

## MEETING MINUTES

Subject/Purpose : 222<sup>nd</sup> RCC (Special) Meeting No. 2023-15  
 Date & Time : 13 October 2023, 9:00 AM to 3:42 PM  
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### ATTENDEES

No.	Name	Designation/Position	Department/ Company
1	Jesusito G. Morillos	Chairman, Independent	RCC
2	Rachel Angela P. Anosan	Member, Independent	RCC
3	Jordan Rel C. Orillaza	Member, Independent	RCC
4	Dixie Anthony R. Banzon	Member (Principal), Generation Sector	RCC
5	Cherry A. Javier	Member (Principal), Generation Sector	RCC
6	Mark D. Habana	Member (Principal), Generation Sector	RCC
7	Carlito C. Claudio	Member (Principal), Generation Sector	RCC
8	Jessie B. Victorio	Member (Alternate), Generation Sector	RCC
9	Ryan S. Morales	Member (Principal), Distribution Sector	RCC
10	Nelson M. Dela Cruz	Member (Principal), Distribution Sector	RCC
11	Darwin T. Daymiel	Member (Alternate), Distribution Sector	RCC
12	Virgilio C. Fortich, Jr.	Member (Principal), Distribution Sector	RCC
13	Russel S. Alabado	Member (Principal), Distribution Sector	RCC
14	Gian Karla C. Gutierrez	Member (Principal), Supply Sector	RCC
15	Dennis R. Paragas	Member (Alternate), Supply Sector	RCC
16	Isidro E. Cacho, Jr.	Member (Principal), Market Operator (MO)	RCC
17	Kristoffer S. Ng	Member (Alternate), MO	RCC
18	Darryl Lon A. Ortiz	Member (Principal), System Operator (SO)	RCC
19	Fortunato C. Leynes	CGO	PEMC
20	Leo John A. Juguilon	OCGO Technical Assistant	PEMC
21	Bienvenido C. Mendoza, Jr.	MAG Head	PEMC
22	Karen A. Varquez	RCC Secretariat	PEMC
23	Divine Gayle C. Cruz	RCC Secretariat	PEMC
24	Mari Josephine C. Enriquez	RCC Secretariat	PEMC
25	Mary Rose L. Bisnar	RCC Secretariat	PEMC
26	Ma. Hazel M. Gubaton-Lopez	ECO Head	PEMC
27	Hilary Romeli C. Florendo	CC Secretariat	PEMC
28	Mark Anthony C. Andrada	CC Secretariat	PEMC
29	Paolo C. Alegre	CC Secretariat	PEMC
30	Josephine C. Corpuz	CC Secretariat	PEMC
31	Marie Liezelle E. Macabenta	CC Secretariat	PEMC
32	Darlene C. Dublar	CC Secretariat	PEMC
33	Karla Janine C. Capuno	CC Secretariat	PEMC
34	Alyssa Isabella R. Punzalan	CC Secretariat	PEMC
35	Anthony Jose P. Asprer	CC Secretariat	PEMC

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No.	Name	Designation/Position	Department/ Company
36	Nylle Gregory P. Bague	CC Secretariat	PEMC
37	Angelica G. Alejan	CC Secretariat	PEMC
38	Rayan J. Genabe	CC Secretariat	PEMC
39	Kassandra Fleur Alaine D. Domingo	CC Secretariat	PEMC
40	Carl Angelo B. Dela Cruz	CC Secretariat	PEMC
41	Gabbor M. Dichoso	CC Secretariat	PEMC
42	Dianne Kate C. Langit	CC Secretariat	PEMC
43	Christian Francis O. Belen	CC Secretariat	PEMC
44	Edgar S. Superio, Jr.	CC Secretariat	PEMC
45	Aldjon Kenneth M. Yap	MSC Secretariat	PEMC
46	Ira Lee P. Corectico	MSC Secretariat	PEMC
47	Mark Froilan L. Lingao	MSC Secretariat	PEMC
48	Jake Jerald M. Gines	MSC Secretariat	PEMC
49	Ruben L. Sibayan	MSC Secretariat	PEMC
50	Marlo S. Delizo	MSC Secretariat	PEMC
51	Armie Eloisa V. Exporna	MSC Secretariat	PEMC
52	Kevin John Y. Dela Cuesta	TC Secretariat	PEMC
53	Aldrin W. Reyes	TC Secretariat	PEMC
54	Lincoln A. Gillego	TC Secretariat	PEMC
55	Gabriel R. Marmeto	Legal	PEMC
56	Jhannelyn D. Marasigan	Observer	DOE
57	John Paulo O. Castro	Observer	DOE
58	Lex J. Magtalas	Observer	APC
59	Edward I. Olmedo	Resource Person	IEMOP
60	Sheryll M. Dy	Resource Person	IEMOP
61	Ermelindo R. Bugaoisan, Jr.	Resource Person	NGCP
62	Glenn T. Peña	Resource Person	NGCP

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Agenda	Discussion/Agreements
I. Call to Order	The meeting was called to order at 9:03 AM.
II. Determination of Quorum	The quorum was determined with fourteen (14) principal members and four (4) alternate members present.
III. Adoption of Agenda	The agenda was adopted as proposed.
IV. New Business  Proposed Amendments related to Ancillary Services Monitoring (Urgent Proposal) <ul style="list-style-type: none"> <li>• Proponent: PEMC</li> </ul>	<p><u>Presenter/s:</u> Ms. Mari Josephine C. Enriquez (RCC Secretariat) and Ms. Ma. Hazel M. Gubaton-Lopez (PEMC/Proponent)</p> <p><u>Action Requested:</u> For deliberation and endorsement to the PEM Board</p> <p><u>Materials:</u> Annex A - RCC Secretariat Presentation</p> <p>Annex B - Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring</p> <p>Annex C - Matrix of the Proposed Urgent Amendments on WESM Rules, WESM Dispatch Protocol, and New WESM Manual on Ancillary Services Monitoring</p>

### Proceedings:

- On behalf of the proponent, Ms. Gubaton-Lopez provided an overview on the Proposed New Ancillary Services Monitoring Manual (ASMM) that was submitted to the RCC pursuant to DOE Department Circular No. DC2023-09-0026, "Declaring the commercial operations of the Reserve Market".
- During the presentation, Ms. Gubaton-Lopez emphasized that Section 8 of the draft ASMM provides penalties and sanctions wherein the said Section was endorsed to the Market Surveillance Committee (MSC) for its review pursuant to WESM Rules Clause 7.2.5.5 and Penalty Manual. Likewise, she highlighted the following changes to the submitted proposal:
  - a. Correction on the formula of penalty for Reserve Conformance Standards (RCS) based on CGO Fortunato C. Leynes' comment during the MSC meeting on 12 October 2023, and Enforcement and Compliance Office's (ECO) further assessment; and
  - b. Addition of sample computation on penalties for both Reserve Offer Capacity Compliance (ROCC) and RCS as Appendix III of the ASMM.

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- 27 • As the proposal was provided in advance to the RCC for review, and having no adverse  
 28 responses, the RCC certified the same as “Urgent” in line with WESM Rules Clause 8.4.1.1 (a)  
 29 (iv), i.e., to facilitate the implementation of any regulation, circular, order or issuance of the DOE  
 30 or ERC pursuant to the EPIRA.  
 31
- 32 • Mr. Edward I. Olmedo (MO) provided a more detailed presentation on the RCS. Below were the  
 33 discussions regarding the matter:
- 34
- 35 a) On the proposed deletion of Section 21 from the Dispatch Protocol Manual (DPM)  
 36 regarding the Reserve Effectiveness Factor (REF) and replacing the same with RCS in  
 37 the new ASMM
- 38 ➤ Mr. Jordan Rel C. Orillaza (Independent) asked on whether the REF was totally  
 39 removed in the new ASMM.
- 40 ➤ Mr. Olmedo responded that upon discussions with PEMC and the System Operator  
 41 (SO), the REF was enhanced and removed in the new ASMM. Further, it was  
 42 categorized into different measures in the RCS. For the Regulating Reserves (RR)  
 43 and Contingency Reserves (CR), both measure five (5) requirements, i.e., response  
 44 accuracy, response time, dead band setting, speed droop and sustainability. On the  
 45 other hand, for the Dispatchable Reserve (DR), it measures three (3) requirements,  
 46 i.e., status, synchronization and sustainability.  
 47
- 48 b) On the “status” measure on RCS for DR with description “must be offline unless there is  
 49 a dispatch instruction from the SO, or it was scheduled for energy dispatch in the WESM”
- 50 ➤ Mr. Carlito C. Claudio (Generation) commented that the provision of DR for generators  
 51 that are already online would become effective during phase 2 of the Reserve Market  
 52 (RM). Conversely, the provision of DR for generators that are offline is only temporary.
- 53 ➤ Mr. Olmedo responded that in normal situations, provision of DR is for offline  
 54 generators. However, if measured every five (5) minutes, e.g., the generator that was  
 55 dispatched by the SO at 1005H will be synchronized and will continue to be dispatched  
 56 for purposes of DR in the next trading intervals. Hence, the breaker of the said  
 57 generator is already synchronized in subsequent trading intervals. On the other hand,  
 58 other generators that can provide DR are also scheduled to provide energy in  
 59 instances of tight supply conditions. It can be noted that the optimization is being  
 60 implemented through prioritization with the constraint violation coefficients. Eventually,  
 61 when DRs are scheduled for energy, concerned generators should not be tagged as  
 62 non-compliant.  
 63
- 64 c) On the “sustainability” measure on RCS for DR with description “after synchronization, the  
 65 DR facility shall deliver the MW capacity as instructed by the SO within 15 minutes”
- 66 ➤ Mr. Claudio asked why the measure for sustainability is reckoned on the delivery of  
 67 MW capacity within 15 minutes. Originally, based on the Ancillary Services

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- 68 Procurement Plan (ASPP), the minimum time for sustainability is 8 hours, and it is  
 69 being proposed to be reduced to two (2) hours.
- 70 ➤ Mr. Olmedo clarified that the indicated timeline may still be further revised. In addition,  
 71 it may be incorrectly labeled since the minimum period on sustainability is two (2)  
 72 hours. The description of “sustainability” in measuring RCS for DR focuses on the  
 73 timeliness to deliver after synchronization.
- 74
- 75 • Having other prior commitments, Ms. Rachel Angela P. Anosan (Independent) briefly explained  
 76 her general comments on the proposal prior continuation on the deliberations:
- 77 a) Consider the need to amend the provisions of the WESM Rules and other market manuals  
 78 on settlements, particularly on the calculation of settlement amounts to include provisions  
 79 on the reserve settlement adjustment. It should be noted that the components and  
 80 calculations of settlement amounts are set out in the rules, and it does not include reserve  
 81 settlement adjustments.
- 82 b) Changes in the DPM should also be considered, particularly those that are already  
 83 inconsistent or are deemed to be superseded by the new ASMM.
- 84 c) If there is an urgency to have a single manual at this time, the need to introduce new sets  
 85 of procedures may be reviewed during the regular amendments process, as it may be  
 86 better to have a single point of reference. If the enforcement procedures in the ASMM are  
 87 the same with the Enforcement and Compliance Manual (ECM), it may be better to just  
 88 refer to the ECM. Similarly, including definitions of breach and penalty levels in the Penalty  
 89 Manual (PM) may be better.
- 90 d) Definition of breach should be clear. The provisions can be written and sequenced as to  
 91 ensure that the reader is clear on which provisions define breach, and which provisions  
 92 are simply stating conditions for flagging of possible non-compliance.
- 93 e) Functions of the Enforcement and Compliance Office (ECO) should be clarified. The  
 94 proposal uses the word “monitoring” but ECO’s functions include enforcement and not  
 95 mere monitoring. It will be noted that the MO also has monitoring functions under the new  
 96 ASMM.
- 97 f) Rethink the nature of the reserve adjustment, particularly if it is appropriate to implement  
 98 the adjustment upon the results of the MO’s monitoring. Consider the perspective that it  
 99 is not separate from but is a consequence of the enforcement process and should be  
 100 subject to requirements of due process, thus, it should be implemented after determination  
 101 of breach and not prior.
- 102
- 103 • Chairperson Morillos recognized the above comments from Ms. Anosan. He suggested to include  
 104 a catch-all clause, i.e., mutatis mutandis, indicating that all inconsistent provisions that could be  
 105 found in other market documents should be modified in line with the proposed new ASMM.
- 106
- 107 • Mr. Claudio opined that there was an old approved ASMM which was cited as one of the reference  
 108 documents in the previous versions of the DPM. Similarly, he checked one (1) RCC Resolution in  
 109 2020 abolishing several market manuals but such old ASMM was not included.

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- Upon checking, Ms. Karen A. Varquez (RCC Secretariat) confirmed that there was an old ASMM in 2004. Moreover, she shared that the premise of the old ASMM is that the MO will be the one to provide AS scheduling in WESM once the RM is operational. Since such old ASMM was never operationalized, Ms. Varquez committed to study the impact of such document. The Secretariat may also consult the DOE on this matter.
  - Mr. Claudio shared that he was part of the team that drafted the old ASMM. He said that such document may not be connected to the RM since it only covers AS Providers contracted by the SO. Based on its compliance monitoring provisions, once the AS Provider (ASP) does not comply with the provision of reserves, such ASP will not be paid.
  - Chairperson Morillos suggested to look into the retirement of the old ASMM.
  - Mr. Orillaza inquired on how the retirement of the old ASMM would support the earlier suggestion from Ms. Anosan.
  - Chairperson Morillos responded that the retirement of old ASMM may be pursued since it expressly makes way for the new ASMM. On the other hand, the implied repeal may be resolved by the mutatis mutandis which he suggested above. Ms. Anosan concurred.
  - Mr. Isidro E. Cacho, Jr. (MO) inquired if there is an existing ASMM which was approved by the DOE. As far as he remembers, only part of the DPM was approved by the DOE which provides the monitoring of reserves.
- 130
- Taking into account all the presented measures to monitor compliances to RCS, Mr. Virgilio C. Fortich, Jr. (Distribution Sector) inquired if the current systems are already capable of monitoring such measures.
    - Mr. Olmedo responded that system enhancements will be introduced as soon as possible.
    - Chairperson Morillos added that there may be appropriations in budget, and a specific timeline may be provided for implementation.
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- Ms. Gubaton-Lopez apprised the RCC that the monitoring on RCS is an entirely different procedure, but it was aligned with the billing and settlement timeline such that any adjustment in the settlement amount will be aligned with the current practice in the issuance of the preliminary and final settlement statements. Noting that, and the general guidelines for ROCC as contained in the PM, the process and timeline for issuance of the Compliance Monitoring and Assessment Reports were maintained. Moreover, Ms. Gubaton-Lopez apprised that there are proposed general amendments on the Enforcement and Compliance Manual (ECM) and PM wherein such proposals are still in commenting period. Once those proposed amendments are approved, the proponent will review other provisions that may need to be amended.
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- In the interest of time, Chairperson Morillos encouraged a running discussion during the line-by-line deliberations, i.e., provisionally approving clauses/sections unless issues arise.
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### 152 Line-by-Line Deliberations (WESM Rules)

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154 • On Clause 3.8.7.2 (Reserve Conformance Standards), Mr. Orillaza inquired on the treatment of  
 155 battery energy storage devices.

156 ➤ Mr. Olmedo responded that these are currently modeled as a single resource in the market  
 157 and are being treated like generators. Hence, the treatment for generators will be used as  
 158 well for batteries.

159 ➤ On the same Clause, Ms. Gubaton-Lopez clarified the rationale of adding item (d)  
 160 procedures for the adjustment in settlement amounts, and imposition of penalty, and  
 161 sanctions as a consequence of breach of the rule or standards relating to reserve market  
 162 compliance. According to her, it is still subject for further review on the impact of reserve  
 163 trading amount determination and possible impact on Price Determination Methodology  
 164 (PDM) on reserves application.

