

**WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE**

RESOLUTION NO. 2018-05

**Proposed Amendments to the WESM Rules and WESM Manual on
Registration, Suspension and De-registration Criteria and Procedures for
Additional Trading Participant Category – Wholesale Electricity Market Trader**

WHEREAS, the Philippine Electricity Market Corporation (PEMC) submitted to the Rules Change Committee (RCC) on February 27, 2018 the Proposed Amendments to the WESM Rules and WESM Manual on Registration, Suspension and De-registration Criteria and Procedures for Additional Trading Participant Category – Wholesale Electricity Market Trader (WEMT);

WHEREAS, the addition of the proposed Trading Participant category would enable entities without facilities but with commercial rights or obligations to sell or purchase electricity (hereinafter “non-registered entities”) to also participate in the WESM, thus, enhancing transparency and competition while at the same time protecting confidential information in the WESM;

WHEREAS, these non-registered entities may partially own or not own or operate the physical assets that inject or withdraw electricity, such as independent power producers or organizations that operate assets of Trading Participants through management contracts;

WHEREAS, for their transactions to be accounted in the WESM, non-registered entities currently have to course their market and contractual data through their associated registered Trading Participant to whom such data and transactions are attributed, resulting to not only an inaccurate reflection of actual commercial arrangements of Trading Participants in the WESM, but also the inevitable sharing of commercially sensitive information;

WHEREAS, the proposed participation of non-registered entities in the market as WEMTs would only be with respect to the submission or confirmation of bilateral contract quantities, receipt of billing statements, and settlement of payables or receivables;

WHEREAS, Trading Participants administering physical assets in the WESM (i.e., generation companies, customers) shall still be those who would participate in market processes related to scheduling, pricing and dispatch alongside the market processes mentioned in the preceding;

WHEREAS, the proposed addition of WEMT as a Trading Participant category aims to achieve the following:

- i. preserve the confidentiality of non-registered entities' commercially sensitive information as passing such information through their associated Trading Participants will no longer be necessary;
- ii. enhance the accuracy of information and promote greater transparency since market data would better reflect actual commercial arrangements of Trading Participants; and
- iii. foster greater competition in the market by recognizing a new set of Trading Participants;

WHEREAS, PEMC presented the proposed amendments to the RCC on March 02, 2018 during the latter's 138th Meeting, during which the RCC, following initial discussions, approved the publication of the proposal in the market information website to solicit comments from Market Participants and stakeholders;

WHEREAS, following a 30-day commenting period which began on March 05 until April 19, 2018, comments received were from the DOE, Power Sector Assets and Liabilities Management Corp. (PSALM), TeaM (Philippines) Energy Corp. (TPEC), San Miguel Energy Corp. (SMEC), SN Aboitiz Power Corp. (SNAP), Aboitiz Power Corp. (AP), and the Market Surveillance Committee (MSC) (consolidated comments attached as Annex A);

WHEREAS, the RCC deliberated on the proposal during its 140th Meeting on May 04, 2018 considering the comments and the proponent's responses and further clarifications;

WHEREAS, based on the comments received, the proponent provided the following clarifications:

- i) *Legal Basis* – The basis of adding a new Trading Participant category is provided under Section 30, paragraphs 4 and 5 of the EPIRA, to wit:

xxx

Section 30. Wholesale Electricity Spot Market. xxx

xxx

Subject to the compliance with the membership criteria, all generating companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC shall be eligible to become members of the wholesale electricity spot market.

The ERC may authorize other similar entities to become eligible as members of the wholesale electricity spot market either directly or indirectly. All generating companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC, whether direct or indirect members of the wholesale electricity spot market, shall be bound by the wholesale electricity spot market rules with respect to transactions in that market.

