

RULES CHANGE COMMITTEE

Proposed Amendments to the WESM Rules and Manuals regarding Penalty Framework on Test and Commissioning



Effective Date : 10 November 2022
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WHEREAS, the Philippine Electricity Market Corporation (PEMC) is the Governance Arm of the Wholesale Electricity Spot Market (WESM) responsible for, among others, fostering Market Participants' adherence to market rules and manuals;

WHEREAS, the Department of Energy (DOE) promulgated Department Circular No. DC2021-06-0013 entitled *Adopting a General Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network* on 03 June 2021, which provided clear-cut procedures and timelines on the conduct of test and commissioning;

WHEREAS, the DOE, per Section 9 of the said Circular, mandated PEMC as the WESM Governance Arm to propose changes to the WESM Rules and relevant Market Manuals in accordance with the enforcement and compliance to the policy provided in the subject Circular¹, and to recommend to the DOE and ERC possible sanctions and other measures that will promote compliance of concerned stakeholders to the policies stated in the same Circular²;

WHEREAS, in adherence to the DOE's directive, PEMC in consultation with the Compliance Committee (CC) and the Market Surveillance Committee (MSC) conducted a study to develop a penalty framework for test and commissioning;

WHEREAS, PEMC likewise discussed and consulted with the ERC (on 21 December 2021), the DOE (on 23 December 2021), and generation companies (on 12 January 2022) the said study on penalty framework for test and commissioning;

WHEREAS, PEMC submitted to the Rules Change Committee (RCC) on 05 May 2022 the Proposed Amendments to the WESM Manuals regarding Penalty Framework for Test and Commissioning which sought to provide the penalty mechanism for the following acts or omission of a Trading Participant with facility or plant whose test and commissioning period has expired:

- a) Failure of the registered WESM Member to apply for commercial operations registration after receiving the Certificate of Compliance (COC) or the Provisional Authority to Operate (PAO); and
- b) Generation after expiry of authorized test and commissioning period unless otherwise authorized by the relevant DOE issuances, Market Rules or Manuals.

¹ Section 9.1, DOE Department Circular No. DC2021-06-0013 dated 03 June 2021.

² Section 9.3, *ibid*.

WHEREAS, the reference documents proposed to be amended were as follows:

- 1) WESM Manual on Registration, Suspension and Deregistration Criteria and Procedures (PEM Board-approved version based on RCC Resolution No. 2021-18, currently pending DOE approval); and
- 2) WESM Penalty Manual, Issue 1.0³

WHEREAS, the proposal was first presented to the RCC during its 196th Meeting on 20 May 2022, and following initial discussions, was approved for posting in the PEMC website to solicit comments from WESM Members and industry stakeholders;

WHEREAS, following the 30-working day commenting period from 24 May to 05 July 2022, comments were received from Aboitiz Power Corporation, National Grid Corporation of the Philippines (NGCP), Millennium Energy, Inc./Panasia Energy, Inc., Independent Electricity Market Operator of the Philippines (IEMOP), the Technical Committee, Manila Electric Company (MERALCO), First Gen Corporation and the DOE;

WHEREAS, the DOE issued on 16 June 2022 Department Circular No. DC2022-05-0015 entitled *Supplementing Department Circular No. DC2021-06-0013 on the Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network*;

WHEREAS, as requested by PEMC, the RCC agreed to defer the deliberation of the proposal to its August 2022 meeting, allowing PEMC to further discuss with the CC and MSC the comments received and provide responses thereto, which includes responses to address DOE's recommendations based on the supplemental DOE circular;

WHEREAS, the RCC deliberated on the proposal during its 199th Meeting on 19 August 2022, and with due consideration to the comments and the proponent's responses and clarifications, adopted further modifications to:

- a) harmonize with Department Circular No. DC2022-05-0015, which states that a Generation Company that has been issued with a final Certificate of Approval to Connect may be allowed to continue to operate, to be compensated as price taker in the market, and to declare bilateral contract quantities in the WESM pending the ERC's issuance of the Certificate of Compliance, unless the ERC issues an Order for the Generation Company's immediate disconnection from the grid;
- b) explicitly state that generation for a generation facility's own station use is allowed beyond its authorized period for test and commissioning;
- c) align with Section 4.3.3 (b) of DOE DC 2021-06-0013, which states that a generation facility will be charged with any energy withdrawn not only from the grid but also from the distribution network, as applicable;

³ The Market Surveillance Committee (MSC) is the WESM Governance Committee designated to review and approve proposed amendments to the Penalty Manual, which will be for further approval by the PEM Board and DOE.



