (ACB)/ abuse of market power	MAG ECO OCGO OP PEM Board DOE/ERC IST WESM TPs MO SO	MAG MSC
		2. Review MAG's monitoring program on ACB (Q2 2020)	1. Established MAG Monitoring Program on ACB		
	2. Common understanding on anti-competitive behavior and manipulative practices. <ul style="list-style-type: none"> <li>- Policy statement on acts constituting ACB.</li> <li>- Development of an effective market trading compliance practices guidelines (same like OBEG, FERC)</li> </ul>	1. Review of Policy Statement on ACB (Q1 2020)	1. Approved and published Policy Statement on ACB		
		2. Conduct information dissemination on the ACB Policy Statements and Guidelines (Q3 2020)	1. Conducted and completed info dissemination and trainings on the ACB Policy Statements and Guidelines		
	3. Assessment study on the level of competition in the market	Review assessment study on the level of competition in the market, in comparison with other markets (Q2 2020)	Reviewed and approved the assessment report on the level of competition in the market		
<b>C.2. Indicator: Culture of compliance among market participants is fostered and sustained</b>					
C.2.1 Ensure market participants' adherence to market rules and manuals	1. Compliance Framework and Compliance Program <ul style="list-style-type: none"> <li>- Code of ethics</li> <li>- Code of conduct</li> </ul>	1. Review of Proposed Guidelines on Offer for Settlement (Q1 2019)	1. Approved guidelines on Offer for Settlement	1. ECO 2. MAG 3. OCGO 4. OP	ECO MSC

Corporate STRATEGIES	Corporate TARGETS	Committee ACTIVITIES	TARGETS	Required Resources	Lead Dept./WGC
				5. PEM Board	
		2. Review of the proposed guidelines on market trading compliance practice as part of the WESM Industry Code of Ethics (Q2 2019)	1. Approved guidelines on market trading compliance practice as part of the WESM Industry Code of Ethics	1. MAG 2. ECO 3. OCGO 4. OP 5. PEM Board 6. DOE/ERC 7. MO 8. SO WESM TPs	
		3. Recommend to the DOE the adoption of the proposed WESM Industry Code of Ethics based on the Policy Statements on ACB (Q2 2019)	1. Approved WESM Industry Code of Ethics	1. MAG 2. ECO 3. OCGO 4. OP 5. PEM Board 6. DOE/ERC 7. WESM TPs 8. MO SO	
		4. Review and provide inputs/comments on the proposed guidelines of WCO Accreditation Program (2Q 2019)	1. Inputs to the proposed guidelines of WCO Accreditation Program	ECO	
		5. Coordinate with Trading participants on the signing of the Code of Ethics (June 2019)	1. WESM Industry Code of Ethics is signed by WESM trading participants		
	2. Conduct investigations of breach of the WESM Rules/ Manuals and recommend sanctions to Compliance Committee/Board (0 investigations stages)	1. Review of ECO Investigation Reports	1. MSC-approved report on ECO Investigation Reports submitted to PEM Board	1. ECO 2. MAG 3. OCGO 4. OP 5. PEM Board 6. WESM TPs 7. NGCP-SO	

Corporate STRATEGIES	Corporate TARGETS	Committee ACTIVITIES	TARGETS	Required Resources	Lead Dept./WGC
		2. Conduct of Plant Visits (as necessary)	1. Conducted Plant Visits	1. MAG 2. ECO	
		3. Conduct of Meetings and inquiries to validate/verify/clarify compliance to the Rules	1. Meetings/Inquires conducted	1. MAG 2. ECO 3. PEMC TPs 4. NGCP-SO	
	3. Training and learning program for market monitoring, assessment and compliance enforcement	1. Review / provide inputs on the proposed criteria/guidelines by ECO for the determination of most compliant WESM participants (Q4 2019)	1. Proposed Criteria / Guidelines for the Determination of most compliant WESM Participants 2. Confirmation of awardees based on the criteria	1. MAG 2. ECO 3. OCGO 4. OP 5. DOE/ERC 6. MO 7. SO	
<b>C.3. Indicator: Effective program and strategy on market monitoring and assessment</b>					
C.3.1 Develop and implement a progressive strategy on market monitoring and assessment	1. Real-time market monitoring and assessment program - Recommended amendments to existing policies on market mitigating measures (e.g. secondary price cap, market price floor and ceiling) are submitted to the ERC and DOE as necessary.	1. Review and update of Catalogue of Market Monitoring Data and Indices (Q2 2019)	1. Revised Catalogue of Market Monitoring Data and Indices	2. MAG 3. OCGO 4. OP 5. DOE 6. ERC	MAG MSC
		2. Review and update the Catalogue of Market Monitoring Data and Indices, including reliability index (Q2 2020)	1. Revised Catalogue of Market Monitoring Data and Indices	1. MAG 2. OCGO 3. OP 4. DOE 5. ERC	
		3. Conduct of public consultation on the revised CMMDI (Q3 2020)	1. Completed public consultation/promulgated CMMDI, as amended	2. MAG 3. OCGO 4. OP 5. DOE/ERC 6. NGCP-SO 7. Trading Participants	

