

RULES CHANGE COMMITTEE

Proposed General Amendments to the WESM Manual on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process



Effective Date : 21 October 2021
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WHEREAS, the DOE on 23 October 2015 adopted¹ enhancements to WESM design and operations which include among others the change from a 1-hour dispatch interval to a 5-minute dispatch interval;

WHEREAS, the Market Operator was tasked² to propose changes to the WESM Rules and Market Manuals, and ensure upgrading of the Market Management System and other systems which are necessary for the implementation of the enhancements to WESM design and operations;

WHEREAS, among the preparations made for the implementation of the enhanced market design, on 29 December 2020, the ERC promulgated its decision dated 29 August 2020 on ERC Case No. 2017-042RC approving the Price Determination Methodology (PDM) for the enhanced WESM design and operations;

WHEREAS, in line with the implementation of the enhancements to WESM design and operations, the ERC approved the pricing and settlement formulas to be applied in the five-minute dispatch interval market and provided further guidelines in the processing of additional compensation claims, as follows:

- eligibility of constrained-on plants during price substitution methodology (PSM) to claim additional compensation to recover their operating costs;
- two-week deadline for the reporting of discrepancies to the Dispatch Deviation Report and System Operator by generators;
- two-week deadline for the reconciliation of the reported discrepancies by the System Operator and generators;
- submission of the claim as disputed under the dispute resolution process of the WESM if the reported discrepancy was not reconciled within the two-week deadline;
- validation of actual generation against scheduled generation in determining the quantity eligible for additional compensation;
- one (1) year timeline for submission of claim for additional compensation in cases of must-run units (MRU) and constrain-on plants from the Merit Order Table (MOT), and fourteen (14) working day timeline for submission of claim in cases of oil-based plants during secondary price cap (SEC) mechanism, administered pricing (AP), and constrained-on plants during PSM;
- sixty (60) day timeline for submitting supporting documents of a claim;
- non-exhaustive list of required supporting documents;
- fourteen (14) working day deadline for the Market Operator's approval of a claim in cases of MRU, MOT, AP, and PSM, and thirty-day deadline for the Market Operator's approval of a claim in case of SEC;
- filing of dispute by the claimant in case of inaction by the Market Operator within the prescribed deadline; and
- staggered collection from customers if rate impact is greater than PhP 0.005 / kWh.

¹ DOE Department Circular No. 2015-10-0015 dated 23 October 2015.

² Section 3, *ibid*.

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WHEREAS, on 16 April 2021, the Market Operator (Independent Electricity Market Operator of the Philippines or IEMOP) submitted to the Rules Change Committee (RCC) the proposed urgent amendments to the WESM Manual on Billing and Settlement Issue 6.1 (BSM) in view of the forthcoming implementation of the enhanced WESM design and operations on 26 June 2021 ("Go-Live Date");

WHEREAS, the proposal seeks to:

- (1) harmonize the BSM with the abovementioned ERC Decision on ERC Case No. 2017-042RC;
- (2) provide supplementary guidelines on the additional compensation process in the BSM; and
- (3) consistently apply the guidelines to the different pricing or dispatch conditions eligible for additional compensation;

WHEREAS, in accordance with the procedures for processing proposed urgent amendments³, the RCC immediately convened for a special meeting on 21 April 2021⁴ and determined that the proposal satisfies the criteria for urgent proposals set forth in Clause 8.4.1.1 of the WESM Rules⁵, proceeded to deliberate on the urgent proposal, and approved to endorse the same to the PEM Board, as amended, embodied in RCC Resolution 2021-03 dated 26 April 2021;

WHEREAS, the PEM Board subsequently deliberated and approved the urgent proposal on 28 April 2021 per PEM Board Resolution No. 2021-35-13, as submitted, after which the revised WESM Rules and WESM Manuals reflecting the urgent amendments were posted in the PEMC website on 29 April 2021 for provisional implementation within a period of no more than six (6) months. The WESM Manual on Billing and Settlement Issue 6.1 took effect on the commencement date of the enhanced market design and operations on 26 June 2021;

WHEREAS, following the process for urgent proposals, the IEMOP on 28 June 2021 re-submitted to the RCC the PEM Board-approved urgent proposed amendments as a general proposal to be processed as such, for final approval and promulgation of the DOE;

WHEREAS, the RCC took up the general proposal during its 181st meeting on 16 July 2021 and approved to post the proposal in the PEMC website, as submitted, to solicit comments from WESM Members and stakeholders;

WHEREAS, following the 30-working day commenting period from 19 July to 01 September 2021, comments were received from PEMC, SPC Island Power Corp. (SPIC) and Aboitiz Power Corp. (APC) which, together with the IEMOP's responses to said comments, the RCC considered during its deliberation;

