

**PROPOSED AMENDMENTS TO THE
CATALOGUE OF MARKET MONITORING DATA
AND INDICES (CMMDI)**

Market Surveillance Committee

24 October 2019

I. SUMMARY OF THE PROPOSED RULES CHANGE

The amendments to the Catalogue of Market Monitoring Data and Indices Issue 1.0 (“Catalogue”) are being proposed to introduce additional indices on the spot price indices and the generator offer indices, as well as to incorporate updates and revisions to align with the implementation of the 5-minute dispatch interval, and the proposed Market Surveillance Manual Issue 4.0, which is currently being reviewed by the Department of Energy (DOE).

II. BACKGROUND

Clause 1.6.2 of the WESM Rules provides for the Responsibilities of the Market Surveillance Committee (MSC). These include the monitoring of activities conducted by WESM Participants in the spot market; and the preparation of periodic reports, which outline: (1) activities of WESM Participants in the spot market; (2) apparent or suspected incidents of anti-competitive behavior by any WESM Participant; and (3) matters concerning the operation of the spot market generally, which reports shall be submitted to the PEM Board, the DOE and ERC upon completion.

Consequently, to support the discharge of the above responsibilities, the MSC developed the Catalogue of Market Monitoring Data and Indices to analyze the monitoring data or other information collected in connection with market surveillance, pursuant to Section 7.2.2 of the Market Surveillance, Compliance and Enforcement Market (MSCEM) Manual Issue 3. The indices contained in the *Catalogue* provide the assessment tools for the MSC to assess competition and market outcomes, and are used to identify conditions that may require further assessment or investigation.

As provided for in both the MSCEM Manual Issue 3 and in the CMMDI Issue 1, the MSC can add, remove or otherwise modify monitoring indices as it deems necessary, and to select the monitoring indices it considers appropriate and useful¹. The MSCEMM further provides that the MSC may receive recommendations from the PEM Board, and other interested parties, in updating the monitoring indices⁴.

The *Catalogue* is based on the Report authored by the Soluziona and Mercados Energy Market Groups on 05 November 2005. The same was prepared for the Department of Energy (DOE) and the Asian Development Bank (ADB) under the Implementation Plan for WESM Institution-Building (TA 4073-PHI). The *Catalogue* was approved by the MSC and was rendered effective on 17 May 2006.

The proposal to amend the *Catalogue* was studied and deliberated upon by the MSC in several meetings. The MSC reviewed the *Catalogue* in its entirety, and discussed the general proposed amendments on 20 May 2019. During the same meeting, the methodology on the proposed generation offer index was also deliberated and approved.

On the other hand, the proposed new spot price indices were discussed and approved by the MSC on 13 June 2019. The MSC then approved on 10 July 2019 the proposed CMMDI Issue 2.0 in its manual form, incorporating the proposed additional indices, and further agreed, to: (a) publish the proposed amendments to solicit comments from stakeholders and interested parties; and (b) present the proposal to the Rules Change Committee (RCC) and the PEM Board for consultation.

¹ Section 1.3, CMMDI Issue 1, and Section 7.2.2.5, MSCEM Manual Issue 3

⁴ Section 1.3, CMMDI Issue 1, and Section 7.2.2.6, MSCEM Manual Issue 3

III. THE PROPOSED RULES CHANGE

The proposed amendments seek to: (a) incorporate updates and revisions to align with the implementation of the 5-minute dispatch interval, and the proposed Market Surveillance Manual Issue 4.0, and (b) introduce the following indices:

	Index Type	Purpose
Spot Price Indices		
1	Supply Margin-Price Index (SMPI)	To identify the intervals with very high or very low prices based on the historical relationship of supply margin and price.
2	Price Spike	To identify the occurrence of a high spot price
3	Sustained High Price	To identify the occurrence of high spot prices for a sustained period.
4	Price Creep Up	To determine the magnitude of the upward movement of price in terms of percent increase.
Generation Offer Indices		
5	Offer Outlier Detection	To measure and detect significant changes in offer prices that fall beyond the upper and lower limit reference offers.
6	Offer Average Price Difference	To measure the magnitude of change of offers from reference offers in terms of price and percentage
7	Offer Average Percent Difference	

IV. BACKGROUND AND DESCRIPTION OF THE PROPONENT

The proponent is the MSC of the Philippine Electricity Market Corporation (PEMC), composed of the following:

Francis V. Mapile – Chairman
Peter Lee U – Member
Doroteo B. Aguila – Member
Eulinia Valdezco – Member
Fernando Martin Y. Roxas – Member

V. CONCLUSIONS AND RECOMMENDATIONS

The *Catalogue* is being amended to set out new indices that will enhance the tools being used by the MSC in its market monitoring and surveillance functions, and will further support the MSC's determination of unusual market outcome or behavior that may require further assessment and investigation. In addition, the proposal incorporates updates and revisions that are necessary to align with the implementation of the 5-minute dispatch interval, and the proposed Market Surveillance Manual Issue 4.0.

VI. REFERENCES

WESM Rules
Market Surveillance Compliance and Enforcement Market Manual Issue 3.0
Catalogue of Market Monitoring Data and Indices Issue 1.0