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REQUEST FOR MARKET RULES AND MANUALS AMENDMENTS

Proposals made only under this prescribed form shall be accepted and considered as submitted.

This request for amendments should be submitted to:

Rules Change Committee
Attention: WESM Governance Committee Secretariat
Philippine Electricity Market Corporation
21st and 22nd Floor One Filinvest,
Ortigas Avenue cor. ADB Avenue and Sapphire Road,
Ortigas Center, Pasig City
Email address: mag_rrd@wesm.ph

[In accomplishing and submitting this form, you give your consent for PEMC to collect, record, organize, and update your personal data as herein provided as part of your information for purposes of rules change process.]

I. Proponent's Information

Name	Document Signed For: [Redacted]
Designation	[Redacted]
Company	ACEN CORPORATION
Company Address	[Redacted]
Telephone No.	[Redacted]
Email Address	[Redacted]

II. Amendment Information

Proposed Amendments to the (please tick the box):

☒ WESM Rules ☐ Retail Rules

☒ Market Manual: (Title of the Manual, Issue No.)

Dispatch Protocol Manual (WESM-DP-25), Issue 25.0

Registration, Suspension and De-Registration Criteria and Procedures (WESM-RSDCP), Issue 18.0

WESM Penalty Manual (WESM-PM), Issue 3.0

Procedures for the Monitoring of Forecast Accuracy Standards (WESM-FASMD), Issue 3.0

Definition of Terms, Issue 8.0

Topic:

Proposed Classification of Amendments (please tick the box):

☐ General ☐ Minor ☒ Urgent

If Urgent, reason for urgency:

This proposal is submitted pursuant to Section 8.4.1.1(iii) of the Wholesale Electricity Spot Market (WESM) Rules, which provides that urgent classification applies to proposals requiring immediate action to:

"Avoid, reduce the risk of, or mitigate the unintended adverse effect of a WESM Rule (or any of its amendments) or a provision in a Market Manual."

The WESM Rules provide that **intermittent renewable energy** resource-based generation units, typically registered as must dispatch units, **have the option to be registered and classified as scheduled generating units**. However, scheduled plants are required to comply with Dispatch Conformance Standards (DCS), which are intended for dispatchable plants and cannot be complied with by Variable Renewable Energy (VRE) generation plants. As such, the option to register as scheduled generating plants cannot be availed of by VRE plants without risking non-compliance and deregistration on the one hand and being required, during negative price intervals, to pay for generating RE on the other.

Since must dispatch plants are non-scheduled generating units and price takers which cannot offer prices in the WESM, VRE generating plants are subjected to the growing incidence of negative prices. While there is the option to register as scheduled generating units, such presents unmanageable DCS compliance risk, and there is presently no true, viable option to register as a scheduled generating plant and thereby participate in the WESM on an offer-based basis.

The Renewable Energy Act of 2008 (RE Act) aims to increase the utilization of RE by promoting its efficient and cost-effective development and commercial application. Investments in the substantial majority of VRE generating plants are pursuant to the Feed-In Tariff (FIT) System or Green Energy Auction Program (GEAP). These will be indirectly benefited by this proposed amendment through the reduction of incidences of negative prices and the burden thereof on the said support mechanisms.

The proposed amendment therefore is intended as a correction of this regulatory inconsistency which prevents its intended beneficiaries from availing thereof. It does not create a new privilege or preferential treatment for VRE generating units but seeks to

correct and make an existing regulatory option workable and viable. By allowing VRE generating units electing to be classified as scheduled generating units to comply with the Forecast Accuracy Standards (FAS) instead of the DCS, the proposal preserves performance accountability while enabling offer-based participation in the WESM. The resulting ability of VRE generating plants to respond to market prices, including negative prices, is a consequential benefit of correcting this regulatory gap.

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Since 2014, the Philippine power system has been undergoing rapid expansion of VRE capacity, driven by statutory mandates under the Renewable Energy Act of 2008 and government policy to enhance energy security through indigenous resources.

In support of the FIT System and priority dispatch provisions of the RE Act, the Department of Energy (DOE) issued Department Circular No. DC2015-03-0001 and related Circulars to provide that intermittent renewable energy resource-based generating units, such as wind, solar, run-of-river hydro or ocean energy shall register as must dispatch generating units, and that such must dispatch generating units shall be price takers¹. To complete the must dispatch framework, in lieu of Dispatch Conformance Standards, VRE compliance is measured against Forecast Accuracy Standards.

With rapid solar and wind energy deployment, however, what were once episodic negative price intervals have become increasingly prevalent, arising from recurrent oversupply conditions during low and even normal demand periods. The additional capacity expected from succeeding GEAP rounds will exacerbate these conditions, absent corrective regulatory recalibration.

In principle, negative price intervals are intended to function as an economic signal indicating an oversupply and certain generating resources should rationally reduce/curtail output. However, must dispatch VRE generating units, as price takers, have limited ability to respond to this market signal. The increasing incidence of negative prices highlights the need to ensure that the WESM Rules allow VRE generating plants to do so under the FAS instead of the DCS.