WHEREAS, the RCC deliberated on the proposal during its 184th and 185th meetings on 17 September and 15 October 2021, respectively, where the body agreed to make the following revisions:

- 1) Changed the timelines, except that of claims arising from being designated as must-run unit or constrain-on generating unit, within which Market Participants may file with the Market Operator claims for additional compensation, as follows:

³ Section 7.2 of the WESM Manual on Procedures for Changes to the WESM and Retail Rules and Market Manuals

⁴ 178th RCC (Special) Meeting

⁵ Also in Section 3.1 of the WESM Manual on Procedures for Changes to the WESM and Retail Rules and Market Manuals



Condition	Timeline for Filing	
	Proposal (based on ERC Decision)	RCC Revision
1) Market suspension or market intervention	not later than fourteen (14) working days after the resumption of the market	not later than fourteen (14) working days after the issuance of the WESM final statement bill and settlement data
2) Constrained-on generators in dispatch intervals when the price substitution methodology due to congestion was applied	not later than fourteen (14) working days after the trading day when the generating unit was constrained-on	
3) Price mitigation measure was applied	not later than fourteen (14) working days after the imposition of the price mitigation measure has been lifted, unless a different period is set out in the relevant issuances	

Although the adopted timelines deviate from the ERC Decision, the RCC accepted the comments from APC and SIPC stating that the data to be used as bases for computing additional compensation, if warranted, are yet to be finalized if the timelines from the ERC Decision are adopted. Trading Participants use the final settlement bill and data as primary reference for claiming additional compensation. Further, reckoning the time period for filing claims from the issuance of final settlement data would save the parties involved from doing redundant validation process.

- 2) Allowed submission in advance of electronic or scanned copies of the required documents for claiming additional compensation, provided that the physical copies of the same shall also be submitted which shall trigger the validation process.
- 3) Retained the original process in Section 10.2.4 which states that claims not acted upon by the Market Operator within the prescribed processing timeframe shall be deemed approved, which is contrary to the proposal and ERC Decision stating that claims be considered disapproved, and that Trading Participants may consequently raise a dispute against the Market Operator. The RCC considered that (1) the Market Operator should also strictly comply with the prescribed timelines in the same way that Trading Participants do in relation to this process, (2) additional compensation aims to compensate the generators only for their marginal costs (e.g., fuel and variable costs) incurred for complying with dispatch instructions below their offer price, and essentially for services already rendered, and (3) the dispute resolution process is quite tedious.
- 4) Added diagrams regarding the Market Operator's collection of one-time payment and installment payment for approved claims for additional compensation, for clarity.
- 5) Removed option of automatic approval (or disapproval) of a claim if the Market Operator does not act upon it within the prescribed processing period to prevent possible adverse effect of said option to either the Generators (if automatic disapproval) and Customers (if automatic approval).

- 6) Added new provision stating that Trading Participants may seek recourse under the ambit of the WESM if their claim or part of their claim for additional compensation is disapproved.

WHEREAS, the RCC finalized the proposal on 21 October 2021 and approved its endorsement to the PEM Board. The RCC noted that after the DOE's approval of the proposal, the ERC's approval shall be further requested on the proposed timelines of filing claims for additional compensation and effect when the Market Operator has not acted upon such claims;

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

RESOLVED, that the RCC approves as amended the Proposed General Amendments to the WESM Manual on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process attached as Annex A;

RESOLVED FURTHER, that the said Proposed General Amendments to the WESM Manual on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process, are hereby endorsed to the PEM Board for approval and subsequent transmittal to the DOE for promulgation;

Done this **21st** day of **October 2021**, *via* Microsoft Teams.



Approved by:
THE RULES CHANGE COMMITTEE

Independent Members:

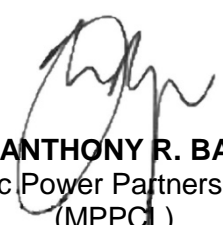

MAILA LOURDES G. DE CASTRO
 Chairperson


FRANCISCO L.R. CASTRO, JR.