xxx

- ii) *ERC License* – Should the DOE approve the proposal, ERC authorization shall be required for intending WEMTs to be registered in the market.
- iii) *Difference from Retail Electricity Suppliers* – The proposed WEMT is different from Retail Electricity Suppliers (RES) in terms of the customers they cater to. RESs supply electricity to Contestable Customers in the Retail Market while WEMTs transact at the wholesale level. WEMTs cannot directly supply electricity to Contestable Customers, however, they may transact with Customers, or other wholesale market participants for that matter, which may represent Suppliers.
- iv) *Impact on Settlement* – There will be no impact on settlement as the current process shall still apply. The Market Operator will only be calculating for the settlement data of, and issuing billing statements to a new Trading Participant category.
- v) *Impact on Scheduling and Metering* – There will be no impact on dispatch scheduling and metering since WEMTs do not own physical assets or facilities (e.g., generating unit, metering facility, etc). The Trading Participant who owns or manages the physical assets shall remain as the one responsible for complying with requirements on submission of offers and other processes related to scheduling and metering, among others.
- vi) *Impact on Dispatch Compliance* – There will be no impact on dispatch compliance as the Trading Participant who owns the generation facility remains as the entity that shall carry out all of the responsibilities related to that generation facility, from submission of offers to compliance to dispatch schedules and instructions. Hence, the asset-owning Trading Participant, not the WEMT, is still the one whom the Enforcement and Compliance Office shall monitor for possible non-compliance to real-time dispatch instructions.

WHEREAS, recognizing that the role of WEMTs and RESs have certain similarities, the RCC requested the proponent to revise the definition of “WEMT” to more clearly distinguish said proposed category from the RESs;

WHEREAS, during the same May 4th meeting, the RCC provisionally approved the proposal with slight modifications, pending the receipt of the revised definition of “WEMT”;

WHEREAS, on May 17, 2018, the RCC received via electronic mail the proponent’s revisions to the definition of “WEMT” and agreed to amend the same for further clarity, as follows:

Original Proposal	Revised Definition (PEMC)	RCC-adopted
A person or an entity that does not register a <i>generating system</i> connected to a <i>transmission or distribution system</i> or purchase electricity supplied through the	A person or an entity that does not register a generating system connected to a transmission or distribution system or purchase electricity supplied through the	A person or an entity that is not qualified to register as a <i>Generation Company</i> or a <i>Customer</i> , but has a commercial right or obligation to supply or purchase electricity

oak

Original Proposal	Revised Definition (PEMC)	RCC-adopted
<p>transmission system or a distribution system to a connection point but has a commercial right or obligation to supply or purchase electricity with a trading participant and wishes to participate in the WESM may register with the Market Operator as a Wholesale Electricity Market Trader.</p>	<p>transmission system or a distribution system to a connection point is not qualified to register as a Generation Company or a Customer, but has a commercial right or obligation to supply or purchase electricity with a Trading Participant and wishes to participate in the WESM as duly licensed by the ERC, may register with the Market Operator as a Wholesale Electricity Market Trader.</p>	<p>with a Trading Participant who is not a Contestable Customer, and wishes to participate in the WESM as duly licensed by the ERC, may register with the Market Operator as a Wholesale Electricity Market Trader.</p>

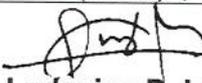
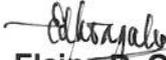
WHEREAS, there being no other matters left for deliberation, the RCC approved on the same day the endorsement of the proposal to the PEM Board;

NOW THEREFORE, we, the undersigned in behalf of the sector we represent, hereby resolve as follows:

RESOLVED, that the Proposed Amendments to the WESM Rules and WESM Manual on Registration, Suspension and De-registration Criteria and Procedures for Additional Trading Participant Category – Wholesale Electricity Market Trader are hereby approved by the RCC;

RESOLVED FURTHER, that the Proposed Amendments to the WESM Rules (attached as Annex B) and WESM Manual on Registration, Suspension and De-registration Criteria and Procedures (attached as Annex C) for Additional Trading Participant Category – Wholesale Electricity Market Trader are hereby endorsed to the PEM Board for approval and endorsement to the DOE.

Done this 17 May 2018, Pasig City.