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### 166 Line-by-Line Deliberations (New ASMM)

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168 • On Section 1.2.4 (Purpose and Scope), Ms. Gubaton-Lopez shared that it is more appropriate to  
 169 insert in the section the mutatis mutandis suggestion by Chairperson Morillos.

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171 • On Section 2.1.2 (Definitions), below were the major received comments:

172 ➤ Mr. Orillaza inquired on the reference of the “Ancillary Services (AS)” definition. Mr. Ryan  
 173 S. Morales (Distribution) also raised the impact on deleting “of” in the definition of AS, i.e.,  
 174 *those services that are necessary to support the transmission of capacity and energy from*  
 175 *resources to loads while maintaining reliable operation of the transmission system in*  
 176 *accordance with good utility practice, the Grid Code and Distribution Code.*

177 ➤ Ms. Cherry A. Javier (Generation) suggested to ensure consistency of definitions and  
 178 usage of AS that are not in traded in the WESM and reserves (AS in market). Mr. Olmedo  
 179 clarified that the AS covers a lot of items, and it is the frequency control AS that is traded  
 180 in the market.

181 ➤ Mr. Daryl Lon A. Ortiz (Transmission) recommended to delete the terms that are already  
 182 defined in relevant market documents. Similarly, Mr. Darwin T. Daymiel (Distribution)  
 183 encouraged to ensure consistency of the definition of terms.

184 ➤ Ms. Gubaton-Lopez informed the RCC that the proponent will revise “Ancillary Schedule”  
 185 to “Reserve Schedule” based on the term used in the DPM.

186 ➤ Mr. Orillaza suggested to enhance the definition of “Annual Ancillary Services  
 187 Performance Evaluation” for clarity that it is a process/procedure. Said suggested was  
 188 concurred by the proponent.

189 ➤ Mr. Claudio proposed to change the definition of “Breach” for clarity that it refers to non-  
 190 compliance with either RCS or ROCC. Said suggestion was concurred by the proponent.

191 ➤ Chairperson Morillos recommended for “Reserve Market” to have a counterpart definition  
 192 in the WESM Rules Glossary. In contrast, Ms. Anosan raised the implication of defining  
 193 RM which may mean that there is another market aside from WESM to which Mr. Olmedo  
 194 concurred, highlighting that RM is part of WESM.

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- 195           ➤ Mr. Orillaza proposed to review the definition of “Reserve Offer Capacity Compliance”  
 196           deleting the word “maximum”. Further, he inquired on the registration based on the plant’s  
 197           capacity. Mr. Olmedo replied that the plant’s MW registered capacity is based on the  
 198           ERC’s certificate of compliance as a result of the test and commissioning. On the other  
 199           hand, the reserve capacity is based on the AS testing per reserve category conducted by  
 200           the National Grid Corporation of the Philippines (NGCP).  
 201           ➤ Mr. Orillaza commented to revise the definition of “Reserve Facility” to clarify that it is a  
 202           facility registered to provide reserves.  
 203           ➤ Chairperson Morillos proposed to simplify the definitions on various notices based on  
 204           applicability, i.e., either ROCC or RCS.  
 205  
 206           • On Section 3.2.4 (Responsibilities of System Operator), Ms. Javier recommended to add a phrase  
 207           regarding due process wherein the proponent noted the same.  
 208  
 209           • On Section 3.4.4 (Responsibilities of Ancillary Services Provider), Mr. Mark D. Habana  
 210           (Generation) inquired on whether the ASP cannot participate in the market if it committed a  
 211           violation in one (1) interval. Ms. Gubaton-Lopez responded that it would depend on the  
 212           consequence of such violation - financial penalty, escalated financial penalty, suspension, or de-  
 213           registration. The ASP cannot participate in the market if the consequence of its breach is already  
 214           suspension or de-registration.  
 215  
 216           • On Section 4.2.1 (Reserve Offer Capacity Compliance – Reserve Offer Submission), Ms. Javier  
 217           recommended to include an illustration for a generating unit’s submission of offers if such unit is  
 218           certified to provide multiple reserve categories.  
 219           ➤ For a holistic view, Mr. Orillaza further recommended to include energy submission in the  
 220           illustration.  
 221           ➤ The proponent committed to work with the MO in this matter.  
 222  
 223           • On Section 4.2.2 (Reserve Offer Capacity Compliance – Reserve Offer Submission), Mr. Orillaza  
 224           requested clarification if the standing offer will be applied when ASP cannot provide AS in any  
 225           dispatch interval of any trading day in the current week-ahead market horizon.  
 226           ➤ Ms. Gubaton-Lopez confirmed that there is a standing reserve standing offer. Just like with  
 227           the standing offers in energy, it may be superseded by the ASP’s submission real-time.  
 228           ➤ Ms. Javier raised that the Compliance Post-Evaluation Monitoring System (CPEMS)  
 229           allows for ASPs to submit other references up to the end of the month of the covered  
 230           period. Hence, the timeline provided in the proposal should be aligned.  
 231           ➤ Ms. Gubaton-Lopez clarified that the provided timeline, i.e., five (5) business day from the  
 232           occurrence of event to submit supporting documents whenever there are any  
 233           circumstances which may prevent the ASP from providing AS is already aligned with the  
 234           current process.

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- 235           ➤ Mr. Fortich asked a clarification if one (1) count of breach will be imposed if ASP cannot  
 236           provide supporting documents to which Ms. Gubaton-Lopez confirmed that it will be  
 237           flagged by the system.
- 238           ➤ As part of the submitted comments through email by Ms. Anosan, Ms. Gubaton-Lopez  
 239           confirmed that the section refers to the giving of the notice.
- 240
- 241           • On Section 4.2.3 (Reserve Offer Capacity Compliance – Reserve Offer Submission), Ms. Anosan  
 242           suggested to state the means for providing the reason, e.g., when submitting its reserve offer, or  
 243           refer to the relevant rule or market manual provision. To respond, Ms. Gubaton-Lopez proposed  
 244           to restate the provision that ASP can provide a reasonable explanation whenever the submitted  
 245           reserve offers are cancelled or less than the certified capacity in accordance with Section 6.3.1.  
 246
- 247           • On Section 4.3 (Review of the Rule on Reserve Offer Capacity Compliance), Mr. Orillaza inquired  
 248           on the role of the Governance Arm in reviewing the ROCC. Ms. Gubaton-Lopez informed that the  
 249           “Enforcement and Compliance Office” may be replaced with “WESM Governance Arm” since  
 250           anybody in PEMC can be engaged for purposes of review.
- 251           ➤ On Ms. Anosan’s query if the process introduced in Section 4.3 is a different process from  
 252           the rules change process, Ms. Gubaton-Lopez responded that the Section only  
 253           emphasizes that the ROCC should be reviewed periodically. However, the process in  
 254           changing the ROCC shall undergo rules change process.  
 255
- 256           • On Section 5.1.2 (Reserve Conformance Standards - Background), Mr. Orillaza inquired on the  
 257           DOE policy regarding the harmonized RCS, i.e., market vs. contracted.
- 258           ➤ Mr. Claudio raised concerns on how to harmonize the penalty setup under the Ancillary  
 259           Services Procurement Agreement (ASPA) and the RM. He further explained that in ASPA,  
 260           the dispatch interval is every hour while in the RM, the dispatch interval is every five (5)  
 261           minutes.
- 262           ➤ Mr. Olmedo replied that in the RCS, it is not hourly since it focuses on the response, and  
 263           it is consistent with the current AS monitoring of NGCP. Although, there are other  
 264           provisions in ASPA that should be considered such as declaration and scheduling on an  
 265           hourly basis, among others. Such matters could be tackled separately.
- 266           ➤ Chairperson Morillos asked a clarification if harmonization on reserve response on both  
 267           spot and ASPA is possible. Mr. Olmedo responded that if NGCP has eight (8) requirements  
 268           that should be met in ASPA, only those related to reserve response, e.g., only five (5) out  
 269           of eight (8), should be consistent with spot reserve response. Moreover, if the ASP has  
 270           committed breach in respect to ASPA, NGCP will not pay the ASP based on the said  
 271           ASPA. Conversely, if in respect to the spot portion, it will not be paid in the subject intervals  
 272           where it has committed breach.
- 273           ➤ Mr. Claudio opined that there is no issue on the spot reserve since if the ASP committed  
 274           a breach for a specific interval, it should be penalized. The issue occurs in cases of  
 275           contracted reserves wherein the monitoring of NGCP is hourly. To illustrate, if an ASP  
 276           complied with the requirements for the first eleven (11) intervals per five (5) minutes and it

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- 277 was in breach for the last five (5) minute interval, - the twelfth (12<sup>th</sup>) interval, NGCP will flag  
 278 such ASP to be non-compliant for the entire hour. If the penalty for non-compliance will be  
 279 linked to the number of breaches, the ASP committed twelve (12) breaches for the entire  
 280 hour, which is unfair since it only violated the last five (minute) interval.
- 281 ➤ Ms. Gubaton-Lopez shared her thoughts that Mr. Claudio's concern is not in the penalty  
 282 portion but on the interim portion, i.e., the effect of finding of breach. In the spot market, it  
 283 considers a set of criteria per interval basis. On the other hand, in the ASPA, once ASPs  
 284 are given day-ahead schedule, those are already committed to provide reserves in a  
 285 particular hour.
  - 286 ➤ Mr. Claudio asked if both contracted and spot reserves are being monitored on the  
 287 frequency of occurrences wherein Ms. Gubaton-Lopez answered that only the latter is  
 288 being monitored.
  - 289 ➤ To close the discussions, Ms. Javier likewise recommended the harmonization of imposing  
 290 penalty for breach in the trading of energy and reserves, e.g., imposing penalty for breach  
 291 after "n" dispatch intervals.
- 292
  - 293 • On Section 5.1.4 (Reserve Conformance Standards - Background), Ms. Anosan inquired on  
 294 whether modes (a) and (b) below are presumably automated modes of compliance. She further  
 295 asked what mode (c) means. Likewise, Mr. Orillaza inquired if there is still a need to consider  
 296 these three (3) modes as scheduled:  
 297
- 298 *“Reserve facilities scheduled to provide regulating reserve or contingency reserve shall*  
 299 *respond to frequency-driven events or dispatch instructions through any of the following:*
- 300 a) Reaction through Governor Control Mode (GCM)
  - 301 b) Commands via Automatic Generation Control (AGC)
  - 302 c) *Dispatch instructions from the System Operator”*
- 303
  - 304 ➤ Mr. Olmedo responded that provision of reserves is triggered through frequency-driven  
 305 events or dispatch instructions. Frequency-driven operates through GCM and AGC.  
 306 However, there are cases when NGCP calls reserves through dispatch instructions that  
 307 are communicated manually. Once scheduled to provide RR or CR, they should provide it  
 308 through any of the given three (3) options.
  - 309 ➤ Ms. Javier suggested specifying conditions when SO can over-ride GCM/AGC to which  
 310 Mr. Olmedo recommended to ask inputs from the SO, and since Ms. Javier's suggestion  
 311 reflects compliance, it should be included in the DPM as a way forward for clarity in  
 312 dispatching reserves.
  - 313 ➤ Mr. Claudio raised that over-riding AGC of a unit providing RR is not allowed by the  
 314 Philippine Grid Code. According to Mr. Olmedo, no further revisions shall be made in this  
 315 section since the context on providing response is only being generalized.
  - 316
  - 317 • On Section 5.1.6 (Reserve Conformance Standards - Background), Ms. Anosan asked the  
 318 significance of referring to billing period and if it pertains to the reporting period. Similarly, Mr.  
 319 Orillaza inquired on who will monitor and how it will be monitored.

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- 320           ➤ Ms. Gubaton-Lopez responded that the purpose of monitoring for each billing period is to  
 321           determine the accuracy and timeliness of response by reserve facilities per dispatch  
 322           interval, which will be the basis of adjustments to reserve settlement amounts.  
 323           ➤ Mr. Olmedo added that the monitoring should be done in a monthly period to not discount  
 324           a reserve provider that is providing reserve accurately, i.e., not to penalize an ASP  
 325           consistently providing reserve 99% but at one (1) incident when it performed at 79%.  
 326           ➤ On Mr. Orillaza's question, Ms. Gubato-Lopez clarified that Section 5 only provides the  
 327           RCS standards while the process on monitoring RCS is provided in Section 7.  
 328
- 329       • On Section 5.2.1 (Reserve Conformance Standards – Provision of Data for Monitoring and  
 330       Reporting), Mr. Orillaza asked if the MO's processing of data will be available publicly.
    - 331           ➤ Mr. Olmedo responded that the goal is to publish information in the way with the Dispatch  
 332           Conformance Standards when a generating unit violated the dispatch tolerance.
    - 333           ➤ Mr. Orillaza also inquired on how the manual dispatch instruction (from the table) happens  
 334           in real-time.
    - 335           ➤ Mr. Olmedo responded that the reserve facility (e.g., with DR) is scheduled first; then SO  
 336           will provide dispatch instructions. If called to run as DR by the SO, the ASP shall respond  
 337           accordingly.  
 338
  - 339       • On Section 5.3.3 (Reserve Conformance Standards for Regulating Reserves), Ms. Javier  
 340       commented that the dead band at 0.15Hz or lower, it is only applicable during RR GCM. The RR  
 341       AGC dead band is 0.3 Hz. Mr. Claudio provided inputs that the dead band setting is provided in  
 342       the DPM. For the AGC, it depends on the system requirement.
    - 343           ➤ Mr. Olmedo added that based on the requirement sent by NGCP, it was specifically for  
 344           regulation providers providing governor control. However, clarification may still be sought  
 345           from NGCP.
    - 346           ➤ Mr. Ortiz took part in the discourse informing that the dead band is only applicable to free  
 347           governor operations or the GCM. For the AGC, there is a separate dead band that should  
 348           be input in the system depending on the need of dispatchers for the fine tuning of AGC  
 349           performance.
    - 350           ➤ On Ms. Anosan's comment to revise item (c) in order to clarify that (a) and (b) are those  
 351           needed to be sustained over the interval, Ms. Gubaton-Lopez raised that those items (a)  
 352           to (c) are independent of each other to which Mr. Olmedo concurred. Hence, the proponent  
 353           suggested to retain the current wording as follows:  
 354
- 355           "5.3.3 *Reserve facilities* scheduled to provide *regulating reserve* shall also ensure  
 356           that they meet the following requirements during the relevant *dispatch interval*:"
- 357
  - 358           a) Dead band is 0.15 Hz or lower
  - 359           b) Speed-droop characteristic is 5% or lower
  - 360           c) Sustainable for the entire *dispatch interval*"
  - 361