ALLAN C. NERVES

CONCEPCION I. TANGLAO

Generation Sector Members:


DIXIE ANTHONY R. BANZON
 Masinloc Power Partners Co. Ltd.
 (MPPCL)

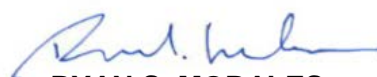

CHERRY A. JAVIER
 Aboitiz Power Corp.
 (APC)

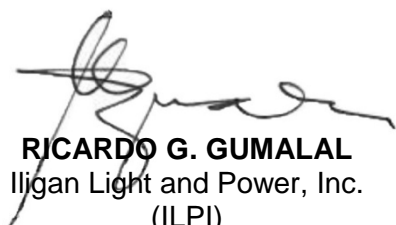

CARLITO C. CLAUDIO
 Millennium Energy, Inc./ Pansia Energy, Inc.
 (MEI/PEI)


MARK D. HABANA
 Vivant Corporation - Philippines
 (Vivant)

Distribution Sector Members:


VIRGILIO C. FORTICH, JR.
 Cebu III Electric Cooperative, Inc.
 (CEBECO III)


RYAN S. MORALES
 Manila Electric Company
 (MERALCO)


RICARDO G. GUMALAL
 Iligan Light and Power, Inc.
 (ILPI)


NELSON M. DELA CRUZ
 Nueva Ecija II Area 1 Electric Cooperative, Inc.
 (NEECO II – Area 1)



Supply Sector Member:



LORRETO H. RIVERA
TeaM (Philippines) Energy Corporation
(TPEC)

Market Operator Member:



ISIDRO E. CACHO, JR.
Independent Electricity Market Operator of the Philippines
(IEMOP)

System Operator Member:



AMBROCIO R. ROSALES
National Grid Corporation of the Philippines
(NGCP)



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Proposed General Amendments to the WESM Manual on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process

WESM Manual on Billing and Settlement Issue 6.1				
Title	Section	Provision	Proposed Amendment	Rationale
CRITERIA FOR ADDITIONAL COMPENSATION	10.1	In accordance with Section 8.3.3 of the Price Determination Methodology Manual, Trading Participants may be entitled to additional compensation when the cost incurred in complying with the dispatch instruction are not sufficiently covered by the trading amounts, related to <i>settlement intervals</i> with <i>dispatch intervals</i> under any of the following conditions: a) Market suspension or Market intervention; or b) When the trading participant is designated as must run unit or constrain on generating unit.	10.1.1 In accordance with Section 8.3-3 of the Price Determination Methodology Manual, <i>Trading Participants</i> may be entitled to additional compensation when the cost incurred in complying with the <i>dispatch instruction</i> are not sufficiently covered by the trading amounts, related to <i>settlement intervals</i> with <i>dispatch intervals</i> under any of the following conditions: a) <i>Market suspension or Market Intervention; or</i> b) When the <i>Trading Participant</i> <u>has a generating unit that</u> is designated as <i>must run unit or constrain-on generating unit</i> <u>as shown in the Dispatch Instruction Report submitted by the System Operator to the Market Operator in accordance with the WESM Rules or relevant market manual;</u> <u>or</u> c) <u>When the Trading Participant has a generating unit that was scheduled and dispatched as a constrained-on generator</u>	To include all conditions allowing for additional compensation provided under Section 4.4 of ERC Decision on Case No. 2017-042RC (“ERC Decision”)



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Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>in dispatch intervals when price substitution methodology due to congestion was applied; or</u></p> <p>d) <u>A Trading Participant has a generating unit that was scheduled and dispatched in dispatch intervals when price mitigation measure imposed by the ERC or other competent government agency was applied may also be entitled to additional compensation in accordance with and subject to the conditions set out in the issuance of the ERC or the competent government agency that imposed the price mitigation measure. In case of conflict between the provisions of this Market Manual and said issuances in respect to payment of compensation to affected Trading Participants, the latter issuances shall prevail.</u></p>	
CRITERIA FOR ADDITIONAL COMPENSATION	(New)	(New)	<p><u>10.1.2 In the event that two (2) or more of the conditions occur in the same dispatch interval and a Trading Participant is entitled to additional compensation due to more than one condition, the Trading Participant and the Market Operator shall adhere with the procedures and timelines of</u></p>	Include a hierarchy in cases when two or more conditions are present. The proposed hierarchy is consistent with the order applied when determining the final energy dispatch price for a dispatch



