



**Call for Comments to the Proposed General Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 (Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the WESM Amending for this Purpose Department Circular No. DC2015-03-0001)**

The Rules Change Committee (RCC) is inviting all WESM Members and interested parties to submit comments to the *Proposed General Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 (Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the WESM Amending for this Purpose Department Circular No. DC2015-03-0001) (ORCP-WR-WM-23-01)*.

The proposed amendments seek to:

- 1) amend the classification of priority dispatch generating units to include all biomass plants (with FiT certificate or none), geothermal, and impounding hydro plants;
- 2) provide that controllable generating units involving biomass, geothermal and impounding hydro plants that are currently registered as providers of ancillary services should be registered as scheduled generating units in view of the principles of co-optimizing its energy and reserve capacities through market offers for the upcoming reserve market; and
- 3) define projected output for hydropower and geothermal plants classified as priority dispatch generating units

The WESM documents for amendments are:

- 1) WESM Rules; and
- 2) WESM Manual on Registration, Suspension and De-registration Criteria and Procedures

**BACKGROUND:**

The proposed amendments were originally initiated by the Independent Electricity Market Operator of the Philippines (IEMOP) on 23 December 2022 by way of the rules change process for urgent amendments. Following the procedures for processing urgent proposals set forth in Section 7 of the Rules Change Manual, the RCC certified the proposal as urgent, and immediately deliberated on the proposal on 28 December 2022. The approval and effectivity of the urgent proposal are as follows:

Activity	Date
RCC Approval	09 January 2023
PEM Board Approval	25 January 2023
Effectivity Date of Revised Rule and Manual	27 January 2023

The approved urgent amendments shall remain in effect up to 6 months or until a general amendment on the same matter has been approved by the DOE and becomes continuously in effect, whichever comes first. The updated market rules and manuals could be accessed in this [webpage](#).

### **DOCUMENTS:**

Provided below are the relevant materials for your reference:

- 1) [Original Rules Change Proposal submitted by IEMOP \(ORCP-WR-WM-22-13\)](#)
- 2) PEM Board-approved urgent proposal ([RCC Resolution No. 2023-01](#)) per PEM Board Resolution No. 2023-56-01
- 3) Matrix of Proposed Amendments for Comments - Annexes A to B of this document (See below. *Please write your comments in the proper columns in the matrix.*)

Kindly submit your comments (in Word format) through the [File a Submission](#) page no later than **17 March 2023** or 30 working days from the date of publication (03 February 2023). *Please input in the proper field the e-mail address of your point person(s) who we could further contact regarding activities related to the processing of the proposal.*

Thank you.

For the Rules Change Committee,

#### **Rules Review Division**

Market Assessment Group

**Philippine Electricity Market Corporation**

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

Name	
Designation	
Company	National Grid Corporation of the Philippines
Company Address	
Telephone No.	
Fax. No.	
Email Address	

Proposed General Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 (Declaring All Renewable Energy Resources as  
Preferential Dispatch Generating Units in the WESM Amending for this Purpose Department Circular No. DC2015-03-0001)

