

RULES CHANGE COMMITTEE

Request for Extension of Effectivity of Urgent Amendments for Enhanced WESM Design and Operations Implementation



Effective Date : 15 October 2021

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WHEREAS, WESM Rules Clause 8.3.3 required the Rules Change Committee (RCC) to keep a register of all proposals for changes in the WESM Rules or Market Manuals as well as proposals for new Market Manuals submitted to it and give due course to the proposal in the Rules Change Committee meetings;

WHEREAS, Section 5.1 of the Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals (WESM-RCM) allows the submission of proposals by any WESM Member, the Market Operator, the PEM Board or its Committees, any government agency, or any other interested party affected by the operations of the WESM, which necessitates amendments to the WESM Rules, Retail Rules or Market Manuals, and such proposals shall undergo the rules change procedures in accordance with Chapter 8 of the WESM Rules and the WESM-RCM;

WHEREAS, WESM Rules Clause Section 8.5.4 provides for the authority of the PEM Board on the process of approval for general and urgent proposals, to wit:

- a) The PEM Board shall immediately submit the proposal to the DOE for final approval, except in the case of urgent proposal; and
- b) The PEM Board shall cause publication of the approved proposal under WESM Rules Clause 8.4.1.1 (a), which will become effective fifteen (15) working days after its publication or on such date and for such period as the PEM Board determines; or upon such time that the amendment may be implemented taking into consideration the technical changes that need to be introduced to the Market Management System (MMS) or to such other systems.

WHEREAS, WESM Rules Clause 8.4.1.1 enumerates the criteria for classifying a proposal as urgent, which require immediate action to:

- a) Avoid, reduce the risk of or mitigate the adverse effects of certain conditions on the ability of the power system to function normally;
- b) Avoid, reduce the risk of or mitigate the effects of the abuse of market power or anti-competitive behavior;
- c) Avoid, reduce the risk of or mitigate the unintended adverse effect of a WESM Rule (or any of its amendments) or a provision in a Market Manual;
- d) Facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA.

Provided further that the urgent amendments shall be implementable on the affected WESM/Retail operations and/or transactions within the period of six (6) months subject to the confirmation of the Market Operator;

WHEREAS, Section 7.4 (a) and (b) of the WESM-RCM provides that the PEM Board- approved urgent amendment shall become effective within twenty-four (24) hours after publication of the relevant Rules and/or Market Manuals in the market information website, and that the amendment shall be effective for a period of

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not more than six (6) months from publication or until such time that a general amendment on the same matter has been approved and become effective, whichever comes first;

WHEREAS, pursuant to Section 5.1 of the WESM-RCM in relation to WESM Rules Clause 8.4.1.1, the Independent Electricity Market Operator of the Philippines (IEMOP) as the WESM Market Operator, and the Philippine Electricity Market Corporation (PEMC) as the WESM Governance Arm, submitted the following urgent proposals in view of the implementation of enhanced WESM design and operations on 26 June 2021:

- a) *Proposed Urgent Amendments to Various WESM Manuals for Enhancements to Market Operator-System Operator Procedures (ORCP-WM-21-03)* – to enhance the processes between the Market Operator, System Operator and Trading Participant;
- b) *Proposed Urgent Amendments to WESM Manual on Billing and Settlement on Harmonization with ERC Decision on Case No. 2017-042RC regarding Additional Compensation (ORCP-WM-21-06)* – to align the procedures for additional compensation with the directives provided under the Energy Regulatory Commission's (ERC) decision on Case No. 2017-042RC;
- c) *Proposed Urgent Amendments to WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs, Issue 6 on Harmonization of Provisions on Automatic Pricing Re-runs with ERC Decision on Case No. 2017-042RC (ORCP-WR-WM-21-08)* – to harmonize the provisions on automatic pricing re-runs in the WESM Rules and Manuals with the ERC directives provided under ERC decision on Case No. 2017-042RC;

WHEREAS, pursuant to Section 7 of the WESM-RCM, the RCC gave due course to these proposals and endorsed it for approval to the PEM Board under RCC Resolution Nos. 2021-02 dated 30 March 2021¹, 2021-03 dated 26 April 2021² and 2021-05 dated 21 May 2021³, and which were approved by the PEM Board under Resolution Nos. 2021-34-09, 2021-35-13, and 2021-36-04, respectively;

WHEREAS, as qualified in the said RCC Resolutions in relation to WESM Rules Clause Section 8.5.4 (b), the full implementation of the proposed urgent amendments will be from the Go-Live Date of the enhanced WESM design and operations until six (6) months or until 26 December 2021;

WHEREAS, on 25 June 2021, the Department of Energy (DOE) issued Department Circular No. 2021-06-0015 declaring the commercial operations of the enhanced WESM design by 26 June 2021, which sets the expiry of the said urgent amendments by 26 December 2021;