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- 362 • On Section 5.3.4 (Reserve Conformance Standards for Regulating Reserves), Ms. Anosan asked  
 363 what is the monitoring period and if it is longer than a dispatch interval. Ms. Gubaton-Lopez  
 364 clarified that for purposes of imposition of penalty, it is per dispatch interval. However, the  
 365 monitoring should include the entire monitoring period for average response time and average  
 366 accuracy based on the previous explanation of Mr. Olmedo.  
 367
- 368 • On Section 5.3.5 (Reserve Conformance Standards for Regulating Reserves), Ms. Gubaton-  
 369 Lopez and Mr. Olmedo concurred with Ms. Anosan’s proposed rewording for clarity that reserve  
 370 facility may fail to meet either items (a) or (b) at any dispatch interval (*see below*):  
 371
- 372 “Considering the provisions of Section **Error! Reference source not found., the relevant r**  
 373 **eserve facility that fails** failure to meet **either: (a)** the required response accuracy of at least  
 374 80% or 75% or **(b) the required** response time of not more than 5 or 25 seconds, **as**  
 375 **applicable in accordance with Section 5.6 and Section 5.7**—~~depending on the generator~~  
 376 ~~modes of operation~~— at any *dispatch interval* will be considered breach of the *reserve*  
 377 *conformance standards for regulating reserves* for that *dispatch interval*.”  
 378
- 379 • On Section 5.3.6 (Reserve Conformance Standards for Regulating Reserves), Ms. Anosan  
 380 suggested to make the criteria clearer on what constitutes breach, i.e., failure to sustain the dead  
 381 band setting and the speed droop characteristics that constitute breach; or is it failure to sustain  
 382 either dead band setting or speed droop; or it is failure to sustain a third form of breach. In order  
 383 to satisfy the said concern, Ms. Gubaton-Lopez suggested to add a phrase to emphasize that  
 384 monitoring of one criteria is independent from the others.  
 385
- 386 • On Section 5.4.3 (Reserve Conformance Standards for Contingency Reserves) regarding  
 387 providing CR while receiving dispatch instructions, Ms. Javier requested to explain how it will affect  
 388 the posting of 5-minute Real-Time Dispatch (RTD) schedules considering that the plant being  
 389 called to respond to CR under manual instruction is expected to comply within 10 minutes. Further,  
 390 she inquired if it will not affect the RTD and if it is subject to automatic re-run of the market.  
 391 ➤ Mr. Olmedo explained that when energy is scheduled, the scheduling is not exactly done  
 392 every five (5) minutes. To illustrate, for the target RTD at 1530H, the RTD is being run  
 393 twelve (12) minutes before the interval, i.e., 1518H to produce schedules that should be  
 394 published. Given the RTD horizon, the MO already produced schedules for 1520H and  
 395 1525H. Similarly, the reserve capacities can be called upon whenever there are deviations  
 396 on the schedules. In terms of re-run, the MO does not plan to issue pricing errors when  
 397 there is an actual tripping since the schedules were already released and there is already  
 398 a market price based on the commitment.  
 399
- 400 • On Section 5.5.1 (Reserve Conformance Standards for Dispatchable Reserves), Ms. Javier  
 401 suggested to remove the section since scheduling of reserves in the RM are real-time and trading  
 402 participants may not know the RTD for the next interval or may have a constraint due to must offer  
 403 rule. There might be a chance that it is online prior to RTD with DR on next dispatch interval.

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- 404 Additionally, there's no provision in the ASPP or ASPA stating that ASPs with DR schedules must  
 405 be offline.
- 406 ➤ Mr. Ortiz apprise the RCC that per requirement, unit must be offline if it is scheduled as  
 407 DR.
- 408 ➤ Mr. Olmedo added that if there is a tight supply, NGCP will utilize the DR. Hence, in the  
 409 succeeding intervals, the DR is already online and available.
- 410
- 411 • On Section 5.5.2 (Reserve Conformance Standards for Dispatchable Reserves), Ms. Anosan  
 412 commented that the provision implies that the exact time on SO's issuance of its instructions is  
 413 readily determinable from verifiable data. Also, since it is the basis for determining breach, it is  
 414 better to make clear from when the 15-minute period is counted. Lastly, she inquired if "upon  
 415 advice" means "on the minute instruction is given". Mr. Olmedo confirmed that "advice" means  
 416 "dispatch instructions", hence, he suggested to revise the provision using the latter term for clarity.  
 417
- 418 • On Section 5.5.3 (Reserve Conformance Standards for Dispatchable Reserves), Ms. Anosan's  
 419 proposed re-wording was provisionally adopted, for clarity, as follows:
- 420
- 421 "After synchronization, the *dispatchable reserve facility* shall deliver the MW capacity  
 422 instructed by the *System Operator* within 15 minutes **from synchronization.**"
- 423
- 424 • On Section 5.6.2 (Reserve Conformance Standards - Measuring Reserve Response Compliance  
 425 of Generators on Governor Control Mode)
- 426 ➤ Mr. Orillaza commented that the equation is complex.
- 427 ➤ Ms. Javier suggested if fixed value (MW) deviation allowance may be considered as part  
 428 of unit response accuracy measurement. Like in the provision of energy where there is a  
 429 tolerance of +/- 3%, a fixed deviation of +/-1 MW is also considered. This is for the minor  
 430 deviation caused by the inherent unit movement at less than 1 MW. Moreover, she inquired  
 431 what is the meaning of "frequency rise/drop" since it is not defined in the definition of terms,  
 432 and how is the said factor different from the nominal frequency.
- 433 ➤ Mr. Olmedo responded that the accuracy considered is 80%. Hence, the range is  
 434 considered to be +/- 20%. However, it may be subject for further discussions with SO if  
 435 ranges can be considered.
- 436
- 437 • On Section 5.6.3 (Reserve Conformance Standards - Measuring Reserve Response Compliance  
 438 of Generators on Governor Control Mode), Ms. Anosan requested clarification if responding via  
 439 GCM can occur either from an automatic response to a frequency driven event or from dispatch  
 440 instructions. She noted that Section 5.6.1 refers only to GCM response from a frequency driven  
 441 event, but not from dispatch instructions. Further, she asked if the response accuracy standard  
 442 shall not apply in cases where response is from a dispatch instruction.
- 443 ➤ Mr. Olmedo replied that generators on GCM may be reacting to frequency-driven event or  
 444 dispatch instructions from the SO.

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- 445           ➤ Mr. Ortiz added that the indicated five (5) seconds refers only to GCM and not to manual  
 446           response.  
 447
- 448 • On Section 5.7.2 (Reserve Conformance Standards - Measuring Reserve Response Compliance  
 449 of Generators on Automatic Generation Control), Mr. Orillaza asked why there are parentheses  
 450 in the formula, and whether the dead band is in MW.  
 451           ➤ Mr. Olmedo committed to revise the formula.  
 452           ➤ On Mr. Orillaza's second question, Mr. Ortiz informed that it is the controlled dead band  
 453           being set by the SO.  
 454
  - 455 • On Section 5.7.4 (Reserve Conformance Standards - Measuring Reserve Response Compliance  
 456 of Generators on Automatic Generation Control), Ms. Anosan inquired if the "desired generation  
 457 +/- the dead band" is readily determinable from verifiable data to which Mr. Olmedo confirmed as  
 458 those are listed in the data requirements from SO.  
 459
  - 460 • Other provisions in the WESM Rules and new ASMM (Sections 1-5) that have minor comments  
 461 or no comments were provisionally approved by the RCC.  
 462
  - 463 • Prior closing the discussions, Mr. Ortiz engaged discussions on the treatment for ASPs that were  
 464 suspended in the WESM but also have ASPA obligations with NGCP. In such cases, he asked  
 465 how these ASPs can serve its contract with NGCP.  
 466           ➤ Ms. Gubaton-Lopez shared that based on the discussions of PEMC with the IEMOP, the  
 467           latter has a different view on this matter. IEMOP thinks that if an ASP will be suspended  
 468           in the market, it will also be suspended to provide its ASPA to NGCP. In this regard, RCC's  
 469           decision on whether to include a qualified suspension should be sought, i.e., if a  
 470           suspended ASP in the market can still provide its ASPA obligations.  
 471           ➤ Mr. Olmedo expounded IEMOP's position that when an ASP has failed to comply with the  
 472           requirements, suspension should span up to the ASPAs. If a certain ASP continues to  
 473           violate, it means that it is not helping the grid. Such ASP needs to be recertified for it to  
 474           properly deliver its expected obligations.  
 475           ➤ Chairperson Morillos also brought up the enforceability powers of the WESM policy vis-  
 476           à-vis the processes of a private entity. For instance, if WESM can compel NGCP on its  
 477           ASPA.  
 478           ➤ Mr. Olmedo assured to discuss the matter with PEMC and NGCP.  
 479

### Agreements:

- 480
- 481
  - 482 • The Secretariat to present the highlights of the discussions on the BRC Meeting on 16 October  
 483 2023.
  - 484 • The RCC agreed to continue the deliberations on the proposal in the next RCC (Regular) Meeting  
 485 on 20 October 2023.  
 486



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Agenda	Discussion/Agreements
V. Adjournment	The meeting was adjourned at 3:42 PM.

487

Prepared by:

Reviewed by:

(signed)

MARI JOSEPHINE C. ENRIQUEZ  
 Specialist, Rules Review Division  
 Market Assessment Group

(signed)

KAREN A. VARQUEZ  
 Manager, Rules Review Division  
 Market Assessment Group

Noted by:

(signed)

BIENVENIDO C. MENDOZA, JR.  
 Chief Market Assessment Officer

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Approved by:

(signed)

JESUSITO G. MORALLOS  
Chairman, Independent

(signed)

JOSE RODERICK F. FERNANDO  
Member, Independent

(signed)

RACHEL ANGELA P. ANOSAN  
Member, Independent

(signed)

JORDAN REL C. ORILLAZA  
Member, Independent

(signed)

DIXIE ANTHONY R. BANZON  
Member, Generation Sector  
Masinloc Power Partners Co. Ltd. (MPPCL)

(signed)

CHERRY A. JAVIER  
Member, Generation Sector  
Aboitiz Power Corp. (APC)

(signed)

CARLITO C. CLAUDIO  
Member, Generation Sector  
Millennium Energy, Inc. / Panasia Energy, Inc.  
(MEI/PEI)

(signed)

MARK D. HABANA  
Member, Generation Sector  
Vivant Corporation – Philippines (Vivant)

(signed)

RYAN S. MORALES  
Member, Distribution Sector  
Manila Electric Company (MERALCO)

(signed)

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

(signed)

RUSSEL S. ALABADO  
Member, Distribution Sector  
Angeles Electric Corporation (AEC)

(signed)

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

(signed)

GIAN KARLA C. GUTIERREZ  
Member, Supply Sector  
First Gen Corporation (FGEN)

(signed)

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

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(signed)

DARRYL LON A. ORTIZ  
Member, System Operator  
National Grid Corporation of the Philippines  
(NGCP)

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### Annex A – RCC Secretariat Presentation



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### Annex A – RCC Secretariat Presentation

#### ACTIVITIES

- 11-Oct-2023**
  - Received advanced copy of the proposal
  - Forwarded the advance copy of the proposal to the RCC
- 12-Oct-2023**
  - Received the signed copy of the proposal and forwarded the same to the RCC
  - Emailed the Secretariat's Preliminary Assessment of the proposal
- 13-Oct-2023**
  - Conduct of the 222<sup>nd</sup> RCC (Special) Meeting
    - ✓ Presentation of the proposal
    - ✓ Certification of the proposal's urgency based on the criteria
    - ✓ If certified as urgent, discussion of the proposal (line-by-line)
    - ✓ Endorsement of the proposal to the PEM Board



#### ACTION REQUESTED

- Certify if proposal is classified as urgent based on criteria specified in WESM Rules Clause 8.4.1.1 (a)
- If urgent, discussion and approval of proposal for endorsement to the PEM Board



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### Annex A – RCC Secretariat Presentation

#### CRITERIA FOR URGENT AMENDMENTS

[WESM Rules Clause 8.4.1.1 (a)]

##### 3.1 URGENT AMENDMENTS

Urgent Amendments are those which are needed:

- a) To avoid, reduce the risk of or mitigate the adverse effects of certain conditions on the ability of the power system to function normally;
- b) To avoid, reduce the risk of or mitigate the effects of the abuse of market power or anti-competitive behavior;
- c) To avoid, reduce the risk of or mitigate the unintended adverse effect of the WESM Rules, Retail Rules and Market Manuals (or any of its amendments); and
- d) To facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA.

Provided further that the urgent amendments shall be implementable on the affected WESM/Retail operations and/or transactions within the period of six (6) months subject to the confirmation of the Market Operator.



#### LINE-BY-LINE DELIBERATION

Atty. Ma. Hazel M. Gubaton-Lopez  
Chief – Enforcement and Compliance Office

Engr. Edward I. Olmedo  
Assistant Vice President – Trading Operations Department



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### Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring



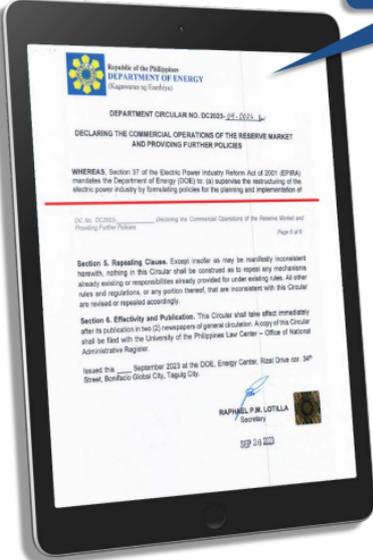
#### REQUESTED ACTION

FOR REVIEW AND DELIBERATION

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## Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring



26-Dec-2023: Full commercial operation of Reserve Market

### BACKGROUND

“Upon the commercial operations of the Reserve Market, all TPs shall ensure full compliance with the ROCC, RCS, and all other applicable provisions of the WESM Rules and Market Manuals. Towards this end, the **WESM Governance Arm, through the Enforcement and Compliance Office (ECO)** shall:

- a. finalize the **guidelines for compliance** with the ROCC and RCS by the TPs, to be submitted for DOE’s approval, **not later than 15 November 2023**;
- b. **monitor, evaluate compliance, and provide recommendations** on its findings on compliance with the ROCC and RCS, as applicable. Provided, that, the ECO, in its evaluation of possible incidents of non-compliance, shall consider the transitory nature of the Reserve Market operations;
- c. upon determination of a breach, **impose applicable sanctions and/or penalties** in accordance with the relevant provisions of the WESM Rules and Market Manuals: and
- d. recommend as necessary, **changes to the WESM Rules and/or Market Manuals** to foster compliance and efficiency among the WESM participants.”

Sec. 1.2.1 of DOE DC2023-09-0026



### WESM RULES PROVISION ON RCS

Ancillary Services Monitoring (ASM) Manual

3.8.7.1 The *Market Operator*, in consultation with the *System Operator* and the *Enforcement and Compliance Office (ECO)*, shall develop **reserve conformance standards** to be set forth in the relevant *Market Manual* which shall be consistent with the *Grid Code* and *Distribution Code*.

3.8.7.2 The **Market Manual** under Clause 3.8.7.1 shall set out the following:

- (a) *reserve conformance standards* that will apply to *Ancillary Service Providers*;
- (b) procedures for monitoring and notifying *Ancillary Service Providers* of the non-compliance by their generating units or interruptible load facilities with their *reserve schedules*; and
- (c) Procedures for identifying and checking non-conformance with the *reserve conformance standards* taking into consideration any emergency directions issued to dispatched *Ancillary Service Providers*.

3.8.7.3 The **Market Operator shall implement the procedures** in Clauses 3.8.7.1 and 3.8.7.2 through a system and **transmit the generated data to ECO** for its monitoring and enforcement.



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## Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring

The screenshot shows the table of contents for the 'Ancillary Services Monitoring Manual'. A blue callout box highlights Section 8, 'PENALTIES AND SANCTIONS', with the following items: 8.1 Enforcement Actions (26), 8.2 Notice of Specified Penalty (26), 8.3 Remedial Measures (30), 8.4 Non-Payment of Penalties and Non-Compliance with Remedial Measures (30), and 8.5 Enforcement Action Monitoring Report (31). A blue arrow points from the callout box to the highlighted section in the table of contents.