WESM Rules								
Title	Clause	Original Provision	Proposed Amendment (PEM Board-approved as Urgent Amendment)	Rationale	Comment	Proposed Re- wording based on Comment	Original Proponent's Response	RCC Decision
<i>[Please write general comments here, if any.]</i>								
<p>Priority Dispatch and Must Dispatch rules are distorting the economic market mechanisms and objectives of the WESM. Once implemented and the share of RE generators of the market becomes significant, it may no longer be easy to restore the original WESM Rules as it was to exempt them from the original Rules. If RE generators are more economical than conventional power plants, then the former will automatically always be dispatched ahead of the latter and there would be no need for priority dispatch. On the other hand, if prioritization is needed to get them scheduled ahead, then it may mean that they are more expensive generators and are actually displacing the cheaper (more economical) ones.</p> <p>Moreover, the exemption from bidding (of REs) to get dispatched seem to be inconsistent with output forecast accuracy penalties for these REs. Also, if the total output of the REs exceed the total demand, such as during low demand periods on weekends and/or holidays (now or in the future), who will then be dispatched ahead or who will be curtailed in order to maintain the balance between supply and demand?</p> <p>The proliferation of intermittent RE generators have a major negative impact on the reliability of the power grid – whether they are priority/must dispatch or not. It is necessary, at the outset, to provide technical solutions to this technical problem. One solution is the provision of NEW fast-acting energy storage systems (Ancillary Services) that will ensure the smooth balance of supply and demand. Such a solution already exists and has been in use locally and in other countries for quite a while now. The SO may be allowed to own and operate an ESS to fulfill its Frequency Response Obligation (RFO) to avoid or minimize the load dropping during unforeseen or fortuitous events and to ensure the reliability of the Grid, subject to the approval of the Energy Regulatory Commission.</p> <p>If it is desired not to burden the RE investors with the cost of such facilities (AS), then the cost may be shifted to all consumers instead. This means, instead of requiring intermittent RE generators to incorporate fast-responding energy storage systems (ESS) in their power plants, the grid code may require them as ancillary services whose cost is to be recovered from all consumers. The shifting/allocation of the cost from the RE generators to numerous consumers would reduce the impact on the individuals concerned.</p>								

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In either case, the balance between supply and demand can be maintained properly. Moreover, exemptions from the WESM Rules may no longer be needed (or at least minimized) as the output of intermittent REs can be lumped/paired together with the corresponding fast-responding ESS resulting in a relatively consistent output from the group.								
CATEGORIES OF WESM MEMBERS 2.3.1 Generation Companies	2.3.1.5	A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that is <i>intermittent renewable energy resource</i> -based, whether or not under the <i>Feed-In Tariff system</i> , such as wind, solar, run-of-river hydro or ocean energy with the corresponding <i>DOE</i> certification shall be classified as a <i>must dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <i>non-scheduled generating unit</i> subject to Clause 2.3.1.4.	A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that is <i>intermittent renewable energy resource</i> -based, whether or not under the <i>Feed-In Tariff system</i> , such as wind, solar, run-of-river hydro or ocean energy with the corresponding <i>DOE</i> certification shall be classified as a <i>must dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <i>non-scheduled generating unit</i> subject to Clause 2.3.1.4.	Clerical correction.				
CATEGORIES OF WESM MEMBERS 2.3.1 Generation Companies	2.3.1.6	A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that uses biomass as fuel, that is under the <i>Feed-In Tariff system</i> , with the corresponding <i>Feed-In</i>	A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that <del>uses</del> <b><u>are qualified renewable energy plants that are not must dispatch,</u></b>	To comply with DOE DC2022-10-0031, but with consideration that the generating unit is not providing	For clarity. As noted by the RCC in Reso 2023-01, Reactive Power Support Service (RPSS) and Black Start	A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that <del>uses</del> <b><u>are</u></b>		

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		<i>Tariff Certificate of Compliance</i> shall be classified as a <i>priority dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <i>non-scheduled generating unit</i> subject to Clause 2.3.1.4.	<u>such as those using either geothermal energy or biomass as fuel or is an impounding hydro plant, and is not providing reserve or registered as Ancillary Services Provider</u> , that is under the <del>Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance</del> shall be classified as a <i>priority dispatch generating unit</i> , but may at its option be classified as a scheduled generating unit or a <del>a</del> non-scheduled generating unit subject to Clause 2.3.1.4.	reserve (i.e., ancillary services traded in the WESM) in view of the principles of co-optimizing the plant's energy and reserve capacities through market offers for the upcoming reserve market.	Service (BSS) may opt to be reclassified as priority dispatch generating units. With the proposed statement, however, they may not be eligible for reclassification if they are registered as ASP. The same RCC Resolution (page 4 out of 10) notes that "Further, generating units providing RPSS and/or BSS are not required to register in the WESM as Ancillary Service Providers."), which means RPSS/BSS may still register as an ASP although not required.	<u>qualified renewable energy plants that are not <i>must dispatch</i>, such as those using either geothermal energy or biomass as fuel or is an impounding hydro plant, and is not providing reserve tradable in the WESM or registered as Ancillary Services Provider</u> that is under the <del>Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance</del> shall be classified as a <i>priority dispatch generating unit</i> , but may at its option be classified as a scheduled generating unit or a <del>a</del> non-scheduled		