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			<p><u>the condition with the highest priority based on the following hierarchy:</u></p> <p>a) <u>Claim category in Section 10.1.1(a)</u> b) <u>Claim category in Section 10.1.1(d)</u> c) <u>Claim category in Section 10.1.1(c)</u> d) <u>Claim category in Section 10.1.1(b)</u></p>	interval provided under Section 4.12 of the Price Determination Methodology Manual
FILING OF CLAIMS	10.2.1	<p><i>Trading Participants</i> shall submit the written claim for additional compensation within the allowable timeframe, as follows:</p> <p>a) <i>Market suspension or market intervention</i> – fourteen (14) days after the resumption of the market; and b) <i>Must-run unit or constrain-on generating unit</i> – within one (1) year after the <i>trading participant</i> was designated as <i>MRU</i> or <i>constrain-on generating unit</i>.</p> <p>Any claims not filed within such period shall be deemed waived.</p>	<p><i>Trading Participants</i> shall submit the written claim for additional compensation within the allowable timeframe <u>and basis of computation</u>, as follows:</p> <p>a) <i>Market suspension or market intervention</i> – <u>not later than</u> fourteen (14) <u>working days</u> after the and <u>issuance of the WESM final statement bill and settlement data.</u></p> <p>b) <i>Must-run unit or constrain-on generating unit</i> – within one (1) year after <u>from the time</u> the affected <i>Trading Participant</i> was designated <u>complied with dispatch instructions</u> as <i>MRU</i> or <i>constrain-on generating unit</i>;</p> <p>c) <u>Constrained-on generators in dispatch intervals when the price substitution methodology due to congestion was applied – not later than fourteen (14) working days after</u></p>	<p>To provide clear timelines in facilitating the process for claiming additional compensation.</p> <p>Note that the proposed timelines for claiming additional compensation arising from the following market conditions deviate from the timelines prescribed in the ERC Decision:</p> <p>(1) market suspension or market intervention (item a), (2) designation as constrain-on generator when price substitution methodology was applied (item c), and (3) when price mitigation measure was applied (item d).</p>

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			<p><u>the issuance of the WESM final statement bill and settlement data.</u></p> <p><u>d) Qualified Trading Participants in dispatch intervals when price mitigation measure was applied – not later than fourteen (14) working days after the issuance of the WESM final statement bill and settlement data.</u></p> <p>Any claims not filed within such period shall be deemed waived.</p>	These proposed timelines are based on practical purposes since Market Participants use the final settlement bill and data as primary reference for claiming additional compensation.
FILING OF CLAIMS	10.2.2	<p><i>Trading Participants</i> shall submit sufficient proof regarding the costs incurred, which are limited to fuel cost and variable operating and maintenance costs, which may include start-up and shut down cost. Below is the non-exhaustive list of requirement documents in filing claims for additional compensation:</p> <p>a) Certified correct Fuel Consumption and Inventory Report;</p> <p>b) Purchase Invoices, Official Receipts and other supporting documents; and</p>	<p><u>Within a maximum period of sixty (60) business days from the Market Operator's receipt of the written claim.</u> <i>Trading Participants</i> shall submit <u>the complete documentation that provides</u> sufficient proof regarding the costs incurred, which are limited to fuel cost and variable operating and maintenance costs, which may include start-up and shut down cost. Below is the non-exhaustive list of requirement documents in filing claims for additional compensation:</p> <p>a) <u>Market suspension, market intervention, must-run unit or constrain-on generating unit –</u></p>	<p>Harmonize with the timeline for submitting supporting documents under ERC Decision Sections 4.4.2.1.2, 4.4.2.2.2, 4.4.2.3.2, 4.4.2.4.2, and 4.4.2.5.2.</p> <p>Harmonize with the list of supporting documents under ERC Decision Sections 4.4.3.1, 4.4.3.2, 4.4.3.3, 4.4.3.4, and 4.4.3.5.</p> <p>Also propose to identify the responsibilities of parties on the provision of data and clarify impact</p>

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Title	Section	Provision	Proposed Amendment	Rationale
		c) ERC-approved rate or List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts.	<p><u>i.</u> Certified correct Fuel Consumption and Inventory Report;</p> <p><u>ii.</u> Purchase Invoices, Official Receipts and other supporting documents; and</p> <p><u>iii.</u> <i>ERC-approved rate or List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts.</i></p> <p>b) <u><i>Constrained-on generators in dispatch intervals when the price substitution methodology due to congestion was applied or qualified Trading Participants in dispatch intervals when price mitigation measure was applied, unless a different set of requirements is set out in the relevant issuance of the ERC or competent agency imposing the price mitigation measure, –</i></u></p> <p><u>i.</u> <u>Actual fuel consumption and inventory report, duly certified by the Vice President of Finance of the power plant applying for additional compensation;</u></p>	of submission of supporting documents beyond the sixty-day timeline.

