



MERALCO

9 January 2023

RULES CHANGE COMMITTEE
Philippine Electricity Market Corporation
18/F Robinsons Equitable Tower,
Ortigas Center, Pasig City

Attention: **Ms. Kathleen R. Estigoy**
Rules Review Division, Market Assessment Group

Dear Rules Change Committee:

We wish to inform you that MERALCO has emailed the Committee Secretariat at mag_rrd@wesm.ph our comments on the proposed amendments to the WESM Rules and WESM Manuals, as follows:

Topic	Attachment File Name	Date Submitted / Sending Email Address Used
Proposed Amendments to the WESM Rules and the Dispatch Protocol Manual regarding the Maximum Available Capacity (ORCP-WR-WM-22-08)	Proposed_Amendments_to_WR__DPM_on_Max_Available_Capacity_republish_1 - MERALCO 2023-01-09.docx	9 January 2023 / jivdelrosario@meralco.com.ph

For any question and clarifications, please do not hesitate to contact us through Mr. Manuel Luis Zagala, Lead Specialist, Utility Economics at mlnzagala@meralco.com.ph.

For your consideration.

Thank you.

Sincerely yours,

LAWRENCE S. FERNANDEZ
Vice President and Head
Utility Economics



ORCP-WR-WM-22-08
Date Received by RCC: 10/28/2022

REQUEST FOR MARKET RULES AND MANUALS AMENDMENTS

Proposals made only under this prescribed form shall be accepted and considered as submitted.

This request for amendments are be submitted to:

Rules Change Committee

Attention: WESM Governance Committee Secretariat
Philippine Electricity Market Corporation
18/F Robinsons Equitable Tower
ADB Avenue, Ortigas Center
Pasig City, 1605 Philippines
Email addresses: rcc@wesm.ph / mag_rrd@wesm.ph
Contact No: (+632) 8631-8734

I. Proponent's Information

Name	Atty. Doroteo B. Aguila / Dr. Peter Lee U
Designation	Market Surveillance Committee (MSC) Chairman / Compliance Committee (CC) Chairman
Company	Philippine Electricity Market Corporation (PEMC)
Company Address	18F Robinsons Equitable Tower Ortigas Center, Pasig City
Telephone No.	
Fax. No.	
Email Address	dodiaguila@yahoo.com / peter.u@uap.asia

II. Amendment Information

Proposed Amendments to the (please tick the box):	
<input checked="" type="checkbox"/> WESM Rules	<input type="checkbox"/> Retail Rules
<input checked="" type="checkbox"/> Market Manual:	WESM Manual on Dispatch Protocol Issue 16.0
Topic:	Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding Maximum Available Capacity
Proposed Classification of Amendments (please tick the box):	
<input checked="" type="checkbox"/> General	<input type="checkbox"/> Minor <input type="checkbox"/> Urgent
If Urgent, reason for urgency: _____	

III. SUMMARY OF THE PROPOSED RULES CHANGE

The proposed amendments to the WESM Rules and WESM Manual on Dispatch Protocol will provide a clearer guidance and include other conditions (e.g., circuit breaker status, ramp rates) that shall be considered by the Trading Participants when offering/bidding or revising/updating offers in the market.

IV. BACKGROUND

When a Trading Participant offers in the market, it includes (1) the quantity willing to be sold in the WESM, (2) the price at which the quantities are willing to be sold, and (3) the ramp rates that determine the capability of a plant to reach a target generation/schedule. These are some of the key inputs in determining prices and schedules in the market.

The Must-Offer Rule (MOR) prohibits generators in offering capacities below their registered capacity (Pmax) without a valid or justifiable cause. The act of offering in the market implies that they are willing and capable to run when dispatched at certain price levels.

However, there were instances when Trading Participants offer in the WESM without clear intention of generating energy for the grid. This is done by opening the breaker so that no schedule will be given, and offers/bids will not be considered in the optimization due to plant's disconnection from the grid. This act is a possible circumvention of the MOR and shows a disconnect between the intention to run by offering capacities, and the actual plan

of not running. In so doing, the Trading Participants are able to free themselves from the possible flagging of probable breach of the MOR.

Aside from the opening of the breaker, Trading Participants can also offer very low ramp rates as would render it impossible for the generating unit or plant to attain the offered capacity in the market. In this manner, they also impact the maximum available capacity that they can produce thereby defeating the purpose of the MOR. While this is currently allowed in the rules, the proponent believes that generators should be more aware of the impact or consequences of their actions vis-à-vis their obligations in the WESM.

