**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

1. **Proponent’s Information**

|  |  |
| --- | --- |
| Name  | **Atty. Doroteo B. Aguila** |
| Designation  | Chairperson |
| Company  | PEMC – Market Surveillance Committee |
| Company Address  | 18/F Robinsons Equitable Tower, ADB Avenue |
| Ortigas Center, Pasig City, Metro Manila, 1605 |
| Telephone No.  | +63286318734 |
| Fax. No. |  |
| Email Address | mag\_mma@wesm.ph |

1. **Amendment Information**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|

|  |
| --- |
| **Proposed Amendments to the** (please tick the box): |
| [x]  WESM Rules [ ]  Retail Rules |
| [x]  Market Manual: | *Dispatch Protocol Manual Issue 18.0 and Market Surveillance Manual Issue 1.0* |
| Topic: | Refinements to Procedures during Market Intervention and Suspension |
| **Proposed Classification of Amendments** (please tick the box): [x]  General [ ]  Minor [ ]  UrgentIf Urgent, reason for urgency: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

 |

1. **SUMMARY OF THE PROPOSED RULES CHANGE**

These proposed amendments are intended to enhance the procedures for the declaration of Market Intervention/Suspension and the processes thereafter so as to streamline the assessment undertaken by the Market Surveillance Committee on these implementations and activities undertaken by the System Operator and Market Operator.

The proposal likewise aims to clarify the categorization of the events as Transmission System-related events or Market System-related events.

As part of the review, minor and clerical amendments shall also be introduced, for clarity.

1. **BACKGROUND**

Data shows that since the commencement of the Enhanced WESM Design and Operation (EWDO), there had been 643 intervals which had been imposed with Market Intervention while 2,644 intervals were placed under Market Suspension by the Energy Regulatory Commission. In these impositions, the Market Surveillance Committee is required by the Rules and Manuals to undertake its assessment and provide recommendations, as necessary, with the initial report to be submitted within 30 calendar days from the availability of the MO and SO reports. In various instances, the MSC has continuously reminded the operators to timely submit their reports preferably within five (5) working days from the resumption of market operations. However, the operators expressed their inability to do so with the reason that the orderly resumption of the market is the first priority in their activities when coming from MI/MS events.

Apart from the reporting, the MSC has likewise continuously assessed the basis for the implementation of MI/MS as initiated by the MO and the SO. One of the observations that the MSC would wish to clarify in the provisions of the Rules and Manuals is categorization of events under Force Majeure. In the deliberations of the MSC, it has been repeatedly raised that technical failures may be properly addressed by placing proper mitigating measures which are already commercially available. Due to the recurrence of the similar nature in the imposition of the MO in its technical problems with the operations of the WESM, the MSC deems that this event should be further evaluated for its validity to be tagged as force majeure.

In January and February 2023, the MSC through its Secretariat, has undertaken a coordination meeting with the Market Operator and System Operator in order to already streamline the review process of the proposed amendments.

1. **THE PROPOSED RULES CHANGE**

In summary, the relevant Clauses of the WESM Rules Chapter 6 will be affected by these proposed amendments in order to reflect and specify the procedures undertaken in cases of MI/MS events and the timeline by which the MO and SO shall be required to submit their respective reports to the MSC, for its review and assessment. The proposed timeline that is deemed reasonable is within five (5) working days from the resumption of the market from an intervention or suspension as opposed to the current timeline which is “upon market resumption”. However, in instances when the SO and MO require more time to prepare the required report, an initial report may be submitted within the five (5) working day timeline while the complete report shall be submitted within fifteen (15) working days upon market resumption. A template for submission of MO and SO is likewise proposed in order to already include and pre-determine the necessary information that the MSC requires in order to efficiently review and assess the foregoing events.

The frequent recurrence of the same reason for MI events is also a matter to be addressed in this proposal. While the Civil Code of the Philippines contemplates force majeure events to those which could not be foreseen, or which though foreseen, were inevitable, recurrence of the same issue should have been addressed. Therefore, a provision stating that the MSC shall further look into events categorized as force majeure is proposed for inclusion in cases when these events have had serious impact on the operations of the system.

Finally, minor and clarificatory revisions were introduced in this submission for clarity of the provisions of the WESM Rules and Manuals.

1. **BACKGROUND AND DESCRIPTION OF THE PROPONENT**

The Market Surveillance Committee is a WESM Governance Committee constituted under the WESM Rules to serve as the technical arm of the PEM Board with the primary mandate of assessing and analyzing market outcomes. The current members of the MSC are as follows:

* Atty. Doroteo B. Aguila – Chairman
* Engr. Christian M. Orias
* Engr. Ferdinand P. Villareal
* Engr. Arthur N. Escalante
* Engr. Peter L. Wallace
1. **CONCLUSIONS AND RECOMMENDATIONS**

Merits considered, the MSC respectfully recommends for the Rules Change Committee to adopt the proposed amendments as submitted.