### 15-NOV-2023 DEADLINE OF DOE

Timetable	Activity
Week 2 – Oct 2023	Submission of the proposed ASM Manual to RCC & MSC
Week 2 – Oct 2023	Special RCC Meeting / Regular MSC Meeting
Week 3 – Oct 2023	Presentation to the Board Review Committee (BRC) and Regular RCC Meeting
Week 4 – Oct 2023	PEM Board Meeting
15-Nov-2023	Submission to the DOE

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## Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring

### RESPONSIBILITIES

MARKET OPERATOR	SYSTEM OPERATOR	GOVERNANCE ARM	AS PROVIDERS
<ul style="list-style-type: none"> <li>Establish procedure – ROCC/RCS Flagging</li> <li>Provide market data to ECO</li> <li>Implement notice issued in relation to enforcement actions</li> <li>Notify status of suspension / re-application of ASPs</li> </ul>	<ul style="list-style-type: none"> <li>Submit data and inputs for determining probable breach</li> <li>Provide data to ECO</li> <li>Implement notice issued in relation to enforcement actions</li> <li>Notify MO and ECO of any technical ground or reason for disqualification of ASPs</li> </ul>	<ul style="list-style-type: none"> <li>Monitor the reserve market compliance / impose sanctions</li> <li>Coordinate with MO and SO to ensure data for monitoring – complete and correct</li> <li>Submit reports to DOE, ERC, PEM Board and CC</li> <li>Implement notice issued in relation to enforcement actions</li> </ul>	<ul style="list-style-type: none"> <li>Submit real-time data to SO (e.g. generator mode of operations, dead band setting, etc.)</li> <li>Comply with ROCC and RCS</li> <li>Coordinate with ECO for validation, verification of circumstances relating to reserve market compliance</li> <li>Comply with the requirements / directives (e.g., penalty payment, performance of remedial measures, etc.)</li> </ul>

7



### WHAT WILL BE MONITORED IN THE RESERVE MARKET?

Reserve Offer Capacity Compliance	Reserve Conformance Standards
<ul style="list-style-type: none"> <li>Similar to Must Offer Rule in Energy Market</li> <li>Requires all certified and registered Ancillary Service Providers (ASPs) to submit their full AS capacity, as certified for all reserve categories, whether or not the capacities are covered by Ancillary Service Procurement Agreements (ASPAs)</li> </ul>	<p>Counterpart of the Dispatch Conformance Standards in Energy Market.</p> <p>Requires the ASPs to comply with their reserve schedules. ASPs will be monitored based on reserve facility's <b>accuracy, timeliness, and sustainability and other related characteristics</b> in its actual reserve response with respect to the expected operating parameters set for a specific type of reserve.</p>

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### Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring

RESERVE CONFORMANCE STANDARDS (RCS)									
RCS for RR			RCS for CR			RCS for DR			
Response Accuracy	On GCM	At least 80%	Response Accuracy	On GCM	At least 80%	Status	must be offline unless there is a <i>dispatch instruction</i> from the <i>System Operator</i> , or it was scheduled for energy <i>dispatch</i> in the <i>WESM</i> .		
	On AGC	At least 75%		On AGC	At least 75%				
Response Time	On GCM	not more than 5 seconds	Response Time	On GCM	not more than 5 seconds			Synchronization	Within 15 minutes upon advice from the <i>System Operator</i>
	On AGC	not more than 25 seconds		On AGC	not more than 25 seconds				
Dead band Setting	0.15 Hz or lower		Dead band Setting	greater than 0.15 Hz but less than 0.30 Hz				Sustainability	After synchronization, the <i>dispatchable reserve facility</i> shall deliver the MW capacity instructed by the <i>System Operator</i> within 15 minutes
Speed droop	5% or lower		Speed droop	5% or lower					
Sustainability	for the entire <i>dispatch interval</i>		Sustainability	for the entire <i>dispatch interval</i>					

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FLAGGING OF RCS		
RCS FOR RR & CR	Reference for Flagging	
	Average for One Billing Period	Per Dispatch Interval
RCS 1 – Response Time	Yes	Yes
RCS 2 – Response Accuracy	Yes	Yes
RCS 3 – Dead Band Setting	No	Yes
RCS 4 – Speed Droop Characteristics	No	Yes
RCS 5 – Sustainability	No	Yes

First Flagging: Over a billing period:

1. Did it fail the required **average** response time?
2. Did it fail the required **average** response accuracy?

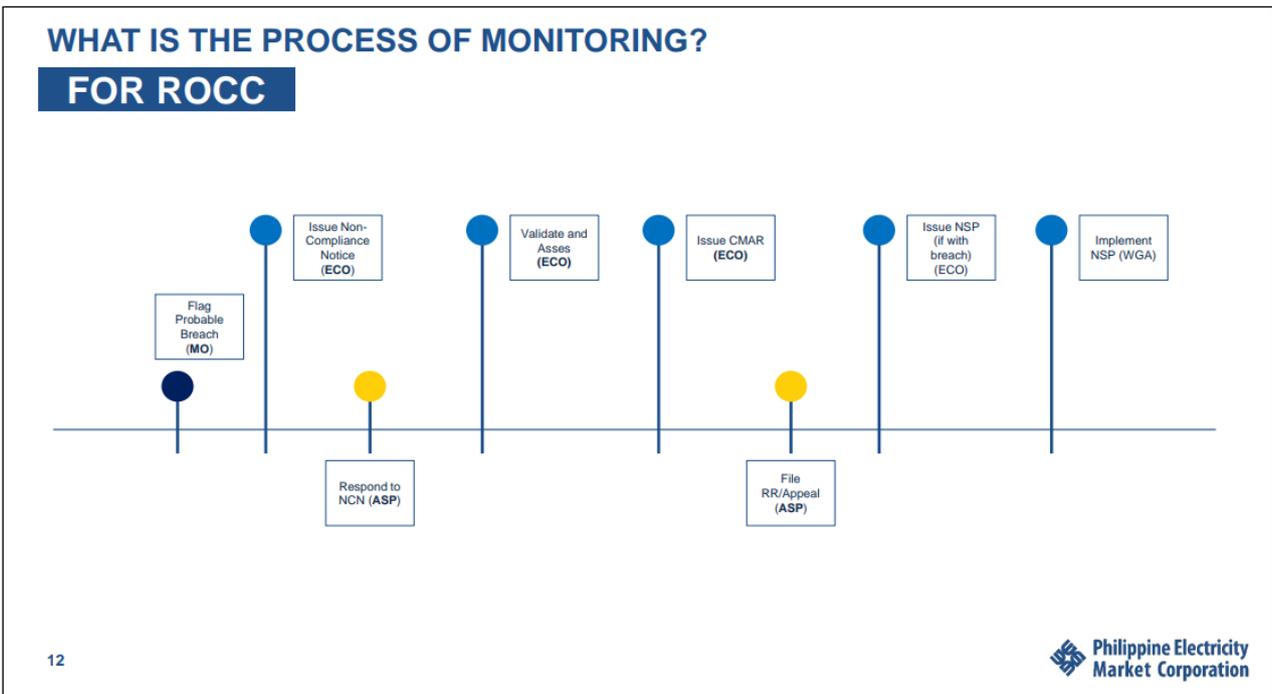
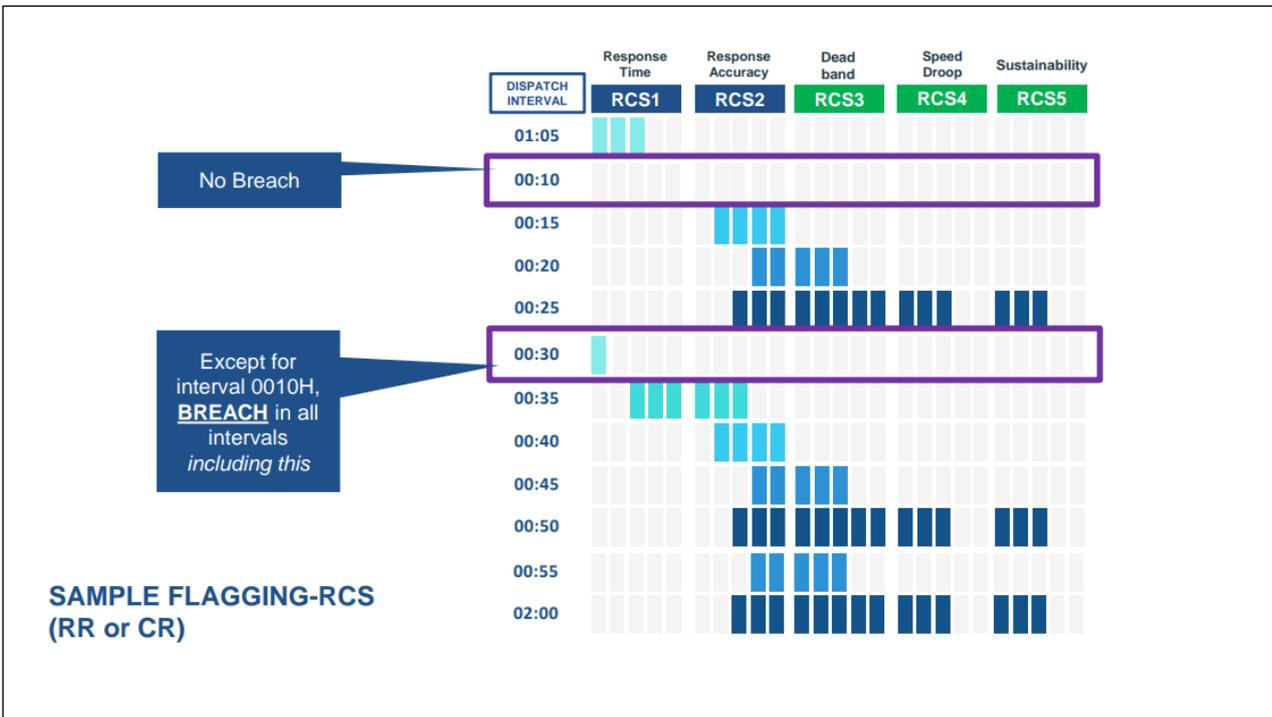
If **NO** >> Proceed to RCS3 to RCS5 ONLY  
 If **YES** >> Proceed to RCS1 to RCS5

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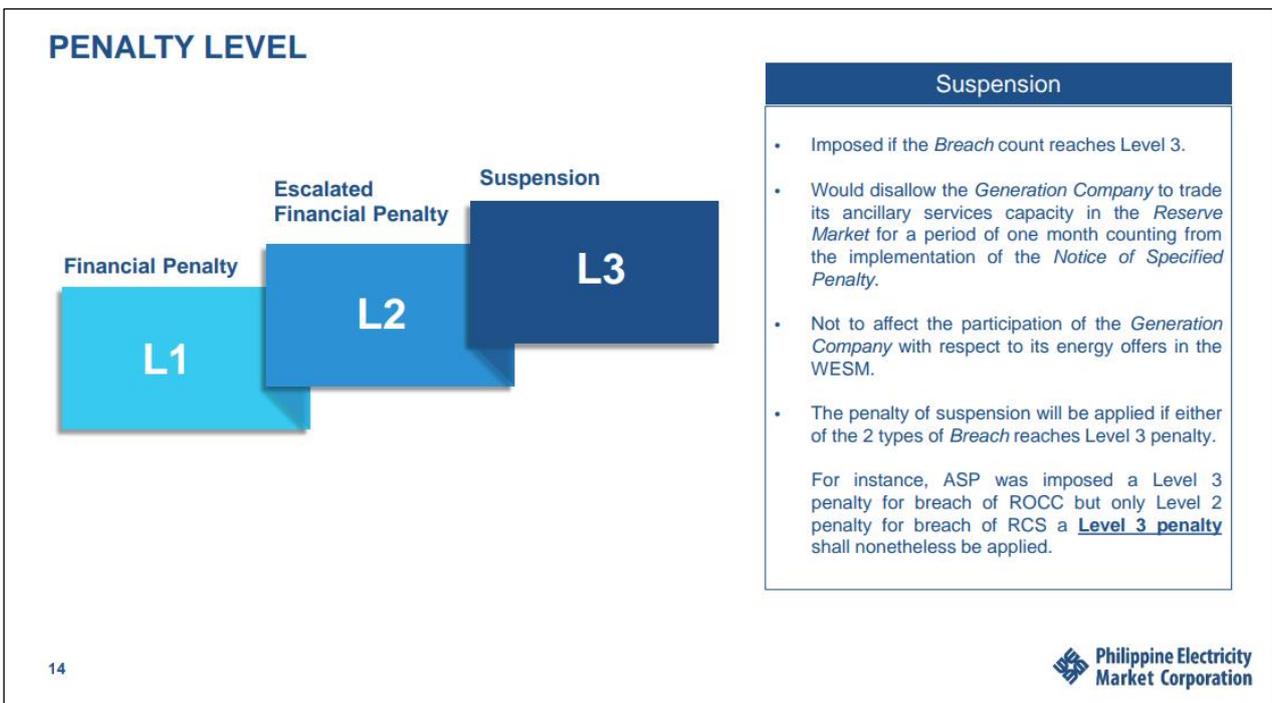
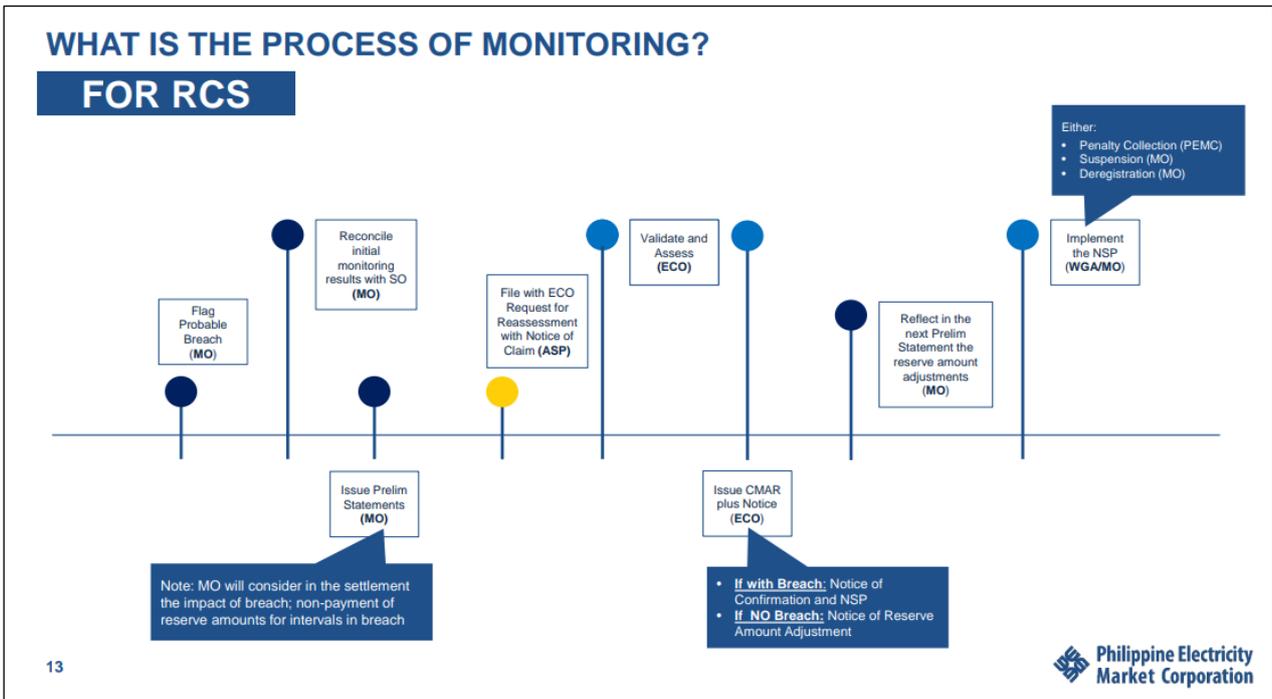
## Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring



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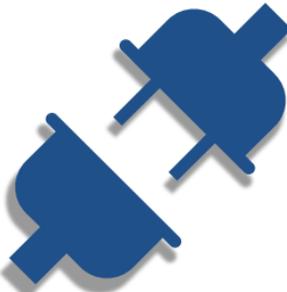


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### Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring

## PENALTY LEVEL



Deregistration

- If ASP has previously been found in *breach* and the breach has been continuing for at least 3 months, consecutive or not, and regardless of the penalty level imposed upon it.
- If the facility registered as ASP has been unavailable due to forced or unplanned outages exceeding 90 consecutive days.
- If ASP fails to pass the *Annual Ancillary Services Performance Evaluation* taking into account the compliance monitoring results for a period of 1 year from the date of participation of the *Ancillary Services Provider* in the *Reserve Market*.