V. THE PROPOSED RULES CHANGE

The proposed amendments to the WESM Rules and WESM Manual on Dispatch Protocol aim to:

- have a clearer definition of maximum available capacity;
- provide guidance when offering/bidding or revising/updating of offers, which should be equal to the maximum available capacity;
- require Trading Participants to revise offers/bids if they do not reflect reasonable estimates of the unit's maximum available capacity; and
- include other conditions (e.g., circuit breaker status, ramp rates) in revising/updating offers.

By implementing the proposed rules changes, Trading Participants will reflect more accurately the maximum available capacity of the generating unit by considering other plant conditions in their market offers which achieves the objectives of the proposed amendments. These plant conditions will be part of the considerations of the Enforcement and Compliance Office (ECO) during the validation of the reasons or justifications provided.

In addition, the proposed amendments will encourage Trading Participants to be more responsible in accounting for permissible limitations in their offers and to recommend a more stringent process in monitoring the MOR following the proposed rules changes.

VI. BACKGROUND AND DESCRIPTION OF THE PROPONENT

The proponent is the Market Surveillance Committee (MSC), alongside with the Compliance Committee (CC), as the co-proponent of the proposed amendments.

- a. **Market Surveillance Committee** – acts to monitor and report on activities in the spot market in accordance with the WESM Rules Clause 1.6

Chairman: Atty. Doroteo B. Agila
Members: Engr. Arthur N. Escalante
Engr. Christian M. Orias
Engr. Ferdinand P. Villareal
Engr. Peter L. Wallace

- b. **Compliance Committee** – acts to monitor compliance to and oversee the investigation of breach of the WESM Rules and Market Manuals by WESM Members, System Operator and the Market Operator, and to perform the functions set out in WESM Clause 1.8

Chairman: Dr. Peter Lee U
Members: Engr. Primo M. Lim III
Atty. Alejandro C. Dueñas II

VII. CONCLUSIONS AND RECOMMENDATIONS

The proposed amendments are recommended to be adopted, as this will improve the compliance of the Trading Participants with the MOR by being more responsible in offering/bidding and revising/updating of offers.

VIII. REFERENCES

- WESM Rules (as of May 06, 2022)
- WESM Manual on Dispatch Protocol Issue 16.0
- WESM Compliance Bulletin 11.0¹ – This issue of the WESM Compliance Bulletin provides for the updated Event Categories Guide for Generator-Trading Participants in Responding to Non-Compliance Notice/ Notice of Investigation

¹ <https://www.wesm.ph/downloads/download/TWFya2V0IFJlcG9ydHM=/MTMwNw==>

IX. Proposed Amendment to the WESM Rules and WESM Manual on Dispatch Protocol regarding Maximum Available Capacity

A. WESM Rules

WESM Rules								
Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
Please write general comments here, if any.								
Generation Offers and Data	3.5.5.1	Each Generation Company including Generation Companies with bilateral contracts shall submit a standing market offer for each of its scheduled generating units, battery energy storage systems and pumped-storage units for each dispatch interval in each trading day of the week in accordance with the timetable. The standing market offer shall apply until revised or updated by the Generation Company.	Each Generation Company including Generation Companies with bilateral contracts shall submit a standing market offer equivalent to the registered capacity or maximum available capacity, for each of its scheduled generating units, battery energy storage systems, and pumped-storage units for each dispatch interval in each trading day of the week in accordance with the timetable. The standing market offer shall apply until revised or updated by the Generation Company.	<ul style="list-style-type: none"> The Generation Companies shall consider the "possible constraints", as defined in the maximum available capacity, in submitting a standing market offer. To make sure that the offers in the market are readily available and TPs can provide. 				

WESM Rules								
Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
Revision of Market Offers/Bids, Nomination of Loading Levels, and Projected Outputs	3.5.11.1	Each Trading Participant which has submitted standing offers or bids for each of its scheduled generating unit, battery energy storage system and pumped-storage unit may revise any of its market offers or market bids for any dispatch interval in any trading day of the current week-ahead market horizon in accordance with the timetable, and subject to Clause 3.5.11.4 and each revised market offer or market bid submitted shall provide the information set out in Appendix A1.	Each Trading Participant which has submitted standing offers or bids for each of its scheduled generating unit, battery energy storage system, and pumped-storage unit may revise any of its market offers or market bids equivalent to the <u>maximum available capacity and shall take into account the conditions under Clause 3.5.11.5 and Clause 3.5.11.6</u> , for any dispatch interval in any trading day of the current week-ahead market horizon, <u>Each revised market offer or market bid shall be submitted</u> in accordance with the timetable, and subject to Clause 3.5.11.4, and each revised market offer or market bid submitted shall provide the <u>contain</u> information set out in Appendix A1.	<ul style="list-style-type: none"> To ensure that the revised/updated market offer reflects the TP's readily available capacity. TPs to consider the conditions mentioned in 3.5.11.6 in revising/updating offers. 				
Revision of Market	3.5.11.5	Market bids or market offers for any dispatch	Market bids or market offers for any dispatch	<ul style="list-style-type: none"> Requires TP to revise their offers 				