- d) exempt embedded generators that do not meet the prescribed regional threshold level or those that do not intend to sell outside its host Distribution Utility from the strict requirement to register in the WESM for Commercial Operations, pursuant to DOE Department Circular No. DC2019-02-0003 (*Providing for the Framework Governing the Operations of Embedded Generators*);
- e) specify the responsibility of WESM Members to notify the System Operator of their application to the Market Operator for Commercial Operations with the corresponding target date of commercial operations; and
- f) specify that the Market Operator shall submit to the Enforcement and Compliance Office a bi-monthly report on the status of generating units on Test and Commissioning for purposes of monitoring compliance and as reference to the investigation process if necessary, instead of the Market Operator directly coordinating with concerned WESM Members regarding possible non-compliance to their obligations relative to WESM registration

WHEREAS, the RCC likewise noted the comments received to corresponding proposed amendments to the WESM Penalty Manual and the resulting revisions thereto based on the comments received, which the MSC shall approve and thereafter directly endorse to the DOE for final approval;

WHEREAS, on 16 September 2022 during its 201st Meeting, the RCC noted the IEMOP's recommendation that further amendments should be added in order to more completely align the proposal with DOE Department Circular No. 2022-05-0015, and decided to defer finalizing the proposal to allow such revisions;

WHEREAS, during the RCC's 202nd Meeting on 21 October 2022, the body deliberated on and adopted the following changes affecting the WESM Rules, WESM Manual on Dispatch Protocol and WESM Manual on Registration, Suspension and De-registration Criteria and Procedures:

- additional amendments which were primarily regarding the obligation of generating units with Final CATC but awaiting their Certificate of Compliance from the ERC to submit nomination of loading levels and projected outputs, as well as to comply with their dispatch schedules; and
- per PEMC's request, revision of IEMOP's submission to the Enforcement and Compliance Office of status of generating units on Test and Commissioning, from bi-monthly to monthly submission;

WHEREAS, during the same meeting IEMOP requested RCC that it will add proposed amendments to the WESM Registration Manual that shall allow the Market Operator to use the NGCP Generating Unit Capability Test as reference document to update a generating unit's capacity when it has obtained FCATC but is still awaiting its COC;

WHEREAS, IEMOP further explained that the additional proposal shall address the issue of such generating units being restricted from nominating loading levels that is different from what was indicated in the ERC Form 7 when it first registered in the WESM for test and commissioning;

WHEREAS, the RCC adopted, as submitted, IEMOP's additional proposed amendments on 10 November 2022 via email;

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 Amendments to the WESM Rules and Manuals regarding Penalty Framework on Test and Commissioning attached as Annex A;

RESOLVED FURTHER, that the said Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Penalty Framework on Test and Commissioning are hereby endorsed to the PEM Board for approval and subsequent transmittal to the DOE for promulgation.

Done this **10th** day of **November 2022**, Pasig City.



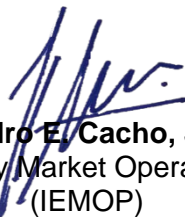
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| <p>Approved by:</p> <p>THE RULES CHANGE COMMITTEE</p> | |
| Independent Members: | |
|  Jesusito G. Morillos Chairperson |  Jose Roderick F. Fernando |
| (vacant) | (vacant) |
| Generation Sector Members: | |
|  Dixie Anthony R. Banzon Masinloc Power Partners Co. Ltd. (MPPCL) |  Cherry A. Javier Aboitiz Power Corp. (APC) |
|  Carlito C. Claudio Millennium Energy, Inc./ Pansia Energy, Inc. (MEI/PEI) |  Mark B. 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)

Matrix of Proposed Amendments to the WESM Rules and Manuals

| WESM Rules | | | | |
|----------------------------|----------|---|---|--|
| Title | Clause | Original Provision | Proposed Amendment | Rationale |
| Generation Offers and Data | 3.5.5.4 | xxx | xxx | To correct redundant numbering and reference WESM Rules clauses. |
| | 3.5.5.5 | 3.5.5.4 Each <i>Non-Scheduled Generation Company</i> shall submit a standing nomination of <i>loading levels</i> | 3.5.5.4 3.5.5.5 Each <i>Non-Scheduled Generation Company</i> shall submit a standing nomination of <i>loading levels</i> xxx | |
| | 3.5.5.6 | xxx | | |
| | 3.5.5.7 | xxx | | |
| | 3.5.5.8 | | | |
| | 3.5.5.9 | 3.5.5.5 <i>Generation Companies</i> shall provide to the <i>Market Operator</i> and the <i>System Operator</i> standing | 3.5.5.5 3.5.5.6 <i>Generation Companies</i> shall provide to the <i>Market Operator</i> and the <i>System Operator</i> standing | |
| | 3.5.5.10 | <i>projected outputs</i> xxx | <i>projected outputs</i> xxx | |
| | 3.5.5.11 | | | |
| | 3.5.5.12 | | | |
| | 3.5.5.13 | 3.5.5.6 A <i>Trading Participant</i> who fails to submit <i>projected outputs</i> for its <i>must dispatch generating unit</i> or <i>priority dispatch generating unit</i> as provided under Clause 3.5.5.5 may be liable for sanctions imposed under Clause 7.2. | 3.5.5.6 3.5.5.7 A <i>Trading Participant</i> who fails to submit <i>projected outputs</i> for its <i>must dispatch generating unit</i> or <i>priority dispatch generating unit</i> as provided under Clause 3.5.5. 56 may be liable for sanctions imposed under Clause 7.2. | |
| | | 3.5.5.7 Each <i>Generation Company</i> shall submit check data to be used by the <i>Market Operator</i> , in accordance with the relevant Market Manuals, to assist in determining the validity of any <i>projected output</i> submitted in respect of a <i>must dispatch generating unit</i> or a <i>priority dispatch generating unit</i> under Clause 3.5.5.5. | 3.5.5.7 3.5.5.8 Each <i>Generation Company</i> shall submit check data to be used by the <i>Market Operator</i> , in accordance with the relevant Market Manuals, to assist in determining the validity of any <i>projected output</i> submitted in respect of a <i>must dispatch generating unit</i> or a <i>priority dispatch generating unit</i> under Clause 3.5.5. 56 . | |
| | | 3.5.5.8 <i>Must dispatch generating units</i> shall comply with forecast accuracy standards, in respect of their projected outputs submitted under Clause 3.5.5.5, consistent with the <i>Grid Code</i> . | 3.5.5.8 3.5.5.9 <i>Must dispatch generating units</i> shall comply with forecast accuracy standards, in respect of their projected outputs submitted under Clause 3.5.5. 56 , consistent with the <i>Grid Code</i> . | |