**Note:**

A former ASP whose facility was deregistered may re-register or reapply for membership in the WESM as ASP provided that all the requirements for registration are fully complied with.

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## PENALTY GUIDELINES

- 1

**By Reserve Facility.** Where an obligation is required to be performed for each registered *reserve facility*, one count of breach is committed for each *reserve facility* for which an obligation is not performed. For generating units and customer facilities, the identification of the *reserve facility* shall be in accordance with how such is represented in the market network model prevailing at the time the *Breach* occurred. Thus, for a generating plant that is represented by its component units or by blocks or by aggregated units, a *Breach* is determined for each unit, or block, or aggregated units that is found in breach.
- 2

**By Reserve Type.** Where a *reserve facility* is certified to provide more than one (1) type of reserve, the occurrence of a breach shall be determined per reserve category in which it is registered in the WESM. The penalty is assessed separately for each type of reserve: regulating, contingency, and/or dispatchable.
- 3

**By Occurrence.** The persistence of the *Ancillary Services Providers* in committing non-compliance, intentional or otherwise, in terms of frequency or number of times that the non-compliance or *Breach* occurred in a particular *Billing Period* or applicable period.

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### Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring

#### PENALTY GUIDELINES

**3** **By Occurrence.** The persistence of the *Ancillary Services Providers* in committing non-compliance, intentional or otherwise, in terms of frequency or number of times that the non-compliance or *Breach* occurred in a particular *Billing Period* or applicable period.

Frequency	Penalty Level		
	L1	L2	L3
Up to 3 days 1-864 dispatch intervals over the Billing Period	●		
3-5 days More than 864 dispatch intervals over the Billing Period		●	
More than 5 days More than 1,440 dispatch intervals over the Billing Period		●	●

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#### PENALTY FOR ROCC

##### Sample Penalty Computation

Billing Period	Resource ID	Delivery Date	Finding	Penalty Level	Running Total, PhP	Duration of Breach
October	01RESOURCE_G01	10/11/2023 0100H-0500H	Breach	L1	60,000.00	5 hours
October	01RESOURCE_G01	10/11/2023 0100H-2400H	Breach	L1	288,000.00	1 day
October	01RESOURCE_G01	10/11/2023 – 10/12/2023	Breach	L1	577,000.00	2 days
October	01RESOURCE_G01	10/11/2023 – 10/13/2023	Breach	L2	866,000.00	3 days
October	01RESOURCE_G01	10/11/2023 – 10/14/2023	Breach	L2	1,442,000.00	4 days
October	01RESOURCE_G01	10/11/2023 – 10/15/2023	Breach	L2	2,016,000.00	5 days

- Level 1: P1,000 / breach (per dispatch interval)
- Level 2: P2,000 / breach (per dispatch interval)

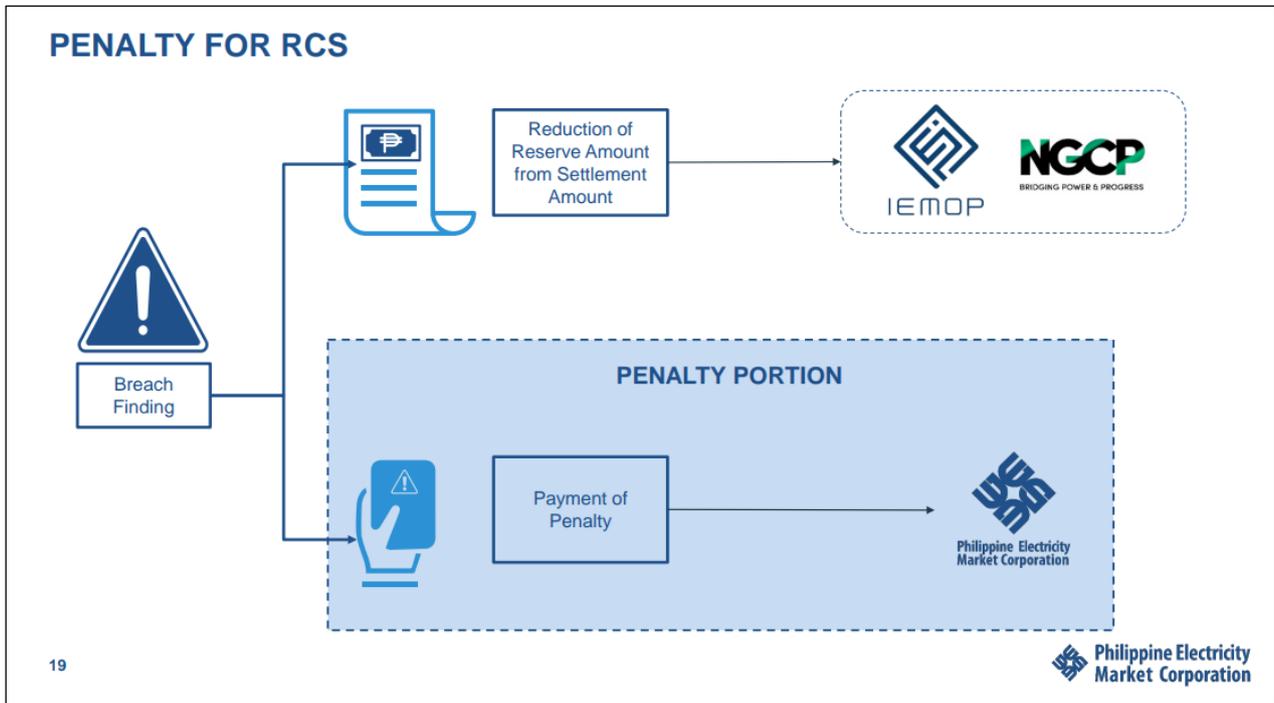
Reference: Current OCC/MOR Penalty: P10,000 and P20,000 /breach (hourly)

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### PENALTY FOR RCS

Level 1: The amount that shall be computed based on the following

$$\text{Penalty Amount}_{p,r,a} = 50\% \text{ of } \frac{1}{n} \times (\text{SC}_{p,i} * \text{AR}_{c,r,a})$$

**n** Refers to the number of dispatch intervals within a settlement interval, which is 12 for a five-minute market

**SC<sub>p,i</sub>** Refers to the Scheduled Capacity of *Ancillary Services Provider* p for settlement interval h

**AR<sub>c,r,a</sub>** refers to the Applicable Rate for type of contract c for reserve category r in reserve region a

*\*Note: Scheduled Capacity to be converted from MW to kW  
 To add Sample Computation as Appendix III of the Manual*

Applicable Rate:

Reserve Category	Applicable Rate
Regulating Reserve	PHP 3.00/kWh
Contingency Reserve	PHP 2.25/kWh
Dispatchable Reserve	PHP 1.25/kWh

Level 2:  
2x the amount of the penalty computed in Level 1.

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## Annex B – Presentation Material on the Proposed Amendments related to Ancillary Services Monitoring

### PENALTY FOR RCS

Level 1: The amount that shall be computed based on the following

$$\text{Penalty Amount}_{p,r,a,i} = 50\% \text{ of } \frac{1}{n} (SC_{p,i} * AR_{c,r,a})$$

- n** Refers to the number of dispatch intervals within a settlement interval, which is 12 for a five-minute market
- SC<sub>p,i</sub>** Refers to the Scheduled Capacity of *Ancillary Services Provider p* for settlement interval *h*
- AR<sub>c,r,a</sub>** refers to the Applicable Rate for type of contract *c* for reserve category *r* in reserve region *a*

*\*Note: Scheduled Capacity to be converted from MW to kW  
 To add Sample Computation as Appendix III of the Manual*

Applicable Rate:

Reserve Category	Applicable Rate
Regulating Reserve	PHP 3.00/kWh
Contingency Reserve	PHP 2.25/kWh
Dispatchable Reserve	PHP 1.25/kWh

Level 2:

2x the amount of the penalty computed in Level 1.

### PENALTY FOR RCS

#### Sample Penalty Computation

Billing Period	Resource ID	Delivery Date	Finding	Penalty Level	Running Total, PhP	Duration of Breach
October	01RESOURCE_G01	10/11/2023 0100H-0500H	Breach	L1	483,750.00	5 hours
October	01RESOURCE_G01	10/11/2023 0100H-2400H	Breach	L1	2,322,000.00	1 day
October	01RESOURCE_G01	10/11/2023 – 10/12/2023	Breach	L1	4,644,000.00	2 days
October	01RESOURCE_G01	10/11/2023 – 10/13/2023	Breach	L1	6,966,000.00	3 days
October	01RESOURCE_G01	10/11/2023 – 10/14/2023	Breach	L2	11,610,000.00	4 days
October	01RESOURCE_G01	10/11/2023 – 10/15/2023	Breach	L2	16,254,000.00	5 days

- Level 1: Computed using the Formula
- Level 2: 2x the amount of the penalty computed in Level 1

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**ADDITIONAL PENALTY**



Interest for Non-payment of penalties

Financial Penalty of P10,000 For Non-Compliance with Remedial Measures

MSC: Consider a higher penalty amount (Php 100,000)

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**REQUESTED ACTION**

FOR REVIEW AND DELIBERATION



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**Annex C – Matrix of the Proposed Urgent Amendments on WESM Rules, WESM Dispatch Protocol, and New WESM Manual on Ancillary Services Monitoring**

A. WESM Rules					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
3.8.7 – Reserve Conformance Standards	3.8.7	Reserve Conformance Standards	<del>Reserve Conformance Standards</del> <b>Market Compliance</b>	Changed to a more generic section title to cover both the Reserve Offer Capacity Compliance (ROCC) and Reserve Conformance Standards (RCS)	Provisionally approved.
3.8.7 – Reserve Conformance Standards	3.8.7.1	3.8.7.1 The <i>Market Operator</i> , in consultation with the <i>System Operator</i> and the <i>Enforcement and Compliance Office (ECO)</i> , shall develop <i>reserve conformance standards</i> to be set forth in the relevant <i>Market Manual</i> which shall be consistent with the <i>Grid Code</i> and <i>Distribution Code</i> .	3.8.7.1 The <i>Market Operator</i> , in consultation with the <i>System Operator</i> and the <i>Enforcement and Compliance Office (ECO)</i> , shall develop <del>reserve conformance</del> standards for <b>reserve market compliance</b> to be set forth in the relevant <i>Market Manual</i> which shall be consistent with the <i>Grid Code</i> and <i>Distribution Code</i> .	Changed to a more generic term	Provisionally approved.
3.8.7 – Reserve Conformance Standards	3.8.7.2	3.8.7.2 The <i>Market Manual</i> under Clause 3.8.7.1 shall set out the following: (a) <i>reserve conformance standards</i> that will apply to <i>Ancillary Service Providers</i> ; (b) procedures for monitoring and notifying <i>Ancillary Service Providers</i> of the non-compliance by their generating units or interruptible load facilities with their <i>reserve schedules</i> ; and (c) Procedures for identifying and checking non-conformance with the <i>reserve conformance standards</i> taking into consideration any emergency directions issued to dispatched <i>Ancillary Service Providers</i> .	3.8.7.2 The <i>Market Manual</i> under Clause 3.8.7.1 shall set out the following: (a) <i>reserve conformance standards</i> <b>and reserve offer capacity compliance</b> that will apply to <i>Ancillary Service Providers</i> ; (b) procedures for monitoring and notifying <i>Ancillary Service Providers</i> of the non-compliance <b>with the reserve conformance standards and reserve offer capacity compliance</b> by their generating units or interruptible load facilities; <del>with their reserve schedules</del> ; <del>and</del> (c) Procedures for identifying and checking non-conformance with the <i>reserve conformance standards</i> <b>and reserve offer capacity compliance</b> taking into	To provide basis for incorporating under one market manual the following: <ul style="list-style-type: none"> <li>Rule for monitoring the reserve offer capacity compliance, in addition to the reserve conformance standards; and</li> <li>Adjustments in settlement amounts, and the penalty or sanctions relating to the violation or breach of the</li> </ul>	Provisionally approved.

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A. WESM Rules					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
			consideration any emergency directions issued to dispatched <i>Ancillary Service Providers</i> ; <b>and (d) Procedures for the adjustment in settlement amounts, and imposition of penalty, and sanctions as a consequence of breach of the rule or standards relating to reserve market compliance.</b>	reserve market compliance standards	
3.8.7 – Reserve Conformance Standards	3.8.7.4	3.8.7.4 The <i>Market Operator</i> , in consultation with the <i>System Operator</i> , the <i>ECO</i> , and the <i>Trading Participants</i> , shall periodically review the <i>reserve conformance standards</i> and the procedures set out in Clauses 3.8.7.1 and 3.8.7.2.	3.8.7.1 The <i>Market Operator</i> , in consultation with the <i>System Operator</i> , the <i>ECO</i> , and the <i>Trading Participants</i> , shall periodically review the <del>reserve conformance</del> standards <b>for reserve market compliance</b> and the procedures set out in Clauses 3.8.7.1 and 3.8.7.2.	Changed to a more generic term	Rectify numbering.  Provisionally approved.
3.8.7 – Reserve Conformance Standards	3.8.7.5	3.8.7.5 The <i>Market Operator</i> shall <i>publish</i> the <i>Market Manual</i> setting out the <i>reserve conformance standards</i> .	3.8.7.6 The <i>Market Operator</i> shall <i>publish</i> the <i>Market Manual</i> setting out the <del>reserve conformance</del> standards <b>for reserve market compliance</b> .	Changed to a more generic term	Rectify numbering.  Provisionally approved.

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B. New Ancillary Services Monitoring Manual					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
SECTION 1 – Introduction  1.1 Background	1.1.1		1.1.1 The <i>Department of Energy</i> mandated the <i>Market Operator</i> and the <i>WESM Governance Arm</i> to submit rules changes necessary for the co-optimized Energy and Reserve Market. It further required the <i>Market Operator</i> , in consultation with the <i>System Operator</i> and the <i>Enforcement and Compliance Office</i> , to develop <i>Reserve Conformance Standards</i> to be set forth in the relevant <i>Market Manual</i> , and to periodically review the same.	Basis for rule development relating to reserve market compliance.  Reference: Section 10.1 and Section 11.2 of the DOE Department Circular DC2021-03-009 “ <i>Adopting a General Framework Governing the Operationalization of the Reserve Market in the Wholesale Electricity Spot Market and Providing Further Policies to Supplement Dc2019-12-0018</i> ”; WESM Rules Clause 3.8.7.1 and 3.8.7.4	Provisionally approved.
SECTION 1 – Introduction  1.1 Background	1.1.2		1.1.2 The <i>WESM Governance Arm</i> through its <i>Enforcement and Compliance Office</i> is mandated to monitor compliance and conformance of the <i>Ancillary Services Providers</i> with the schedule and dispatch instructions for energy and reserves issued by the <i>Market Operator</i> and <i>System Operator</i> .	Basis for ECO’s responsibility monitor the reserve market compliance.  Reference: Section 11.3 of the DOE Department Circular DC2021-03-009; and DOE DC2023-09-0026 “ <i>Declaring the Commercial Operations of the Reserve</i> ”	Provisionally approved.

