



Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC 2024-01-0005 

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY
SPOT MARKET (WESM) RULES AND WESM MANUAL ON PROCEDURES FOR
THE MONITORING OF THE FORECAST ACCURACY STANDARD (FAS) FOR
MUST-DISPATCH GENERATING UNITS**

(Matters Relating to Enforcement Proceedings and Actions)

WHEREAS, Sections 30 and 37(f) of Republic Act (RA) No. 9136 or the Electric Power Industry Reform Act (EPIRA) provide that the Department of Energy (DOE), jointly with the electric power industry participants, shall formulate the detailed rules for the WESM, and for governing its operations;

WHEREAS, on 28 June 2002, the DOE, with the endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular (DC) No. DC2002-06-003;

WHEREAS, any changes, amendments, and modifications to the WESM Rules, including its Manuals, shall be undertaken in accordance with the provisions of Chapter 8 thereof;

WHEREAS, DC No. DC2022-05-0015, titled "Supplementing Department Circular No. DC2023-06-0013 on the Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network," was promulgated to address the gap between the compliance by the Generation Companies with the Grid Compliance Test and the actual issuance by the Energy Regulatory Commission (ERC) of the Certificate of Compliance;

WHEREAS, in accordance with Clause 3.5.5.9 of the WESM Rules and Section 3 of the WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units ("FAS Manual"), the Enforcement and Compliance Office (ECO) shall:

1. Evaluate annually the compliance of each must-dispatch generating unit with the FAS; and
2. Report to the PEM Board and the DOE its evaluation on the annual compliance with the FAS of each must-dispatch generating unit.

WHEREAS, the proposed amendments aim to:

1. Address the gap between the FAS Manual and interim procedures;
2. Ensure compliance with the requirements set forth in DC No. DC2022-05-0015;
3. Define with more clarity the reference data for the calculation of the forecast percentage error and other terms used in the Manual;

4. Address certain unique conditions, situations, or circumstances affecting the compliance of must-dispatch generating units;
5. Consider or allow exemption of plants with limited participation; and
6. Add due process provisions.

WHEREAS, on 06 July 2023, the PEM Board submitted for the final approval of the DOE the proposed amendments to the WESM Rules and FAS Manual;

WHEREAS, the DOE, to ensure transparency and consistency with the objectives of the EPIRA and the WESM, conducted in-person public consultations on the proposed amendments on various dates as follows:

Leg	Date	Venue
Luzon	23 August 2023	Taguig City
Visayas	06 September 2023	Cebu City
Mindanao	31 August 2023	General Santos City

NOW, THEREFORE, after review and consideration of the proposed amendments and the comments and recommendations of stakeholders, the DOE, pursuant to its authority under the EPIRA and the WESM Rules, hereby adopts, issues, and promulgates the following amendments to the WESM Rules and FAS Manual:

Section 1. Amendments to the WESM Rules. The following provisions of the WESM Rules are hereby amended:

3.5.5 Generation Offers and Data

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- 3.5.5.11 A *Trading Participant* who fails to meet the requisite forecast accuracy standards set out in accordance with Clause 3.5.5.9, based on the results of an annual assessment, shall be liable for sanctions imposed under Clause 7.2 and the *WESM Penalty Manual*.

- 3.5.5.12. The *Enforcement and Compliance Office* shall report to the *PEM Board*, the *Compliance Committee*, the *ERC*, and the *DOE* the monthly and annual compliance of each *must-dispatch generating unit* to the forecast accuracy standards with respect to its *projected outputs*.

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7.2.10 Exemption

Suspected violation or breach of *WESM Rules* or *Manuals* shall be subject to compliance monitoring, assessment and/or investigation, Provided, that, no penalties shall be imposed when the possible violation or breach is committed during the following periods:

- (a) Within the first one (1) month of membership in the WESM by said WESM Member; or
- (b) Within the first one (1) month of the issuance of a new provision of the WESM Rules or a new Manual, or an amendment thereto, with respect to such new provisions, Manual or amendment, if non-compliance with the same amounts to a *breach*; or
- (c) Within the period prescribed in the relevant Manual, other than the WESM Penalty Manual.

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Chapter 11

GLOSSARY

Must-dispatch Generating Unit. A *Generating Unit* or *Generating System* under Clause 2.3.1.5 and registered in the WESM by the *Market Operator*.

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Section 2. Amendments to the FAS Manual. The following provisions of the FAS Manual are hereby amended:

SECTION 1 INTRODUCTION

1.1 Background

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- 1.1.3 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.
- 1.1.4 A *Generation Company* that has an *expansion unit* shall likewise comply with the forecast accuracy standards following the parameters set forth in Section 4.2.8 of this Manual.
- 1.1.5 A Trading Participant referred to in Sections 1.1.2, 1.1.3, and 1.1.4 hereof, which fails to meet the requisite forecast accuracy standards based on the results of an annual assessment, shall be liable for sanctions imposed under Clause 7.2 of the WESM Rules and the WESM Penalty Manual.
- 1.1.6 The *Enforcement and Compliance Office* shall report to the PEM Board, the *Compliance Committee*, the ERC, and the

DOE the annual compliance of each *must-dispatch generating unit* to the forecast accuracy standards with respect to its *projected outputs*.