| WESM Rules | | | | |
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| Title | Clause | Original Provision | Proposed Amendment | Rationale |
| | | <p>3.5.5.9 The <i>Enforcement and Compliance Office</i> shall evaluate annually the forecast accuracy standards complied with by <i>must dispatch generating units</i> in accordance with Clause 3.5.5.8.</p> <p>3.5.5.10 A <i>Trading Participant</i> who fails to meet the requisite forecast accuracy standards set out in accordance with Clause 3.5.5.8 in respect of <i>projected outputs</i> for a <i>must dispatch generating unit</i> submitted under Clause 3.5.5.5 may be liable for sanctions imposed under Clause 7.2.</p> <p>3.5.5.11 The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> the monthly and annual compliance xxx</p> <p>3.5.5.12 The <i>Market Operator</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> the monthly and annual compliance of each <i>must dispatch generating unit</i> xxx</p> | <p>3.5.5.9 3.5.5.10 The <i>Enforcement and Compliance Office</i> shall evaluate annually the forecast accuracy standards complied with by <i>must dispatch generating units</i> in accordance with Clause 3.5.5.89.</p> <p>3.5.5.10 3.5.5.11 A <i>Trading Participant</i> who fails to meet the requisite forecast accuracy standards set out in accordance with Clause 3.5.5.89 in respect of <i>projected outputs</i> for a <i>must dispatch generating unit</i> submitted under Clause 3.5.5.56 may be liable for sanctions imposed under Clause 7.2.</p> <p>3.5.5.11 3.5.5.12 The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> the monthly and annual compliance xxx</p> <p>3.5.5.12 3.5.5.13 The <i>Market Operator</i> shall report to the <i>PEM Board</i> and the <i>DOE</i> the monthly and annual compliance of each <i>must dispatch generating unit</i> xxx</p> | |
| Generation Offers and Data | 3.5.5.14 (New) | (None) | <u>3.5.5.14 Each Generation Company that has secured a Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending</u> | To emphasize that a Generation Company with FCATC but still awaiting COC for its generating unit(s) is obligated to submit |

| WESM Rules | | | | |
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| Title | Clause | Original Provision | Proposed Amendment | Rationale |
| | | | <p><u>issuance of Certificate of Compliance from the ERC shall submit, as applicable:</u></p> <p><u>a) standing nomination of loading levels for each of its scheduled generating units, battery energy storage systems and pumped-storage units; or</u></p> <p><u>b) projected outputs in respect of its must dispatch generating units and priority dispatch generating units</u></p> <p><u>The Generation Company shall submit its nomination of loading levels or projected outputs for each dispatch interval in each trading day of the week in accordance with the timetable. The standing nomination of loading levels and projected outputs shall apply until revised or updated by the Generation Company.</u></p> | <p>nominations of loading levels or projected outputs to be included in scheduling and dispatch, instead of through imposition non-security overriding constraints if under test and commissioning.</p> |
| Generation Offers and Data | 3.5.5.15 (New) | (None) | <p><u>3.5.5.15 A Generation Company that has secured a Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC for its must dispatch generating unit shall comply with the forecast accuracy standards in respect of its projected outputs</u></p> | <ul style="list-style-type: none">• To reflect DOE DC 2022-05-0015 as regards must dispatch generating units' obligation to comply with forecast accuracy standards• To include such must dispatch generating units in the ECO's monitoring and evaluation of the |

