

**WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE**

RESOLUTION NO. 2015-08

**Proposal for Amendments to the WESM Rules on
Submission of Standing Offers**

WHEREAS, during the 97th RCC Meeting held on 04 February 2015, the Market Operator, upon instructions from the RCC in its previous meeting, presented the draft RCC Proposal on the New Market Manual incorporating the Protocol for the Scheduling and Dispatch of Energy and Contracted Reserves following the Department of Energy's (DOE) issuance of DOE Department Circular DC2014-12-0022 entitled *"Promulgating the Protocol for the Central Scheduling and Dispatch of Energy and Contracted Reserve in Preparation for the Commercial Operation of the Wholesale Electricity Spot Market (WESM) Reserve Market"*;

WHEREAS, in the course of RCC's discussion on the matter, it was noted that the determination of the reserve requirement relies on the Market Operator's week-ahead and day-ahead projections (WAP and DAP) based on offers submitted by the *Trading Participants*;

WHEREAS, the RCC further noted that there is apparent supply deficit in most published WAP and DAP reports, which are based on the Market Operator's explanation, due to the failure of most Generators to update their standing offers;

WHEREAS, the System Operator raised that undeclared capacities in the market results in poor projections and artificial shortage in capacity;

WHEREAS, the Market Operator raised that one of the limitations of the current Market Management System (MMS) is that standing offers expire, since participants are required based on the current settings of the MMS to set an expiry date when submitting standing offers;

WHEREAS, the Market Operator expressed that such limitation will be addressed in the new MMS where the expiration of standing offers will be eliminated;

WHEREAS, following the RCC discussions and in consideration of the concerns raised by the parties, the RCC agreed to propose the necessary changes in the WESM Rules, to state in the Rules that standing offers (MW and price) for the same day, same hour in the previous year shall apply in the current year if Generators fail to update their standing offers;

WHEREAS, during the 98th RCC Meeting held on 04 March 2015, the RCC clarified that a standing offer pertains to an offer both in terms of quantity (MW) and price and that the intent of the proposal is to always have standing offers (MW and price);

WHEREAS, the RCC requested the Market Operator to draft the Proposal, which the RCC agreed to carry as its own Proposal;

WHEREAS, upon the RCC's instruction, the Market Operator drafted the Proposal for the RCC;

WHEREAS, the draft Proposal for Amendments to the WESM Rules on Standing Offers was presented by Market Operator and discussed by the RCC during the 99th and 100th RCC meetings held on 08 April and 06 May 2015, respectively, and subsequently approved for publication in the market information website to solicit comments of Participants and interested parties;

WHEREAS, the Proposal was published on 14 May 2015 with notification to Participants sent on the following day;

WHEREAS, the RCC deliberated upon the Proposal during its 102nd meeting held on 01 July 2015, giving due course to the comments received from several parties;

WHEREAS, in the same meeting, upon due deliberations, the RCC approved the Proposal, incorporating revisions based on discussions in considerations of the comments;

NOW THEREFORE, we, the undersigned and in behalf of the sector we represent, hereby resolve as follows:

RESOLVED, that the Proposal for Amendments to the WESM Rules on the Submission of Standing Offers (ANNEX A), is hereby adopted and approved by the RCC;

RESOLVED FURTHER, that the attached Proposal for Amendments to the WESM Rules on the Submission of Standing Offers is hereby endorsed to the PEM Board for approval.

Done this 01 July 2015, Pasig City.