1. **REFERENCES**

WESM Rules

WESM Manual on Dispatch Protocol Issue 18.0

WESM Manual on Market Surveillance Issue 1.0

**Proponent's Information (for the Party Submitting the Comments)**

|  |  |
| --- | --- |
| Name |  |
| Designation  |  |
| Company  |  |
| Company Address  |  |
|  |  |
|  |  |
| Telephone No.  |  |
| Fax. No. |  |
| Email Address |  |

**Proposed Amendments to the WESM Rules and WESM Manuals on Dispatch Protocol and Market Surveillance regarding**

**Refinements to Procedures during Market Intervention (MI) and Market Suspension (MS)**

| **WESM Rules** |
| --- |
| **Title** | **Clause** | **Original Provision** | **Proposed Amendment**  | **Rationale** | **Comment** | **Proposed Re-wording based on Comment** | **Original Proponent’s Response** | **RCC Decision** |
| *[Please write general comments here, if any.]* |  |  |  |
| Preparation and Responses  | 6.2.1.2  | Intervention is warranted when the grid or a portion of the grid is in the alert or emergency state condition as established in the Grid Code arising from: (a) an emergency condition; (b) a threat to system security; or (c) an event of force majeure.  | **Transmission System-related** Intervention is warranted when the grid or a portion of the grid is in the alert or emergency state condition as established in the Grid Code arising from: (a) an emergency condition; (b) a threat to system security; or (c) an event of force majeure.  | To delineate the categories of market intervention which may be declared by the MO and SO, as the case may be allowed. |  |  |  |  |
| Preparation and Responses  | 6.2.1.3  | Market intervention may also be warranted if there are interruptions in the operations of market software used by the Market Operator to support various processes in the WESM during the simulation of the business continuity plan and disaster recovery procedures of the Market Operator developed under Clause 6.8.1.1.  | Market **System-related** intervention may also be warranted if there are interruptions in the operations of market software used by the Market Operator to support various processes in the WESM **arising from:** **(a) an event of force majeure; or** **(b)** ~~during the~~ simulation of the business continuity plan and disaster recovery procedures of the Market Operator developed under Clause 6.8.1.1.  | To delineate the categories of market intervention which may be declared by the MO and SO, as the case may be allowed. |  |  |  |  |
| Exemption from Liability due to Market Suspension and Market Intervention  | 6.2.2.1   | In the event of a market suspension or market intervention, any action of the ERC, Market Operator, System Operator or a WESM Participant in compliance with the emergency procedures provided in this Chapter shall not constitute a breach of the WESM Rules, except in the case of an act committed in bad faith or gross negligence, and said parties shall not be liable for any loss incurred by a WESM Participant as a result of any action taken by the System Operator, the Market Operator or the ERC under this Chapter 6.  | In the event of a market suspension or market intervention, any action of the ERC, Market Operator, System Operator or a WESM Participant in compliance with the emergency procedures provided in this Chapter shall not constitute a breach of the WESM Rules, except in the case of an act committed in bad faith or gross negligence, and said parties shall not be liable for any loss incurred by a WESM Participant as a result of any action taken by the System Operator, the Market Operator**,** or the ERC under this Chapter 6.  | Clerical change.  |  |  |  |  |
| Administered Price  | 6.2.3  | During market suspension and market intervention, the Market Operator shall impose an administered price to be used as basis for settlements.     The Market Operator shall formulate, and update as necessary, the methodology for determining the administered price to be used during market suspension or market intervention. Said administered price and any change thereto is to be endorsed by the PEM Board for ERC approval.  | During market suspension and market intervention, the Market Operator shall impose the **computed**~~an~~ administered price **as provided in the Market Manual on Price Determination Methodology,** to be used as basis for settlements.  ~~The Market Operator shall formulate, and update as necessary, the methodology for determining the administered price to be used during market suspension or market intervention. Said administered price and any change thereto is to be endorsed by the PEM Board for ERC approval.~~  | For clarity  |  |  |  |  |
| Emergency  | 6.3.1.1  | The System Operator shall give an emergency instructions when it determines the existence of a situation which has an adverse material effect on electricity supply or which poses as a significant threat to system security.  | The System Operator shall give ~~an~~ emergency instructions when it determines the existence of a situation which has an adverse material effect on electricity supply or which poses as a significant threat to system security.  | Clerical revision.  |  |  |  |  |
| Emergency  | 6.3.1.7  | When the System Operator has determined that an emergency or the effect thereof has ended, the System Operator shall notify the Market Operator who in turn shall notify all WESM Participants, the DOE and the ERC that the emergency or the effect of such emergency has ended.  | When the System Operator has determined that an emergency or the effect thereof has ended, the System Operator shall notify the Market Operator who in turn shall notify all WESM Participants, **the Market Surveillance Committee,** the DOE**,** ~~and~~ the ERC**, and the PEM Board** that the emergency or the effect of such emergency has ended.  | To include the PEM Board as one of the recipients of the notification in line with similar clauses of the WESM Rules.  |  |  |  |  |
| Emergency Procedures  | 6.3.2.2  | Emergency procedures are the processes or steps to be taken by or at the direction of the System Operator to: (a) Maintain system security; (b) Avert or reduce the effect of an emergency; (c) Issue notifications and warnings to the Market Operator, the PEM Board, the DOE and the ERC where appropriate; (d) Restore the power system to a satisfactory operating state immediately after an emergency.  | Emergency procedures are the processes or steps to be taken by or at the direction of the System Operator to:  (a) Maintain system security; (b) Avert or reduce the effect of an emergency; (c) Issue notifications and warnings to the Market Operator, the PEM Board, the DOE and the ERC where appropriate; **and** (d) Restore the power system to a satisfactory operating state immediately after an emergency.  |   |  |  |  |  |