WESM Rules								
Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
Offers/Bids, Nomination of Loading Levels, and Projected Outputs		Interval may be revised by Trading Participants prior to gate closure if they no longer represent a reasonable estimate of: (a) the expected availability of the relevant generating unit or scheduled load for that dispatch interval; or (b) the demand bids or offers likely to apply for the real-time dispatch optimization of that dispatch interval.	Interval may <u>shall</u> be revised by Trading Participants prior to gate closure <u>in accordance with the timetable</u> if they no longer represent a reasonable estimate of: (a) the expected availability of the relevant generating unit <u>(e.g., plant breaker status, outage)</u> or scheduled load for that dispatch interval <u>in relation to its status, such as to, plant breaker status or commitment state; or</u> (b) the attainable capacity as may be affected by <u>the ramp rate limitations encountered or likely to be encountered by the generating</u>	<ul style="list-style-type: none"> if it does not represent a reasonable estimate its maximum available capacity Provided conditions to be taken in revising/updating offers Revising/updating market bids shall be within the WESM timetable (Reference of timetable: DPM Sec. 4) Insertion of "shall" to harmonize with DP 6.1.7 and require the TPs to revise the offers if it does not represent a reasonable estimate 				

WESM Rules								
Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
Glossary	(new)	(Definition from Dispatch Protocol Manual) Availability. The duration of time over a specified period that a plant/unit is ready to be in service or operational.	<u>unit during the relevant dispatch interval; or</u> (c) <u>the demand bids or offers likely to apply for the real-time dispatch optimization of that dispatch interval;</u>	<ul style="list-style-type: none"> Added to provide clarity on the intent of availability mentioned in 3.5.11.5, that the plant is ready to provide service. Transferred the definition from Dispatch Protocol Manual since this was already introduced in the WESM Rules 	How shall availability be measured or quantified given this proposed definition?			
Glossary	(new)	(Definition from Dispatch Protocol Manual)	Maximum available capacity. Equal to the registered maximum capacity (Pmax) of the	<ul style="list-style-type: none"> Transferred the definition from Dispatch Protocol Manual since this 				

WESM Rules								
Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
		Maximum available capacity. Equal to the registered maximum capacity (Pmax) of the (aggregate) unit less forced unit outages, scheduled unit outages, de-rated capacity due to technical constraints and weather disturbance that cause damage to the unit or that would otherwise limit its ability to inject power to the grid. For co-generation systems, the maximum available capacity is further determined by taking into account the equivalent power of the thermal energy extraction by the energy host and technical constraints.	(aggregate) unit less forced unit outages, scheduled unit outages, de-rated capacity technical constraints and weather disturbance that cause damage to the unit or that would otherwise limit its ability to inject power to the grid. For co-generation systems, the maximum available capacity is further determined by taking into account the equivalent power of the thermal energy extraction by the energy host and technical constraints.	<ul style="list-style-type: none"> was already introduced in the WESM Rules Previous definition includes the condition for co-generation systems. Proposed to delete since this condition is already specified in the definition of technical constraints including other conditions plant types. 				
Glossary	(new)	(Definition from Dispatch Protocol Manual) Technical Constraint. Refers to	Technical Constraint. Refers to plant equipment related failure/constraints, limitations encountered during start	<ul style="list-style-type: none"> Transferred the definition from Dispatch Protocol Manual since this was already 				

