Philippine Electricity Market Corporation

WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE

RESOLUTION NO. 2013-08

Proposed Amendments to the WESM Rules and Dispatch Protocol Manual on the Submission of Bids and Offers based on Reasonable Estimate

WHEREAS, on 21 May 2013, the Rules Change Committee (RCC) received from the Philippine Electricity Market Corporation (PEMC) its proposed Revisions to the **WESM Rules and the Dispatch Protocol Manual on the Submission of Bids and Offers based on "*Reasonable Estimate*";**

WHEREAS, Clause 3.5.11.4 provides that "*Market bids* or *market offers* shall be revised by *Trading Participants* if, at any time, they no longer represent a reasonable estimate of: (a) The expected availability of the relevant *generating unit* or *scheduled load* for that *trading interval*; or (b) The *demand bids* or *offers* likely to apply for the real time *dispatch optimization* of that *trading interval;*

WHEREAS, Clause 3.5.11.5 further provides that "*The Market Operator*, in consultation with the *System Operator* and *WESM members*, and with the approval of the *PEM Board*, shall determine and *publish* criteria to determine the meaning of "reasonable estimate" under Clause 3.5.11.4, taking account of: (a) The time remaining until the occurrence of relevant *trading interval* involved, (b) The impact on the *market* of any variations to offers or *demand bids*, (c) The different categories of WESM members, and (d) The different circumstances which may have given rise to the need to make the relevant variation";

WHEREAS, the External Auditor under its Process and Compliance Review of the Market Operator (MO) has raised as one of its issues, the MO's failure to publish "reasonable estimate" that participants must use to revise bids and offers as provided under WESM Rules Clause 3.5.11.5;

WHEREAS, the PEMC deems that it is, in fact, compliant with WESM Rules 3.5.11.5 since the definition of the "reasonable estimate" is already provided in the Dispatch Protocol (Section 4.6, Appendix A.1), which was developed in coordination with the System Operator and approved by the RCC and the PEM Board, and that the said manual has been uploaded in the WESM public website, thus satisfying the publication requirement.

WHEREAS, the MO has, on the other hand, pointed out that the provision to revise bids or offers anytime is no longer consistent with the gate closure provision in the Price Determination Methodology (PDM) and the WESM Timetable, which now adopt a one-hour gate closure prior to the start of the relevant trading interval for the submission of bids and offers for the real-time market from the four-hour gate closure initially adopted by the WESM for the real-time market;

WHEREAS, considering the reduction of gate closure to one hour prior to the start of trading interval, PEMC has recommended as follows:

a) WESM Rules Clause 3.5.11.4 be revised to remove the "at any time" provision and instead incorporate the provision on "gate closure"; and
b) Clause 3.5.11.5 be revised to remove the provision on "reasonable estimate", the same deemed to be no longer relevant and finally to incorporate the submission of reasons as part of the bid/offer validation process to achieve a more efficient assessment of the trading participant's compliance to the relevant rules on the submission and cancellation of offers;

WHEREAS, the RCC in its meeting on 05 June 2013, discussed and deliberated on the matter, and after which, approved the posting/publication in the market information website of the proposed amendments to the WESM Rules and the Dispatch Protocol Manual on the submission of bids and offers as revised;

WHEREAS, the proposed amendment was published on 06 June 20113 in the WESM public information website, with the notification email requesting comments from interested parties issued on the same day;

WHEREAS, with due consideration given to the comment submitted by SN Aboitiz Power (SNAP) that "the provision of reasons when offer cancellation is involved is not currently supported in the existing interface (WESM MMS-MPI)", the RCC, in its meeting on 07 August 2013 noted that the implementation of the proposed amendment shall be subject to the modification of the Market Participants Interface (MPI), the same to be included in the changes to the MMS for which additional budget shall be secured from the Energy Regulatory Commission (ERC) and which amendments once approved will serve as justification to the ERC when the same is elevated to the ERC for budget considerations;

WHEREAS, in the same meeting, the RCC, after its deliberation on the matter, agreed to adopt the proposed amendments;

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

RESOLVED, that the proposed amendments to the WESM Rules and the Dispatch Protocol Manual (attached as Annex "A"), is hereby adopted and approved;

RESOLVED FURTHER, that the above proposed amendment to the WESM Rules and the Dispatch Protocol Manual be endorsed to the PEM Board for approval.

Done this 07 August, Pasig City.

Approved by:
RULES CHANGE COMMITTEE

[redacted]

Rowena Cristina L. Guevara
Chairperson
University of the Philippines
(UP)

[redacted]

Members:	
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	Certified True and Correct: [redacted] **Elaine D. Gonzales** ROC Secretary PEMC

[redacted]

Annex A

Matrix of Proposed Amendments in the WESM Rules and Dispatch Protocol Manual on "Reasonable Estimate"
RCC/WESM-WR/WM-13/08