<p>Approved by: RULES CHANGE COMMITTEE</p>  <p>Maïla Lourdes G. de Castro Chairperson Independent</p>	
<p>Members:</p>	
 <p>Concepcion I. Tanglao Independent</p>	 <p>Francisco L.R. Castro, Jr. Independent</p>
 <p>Allan C. Nerves Independent</p>	 <p>Isidro E. Cacho, Jr. Market Operator Philippine Electricity Market Corporation (PEMC)</p>
 <p>Ambrocio R. Rosales Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	 <p>Abner B. Tolentino Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>
 <p>Jose Ildebrando B. Ambrosio Generation Sector NorthWind Power Development Corporation</p>	<p>(vacant) Generation Sector</p>
 <p>Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>	 <p>Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)</p>
<p>Juanito Tolentino Distribution Sector Mactan Electric Company (MECO)</p>	 <p>Ludovico D. Lim Distribution Sector Antique Electric Cooperative, Inc. (ANTECO)</p>
 <p>Lorreto H. Rivera Supply Sector Team (Philippines) Energy Corporation (TPEC)</p>	<p>Noted by:</p>  <p>Elaine D. Gonzales Manager – Market Data and Analysis</p>

Consolidated Comments to the Proposed Amendments

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
General Comments					<p>PSALM: REGISTRATION:</p> <ul style="list-style-type: none"> Only the Generator Category is recognized to participate in the market. WEMT requires ERC License to perform its role in the market. ERC did not allow two distinct owners for a generating facility under a single trading node, i.e. two separate entities under one generating unit. <p>PSALM: SCHEDULING / DISPATCH COMPLIANCE / METERING / MARKET SETTLEMENT:</p> <ul style="list-style-type: none"> The Generator Category Trading Participant can take the role for scheduling, dispatch compliance, metering and market settlement. WEMT having no affiliate Generation Facilities, is not liable to non-compliance and cannot transact to the market to undertake the above activities.

Comments received were to the proposed amendments to the WESM Rules only.

AWW

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
					<p>PSALM: The present set-up already considers the role and transaction of "WEMT" as follows:</p> <ol style="list-style-type: none"> 1. The Generator declares bilateral and settle market transaction on behalf of the "WEMT". 2. "WEMT" settles its bilateral outside the market 3. "WEMT" pays/receives to/from the Generator its share from market transaction/settlement 4. The Generator allocates "WEMT" MOs based on its share in the generation based on its offer from its allotted capacity. Example, if the plant capacity is 500MW and the sharing between Generator and WEMT is 400MW and 100MW, respectively, the dispatch share of "WEMT" depends on the Real Time Dispatch from the result of the market run based on its offered price. Hence, there will be times that the share of "WEMT" may not be dispatched fully if the Generator's offer is higher

Comments received were to the proposed amendments to the WESM Rules only.

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
					<p>than the market price. The effect is that "WEMT" may be under declared from its MQ which will be settled separately in the market for the BCCQ imbalance by the Generator.</p> <p>5. "WEMT" cannot be independent from the Generator since "WEMT" can only do business transaction through the Generator except for bilateral which is settled outside the market.</p> <p>PSALM: As such, the proposed rule change to provide WEMT the role to declare bilateral contract from the declaration of the Generator is just another layer of process which is currently being done by the Generator that declares WEMT's bilateral. However, the issue on disparity between the MQ and the bilateral on the part of WEMT is not resolved since the generator retains the settlement of WEMT transaction in the market for the imbalances.</p> <p>PSALM: WEMT may be a load Customers, Retailers, Aggregators or IPP</p>

Comments received were to the proposed amendments to the WESM Rules only.

AM

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
					<p>Administrators as currently recognize by ERC. The said participants be a WEMT to have independence in declaration of its bilateral contract. For PSALM, the IPP Administrators for the Strip of Energy of United Leyte Geothermal Power Plants can benefit by directly declaring their bilateral as WEMT while any imbalance from the MQ and BCO will be settled in the market by PSALM.</p> <p>PSALM: Finally, in expanding the role of WEMT in the future, there is a need to further study WEMT of its independence of WEMT to transact in the market, the issue on license from ERC and the issue of two or more owner in one trading node given the competition between the owners based on each offers.</p> <p>SNAP: Which entities can fall under WEMT? Can we assume that RESEs will be considered/ eligible to register as a WEMT?</p> <p>Provide a section where participants which can register as WEMT is defined. To provide clarity.</p>

Comments received were to the proposed amendments to the WESM Rules only.