WESM Rules								
Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
		<p>plant equipment-related failure, limitations encountered during <i>start-up/shutdown</i> procedure, effects of ambient temperature and resource-related constraints due to the following: (a) Water elevation and diversion requirements for domestic or irrigation use for hydro plants; (b) steam quality (chemical composition, condensable and non-condensable gases, steam pressure and temperature) for geothermal plants; (c) unavailability of fuel resources that are not within the control of the <i>Generation Company</i> for biomass power plants; and (d) steam flow limitations, station load, and electricity demand of its <i>energy</i> host, in the</p>	<p><u><i>up/shutdown</i> procedure, effects of ambient temperature and resource-related constraints due to the following:</u></p> <p><u>(a) water elevation and diversion requirements for domestic or irrigation use for hydro plants;</u></p> <p><u>(b) steam quality (chemical composition, condensable and non-condensable gases, steam pressure and temperature) for geothermal plants;</u></p> <p><u>(c) unavailability of fuel resources that are not within the control of the <i>Generation Company</i> for biomass power plants; and</u></p>	<p>introduced in the WESM Rules</p>				

WESM Rules								
Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
		case of the co-generation systems.	<u>(d) steam flow limitations, station load, and electricity demand of its energy host, in the case of the co-generation systems.</u>					

B. WESM Manual on Dispatch Protocol Issue 16.0

WESM Manual on Dispatch Protocol Issue 16.0								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
<i>Please write general comments here, if any.</i>								
BIDS, OFFERS AND DATA SUBMISSION AND PROCESSING	Background	6.1.7 WESM Rules Clause 3.5.11.5 requires Trading Participants to revise their bids or offers if they no longer represent a reasonable estimate of either the expected availability for the dispatch interval of the relevant generating unit or scheduled load or the demand bids or offers likely to apply in the real-time dispatch optimization for the dispatch interval.	6.1.7 WESM Rules Clause 3.5.11.5 requires Trading Participants to revise their bids or offers if they no longer represent a reasonable estimate of either the expected status and availability (e.g., plant breaker status, outage) for the dispatch interval of the relevant generating unit, ramp rate limitations from the plant statuses in attaining the market bids or market offers, or scheduled load or the demand bids or offers likely to apply in the real-time dispatch optimization for the dispatch interval.	<ul style="list-style-type: none"> To include other conditions in revising offers and cite samples To harmonize with the proposed amendment in WESM Rules Clause 3.5.11.5 				
BIDS, OFFERS AND DATA SUBMISSION AND PROCESSING	Background	6.1.8 Pursuant to WESM Rules Clause 3.5.11.6, Trading Participants that cancel their bids or offers, or submit bids	6.1.8 Pursuant to WESM Rules Clause 3.5.11.6, Trading Participants that cancel their bids or offers, or submit bids or offers less than the registered capacity	<ul style="list-style-type: none"> Trading Participants who cancel their bids/offers or 				

WESM Manual on Dispatch Protocol Issue 16.0								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
BIDS, OFFERS AND DATA SUBMISSION AND PROCESSING	Revisions of Self-scheduled Nominations, Bids and Offers Based on Reasonable Estimates	6.13 Trading Participants shall revise their self-scheduled nominations, bids, or offers, if the self-scheduled nominations, bids or offers submitted no longer represent a reasonable estimate of either the following: a. The expected availability for the dispatch interval of the relevant	6.13 Trading Participants shall revise their self-scheduled nominations, bids, or offers, if the self-scheduled nominations, bids or offers submitted no longer represent a reasonable estimate of either the following: a. The expected status and availability (e.g., plant breaker status, outage) for the dispatch interval of the relevant generating unit or	<ul style="list-style-type: none"> To include other conditions in revising offers and cite samples To harmonize with the proposed amendment in WESM Rules Clause 3.5.11.5 				
		or offers less than the registered capacity or maximum available capacity of their facility or generating unit are required to provide information on the reasons or circumstances of such cancellation or submission.	er-maximum available capacity of their facility or generating unit are required to provide information on the reasons or circumstances of such cancellation or submission.	<ul style="list-style-type: none"> submit bids or offers less than the registered capacity, shall provide reasons or justifications. To harmonize with WESM Rules Clause 3.5.11.6 				

WESM Manual on Dispatch Protocol Issue 16.0

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
DEFINITIONS, REFERENCES AND INTERPRETATION	Definitions	<p>b. The <i>loading level, projected output, bid</i> or <i>offer</i> generating unit or <i>scheduled load</i>; or</p>	<p><u><i>scheduled load in relation to its status, such as but not limited to, plant breaker status or commitment state;</i></u> or</p> <p>b. <u><i>The attainable capacity as may be affected by the ramp rate limitations encountered or likely to be encountered by the generating unit during the relevant dispatch interval;</i></u> or</p> <p>c. <u><i>The loading level, projected output, bid</i></u> or <u><i>offer.</i></u></p>	<ul style="list-style-type: none"> To refer the definition of terms to WESM Rules Clerical enhancements 				
		<p>2.1.2 The following words and phrases as used in this <i>Market Manual</i> shall have the following meaning:</p>	<p>2.1.2 The following words and phrases as used in this <i>Market Manual</i> shall have the following meaning:</p> <p>a. Ancillary Service Procurement Agreement</p>					