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			<div>ii. <u>Purchase Invoices, Official Receipts and other supporting documents; and</u></div> <div>iii. <u>List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts.</u></div> <div><u>The Trading Participant shall also ensure that any data or document required from the System Operator or other WESM Service Providers, as may be applicable, shall be submitted to the Market Operator within the same sixty-business day period.</u></div> <div><u>The Market Operator may allow submission of electronic or scanned copy of documents, provided that physical copy of the required documents shall also be submitted. Final validation shall be done only after receipt of the physical copy of the documents within the same sixty-business day period.</u></div> <div><u>Any data or document submitted after the prescribed period shall not be used by the Market Operator as basis for additional compensation.</u></div>	



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Title	Section	Provision	Proposed Amendment	Rationale
FILING OF CLAIMS	10.2.3	The Market Operator shall determine validity of the costs incurred based on the aforementioned supporting documents.	The <i>Market Operator</i> shall determine validity of the <u>claim and the</u> costs incurred based on the aforementioned supporting documents.	Clarify that the MO will only validate if additional compensation is warranted based on the costs indicated in the supporting documents submitted by the generator but will not validate the cost items submitted
FILING OF CLAIMS	10.2.4	The Market Operator shall inform the requesting Trading Participant of the approval or disapproval of the claim within fourteen (14) working days from receipt of the complete documents from the Trading Participant. Any claim not decided within fourteen (14) working days shall be deemed approved and shall be allocated and billed immediately in the succeeding billing period.	<p>The <i>Market Operator</i> shall inform the requesting <i>Trading Participant</i> of the approval or disapproval of the claim within <u>the following periods reckoned</u> fourteen (14) working days from receipt of the complete documents from the <i>Trading Participant</i>:</p> <p>a) For claims under the claim category in Section 10.1.1 (a), (b), and (c) - within fourteen (14) working days;</p> <p>b) For claims under the claim category in Section 10.1.1 (d) - within thirty (30) business days, unless a different period is set out in the relevant issuance of the ERC or competent agency imposing the price mitigation measure.</p> <p>Any claim not decided within fourteen (14) working days shall be deemed <u>If the claim or part of the clam is</u> approved and, <u>the approved portion of the claim</u> shall be allocated and billed immediately in the</p>	<ul style="list-style-type: none"> To harmonize the timelines for the Market Operator's approval or disapproval of the claim with ERC Decision Sections 4.4.4.1.1, 4.4.4.2, 4.4.4.3.1, 4.4.4.4.1, and 4.4.4.5.1. To remove the option of automatic approval (or disapproval) of a claim not processed by the Market Operator within the prescribed timeline to prevent possible adverse effect of said option to either the Generators (if automatic disapproval) and Customers (if automatic approval).

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			<p>succeeding billing period in accordance with Sections 10.4.3 and 10.4.4.</p> <p><u>If the claim or part of the clam is disapproved, the Trading Participant may seek due recourse in accordance with pertinent WESM Rules and Market Manuals.</u></p>	<ul style="list-style-type: none"> To provide that Trading Participants may seek recourse under the ambit of the WESM if their claim for additional compensation is disapproved.
	(New)	(New)	<u>10.3 QUANTITY ELIGIBLE FOR ADDITIONAL COMPENSATION</u>	Proposed new section to describe the procedures in determining the quantities eligible for additional compensation
	(New)	(New)	<u>10.3.1 For claims due to designation as <i>must run</i> units, the Market Operator shall determine the <i>must-run unit</i> quantity or volume that shall be eligible for additional compensation in accordance with the relevant provision under Section 8.3 of the Price Determination Methodology Manual and Section 17 of the Dispatch Protocol Manual.</u>	Provide reference to the PDM for the calculation of additional compensation quantity of must run units
	(New)	(New)	<u>10.3.2 For claims due to market suspension, market intervention, designation as constrain-on units, implementation of price substitution methodology, or imposition of price mitigation measures unless a different formula is set out in the relevant issuance of the ERC or competent</u>	It is proposed that the calculation of additional compensation quantity for the rest of the conditions be harmonized with ERC Decision Section 4.4.1.2 for consistency.

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			<p><u>agency imposing the price mitigation measure, the <i>Market Operator</i> shall determine the volume that shall be eligible for additional compensation in accordance with the following formula:</u></p> <p>a) <u>If the actual generation of the <i>generating unit</i>, $GESQ_{g,i}$, is less than or equal to its scheduled generation plus the allowable deviation, $SG_{g,i} + \text{Max}[1, (1.5\% \times SG_{g,i})]$,</u></p> $ACQ_{g,i} = GESQ_{g,i} - \sum_{b \in B} BCQ_{g,b,i} - ASIE_{g,i}$ <p>b) <u>If the actual generation of the <i>generating unit</i> is more than its scheduled generation plus the allowable deviation,</u></p> $ACQ_{g,i} = SG_{g,i} - \sum_{b \in B} BCQ_{g,b,i} - ASIE_{g,i}$ <p><u>Where:</u> <u>$ACQ_{g,i}$ refers to the additional compensation quantity of <i>generating unit g</i> for <i>dispatch interval i</i></u></p>	