The cost incidence of negative prices is asymmetrically distributed, with consumers ultimately absorbing a larger and compounded burden from the negative prices being supported by the Feed-in Tariff Allowance (FIT-All) and Green Energy Auction Allowance (GEA-All) to ensure full payment of FIT and GEA tariffs. Meanwhile, merchant VRE generators bear the immediate commercial losses arising from negative settlements.

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Notably, the WESM Rules provide that a VRE-based Generation Company, typically registered as must dispatch, may also elect to have such unit/s classified as scheduled generating unit/s, whereby VRE plants may participate in the WESM on an offer-based basis. This proposed methodology enables VRE generators to bid out when marginal system value becomes negative, thereby reducing the significance of extreme price outcomes and limiting unnecessary subsidy outflows.

Based on the prevailing WESM Rules, however, scheduled generating units are subject to compliance with Dispatch Conformance Standards, which imposes a standard more appropriate for a dispatchable power plant rather than an intermittent RE resource-based generating plant, and immediately and critically exposes the VRE plant to non-compliance and/or deregistration risks.

As such, the WESM Rules must be amended as proposed herein, so that VRE generating plants electing to be classified as a scheduled generating unit can be assessed on the basis of Forecast Accuracy Standards, which takes into account the variable nature of RE generation, in lieu of DCS.

This amendment corrects the regulatory deficiency which makes registration as a scheduled generating unit an unrealistic and risk-laden option for the VRE plant and

¹ Department of Energy. (2015, March 20). *Department Circular No. DC2015-03-0001: Promulgating the framework for the implementation of must dispatch and priority dispatch of renewable energy resources in the Wholesale Electricity Spot Market (WESM)*. Government of the Philippines.

allows such VRE plant to respond to negative prices instead of bearing unavoidable losses, which could not have been the intended result of any of the RE Act, the DOE Department Circulars or the WESM Rules.

Moreover, the substantial majority of VRE generating plants which operate or will operate under the FIT System or GEAP, and these will be indirectly benefited by this proposed amendment.

The Philippines must look beyond subsidy mechanisms under the RE Act and ultimately enable RE to be competitive and market-driven. Under this pro-active approach, this urgent amendment will send positive signals to RE investors that investment in merchant VRE is viable and supported by the WESM and its regulatory framework, and protect merchant VRE from the unintended consequence of an unsuitable compliance standard.

Accordingly, we urgently request that the PEMC Board:

1. **Approve the application of Forecast Accuracy Standards (FAS)** to VRE generating units that elect to be classified as scheduled generating units, so that they may participate in the WESM on an offer-based basis; and
 2. **Authorize the rules change process, on an urgent basis,** to amend the relevant provisions of the WESM Rules, Dispatch Protocol Manual, and all affected Market Manuals.
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III. SUMMARY OF THE PROPOSED RULES CHANGE

Under WESM Rules Clause 2.3.1.5², VRE generating units (wind, solar, run-of-river hydro, ocean energy) are classified as must-dispatch generating units but may at their option elect to be classified as scheduled generating units. In practice, this optionality is available but unviable: Clause 2.3.1.8 requires all scheduled generators to operate in accordance with the dispatch procedures described in Chapter 3 and dispatch conformance standards in Clause 3.8.5, elaborated in the Dispatch Protocol Manual (DPM) Section 12.5.1(b) as a +1.5%/-3% tolerance band. This standard is structurally incompatible with variable RE generation, which are more appropriately assessed for compliance under Forecast Accuracy Standards (FAS).

As a result, VRE generating units cannot viably elect to be scheduled generating units, remain must-dispatch, cannot submit offer prices, and are forced to dispatch into negative price intervals, incurring recurring financial losses. Trading intervals with negative prices in Luzon rose from 751 in 2023 to 1,873 through 2025 — a 150% increase — with GEA-4 capacity set to intensify this trend further. Currently, 2,605 negative intervals have occurred as of the first week of August 2026.

To address this regulatory oversight which has prevented the exercise by VRE generating units of the option to register as scheduled generating units, and mitigate the current and future effects of high VRE generation, we are proposing to amend Section 2.3.1.8 of the WESM Rules and Section 12.5.1 of the DPM such that all VRE must dispatch generating units that opt to register as scheduled generating units shall be subject to FAS, in lieu of the Dispatch Conformance Standards (DCS) currently prescribed for scheduled generators. This may be reflected in the DPM and the WESM Rules, in part, as follows (suggested edits and/or revisions are in bold and underlined):

(New Proposed) Section 12.4.1(e), WESM-DP-25, Issue 25.0 (as of 11 April 2026):

“Notwithstanding Section 12.4.1(a), intermittent RE resource-based generating units that have opted to be classified as scheduled generating units pursuant to the WESM Rules shall comply with Forecast Accuracy Standards in accordance with the relevant Market Manuals, in lieu of the dispatch conformance standards.”

Revised Section 12.5.1(b), WESM-DP-25, Issue 25.0 (as of 11 April 2026):

“All scheduled and priority dispatch generating units shall not deviate beyond the upper and lower dispatch thresholds of +1.5% or -3% of the dispatch schedule or +/- 1MW, whichever is higher, as follows: xxx.