| WESM Rules | | | | |
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| | | | <u>which shall be evaluated by the Enforcement and Compliance Office, in accordance with Clauses 3.5.5.8 to 3.5.5.12.</u> | compliance with the forecast accuracy standards |
| Dispatched Trading Participants | 3.8.4.5 (New) | (None) | xxx <u>3.8.4.5 A generating unit that has secured a Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC shall likewise comply with the obligations, as applicable, of dispatched Trading Participants prescribed in Clause 3.8.4.</u> | To reflect DOE DC 2022-05-0015 as regards obligation to comply with dispatch schedules, dispatch instructions by the System Operator, dispatch conformance standards and forecast accuracy standards. |
| Sanctions of Trading Participants | 3.8.6 | Any <i>Trading Participant</i> that (a) does not comply with the <i>dispatch conformance standards</i> or (b) consistently fails to use its reasonable endeavors to comply with the <i>dispatch instructions</i> issued by the <i>System Operator</i> under Clauses 3.8.3, 6.3 and 6.5, may be liable of a sanction imposed under Clause 7.2. | Any <i>Trading Participant</i> , <u>including those that has secured a Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC,</u> that (a) does not comply with the <i>dispatch conformance standards</i> or (b) consistently fails to use its reasonable endeavors to comply with the <i>dispatch instructions</i> issued by the <i>System Operator</i> under Clauses 3.8.3, 6.3 and 6.5, may shall be liable of a to sanctions imposed under Clause 7.2. | To reflect DOE DC 2022-05-0015 as regards compliance with dispatch conformance standards. |



| WESM Manual on Registration, Suspension and De-registration Criteria and Procedures | | | | |
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| Title | Section | Original Provision | Proposed Amendment | Rationale |
| Generation Registered Capacities | 2.5.4.4 | <p>A <i>Generation Company</i> shall include in its application the <i>maximum stable load (Pmax)</i>, the <i>minimum stable load (Pmin)</i>, the <i>ramp up rate</i>, and the <i>ramp down rate</i> of each <i>generating unit</i> or aggregated <i>generating units</i> that are included in its application. The information provided to the <i>Market Operator</i> must be consistent with the information contained in the <i>Certificate of Compliance</i> issued by the ERC as well as submissions made to the ERC in relation to the issuance of its <i>Certificate of Compliance</i>. If the <i>generating unit</i> is a <i>battery energy storage system</i>, the <i>Generation Company</i> shall include the <i>generating unit's</i> energy storage efficiency and maximum storage capacity in its Application. If the <i>generating unit</i> is a <i>pumped-storage unit</i>, the <i>Generation Company</i> shall include the <i>generating unit's</i> maximum pump load.</p> <p>The <i>Generation Company</i> shall also provide information on the location of the real-time monitoring facility where the <i>Pmin</i>, <i>Pmax</i> and <i>ramp up/down rates</i> were certified against (i.e., gross generation, or net of station use). Should the location represent the gross generation output of the <i>generating system</i>, the <i>Generation Company</i> shall comply with the procedures provided for under Section 2.5.4.5 of this <i>Market Manual</i>.</p> | <p>A <i>Generation Company</i> shall include in its application <u>for registration</u> the <i>maximum stable load (Pmax)</i>, the <i>minimum stable load (Pmin)</i>, the <i>ramp up rate</i>, and the <i>ramp down rate</i> of each <i>generating unit</i> or aggregated <i>generating units</i> that are included in its application.</p> <p><u>For Generation Companies applying for Test and Commissioning registration, the information on the generating unit parameters provided to the Market Operator shall be consistent with that contained in the ERC Form 7 (General Plant Description), duly received by the ERC. For Generation Companies applying for Commercial Operations registration, the information on generating unit parameters</u> provided to the <i>Market Operator</i> mustshall be consistent with that informationthe information contained in the <i>Certificate of Compliance</i> <u>or the Provisional Authority to Operate</u> issued by the ERC, as well as submissions made to the ERC in relation to the issuance of its Certificate of Compliancethereof. If the <i>generating unit</i> is a <i>battery energy storage system</i>, the <i>Generation Company</i> shall include the <i>generating unit's</i> energy storage efficiency and maximum storage capacity in its Application. If the <i>generating unit</i> is a <i>pumped-storage unit</i>,</p> | To delineate basis of registered capacities of Generation Companies applying for Test and Commissioning Registration and Commercial Operations, respectively |