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Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>GESQ_{g,i}</u> refers to the <i>gross energy settlement quantity of generating unit g for dispatch interval i</i></p> <p><u>BCQ_{g,b,i}</u> refers to the <i>bilateral contract quantity of generating unit g to buying trading participant b for dispatch interval i</i></p> <p><u>B</u> set of all buying <i>trading participants</i> that <i>generating unit g</i> has a contract with</p> <p><u>ASIE_{g,i}</u> refers to the <i>ancillary services incidental energy of generating unit g for dispatch interval i</i></p> <p><u>SG_{g,i}</u> refers to the <i>scheduled generation of generating unit g for dispatch interval i</i> calculated in accordance with Section 10.3.3</p>	
	(New)	(New)	<p><u>10.3.3 The scheduled generation of a <i>generating unit</i> that filed a claim for additional compensation shall be calculated using the following formulas:</u></p> <p>a) <u>If due to declaration of <i>market suspension</i> or <i>market intervention</i>,</u></p>	Include the proposed formula for determining the scheduled generation of a generating unit for each additional compensation condition. In general, the formulas calculate the equivalent energy resulting from the linear compliance of the generating unit to its dispatch target.

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			$SG_{g,i} = \frac{(DT_{g,i-1} + DT_{g,i})}{2} \times \frac{1}{12}$ <p>b) <u>If due to designation as <i>constrain-on unit</i>,</u></p> $SG_{g,i} = \frac{(IL_{g,i} + DI_{g,i})}{2} \times \frac{1}{12}$ <p>c) <u>If due to scheduling and dispatch as a <i>constrained-on unit</i> during price substitution methodology,</u></p> $SG_{g,i} = \frac{(IL_{g,i} + DT_{g,i})}{2} \times \frac{1}{12}$ <p>d) <u>If due to imposition of a price mitigation measure, unless a different formula is set out in the relevant issuance of the <i>ERC</i> or competent agency imposing the price mitigation measure,</u></p> $SG_{g,i} = \frac{(IL_{g,i} + DT_{g,i})}{2} \times \frac{1}{12}$	



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			<p><u>Where:</u></p> <p><u>SG_{g,i}</u> refers to the scheduled generation of <i>generating unit q</i> for <i>dispatch interval i</i></p> <p><u>DT_{g,i}</u> refers to the most recent dispatch target either based on the <i>dispatch schedule</i> from the <i>Market Operator</i> or a <i>dispatch instruction</i> from the <i>System Operator</i> received by <i>generating unit q</i> for <i>dispatch interval i</i></p> <p><u>DT_{g,i-1}</u> refers to the most recent dispatch target either based on the <i>dispatch schedule</i> from the <i>Market Operator</i> or a <i>dispatch instruction</i> from the <i>System Operator</i> received by <i>generating unit q</i> for the immediately preceding <i>dispatch interval</i> of <i>dispatch interval i</i></p> <p><u>IL_{g,i}</u> refers to the initial loading of <i>generating unit q</i> as determined by the <i>Market Management System</i> for <i>dispatch interval i</i></p> <p><u>DI_{g,i}</u> refers to the most recent <i>dispatch instruction</i> from the <i>System</i></p>	

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Title	Section	Provision	Proposed Amendment	Rationale
			<u>Operator received by generating unit g for dispatch interval i</u>	
	(New)	(New)	<p>10.3.4 In the event that the <i>scheduling point of the generating unit is not at the same location as its market trading node</i>, the <i>Market Operator shall adjust the scheduled generation calculated under Section 10.3.3 such that the volume shall correspond to the scheduled output of the generation unit at its market trading node. The Market Operator shall adjust the scheduled generation in accordance with the following formula:</i></p> $SG_{n,g,i} = SG_{sp,g,i} \times \frac{\sum_{n \in N_g} SQ_{n,i}}{\sum_{sp \in SP_g} SQ_{sp,i}}$ <p><u>Where:</u></p> <p><u>SG_{n,g,i}</u> refers to the scheduled generation of <i>generating unit g at its market trading node n for dispatch interval i</i></p> <p><u>SG_{sp,g,i}</u> refers to the scheduled generation of <i>generating unit g at its scheduling point sp for dispatch interval i</i></p>	Propose to include procedure for adjusting scheduled generation to the market trading node if the scheduling point is at a different location. This is to have a proper comparison between the actual generation and scheduled generation in the determination of the additional compensation quantity of the claimants.