This Section does not apply to intermittent RE resource-based generating units that have opted to be classified as scheduled generating units pursuant to the WESM Rules.”

Revised Section 2.3.1.8, WESM Rules (as of 31 August 2025):

*“A Generation Company is required to operate scheduled generating units and priority dispatch generating units in accordance with the scheduling and dispatch procedures described in Chapter 3, and in accordance with the dispatch conformance standards specified in accordance with Clause 3.8.5. **Intermittent Renewable Energy Resource-based generating unit that opted to be classified as a scheduled generating unit shall comply with forecast accuracy standards in accordance with the relevant Market Manual in lieu of the dispatch conformance standards.**”*

Compliance monitoring under the FAS will require VRE generating units to maintain forecasting discipline, aligning performance expectations with the inherently variable nature of their resources.

Under the proposed framework:

- Solar and wind generating units, whether electing for scheduled or must dispatch status, shall be required to maintain a Mean Absolute Percentage Error (MAPE) of no more than 18% and a 95th percentile forecast error (Perc95) of no more than 30%; and
- Run-of-river hydro generating units shall be required to maintain a MAPE of no more than 9% and a Perc95 of no more than 30%.

By adopting FAS in lieu of the existing DCS, the proposed change mitigates the risk of financial penalties, potential suspension or even deregistration that would otherwise arise from inability to realistically comply with rigid dispatch deviation thresholds (within narrow upper and lower dispatch limits of +1.5% or -3% of the dispatch schedule, or ± 1 MW, whichever is higher) — that are structurally incompatible with the natural variability of VRE output. The proposed application of FAS therefore preserves operational accountability through forecast accuracy requirements, while avoiding enforcement outcomes that penalize variability, and ensuring that compliance monitoring remains fair, proportionate, and aligned with the technical characteristics of renewable energy resources³.

IV. BACKGROUND

The WESM Rules provide that Must Dispatch generating units have the option to register as scheduled or non-scheduled generating units. However, even if a VRE generating unit exercises its option to be registered as a scheduled generating unit so that it may offer prices and avoid uneconomic dispatch, scheduled generating units are required to comply with DCS, which are intended to monitor compliance of conventional, dispatchable plants and have corresponding stringent tolerances.

The VRE generating units therefore have no viable framework within which to operate in the WESM without being subjected to either the increasing risk of negative prices (as a non-scheduled price taker) or the unmanageable risk of complying with DCS (as a scheduled VRE). This regulatory gap effectively renders the scheduled-generator option commercially and operationally unviable for VRE generating plants.

The increasing incidence of negative prices illustrates the practical consequence of this regulatory gap. In principle, negative price intervals are intended to function as an economic signal indicating an oversupply and that certain generating resources should rationally curtail output. In an offer-based market, this event signals the reduction of plant output, thereby restoring balance and allocative efficiency. Under the prevailing must-dispatch regime for VRE, however, this signaling mechanism does not operate as intended: All VRE generating units are compelled, as must dispatch generating units, to continue injecting energy regardless of price. Negative price intervals thus cease to reflect marginal system value and instead become policy-driven outcomes.

With intermittent RE resource-based generating units being subjected to negative prices, the sustainability of the incentive mechanisms supporting such VRE generating units, or the merchant VRE generating units themselves, are adversely affected.

Origin and History of the Rule

The RE Act introduced significant national policy mechanisms to promote renewable energy development, such as the Feed-In Tariff (FIT) System, with priority grid connection and priority dispatch for emerging renewable energy resources. Consistent with these policy objectives, the DOE issued DOE Department Circular No. DC2015-03-0001⁴ in March 2015, whereby must-dispatch and priority-dispatch concepts were formally integrated into WESM operations. Qualified and registered intermittent renewable energy generating units were declared by the DOE as must-dispatch based on available energy, while biomass was accorded priority-dispatch treatment.

This marked the first time that renewable energy supply was mandated by policy rather than determined by market bidding or bilateral contracting. **Under this framework, VRE output was required to be injected with a preference in dispatch schedule whenever such generation is available.** This is regardless of prevailing market prices; as such, pursuant to the RE Act, this represented a departure from classical marginal pricing, as VRE generation became non-price-responsive by rule, effectively removing them from competition within the economic merit order. The must-dispatch obligation was instituted as a benefit to renewable energy facilities, ensuring their output receives priority over conventional thermal generation

² Clause 2.3.1.5. of the WESM Rules (as of 31 August 2025): “A generating unit or group of generating units connected at a common connection point that is intermittent renewable energy resource-based, whether or not under the Feed-in Tariff system, such as wind, solar, run-of-river hydro or ocean energy with the corresponding DOE certification, shall be classified as a must-dispatch generating unit, but may at its option, be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4.”

³ Dispatch Protocol Manual (WESM-DP-25), Issue 25.0, Section 12.5.1.b

⁴ Department of Energy, 2015, *Id.*

with higher carbon intensity, and providing assurance to FIT and later, GEA plants, that they will be dispatched notwithstanding their fixed prices.

In January 2016, DOE Department Circular No. DC2016-01-0002⁵ further amended the WESM Rules to formally recognize generating units as:

- (i) Scheduled generating units; or
- (ii) Non-scheduled generating units; or
- (iii) must-dispatch generating units; or
- (iv) priority-dispatch generating units.