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						generating unit subject to Clause 2.3.1.4.		
Glossary	Glossary	<b>Priority Dispatch.</b> Preference to biomass plants under the Feed-In Tariff System in the dispatch schedule pursuant to Section 7 of the <i>Renewable Energy Act</i> .	<b>Priority Dispatch.</b> <u>Option or Preference to all qualified and registered renewable energy plants that are not eligible for Must Dispatch such as biomass, geothermal, and impounding hydro</u> plants under the Feed-In Tariff System in the dispatch schedule. Pursuant to Section 7 of the Renewable Energy Act.	To be consistent with the definition of “priority dispatch” in DOE DC2022-10-0031.	For clarity. Option to be classified as a priority dispatch generating unit or scheduled/non-scheduled generating unit is considered during the registration of the qualified RE plant. Preference to the priority dispatch generating units is given during the dispatch scheduling once they are already classified and registered as such.	<b>Priority Dispatch.</b> Preference <u>in the dispatch schedule given</u> to <u>all qualified and registered renewable energy plants that are not eligible for Must Dispatch</u> such as biomass, geothermal, and impounding hydro plants, <u>under the Feed-In Tariff System.</u> Pursuant to <u>Section 7 of the Renewable Energy Act</u>  Alternatively, it may also be revised as follows:  <b>Priority Dispatch.</b> Preference <u>in the</u>		

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						<u>dispatch schedule given to generating units classified and registered as priority dispatch generating units.</u> <del>all qualified and registered renewable energy plants that are not eligible for Must Dispatch such as biomass, geothermal, and impounding hydro plants, under the Feed-In Tariff System. Pursuant to Section 7 of the Renewable Energy Act</del>		
Glossary	Glossary	<b>Projected Output.</b> The <i>loading level</i> nominated by a <i>Generation Company</i> for its <i>must dispatch generating units</i> or <i>priority dispatch generating units</i> indicating the forecasted output of its <i>must dispatch</i>	<b>Projected Output.</b> The <i>loading level</i> nominated by a <i>Generation Company</i> for its <i>must dispatch generating units</i> or <i>priority dispatch generating units</i> indicating	To maintain the requirement for geothermal and hydro plants to nominate loading levels corresponding to	Requesting for clarification on the basis and method of monitoring compliance to the must-offer rule by geothermal and			



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		<i>generating unit or priority dispatch generating unit</i> at the end of a <i>dispatch interval</i> .	the forecasted output of its <i>must dispatch generating unit or priority dispatch generating unit</i> at the end of a <i>dispatch interval</i> . <u>In the case of geothermal or impounding hydro plant which is classified as priority dispatch generating unit, projected output shall refer to its maximum available capacity, as defined in WESM Rules or Market Manual.</u>	their maximum available capacity, in keeping with the principle of the must-offer rule.	impounding hydro plants. Under WESM Rules 3.5.5.2, scheduled generating units shall submit a generation offer that includes information specified in Appendix A1.1 including capacity not less than the maximum available capacity. On the other hand, WESM Rules 3.5.5.8 provides that must dispatch generating units shall submit projected outputs that are compliant with the Forecast Accuracy Standards. Neither of this will apply to geothermal and impounding hydropower plants			

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					<p>classified as priority dispatch generating units but may possibly be pivotal suppliers (based on WESM Technical Committee 2020 Study, RCC Reso 23-01, page 3).</p> <p>Proposing that the projected output of the priority dispatch generating units, except for geothermal and impounding hydro, be likewise subjected to forecast accuracy measures since they are larger in capacity than intermittent RE resources and could have significant impact on the grid.</p>			