1. WESM Rules

Title	Section	Original Provision	RCC Proposed Amendment	Rationale
3.5.11 Revision of Market Offers/Bids	3.5.11.4	*Market bids* or *market offers* for any *trading interval* shall be revised by *Trading Participants* if, at any time, they no longer represent a reasonable estimate of: (a) The expected availability of the relevant *generating unit* or *scheduled load* for that *trading interval*; or (b) The *demand bids* or *offers* likely to apply for the real time *dispatch optimization* of that *trading interval*.	*Market bids* or *market offers* for any *trading interval* **may** ~~**shall**~~ be revised by *Trading Participants* **prior to gate closure** if ~~**, at any time,**~~ they no longer represent a reasonable estimate of: (a) The expected availability of the relevant *generating unit* or *scheduled load* for that *trading interval*; or (b) The *demand bids* or *offers* likely to apply for the real time *dispatch optimization* of that *trading interval*.	It can be noted that the Market Operator is in fact compliant with the provisions in WESM Rules 3.5.11.5 since the definition of the "reasonable estimate" is provided in the Dispatch Protocol (Section 4.6, Appendix A.1). This was developed in coordination with the System Operator and approved by the PEM Board and RCC. Since the Dispatch Protocol is already uploaded in the WESM public website, the publication requirement is actually satisfied. Also, the provision to revise bids or offers anytime is not consistent with the gate closure provision of the PDM and the WESM Timetable which adopts a gate closure for the submission of bids and offers for the real-time market. Initially, the WESM adopted a four-hour gate closure for the real-time market. Subsequent changes to the WESM Timetable reduced the gate closure from four hours to two hours to one hour prior to the
3.5.11 Revision of Market Offers/Bids	3.5.11.5	The *Market Operator*, in consultation with the *System operator* and *WESM members*, and with the approval of the *PEM Board*, shall determine and *publish* criteria to determine the meaning of "reasonable estimate" under clause 3.5.11.4, taking account of:	**In submitting *Market bids* or *market offers* for any *trading interval*, *Trading Participants* shall also take into account the following**: ~~The *Market Operator*, in consultation with the *System operator* and *WESM members*, and with the approval of the *PEM Board*, shall determine and *publish* criteria to determine the~~	

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Title	Section	Original Provision	RCC Proposed Amendment	Rationale
		(a) The time remaining until the occurrence of the relevant *trading interval* involved, (b) The impact on the *market* of any variations to offers or *demand bids,* (c) The different categories of *WESM member*s, and (d) The different circumstances which may have given rise to the need to make the relevant variation.	~~meaning of "reasonable estimate" under clause 3.5.11.4, taking account of~~: (a) The time remaining until the occurrence of the relevant *trading interval* involved, ~~(b) The impact on the *market* of any variations to offers or *demand bids,*~~ ~~(c) The different categories of *WESM members*, and~~ ~~(d) The different circumstances which may have given rise to the need to make the relevant variation.~~ **(b) Provision of reasons or circumstances whenever the submitted *Market bids* or *market offers* are cancelled or are less than the registered capacity of its facility or generating unit.**	start of the relevant trading interval. Considering the provision of gate closure and the reduction of gate closure to one hour prior to start of trading interval, it is recommended that clause 3.5.11.4 be revised to remove the provision "at any time" and replace it with provisions on gate closure. On the other hand, defining "reasonable estimate" becomes no longer relevant given that the gate closure is now reduced to one hour prior to the start of the trading interval. **For the existing 3.5.11.5 (b),(c) and (d)** It is deemed that with the proposed deletion of the criteria for the definition of reasonable estimate, sections b, c, and d would longer be applicable. **For the proposed 3.5.11.5 (b)** This is proposed to achieve a more efficient assessment of the trading participant's compliance to the relevant rules on the submission and cancellation of offers.

Matrix of Proposed Amendments in the WESM Rules and Dispatch Protocol Manual on "Reasonable Estimate"
RCC/WESM-WR/WM-13/08

2. Dispatch Protocol

Title	Section	Provision	RCC Proposed Amendment	Rationale
Appendix A.1	**4.6 Revisions of Bids and Offers Based on Reasonable Estimates**	WESM Rules clause 3.5.11.4 provides that Trading Participants shall revise their market bids and offers for any trading interval if, at any time, they no longer represent a reasonable estimate of – · the expected availability of the relevant generating unit or scheduled load for that trading interval; or · the demand bids or offers likely to apply for the real time dispatch optimization of that trading interval. xxx	WESM Rules clause 3.5.11.4 provides that Trading Participants **~~shall~~ may** revise their market bids and offers for any trading interval **prior to gate closure ~~if, at any time,~~** they no longer represent a reasonable estimate of – · the expected availability of the relevant generating unit or scheduled load for that trading interval; or · the demand bids or offers likely to apply for the real time dispatch optimization of that trading interval. xxx	The provision to revise bids or offers anytime is not consistent with the gate closure provision of the PDM and the WESM Timetable which adopts a gate closure for the submission of bids and offers for the real-time market. Initially, the WESM adopted a four-hour gate closure for the real-time market. Subsequent changes to the WESM Timetable reduced the gate closure from four hours to two hours to one hour prior to the start of the relevant trading interval. Considering the provision of gate closure and the reduction of gate closure to one hour prior to start of trading interval, it is recommended that WESM Rules Clause 3.5.11.4 be revised to remove the provision "at any time" and replace it with provisions on gate closure. Accordingly, since this section in the Dispatch Protocol quoted WESM Rules 3.5.11.4, this section must be revised to reflect the proposed changes in the WESM Rules.