DOE Department Circular No. DC2016-01-0002 stated that **intermittent renewable energy resource**-based generating plants such as wind, solar, run-of-river hydro or ocean energy with the corresponding DOE certification **shall be classified as must dispatch generating units but may at its option be classified as a scheduled generating units or non-scheduled generating units**. It further mandated that:

- The Market Operator shall include each *non-scheduled generating unit, must-dispatch generating unit* and priority dispatch generating unit in its market dispatch optimization model as a **price taker**; and
- *must dispatch generating units* shall comply with FAS, in respect of such projected outputs duly submitted, consistent with the Grid Code⁶.

Subsequent issuances in 2017 harmonized the WESM Market Manuals and Dispatch Protocol with these rule changes⁷. Most significantly, the adoption of the revised Dispatch Protocol Manual in June 2017 provided the sequencing of dispatch such that must-dispatch VRE generation is injected prior to market clearing⁸. From this point forward, VRE supply became extrinsic to WESM price formation, *i.e.*, a fixed quantity introduced into the market by policy rather than by economic bidding. Prices were formed only on the residual demand remaining after must-dispatch generation had been netted out⁹.

In October 2022, DOE Department Circular No. DC2022-10-0031¹⁰ expanded preferential dispatch treatment to all renewable energy resources, whether operating under the FIT, other auction-based support schemes or merchant renewable plants. This broadened the scope of compulsory price-taking and unintentionally extended exposure to negative prices across the renewable sector.

Over time, WESM has evolved from a fully market-based marginal pricing system into a hybrid framework in which a growing share of supply of VRE is mandated to run regardless of price. As renewable supply increased and price responsiveness was correspondingly reduced, negative price intervals emerged not as market signals of inefficiency, but as structural artifacts of policy-mandated dispatch.

The Objective the Rule is intended to achieve

The need for this amendment is best understood in the context of the regulatory framework under which VRE participation in the WESM was originally conceptualized or developed. The existing must-dispatch framework was designed at a time when VRE technologies were still emerging and policy was principally directed towards facilitating their entry and integration into the market.

⁵ Adopting Further Amendments to the WESM Rules (Provisions for the Must Dispatch and Priority Dispatch Generating Units).

⁶ Department of Energy. (2016, January 12). Clause 3.5.5.8 of *Department Circular No. DC2016-01-0002: Adopting further amendments to the Wholesale Electricity Spot Market (WESM) Rules (provisions for the must-dispatch and priority-dispatch generating units)*. Government of the Philippines.

⁷ Department of Energy. (2017a, March 20). *Department Circular No. DC2017-03-0002: Adopting further amendments to the WESM Rules and relevant WESM Market Manuals for the implementation of must-dispatch and priority-dispatch generating units*. Government of the Philippines.

Department of Energy. (2017b, June 13). *Department Circular No. DC2017-04-0007: Adopting the Wholesale Electricity Spot Market (WESM) Dispatch Protocol Manual and its further amendments*. Government of the Philippines.

⁸ Department of Energy, 2017b, *Id.*

⁹ *Id.*

¹⁰ Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the Wholesale Electricity Spot Market Amending for this Purpose Department Circular No. DC2015-03-001.

The FIT and GEAP are core incentives which guarantee a fixed rate per kWh to eligible plants for a fixed period, regardless of market price volatility. These programs provide investors with financial incentives to build RE plants, shielding them from future price uncertainty.

Under the WESM Rules, VRE generating units are classified as must-dispatch resources to operationalize the intent of the RE Act and its Implementing Rules and Regulations, which mandate the prioritization and integration of renewable energy into the Philippine power system. As must-dispatch resources, VRE generating units are automatically scheduled based on their available capacity and treated as price takers, meaning they are required to inject generation into the market regardless of prevailing prices and without the ability to submit their own offers.

For then emerging VRE technology, the FIT System with priority dispatch under the RE Act was the primary and almost exclusive route to market and VRE generators registered as must dispatch generating units with the WESM by default.

The must-dispatch classification achieved its intended objective of promoting renewable energy by guaranteeing non-discriminatory, priority access to the market and providing dispatch certainty for renewable projects. Because the overall share of VRE generation in the grid was then relatively small, its impact on market outcomes and system operations remained limited, while contributing to the achievement of the country’s renewable energy capacity targets.