<p>Approved by: RULES CHANGE COMMITTEE</p> <p>[REDACTED]</p> <p>Maria Lourdes G. de Castro Chairperson, Independent</p>	
<p>Members:</p>	
<p>[REDACTED]</p> <p>Concepcion I. Tanglao Independent</p>	<p>[REDACTED]</p> <p>Francisco L.R. Castro, Jr. Independent</p>
<p>[REDACTED]</p> <p>Isidro E. Cacho, Jr. Market Operator Philippine Electricity Market Corporation (PEMC)</p>	<p>[REDACTED]</p> <p>Ambrosio R. Rosales Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>
<p>Theo C. Sunico Generation Sector 1590 Energy Corporation</p>	<p>[REDACTED]</p> <p>Lorretto H. Rivera Supply Sector Team (Philippines) Energy Corporation</p>
<p>[REDACTED]</p> <p>Jose Ferlino P. Raymundo Generation Sector SMC Global Power</p>	<p>[REDACTED]</p> <p>Joselyn D. Carabuena Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>
<p>[REDACTED]</p> <p>João P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)</p>	<p>[REDACTED]</p> <p>Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>
<p>Gilbert A. Pagobo Distribution Sector Mactan Electric Company (MECO)</p>	
	<p>Certified True and Correct:</p> <p>[REDACTED]</p> <p>Elaine D. Gonzales RCC Secretary PEMC</p>

ANNEX A: Proposed Amendments to the WESM Rules in relation to Standing Offers

1. WESM Rules

Title	Section	Original Provision	Proposed Amendments	Rationale
3.5.5 Generation Offers and Data	3.5.5.1	Each <i>Scheduled Generation Company</i> including <i>Generation Companies</i> with <i>bilateral contracts</i> shall submit a standing <i>generation offer</i> for each of its <i>scheduled generating units</i> for each <i>trading interval</i> in each <i>trading day</i> of the week in accordance with the <i>timetable</i> .	Each <i>Scheduled Generation Company</i> including <i>Generation Companies</i> with <i>bilateral contracts</i> shall submit a standing <i>generation offer</i> for each of its <i>scheduled generating units</i> for each <i>trading interval</i> in each <i>trading day</i> of the week in accordance with the <i>timetable</i> . <u>The standing generation offer shall apply until revised or updated by the Scheduled Generation Company.</u>	To ensure that standing offers from scheduled generating units are available in the WESM for each trading interval in each trading day of the week in accordance with the timetable
	3.5.5.4	Each Non-Scheduled Generation Company shall submit a standing schedule of loading levels for each of its non-scheduled generating units for each trading interval in each trading day of the week in accordance with the timetable.	Each Non-Scheduled Generation Company shall submit a standing schedule of loading levels for each of its non-scheduled generating units for each trading interval in each trading day of the week in accordance with the timetable. <u>The standing schedule shall apply until revised or updated by the Non-Scheduled Generation Company</u>	To ensure that standing schedule from non-scheduled generating units are available in the WESM for each trading interval in each trading day of the week in accordance with the timetable.
3.5.7 Generation Company Reserve Offers	3.5.7.2	When applicable, subject to clause 3.3.4.2, each <i>Scheduled Generator</i> registered as an <i>Ancillary Services Provider</i> in respect of a <i>reserve facility</i> in a particular <i>reserve region</i> shall submit a standing <i>reserve offer</i> for each of its relevant <i>reserve facilities</i> in respect of that <i>reserve region</i> for each <i>trading interval</i> for each day of the week in accordance with the <i>timetable</i> .	When applicable, subject to clause 3.3.4.2, each <i>Scheduled Generator</i> registered as an <i>Ancillary Services Provider</i> in respect of a <i>reserve facility</i> in a particular <i>reserve region</i> shall submit a standing <i>reserve offer</i> for each of its relevant <i>reserve facilities</i> in respect of that <i>reserve region</i> for each <i>trading interval</i> for each day of the week in accordance with the <i>timetable</i> . <u>The standing reserve offer shall apply until revised or updated by the Scheduled Generator registered as an Ancillary Services Provider.</u>	To ensure that standing reserve offers from scheduled generating units registered as A/S provider are available in the WESM for each trading interval in each trading day of the week in accordance with the timetable
3.5.11 Revision of Market Offers/Bids	3.5.11.6	<i>Trading Participants</i> shall immediately advise the <i>System eOperator</i> and <i>Market Operator</i> of any circumstances which threaten a significant probability of material adverse change in the state of their facilities in any <i>trading interval</i> of any trading day in the current <i>week-ahead market horizon</i> .	<i>Trading Participants</i> shall immediately advise the <i>System eOperator</i> and <i>Market Operator</i> of any circumstances which threaten a significant probability of material adverse change in the state of their facilities in any <i>trading interval</i> of any trading day in the current <i>week-ahead market horizon</i> . <u>After the occurrence of the significant event referred to above, the Trading Participant shall submit a written report to the Market Operator with supporting data immediately within the following trading day.</u>	Clause 3.5.11.6 is recommended to be revised to require TPs to submit a report, including supporting documents related to any circumstance that may materially change the state of their facilities.

