

**WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE**

RESOLUTION NO. 2015-09

**Proposal for Amendments to the WESM Rules and Market Manuals on
MRU-MSU and Dispatch Resolution Regarding Verification of MRU Data**

WHEREAS, during the 98th PEM Board Meeting held on 29 September 2014, the PEM Board approved the RCC-endorsed Proposal for Amendments to the WESM Rules and relevant Market Manuals relative to the Management of Must-Run Units, with additional comments/instructions, among others, *"the inclusion of a prescriptive period (two weeks from issuance of the report) for the Generators to controvert or raise issues on the System Operator's Dispatch Deviation Report, otherwise, the report shall be deemed final;"*

WHEREAS, upon receipt of the PEM Board's instructions, the RCC during its 94th RCC meeting held on 05 November 2014, agreed that it will consider the PEM Board's comments/instructions for the revision of the Management of Must- Run Manual;

WHEREAS, in a subsequent discussion of the PEM Board's comments/instructions for the revision of the Management of Must- Run Manual during the PEM Board meeting held on 22 January 2015, the PEM Board was informed by PEMC that said provision as worded will run counter to the existing provisions of WESM Rules Clause 3.14.8, and as a result of said discussions, the PEM Board resolved as follows:

- i. The PEM Board approved the original provisions of Section 9.2 of the MRU-MSU Manual on the verification of MRU data of the RCC to conform with the provisions of WESM Rules Clause 3.14.8 on Disputes allowing a twelve-month prescriptive period within which to dispute the final statement or the supporting data for said statement, pending the RCC's review of the effect of changing said provisions of Section 9.2 giving Generators two weeks to controvert the MRU data received from the System Operator, failure of which, shall render the said System Operator final, with provisions of the WESM Rules and other Market Manuals;
- ii. In regard to the above, the PEM Board, directed the RCC to review the WESM Rules Clause 3.14.8 and other relevant Market Manuals that will be affected by possible changes to Section 9.2 and consider discussing the possibility of improving the time allowed to dispute billing statements and its supporting data within a more reasonable period, noting that the two-week period is too short while one year is too long.

WHEREAS, during the RCC's 97th meeting on 04 February 2015, the RCC discussed the new PEM Board instructions, and initially agreed to retain the two-week prescriptive period in the MRU-MSU Manual and the existing twelve-month period under the relevant provisions in the WESM Rules, provided, that the necessary amendments in other relevant provisions are proposed for consistency;

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WHEREAS, in view of the foregoing, the RCC further agreed to look into all affected Rules and Manual provisions and propose the necessary amendments, specifically inserting the provision/phrase **“except for MRU and MSU, which is governed by the Manual”** for the provisions prescribing the twelve-month period;

WHEREAS, during the 98th RCC meeting held on 04 March 2015, the RCC confirmed its previous agreement in proposing the insertion of the provision/phrase **“except for MRU and MSU, which is governed by the Manual”** in the relevant Rules and Manual provisions that will be affected by the proposed changes to Section 9.2 of the MRU-MSU Manual Issue 5;

WHEREAS, in the same meeting, the RCC requested the MO's assistance in crafting the Proposal for amendments to the WESM Rules and affected Market Manuals identified by the RCC, as follows: a) Billing and Settlement Manuals, and b) Dispute Resolution Management Manual;

WHEREAS, during the 99th RCC meeting held on 08 April 2015, the Market Operator made a presentation relative to the specific provisions that will be affected/covered by the RCC's proposal, and upon which, the RCC approved the concept presented by the Market Operator and requested the latter to finalize the Proposal;

WHEREAS, in the following 100th RCC meeting held on 06 May 2015, the Market Operator once again presented the RCC's finalized Proposal for Amendments to the WESM Rules and Market Manuals on Billing and Settlement and Dispute Resolution Management relative to the verification of MRU data;

WHEREAS, in the same meeting, following the discussions, the RCC approved the publication of the RCC Proposal in the market information website, to solicit comments of participants and interested parties;

WHEREAS, the Proposal was published on 14 May 2015 with notification to Participants sent on the following day;

WHEREAS, the RCC deliberated upon the Proposal during its 102nd meeting held on 01 July 2015, giving due course to the comments received from several parties;

WHEREAS, in the same meeting, upon due deliberations, the RCC approved the Proposal, incorporating revisions based on discussions in considerations of the comments;

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

RESOLVED, that the Proposal for Amendments to the WESM Rules and Market Manuals on MRU-MSU and Dispute Resolution relative to the Verification of MRU Data (ANNEX A), is hereby adopted and approved by the RCC;

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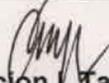
RESOLVED FURTHER, that the attached Proposal for Amendments to the WESM Rules and Market Manuals on MRU-MSU and Dispute Resolution relative to the Verification of MRU data is hereby endorsed to the PEM Board for approval.