WHEREAS, the IEMOP and PEMC as proponents of the above-mentioned urgent approved proposals submitted the general amendment versions to the RCC for its consideration, with update as follows:

- a) *Proposed General Amendments to Various WESM Manuals for Enhancements to Market Operator-System Operator Procedures (ORCP-WM-21-07)* – approved for endorsement to the PEM Board during the 184th RCC Regular Meeting held on 17 September 2021;
- b) *Proposed General Amendments to WESM Manual on Billing and Settlement on Harmonization with ERC Decision on Case No. 2017-042RC regarding Additional*

¹ Discussed during the 176th RCC Special Meeting held on 26 March 2021

² Discussed during the 178th RCC Special Meeting held on 21 April 2021

³ Discussed during the 179th RCC Meeting held on 21 May 2021

Compensation (ORCP-WM-21-09) – approved for endorsement to the PEM Board during the 184th RCC Regular Meeting held on 17 September 2021;

- c) *Proposed General Amendments to WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs, Issue 6 on Harmonization of Provisions on Automatic Pricing Re-runs with ERC Decision on Case No. 2017-042RC (ORCP-WR-WM-21-10)* – published for comments in the market information website from 25 August 2021 until 07 October 2021;

WHEREAS, pursuant to Section 7.2 (d) of the WESM-RCM, an assessment of the impact of the urgent amendment on prices and reliability and quality of electricity service, and the nature of the impact was required by the RCC, in response to which the IEMOP submitted the implementation updates and status of impact assessment on 09 September 2021, as follows:

| Approved Urgent Amendments | Implementation Updates |
|--|---|
| Amendments to Various WESM Manuals for Enhancements to Market Operator-System Operator Procedures (ORCP-WM-21-03) | <ul style="list-style-type: none"> Procedures specific to the Market Operator have already been implemented since 26 June 2021. Post-Dispatch reports already provided by System Operator. Regular coordination being done by Market Operator with System Operator on need to further improve accuracy of such reports for purposes of settlement and compliance. |
| Amendments to WESM Manual on Billing and Settlement on Harmonization with ERC Decision on Case No. 2017-042RC regarding Additional Compensation (ORCP-WM-21-06) | <ul style="list-style-type: none"> Necessary software enhancements have been completed and were certified by PAC's third-party auditor. Procedures specific to the Market Operator have already been implemented. |
| Amendments to WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs, Issue 6 on Harmonization of Provisions on Automatic Pricing Re-runs with ERC Decision on Case No. 2017-042RC (ORCP-WR-WM-21-08) | <ul style="list-style-type: none"> Necessary software configuration changes have been implemented prior to commercial operations on 26 June 2021. On-going review of the operational impact of CVC values in relation to scheduling and automatic pricing corrections. |

WHEREAS, in the same implementation update submitted by IEMOP, the RCC noted that the implementation of the approved urgent amendments attained the objectives of the proposal to harmonize with the provisions of the ERC decision on Case No. 2017-042RC;

WHEREAS, during the 184th RCC Regular meeting held on 17 September 2021, the RCC deemed that the effectivity of the above-mentioned PEM Board-approved urgent amendments should be extended

for the continued implementation of harmonized policies, considering the forthcoming expiry of these approved urgent amendments on 26 December 2021 and the period for processing its corresponding general proposal for DOE's approval;

WHEREAS, the RCC deems it necessary to request the PEM Board that the effectivity of the above-mentioned PEM Board-approved urgent amendments be extended until such time that a general amendment on the same proposal has been promulgated or decided upon by the DOE;

NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve *via* electronic communication platform, as follows:

RESOLVED, that the RCC hereby requests the PEM Board for extension of the effectivity of the following PEM Board-approved urgent amendments for another six (6) months from its expiry on 26 December 2021 or until 26 June 2022:

1. Amendments to Various WESM Manuals for Enhancements to Market Operator-System Operator Procedures (ORCP-WM-21-03)
2. Amendments to WESM Manual on Billing and Settlement on Harmonization with ERC Decision on Case No. 2017-042RC regarding Additional Compensation (ORCP-WM-21-06)
3. Amendments to WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs, Issue 6 on Harmonization of Provisions on Automatic Pricing Re-runs with ERC Decision on Case No. 2017-042RC (ORCP-WR-WM-21-08)

Done this **15th** day of **October 2021** *via* Microsoft Teams.

Approved by:
THE RULES CHANGE COMMITTEE

Independent Members:

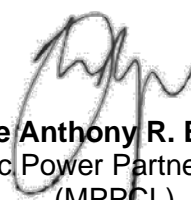
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Concepcion I. Tanglao

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(MPPCL)


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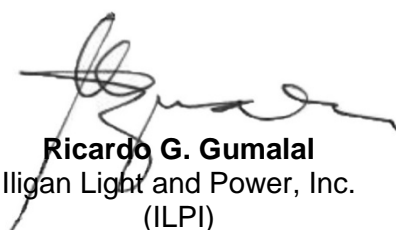

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