WESM Manual on Dispatch Protocol Issue 16.0								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
		<p>a. Ancillary Service Procurement Agreement</p> <p>b. Automatic Generation Control</p> <p>c. Automatic Load Dropping (ALD)</p> <p>d. Availability. The duration of time over a specified period that a plant/unit is ready to be in service or operational.</p> <p>e. xxx</p>	<p>b. Automatic Generation Control</p> <p>c. Automatic Load Dropping (ALD)</p> <p>d. Availability—The duration of time over a specified period that a plant/unit is ready to be in service or operational.</p> <p>ed Bid</p> <p>fe Capability</p> <p>gf Cascading Outages</p> <p>hg Contingency</p> <p>ih Contingency Reserve</p> <p>ji Demand Control</p> <p>kj Demand Control Imminent Warning</p> <p>lk Dispatchable Reserve</p> <p>ml Disturbance</p> <p>nm Frequency control</p> <p>on Generator</p> <p>po Load shedding</p> <p>qp Manual Load Dropping</p>					

WESM Manual on Dispatch Protocol Issue 16.0								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
		capacity due to <i>technical constraints</i> and weather disturbance that cause damage to the unit or that would otherwise limit its ability to inject power to the grid. For co-generation systems, the <i>maximum available capacity</i> is further determined by taking into account the equivalent power of the thermal energy extraction by the energy host and <i>technical constraints</i> .	<p>eg. Market Management System (MMS)</p> <p>e- Maximum available capacity. Equal to the registered maximum capacity (Pmax) of the (aggregate) unit less forced outages, de-rated capacity due to technical constraints and weather disturbance that cause damage to the unit or that would otherwise limit its ability to inject power to the grid. For co-generation systems, the maximum available capacity is further determined by taking into account the equivalent power of the thermal energy extraction by the energy host and technical constraints.</p> <p>g. MMS- Market Participant Interface (MPI)</p> <p>h. Multiple Outage Contingency</p> <p>i. Offer</p>					
		<p>t. xxx</p> <p>u. Technical Constraint. Refers to plant equipment-related failure, limitations</p>						

WESM Manual on Dispatch Protocol Issue 16.0								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
		encountered during <i>start-up/shutdown</i> procedure, effects of ambient temperature and resource-related <i>constraints</i> due to the following: (a) water elevation and diversion requirements for domestic or irrigation use for hydro plants; (b) steam quality (chemical composition, condensable and non-condensable gases, steam pressure and temperature) for geothermal plants; (c) unavailability of fuel resources that are not within the control of the <i>Generation Company</i> for biomass power plants; and (d) steam flow limitations, station <i>load</i> , and electricity demand of its <i>energy host</i> , in the case of the co-generation systems.	<p>wu. Operating Margin</p> <p>xy. Preferential Dispatch Units</p> <p>yw. Real-Time Data</p> <p>zx. Real-Time Dispatch</p> <p>ay. Red Alert</p> <p>bz. Regulating Reserve</p> <p>ea. Security</p> <p>db. Self-scheduled nomination</p> <p>ec. Shutdown</p> <p>dd. Stability</p> <p>gee. Start-up</p> <p>ff. System Integrity Protection Scheme (SIPS)</p> <p>gg. System Operator System Advisories</p> <p>ii. Technical Constraint. Refers to plant equipment related failure limitations encountered during <i>start-up/shutdown</i> procedure, effects of ambient temperature and resource-related <i>constraints</i> due to</p>					

WESM Manual on Dispatch Protocol Issue 16.0								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Re-wording based on Comments	Proponent's Response	RCC Agreement
		kk. xxx ll. xxx mm. xxx	the following: (a) water elevation and diversion requirements for domestic or irrigation use for hydro plants; (b) steam quality (chemical composition, condensable and non-condensable gases, steam pressure and temperature) for geothermal plants; (c) unavailability of fuel resources that are not within the control of the <i>Generation Company</i> for biomass power plants; and (d) steam flow limitations, station load and electricity demand of its energy host in the case of the co-generation systems. <u>kkh</u> . Voltage Control <u>lil</u> . Voltage Instability <u>mmj</u> . Voltage Sag					

Note: Please underline and put in bold letters the proposed changes to the Market Rules or Manual.