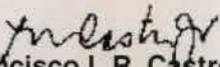
Done this 01 July 2015, Pasig City.

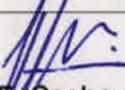
Approved by:
RULES CHANGE COMMITTEE

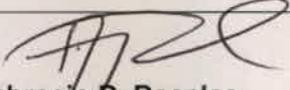

Maila Lourdes G. de Castro
Chairperson, Independent

Members:

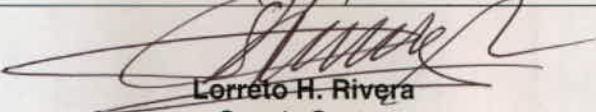

Concepcion I. Tanglao
Independent


Francisco L.R. Castro, Jr.
Independent

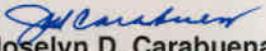

Isidro E. Cacho, Jr.
Market Operator
Philippine Electricity Market Corporation
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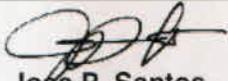

Ambrocio R. Rosales
Transmission Sector
National Grid Corporation of the Philippines
(NGCP)

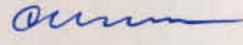
Theo C. Sunico
Generation Sector
1590 Energy Corporation


Lorreto H. Rivera
Supply Sector
TeaM (Philippines) Energy Corporation

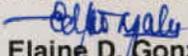

Jose Ferlino P. Raymundo
Generation Sector
SMC Global Power


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Power Sector Assets and Liabilities Management
Corporation (PSALM)


Jose P. Santos
Distribution Sector (EC)
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(INEC)


Ciprinilo C. Meneses
Distribution Sector (PDU)
Manila Electric Company
(MERALCO)

Gilbert A. Pagobo
Distribution Sector
Mactan Electric Company
(MECO)

Certified True and Correct:

Elaine D. Gonzales
RCC Secretary
PEMC

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**Proposed Amendments to the WESM Rules and the
Market Manual on the Management of Must-Run Units
Verification of SO MRU Report**

1. WESM Rules

Title	Section	Original Provision	Proposed Amendments	Rationale
Chapter 3 The Market				
3.14 SETTLEMENT PROCESS				
	3.5.13.1	<p>3.5.13.1 Over-riding Constraints</p> <p>Subject to clause 3.5.13.3, the <i>System Operator</i> may require the <i>Market Operator</i> to impose constraints on the power flow, energy generation of a specific facility in the Grid to address system security threat, to mitigate the effects of a system emergency, or to address the need to dispatch generating units to comply with systems, regulatory and commercial tests requirements. The <i>System Operator</i> may also relax existing constraints or system requirements on power flows, energy generation and reserves if the <i>Market Operator</i> is unable to produce a feasible dispatch schedule.</p> <p>The <i>System operator</i>, in consultation with the <i>Market Operator</i> and the <i>Trading Participants</i>, shall develop the criteria and procedures for dispatch of generating units that are required to run as a result of the imposition or relaxation of constraints stated in the preceding paragraph, and the manner for compensating said units.</p>	<p>3.5.13.1 Over-riding Constraints</p> <p>Subject to clause 3.5.13.3, the <i>System Operator</i> may require the <i>Market Operator</i> to impose constraints on the power flow, energy generation of a specific facility in the Grid to address system security threat, to mitigate the effects of a system emergency, or to address the need to dispatch generating units to comply with systems, regulatory and commercial tests requirements. The <i>System Operator</i> may also relax existing constraints or system requirements on power flows, energy generation and reserves if the <i>Market Operator</i> is unable to produce a feasible dispatch schedule.</p> <p>The <i>System Operator</i>, in consultation with the <i>Market Operator</i> and the <i>Trading Participants</i>, shall develop the criteria and procedures for dispatch of generating units that are required to run as a result of the imposition or relaxation of constraints stated in the preceding paragraph, and the manner for compensating said units.</p> <p><u>The <i>System Operator</i> shall advise the <i>Market Operator</i> of the actions it has taken in relation to the foregoing, including but not limited to information necessary for the proper settlement of affected generating units, and the <i>Market Operator</i> shall publish the said information no later than one (1) week from the relevant trading day. For</u></p>	<p>Amendments have been proposed :</p> <ol style="list-style-type: none"> 1. To clarify that the <i>System Operator</i> does not relax constraints at all. 2. To include in the WESM Rules the <i>System Operator's</i> obligation to submit a report to the <i>Market Operator</i> for publication and the <i>Trading Participants'</i> obligation to validate within the prescribed timeline of two weeks after publication said <i>System Operator's</i> report, failure of which shall render the report final, pursuant to the instructions of the PEM Board in its meeting of Sept. 2014.