WEMT

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
					<p>SNAP: The ability of a WEMT to accept and declare BCOs from / to another participant is a very useful functionality in the allocation of commercial obligations / risks.</p> <p>However, only entities which are 'with commercial arrangements but which do not manage physical assets' will only be registered as WEMT, and therefore only has access to such functionalities.</p> <p>"Although the WEMT category would address the recognition of existing arrangements in the WESM (e.g., multiple owners of a single capacity), it is also envisioned to be a flexible category that could cater new commercial arrangements in the future and is proposed not to be limited to the current context. xxx</p> <p>"</p> <p>As well, to enable better risk management for all WESM participants, the functionality for submission and confirmation of bilateral contract quantities shall be</p>

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Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
					<p>extended to current participants (Generators and Loads) that manage physical assets.</p> <p>Suggestion to please enable the same functionality (Accept and Declare BCOs) for Generators, Loads and RESes as well, or for the following participant pairs:</p> <ol style="list-style-type: none"> 1. Generator to Generator 2. RES to Generator 3. RES to RES 4. Load to RES <p>This is to enable common commercial arrangements to be implemented in the WESM seamlessly. (e.g. Replacement Power Agreements, Back-to-Back supply, etc.) that are previously implemented in the same troublesome manner described to which the WEMT is proposed a solution for.</p> <p>MSC: Under the WESM Rules, the generation company or its nominee acts as Trading Participant for the plant's capacity. As such, the Trading Participant is responsible for compliance with applicable or</p>

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Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
					<p>pertinent WESM Rules. Accordingly, the Trading Participant must be held fully accountable for breaches or violations of the WESM Rules.</p> <p>MSC: While the proposal may provide that the proposed WEMT cannot trade the capacity allocated to it, and/or that the Trading Participant shall remain fully accountable for breaches of the WESM Rules, this does not preclude a scenario where the Trading Participant points out an act or omission on the part of the proposed WEMT as an excuse for the Trading Participant's breach or non-compliance with the WESM Rules. It is best that there is no perception of diminution of accountability on the part of the Trading Participant.</p> <p>MSC: The relationship between the Trading Participant and the proposed WEMT is surely governed by a special arrangement that was agreed upon by these parties, to which PEMC is not a party nor privy to. Allowing the proposed WEMT to register as Trading Participant will be seen as an intrusion in or an</p>

Comments received were to the proposed amendments to the WESM Rules only.

QAR

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
Registration – Trading Participants	2.2.2.1	Trading Participants:	Trading Participants:	Include WEMT as a trading participant in the WESM; this would allow all provisions for trading	<p>Impairment of such special arrangement especially if the Trading Participant shall offer and trade the capacities allocated to the proposed WEMT, for an in behalf of the latter.</p> <p>MSC: If the justification for the proposal is to maintain the confidentiality of the terms and conditions of the proposed WEMT's bilateral contracts or arrangements with its own customers, and/or that payments due the proposed WEMT be directly made by PEMC to the proposed WEMT, these should be made part of the subject matter of the special arrangement between the Trading Participant and the proposed WEMT. If need be, it can be suggested to these parties that negotiations be made between them to amend their existing special arrangements to address the same.</p> <p>DOE: Retain the original provision. The added reference i.e. "WESM Rules" is unnecessary.</p>

Comments received were to the proposed amendments to the WESM Rules only.

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Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
Trading Participant	2.3.3.1	(a) Shall register with the Market Operator under clauses 2.3.1, 2.3.2 or 2.4 as either a Direct WESM member or an Indirect WESM member, and xxx	(a) Shall register with the Market Operator under WESM Rules clauses 2.3.1, 2.3.2, 2.3.8, or 2.4 as either a Direct WESM member or an Indirect WESM member, and xxx	participants to apply to WEMTs Include WEMT as a trading participant in the WESM; this would allow all provisions for trading participants to apply to WEMTs	The rationale of the proposed entity i.e. "Wholesale Electricity Market Trader" has no basis with the EPIRA; and the proposed definition is vague. GIFT: Remove the comma and word "and". DOE: Retain the original provision. AP: We suggest to include the Retail Electricity Suppliers in WEMT. Based on the definition of the WEMT, to wit: A person or an entity that does not register a generating system connected to a transmission or distribution system or purchase electricity supplied through the transmission system or a distribution system to a connection point but has a commercial right or obligation to supply or purchase electricity with a trading participant and wishes to participate in the WESM may register with the Market

Comments received were to the proposed amendments to the WESM Rules only.