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SECTION 2 DEFINITIONS, REFERENCES, AND INTERPRETATION

2.1 DEFINITIONS

2.1.2. Glossary

- a) **Expansion Unit.** It shall refer to the expanded capacity of a *must-dispatch generating unit* which may be built in phases and designed to utilize the same plant substation and revenue meter being used by the existing capacity unit.
- b) **Forecast Accuracy Standards Report.** Reports which are prepared and issued by the *Enforcement and Compliance Office*, as prescribed in Section 4.4 of this Manual.
- c) **Forecast Percentage Error (FPE).** Error (in %) of the *projected output* submitted by a *must-dispatch generating unit* with respect to its maximum *metered quantity* over a *billing period* as dependable capacity and calculated in accordance with Section 4.2.3.
- d) **Initial loading.** Loading (in MW) at the beginning of the *dispatch interval* assumed in, or estimated by, the dispatch optimization performed prior to the beginning of that *dispatch interval*.
- e) **Mean Absolute Percentage Error (MAPE).** $x \times x$
- f) **Percentile 95 of the Forecasting Error (PERC95).** It shall mean that 95% of all the *FPEs* during the period shall not exceed the standard set forth in Section 4.1.1 of this Manual.
- g) **Projected quantity.** $x \times x$

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SECTION 3 RESPONSIBILITIES

3.1 ENFORCEMENT AND COMPLIANCE OFFICE

- 3.1.1 The *Enforcement and Compliance Office* shall assess, evaluate, and issue the cumulative results of *MAPE* and *PERC95* to each *must-dispatch generating unit* on a monthly

and annual basis in accordance with the procedures set forth in Section 4.4 hereof.

The *Enforcement and Compliance Office* shall, for this purpose, establish a detailed process or procedure of compliance monitoring and assessment and prescribe a reply format or template that may be accomplished by the *Generation Company* as part of the monitoring process.

3.1.2 The *Enforcement and Compliance Office* shall report to the *PEM Board*, the *Compliance Committee*, the *ERC*, and the *DOE*, its evaluation on the annual compliance of each *must-dispatch generating unit* to the forecast accuracy standards as set forth in Section 4.4.6 of this Manual.

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3.4 Generation Companies

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3.4.3 *Generation companies* shall coordinate with the *Enforcement and Compliance Office* for matters, data, or information necessary to establish, validate, and verify the incidents or circumstances referred to in Section 4.3, and such other matters, data, or information relative to the calculation of *MAPE* and *PERC95*.

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3.5 Market Operator

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3.5.2 The *Market Operator* shall provide to the *Enforcement and Compliance Office* all market data and information, including the *System Operator*-validated individual and aggregated forecast data, necessary for the calculation of *MAPE* and *PERC95* and for verification or validation of data, when necessary.

SECTION 4 FORECAST ACCURACY STANDARDS, PROCEDURES, AND SANCTIONS

4.1 Standards

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4.1.2 The *MAPE* and *PERC95* of each *must-dispatch generating unit* shall be calculated every *billing period* in cumulative

results and shall be reported to each *Generation Company* within the timeline prescribed in Section 4.4 hereof. Subject to the provisions of Section 4.6 of this Manual, the annual cumulative results covering the period 26th of December of a year and ending on the 25th of December of the succeeding year shall be determined with finality by the *Enforcement and Compliance Office* within the period prescribed in Section 4.4.6 of this Manual.

- 4.1.3 Subject to Sections 4.5 and 4.6 of this Manual, the *Generation Companies* of the *must-dispatch generating units* which fail to meet the requisite forecast accuracy standards based on the annual *Forecast Accuracy Standards Report* shall be considered in breach of Section 4.1.1 of this Manual and shall be liable for sanctions imposed under Clause 7.2 of the *WESM Rules* and the *WESM Penalty Manual*.

4.2 CALCULATIONS

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- 4.2.6 A one hundred (100) percent FPE shall be imposed to a *must-dispatch generating unit* for non-submission of *projected output*. The non-submission of *projected output* referred to in this Section shall exclude submission of zero (0) MW nomination or cancellation of nomination based on the zero projection or load profile of the *must-dispatch generating unit*.

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- 4.2.8 For generating plants with *expansion unit* that is on test and commissioning but is awaiting the issuance of the *Final Certificate of Authority to Connect, Certificate of Compliance* or the Provisional Authority to Operate, the following rules shall apply during the specific intervals that they are determined to be on test and commissioning:

- a) A zero (0) FPE shall be imposed if the *projected quantity* is less than the combined metered quantity.
- b) A one hundred (100) FPE shall be imposed if the *projected quantity* is greater than the combined metered quantity.

For this purpose, the combined metered quantity shall refer to the sum of the metered quantity of the existing capacity unit and that of the *expansion unit*.