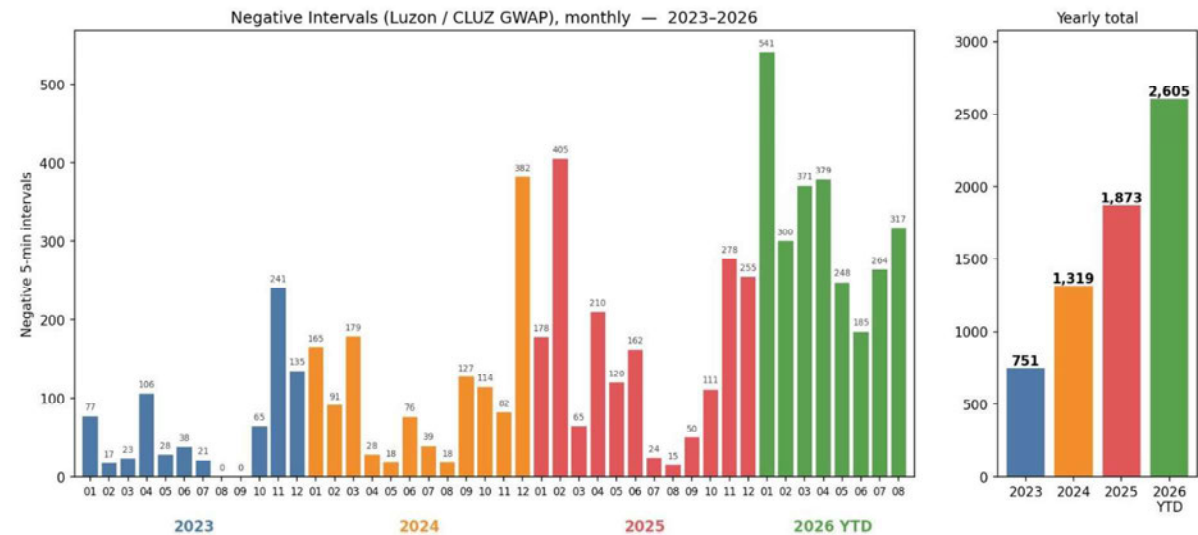
The Procedures for the Monitoring of FAS serve as a critical regulatory mechanism to ensure that participants, particularly VRE resources, provide accurate loading projections to maintain market efficiency and system security.

Increasing Incidence of Negative Prices

The RE Act pushed the growth of RE volume in the Philippine Grid such that, beginning in 2023, negative price intervals increased in both frequency and severity; over the past three years, the WESM has recorded a significant increase in trading intervals with negative prices, underscoring this fundamental shift in market dynamics. This development is largely attributable to the rapid growth of VRE, particularly solar, which injects substantial generation during daytime hours, in conjunction with less flexible thermal technologies such as coal which put in negative bids to ensure continuous dispatch.

Prices progressively trended toward the market floor, and negative pricing began to occur not only during holidays but also during ordinary demand conditions. Trading intervals with negative prices rose sharply from 751 in 2023 to 1,319 in 2024, representing a 75% increase year-on-year. The introduction of co-optimized energy and reserve markets in 2024 preserved the dispatch hierarchy, further cementing the exogenous role of VRE in price formation. In 2025, negative price intervals in the month of November increased by 300% compared to the previous year, with 18% of these below Php -5,000/MWh compared to 0% the previous year.

As of the end of 2025, 1,873 negative intervals were recorded, strikingly exceeding that of 2024. Negative pricing events are becoming increasingly common, now occurring in 1-5% of monthly intervals, compared to less than 1% in 2023. As of this submission, **2,605 negative intervals** have occurred as of the first week of August 2026.



In March 2026, in response to declared energy emergency conditions, the DOE suspended WESM operations and the ERC, pursuant to E.O. No. 110, series of 2026¹¹, implemented modified administered pricing mechanisms, with negative price intervals being substituted with zero. While temporary, this action underscored the extent to which marginal pricing had already been diluted by policy-driven dispatch rules, particularly for renewable energy.

V. THE PROPOSED RULES CHANGE

Rationale of the Proposal

The proposal seeks to amend Sections 12.4.1(e) and 12.5.1(b) of the Dispatch Protocol Manual as well as Section 2.3.1.8 of the WESM Rules, such that VRE must dispatch generating units that opt to register as scheduled generating units shall be subject to Forecast Accuracy Standards (FAS), in lieu of the Dispatch Conformance Standards (DCS) currently prescribed for scheduled generators.

The amendment addresses the apparent unviability of the option for VRE plants to register as scheduled generating units, since such plants cannot realistically comply with the DCS. Allowing the performance of VRE generating units to be evaluated against the FAS will in turn allow VRE plants to be scheduled and participate in the WESM on an offer-based basis and thereby avoid the impact of negative prices.

There is an urgent imperative to make the option of registering as a scheduled generating plant a viable option for VRE plants by applying the more appropriate FAS to their projected output, so that such generating units may participate in the WESM on an offer-based basis. This proposed change enables scheduled VRE generators to bid out when marginal system value becomes negative, thereby reducing the magnitude of extreme price outcomes and limiting unnecessary subsidy outflows for FIT and GEA plants, and avoiding the direct financial impact to merchant VRE.

The Philippines must look beyond subsidy mechanisms under the RE Act and ultimately program and enable VRE to be competitive and market-driven. Under this pro-active approach, this urgent amendment will send positive signals to RE investors that investment in merchant VRE is viable and supported by the WESM and its regulatory framework and protect merchant VRE from the unintended consequence of an unsuitable compliance standard, and lay the basis for ultimately moving away from programs such as the GEAP.

The Problem or Shortcoming of the Existing Rule.