| WESM Manual on Registration, Suspension and De-registration Criteria and Procedures | | | | |
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| Title | Section | Original Provision | Proposed Amendment | Rationale |
| | | | <p>the <i>Generation Company</i> shall include the generating unit's maximum pump load.</p> <p>The <i>Generation Company</i> shall also provide information on the location of the real-time monitoring facility where the <i>Pmin</i>, <i>Pmax</i> and <i>ramp up/down rates</i> were certified against (i.e., gross generation, or net of station use). Should the location represent the gross generation output of the generating system, the <i>Generation Company</i> shall comply with the procedures provided for under Section 2.5.4.5 of this <i>Market Manual</i>.</p> | |
| Assessment of Applications | 2.5.6.1 (h) Submission and Preliminary Assessment of Applications | 2.5.6.1 xxx h) Participant Interface Access. During the <i>Test and Commissioning</i> Registration phase, the <i>Applicant</i> may subscribe to and allow the <i>Market Operator</i> to apply or install a method employing encryption in its computers to provide secure access to the <i>Market Management System</i> . The <i>Applicant</i> shall have read-only access to its facility during the <i>Test and Commissioning</i> phase to enable the <i>Trading Participant</i> to view its generating unit's schedules. Meanwhile, full access to its <i>facility</i> will only be enabled by the <i>Market Operator</i> no later than eight (8) calendar days from approval of the <i>Applicant's</i> Commercial Operations registration. | 2.5.6.1 xxx h) Participant Interface Access. During the <i>Test and Commissioning</i> Registration phase, the <i>Applicant</i> may subscribe to and allow the <i>Market Operator</i> to apply or install a method employing encryption in its computers to provide secure access to the <i>Market Management System</i> . The <i>Applicant</i> shall have read-only access <u>to the <i>Market Management System</i></u> <u>to</u> <u>for</u> its <i>facility</i> during the <i>Test and Commissioning</i> phase to enable the <i>Trading Participant</i> to view its generating unit's schedules. Meanwhile, full access to <u>for</u> its <i>facility</i> will only be enabled by the <i>Market</i> | To align with DOE DC2022-05-0015 |

| WESM Manual on Registration, Suspension and De-registration Criteria and Procedures | | | | |
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| Title | Section | Original Provision | Proposed Amendment | Rationale |
| | | | <i>Operator</i> no later than eight (8) calendar days from approval of the <i>Applicant's</i> Commercial Operations registration, <u>or from the date of effectivity of final Certificate of Approval to Connect if the ERC is yet to issue the Certificate of Compliance.</u> | |
| Other Requirements for Approved Applications | 2.5.7.3 (a) Guidelines for Test and Commissioning Registration | <p>a) The generating unit of the <i>WESM Member</i> shall be allowed to declare bilateral contract quantities and be entitled to WESM payments for its generated output only within the <i>test and commissioning</i> period indicated in the valid Provisional Certificate of Approval to Connect issued by the <i>Network Service Provider</i> or upon completion of the conduct of <i>test and commissioning</i>, if completed earlier. Generation beyond the authorized <i>test and commissioning</i> period shall not be allowed to be declared as a bilateral contract quantity and shall not be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized <i>test and commissioning</i> activity will be treated in accordance with <i>WESM Rules Clause 3.13.12</i>. However, the <i>WESM Member</i> shall still be charged for all withdrawals from the grid for the conduct of its <i>test and commissioning</i> activities.</p> <p>xxx</p> | <p>a) The generating unit of the <i>WESM Member</i> shall be allowed to declare bilateral contract quantities <u>for its generating unit</u> and be entitled to WESM payments for its generated output only:</p> <p><u>(i)</u> within the <i>test and commissioning</i> period indicated in the valid Provisional Certificate of Approval to Connect issued by the <i>Network Service Provider</i> or upon <u>until</u> completion of the conduct of <i>test and commissioning</i>, if completed earlier; <u>or</u></p> <p><u>(ii) when the WESM Member is issued a Final Certificate of Approval to Connect by the Network Service Provider pending the issuance of the Certificate of Compliance by the Energy Regulatory Commission, unless the latter issues an Order for the immediate disconnection of the generating unit from the Grid.</u></p> | <ul style="list-style-type: none">For (a)(ii): To align with DOE DC2022-05-0015 |

| WESM Manual on Registration, Suspension and De-registration Criteria and Procedures | | | | |
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| Title | Section | Original Provision | Proposed Amendment | Rationale |
| | | | <p><u>In the absence of the requirement or condition set forth in this section, except for its own station use,</u> Generation beyond the authorized test and commissioning period <u>to operate</u> shall not be allowed, to <u>Neither shall such generation</u> be declared as a bilateral contract quantity and nor shall it be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized <i>test and commissioning</i> activity <u>or operation</u> will be treated in accordance with <i>WESM Rules</i> Clause 3.13.42<u>16</u>. However, the <i>WESM Member</i> shall still be charged for all withdrawals from the grid for the conduct of its test and commissioning activities or <u>distribution network, as the case may be.</u></p> | <ul style="list-style-type: none">• To explicitly state that generation for a generation facility’s own station use is allowed beyond its authorized period for test and commissioning• To make it a statement of obligation or a clear prohibition first, i.e., “...generation beyond the authorized (test and commissioning) period to operate shall not be allowed”; followed by a consequence, i.e., no BCQ declaration and no WESM settlement.• Deletion of original last phrase: to cover instances where the withdrawal (or injection) of energy happens <i>after</i> the test and commissioning activities or while awaiting the requirements for commercial operations• Addition of last phrase: to align with Section 4.3.3 (b) of DOE |

