

31 January 2025

MEMORANDUM



TO : THE RULES CHANGE COMMITTEE

CC : ELVIN HAYES E. NIDEA, President and WESM Governance Officer

FROM : THE MARKET SURVEILLANCE COMMITTEE

SUBJECT : Comments to Proposed Amendments to ASMM on matters regarding the Reserve Conformance Standards and related Enforcement Actions

We write in reference to the Rules Change Committee's (RCC's) letter dated 20 December 2024 on the proposed general amendments to the WESM Manual on Ancillary Services Monitoring on matters related to the Reserve Conformance Standards and related enforcement action.

The Market Surveillance Committee (MSC) would like to thank the RCC for the invitation to submit comments on the above-captioned proposed amendments. During the Committee's Regular Meeting on 16 January 2025, the MSC reviewed the second set of amendments, which superseded the previously reviewed proposal. In that meeting, the Committee discussed and deemed it appropriate to resubmit its original comments to the subject proposal, as they remain applicable to the superseded version, as follows:

- The MSC notes that the proposed amendments are running smoothly as per report by PEMC – Enforcement and Compliance Department. Furthermore, there is also an assurance that the proposed standards / metrics in the proposals are consistent with the Philippine Grid Code. With this, the MSC poses no objection to the proposal.
- While the proposed formulas and assumptions appear sound, the MSC strongly recommends conducting comprehensive testing (e.g., simulations, sensitivity analyses) under current market conditions to validate their robustness. This step is critical to ensuring the amendments do not inadvertently result in computational errors, misclassification of compliance statuses, or unjustified penalties.

Thank you, and we look forward to your usual cooperation and support.

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ARTHUR N. ESCALANTE
Chairman, Market Surveillance Committee

Signature:

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