The must-dispatch rule was originally implemented as a benefit to VRE plants, ensuring that they receive dispatch priority over conventional generation with higher carbon intensity. However, with the rapid growth of VRE capacity and the corresponding increase of negative price intervals, this same rule has begun to yield unintended consequences. As price takers during periods of oversupply, VRE generators must sell power at very low or even negative prices, turning what was once a policy advantage into an operational and financial disadvantage. To be able to respond to negative prices and reduce generation, a VRE generating plant may register as a scheduled generating unit and participate in the WESM on an offer-based basis, but at the risk of significant penalties for being unable to realistically comply with the DCS applied to scheduled generation.

This situation represents an unintended adverse effect of a well-intentioned rule, the risks of which now extend across the broader market. These adverse impacts manifest in several ways:

- Rising consumer subsidy burden: FIT-All/GEA-All charges must bridge the widening gap during negative intervals. This would require further increasing their rates, compounding existing shortfalls in FIT-All settlements.
- Merchant VRE financial losses: Must-dispatch RE is compelled to inject its maximum available capacity at any price, including prices below 0 PhP/MWh. In December 2024, prices hit the price floor (−10,000PhP/MWh), causing ₱30.1M losses across ACEN's merchant RE plants, of which ₱11.2M came from ACEN's San Marcelino plant (22 Dec 2024–1 Jan 2025).

¹¹ Energy Regulatory Commission. (2026). *Resolution No. 10, Series of 2026: A resolution prescribing a modified administered price for the Wholesale Electricity Spot Market (WESM) pursuant to Executive Order No. 110, Series of 2026.*

- Reliability and investment signals: Persistent negative prices deter merchant RE investment and may accelerate uneconomic thermal exits before adequate flexibility is in place, heightening near-term reliability risks. Inflexible thermal assets, to the extent they are merchant, are also having to take on financial losses due to their ramp rate limitation sufficiently to avoid negative pricing. Consequently, with negative prices leading to the ramp down of a portion of this baseload capacity, their slow ramp-up time then delays recovery. This leaves the grid under-supplied and unable to absorb subsequent demand spikes, which heightens short-term instability and prices.

Implications

The continued growth of renewable generation makes it foreseeable that supply surpluses and negative price intervals in the WESM have transitioned from episodic occurrences to structural features of the market. Absent recalibration, the existing dispatch framework characterized by non-price responsive must dispatch generation and the absence of a realistic compliance pathway for variable resources will increasingly yield outcomes that are economically inefficient and require consumers to absorb resulting price distortions through subsidy recovery mechanisms, contrary to the consumer protection and least cost principles mandated under EPIRA.

The adverse effects of the current framework have become structural and are accelerating. Negative-price intervals in the WESM increased from 751 in 2023 to 1,319 in 2024, with 1,873 intervals recorded in 2025. This trend demonstrates that negative pricing is no longer a rare or seasonal occurrence but a persistent feature of market behavior. Moreover, the share of non-holiday negative intervals rose sharply —from 51% in 2024 to 79% in 2025 — indicating that price depressions now occur even under normal demand conditions. The deepening of negative prices toward the market floor over the past year further reflects the severity of the imbalance between growing renewable generation and limited system flexibility. With the forthcoming entry of additional must-dispatch capacity of more than 10GW from GEA-4 and subsequent GEA rounds, the frequency and depth of negative-price intervals are expected to intensify unless the rule is recalibrated to allow renewable generators greater operational and economic flexibility within the WESM.

More critically, the cost incidence of negative prices is asymmetrically distributed: losses are socialized and consumers ultimately absorb a larger and compounded burden through the FIT-All and GEA-All support mechanisms to ensure full payment of FITs and GEA tariffs. Meanwhile, merchant VRE generators bear the immediate commercial losses arising from negative settlements.

Sectors Positively and Negatively Affected by the Existing Rules

Distribution Sector: Under the existing must-dispatch framework, Distribution Utilities and electric cooperatives purchasing from the WESM experience short-term benefits during negative price intervals, as they are effectively paid to consume electricity, resulting in temporary procurement discounts. However, these benefits are offset at the consumer level, as negative prices paid by the National Transmission Corporation on behalf of FIT-eligible and auction-supported renewable generators are recovered through FIT-All and GEA-All collections, increasing end-user charges.

Generation Sector: Merchant VRE plants incur financial losses directly. While negative prices do not directly reduce the revenues of subsidized renewable energy plants under the FIT or GEA mechanisms—given that these plants are guaranteed fixed payments per megawatt-hour generated—the existing policy framework widens the subsidy gap borne by the FIT-All and GEA-All funds, as the difference between fixed incentive rates and negative market prices is ultimately recovered from consumers.

Taken together, these outcomes distort price signals, weaken investment incentives for both renewable and dispatchable capacity, and pose risks to long-term system reliability and consumer protection.

Sectors Affected by the Proposed Urgent Rules Change

The proposed urgent rules change will have structural, long-term positive effects across multiple sectors.

First, investors and generating companies, particularly merchant VRE developers, benefit from increased regulatory predictability and a restoration of market discipline. By allowing VRE generating units that elect scheduled priority dispatch status to participate on an offer-based

basis, subject to FAS, the proposal reduces unbounded downside risk while preserving competitive behavior. This enhances investor confidence, lowers the perceived cost of capital, and supports the sustained development of renewable energy in line with national policy goals.