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures Issue 12.1								
Title	Section	Original Provision	Proposed Amendment (PEM Board-approved as Urgent Amendment)	Rationale	Comment	Propose Re- wording based on Comment	Original Proponent’s Response	RCC Decision
[Please write general comments here, if any.]								
Generating Unit Classification	2.5.4.1	a) An <i>Applicant</i> wishing to register as <i>Generation Company</i> shall, upon application, classify each of the <i>generating unit</i> or group of <i>generating units</i> which form part of the generating system it owns or operates or controls or from which it otherwise sources electricity as either –  xxx  (iv) A <i>priority dispatch generating unit</i> for a <i>generating unit</i> or group of <i>generating units</i> connected at a common <i>connection point</i> that uses biomass as fuel, that is under the <i>Feed-In Tariff</i> system, with the corresponding <i>Feed-In Tariff Certificate of Compliance</i> issued by the ERC. However, the	a) An <i>Applicant</i> wishing to register as <i>Generation Company</i> shall, upon application, classify each of the <i>generating unit</i> or group of <i>generating units</i> which form part of the generating system it owns or operates or controls or from which it otherwise sources electricity as either –  xxx  (iv) A <i>priority dispatch generating unit</i> for a <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that <del>uses</del> <b><u>are qualified renewable energy plants that are not must dispatch, such as those using either geothermal energy or biomass as fuel or is an impounding hydro plant</u></b>	To be consistent with the definition of “priority dispatch” in DOE DC2022-10-0031, but with consideration that the generating unit is not providing reserve (i.e., ancillary services traded in the WESM) in view of the principles of co-optimizing the plant’s energy and reserve capacities through market offers for the upcoming reserve market.	For clarity. As noted by the RCC in Reso 2023-01, RPSS and BSS may opt to be reclassified as priority dispatch generating units. With the proposed statement, however, they may not be eligible for reclassification if they are registered as ASP. The same RCC Resolution (page 4 out of 10) notes that “Further, generating units providing RPSS and/or BSS are not required to register in the WESM as Ancillary Service Providers.”), which means RPSS/BSS	a) An <i>Applicant</i> wishing to register as <i>Generation Company</i> shall, upon application, classify each of the <i>generating unit</i> or group of <i>generating units</i> which form part of the generating system it owns or operates or controls or from which it otherwise sources electricity as either –  xxx  (iv) A <i>priority dispatch generating unit</i> for a <i>generating unit</i> or group of <i>generating units</i> connected at a common connection		

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		<i>Generation Company</i> may also elect to have such unit/s classified as <i>scheduled generating unit/s</i> or <i>non-scheduled generating unit/s</i> subject to this Section.	<del><b>and is not providing reserve or registered as Ancillary Services Provider,</b></del> that is under the <del><i>Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance</i></del> issued by the <del><i>ERC</i></del> . However, the <i>Generation Company</i> may also elect to have such unit/s classified as <i>scheduled generating unit/s</i> or <i>non-scheduled generating unit/s</i> subject to this Section.		may still register as an ASP although not required.	point that <del>uses are</del> <u>qualified renewable energy plants that are not must dispatch, such as those using either geothermal energy or biomass as fuel or is an impounding hydro plant and is not providing reserve tradable in the WESM or registered as Ancillary Services Provider,</u> that is under the <del><i>Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance</i></del> issued by the <del><i>ERC</i></del> . However, the <i>Generation Company</i> may also elect to have such unit/s classified as <i>scheduled</i>		

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					Further, if an RE (qualified to be an AS provider) is submitting a bid in the RE market of the WESM, it will not be providing AS until it is scheduled. So how can it know ahead of time that it will (or will not) be providing AS? Will not ALL generators (qualified to be AS providers) be required to bid into the AS market? If all qualified AS generators are required to bid, then they cannot be priority dispatch generators. In other words, only	<i>generating unit/s or non-scheduled generating unit/s subject to this Section.</i>		

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures Issue 12.1								
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					generators that are NOT qualified to be AS providers should be allowed to be priority dispatch generators.  Otherwise, it is possible that all REs will not be providing AS because they are already dispatched or scheduled to provide supply. Unless, there is also priority dispatch as AS.			