

RULES CHANGE COMMITTEE

Proposed General Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program Implementation

Effective Date : 29 August 2023
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WHEREAS, in compliance with Section 3 of the Department of Energy (DOE) issued DC2015-06-0003¹, PEMC was instructed to formulate and publish protocols to allow for transparent adjustment of WESM processes related to the implementation of the Interruptible Load Program (ILP);

WHEREAS, the Interim Protocol for Declaration of BCQ during ILP (“Interim Protocol”) allows re-declaration for contestable customers (CC) and directly-connected customers (DCC) that participate in the ILP, such that: a) Generation Company counterparty of Suppliers to submit BCQ re-declaration for ILP CCs and re-declare it for the account of the host distribution utility, and b) Generation Company counterparty of DCC to submit BCQ re-declaration for ILP DCCs;

WHEREAS, in a letter dated 07 February 2023 and with the objective of more efficiently implementing the ILP during the 2023 summer months, the DOE requested the Independent Electricity Market Operator of the Philippines (IEMOP) to conduct a review of the accuracy of Day-Ahead Projection (DAP) submitted by Generation Companies being submitted to WESM and propose a penalty provision as part of the market rules for those non-compliant with the submitted DAP;

WHEREAS, on 17 February 2023, the IEMOP submitted its proposed urgent amendments to the WESM Rules and various WESM Manuals on the ILP implementation to comply with the said DOE directive. The rationale for the proposal are as follows:

Proposal	Rationale
Clarify timelines for submission of day-ahead information by Generation Companies	To assist in accurate and timely declaration of alerts by the System Operator which is the basis for ILP activation
Require Network Service Providers and Directly Connected Customers to inform the Market Operator of significant change in demand due to ILP implementation during real-time scheduling	To enable Market Operator to consider ILP de-loading capacity in forecasted demand during real-time scheduling
Incorporate procedures as per the Interim Protocol for BCQ Declaration during ILP into the WESM Billing and Settlement Manual	To institutionalize the Interim Protocol, which is currently not officially part of the WESM Manuals
Include inability to access the Central Registration and Settlement System (CRSS) due to force majeure as additional ground for BCQ redeclaration	To accommodate cases of Trading Participants requesting for redeclaration during force majeure events (e.g., CRSS unavailability)

WHEREAS, following the procedures in Section 7.2 of the WESM Manual on Procedures for Changes to the WESM and Retail Rules and Market Manuals (“Rules Change Manual”), the PEM Board, as recommended by the RCC after thorough discussions, certified the proposal as not urgent and re-admitted the proposal as general amendments²;

¹ Department Circular No. DC2015-06-0003 Providing the Interim Manner off Declaring Bilateral Contract Quantities (BCQ) in the Wholesale Electricity Spot Market (WESM) and directing the Philippine Electricity Market Corporation (PEMC) to establish Necessary Protocols to Complement the Interruptible Load Program (ILP)

² [RCC Resolution No. 2023-02](#) dated 23 March 2023 and PEM Board Resolution No. 2023-58-13 dated 29 March 2023

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WHEREAS, following the 30-day commenting period until 18 May 2023, comments were received from MERALCO, NGCP and PEMC;

WHEREAS, the RCC deliberated the proposal, in consideration of the comments received and the proponent's responses during its 217th (Regular) meeting on 23 June 2023 and 218th (Regular) meeting on 21 July 2023. Highlights of the discussion are as follows:

- IEMOP shared the issues still encountered with the implementation of the Interim Protocol:
 - SO-reported inaccuracy of DAP submissions which resulted to inaccurate determination of alert conditions; and
 - Need to have basis for NSPs to provide MO with information on ILP capacity prior to implementation;
- Per PEMC's request for sample ILP information relative to the proposed amendments to Section 3.5.8 of the Billing and Settlements Manual, IEMOP informed the RCC that the BCQ re-declaration due to ILP implementation on 08 May 2023 was requested for intervals 1301H to 1930H;
- On Section 3.5.8 and other related provisions, the RCC did not adopt the proposed amendment noting the concerns raised that it will be challenging for the Network Service Provider (NSP) to inform the Market Operator (MO) of the total MW demand committed for the implementation of Interruptible Load Program (ILP);
- On Section 9.5.10, the RCC adopted, as revised, that the MO shall provide to the PEM Board a monthly summary of the re-declaration requests including the reasons and its decisions;
- On Section 9.5.12, one of the Distribution Sector representatives requested the proponent to provide a walk-through of the process of re-declaration of quantities until the issuance of final settlement;
- One of the Independent Members emphasized that the ILP is a voluntary program, and it will be challenging to create a set of rules to address the voluntary program. In addition, since ILP will address the insufficient supply of electricity by reducing the demand (drawn from the grid), the only market-based mechanism to accommodate this is on demand-side bidding (DSB);