Second, electricity consumers benefit from improved market efficiency. The reduction of sustained negative price intervals curtails unnecessary generator losses and, consequently, limits the recovery of such losses through FIT-All and GEA-All mechanisms. Over time, this yields structural consumer benefits, including lower subsidy pass-throughs, more stable electricity prices, and reduced exposure to emergency market interventions.

Additionally, FIT and GEA supported renewable plants may experience a reduced need for subsidy recovery as negative price exposure is diminished. This results in lower FIT All and GEA-All collections and reflects a correction of inefficiencies. The resulting decrease in subsidy requirements directly benefits consumers and aligns with the principle of least cost delivery of electricity.

Third, system reliability and operational stability are strengthened. By reducing forced and uneconomic dispatch adjustments imposed on thermal plants, the proposal helps preserve adequate reserves and flexibility, reducing the likelihood of supply disruptions and costly emergency measures.

These structural effects support the country's efforts in resolving the energy trilemma of energy security, affordability and sustainability. By reducing risk and enhancing investor confidence in renewables, reliance on geopolitically tied supply chains is reduced and exposure to external price instability is reduced. The low marginal cost of VREs and lessened subsidies reduce energy costs for the end consumers, not including reduced externality costs from avoided environmental impact. Such systems play into the country's global and national obligations to the climate and support economic growth without sacrificing environmental integrity.

Sectors Adversely Affected by the Proposed Urgent Rules Change

Distribution Utilities and electric cooperatives, which currently realize transient discounts during negative price intervals, are the primary stakeholders that may experience reduced short-term benefits under the proposed rules change. As extreme negative pricing is mitigated, these entities will no longer experience periods where electricity consumption is effectively subsidized through negative wholesale prices.

Stakeholder / Sector	Impact Classification	Nature of Impact	Explanation
Electricity Consumers	Positively affected	Structural cost reduction	Reduced negative price intervals limit generator losses recovered through FIT-All and GEA-All, producing long-term consumer savings and more stable rates.
Investors & Merchant VRE Developers	Positively affected	Improved investment certainty	Offer-based participation subject to FAS restores economic discipline and reduces unbounded downside risk, strengthening investor confidence.
Merchant Thermal Generators	Positively affected	Reduced adjustment burden	Mitigation of extreme negative pricing lessens forced uneconomic ramping and shutdowns, supporting reliability and reserve adequacy.
Distribution Utilities & Electric Cooperatives	Adversely affected (short-term)	Reduced temporary discounts	Elimination of extreme negative prices removes short-term procurement windfalls, but aligns procurement costs with true system economics.
FIT-Supported RE Plants	Adversely affected (indirect)	Reduced subsidy recovery	Lower negative price exposure reduces FIT-All recoveries; this reflects efficiency gains rather than an adverse operational impact.

Wholesale Market / System Efficiency	Positively affected	Improved price formation	Offer-based participation and forecast discipline reduce distortions, restoring alignment between dispatch, pricing, and system reliability.
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How the Proposed Measures Address the Identified Problems

The proposed measures—(1) authorizing the application of FAS to VRE generating units electing scheduled or priority dispatch status while preserving offer-based participation; and (2) authorizing the commencement of a rules change process on an urgent basis, to amend the relevant provisions of the WESM Rules, Dispatch Protocol Manual, and related Market Manuals—directly address the shortcomings of the existing framework.

By recalibrating dispatch treatment together with appropriate compliance standards, the proposal restores balance between policy objectives and market mechanics. At the same time, allowing scheduled VRE generators to submit price-and-quantity offers ensures continued participation in price formation and aligns renewable integration with the principles of a co-optimized energy and reserve market.

Collectively, these measures mitigate the structural causes of sustained negative price intervals, reduce unnecessary economic losses at both generator and consumer levels, and uphold the broader objectives of efficiency, transparency, and public interest protection under EPIRA.

VI. BACKGROUND AND DESCRIPTION OF THE PROPONENT

ACEN CORPORATION

ACEN Corporation (ACEN) is a publicly listed Philippine corporation and the energy and renewable generation platform of the Ayala Group, one of the country’s largest and most established conglomerates. ACEN is listed on the Philippine Stock Exchange under the trading symbol ACEN and has been operating in the Philippine power sector for over five decades, having been incorporated on 8 September 1969.