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
Wholesale Electricity Market Trader	2.3.8 (new)	(new)	Wholesale Electricity Market Trader	Add a new trading participant category to allow registration of entities with commercial arrangements but which do not manage physical assets (e.g., multiple-owned generators, strip owners); registration of those entities in the market would enhance transparency and competition, and protect confidential information in the market	Operator as a Wholesale Electricity Market Trader. By looking at the definition, this can also be applicable to RES. If the above-mentioned suggestion will not prosper, we would like to suggest that the Retail Electricity Suppliers be also included as an additional WESM Trading Participant. We may adopt the definition of "Suppliers" as defined in the Retail Rules and various ERC issuances. DOE: No basis. Any entity who has a commercial right or obligation with the Generation Company or Customer in the WESM shall be deemed part of the said WESM Generation Companies or Customer, and not allowed to be registered separately in the WESM. The rationale of the proposed entity i.e. "Wholesale Electricity Market Trader" has no basis with the EPIRA; and

Comments received were to the proposed amendments to the WESM Rules only.

4-21-18

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
Wholesale Electricity Market Trader	2.3.8.1 (new)	(new)	A person or an entity that does not register a generating system connected to a transmission or distribution system or purchase	Provide definition for new trading participant category The new category would only cover entities that have commercial rights	the proposed definition is very vague. The EPIRA provides the sectors in the electric power industry, which include the generation, transmission, distribution, supply and end-user. Only entities in the said sectors shall be allowed to become members in the WESM. This is also the rationale why the DOE excluded the participation of the Wholesale Aggregator in the WESM. GIFT: Additional words in Rationale to support its meaning. Add <u>"Thus, self-interest can be avoided,"</u> at the end.
					RCC: Can we not just say (to simplify): A person or an entity that is not registered as either a generator or customer but has a commercial right or obligation to supply.....

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Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
			<p>electricity supplied through the transmission system or a distribution system to a connection point but has a commercial right or obligation to supply or purchase electricity with a trading participant and wishes to participate in the WESM may register with the Market Operator as a Wholesale Electricity Market Trader</p>	<p>or obligations for buying or selling electricity but does not own/operate the generation or load facility</p>	<p>GIFT: Remove extraneous words that may cause to redundancy.</p> <p>A person or an entity that does not register in generating system connected to a transmission or distribution system or purchase electricity supplied through the transmission system or a distribution system to a connection point but has a commercial right of obligation to supply or purchase electricity with a trading participant and wishes to join, participate in the WESM may register with the Market Operator as a Wholesale Electricity Market Trader</p> <p>SMEC: The Proposed Amendment needs to be refined in order to A) enable entities with an operations and management arrangement with a Main Trading Participant to register with the Market Operator and B) ensure that the registration of a WEMT will not result to issues in the distribution of the metered quantities of a generating system.</p>

Comments received were to the proposed amendments to the WESM Rules only.

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
					<p>Revise to:</p> <p><u>A person or an entity that has an operations and management arrangement with a Main Trading Participant or a person or an entity that does not register a generating system connected to a transmission or distribution system or purchase electricity supplied through the transmission system or a distribution system to a connection point but has a bilateral contract to supply or purchase electricity with a trading participant and wishes that bilateral contract to be accounted for in the WESM, may register with the Market Operator as a Wholesale Electricity Market Trader (WEMT); provided, that the WEMT should submit to the Market Operator a written agreement with the current Main Trading Participant that is either a Customer, a Generation Company or an IPP Administrator that allows the registration of the person or entity as a WEMT to satisfy the membership</u></p>

Comments received were to the proposed amendments to the WESM Rules only.

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Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
Wholesale Electricity Market Trader	2.3.8.2 (new)	(new)	To register as a Wholesale Electricity Market Trader, a person or an entity shall satisfy the membership criteria specified in clause 2.3.3.4.	Entities that would register as WEMTs should be able to comply with the general membership requirements of the WESM	<p><u>2.3.3.4.</u></p> <p>The Proposed Revised Wording will enable entities with operations and management arrangements with a Main Trading Participant to participate in the WESM distinct from that Main Trading Participant and ensure that the WEMT can only register in the WESM if allowed by the Main Trading Participant.</p> <p>Prior to registration, there is a need for a mutual agreement between parties as to obligations and sharing including but not limited to distribution of the actual production of a generation facility. This is necessary to prevent the Market Operator from being dragged into a dispute if the parties have issues.</p> <p>RCC: I noticed that under 2.3.3.4 on Membership Criteria: "A person or an entity is not eligible to be registered as a Trading Participant unless that person or entity:"</p>

Comments received were to the proposed amendments to the WESM Rules only.