| Instructions during Emergency Condition  | 6.5.1.2  | When an emergency condition arises, the System Operator shall immediately notify the ERC, the DOE, Market Operator and Grid Management Committee as soon as reasonably practicable, of the commencement and nature of the emergency. The Market Operator, on the other hand, shall notify WESM Participants, as soon as reasonably practicable, of the commencement and nature of the emergency.  | When an emergency condition arises, the System Operator shall immediately notify the ERC, the DOE, **the Market Surveillance Committee, the PEM Board,** Market Operator and Grid Management Committee as soon as reasonably practicable, of the commencement and nature of the emergency. The Market Operator, on the other hand, shall notify WESM Participants, as soon as reasonably practicable, of the commencement and nature of the emergency.  | To include the PEM Board as one of the recipients of the notification in line with similar clauses of the WESM Rules.  |  |  |  |  |
| System Security and Reliability Guidelines  | 6.6.1.1  | In consultation with WESM Participants and the Market Operator, the System Operator shall develop and periodically update the system security and reliability guidelines, subject to approval of the PEM Board.  | In consultation with WESM Participants and the Market Operator, the System Operator shall develop and periodically update the system security and reliability guidelines, subject to approval of the PEM Board **and the subsequent promulgation of the DOE**.  | To reflect the current procedures in the promulgation of Market Manuals.  |  |  |  |  |
| System Security and Reliability Guidelines  | 6.6.1.2  | The system security and reliability guidelines developed under clause 6.6.1.1 shall be provided to:  (a) The ERC and the DOE on completion and after any update thereon; (b) WESM Participants; and (c) Interested persons upon request.  | The system security and reliability guidelines developed under clause 6.6.1.1 shall be provided to:  (a) The ERC ~~and the DOE~~ on completion and after any update thereon; (b) WESM Participants; and (c) Interested persons upon request.  | Deletion of the DOE since it will be the promulgating agency. The whole provision may likewise be deleted since the SSRG follows the same rules change and publication procedures for Market Manuals. These entities are deemed provided a copy of the SSRG upon publication.  |  |  |  |  |
| Notice of Declaration of Market Intervention  | 6.6.2.1  | Upon determination of the existence of an alert or emergency state, the System Operator, in coordination with the Market Operator, may declare market intervention. The Market Operator shall inform the WESM Participants of alert warning notice from the System Operator and/or declaration of market intervention.  | Upon determination of the existence of an alert or emergency state, the System Operator, in coordination with the Market Operator, may declare market intervention.  The Market Operator shall inform the WESM Participants of alert warning notice from the System Operator and/or declaration of market intervention. **Similarly, in cases of force majeure events or instances of failure in the market system affecting the system security of the grid, the Market Operator may likewise declare a market intervention.**  | To reflect that the MO may likewise initiate market intervention related system security of the MMS.  |  |  |  |  |
| Notice of Declaration of Market Intervention  | 6.6.2.2  | The System Operator (for grid-related events) and Market Operator (for market-related events) shall submit a market intervention report, as soon as practicable, to the Market Surveillance Committee, Market Operator, DOE and ERC, after the resumption of the spot market. Said report shall include the details relative to the market intervention, as follows:  (a) the reason for the declaration of market intervention; (b) the number of trading intervals affected by the intervention; (c) the actions done to address the threat in system security; and (d) the actual dispatch of all generating units per interval affected.  | The System Operator (for ~~grid~~ **transmission** **system**-related events) and Market Operator (for market **system**-related events) shall submit a market intervention report, **within five (5) working days**~~as soon as practicable,~~ to the Market Surveillance Committee, ~~Market Operator~~, DOE and ERC, after the resumption of the spot market. Said report shall include the details relative to the market intervention, as follows: (a) the reason for the declaration of market intervention; (b) the number of trading intervals affected by the intervention; (c) the actions done to address the threat in system security~~; and~~ (d) the actual dispatch of all generating units per interval affected~~.~~**;** **(e) The impact and possible costs incurred by *WESM Members* as a consequence of the event; and** **(f) recommendation(s) to avoid the recurrence of the event,** **For instances when the System Operator and Market Operator may not be able to submit a complete report within the prescribed timeline above, an initial report may be submitted while the final and complete report shall be submitted within fifteen (15) working days from market resumption.**  | The MO and SO will have the most accurate data on the cost impact of the MI/MS especially that some MI/MS affects their assets which are likewise collected from the end-users. Likewise recommendations from the Operators to address the issues which led to the implementation of these events are currently included in the monitoring of the MSC. The deletion of Market Operator as a recipient of Market Intervention Report is proposed for clarity and to reflect the current procedures where both the MO and SO submit their respective reports to the MSC, DOE, and the ERC.  |  |  |  |  |
| System Security  | 6.6.2.5  | The System Operator, in coordination with the Market Operator, shall recommend for market resumption if the emergency condition or threat in system security has ended. The Market Operator shall inform the WESM Participants of the market resumption.  | The System Operator **or the Market Operator**~~, in coordination with the Market Operator,~~ shall **initiate the**~~recommend for~~ market resumption if the emergency condition or threat in system security has ended. The Market Operator shall inform the WESM Participants of the market resumption  | To reflect the current practice that the MO may also initiate MI events.  |  |  |  |  |