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B. New Ancillary Services Monitoring Manual					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
				<i>Market and Providing Further Policies.</i> “11.3 Monitor compliance and conformance of ASPs with the schedule and dispatch instructions for energy and reserves issued by the MO and SO, respectively, and submit a monthly report on the same to the DOE and ERC;”	
SECTION 1 – Introduction  1.1 Background	1.1.3		1.1.3 The <i>Market Operator</i> shall implement the established procedures for flagging probable breach through a system and shall transmit the generated data to the <i>Enforcement and Compliance Office</i> for its monitoring of compliance by the <i>Ancillary Services Providers</i> with the <i>Reserve Conformance Standards</i> and related compliance rules.	Basis for MO’s responsibility to establish procedures that would detect breach of the reserve market compliance /standards and ECO’s reliance on the data/initial determination or flagging of probable breach.	Provisionally approved.
SECTION 1 – Introduction  1.1 Background	1.1.4		1.1.4 In conducting the monitoring, the <i>Enforcement and Compliance Office</i> shall ensure that the necessary verification or assessment of compliance or non-compliance is performed, and that due process is observed.	Ensure due process during monitoring and assessment.	Provisionally approved.
SECTION 1 – Introduction  1.1 Background	1.1.5		1.1.5 Moreover, the <i>Enforcement and Compliance Office</i> is required to report to the <i>Department of Energy</i> and the <i>Energy Regulatory Commission</i> the monthly results of its compliance monitoring of the <i>Ancillary Service Providers</i> .	To conform to the reportorial requirement under Section 11.3 of the DOE Department Circular DC2021-03-009	Provisionally approved.

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B. New Ancillary Services Monitoring Manual					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
				"11.3 Monitor compliance and conformance of ASPs with the schedule and dispatch instructions for energy and reserves issued by the MO and SO, respectively, <u>and submit a monthly report on the same to the DOE and ERC.</u> "	
SECTION 1 – Introduction  1.2 Purpose and Scope	1.2.1		1.2.1 This Manual and the <i>enforcement proceedings and actions</i> set herein apply to the conformance of the <i>Ancillary Services Providers</i> with the rule pertaining to submission of reserve offers and to reserve schedules and dispatch implementation.	For clarity as to the coverage: Reserve Offer Capacity Compliance (ROCC) and Reserve Conformance Standards (RCS)	Provisionally approved.
SECTION 1 – Introduction  1.2 Purpose and Scope	1.2.2		1.2.2 This Manual sets out the following –  a) <i>Reserve Conformance Standards</i> and the related <i>Reserve Offer Capacity Compliance</i> ; b) Procedures for identifying and checking non-conformance with the <i>Reserve Conformance Standards and Reserve Offer Capacity Compliance</i> ; c) Procedures for monitoring and notifying the <i>Ancillary Services Providers</i> of the non-compliance by their generating units or interruptible load facilities; and d) Applicable enforcement actions and/or necessary settlement adjustments relative to the determination of breach of the compliance rules.	Outlines the major sections of the Manual:  1. ROCC and RCS (Section 4 and 5) 2. Detection of Breach Procedures (Section 6 and 7) 3. Enforcement Proceedings for ROCC and RCS (Section 6 and 7) 4. Penalties and Sanctions (Section	Provisionally approved.

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B. New Ancillary Services Monitoring Manual					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
			The term “reserve amount adjustments” as used in this Manual shall not include matter or item that may be a subject of revisions in the Preliminary and Final Statements under Section 4.2 of the <i>Billing and Settlement Manual</i> .	8); Adjustments in Settlement Amounts (Section 7)	
SECTION 1 – Introduction  1.2 Purpose and Scope	1.2.3		1.2.3 This Manual applies to and is binding on all <i>Ancillary Services Providers</i> . It shall likewise apply to the <i>Market Operator</i> , the <i>System Operator</i> , and the <i>WESM Governance Arm</i> with respect to their respective obligations in effectively implementing the reserve market through scheduling reserve and energy capacities through co-optimization, monitoring, and enforcing the applicable rules.	Coverage – as to entity	Provisionally approved.
SECTION 1 – Introduction  1.2 Purpose and Scope	1.2.4		1.2.4 This Manual also covers the <i>penalty</i> system especially designed for the <i>Ancillary Services</i> monitoring, manner of assessment, and implementation of <i>enforcement proceedings</i> and <i>enforcement actions</i> . The provisions of the <i>WESM Penalty Manual</i> and the <i>Enforcement and Compliance Manual</i> , to the extent practicable, shall be supplementary to this Manual including the procedures relating to the filing of Request for Reconsideration and/or Appeal and the utilization of penalties collected.	Coverage – to include applicable penalty.  Provide for the supplementary application of WESM Penalty Manual and Enforcement and Compliance Manual.	Provisionally approved.
SECTION 1 – Introduction  1.2 Purpose and Scope	1.2.5		1.2.5 This Manual likewise covers the reserve amount adjustments that need to be made in the WESM settlement statement as a consequence of a breach or related enforcement proceedings. The provisions of the <i>WESM Billing and Settlement Manual</i> , to the extent practicable, shall be supplementary to this Manual.	<ul style="list-style-type: none"> <li>Provide clear consequence of a finding of breach or no breach of the RCS, i.e., adjustment in the settlement amount. The timeline for the adjustments as well as the procedures, to the extent applicable, shall</li> </ul>	Provisionally approved.

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B. New Ancillary Services Monitoring Manual					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
				be in accordance with the Billing and Settlement Manual.	
SECTION 1 – Introduction  1.2 Purpose and Scope	1.2.6		1.2.6. A claim relating to an error in the Preliminary and Final Statements that is not connected in any way to, or arising from, the finding of breach or results of compliance monitoring shall be governed by the relevant provisions of the <i>WESM Dispute Resolution Manual</i> and the <i>WESM Billing and Settlement Manual</i> .	<ul style="list-style-type: none"> <li>For clarity: error (as distinguished from adjustments as a consequence of a finding after due monitoring and assessment) is not covered in the procedures set in ASM Manual; rather, should be adjusted based on the relevant provisions of Billing and Settlement Manual.</li> </ul>	Provisionally approved.
SECTION 1 – Introduction  1.2 Purpose and Scope	1.2.7		1.2.7 Any <i>enforcement action</i> taken under this Manual does not imply enforcement of the <i>Philippine Grid Code</i> , the <i>Philippine Distribution Code</i> , other rules and regulations which likewise govern or regulate the WESM, <i>WESM Members</i> , or <i>Ancillary Services Providers</i> , and therefore does not prejudice and is likewise not prejudiced by the taking of any action authorized under such codes, rules and regulations. This is notwithstanding that such codes, rules and regulations also impose sanctions on the same acts or omissions that constitute a <i>Breach</i> of the <i>Market Rules</i> or <i>Market Manuals</i> .	Provide Exclusions from the Coverage of the ASM Manual, <i>i.e.</i> , those not covered by the WESM Rules/Market Manuals – for clarity.	Provisionally approved.

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B. New Ancillary Services Monitoring Manual					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
SECTION 2 – Definitions, Reference and Interpretation  2.1 Definitions	2.1.1		2.1.1 All terms and abbreviations used in this Manual that are defined in the <i>Market Rules</i> shall have the same meaning as defined in the said rules.	For consistency in the terminologies used.	Provisionally approved.
SECTION 2 – Definitions, Reference and Interpretation  2.1 Definitions	2.1.2		2.1.2 Where italicized the term or abbreviation shall have the definition given in the Glossary in the <i>Market Rules</i> and <i>Market Manuals</i> and in this Manual, as follows –  <b>a. Ancillary Services</b> - those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with good utility practice, the <i>Grid Code</i> and <i>Distribution Code</i> .  <b>b. Ancillary Services Provider</b> – a <i>Generation Company</i> with ancillary service capability certified by the <i>System Operator</i> or any qualified third party and registered for the <i>Reserve Market</i> . It may also be a <i>customer</i> registered for the provision of <i>interruptible load</i> certified as <i>interruptible</i> in accordance with <i>the Grid Code</i> and <i>Distribution Code</i> .  <b>c. Ancillary Schedule</b> – is the resulting reserve schedule based on the co-optimization of energy and reserve requirements of the power system produced by the <i>Market Dispatch Optimization Model</i> .  <b>d. Annual Ancillary Services Performance Evaluation</b> – refers to a set of criteria and guidelines that measures the overall performance of	For easy reference of the terms used and their respective meaning, as used throughout the Manual.	Provisionally approved subject to the comments received.

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			<p>an <i>Ancillary Services Provider</i> in terms of provision and delivery of the ancillary services over a period of one (1) year.</p> <p><b>e. Breach</b> – non-compliance with the <i>Reserve Conformance Standards</i> and the <i>Reserve Offer Capacity Compliance</i>, as finally determined following the enforcement proceedings set forth in this Manual.</p> <p><b>f. Compliance Monitoring and Assessment Report</b> – refers to the report that includes the final assessment of whether a particular <i>Ancillary Services Provider</i> violated or breached the relevant <i>Market Rules</i> and/or <i>Market Manuals</i>.</p> <p><b>g. Request for Reassessment with Notice of Claim</b> – refers to a request of an <i>Ancillary Service Provider</i> for an independent or separate evaluation, validation, and assessment of its claim relative to a finding of breach of <i>Reserve Conformance Standards</i>, accompanied by a request to recalculate and/or adjust the settlement amount on account of the reassessed findings.</p> <p><b>h. Reserve</b> – <i>ancillary services</i> that are traded in the WESM.</p> <p><b>i. Reserve Conformance Standards</b> – Standards that set the criteria and procedures for determining whether the <i>Ancillary Service Providers</i> comply with their <i>reserve schedules</i>, and which are required to be set out in a <i>Market Manual</i> in accordance with Clause 3.8.7.</p> <p><b>j. Reserve Market</b> – a market that provides for a mechanism that allows trading of ancillary services or services necessary to support the</p>		

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			<p>transmission of capacity and energy from resources to loads. It is designed and intended to provide optimal solution for all available capacities when scheduling reserve and energy capacities through co-optimization.</p> <p><b>k. Reserve Offer</b> – a standing offer or market offer to supply reserves submitted or revised by a <i>Customer</i> or <i>Generation Company</i> in accordance with WESM Clauses 3.5.7, 3.5.8, 3.5.10 or 3.5.11.</p> <p><b>l. Reserve Offer Capacity Compliance</b> – pertains to the rule that all certified and registered <i>Ancillary Service Providers</i> shall submit reserve offers up to their registered maximum reserve capability for all reserve categories, whether or not the capacities are covered by Ancillary Service Procurement Agreements (ASPAs).</p> <p><b>m. Reserve Facility.</b> A facility capable of providing <i>reserves</i>.</p> <p><b>n. Non-Compliance Notice</b> – a notice issued to an <i>Ancillary Service Provider</i> for probable <i>Breach</i> of the <i>Reserve Offer Capacity Compliance</i>.</p> <p><b>o. Notice of Reserve Amount Adjustment</b> – a notice issued by the <i>WESM Governance Arm</i> that serves as a directive to, and basis of, the <i>Market Operator</i> to cause the revision or adjustment in the settlement statement on account of the findings of the <i>Enforcement and Compliance Officer</i> concerning compliance with the <i>Reserve Conformance Standards</i>.</p>		

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Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
			<p><b>p. Notice of Breach</b> – a notice issued by the <i>Market Operator</i> to its billing and settlement unit and to the <i>Enforcement and Compliance Office</i> that specifies the breach of <i>Reserve Conformance Standards</i> committed by an <i>Ancillary Service Provider</i>.</p> <p><b>q. Notice of Specified Penalty</b> – notice issued to an <i>Ancillary Service Provider</i> found in <i>Breach</i> directing the payment of financial penalty to the <i>WESM Governance Arm</i>.</p>		
SECTION 2 – Definitions, Reference and Interpretation  2.2 Reference	2.2		2.2 This Manual shall be read in conjunction with the <i>Market Rules</i> and <i>Market Manuals</i> approved for use in the WESM, including but not limited to the documents listed in the Reference Documents table of this Manual.	For reference – to check in which context the term/s are used / referred to in the Manual.	Provisionally approved.
SECTION 2 – Definitions, Reference and Interpretation  2.3 Interpretation	2.3		2.3 Unless otherwise stated in this Manual, the rules of interpretation set out in Chapter 9 of the WESM Rules shall also apply to this Manual.	Apply the standard rule on interpretation.	Provisionally approved.
SECTION 3 – Responsibilities  3.1 Market Operator	3.1.1		3.1.1 The <i>Market Operator</i> shall establish a procedure for the monitoring or flagging of breach in accordance with the <i>Reserve Conformance Standards</i> and the rule pertaining to <i>Reserve Offer Capacity Compliance</i> through the use of an appropriate facility.	MO to establish the procedures for detecting breach of the ROCC and RCS consistent with Clause 3.8.7.3 of the WESM Rules.	Provisionally approved.

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Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
SECTION 3 – Responsibilities  3.1 Market Operator	3.1.2		3.1.2 The <i>Market Operator</i> shall provide to the <i>Enforcement and Compliance Office</i> all the market data and information necessary for verification, validation, and final determination of the findings or results relative to the monitoring of compliance with the <i>Reserve Conformance Standards</i> and the <i>Reserve Offer Capacity Compliance</i> .	To set the obligation of MO, <i>i.e.</i> , to provide the data and initial results to ECO – as basis of the latter in proceeding with the appropriate enforcement proceedings.	Provisionally approved.
SECTION 3 – Responsibilities  3.1 Market Operator	3.1.3		3.1.3 The <i>Market Operator</i> shall implement any notice that may be served upon it, and carry out the required action, if any, as a result of the enforcement proceedings prescribed in this Manual.	To set the obligation of MO, <i>i.e.</i> , to execute the notices relating to enforcement actions (e.g., suspension, deregistration, or adjustment in settlement amounts, etc.)	Provisionally approved
SECTION 3 – Responsibilities  3.1 Market Operator	3.1.4		3.1.4 The <i>Market Operator</i> shall inform the <i>Enforcement and Compliance Office</i> and the <i>System Operator</i> of the status of suspension or re-application as <i>Ancillary Services Provider</i> of the entity that has previously been suspended or deregistered.	To set obligation of MO, <i>i.e.</i> , to notify ECO of the status of ASPs as regards the registration and participation (active or inactive) in the reserve market in order for ECO to know whether ASPs are still covered or not in the monitoring.	Provisionally approved.
SECTION 3 – Responsibilities  3.2 System Operator	3.2.1		3.2.1 The <i>System Operator</i> shall submit to the <i>Market Operator</i> inputs and reports that are necessary in initially determining probable breach.	To set obligation of SO regarding data provision necessary in determining breach of RCS.	Provisionally approved.

