



**WHOLESALE ELECTRICITY SPOT MARKET
INTERIM RULES CHANGE COMMITTEE**

RESOLUTION NO. 2005-11

Proposed Changes to the Wholesale Electricity Spot Market Rules

WHEREAS, WESM Rules clause 10.4.19.2 provides that supplemental, modificatory, clarificatory and other amendments to the WESM Rules which are necessary and reasonable for purposes of ensuring smooth transition from promulgation of the Rules to actual commercial operation of the spot market may be recommended by the WESM Technical Working Group (the "WESM-TWG") to the Department of Energy for its appropriate action;

WHEREAS, the WESM-TWG was reconstituted as the Interim Rules Change Committee (the "RCC");

WHEREAS, the RCC is tasked to assist the DOE in relation to the revision and amendment of the WESM Rules in accordance with Chapter 8 of the WESM Rules;

WHEREAS, in the course of the preparatory activities for spot market commencement being undertaken by PEMC, it has been determined that there is a need to amend certain provisions of the WESM Rules to make the Rules more responsive to the requirements of the market;

WHEREAS, consistent with the gross pool concept, there is a need to clarify that the generators are required to offer all their available capacity for central scheduling and dispatch and to mitigate possible abuse in physical withholding of capacity;

WHEREAS, various proposed changes were submitted and deliberated upon by the RCC;

WHEREAS, the RCC during its 12th Meeting on 02 December 2005 agreed to adopt the proposed changes to the WESM Rules, incorporating therein the comments of the RCC;












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

RESOLVED, that the Proposed Changes to the WESM Rules pertaining to the generation offer (attached as Annex "A") is hereby adopted and approved in full.

RESOLVED FINALLY, that the said Proposed Changes be submitted to the PEM Board for approval and endorsement to the Department of Energy.

Done this 2nd day of December 2005, Pasig City.

Interim Rules Change Committee
 Resolution No. 2005-11
 Proposed Changes to the WESM Rules

Approved by : INTERIM RULES CHANGE/COMMITTEE  Lasse A. Hojopainen Chairman President - Philippine Electricity Market Corporation (PEMC)	
 Robinson P. Descanzo Vice-Chairman PEMC-Market Operations	
Members:	
 Nixon G. Hio Manila Electric Company (MERALCO)	 Crisanto R. Laset Jr. Philippine Electric Plant Owners Association (PEPOA)
 Wendell V. Ballesteros Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA)	 Dennis P. Gonzales Philippine Independent Power Producers' Association (PIPPA)
 Melburgo S. Chiu National Power Corporation (NPC)	Ramon B. Diaz de Rivera Philippine National Oil Company - Energy Development Corporation (PNOC-EDC)
 Nestor M. Amilan Power Sector Assets and Liabilities Management Corp. (PSALM)	 Jesusito H. Sulit National Transmission Company - System Operations (TRANSCO-SO)
 Lorenzo D. Tapel, Jr. National Electrification Administration (NEA)	
	Certified True and Correct:  Elaine R. De Guzman RCC Secretary PEMC



PROPOSED CHANGES TO THE WESM RULES
(Generation Offer)

Subject Matter: Appendices

Rule Heading	Rule Section	Current Rule	Amendment	Rationale
Generation Offer	Appendix A1.1	<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;</p> <p>(d) Shall be for a minimum block size of five (5) MW;</p> <p>(e) Shall have monotonically increasing prices, starting from zero <i>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 style="text-align: center;">x x x</p> <p>(c) May include up to ten (10) <i>energy offer</i> blocks per (aggregate) unit. <u>The maximum combined capacity of generation and reserve offers must not be less than the maximum available capacity of the generator.</u></p> <p style="text-align: center;">x x x</p>	<p>Consistent with the gross pool concept, there is a need to clarify that the generators are required to offer all their available capacity for central scheduling and dispatch and to mitigate possible abuse in physical withholding of capacity.</p>