| Market Intervention Due to System Security Threat  | 6.6.5.2  | Thereafter, as specified in Clause 6.6.2, the System Operator shall prepare a market intervention report to be submitted to the Market Surveillance Committee, Market Operator, DOE and ERC regarding the actions and circumstances under which the market intervention was made.  | **Within five (5) working days after market resumption**~~Thereafter~~, as specified in Clause 6.6.2, the System Operator **and the Market Operator** shall prepare a market intervention report to be submitted to the Market Surveillance Committee, ~~Market Operator~~, DOE and ERC regarding the actions and circumstances under which the market intervention was made. **For instances when the System Operator or Market Operator is not able to submit a complete report within the prescribed timeline above, an initial report may be submitted while the final and complete report shall be submitted within fifteen (15) working days from market resumption.**  | In consideration of the MO and SO’s concerns as regards prioritizing the market resumption, the MSC proposes to allow a 5-working-day timeline for submission of reports to the identified agencies. The inclusion of the MO as an entity required to submit a market intervention report is to reflect the current practice in the WESM. Similar rationale for the deletion of MO in the recipients of the report as provided in Clause 6.6.2.2.  |  |  |  |  |
| Force Majeure Event  | 6.7.1  | A force majeure is the occurrence of an event or events in the grid and in a dispatch interval that is/are is not within the reasonable control, directly or indirectly, of the System Operator, Market Operator and WESM Member, to the extent that such event, despite the exercise of the reasonable diligence, cannot be or be caused to be prevented, or removed and has resulted in a reduction in the normal capacity of part or all of the power system during that dispatch interval and such reduction is likely to materially affect the operation of the spot market or materially threaten system security.  | A force majeure is the occurrence of an event or events in the grid and in a dispatch interval that is/are ~~is~~ not within the reasonable control, directly or indirectly, of the System Operator, Market Operator and WESM Member, to the extent that such event, despite the exercise of the reasonable diligence, cannot be or be caused to be prevented, or removed and has resulted in a reduction in the normal capacity of part or all of the power system during that dispatch interval and such reduction is likely to materially affect the operation of the spot market or materially threaten system security.  | Clerical revision.  |  |  |  |  |
| Force Majeure Event    | 6.7.2  | Events of force majeure shall include: (1) Major system disturbance that caused partial or system-wide blackout; (2) Market system hardware or software failure including that of the System Operator that makes it impossible to receive real-time status input data or process market offer/bid information to produce market schedules for real-time dispatch in accordance with the WESM Rules; and (3) Any other event, circumstance or occurrence in the nature of, or similar in effect to any of the foregoing.  |   |   |  |  |  |  |
| Force Majeure  | 6.7.3.3  | **NEW**  | **In cases of Market Intervention declarations under an event of force majeure, the recurrence of similar force majeure event/s shall be subject to further assessment and evaluation of the Market Surveillance Committee on its validity depending on the impact that the intervention has caused in the market.**  | This shall require the MSC to undertake further assessment of a recurring MI event whenever it has an impact to the WESM.  |  |  |  |  |
| Development, Updating and Implementation of the Business Continuity and Disaster Recovery Procedures  | 6.8.1.1  | The Market Operator, in coordination with the System Operator, shall develop, update and implement the business continuity plan and disaster recovery procedures to ensure operational continuity of the WESM in cases of emergencies and force majeure events. Any changes to the business continuity plan and disaster recovery procedures as may be necessary shall be approved by the PEM Board.  |   |   |  |  |  |  |
| Simulations   | 6.8.2.2  | The Market Operator shall coordinate with the System Operator and inform the Trading Participants of the simulations at least thirty (30) days prior to the conduct of the same.  | The Market Operator shall coordinate with the System Operator and inform the Trading Participants**, the DOE, the ERC, the Market Surveillance Committee, and the PEM Board,** of the simulations at least thirty (30) days prior to the conduct of the same.  |   |  |  |  |  |
| Simulations   | 6.8.2.3  | The Market Operator shall also notify all Trading Participants and the System Operator as soon as reasonably possible if the simulation or implementation of its Business Continuity Plan and Disaster Recovery Procedures may interrupt the operations of market software used by the Market Operator to support various processes in the WESM. The Market Operator shall use all efforts to minimize any possible market interruption in the conduct of the simulation or implementation of the Business Continuity Plan and Disaster Recovery Procedures.  | The Market Operator shall also notify all Trading Participants**, the DOE, the ERC, the Market Surveillance Committee, and the PEM Board,** and the System Operator as soon as reasonably possible if the simulation or implementation of its Business Continuity Plan and Disaster Recovery Procedures may interrupt the operations of market software used by the Market Operator to support various processes in the WESM. The Market Operator shall use all efforts to minimize any possible market interruption in the conduct of the simulation or implementation of the Business Continuity Plan and Disaster Recovery Procedures.  |   |  |  |  |  |
|  | 6.9.2  | Declaration of Market Suspension  | Declaration **and Lifting** of Market Suspension  | For clarity  |  |  |  |  |