ANNEX A: Proposed Amendments to the WESM Rules in relation to Standing Offers

Title	Section	Original Provision	Proposed Amendments	Rationale
APPENDICES Appendix A				
Appendices to Chapter 3				
	Appendix A1.	Information to be Supplied with Offers to Supply and to Buy Electricity	xx	
	A1.1	<p>Generation Offer</p> <p>Generation offers:</p> <p>(a) Shall include the location of the <i>connection point</i> and relevant <i>market network node</i>;</p> <p>(b) Shall include the <i>pricing zone</i> of the <i>connection point</i>,</p> <p>(c) May include up to ten (10) <i>energy offer</i> blocks per (aggregate) unit. The maximum combined capacity of <i>generation</i> and <i>reserve offers</i> must not be less than the maximum available capacity of the generator.</p> <p>(d) Shall be for a minimum block size of one (1) MW;</p> <p>(e) Shall have monotonically increasing prices, starting from <i>zero generation</i>;</p> <p>(f) May include negative prices;</p> <p>(g) Shall include maximum up/down <i>ramp rates</i>;</p> <p>(h) Shall include a validity period of offers (e.g. valid for specified period or valid until offer is revised.); and</p> <p>(i) Shall include an operating range (upper and lower limit).</p>	<p>Generation Offer</p> <p>Generation offers:</p> <p>(a) Shall include the location of the <i>connection point</i> and relevant <i>market network node</i>;</p> <p>(b) Shall include the <i>pricing zone</i> of the <i>connection point</i>,</p> <p>(c) May include up to ten (10) <i>energy offer</i> blocks per (aggregate) unit. The maximum combined capacity of <i>generation</i> and <i>reserve offers</i> must not be less than the maximum available capacity of the generator.</p> <p>(d) Shall be for a minimum block size of one (1) MW;</p> <p>(e) Shall have monotonically increasing prices, starting from <i>zero generation</i>;</p> <p>(f) May include negative prices;</p> <p>(g) Shall include maximum up/down <i>ramp rates</i>; <u>and</u></p> <p>(h) Shall include a validity period of offers (e.g. valid for specified period or valid until offer is revised.); and</p> <p><u>(h) (i)</u> Shall include an operating range (upper and lower limit).</p>	<p>As the intention is to ensure that there is always an offer, it is suggested that for consistency, the following provisions in Appendix A1.1 be deleted as these are inconsistent with the intent of ensuring that standing offers will not expire. Effectively this means that the standing offers are valid until revised and thus, the following provisions no longer apply and thus should be deleted.</p>