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<b>Title</b>	<b>Section</b>	<b>Provision</b>	<b>Proposed Amendment</b>	<b>Rationale</b>	<b>RCC Comments/ Decision</b>
SECTION 3 – Responsibilities  3.2 System Operator	3.2.2		3.2.2 The <i>System Operator</i> shall provide to the <i>Enforcement and Compliance Office</i> all the market data and information necessary for verification, validation, and final determination of the findings or results relative to the monitoring of compliance with the <i>Reserve Conformance Standards</i> and the <i>Reserve Offer Capacity Compliance</i> .	To set obligation of SO regarding data provision to ECO - raw data for determining breach of RCS. ECO will use the same for validation and assessment.	Provisionally approved.
SECTION 3 – Responsibilities  3.2 System Operator	3.2.3		3.2.3 The <i>System Operator</i> shall implement any notice that may be served upon it, and carry out the required action, if any, as a result of the enforcement proceedings prescribed in this Manual.	To set the obligation of SO, <i>i.e.</i> , to execute the notices relating to enforcement actions (e.g., suspension, deregistration, or adjustment in settlement amounts, etc.)	Provisionally approved.
SECTION 3 – Responsibilities  3.2 System Operator	3.2.4		3.2.4 The <i>System Operator</i> shall, for monitoring purposes, inform the <i>Market Operator</i> and the <i>Enforcement and Compliance Office</i> of any technical ground or reason for disqualification of an <i>Ancillary Service Provider</i> such as failure to pass the regular <i>Ancillary Services</i> certification test every two (2) years or failure to resolve the technical issues required for re-certification.	To set obligation of MO, <i>i.e.</i> , to notify ECO of the status of ASPs as regards the requirements for re-certification test for ECO's assessment (e.g., for the annual evaluation performance)	Provisionally approved subject to the comments received.
SECTION 3 – Responsibilities  3.3 WESM Governance Arm  Enforcement and Compliance Office	3.3.1		The <i>Enforcement and Compliance Office</i> shall –  3.3.1 Monitor the compliance of <i>Ancillary Service Providers</i> and impose the specified penalties based on the result of monitoring and assessment in accordance with Clause 7.2.5.2 of the <i>WESM Rules</i> , and this <i>Market Manual</i> . The <i>Notice of Specified Penalty</i> and other notices to be issued for this purpose shall be signed by the President of the <i>WESM</i>	To set obligation on the part of ECO to monitor and enforce actions consistent with the authority provided under Clause 7.2.5.2 of the <i>WESM Rules</i> .	Provisionally approved.

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Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
			<i>Governance Arm</i> in accordance with Sections 3.3.5 and 3.3.6 of this Manual.		
SECTION 3 – Responsibilities  3.3 WESM Governance Arm  Enforcement and Compliance Office	3.3.2		3.3.2 Coordinate with the <i>Market Operator</i> and the <i>System Operator</i> , as may be deemed necessary, to ensure that all the data and information needed for monitoring and assessment – and upon which the findings shall be based – are correct and complete.	To set obligation on ECO to ensure completeness of data to be used for assessment.	Provisionally approved.
SECTION 3 – Responsibilities  3.3 WESM Governance Arm  Enforcement and Compliance Office	3.3.3		3.3.3 Submit the reports required under this Manual to the <i>Energy Regulatory Commission</i> , the <i>Department of Energy</i> , the <i>PEM Board</i> , and the <i>Compliance Committee</i> .	For transparency.  Consistent with the requirement set out in Section 11.3 of the DOE Department Circular DC2021-03-009  “11.3 Monitor compliance and conformance of ASPs with the schedule and dispatch instructions for energy and reserves issued by the MO and SO, respectively, and submit a monthly report on the same to the DOE and ERC;”	Provisionally approved.

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B. New Ancillary Services Monitoring Manual					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
SECTION 3 – Responsibilities  3.3 WESM Governance Arm  Enforcement and Compliance Office	3.3.4		3.3.4 Implement all other notices, resolutions or decisions, as the case may be, pursuant to this Manual, and shall have custody of all notices, reports and records created and issued pursuant to this Manual.	To set the obligation of ECO <i>i.e.</i> , to execute the notices relating to enforcement actions	Provisionally approved.
SECTION 3 – Responsibilities  3.3 WESM Governance Arm  The President of the WESM Governance Arm	3.3.5		The President of the <i>WESM Governance Arm</i> –  3.3.5 The President of the <i>WESM Governance Arm</i> shall sign all notices pertaining to penalties and to other enforcement actions that are required to be issued under this Manual.	To authorize the President to sign the notices relating to enforcement actions.	Provisionally approved.
SECTION 3 – Responsibilities  3.3 WESM Governance Arm  The President of the WESM Governance Arm	3.3.6		3.3.6 The President of the <i>WESM Governance Arm</i> shall, upon signing of the <i>Notice of Specified Penalty</i> , direct or authorize the billing and collection of the penalty from the <i>Ancillary Service Providers</i> within the timeline set forth in Section 8.2.4 of this Manual.	To ensure implementation of enforcement actions.	Provisionally approved.

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<b>B. New Ancillary Services Monitoring Manual</b>					
<b>Title</b>	<b>Section</b>	<b>Provision</b>	<b>Proposed Amendment</b>	<b>Rationale</b>	<b>RCC Comments/ Decision</b>
SECTION 3 – Responsibilities  3.4 Ancillary Service Provider	3.4.1		3.4.1 <i>Ancillary Services Providers</i> shall submit to the <i>System Operator</i> the following real-time data for purposes of monitoring compliance with the <i>Reserve Conformance Standards</i> .  a) Generator mode of operations b) Dead band setting	To set the obligation of ASP to submit reserve offers.	Provisionally approved.
SECTION 3 – Responsibilities  3.4 Ancillary Service Provider	3.4.2		3.4.2 <i>Ancillary Services Providers</i> shall comply with the <i>Reserve Conformance Standards</i> and the rule on <i>Reserve Offer Capacity Compliance</i> as set forth in this Manual and related <i>Market Manuals</i> .	To set the obligation of ASP to comply with the reserve conformance standards	Provisionally approved.
SECTION 3 – Responsibilities  3.4 Ancillary Service Provider	3.4.3		3.4.3 <i>Ancillary Services Providers</i> shall coordinate with the <i>Enforcement and Compliance Office</i> for matters, data, or information necessary to establish, validate, and verify the incidents or circumstances relating to the non-compliance with the <i>Reserve Conformance Standards</i> and the rule on <i>Reserve Offer Capacity Compliance</i> .	To set the obligation of ASP to coordinate with ECO on matters relating to compliance monitoring, validation, and assessment.	Provisionally approved.
SECTION 3 – Responsibilities  3.4 Ancillary Service Provider	3.4.4		3.4.4 An <i>Ancillary Services Provider</i> that is served a notice, resolution, or decision pursuant to this Manual shall faithfully and timely comply with the requirements or directives thereunder, including but not limited to the payment of financial penalties, taking of remedial actions or measures and compliance with other directives. Failure to comply with such requirements or directives shall be subject to additional <i>penalties</i> pursuant to Section 8.4 of this Manual.	To set the obligation of ASP to comply with the notices that may be issued in connection with the enforcement proceedings and actions.	Provisionally approved.

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B. New Ancillary Services Monitoring Manual					
Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
SECTION 3 – Responsibilities 3.5 Other Service Providers			3.5 Other service providers in the WESM, including but not limited to the <i>Network Service Providers</i> and the <i>Metering Service Providers</i> , shall faithfully and timely implement any action or measure required of them under any notice that is issued and served pursuant to this Manual.	To set the obligation of other service providers, as may be necessary, e.g., to execute the notices relating to enforcement actions.	Provisionally approved.
SECTION 4 – Reserve Offer Capacity Compliance			Section for Reserve Offer Capacity Compliance	Obligation equivalent to a Must Offer Rule (Energy).  4.1 – Overview 4.2 – Reserve Offer Submission 4.3 – Review of ROCC Rule	Provisionally approved.
SECTION 4 – Reserve Offer Capacity Compliance 4.1 Overview	4.1.1		4.1.1 This Section applies to and is binding on all <i>Ancillary Services Providers</i> . By having been certified as an <i>Ancillary Services Provider</i> by the <i>System Operator</i> or any qualified third-party capability testing entity accredited by the <i>Energy Regulatory Commission</i> , and by being registered in the WESM as <i>Ancillary Services Provider</i> , an <i>Ancillary Services Provider</i> is bound to comply with the <i>Market Rules and Market Manuals</i> .	For clarity as to the binding effect of certification for ancillary services and registration in the WESM as ASP, <i>i.e.</i> , bound to comply with the Market Rules/Manuals.	Provisionally approved.
SECTION 4 – Reserve Offer Capacity Compliance 4.1 Overview	4.1.2		4.1.2 All <i>Generation Companies</i> registered in the WESM shall offer their available capacities at all times in accordance with the requirements of the co-optimized energy and reserve market as prescribed under the <i>WESM Rules</i> and its <i>Market Manuals</i> and subject to the reserve capacities, as certified by the <i>System Operator</i> or any other entity duly designated to conduct testing and certification of ancillary services capability of generating load and facilities, as applicable	To provide basis for the obligation of the ASP to offer the reserve capacity, as certified by SO or authorized entity to conduct certification testing – consistent with the provisions of DOE DC2021-03-0009 “ <i>Adopting a</i>	Provisionally approved.

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Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
				<i>General Framework Governing the Operationalization of the Reserve Market in the Wholesale Electricity Spot Market and Providing Further Policies to Supplement DC2019-12-0018”.</i>	
SECTION 4 – Reserve Offer Capacity Compliance 4.1 Overview	4.1.3		4.1.3 Each <i>scheduled generating unit, battery energy storage system and pumped-storage unit</i> registered as an <i>Ancillary Services Provider</i> in respect of a <i>reserve facility</i> in a particular reserve region shall submit a standing <i>reserve offer</i> for each of its relevant <i>reserve facilities</i> in respect of that reserve region for each <i>dispatch interval</i> for each day of the week in accordance with the <i>timetable</i> . The standing <i>reserve offer</i> shall apply until revised or updated by the scheduled generator registered as an <i>Ancillary Services Provider</i> .	To provide basis for the obligation of the ASP (scheduled generating unit, BESS, and pump-storage unit) to submit standing reserve offer consistent with Clause 3.5.7.2 of the WESM Rules.	Provisionally approved.
SECTION 4 – Reserve Offer Capacity Compliance 4.1 Overview	4.1.4		4.1.4 Each <i>Customer</i> registered as an <i>Ancillary Services Provider</i> in respect of a <i>reserve facility</i> in a particular <i>reserve region</i> may likewise submit a standing <i>reserve offer</i> for each of its <i>interruptible load facilities</i> in respect of that <i>reserve region</i> for each <i>dispatch interval</i> for each day of the week in accordance with the <i>timetable</i> .	To provide basis for the obligation of the ASP (customers in respect to their load facilities) to submit standing reserve offer consistent with Clause 3.5.8.2 of the WESM Rules.	Provisionally approved.

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SECTION 4 – Reserve Offer Capacity Compliance  4.2 Reserve Offer Submission	4.2.1		4.2.1 An <i>Ancillary Services Provider</i> shall submit offers for each of its <i>reserve facility</i> equivalent to the certified reserve capacity for all types of reserve categories, as registered in the WESM, whether or not the capacities are covered by an ancillary services procurement agreement with the <i>System Operator</i> . For instance, a generating unit has a registered capacity of 100MW but is certified to have a <i>regulating reserve</i> capacity of 95MW, the <i>Ancillary Services Provider</i> should submit 95MW as <i>regulating reserve capacity</i> in the <i>Reserve Market</i> .	To set mandatory obligation to offer the full capacity equivalent to the certified reserve capacity.	Provisionally approved subject to the comments received.
SECTION 4 – Reserve Offer Capacity Compliance  4.2 Reserve Offer Submission	4.2.2		4.2.2 An <i>Ancillary Services Provider</i> shall notify the <i>Enforcement and Compliance Office</i> of any circumstances which may prevent it from providing ancillary services in any <i>dispatch interval</i> of any <i>trading day</i> in the current <i>week-ahead market horizon</i> . It shall be accompanied by supporting documents or records which may be submitted within five (5) business days from the occurrence of the event or incident.	To ensure that the non-submission of offer is provided with reasons / explanation (these will be subject to assessment by ECO).	Provisionally approved.
SECTION 4 – Reserve Offer Capacity Compliance  4.2 Reserve Offer Submission	4.2.3		4.2.3 The <i>Ancillary Services Provider</i> shall provide a reason or explanation whenever the submitted reserve offers are cancelled or are less than the certified capacity of its <i>reserve facility</i> .	Same as above - in case the reserve offer is cancelled, or the submission of offer is less than the reserve capacity.	Provisionally approved subject to received comments.
SECTION 4 – Reserve Offer Capacity Compliance	4.2.4		4.2.4 The report, data, reasons, and explanations submitted pursuant to the preceding sections shall also serve as compliance by the <i>Ancillary Services Provider</i> with its reporting obligation under Section 6.3.1 of this Manual and Section 7.2.2.2 of the WESM Rules.	For clarity: Any submission shall be considered in the course of assessment by ECO under Section 6.3.1 of ASM Manual.	Provisionally approved.

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4.2 Reserve Offer Submission					
SECTION 4 – Reserve Offer Capacity Compliance	4.2.5		4.2.5 The reserve offers shall be submitted through the market participant interface of the <i>Market Management System</i> in accordance with the WESM <i>timetable</i> , procedures and requirements set forth in the <i>Dispatch Protocol Manual</i> , including but not limited to, format, content, data inputs and information requirements.	To refer to the relevant provisions of the Dispatch Protocol relating to the submission of reserve offers via MMS.	Provisionally approved.
4.2 Reserve Offer Submission					
SECTION 4 – Reserve Offer Capacity Compliance	4.3		The <i>Market Operator</i> , in consultation with the <i>System Operator</i> , the <i>Enforcement and Compliance Office</i> , and the <i>WESM Members</i> with facilities classified as <i>Ancillary Services Providers</i> shall review the <i>Reserve Offer Capacity Compliance</i> and the procedures set out in this Manual annually, or as may be necessary, and shall provide appropriate recommendation to the <i>Department of Energy</i> .	To allow periodic review as basis for future amendments or revision in the standards.	Provisionally approved subject to the comments received.
4.3 Review of the Rule on ROCC					
SECTION 5 – Reserve Conformance Standards	5.1.1		5.1.1 This Section applies to <i>Ancillary Services Providers</i> scheduled to provide a specific <i>reserve type</i> in any <i>dispatch interval</i> .	Applicability of RCS section <ul style="list-style-type: none"> <li>Per reserve type</li> <li>Per dispatch interval</li> </ul>	Provisionally approved.
5.1 Background					
SECTION 5 – Reserve Conformance Standards	5.1.2		5.1.2 In view of the integration of reserves in the WESM, it is expected that a harmonized <i>reserve conformance standards</i> be established for all <i>Ancillary Services Providers</i> whether they are capacities contracted by the <i>System Operator</i> or capacities sold to the spot market.	Harmonization of RCS with the current compliance and penalty setup for AS provision under ASPA.	Provisionally approved subject to the comments received.