WHEREAS, during the 219th (Regular) meeting on 18 August 2023, the RCC further discussed the proposal, with highlights as follows:

- On MERALCO's request to consider corrections to approved BCQ re-declaration related to ILP made beyond the 7-day period:
 - The proponent maintained its position that all BCQ re-declarations/adjustments should be made within the 7-day period after the ILP implementation, as per interim ILP protocol, for it to be considered in the final settlement. This is consistent with the DOE's policy and MO's strict implementation of accepting BCQ declaration/re-declaration for energy within D+1 and, as a general rule, disallowing BCQ re-declarations since there is no rule for this; the MO likewise does not validate whether the said BCQ re-declaration for ILP is equal to the actual ILP quantity;
 - One of the Distribution Sector Members apprised the new proposal for MO to also include corrections in the ILP re-declaration to DUs that are submitted within the 7-day period (from the ILP interval) before the preparation of the Final Settlement. The proponent and two (2) Independent Members disagreed with the proposal as this further

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introduces a special condition to the proposed re-declaration criteria, i.e. ILP implementation and CRSS issues, which are already special conditions.

- The proponent expressed strong objection to the MERALCO proposal and emphasized the anticipated consequences of adopting such provision, as follows:
 - a. significant impact on the billing and settlement process considering that the Market Operator is constrained to follow the strict timelines prescribed in the WESM Rules and WESM Manual on Billing and Settlement and observes pre-scheduled timelines for the metering and settlement runs using its market systems;
 - b. there is a high risk of delay in the issuance of settlement statements if the Market Operator shall consider BCQ re-declarations beyond the 28th of the current calendar month in the final settlement statement covering the immediately preceding billing month, which delay will impact all Trading Participants;
 - c. absence of clear guidance or directions on how the Market Operator will implement MERALCO's proposal.
- On Section 9.5.12, having voted³, the RCC decided to adopt the proposed wordings as revised:

"9.5.12 Re-declarations approved after the 28th day of the calendar month shall not be included in the computation of the preliminary settlement statement and instead shall be included in the final settlement statements for that billing month.

Necessary adjustments in erroneous re-declarations reflected in the preliminary statement shall be allowed, provided that it is made before the preparation of the final settlement statement."

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

RESOLVED, that the RCC approved Proposed General Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program Implementation attached as Annex A;

RESOLVED FURTHER, that the said Proposed General Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program Implementation, are hereby endorsed to the PEM Board for approval and for submission to DOE for final approval.

Done this **29th** day of **August 2023**, Pasig City.

³ On the inclusion of adjustments beyond 7-day period: five (5) voted disagree – Anosan, Cacho, Claudio, Fernando and Orillaza, and eight (8) voted agree – Alabado, Banzon, Dela Cruz, Fortich, Habana, Javier, Morales, and Ortiz



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Approved by:
THE RULES CHANGE COMMITTEE

Independent Members:



JESUSITO G. MORALLOS
Chairperson



Jose Roderick F. Fernando (Aug 29, 2023 12:52 GMT+8)

JOSE RODERICK F. FERNANDO



RACHEL ANGELA P. ANOSAN



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Generation Sector Members:



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CHERRY A. JAVIER
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Millennium Energy, Inc./ Pansia Energy, Inc.
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MARK D. HABANA
Vivant Corporation - Philippines
(Vivant)

Distribution Sector Members:



RYAN S. MORALES
Manila Electric Company
(MERALCO)



RUSSEL S. ALABADO
Angeles Electric Corporation
(AEC)



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



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

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Supply Sector Member:



GIAN KARLA C. GUTIERREZ
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Market Operator Member:



ISIDRO E CACHO JR (Aug 29, 2023 12:25 GMT+8)

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

Transmission Sector Member:



DARRYL LON A. ORTIZ
National Grid Corporation of the Philippines
(NGCP)



WESM Rules				
Title	Clause	Original Provision	Proposed Amendment (as amended by RCC)	Rationale
GLOSSARY	11	(new)	<u>Interruptible Load Program. The program set out in relevant ERC issuances where an End-user, in accordance with its protocol with its Network Service Providers, voluntarily agrees to either fully de-load, by disconnecting its delivery point that receives electricity, or partially de-load by reducing its load in response to an alert or notice issued by the System Operator of an expected power shortage.</u>	To define Interruptible Load Program based on provisions of relevant rules and issuances on ILP