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Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
<u>Wholesale Electricity Market Trader</u>	<u>2.3.8.3 (new)</u>	(new)	<u>A Wholesale Electricity Market Trader shall comply with the billing and settlement procedures described in chapter 3.</u>	Since WEMTs do not have facilities that are registered in the WESM, their only participation in the WESM would be during billing and settlement	Is there a reason why it is stated in the negative? Can we not say: A person or an entity shall be eligible to be registered as Trading Participant if if they meet the following membership criteria: <u>SMEC:</u> An additional provision should be added here or in the relevant section of the WESM Rules and Manuals to ensure compliance of the WEMT to the WESM rules and manuals. Revise to: A Wholesale Electricity Market Trader shall comply with the <u>provisions of the WESM Rules and WESM Manuals</u> including the billing and settlement procedures described in Chapter 3. <u>A Wholesale Electricity Market Trader that controls the physical assets of a generating system shall be responsible for any violations of the rules governing compliance of a generating system to its Real Time Dispatch and</u>

Comments received were to the proposed amendments to the WESM Rules only.

BRB

Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
Wholesale Electricity Market Trader	Glossary	(new)	Wholesale Electricity Market Trader. A person or an entity that does not register a generating system connected to a transmission or distribution system or purchase electricity supplied through the transmission system or a distribution system to a connection point but has a commercial right or obligation to supply or purchase electricity with a trading participant, wishes	Provide definition for new trading participant category The new category would only cover entities that have commercial rights or obligations for buying or selling electricity but does not own/operate the generation or load facility	shall be solely held liable for penalties imposed as a result of such violations. There are certain instances wherein the registered Generator Trading Participant do not control the operation of a generating system such as in the case of the IPPA's. With the addition of a new Trading Participant category, the WEMT who may have control of the generating system, the WEMT should be the entity held responsible to comply with the rules governing compliance to RTD. RCC: same suggestion in 2.3.8.1 GFT: Remove extraneous words that may cause to redundancy. A person or an entity that does not register in generating system connected to a transmission or distribution system or purchase electricity supplied through the transmission system or a distribution system to a connection point but has a commercial right or obligation to supply or purchase

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Consolidated Comments					
Title	Clause	Provision	Original Proposed Amendments	Rationale	Comments
			to participate in the WESM, and registers with the Market Operator in that capacity under WESM Rules Clause 2.3.8.		electricity with a trading participant and wishes to join. participate in the WESM may register with the Market Operator as a Wholesale Electricity Market Trader

Comments received were to the proposed amendments to the WESM Rules only.

WAC

Proposed Amendments to the WESM Rules and WESM Manual on Registration, Suspension and De-registration Criteria and Procedures for Additional Trading Participant Category – Wholesale Electricity Market Trader

A. WESM Rules

WESM Rules				
Title	Clause	Provision	RCC-approved Proposed Amendment	Rationale
Registration – Trading Participants	2.2.2.1	Trading Participants: (a) Shall register with the Market Operator under clauses 2.3.1, 2.3.2 or 2.4 as either a Direct WESM member or an Indirect WESM member, and xxx	Trading Participants: (a) Shall register with the Market Operator under Clauses 2.3.1, 2.3.2, <u>2.3.8</u> , or 2.4 as either a Direct WESM member or an Indirect WESM member, and xxx	To include WEMT as a Trading Participant category in the WESM. The proposed amendment would allow all provisions for Trading Participants to apply to WEMTs.
Trading Participant	2.3.3.1	A Trading Participant is a person or an entity registered with the Market Operator as either: (a) A Customer, or (b) A Generation Company xxx	A Trading Participant is a person or an entity registered with the Market Operator as either: (a) A Customer, or (b) A Generation Company, <u>or</u> (c) <u>A Wholesale Electricity Market Trader</u> xxx	To include WEMT as a Trading Participant category in the WESM. The proposed amendment would allow all provisions for Trading Participants to apply to WEMTs.