|  | 6.9.2.6  | **NEW**  | **The System Operator (for transmission system-related information) and Market Operator (for market system-related information) shall submit a market suspension report, within five (5) working days to the Market Surveillance Committee, Market Operator, DOE and ERC, after the resumption of the spot market. Said report shall include the details relative to the market intervention, as follows:** **(a) the reason for the declaration of market suspension;** **(b) the number of trading intervals affected by the suspension;** **(c) the actions done to address the threat in system security;** **(d) the actual dispatch of all generating units per interval affected; and** **(e) The impact and possible costs incurred by *WESM Members* as a consequence of the event.**  **For instances when the System Operator and Market Operator may not be able to submit a complete report within the prescribed timeline above, an initial report may be submitted while the final and complete report shall be submitted within fifteen (15) working days from market resumption.**  | To provide for a similar provision with MI events on the preparation of MS reports.  |  |  |  |  |
|  | 6.10  | **NEW**  | **Market Intervention and Market Suspension Reportorial Requirements**  |  |  |  |  |  |
| Market Intervention Report  | 6.9.4.1  |   Upon the concurrence of one or more of the following events:   (a) A market intervention; (b) An event which, in the System operator's reasonable opinion, is or may be a threat to system security; (c) A force majeure event; or (d) An emergency,  the PEM Board shall, within ten days thereof, direct the Market Surveillance Committee to investigate the circumstances of that event and prepare a report to assess: (a) The adequacy of the relevant provisions of the WESM Rules in relation to the event or events which occurred; (b) The appropriateness of actions taken by the System operator and the Market Operator in relation to the event or events which occurred; (c) The costs incurred by WESM members as a consequence of responding to the event or events; and (d) Any finding of potential, fault of any WESM Participant including a preliminary recommendation for further evaluation by the PEM Auditor.  | 6.**10.**~~9.4.~~1 **Market Intervention Report**  **6.10.1.1** Upon the concurrence of one or more of the following events:  ~~(a) A market intervention/suspension~~; (b) An event which, in the System operator's reasonable opinion, is or may be a threat to system security; (c) A force majeure event; or (d) An emergency,  the ~~PEM Board shall, within ten days thereof, direct the~~ Market Surveillance Committee**, upon receipt of the System Operator (for transmission system-related events) and Market Operator (for market-related events) reports**, shall~~to~~ investigate the circumstances of that event and prepare a report to assess:  (a) The adequacy of the relevant provisions of the WESM Rules in relation to the event or events which occurred; (b) The appropriateness of actions taken by the System operator and the Market Operator in relation to the event or events which occurred; (c) The costs incurred by WESM members as a consequence of responding to the event or events; and (d) Any finding of potential, fault of any WESM Participant including a preliminary recommendation for further evaluation by the PEM Auditor.  | The Market Surveillance Committee’s report shall be submitted to the PEM Board upon its completion for review and approval. Similarly, the PEM Board has likewise released its Resolution No. 2011-62 ordering the MSC to commence with its investigations on MI reports, motu proprio.  Furthermore, the deletion of item (a) is for clarity, as the provision enumerates instances referring to the occurrence of an MI.  |  |  |  |  |
| Market Intervention Report  | 6.9.4.2  | A copy of the report prepared under Clause 6.9.4.1 shall be provided to: (a) the PEM Board; (b) the Market Operator**/System Operator**; (c) the ERC and the DOE; and (c) WESM Participants and interested persons on request.  | A copy of the report prepared under Clause 6.**10.1**~~9.4~~.1 shall be provided to: (a) the PEM Board; (b) the Market Operator**/System Operator**; © the ERC and the DOE; and (c) WESM Participants and interested persons **up**on request **and in accordance with the Market Manual on Information Disclosure and Confidentiality**.  | For clarity on the recipients and inclusion of IDC as a reference in the provision of the report to the requesting party.  |  |  |  |  |
| Market Suspension Report  | 6.9.5.1  | Within ten (10) business days following a declaration by the ERC under Clause 6.9.1.1, the Market Surveillance Committee, upon directive from the PEM Board, shall investigate the circumstances of that event and prepare a report to assess:     (a) The adequacy of the provisions of the WESM Rules relevant to the event or events which occurred; (b) appropriateness of actions taken by the Market Operator or the System Operator in relation to the event or events which occurred; and (c) The costs incurred by the WESM members as a consequence of responding to the event or events.  | **6.10.2 Market Suspension Report**  6.**10.2.**~~9.5.~~1 **Upon receipt of the Market Suspension Report from the Market Operator and The System Operator** ~~Within ten (10) business days~~ following a declaration by the ERC under Clause 6.9.1.1, the Market Surveillance Committee, ~~upon directive from the PEM Board,~~ shall investigate the circumstances of that event and prepare a report to assess: (a) The adequacy of the provisions of the WESM Rules relevant to the event or events which occurred; (b) appropriateness of actions taken by the Market Operator or the System Operator in relation to the event or events which occurred; and (c) The costs incurred by the WESM members as a consequence of responding to the event or events.  | Re-numbering and for clarity on the timeline for MSC’s preparation of MS report  |  |  |  |  |
| Market Suspension Report  | 6.9.5.2  | A copy of the report prepared under clause 6.9.5.1 shall be provided to:  (a) The PEM Board; (b) The ERC and the DOE on completion of the report; and (c) WESM Participants and interested persons on request.  | 6.**10.2**.9.5.2 A copy of the report prepared under clause 6.9.5.1 shall be provided to:  (a) The PEM Board; (b) The ERC and the DOE on completion of the report; and (c) WESM Participants and interested persons on request.  | Re-numbering  |  |  |  |  |
| Glossary – Force Majeure Event  |   | An event arising from major network trouble that caused partial or system-wide blackout, market system software failure, and any other event, circumstance or occurrence in nature of, or similar in effect to any of the foregoing.  | ~~An event arising from major network trouble that caused partial or system-wide blackout, market system software failure, and any other event, circumstance or occurrence in nature of, or similar in effect to any of the foregoing.~~  | For deletion. Force majeure is exhaustively defined in WESM Rules Clauses 6.7.1 and 6.7.2  |  |  |  |  |