Corporate STRATEGIES	Corporate TARGETS	Committee ACTIVITIES	TARGETS	Required Resources	Lead Dept./WGC
		4. Review current thresholds for market price triggers and interesting pricing events (Q2 2019)	1. Revised market trigger reference price thresholds and revised thresholds for interesting pricing events	1. MAG 2. OCGO 3. OP 4. DOE/ERC	
		5. Report to DOE and ERC, as necessary: <ul style="list-style-type: none"> <li>- Policy recommendations;</li> <li>- Unusual market/pricing outcome; and</li> <li>- Market issues</li> </ul>	1. Submission to the DOE and ERC: <ul style="list-style-type: none"> <li>- Policy recommendation</li> <li>- Unusual market outcome (e.g. Interesting Pricing Event Report);</li> <li>- Other market issues</li> </ul>	1. MAG 2. OCGO 3. OP 4. DOE/ERC 5. TPs	
	2. Monitoring guidelines on the trading behavior of portfolio generation assets. Market assessment reports	1. Review/provide inputs on the Study on historical generator plant outages (Q3 2020)	1. Approved Study on historical generator plant outages		
		2. Review Offer Pattern Study and proposed reference offers based on historical offer data (Q2 2019)	1. Approved Offer Pattern Study		
	3. Market assessment reports	1. Review of the following Reports for submission to ERC, DOE and PEM Board, within the prescribed timeline	1. MSC-Approved assessment reports <ul style="list-style-type: none"> <li>o Monthly Assessment Highlights</li> <li>o Quarterly/Annual Market Assessment Reports</li> <li>o Quarterly/Annual Retail Assessment Report</li> <li>o Monthly/Quarterly/Annual MSC Report</li> </ul>	1. MAG 2. OCGO 3. OP 4. DOE/ERC	
		2. Review of Market Intervention (MI) or Market Suspension (MS) Events and Interesting Pricing Events within the prescribed timeline	1. MSC Review Report on MI or MS events and Interesting Pricing Events Report submitted to the PEM Board	1. MAG 2. OCGO 3. OP 4. DOE/ERC 5. IEMOP	
<b>C.4. Indicator: Strengthen the working relationship with policy and regulatory bodies</b>					

<b>Corporate STRATEGIES</b>	<b>Corporate TARGETS</b>	<b>Committee ACTIVITIES</b>	<b>TARGETS</b>	<b>Required Resources</b>	<b>Lead Dept./WGC</b>
C.4.1. Enhance the coordination and working relationship with policy and regulatory bodies	1. DOE-PEMC Cooperation Agreement	Provide inputs in the development of protocols	Inputs to the development protocols		CPC LEGAL
	2. ERC-PEMC Cooperation Agreement	Participate in the PEMC-ERC coordination meetings	Participation in the PEMC-ERC coordination meetings		
	3. PCC-PEMC Cooperation Agreement	Provide inputs in the development of protocols	Inputs to the development protocols		

**V. MISSION: GOVERNANCE**

**Desired Outcome: Empowered Governance:** PEM Board and Governance Committees attain timely, responsive and strategic goals that are consistent with the market objectives and the changing electricity landscape

Corporate Strategies	Corporate Targets	Committee Activities	Targets & Outputs	Required Resources	Lead Dept./WGC
<b>G.1. Indicator: Timely provision of adequate support and information required by the WESM Governance Committees and PEM Board</b>					
G.1.1 Coordinate the overall operations and activities of the PEM Board, WESM Governance Committees	1. Timely provision of secretariat and technical support to the PEM Board and Committees relevant to their decision making functions	Participate in PEM Board meetings and activities as resource persons for the presentation of the following: <ul style="list-style-type: none"> <li>- Market Assessment Report</li> <li>- Retail Market Assessment Report</li> <li>- Report on Over-Riding Constraints</li> <li>- Other special reports</li> </ul>	Presentation to the PEM Board of regular reports and other special reports, as necessary	MAG ECO OP OCGO	CORSEC MAG CPC
G.1.1 Formulate and implement the Committee Work Plans that are responsive to the needs of the industry	1. Committee Work Plan 2. Timely completion of committed activities 3. Monitoring and assessment report on the implementation of the committed activities	1. Participate in the PEMC Strategic Planning activities – attendance to meetings and workshops; formulation of the MSC Work Plan and completed activities within committed timelines	1. Participation to PEMC Strategic Planning activities  2. Approved Work Plan  3. Completed activities within committed timelines		
<b>G.3 Indicator: Responsive market rules and manuals</b>					
G.3.1. Assess the effectiveness of market rules and manuals and propose amendments, as necessary	1. Proposed amendments to WESM Rules, manuals and market processes	Submit comments/review proposed amendments to WESM Rules and Manuals, subject to RCC's timeline of publication for comments	Submitted comments on proposed amendments to WESM Rules and Manuals submitted to RCC, as necessary	IEMOP PEMC	MAG RCC