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4.3 EXCLUSIONS AND OTHER BASIS FOR RECALCULATION

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4.3.2 Any variance in the market data used in the calculation of MAPE and/or PERC95 that may be discovered during the monitoring and assessment must be properly addressed, validated, and verified within the prescribed timeline. The *Generation Company* shall provide adequate supporting documents to substantiate any claim of data variance. Only those data that have been proven and verified to be inaccurate, inconsistent, or erroneous shall be considered in the recalculation of the results.

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4.4 MONITORING, REPORTING, AND REVIEW

4.4.1 The *Enforcement and Compliance Office* shall monitor the compliance of the *Generation Company* of each *must-dispatch generating unit*, calculate the MAPE and PERC95 and issue the *Preliminary Forecast Accuracy Standards Reports* including the data used in the calculation within 30 business days from the end of the calendar month of the covered monitoring period. For instance, the *Preliminary Forecast Accuracy Standards Report* for September billing period shall be issued not later than 30 October.

4.4.2 The *Generation Company* shall provide a reply or confirmation of the MAPE and PERC95 results, as the case may be, to the *Enforcement and Compliance Office* within fifteen (15) business days from receipt of the *Preliminary Forecast Accuracy Standards Report*. If any of the circumstances fall within the exclusions and data variance under Section 4.3 of this Manual, the *Generation Company* shall likewise provide and submit the documents or proof thereof as a basis for recalculation of the results.

4.4.3 The *Enforcement and Compliance Office* shall assess, validate, and verify the responses and documents submitted by the *Generation Company*. It may also consult the *Market Operator*, the *System Operator*, or the *Metering Service Provider*, as necessary, to ascertain the truthfulness of the claim or allegations of the *Generation Company*. The *Enforcement and Compliance Office* shall perform the recalculation, as may be appropriate.

4.4.4 The *Enforcement and Compliance Office* shall issue the *Final Forecast Accuracy Standards Report* within seventy (70) business days from the end of the calendar month of the

covered monitoring period regardless of whether a reply or confirmation is submitted by the concerned Generation Company or whether a recalculation of the results was performed for a particular *must-dispatch generating unit*.

4.4.5 The *Enforcement and Compliance Office* shall submit a consolidated monthly report to the *PEM Board*, the *Compliance Committee*, the *ERC*, and the *DOE* containing the status of the compliance of each *must-dispatch generating unit* to the forecast accuracy standards as of the most recent billing period based on the *Final Forecast Accuracy Standards Report* within the same timeline provided in Section 4.4.4 of this Manual.

4.4.6 The *Enforcement and Compliance Office* shall likewise submit an annual consolidated report to the *PEM Board*, the *Compliance Committee*, the *ERC*, and the *DOE* on or before 31 March of the year following the covered monitoring period.

4.4.7 The *Market Operator* or the *Enforcement and Compliance Office*, in consultation with the *System Operator*, shall review annually the forecast accuracy standards set in Section 4.1 and shall provide a recommendation to the *PEM Board* and the *DOE*.

4.6 PENALTIES AND SANCTIONS

4.6.1 One *breach* is counted for each category of forecast accuracy standard that was not complied with based on the *Annual Forecast Accuracy Standards Report*. The breach of *MAPE* and *PERC95* shall be counted as separate breach even if they occur on the same period subject to penalty under Clause 7.2 of the *WESM Rules* and the relevant provisions of *WESM Penalty Manual*.

4.6.2 The *Generation Company with must-dispatch generating unit* that is in operation for less than a year and is found in breach of *MAPE* or *PERC95*, shall be:

- a) imposed a penalty in proportion to the number of months the *must-dispatch generating unit* is in operation during the covered monitoring year. For instance, the plant commenced operation on 26 March, the financial penalty to be imposed shall be in proportion to the nine (9) billing months over the twelve (12) month-period.
- b) exempted from liability, if it commences operation within three (3) months prior to the end of the covered monitoring year.

A *must-dispatch generating unit* shall be considered in operation, for purposes of this Section, upon commencement of its operation or participation in the WESM either by virtue of the Final Certificate of Approval to Connect or the commercial operation registration in the WESM, whichever is applicable.

SECTION 5 AMENDMENT, PUBLICATION AND EFFECTIVITY

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5.3 EFFECTIVITY

This *Market Manual* or any amendments thereto shall become effective upon approval of the DOE in accordance with the *WESM Rules* Clause 8.6.4. The date of effectivity shall be as indicated in this document.

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Section 3. Repealing Clause. The provisions of other circulars, orders, issuances, rules, and regulations which are inconsistent with the provisions of this Circular, are hereby repealed, amended, modified, or superseded accordingly.

Section 4. Separability Clause. If, for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

Section 5. Effectivity. This Circular shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation. A copy of this Circular shall be filed with the University of the Philippines Law Center – Office of the National Administrative Register.

Issued this **JAN 12 2024** at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.



RAPHAEL P.M. LOTILLA
Secretary