| WESM Manual on Registration, Suspension and De-registration Criteria and Procedures | | | | |
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| Title | Section | Original Provision | Proposed Amendment | Rationale |
| | | | | DC 2021-06-0013, which recognizes energy withdrawals not only from the grid but also from the distribution network |
| Other Requirements for Approved Applications | 2.5.7.3 Guidelines for Test and Commissioning Registration | (None) | <i>(insert new provision)</i> <u>b) Dispatch of a <i>generating unit</i> to which Final Certificate of Approval to Connect has been released but with pending issuance of COC shall be in accordance with the following:</u> <u>i) For its <i>must dispatch generating units</i>, the <i>Generation Company</i> shall submit <i>projected output</i> to the <i>Market Operator</i> and comply with the applicable forecast accuracy standards; and</u> <u>ii) For <i>scheduled generating units</i>, <i>priority dispatch generating unit</i>, and <i>energy storage systems</i>, the <i>Generation Company</i> shall submit to the <i>Market Operator</i> its day-ahead nomination and shall comply with the applicable <i>dispatch conformance standards</i>.</u> <u>Projected output and day-ahead nominations shall be submitted through the <i>Market</i></u> | To align with Section 4.4.5 of DOE DC2022-05-0015 |



| WESM Manual on Registration, Suspension and De-registration Criteria and Procedures | | | | |
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| Title | Section | Original Provision | Proposed Amendment | Rationale |
| | | | <p><u>Operator's Market Participant Interface, which, as necessary, may be revised by the Generation Company near real-time.</u></p> <p><u>Compliance of generating units referred in these guidelines with the forecast accuracy standards and dispatch conformance standards, as applicable, shall be monitored by the Enforcement and Compliance Office and non-compliance shall be subject to imposition of financial penalties.</u></p> | |
| Other Requirements for Approved Applications | 2.5.7.3 Guidelines for Test and Commissioning Registration | b) xxx c) xxx d) xxx e) xxx | b) <u>c)</u> xxx e) <u>d)</u> xxx d) <u>e)</u> xxx | Re-numbering due to insertion of proposed new provision, i.e., Section 5.4.7.3 (b) |
| Other Requirements for Approved Applications | 2.5.7.3 (e) Guidelines for Test and Commissioning Registration | e) In case of changes in capacity and capabilities of the generating unit arising from the results of test and commissioning, the WESM Member shall immediately inform the Market Operator for the purpose of updating its registration details. f) xxx | e) <u>f)</u> In case of changes in capacity and capabilities of the generating unit arising from the results of test and commissioning, the WESM Member shall immediately inform the Market Operator for the purpose of updating its registration details <u>subject to provisions of Section 3.3 of this Manual.</u> f) <u>g)</u> xxx | For the Market Operator to be able to use other valid third-party certified documents in updating registered capacities as requested by the Trading Participant |

| WESM Manual on Registration, Suspension and De-registration Criteria and Procedures | | | | |
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| Other Requirements for Approved Applications | 2.5.7.3 (g) Guidelines for Test and Commissioning Registration | g) The <i>WESM Member</i> of a generating unit shall submit to the <i>Market Operator</i> an application for Commercial Operations Registration within three (3) working days from receipt of its Certificate of Compliance or Provisional Authority to Operate (PAO). | <p>g) h) The <i>WESM Member</i> of a generating unit shall submit to the <i>Market Operator</i> an application for Commercial Operations Registration <u>of its generating unit</u> within three (3) <i>working days</i> from <u>date of</u> receipt of its Certificate of Compliance or Provisional Authority to Operate (PAO) <u>from the Energy Regulatory Commission, provided that this shall not apply to embedded generation companies that are allowed to register on a voluntary basis and have opted not to register in the WESM.</u></p> <p><u>Furthermore, the WESM Member shall likewise furnish the System Operator of the said submission. The said notification shall include the date of effectivity of the Certificate of Compliance or the Provisional Authority to Operate, and the estimated or target date of commercial operation of the WESM Member.</u></p> | <ul style="list-style-type: none"> To align with Section 6.2 of the DOE Department Circular No. DC2019-02-0003 (Providing for the Framework Governing the Operations of Embedded Generators), which states that embedded generators that do not reach the prescribed threshold level per Sec. 6.1.1 and those that do not intend to sell outside its host DU shall register in the WESM only on a voluntary basis. To specify the responsibility of WESM Members to notify the System Operator of their application to the Market Operator for Commercial Operations with corresponding target date. |
| Other Requirements for Approved Applications | 2.5.7.3 (h) Guidelines for Test and Commissioning Registration | [None] | <p>[New]</p> <p><u>i) The Market Operator shall submit a monthly report on the status of generating units on Test and Commissioning to the Enforcement and Compliance Office</u></p> | <p>To set a trigger for investigation wherein:</p> <p>a. The concerned WESM Member is timely advised of its obligation to comply with the Manual</p> |