WESM Rules				
Title	Clause	Provision	RCC-approved Proposed Amendment	Rationale
Wholesale Electricity Market Trader	2.3.8 (new)	(new)	Wholesale Electricity Market Trader	To add a new Trading Participant category to allow registration of entities with commercial arrangements but which do not manage physical assets (e.g., multiple-owned generators, strip owners). The registration of these entities in the market would enhance transparency and competition, and protect confidential information of non-registered entities in the market; thus, a registered Trading Participant's self-interest can be avoided.
Wholesale Electricity Market Trader	2.3.8.1 (new)	(new)	A person or an entity that is not qualified to register as a Generation Company or a Customer, but has a commercial right or obligation to supply or purchase electricity with a Trading Participant who is not a Contestable Customer, and wishes to participate in the WESM as duly licensed by the ERG, may register with the Market Operator as a Wholesale Electricity Market Trader.	To provide definition for new Trading Participant category. The new category would only cover entities that have commercial rights or obligations for buying or selling electricity but does not own/operate the generation or load facility. Consequently, the entity cannot register as a generation company or as a customer in the WESM. Suppliers shall register in the WESM as customers as defined in the Glossary.

Proposed Amendments to the WESM Rules and WESM Manual on Registration, Suspension and De-registration
Criteria and Procedures for Additional Trading Participant Category -- Wholesale Electricity Market Trader

WESM Rules				
Title	Clause	Provision	RCC-approved Proposed Amendment	Rationale
Wholesale Electricity Market Trader	2.3.8.2 (new)	(new)	To register as a Wholesale Electricity Market Trader a person or an entity shall satisfy the membership criteria specified in Clause 2.3.3.4.	To provide that entities that would register as WEMTs should be able to comply with the general membership requirements of the WESM.
Wholesale Electricity Market Trader	2.3.8.3 (new)	(new)	A Wholesale Electricity Market Trader shall comply with the provisions of the WESM Rules and WESM Manuals primarily the billing and settlement procedures described in Chapter 3 of the WESM Rules.	To specify that WEMTs participation in the WESM would be mostly in billing and settlement since they do not have facilities that are registered in the WESM.
Contestable Customer	Glossary	(new)	Contestable Customer. An electricity end user that is certified by the ERC as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market.	To provide the definition of the term Contestable Customer, which is used in the definition of Wholesale Electricity Market Trader.

WESM Rules				
Title	Clause	Provision	RCC-approved Proposed Amendment	Rationale
Wholesale Electricity Market Trader	Glossary	(new)	Wholesale Electricity Market Trader. A person or an entity that is not qualified to register as a Generation Company or a Customer, but has a commercial right or obligation to supply or purchase wholesale electricity with a Trading Participant who is not a Contestable Customer, and wishes to participate in the WESM as duly licensed by the ERC, and registers with the Market Operator in that capacity under WESM Rules Clause 2.3.8.	To provide a definition for new Trading Participant category. The new category would only cover entities that have commercial rights or obligations for buying or selling electricity but does not own/operate the generation or load facility. Consequently, the entity cannot register as a generation company or as a customer in the WESM. Suppliers shall register in the WESM as customers. Also, clarifies that the WEMT cannot have a commercial right or obligation to supply wholesale electricity with a Trading Participant who is a Contestable Customer.