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Title	Section	Provision	Proposed Amendment	Rationale	RCC Comments/ Decision
5.1 Background					
SECTION 5 – Reserve Conformance Standards	5.1.3		5.1.3 All <i>Ancillary Services Providers</i> shall ensure adequate and timely response during specific frequency-driven events or <i>dispatch instructions</i> , that may be required for each specific reserve type.	Comply with response time and response accuracy <ul style="list-style-type: none"> <li>Per reserve type</li> </ul>	Provisionally approved.
5.1 Background					
SECTION 5 – Reserve Conformance Standards	5.1.4		5.1.4 <i>Reserve facilities</i> scheduled to provide <i>regulating reserve</i> or <i>contingency reserve</i> shall respond to frequency-driven events or <i>dispatch instructions</i> through any of the following: d) Reaction through Governor Control Mode (GCM) e) Commands via Automatic Generation Control (AGC). f) <i>Dispatch instructions</i> from the <i>System Operator</i>	The generator mode of operation is considered relative to the type of reserves.	Provisionally approved.
5.1 Background					
SECTION 5 – Reserve Conformance Standards	5.1.5		5.1.5 <i>Reserve facilities</i> scheduled to provide <i>dispatchable reserve</i> shall respond to <i>dispatch instructions</i> provided by the <i>System Operator</i> .	Compliance with SO instructions in case of DR.	Provisionally approved.
5.1 Background					
SECTION 5 – Reserve Conformance Standards	5.1.6		5.1.6 The accuracy and timeliness of the response provided by <i>reserve facilities</i> shall be monitored for each <i>billing period</i> and for each <i>dispatch interval</i> .	Reference period for monitoring purposes: for a billing period and for each dispatch interval.	Provisionally approved.
5.1 Background					

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SECTION 5 – Reserve Conformance Standards  5.2 Provision of Data for Monitoring and Reporting	5.2.1		5.2.1 The <i>System Operator</i> shall submit to the <i>Market Operator</i> inputs and reports that may be necessary in initially determining probable breach, such as but not limited to the following:		To specify the data needed for RCS monitoring and reporting	Provisionally approved.
			Data	Timeline of Provision		
			Generator mode of operation (e.g., Automatic Generation Control, Governor Control Mode, Manual Dispatch Instruction)	Real-Time		
			Dead band settings	Real-Time		
			Speed droop	Real-Time		
			Generator Status	Real-Time		
			Dispatch instructions	By 1200H of the next day for all instructions of the current trading day		



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			Outages	By 1200H of the next day for all instructions of the current trading day			
			Power System Frequency	Real-Time			
			Control Dead band	Real-Time			
SECTION 5 – Reserve Conformance Standards  5.3 Reserve Conformance Standards for Regulating Reserves	5.3.1		5.3.1 <i>Reserve facilities</i> scheduled to provide <i>regulating reserve</i> while operating on GCM shall conform to the standards set out in Clause <b>Error! Reference source not found.</b> of this <i>Market Manual</i> .			For RR on GCM	Provisionally approved.

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SECTION 5 – Reserve Conformance Standards  5.3 Reserve Conformance Standards for Regulating Reserves	5.3.2		5.3.2 <i>Reserve facilities</i> scheduled to provide <i>regulating reserve</i> while receiving AGC commands shall conform to the standards set in Clause <b>Error! Reference source not found.</b> of this <i>Market Manual</i> .	For RR on AGC	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.3 Reserve Conformance Standards for Regulating Reserves	5.3.3		5.3.3 <i>Reserve facilities</i> scheduled to provide <i>regulating reserve</i> shall also ensure that they meet the following requirements during the relevant <i>dispatch interval</i> :  a) Dead band is 0.15 Hz or lower b) Speed-droop characteristic is 5% or lower c) Sustainable for the entire <i>dispatch interval</i>	ASP-RR will be monitored based on its compliance with dead band, speed droop characteristics and sustainability requirement	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.3 Reserve Conformance Standards for	5.3.4		5.3.4 A <i>reserve facility</i> providing <i>regulating reserve</i> that fails to maintain an average response accuracy as set out in Section <b>Error! Reference source not found.</b> , and <b>Error! Reference source not found.</b> or an average response time as set out in Section <b>Error! Reference source not found.</b> and <b>Error! Reference source not found.</b> for the entire monitoring period shall be flagged as non-compliant. Once flagged as	Average response time and average response accuracy for RR during the monitoring period ( <i>for billing period</i> ) will be first determined.	Provisionally approved.

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Regulating Reserves			non-compliant, a <i>reserve facility</i> will be assessed further based on the following:  a) Compliance with the response accuracy for each <i>dispatch interval</i> . b) Compliance with the response time for each <i>dispatch interval</i> .	<ul style="list-style-type: none"> <li>If not compliant based on average response –                             <ul style="list-style-type: none"> <li>Check response accuracy on an interval basis (Sec. 5.2.5 and 5.3.6)</li> <li>Check response time on an interval basis (Sec. 5.2.5 and 5.3.6)</li> </ul> </li> </ul>	
SECTION 5 – Reserve Conformance Standards  5.3 Reserve Conformance Standards for Regulating Reserves	5.3.5		5.3.5 Considering the provisions of Section <b>Error! Reference source not found.</b> , failure to meet the required response accuracy of at least 80% or 75% or response time of not more than 5 or 25 seconds – depending on the generator modes of operation – at any <i>dispatch interval</i> will be considered breach of the <i>reserve conformance standards</i> for <i>regulating reserves</i> for that <i>dispatch interval</i> .	Breach (RCS-RR) per interval – response time and response accuracy	Provisionally approved the proposed re-wording as follows:  5.3.5 Considering the provisions of Section <b>Error! Reference source not found.</b> , <u>the relevant <i>reserve facility</i> that fails failure to meet either: (a) the required response accuracy of at least 80% or 75% or (b) the required response time of not more than 5 or 25 seconds, as applicable in accordance with Section 5.6 and Section 5.7 – depending on the generator modes of operation – at any <i>dispatch interval</i> will be considered breach of the <i>reserve conformance standards</i> for</u>



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					<i>regulating reserves</i> for that <i>dispatch interval</i> .
SECTION 5 – Reserve Conformance Standards  5.3 Reserve Conformance Standards for Regulating Reserves	5.3.6		5.3.6 Notwithstanding the provisions of Sections <b>Error! Reference source not found.</b> and <b>Error! Reference source not found.</b> , a <i>reserve facility</i> that fails to comply with the required dead band setting, speed droop characteristics, and sustainability requirement under Section <b>Error! Reference source not found.</b> for any <i>dispatch interval</i> shall be considered breach of the <i>reserve conformance standards</i> for <i>regulating reserves</i> for that <i>dispatch interval</i> .	Breach (RCS-RR) per interval – determination based on (a) dead band setting, (b) speed droop characteristics, and (c) sustainability requirement.  Note: The flagging of breach based on these factors is not dependent on, or not connected to, average response time and accuracy that is determine under Sections 5.5.1, and 5.6.1 and Section 5.5.3 and 5.6.3	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.4 Reserve Conformance Standards for Contingency Reserves	5.4.1		5.4.1 <i>Reserve facilities</i> scheduled to provide <i>contingency reserve</i> while operating on GCM shall conform to the standards set in Clause <b>Error! Reference source not found.</b> of this <i>Market Manual</i> .	For CR on GCM	Provisionally approved.

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SECTION 5 – Reserve Conformance Standards  5.4 Reserve Conformance Standards for Contingency Reserves	5.4.2		5.4.2 <i>Reserve facilities</i> scheduled to provide <i>contingency reserve</i> while receiving AGC commands shall conform to the standards set in Clause <b>Error! Reference source not found.</b> of this <i>Market Manual</i> .	For CR on AGC	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.4 Reserve Conformance Standards for Contingency Reserves	5.4.3		5.4.3 <i>Reserve facilities</i> scheduled to provide <i>contingency reserve</i> while receiving <i>SO dispatch instructions</i> manually are expected to comply within 10 minutes.	For CR receiving manual instructions	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.4 Reserve Conformance	5.4.4		5.4.4 <i>Reserve facilities</i> scheduled to provide <i>contingency reserve</i> shall also ensure that they meet the following requirements during the relevant <i>dispatch interval</i> :  a) Dead band is greater than 0.15 Hz but less than 0.30 Hz b) Speed-droop characteristic is 5% or lower c) Sustainable for the entire <i>dispatch interval</i>	ASP-CR will be monitored based on its compliance with dead band, speed droop characteristics and sustainability requirement	Provisionally approved.

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Standards for Contingency Reserves					
SECTION 5 – Reserve Conformance Standards  5.4 Reserve Conformance Standards for Contingency Reserves	5.4.5		5.4.5 A <i>reserve facility</i> providing <i>contingency reserve</i> that fails to maintain an average response accuracy as set out in Section <b>Error! Reference source not found.</b> , and <b>Error! Reference source not found.</b> or an average response time as set out in Section <b>Error! Reference source not found.</b> and <b>Error! Reference source not found.</b> for the entire monitoring period shall be flagged as non-compliant. Once flagged as non-compliant, a <i>reserve facility</i> will be assessed further based on the following:  a) Compliance with the response accuracy for each <i>dispatch interval</i> . b) Compliance with the response time for each <i>dispatch interval</i> .	Average response time and average response accuracy for CR during the monitoring period ( <i>for billing period</i> ) will be first determined.  • If not compliant based on average response –  ○ Check response accuracy on an interval basis (Sec. 5.2.5 and 5.3.6) ○ Check response time on an interval basis (Sec. 5.2.5 and 5.3.6)	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.4 Reserve Conformance Standards for	5.4.6		5.4.6 Considering the provisions of Section <b>Error! Reference source not found.</b> , failure to meet the required response accuracy of at least 80% or 75% or response time of not more than 5 or 25 seconds – depending on the governor modes of operation – at any <i>dispatch interval</i> will be considered breach of the <i>reserve conformance standards</i> for <i>contingency reserves</i> for that <i>dispatch interval</i> .	Breach (RCS-CR) per interval – response time and response accuracy	Provisionally approved in line with Section 5.3.5 above.



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Contingency Reserves					
SECTION 5 – Reserve Conformance Standards  5.4 Reserve Conformance Standards for Contingency Reserves	5.4.7		5.4.7 Notwithstanding the provisions of Sections <b>Error! Reference source not found.</b> and <b>Error! Reference source not found.</b> , a <i>reserve facility</i> that fails to comply with the required dead band setting, speed droop characteristics, and sustainability requirement under Section <b>Error! Reference source not found.</b> for any <i>dispatch interval</i> shall be considered breach of the <i>reserve conformance standards</i> for <i>contingency reserves</i> for that <i>dispatch interval</i> .	Breach (RCS-CR) per interval – determination based on (a) dead band setting, (b) speed droop characteristics, and (c) sustainability requirement.  Note: The flagging of breach based on these factors is not dependent on, or not connected to, average response time and accuracy that is determine under Sections 5.5.1, and 5.6.1 and Section 5.5.3 and 5.6.3	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.5 Reserve Conformance Standards for Dispatchable Reserves	5.5.1		5.5.1 Reserve <i>facilities</i> scheduled to provide <i>dispatchable reserve</i> must be offline unless there is a <i>dispatch instruction</i> from the <i>System Operator</i> , or it was scheduled for energy <i>dispatch</i> in the <i>WESM</i> .	Requirement for DR to be offline	Provisionally approved.

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SECTION 5 – Reserve Conformance Standards  5.5 Reserve Conformance Standards for Dispatchable Reserves	5.5.2		5.5.2 Reserve <i>facilities</i> scheduled to provide <i>dispatchable reserve</i> shall synchronize within 15 minutes upon advice from the <i>System Operator</i> .	Requirement for DR to synchronize within 15 minutes from SO advice.	Provisionally approved subject to replacement of “advice” with “dispatched instructions”.
SECTION 5 – Reserve Conformance Standards  5.5 Reserve Conformance Standards for Dispatchable Reserves	5.5.3		5.5.3 After synchronization, the <i>dispatchable reserve facility</i> shall deliver the MW capacity instructed by the <i>System Operator</i> within 15 minutes.	Requirement for DR to generate within 15 minutes from instruction.	Provisionally adopt the proposed rewording as follows:  5.5.3 After synchronization, the <i>dispatchable reserve facility</i> shall deliver the MW capacity instructed by the <i>System Operator</i> within 15 minutes from <u>synchronization</u> .
SECTION 5 – Reserve Conformance Standards  5.5 Reserve Conformance Standards for	5.5.4		5.5.4 A <i>reserve facility</i> that fails to comply with the provisions set out in Sections <b>Error! Reference source not found.</b> , <b>Error! Reference source not found.</b> , and <b>Error! Reference source not found.</b> at any <i>dispatch interval</i> shall be considered breach of the <i>reserve conformance standards</i> for <i>dispatch intervals</i> reserves for that <i>dispatch interval</i> .	Breach of RCS - DR	Provisionally approved.

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Dispatchable Reserves					
SECTION 5 – Reserve Conformance Standards  5.6 Measuring Reserve Response Compliance of Generators on Governor Control Mode	5.6.1		5.6.1 A <i>reserve facility</i> responding to a frequency-driven event through GCM shall maintain a response accuracy of at least 80% for the entire monitoring period.	Computation for response accuracy if mode is GCM	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.6 Measuring Reserve Response Compliance of Generators on Governor Control Mode	5.6.2		5.6.2 A <i>reserve facility's</i> response accuracy via GCM shall be calculated as follows.  $\text{Response Accuracy} = \frac{\text{Actual MW Response Capacity}}{\text{Expected MW Response Capacity}} \times 100\%$ Where:  Actual MW Response Capacity = (Best Actual MW Output) – (MW Output Prior to Frequency-Driven Event)	Computation for response accuracy if mode is GCM	Provisionally approved subject to the received comments.



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			Expected MW Response Capacity = (Static Gain) x (Frequency Change)  Frequency Change = (Worst Frequency Rise/Drop) – (Frequency Prior to Frequency-Driven Event)  Frequency Prior to Frequency-Driven Event = (Nominal Frequency) ± (Dead band Setting)  $Static\ Gain = \frac{Scheduled\ MW\ Capacity}{Droop\ Setting\ x\ Nominal\ Frequency} \times 100\%$		
SECTION 5 – Reserve Conformance Standards  5.6 Measuring Reserve Response Compliance of Generators on Governor Control Mode	5.6.3		5.6.3 A <i>reserve facility</i> responding to a frequency-driven event, or <i>dispatch instructions</i> , while on GCM shall have an average response time of not more than 5 seconds for the entire monitoring period.	Average response time if mode is GCM	Provisionally approved.

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SECTION 5 – Reserve Conformance Standards  5.7 Measuring Reserve Response Compliance of Generators on Automatic Generation Control	5.7.1		5.7.1 A <i>reserve facility</i> responding to a frequency-driven event, or <i>dispatch instructions</i> , through commands received from the System Operator's Energy Management System (EMS) via AGC shall comply to at least 75% of such AGC commands for the entire monitoring period.	Computation for response time if mode is AGC	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.7 Measuring Reserve Response Compliance of Generators on Automatic Generation Control	5.7.2		5.7.2 A <i>reserve</i> is deemed compliant to an AGC command if:  Actual MW Generation $\geq$ (Desired MW Generation) – (Control Dead band); and  Actual MW Generation $\leq$ (Desired MW Generation) + (Control Dead band)	On how to check if compliant to AGC command	Provisionally approved subject to minor revision in the formula.
SECTION 5 – Reserve Conformance Standards	5.7.3		5.7.3 A <i>reserve facility</i> responding to a frequency-driven event, or <i>dispatch instructions</i> , through AGC commands shall also have an average response time of not more than 25 seconds for the entire monitoring period.	Average response time if mode is AGC	Provisionally approved based on previous similar provisions.

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5.7 Measuring Reserve Response Compliance of Generators on Automatic Generation Control					
SECTION 5 – Reserve Conformance Standards  5.7 Measuring Reserve Response Compliance of Generators on Automatic Generation Control	5.7.4		5.7.4 A <i>reserve facility's</i> response time is computed from the time of the AGC command until the actual generation reaches control dead band (i.e., desired generation $\pm$ the dead band).	How response time is computed if mode is AGC	Provisionally approved.
SECTION 5 – Reserve Conformance Standards  5.8 Review of the Reserve Conformance Standards	5.8		5.8 The <i>Market Operator</i> , in consultation with the <i>System Operator</i> , the <i>Enforcement and Compliance Office</i> , and the <i>WESM Members</i> with facilities classified as <i>Ancillary Services Providers</i> , shall review the <i>Reserve Conformance Standards</i> and the procedures set out in this Manual annually, or as may be necessary, and shall provide appropriate recommendation to the <i>Department of Energy</i> .	To allow periodic review as basis for future amendments or revision in the standards.	Provisionally approved based on the previous similar provision.