**Proposed Amendments to the WESM Rules and the
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			<u>proper settlement of Must-Run Units and Must-Stop Units. Trading Participants shall review the information and notify the Market Operator of any discrepancies no later than two (2) weeks from the date of the publication, otherwise the information contained in the report shall be deemed final for use in the settlement of Must-Run Units and Must-Stop Units.</u>	
	3.14.8.2	Disputes in respect of final statements or the supporting data provided with them in accordance with clause 3.14.5 shall be raised within twelve months of the relevant billing period.	Disputes in respect of <i>final statements</i> or the supporting data provided with them in accordance with clause 3.14.5 shall be raised within twelve months of the relevant billing period, <u>provided, however, that data contained in reports submitted by the System Operator pursuant to Clause 3.5.13.1 that have already become final shall not be subject of dispute.</u>	Amends the provision to clarify that <i>System Operator</i> reports that have become final shall no longer be subject of dispute.

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**Proposed Amendments to the WESM Rules and the
Market Manual on the Management of Must-Run Units
Verification of SO MRU Report**

2. MRU-MSU Manual Issue 5

Title/Section		Original Provision	PEMC Comments / Additional Proposal	Rationale
Settlement of Must Run Units	9.2	<p>9.2 Verification of MRU Data</p> <p>9.2.1 The System Operator shall submit all reports of MRU events to the Market Operator for purposes of MRU settlement.</p> <p>9.2.2 The Generators shall endeavour to validate all System Operator reports of MRU events within two weeks after the Market Operator publishes these reports.</p> <p>9.2.3 Discrepancies shall be reported by the Generator to the Market Operator for settlement before the end of the next billing period.</p>	<p>9.2 Verification of MRU Data</p> <p>9.2.1 The System Operator shall submit all reports of MRU events to the Market Operator for purposes of MRU settlement.</p> <p>9.2.2 The Each Generators shall endeavour to validate <u>all the data related to MRU contained in the Dispatch Deviation Report and System Operator Report of MRU events, as published by the Market Operator in the Market Information Website, and report aAny discrepancy in these reports shall be reported by the Generator to the Market Operator</u> within two weeks after the Market Operator's publishes <u>publication of</u> these reports. <u>Failure by the Generator to report to the Market Operator any discrepancy within the period defined herein shall render the MRU data relative to the Generator final.</u></p> <p>9.2.3 Discrepancies shall be reported by the Generator to the Market Operator for settlement before the end of the next billing period.</p>	<p>Harmonizes the amendments of the WESM Rules as proposed by the RCC with the MRU-MSU Manual pursuant to the PEM Board directive.</p>

**Proposed Amendments to the WESM Rules and the
Market Manual on the Management of Must-Run Units
Verification of SO MRU Report**

3. Dispute Resolution Market Manual Issue 4.0

Title/Section	Section	Original Provision	Proposed Amendments	Rationale
7.2 Disputes with the MO on Settlement and Payments	7.2.1	7.2.1 Disputes between a WESM Member and the MO related to a final settlement statement or its supporting data must be referred to the DRA within twelve (12) months from receipt of such final settlement statement and/or its supporting data. The WESM Member shall notify the MO of its dispute of the final statement or part of the supporting data.	7.2.1 Disputes between a WESM Member and the MO related to a final settlement statement or its supporting data must be referred to the DRA within twelve (12) months from receipt of such final settlement statement and/or its supporting data. The WESM Member shall notify the MO of its dispute of the final statement or part of the supporting data, <u>provided, however, that data contained in reports submitted by the System Operator pursuant to Clause 3.5.13.1 that have already become final shall not be subject of dispute.</u> The WESM Member shall notify the MO of its dispute of the final statement or part of the supporting data.	Harmonizes the amendments of the WESM Rules as proposed by the RCC with the Dispute Resolution Market Manual pursuant to the PEM Board directive.

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