B. WESM Manual on Registration, Suspension and De-registration Criteria and Procedures

WESM Manual on Registration, Suspension and De-registration Criteria and Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
CATEGORIES OF WESM MEMBERS	2.2(a)	Trading participants which may either be a generation company or a customer	Trading participants which may either be a generation company or, a customer, or a <u>wholesale electricity market trader</u>	To include WEMT as a Trading Participant category in the WESM. The proposed amendment would allow all provisions for Trading Participants to apply for WEMTs.
LEVEL OF PARTICIPATION/DIRECT & INDIRECT WESM MEMBERSHIP	2.3.3	A Customer may be allowed to register as an <i>Indirect WESM Member</i> under another Trading Participant registered as a <i>Direct WESM Member</i> .	A Customer or <u>Wholesale Electricity Market Trader</u> may be allowed to register as an <i>Indirect WESM Member</i> under another Trading Participant registered as a <i>Direct WESM Member</i> .	To clarify that WEMTs can register as Indirect WESM members (note: there is a separate provision for generation companies registering as Indirect WESM members)
REGISTRATION OF DIRECT WESM MEMBERS AND TRADING PARTICIPANTS – Categories and Qualifications	2.5.1	Subject to compliance with the membership criteria, the following persons or entities may qualify to be registered as a <i>Generation Company or Customer</i> .	Subject to compliance with the membership criteria, the following persons or entities may qualify to be registered as a <i>Generation Company or, Customer or Wholesale Electricity Market Trader</i> .	To include WEMT as a Trading Participant category in the WESM. The proposed amendment would allow all provisions for Trading Participants to apply to WEMTs
REGISTRATION OF DIRECT WESM MEMBERS AND TRADING PARTICIPANTS	2.5.1.3 (new)	(new)	<u>Wholesale Electricity Market Trader</u>	To add a new Trading Participant category to allow registration of entities with commercial arrangements but which do not manage physical assets (e.g., multiple-owned generators, strip owners).

WESM Manual on Registration, Suspension and De-registration Criteria and Procedures				
Title	Section	Provision	Proposed Amendment	Rationale
REGISTRATION OF DIRECT WESM MEMBERS AND TRADING PARTICIPANTS	2.5.1.3(a) (new)	(new)	<p>A person or an entity that is not qualified to register as a <u>Generation Company</u> or a <u>Customer</u>, but has a commercial right or obligation to supply or purchase wholesale electricity with a <u>Trading Participant</u> who is not a <u>Contestable Customer</u>, and wishes to participate to participate in the <u>WESM</u> as duly licensed by the <u>ERC</u>, may register with the <u>Market Operator</u> as a <u>Wholesale Electricity Market Trader</u>.¹⁶</p> <p>Footnote: to WESM Rules clause 2.3.8.1</p>	<p>To adopt and reflect the proposed definition of WEMT from the WESM Rules.</p> <p>The new category would only cover entities that have commercial rights or obligations for buying or selling electricity but does not own/operate the generation or load facility. Consequently, the entity cannot register as a generation company or as a customer in the WESM. Suppliers shall register in the WESM as customers as defined in the WESM Rules Glossary.</p> <p>Also, clarifies that the WEMT cannot have a commercial right or obligation to supply wholesale electricity with a Trading Participant who is a Contestable Customer.</p>
REGISTRATION OF DIRECT WESM MEMBERS AND TRADING PARTICIPANTS	2.5.1.3(b) (new)	(new)	<p>The following are qualified to register as a <u>Wholesale Electricity Market Trader</u> -</p> <ul style="list-style-type: none"> Generation Companies whose facilities have already been registered by another 	<p>To provide a non-exhaustive list of potential participants that could register as WEMT in the WESM</p>

WESM Manual on Registration, Suspension and De-registration Criteria and Procedures				
Title	Section	Provision	Rationale	
Technical and Commercial Requirements	2.5.3.2	<p>Facilities. The Applicant must have the following facilities –</p> <p>xxx</p>	<p>Proposed Amendment</p> <p><u>Generation Company or an IPP Administrator.</u></p> <ul style="list-style-type: none"> ▪ <u>Capacity owners that have acquired commercial rights to capacities of generating systems registered under a Generation Company.</u> ▪ <u>IPP Administrators.</u> ▪ <u>Any other entity that may be similarly situated.</u> <p>Facilities. The Applicant, <u>except if it is registering as a Wholesale Electricity Market Trader,</u> must have the following facilities –</p> <p>xxx</p>	<p>To provide that an entity applying as a WEMT does not need to have remote telemetering units, metering and communication links since WEMTs do not have generation or load facilities.</p>
Technical and Commercial Requirements	2.5.3.3	<p>Services. The Applicant is being provided the following services by service providers that are duly authorized to do so and are registered with the Market Operator –</p> <p>xxx</p>	<p>Proposed Amendment</p> <p><u>Services. The Applicant, except if it is registering as a Wholesale Electricity Market Trader,</u> is being provided the following services by service providers that are duly authorized to do so and are registered with the Market Operator –</p> <p>xxx</p>	<p>To provide that an entity applying as a WEMT does not need to have remote telemetering units, metering and communication links since WEMTs do not have generation or load facilities.</p>