ANNEX A: Proposed Amendments to the WESM Rules in relation to Standing Offers

Title	Section	Original Provision	Proposed Amendments	Rationale
	A1.2	<p>Reserve Offers</p> <p>Regulation reserve offers from Generators shall consist of:</p> <ul style="list-style-type: none"> (a) A maximum response level for the relevant reserve category (MW); (b) A minimum and maximum <i>energy dispatch</i> level (MW) at which any AGC reserve response will be available; (c) Up to 3 reserve offer blocks per aggregate unit (MW/block); (d) A minimum block size of one (1) MW; (e) Monotonically increasing prices starting from zero for the first offer block, which shall correspond to the mandatory <i>reserve</i> capability required from that <i>Generation Company</i> under its connection agreement; and (f) Shall include validity period of <i>reserve offers</i>; <p>Contingency <i>reserve offers</i> from <i>Generation Companies</i> shall consist of:</p> <ul style="list-style-type: none"> (a) A maximum response level for the relevant <i>reserve category</i> (MW); (b) A minimum <i>energy dispatch</i> level (MW) at which that maximum <i>reserve</i> response will be available; (c) Up to 3 <i>reserve</i> offer blocks per aggregate unit (MW/block); (d) A minimum block size of one (1) MW; (e) Monotonically increasing prices starting from zero to the first offer block, which shall correspond to the mandatory <i>reserve</i> capability required from that <i>Generation Company</i> under its connection agreement. 	<p>Reserve Offers</p> <p>Regulation reserve offers from Generators shall consist of:</p> <ul style="list-style-type: none"> (a) A maximum response level for the relevant reserve category (MW); (b) A minimum and maximum <i>energy dispatch</i> level (MW) at which any AGC reserve response will be available; (c) Up to 3 reserve offer blocks per aggregate unit (MW/block); (d) A minimum block size of one (1) MW; and (e) Monotonically increasing prices starting from zero for the first offer block, which shall correspond to the mandatory <i>reserve</i> capability required from that <i>Generation Company</i> under its connection agreement. ; and (f) Shall include validity period of <i>reserve offers</i>; <p>Contingency <i>reserve offers</i> from <i>Generation Companies</i> shall consist of:</p> <ul style="list-style-type: none"> (a) A maximum response level for the relevant <i>reserve category</i> (MW); (b) A minimum <i>energy dispatch</i> level (MW) at which that maximum <i>reserve</i> response will be available; (c) Up to 3 <i>reserve</i> offer blocks per aggregate unit (MW/block); (d) A minimum block size of one (1) MW; (e) Monotonically increasing prices starting from zero to the first offer block, which shall correspond to the mandatory <i>reserve</i> capability required from that <i>Generation Company</i> under its connection agreement. ; and 	<p>As the intention is to ensure that there is always an offer, it is suggested that for consistency, the following provisions in Appendix A1.1 be deleted as these are inconsistent with the intent of ensuring that standing offers will not expire. Effectively this means that the standing offers are valid until revised and thus, the following provisions no longer apply and thus should be deleted.</p>

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Title	Section	Original Provision	Proposed Amendments	Rationale
		<p>(f) Shall include validity period of <i>reserve offers</i> and</p> <p>(g) Operating range (upper and lower limit)</p> <p>Contingency <i>reserve offers</i> from Customers shall consist of:</p> <p>(h) A maximum response level for the relevant <i>reserve category</i> (MW);</p> <p>(i) A maximum proportion of the forecast/<i>scheduled load</i>, which maybe interrupted</p> <p>(j) Up to 3 <i>reserve offer</i> blocks (MW/block)</p> <p>(k) A minimum block size of one (1) MW;</p> <p>(l) Monotonically increasing prices; and</p> <p>(m) Shall include validity period of reserve offers.</p>	<p>(f) Shall include validity period of <i>reserve offers</i> and</p> <p>(g) Operating range (upper and lower limit).</p> <p>Contingency <i>reserve offers</i> from Customers shall consist of:</p> <p>(h) A maximum response level for the relevant <i>reserve category</i> (MW);</p> <p>(i) A maximum proportion of the forecast/<i>scheduled load</i>, which maybe interrupted</p> <p>(j) Up to 3 <i>reserve offer</i> blocks (MW/block)</p> <p>(k) A minimum block size of one (1) MW; <u>and</u></p> <p>(l) Monotonically increasing prices. ; <u>and</u></p> <p>(m) Shall include validity period of reserve offers.</p>	