WESM Dispatch Protocol Manual 18.0					
Title	Clause	Original Provision			Proposed Amendment (as amended by RCC)
WESM Timetable – Week-Ahead Projection	4.3.2	WAP Timeline			WAP Timeline
		Time	Activity	Responsible Party	
		Before 0845H	Submit the most recent self-scheduled nominations, bids and offers for all relevant hours of the WAP run	Trading Participants	Before 0845H Submit the most recent self-scheduled nominations, bids and offers f-or all relevant hours of the WAP run <u>consistent with the provisions of Clauses 6.1.7 and 6.13 of this Manual.</u>
WESM Timetable – Day-Ahead Projection	4.4.2	DAP Timeline			DAP Timeline
		Time	Activity	Responsible Party	
		Before [STPH1* - 10 minutes]	Submit the most recent self-scheduled nominations, bids and offers for all relevant hours of the DAP run	Trading Participants	Before [STPH1* - 10 minutes] Submit the most recent self-scheduled nominations, bids and offers for all relevant hours of the DAP run <u>consistent with the provisions of Clauses 6.1.7 and 6.13 of this Manual.</u>
		To establish that Market Participants should provide inputs based on reasonable estimates of their expected capability for the upcoming week.			

WESM Manual on Billing and Settlement Issue 12.1				
Title	Clause	Original Provision	Proposed Amendment (as amended by RCC)	Rationale
Bilateral Contract Declaration	9.5	(new)	<u>REDECLARATIONS FOR ENERGY TRANSACTIONS</u> <u>9.5.1 Generation Companies may re-declare bilateral contract quantities in respect to:</u> a) <u>Contestable Customers that are registered with the Distribution Utility as Interruptible Load Program participants;</u> b) <u>Directly connected customers that are registered with the Transmission Network Service Provider as Interruptible Load Program participants;</u> c) <u>Force majeure events resulting in inability to access the Market Operator's electronic submission platform</u>	To institutionalize the Interim Protocol, which is currently not officially part of the WESM Manuals Section 9.5.1.a and 9.5.1.b are adopted from the Interim Protocol. Section 9.5.1.c is added to accommodate cases of Trading Participants requesting for re-declaration during force majeure events resulting to inability to access the Central Registration and Settlement System
		(new)	<u>9.5.2 In relation to Section 9.5.1.a and 9.5.1.b of this Manual, the System Operator and Distribution Utilities shall provide the Market Operator the list of Directly Connected Customers and Contestable customers respectively participating in the Interruptible Load Program every 15th day of the month.</u>	Section 9.5.2 is adopted from the Interim Protocol.
		(new)	<u>9.5.3 If re-declaration is due to Section 9.5.1.a of this Manual, the Generation Companies shall enroll the applicable Distribution Utility as a supply customer with the Market Operator prior to re-declaration in accordance with Section 3.5 of the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures.</u>	Section 9.5.3 is adopted from the Interim Protocol.
		(new)	<u>9.5.4 The System Operator and Distribution Utilities shall inform the Market Operator of the actual time and duration of de-loading of their customers participating in the Interruptible Load Program no later than one (1) business day from the end of the relevant trading day the Interruptible Load Program was activated.</u>	Section 9.5.4 is adopted from the Interim Protocol.



WESM Manual on Billing and Settlement Issue 12.1				
Title	Clause	Original Provision	Proposed Amendment (as amended by RCC)	Rationale
		(new)	<u>9.5.5 If re-declaration is due to Section 9.5.1.a of this Manual, the Generation Companies shall submit the re-declaration of bilateral contract quantities for the applicable Contestable Customers for the account of the corresponding Distribution Utilities no later than seven (7) business days from the end of the relevant trading day when the Interruptible Load Program was activated.</u>	Section 9.5.5 is adopted from the Interim Protocol.
		(new)	<u>9.5.6 If re-declaration is due to Section 9.5.1.b of this Manual, the Generation Companies shall submit the re-declaration of bilateral contract quantities for the applicable directly connected customers no later than seven (7) business days from the end of the relevant trading day when the Interruptible Load Program was activated.</u>	Section 9.5.6 is adopted from the Interim Protocol.
		(new)	<u>9.5.7 If re-declaration is due to Section 9.5.1.c of this Manual, the Generation Companies shall submit the re-declaration of bilateral contract quantities for the affected dispatch intervals, with accompanying proof of inability to access the Market Operator’s electronic submission platform, no later than seven (7) business days from the end of the relevant trading day when the <i>force majeure</i> event occurred, provided that the Generation Company shall immediately report the inability to access the Market Operator’s electronic submission platform within the day of occurrence of the <i>force majeure</i> event.</u>	Section 9.5.7 is proposed to accommodate cases of Trading Participants requesting for re-declaration during force majeure events resulting to inability to access the Central Registration and Settlement System
		(new)	<u>9.5.8 The Market Operator is authorized to approve a request for re-declaration of bilateral contract quantities made under Section 9.5.5 and 9.5.6 of this Manual provided that such re-declaration complies with all the following requirements:</u> <u>a) The bilateral contract quantity re-declarations were submitted no later than seven (7) business days from</u>	Section 9.5.8 is adopted from the Interim Protocol.