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WESM Manual on Billing and Settlement Issue 6.1				
Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>$SQ_{n,q,i}$ refers to the snapshot quantity at market trading node n for dispatch interval i</u></p> <p><u>$SQ_{n,q,i}$ refers to the snapshot quantity at scheduling point sp for dispatch interval i</u></p> <p><u>N_q refers to the set of market trading nodes of the generating units within the generating system of which generating unit q is a member</u></p> <p><u>SP_q refers to the set of scheduling points of the generating units within the generating system of which generating unit q is a member</u></p>	
	(New)	(New)	<u>10.4 BILLING AND SETTLEMENT OF ADDITIONAL COMPENSATION</u>	Proposed new section to include billing and settlement procedures under the ERC Decision
	(New)	(New)	<u>10.4.1 The Market Operator shall determine the share in the additional compensation amount of each Trading Participant in accordance with the provisions under Section 8.3 of the Price Determination Methodology Manual.</u>	Provide reference to the allocation of the additional compensation amount from the PDM
	(New)	(New)	<u>10.4.2 The Market Operator shall calculate the possible rate impact to each WESM Customer of</u>	Include formula for calculating the rate impact to WESM customers which will be used as the criteria for

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Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>each approved claim in accordance with the following formula:</u></p> $RI_{c,ac} = \frac{ACA_{c,ac}}{GESQ_{c,m}}$ <p><u>Where:</u></p> <p><u>RI_{c,ac}</u> refers to the rate impact to customer c of additional compensation claim <u>ac</u></p> <p><u>ACA_{c,ac}</u> refers to the share in the additional compensation amount of customer c for additional compensation claim <u>ac</u></p> <p><u>GESQ_{c,m}</u> refers to the total gross energy settlement quantity of customer c for the <i>billing period</i> m when the additional compensation amount ac will first be recovered</p> <p><u>The customer rate impact shall be calculated for each claiming <i>Trading Participant</i> and shall cover its claim for each <i>billing period</i> and for each claim category.</u></p>	determining whether the WESM customer will have one-time or staggered payment consistent with ERC Decision Section 4.4.5.2



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Title	Section	Provision	Proposed Amendment	Rationale
	(New)	(New)	<p><u>10.4.3 The approved claim of each <i>Trading Participant</i> covering each <i>billing period</i> and for each claim category shall be billed on the <i>billing period</i> immediately following the approval of the claim and payments shall be collected as follows:</u></p> <p>a) <u>If the calculated customer rate impact is less than or equal to PhP0.005/kWh – in one (1) payment on the scheduled due date of the <i>billing period</i> immediately following the approval of the claim; or</u></p> <p>b) <u>If the calculated customer rate impact is more than PhP0.005/kWh – in four (4) equal installments over four (4) successive <i>billing periods</i> starting on the scheduled date of the <i>billing period</i> immediately following the approval of the claim.</u></p>	To include the procedure for charging in one-time or staggered payment as provided under ERC Decision Section 4.4.5.2
	(New)	(New)	<p><u>10.4.4 The <i>Market Operator</i> shall collect payments for the approved claim within the following timeframe –</u></p> <p>a) <u>For claims with rate impact equal or less than PhP0.005/kWh – on the due date of the <i>billing period</i> immediately following the approval of the claim; and</u></p>	To clarify the procedure for collecting in one-time or staggered payment consistent with ERC Decision Section 4.4.5.3