| **WESM Manual on Dispatch Protocol** |
| --- |
| **Title** | **Section** | **Original Provision** | **Proposed Amendment**  | **Rationale** | **Comment** | **Propose Re-wording based on Comment** | **Original Proponent’s Response** | **RCC Decision** |
| *[Please write general comments here, if any.]* |  |  |  |
| **Grounds for Market Intervention and Suspension**  | 16.4.2  | Grounds for Market Intervention. Market intervention by the System Operator is permitted in WESM Rules Clause 6.2.1.2 when the grid is in Alert or Emergency state arising from (a) an emergency; or (b) a threat to system security, or (c) an event of force majeure.  Market intervention is also warranted if there is an interruption in the workflows of the Market Management System occurring during the simulation by the Market Operator of its Business Continuity Plan.  | Grounds for Market Intervention. **Transmission System-related** Market intervention ~~by the System Operator~~ is permitted in WESM Rules Clause 6.2.1.2 when the grid is in Alert or Emergency state arising from (a) an emergency; or (b) a threat to system security, or (c) an event of force majeure. **Market System-related** Market intervention **may**~~is~~ also **be** warranted if there **are**~~is an~~ interruptions in the **operations**~~workflows~~ of the **market software used by the Market Operator to support various processes in the WESM arising from:**  (a) an event of force majeure; or (b) ~~Market Management System occurring during the~~ simulation of the business contuinity plan and disaster recovery procedures ofby the Market Operator developed under WESM Rules Clause 6.8.1.1of its Business Continuity Plan.  |   |  |  |  |  |
| Declaration of Market Suspension or Market Intervention  | 16.5.2  | Declaration of Market Intervention. Market intervention is declared by the System Operator, regardless of the source of the event that gave rise to such market intervention.   a. Where the event that may result to intervention originates from market operations or is due to market failure, the Market Operator shall assess the situation and immediately advise the System Operator of the need to intervene in the WESM.  b. Where the event that may result to market intervention originates from the operation of the System Operator or pertains to the grid, the System Operator shall assess the situation and immediately advise the Market Operator of the need for market intervention.  c. The Market Operator or the System Operator shall notify the ERC and the DOE that an emergency or force majeure event has occurred that may lead to market intervention, and if possible, the notice shall indicate the expected duration of the same. The responsibility for giving such notice shall depend on the source or origin of the event.  | Declaration of Market Intervention. Market intervention **may be** ~~is~~ declared by the System Operator **or the Market Operator**, **in accordance with the relevant Clauses of Chapter 6 of the WESM Rules.** ~~regardless of the source of the event that gave rise to such market intervention~~.   a. Where the event that may result to intervention originates from market operations or is due to market failure, the Market Operator shall assess the situation and immediately advise the System Operator of the need to intervene in the WESM.  b. Where the event that may result to market intervention originates from the operation of the System Operator or pertains to the grid, the System Operator shall assess the situation and immediately advise the Market Operator of the need for market intervention.  c. The Market Operator or the System Operator shall notify**, the Market Surveillance Committee, the PEM Board,** the ERC and the DOE that an emergency or force majeure event has occurred that may lead to market intervention, and if possible, the notice shall indicate the expected duration of the same. The responsibility for giving such notice shall depend on the source or origin of the event.  | To reflect the current practice that the MO may also declare an MI event as permitted by the WESM Rules and to include the MSC and PEM Board in the list of recipients.  |  |  |  |  |
| Declaration of Market Suspension or Market Intervention  | 16.5.3  | Regional Declaration of Market Intervention and Market Suspension. Where the event that gives rise to the declaration of market intervention occurs in one grid and does not affect the other grid/s, the System Operator shall declare market intervention in the affected grid only (i.e., regional declaration).  | Regional Declaration of Market Intervention and Market Suspension. Where the event that gives rise to the declaration of market intervention occurs in one grid and does not affect the other grid/s, the System Operator **or the Market Operator** shall declare market intervention in the affected grid only (i.e., regional declaration).  | Same rationale above  |  |  |  |  |
| Market Resumption   | 16.8.2  | Market Resumption after Market Intervention. Once the conditions that triggered the market intervention has been resolved, the market intervention shall be lifted by the System Operator.  a. If the event that gave rise to the market intervention pertains to market failure or market operations, the Market Operator shall immediately notify the System Operator that the condition has already been resolved and that the declaration of market intervention can already be lifted. Immediately upon being notified, the System Operator shall declare the lifting of the declaration of market intervention. b. If the event that gave rise to the market intervention pertains to the grid or the operations of the System Operator, the System Operator shall immediately notify the Market Operator that the condition has already been resolved and that it is lifting the declaration of market intervention.  | Market Resumption after Market Intervention. Once the conditions that triggered the market intervention has been resolved, the market intervention shall be lifted by the System Operator **or the Market Operator**.  a. If the event that gave rise to the market intervention pertains to market failure or market operations, the Market Operator shall immediately notify the System Operator that the condition has already been resolved **and initiate the lifting of the intervention** ~~and that the declaration of market intervention can already be lifted~~. ~~Immediately upon being notified, the System Operator shall declare the lifting of the declaration of market intervention~~. b. If the event that gave rise to the market intervention pertains to the grid or the operations of the System Operator, the System Operator shall immediately notify the Market Operator that the condition has already been resolved and that it is lifting the declaration of market intervention.  | To clarify that the MO and SO both may declare and lift Market Intervention events.  |  |  |  |  |
| Market Resumption  | 16.8.3  | Upon being notified of the lifting of the declaration of market intervention or market suspension, the Market Operator shall immediately notify the Trading Participants of the resumption of the market and the specific dispatch interval at which trading in the WESM shall resume. The notice to Trading Participants shall include a notice to submit initial bids or offers.  |   |   |  |  |  |  |
| Report on Market Intervention or Market Suspension  | 16.10.1  | Upon market resumption, the System Operator and the Market Operator shall prepare and submit to the PEM Board, the ERC and the DOE a detailed report containing, as minimum, the following information:  a. Description of the circumstances that gave rise to the market intervention or market suspension; b. Steps taken to maintain operations and, in case of intervention, the steps taken to correct the situation; and  c. Conclusions and recommendations for avoiding similar market intervention in the future.   | **Within five (5) working days from the**~~Upon~~ market resumption, the System Operator and the Market Operator shall prepare and submit to the ~~PEM Board~~ **~~through the~~ Market Surveillance Committee**, the ERC and the DOE a detailed report containing, as minimum, the following information: a. Description of the circumstances that gave rise to the market intervention or market suspension; b. Steps taken to maintain operations and, in case of intervention, the steps taken to correct the situation; ~~and~~ **c.  The impact and possible costs incurred by *WESM Members* as a consequence of the event; and** **d**~~c~~. Conclusions and recommendations for avoiding similar market intervention in the future. **For instances when the System Operator and Market Operator may not be able to submit a complete report within the prescribed timeline above, an initial report may be submitted while the final and complete report shall be submitted within fifteen (15) working days from market resumption.**  | The submission of the report is essential for the MSC to undertake its assessment on the completeness and effectiveness of the implemented actions of the MO and SO. The MO and SO will have the most accurate data on the cost impact of the MI/MS especially that some MI/MS affects their assets which are likewise collected from the end-users.  The deletion of the PEM Board as a recipient of the MI reports from the SO and the MO is in line with the provision of the WESM Rules Clause 6.6.2.2  |  |  |  |  |
| Report on Market Intervention or Market Suspension  | 16.10.2  | In accordance with WESM Rules Clauses 6.9.4 and 6.9.5, the Market Surveillance Committee shall render to the PEM Board, DOE and the ERC a report on the market intervention or market suspension containing its assessment of the following: a. The adequacy of the relevant provisions of the WESM Rules in relation to the event or events which occurred; b. The appropriateness of the actions taken by the System Operator and the Market Operator in relation to the event or events that occurred; and  c. The costs incurred by the WESM Members as a consequence of responding to the event or events.  | In accordance with WESM Rules Clauses 6.**10**~~9.4 and 6.9.5~~, the Market Surveillance Committee shall render to the PEM Board, DOE and the ERC a report on the market intervention or market suspension containing its assessment of the following: a. The adequacy of the relevant provisions of the WESM Rules in relation to the event or events which occurred; b. The appropriateness of the actions taken by the System Operator and the Market Operator in relation to the event or events that occurred; and  c. The costs incurred by the WESM Members as a consequence of responding to the event or events.  |   |  |  |  |  |
| Report on Market Intervention or Market Suspension  | 16.10.3  | **NEW**  | **The Market Operator and the System Operator shall use Appendix H. *Market Intervention/Suspension Report Template* for the submission of their respective complete report(s) to the Market Surveillance Committee.**  | For uniformity and easier assessment on the submissions.  |  |  |  |  |