WESM Manual on Billing and Settlement Issue 12.1				
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			<u>the end of the relevant trading day when the Interruptible Load Program was activated;</u> <u>b) The bilateral contract quantity re-declarations were only for intervals and for the CCs and/or DCCs that participated when the Interruptible Load Program was activated;</u> <u>c) The bilateral contract quantity re-declarations of Generation Companies correspond with their respective contract enrolments; and</u> <u>d) The bilateral contract re-declarations of Generation Companies follow the prescribed format and mode of submissions.</u>	
		(new)	<u>9.5.9 The Market Operator is authorized to approve a request for re-declaration of bilateral contract quantities made under Section 9.5.7 of this Manual provided that such re-declaration complies with all the following requirements:</u> <u>a) The bilateral contract quantity re-declarations were submitted no later than seven (7) business days from the end of the relevant trading day when the force majeure event occurred;</u> <u>b) The bilateral contract quantity re-declarations were only for intervals when the Market Operator’s electronic submission platform was inaccessible;</u> <u>c) The bilateral contract quantity re-declarations of Generation Companies correspond with their respective contract enrolments;</u> <u>d) The bilateral contract re-declarations of Generation Companies follow the prescribed format and mode of submissions;</u> <u>e) The Generation Company immediately reported the inability to access the Market Operator’s electronic submission platform within the day of occurrence of the force majeure event; and</u>	Section 9.5.9 is proposed to provide guidance to the Market Operator and Generation Companies on criteria for evaluation of submitted re-declarations.

WESM Manual on Billing and Settlement Issue 12.1				
Title	Clause	Original Provision	Proposed Amendment (as amended by RCC)	Rationale
			f) <u>The Generation Company attests, by way of a public document, to the truthfulness and correctness of the submitted proof of inability to access the Market Operator’s electronic submission platform.</u>	
		(new)	<u>9.5.10 The Market Operator shall act upon requests for re-declaration and shall inform the WESM Member of its decision and reason for approval or disapproval within a period of five (5) working days from receipt thereof.</u> <u>A monthly summary of re-declaration requests, including the reasons and decisions, shall be provided by the Market Operator to the PEM Board for information.</u>	To provide timeline for approval/disapproval of request for redeclarations
		(new)	<u>9.5.11 Disputes in respect of the Market Operator’s disapproval of a request for redeclaration may be raised within six (6) months from the WESM Member’s receipt of the Market Operator’s decision. It shall be resolved pursuant to the dispute resolution procedure set out in the WESM Rules Clause 7.3.</u>	To provide recourse for participants in case of disputes in line with existing dispute resolution process
		(new)	<u>9.5.12 Re-declarations approved after the 28th day of the calendar month shall not be included in the computation of the preliminary settlement statement and instead shall be included in the final settlement statements for that billing month.</u> <u>Necessary adjustments in erroneous re-declarations reflected in the preliminary statement shall be allowed, provided that it is made before the preparation of the final settlement statement.</u>	To institutionalize that the re-declarations after the 28 th day shall not be included in the preliminary settlement statement but if there were adjustments in the preliminary settlement statement, this shall be allowed provided that it is made before the preparation of final settlement statement.
		(new)	<u>9.5.13 The Market Operator shall issue advisories on the mode of submissions of the re-declaration and publish the same in the Market Information Website.</u>	To institutionalize the Interim Protocol, which is currently not officially part of the WESM Manuals

WESM Manual on Billing and Settlement Issue 12.1				
Title	Clause	Original Provision	Proposed Amendment (as amended by RCC)	Rationale