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| | | | <p><u>indicating information such as, but not limited to:</u></p> <p><u>(i) whether a WESM Member has been duly notified of the impending expiration of its Provisional Certificate of Authority to Connect;</u></p> <p><u>(ii) Whether a WESM Member is given a Final Certificate of Authority to Connect, Certificate of Compliance, or the Provisional Authority to Operate, including the effectivity date/s, if such is known to the Market Operator; and</u></p> <p><u>(iii) any relevant information affecting the obligations set forth in paragraphs (a), (d) and (h) of this Section for its appropriate enforcement action.</u></p> <p><u>An investigation may likewise be initiated motu proprio by the Enforcement and Compliance Office as may be authorized under Section 7.2.1 of the Enforcement and Compliance Manual.</u></p> | <p>b. Despite the said notification, reminder, or advice, the WESM Member failed to comply with relevant rules/Manuals</p> <p>The intention of this provision is to exhaust the possible actions before one is investigated and/or penalized, considering that the entity involved is not in full commercial operation yet (although a registered WESM Member already).</p> <p>For those information that are made known or readily available to PEMC/ECO, the ECO may investigate <i>motu proprio</i>, as allowed under the EC Manual.</p> |
| Facility Related Changes | 3.3.1 Registered Capacities | 3.3.1.1. The Trading Participant wishing to change the registered capacities and/or ramp rates of its generating unit/s shall make a request in writing to | 3.3.1.1. The Trading Participant wishing to change the registered capacities and/or ramp rates of its generating unit/s shall make a request | For the Market Operator to be able to use other valid third-party certified documents in updating |



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| | | the Market Operator. Such changes shall be in accordance with the latest Certificate of Compliance (COC). | in writing to the Market Operator. Such changes shall be in accordance with the latest Certificate of Compliance (COC), <u>any ERC-certified document, or the Generating Unit Capability Test issued by NGCP.</u> | registered capacities as requested by the Trading Participant |
| Facility Related Changes | 3.3.1 Registered Capacities | 3.3.1.2. Request for changes submitted by the Trading Participant, in connection with the registered capacities and/or ramp rates of its generating units shall be approved by the Market Operator on the basis of the latest Certificate of Compliance. | 3.3.1.2. Request for changes submitted by the Trading Participant, in connection with the registered capacities and/or ramp rates of its generating units shall be approved by the Market Operator on the basis of the latest Certificate of Compliance, <u>any ERC-certified document, or the Generating Unit Capability Test issued by NGCP.</u> | For the Market Operator to be able to use other valid third-party certified documents in updating registered capacities as requested by the Trading Participant |



| WESM Manual on Dispatch Protocol | | | | |
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| Title | Clause | Original Provision | Proposed Amendment | Rationale |
| Definitions | 2.1.2 (dd) | Self-scheduled nomination. Nominations of <i>loading levels</i> by <i>Non-Scheduled Generation Companies</i> and <i>projected outputs</i> of <i>Generation Companies</i> with <i>must dispatch generating units</i> and <i>priority dispatch generating units</i> . | Self-scheduled nomination. Nominations of <i>loading levels</i> by <i>Non-Scheduled Generation Companies</i> , and <i>projected outputs</i> of <i>Generation Companies</i> with <i>must dispatch generating units</i> and <i>priority dispatch generating units</i> , <u>and loading levels or projected outputs of generating units, as applicable, that has been issued with a Final Certificate of Approval to Connect for completing conduct of test and commissioning but with pending issuance of COC by the ERC.</u> | To reflect DOE DC 2022-05-0015 regarding relevant Generation Companies' requirement to nominate loading levels or projected outputs to be included in scheduling and dispatch, instead of through imposition non-security overriding constraints if under test and commissioning |
| Categories of Self-scheduled Nominations, Bids, and Offers | 6.4.1 | <p>The <i>self-scheduled nominations, bids</i>, and <i>offers</i> that can be submitted in the <i>WESM</i> are as follows:</p> <ul style="list-style-type: none">a. Real-time <i>market offers</i> for <i>scheduled generating units</i> of <i>Scheduled Generation Companies</i>;b. Operating <i>reserves offers</i> for certified <i>ancillary service providers</i>;c. <i>Demand bids</i> from <i>customer Trading Participants</i>; andd. <i>Self-scheduled nominations</i><ul style="list-style-type: none">i. Schedule of <i>loading levels</i> (i.e. <i>energy quantities</i> only) for <i>non-scheduled generating units</i> of <i>non-scheduled Generation Companies</i>; andii. <i>Projected output</i> (i.e. <i>energy quantities</i> only) of <i>Generation Companies</i> with <i>must dispatch</i> | <p>The <i>self-scheduled nominations, bids</i>, and <i>offers</i> that can be submitted in the <i>WESM</i> are as follows:</p> <ul style="list-style-type: none">a. Real-time <i>market offers</i> for <i>scheduled generating units</i> of <i>Scheduled Generation Companies</i>;b. Operating <i>reserves offers</i> for certified <i>ancillary service providers</i>;c. <i>Demand bids</i> from <i>customer Trading Participants</i>; andd. <i>Self-scheduled nominations</i><ul style="list-style-type: none">i. Schedule of <i>loading levels</i> (i.e. <i>energy quantities</i> only) for <i>non-scheduled generating units</i> of <i>non-scheduled Generation Companies</i>; and | To reflect DOE DC 2022-05-0015 regarding relevant Generation Companies' requirement to nominate loading levels or projected outputs to be included in scheduling and dispatch, instead of through imposition non-security overriding constraints if under test and commissioning |