| **WESM Manual on Market Surveillance** |
| --- |
| **Title** | **Section** | **Original Provision** | **Proposed Amendment**  | **Rationale** | **Comment** | **Propose Re-wording based on Comment** | **Original Proponent’s Response** | **RCC Decision** |
| *[Please write general comments here, if any.]* |  |  |  |
| **REVIEW OF MARKET INTERVENTION**  | 5.3.1  | The *Market Surveillance Committee* shall conduct a review upon the occurrence of any of the following events:  a) An Intervention declared by the *System Operator* as established in the Grid Code, due to: (i) An emergency; (ii) A threat to system security; or (iii) An event of force majeure;  b) An intervention declared by the *Market Operator* due to force majeure, which includes: (i) Market system hardware or software failure that makes it impossible to receive or process market offer/bid information or produce market schedules due to erroneous real-time status input data or dispatch the system in accordance with the *WESM Rules*; and (ii) Interruption in the operations of market software used by the *Market Operator* to support various processes in the *WESM* during the simulation of the business continuity plan and disaster recovery procedures, or any other event, circumstance or occurrence in nature of, or similar in effect to any of the foregoing.   | The *Market Surveillance Committee* shall conduct a review upon the occurrence of any of the following events:  a) An Intervention declared by the *System Operator* as established in the Grid Code, due to: (i) An emergency; (ii) A threat to system security; or (iii) An event of force majeure;  b) An intervention declared by the *Market Operator* due to force majeure, which includes: (i) Market system hardware or software failure that makes it impossible to receive or process market offer/bid information or produce market schedules due to erroneous real-time status input data or dispatch the system in accordance with the *WESM Rules*; and (ii) Interruption in the operations of market software used by the *Market Operator* to support various processes in the *WESM* during the simulation of the business continuity plan and disaster recovery procedures, or any other event, circumstance or occurrence in nature of, or similar in effect to any of the foregoing. **In cases of Market Intervention declarations under an event of force majeure, the recurrence of similar force majeure event/s shall be subject to further assessment and evaluation of the Market Surveillance Committee on its validity depending on the impact that the intervention has caused in the market.**  | The Market Surveillance Committee has recorded 21 instances of MI imposition by the MO relating to the same market software issues. While the Civil Code of the Philippines contemplates force majeure as those which may be foreseen but are inevitable, advanced technologies may already address these occurrences in order to mitigate the imposition of an MI. The MSC has likewise noted that in some of MI impositions, administered prices were higher than the prevailing market prices which may be detrimental to spot exposed participants.   |  |  |  |  |
| **REVIEW OF MARKET INTERVENTION**  | 5.3.2  | When any of the events occurs as described above, the *Market Operator* or the *System Operator*, as the case may be, shall forthwith notify the *Market Surveillance Committee* through the *Market Assessment Group* of such event in writing.  |   |   |  |  |  |  |
|  |  | Upon receipt of the notification from the *Market Operator* or the *System Operator*, the *Market Surveillance Committee* shall conduct a review and shall prepare a Market Intervention Report, which shall include:   1. All data and information regarding the event, including those provided by the *System Operator* or the *Market Operator*;
2. Assessment and recommendations, as applicable, on:
3. The adequacy of the provisions of the *WESM Rules* relevant to the event, and its proposed amendments, if any;
4. The appropriateness of actions taken by the *System Operator* and/or *Market Operator* in relation to the event;
5. The impact and possible costs incurred by *WESM Members* as a consequence of the event; and
6. Potential breaches by *WESM Members*.