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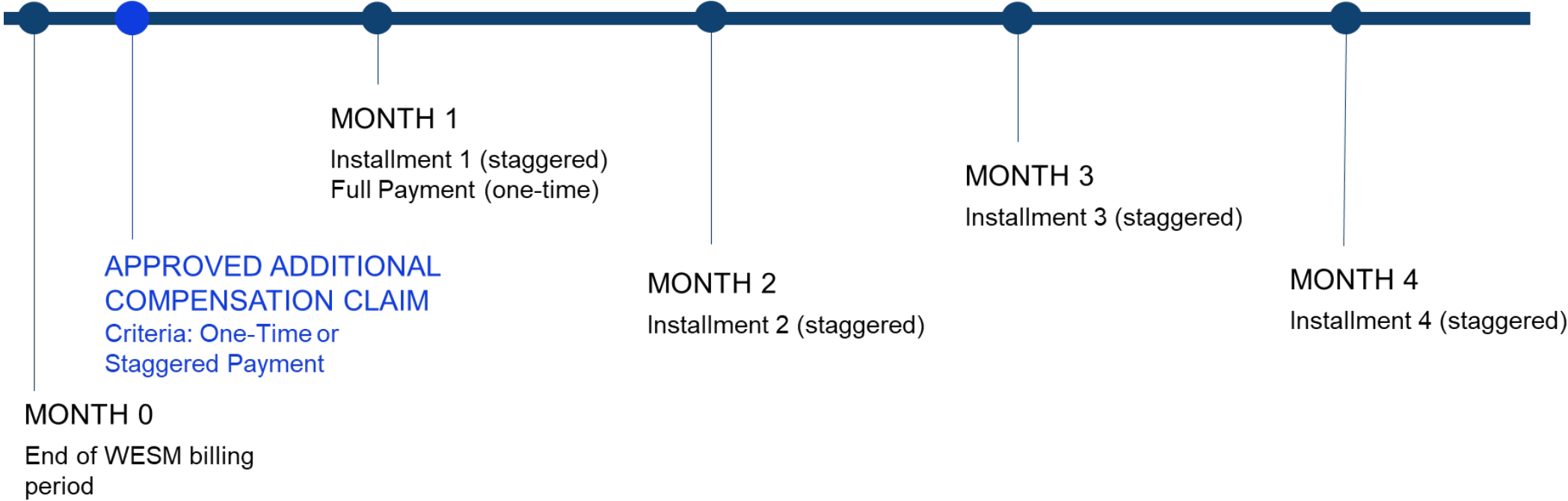
WESM Manual on Billing and Settlement Issue 6.1				
Title	Section	Provision	Proposed Amendment	Rationale
			<p>b) <u>For claims with rate impact of higher than PhP0.005/kWh – installment payment shall be collected starting from the due date of the <i>billing period</i> immediately following the approval of the claim.</u></p> <p><u>It is provided, however, that if a <i>Trading Participant</i> has more than one (1) approved claim for each claim category (i.e., covering more than one (1) billing period), only one claim shall be billed in a <i>billing period</i>, starting with the earliest <i>billing period</i>.</u></p> <p><i>[Add diagrams - see diagrams below table]</i></p>	
	(New)	(New)	<p><u>10.4.5 The collected amounts from staggered payments shall be pro-rated to the <i>Trading Participants</i> which the payment is due.</u></p>	To include the procedure for paying claimants when staggered collection is applied as provided under ERC Decision Section 4.4.5.4
	(New)	(New)	<p><u>10.4.6 The payment for additional compensation of customers that have switched to a different <i>Direct WESM Member</i> shall be billed to the current <i>Direct WESM Member</i> provided that the bill shall reflect the period of consumption and the corresponding <i>Direct WESM Member</i> during</u></p>	To harmonize the collection from Indirect WESM Members with ERC Decision Section 4.4.5.5

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			<u>the period of the additional compensation event under claim.</u>	

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

10.4.4



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Figure 1 Collection for WESM Billing Period 0

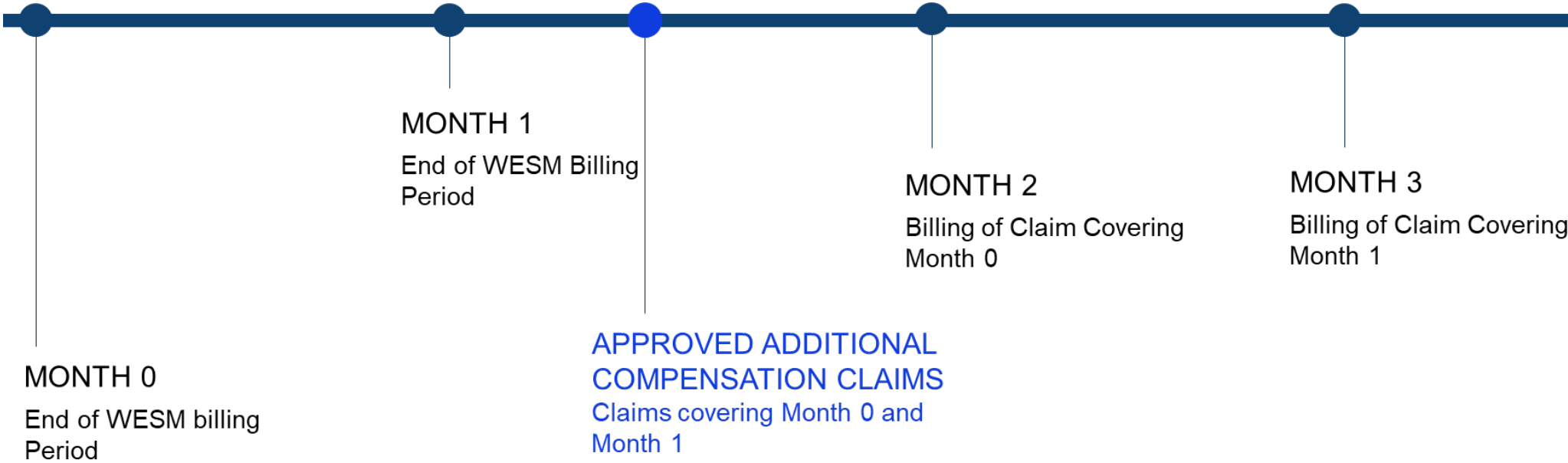


Figure 2 Multiple Approved Claims Covering More Than 1 Billing Period