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| Title | Clause | Original Provision | Proposed Amendment | Rationale |
| | | <i>generating units and priority dispatch generating units</i> | <div>ii. <i>Projected output</i> (i.e. <i>energy quantities only</i>) of <i>Generation Companies</i> with <i>must dispatch generating units</i> and <i>priority dispatch generating units</i>; <u>and</u></div> <div>iii. <u>Schedule of loading levels or projected output (i.e., energy quantities only) of generating units, as applicable, that has been issued with a Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending issuance of COC by the ERC</u></div> | |
| Dispatch Implementation Responsibilities | 11.3.4 (New) | (None) | <u>11.3.4 A Trading Participant that has been released with Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC for its generating units shall likewise comply with dispatch schedules issued by the Market Operator, the dispatch instructions issued by the System Operator to their facilities operating on AGC mode, and the re-dispatch instructions issued to them by the System Operator, if any.</u> | To reflect DOE DC 2022-05-0015 and emphasize the relevant Generation Companies' obligation to comply with the dispatch conformance standards |



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| Title | Clause | Original Provision | Proposed Amendment | Rationale |
| Dispatch Implementation Dispatch of Must and Priority Dispatch Generating Units | 11.5.1 | <i>A must dispatch generating unit shall generate at its maximum available output at all times, unless the Market Operator or System Operator has instructed the generating unit to restrict output.</i> | <i>A must dispatch generating unit shall generate at its maximum available output at all times, unless the Market Operator or System Operator has instructed the generating unit to restrict output.</i> <u>This shall likewise apply to must dispatch generating units that has secured Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC.</u> | |
| Dispatch Compliance Background | 12.1.5 (New) | (None) | <u>Scheduled generating units, battery energy storage systems, pumped storage units, must dispatch generating units and priority dispatch generating units that has Final Certificate of Approval to Connect for completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC shall likewise operate in accordance with Sections 12.1.1 and 12.1.3, as applicable, and as prescribed in Chapter 3 of the WESM Rules.</u> | To reflect DOE DC 2022-05-0015 and emphasize the relevant Generation Companies' obligation to generate according to dispatch schedules or its maximum available capacity, as applicable, and with the dispatch conformance standards |
| Dispatch Compliance | 12.4.1 (a) | <i>All scheduled generating units and priority dispatch generating units shall comply with their respective dispatch schedules. In complying with their dispatch schedules, said generating units shall generate in accordance with dispatch conformance standards</i> | <i>All scheduled generating units and priority dispatch generating units comply with their respective dispatch schedules. <u>This obligation shall also apply to scheduled generating units and priority dispatch generating units with</u></i> | To reflect DOE DC 2022-05-0015 and emphasize the relevant Generation Companies' obligation to generate according to dispatch schedules or its maximum |

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| Title | Clause | Original Provision | Proposed Amendment | Rationale |
| Compliance by the <i>Scheduled Generating Units</i> and <i>Priority Dispatch Generating Units</i> . | | prescribed in Section 12.5 of this Dispatch Protocol. In the case of a <i>priority dispatch generating unit</i> , compliance with the <i>dispatch conformance standards</i> shall also apply in cases where its <i>dispatch schedule</i> was restricted pursuant to <i>WESM Rules</i> Clauses 3.6.1.7 and 3.6.1.8 because of a potential <i>system security contingency</i> . | <u>Final Certificate of Approval to Connect after completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC.</u> In complying with their <i>dispatch schedules</i> , said <i>generating units</i> shall generate in accordance with <i>dispatch conformance standards</i> prescribed in Section 12.5 of this Dispatch Protocol. In the case of a <i>priority dispatch generating unit</i> , compliance with the <i>dispatch conformance standards</i> shall also apply in cases where its <i>dispatch schedule</i> was restricted pursuant to <i>WESM Rules</i> Clauses 3.6.1.7 and 3.6.1.8 because of a potential <i>system security contingency</i> . | available capacity, as applicable, and with the dispatch conformance standards |
| Dispatch Compliance Compliance by the <i>Must Dispatch Generating units</i> | 12.4.2 (a) | A <i>must dispatch generating unit</i> shall generate at its <i>maximum available output</i> at all times, unless it has been instructed to restrict its output by the <i>Market Operator</i> or <i>System Operator</i> . | A <i>must dispatch generating unit</i> shall generate at its <i>maximum available output</i> at all times, unless it has been instructed to restrict its output by the <i>Market Operator</i> or <i>System Operator</i> . <u>This obligation shall also apply to <i>must dispatch generating units</i> with Final Certificate of Approval to Connect after completing the conduct of test and commissioning but with pending issuance of Certificate of Compliance from the ERC.</u> | To reflect DOE DC 2022-05-0015 and emphasize the relevant Generation Companies' obligation to generate according to dispatch schedules or its maximum available capacity |