   | Upon receipt of the **final report**~~notification~~ from the *Market Operator* or the *System Operator*, the *Market Surveillance Committee* shall conduct a review and shall prepare a Market Intervention Report, which shall include:  1. All data and information regarding the event, including those provided by the *System Operator* or the *Market Operator*;
2. Assessment and recommendations, as applicable, on:
3. The adequacy of the provisions of the *WESM Rules* relevant to the event, and its proposed amendments, if any;
4. The appropriateness of actions taken by the *System Operator* and/or *Market Operator* in relation to the event;
5. The impact and possible costs incurred by *WESM Members* as a consequence of the event; and
6. Potential breaches by *WESM Members*.

  | The Market Surveillance Committee requires the complete submission of the reports from the MO and SO in order to proceed with its assessment report. Mere notification may not be sufficient for the Committee to undertake what is required of the WESM Manual.  |  |  |  |  |
|  |  | The *Market Surveillance Committee’s* Market Intervention Report shall be submitted to the *PEM Board* for review and approval, within a reasonable period, provided that the initial report shall be submitted within thirty (30) working days after the *MSC* has received the notification from the *Market Operator* or the *System Operator*.   | The *Market Surveillance Committee’s* Market Intervention Report shall be submitted to the *PEM Board* for review and approval, within a reasonable period, provided that the initial report shall be submitted within thirty (30) working days after the *MSC* has received the **final report**~~notification~~ from the *Market Operator* or the *System Operator*.   | Upon receipt of the complete report, the Market Surveillance Committee may already undertake an initial report of the event. The complete assessment shall be submitted afterwards following the activities to be accomplished by the Committee (e.g. conference with the involved parties)  |  |  |  |  |
|  |  | A copy of the approved Market Intervention Report shall be transmitted by the *PEM Board* to the *ERC* and *DOE*, and be furnished to any interested persons upon request, in accordance with Section 8 of this Manual.   |   |   |  |  |  |  |
| **REVIEW OF MARKET SUSPENSION**   | 5.4.1  | Within ten (10) business days following a notice by the *Market Operator* of a declaration of Market Suspension by the *ERC* under Clause 6.9.1.1 of the *WESM Rules*, the *Market Surveillance Committee* shall convene and review such declaration and prepare a report to assess:      1. The adequacy of the relevant provisions of the WESM Rules in relation to the event or events which occurred;
2. The appropriateness of actions taken by the *System Operator* and the *Market Operator* in relation to the event or events which occurred;
3. The costs incurred by *WESM Members* as a consequence of responding to the event or events; and
4. Any finding of potential, fault of any *WESM Participant* including a preliminary recommendation for further evaluation by the PEM Auditor.

   | **Upon receipt of the Market Suspension Report from the Market Operator and System Operator** ~~Within ten (10) business days~~ following a ~~notice by the~~ *~~Market Operator~~* ~~of a~~ declaration of Market Suspension by the *ERC* under Clause 6.9.1.1 of the *WESM Rules*, the *Market Surveillance Committee* shall ~~convene and~~ review such declaration and prepare a report to assess:  1. The adequacy of the relevant provisions of the WESM Rules in relation to the event or events which occurred;
2. The appropriateness of actions taken by the *System Operator* and the *Market Operator* in relation to the event or events which occurred;
3. The costs incurred by *WESM Members* as a consequence of responding to the event or events; and

Any finding of potential, fault of any *WESM Participant* including a preliminary recommendation for further evaluation by the PEM Auditor.  |  |  |  |  |  |