Board of Directors and Key Officers (Based on 2026 PSE disclosures)

Board of Directors

- Cezar P. Consing
- Gerardo C. Ablaza, Jr.
- John Eric T. Francia
- Jaime Alfonso Antonio E. Zobel de Ayala
- Jaime Z. Urquijo
- Nicole Goh Phaik Khim
- Dean L. Travers
- Jesse O. Ang (independent director)
- Ma. Lourdes Heras-de Leon (independent director)
- Christopher Paul Beshouri (independent director)
- David John Nicol (independent director)

Senior Officers

Name of Person	Position/Designation
John Eric T. Francia	President & Chief Executive Officer
Jose Maria Eduardo P. Zabaleta	Group Chief Operating Officer and Group Chief Development Officer

Jonathan P. Back	Group Chief Finance Officer and Group Chief Strategy Officer
Patrice R. Clausse	Group Chief Investment Officer
John Philip S. Orbeta	Group Chief Human Resources Officer and Group Chief Administrative Officer
Ma. Cecilia T. Cruzabra	Group Chief Risk Officer
M. Andrea H. de Castro	Group Treasurer
Maria Franchette M. Acosta	Corporate Secretary
Dodjie D. Lagazo	Group General Counsel, Group Compliance Officer, and Assistant Corporate Secretary 1
Alan T. Ascalon	Assistant Corporate Secretary 2 and Data Protection Officer
Janel M. Bea	Group Controller
Mae Christine L. Go	Group Chief Audit Executive

Nature of Business

ACEN is engaged in the development, construction, ownership, operation, and management of power generation facilities, with a strategic focus on renewable energy technologies, including solar, wind, geothermal, hydropower, and energy storage. As disclosed in PSE filings, ACEN is one of the largest renewable energy platforms in the Philippines and the Asia Pacific region, with approximately 7 gigawatts (GW) of attributable renewable energy capacity, spanning operating, under-construction, and committed projects in the Philippines, Australia, Vietnam, India, Lao PDR, Indonesia, and other regional markets. The Philippines remains its core market, accounting for the largest share of its installed and committed capacity.

Corporate Purpose and Policy Position

In line with its publicly disclosed strategy, ACEN has achieved 100% renewable energy generation by 2025 and is committed to achieve net-zero greenhouse gas emissions by 2050, consistent with national energy policy objectives and the Philippine government’s clean energy transition goals. As a market participant, ACEN operates both FIT-eligible and merchant renewable generating units and participates in the Wholesale Electricity Spot Market (WESM) as well as long-term contracting arrangements.

Principal Office and Business Address

35th Floor, Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue
Makati City 1226, Metro Manila, Philippines

VII. CONCLUSIONS AND RECOMMENDATIONS

The must-dispatch classification was intended to promote renewable energy development through preferential access, not to impose structural financial losses or preclude market responsiveness. This proposal seeks to align the original policy intent and the operational realities of a maturing, co-optimized market.

There is an urgent imperative to make the option of VRE plants under Clause 2.3.1.5 of the WESM Rules to register as scheduled generating units a viable option, by applying the more appropriate Forecast Accuracy Standards (FAS) to their projected output; this would enable such generating units to participate in the WESM on an offer-based basis. The Dispatch Conformance Standards applied to the Scheduled Generator category are structurally incompatible with variable generation, rendering the contemplated optionality effectively unavailable in practice. This proposed change enables scheduled VRE generators to bid out when marginal system value becomes negative, thereby reducing the magnitude of extreme

price outcomes and limiting unnecessary subsidy outflows for FIT and GEA plants, and avoiding the direct financial impact to merchant VRE.

This proposed urgent amendment represents the minimum necessary correction to address what may be an oversight in the WESM Rules, without creating a new class of generator, and restores balance between reliability, efficiency and investment sustainability in a maturing electricity market. Absent such action, the market’s ability to self-correct will remain constrained, and negative price signals—rather than inducing efficient behavior—will continue to propagate losses across the value chain, to the detriment of both market integrity and consumers.

The urgency of this amendment is further heightened by the following:

1. The evolution of the negative priced intervals from episodic to structural, as evidenced by the consistent increase thereof from 2023 to 2025, with prices trending toward the unreasonable floor of ₱10,000/MWh and negative intervals now occurring during non-holiday weekends and weekdays.
2. The expected commissioning of additional renewable capacity from Green Energy Auction Round 4 (“GEA-4”) and succeeding GEA rounds, which will amplify the magnitude and frequency of negative-price intervals absent corrective intervention; and
3. The recurring holiday period/s (Christmas and Holy Week), during which the most extreme negative price events have historically occurred and which present the most significant losses from negative prices.

Ultimately, a market framework that forces losses onto generators and reallocates those losses back to consumers through regulated charges fails to advance consumer welfare. Persistent negative pricing widens the subsidy gap recovered through FIT-All and GEA-All, **increasing costs borne by consumers**, while merchant renewable plants face recurring losses with no workable compliance pathway. As additional capacity under GEA-4 enters the system and supply margins continue to widen, these effects will intensify, threatening both investment certainty and the orderly growth of renewable energy in the WESM, while failing to advance the consumer protection objectives mandated under EPIRA.

The Philippines must look beyond subsidy mechanisms under the RE Act and ultimately program and enable VRE to be competitive and market-driven. Under this pro-active approach, this urgent amendment will protect merchant VRE from the unintended consequence of an inappropriate compliance standard and lay the basis for ultimately moving away from programs such as the GEAP and send positive signals to RE investors that investment in merchant VRE is viable and supported by the WESM and its regulatory framework.

Accordingly, we request that the PEMC Board:

1. Endorse the application of **Forecast Accuracy Standards (FAS)** to VRE generating units that elect scheduled or priority dispatch status, while preserving their ability to submit **in an offer-based basis**; and
2. **Authorize the commencement of a rules change process, on an urgent basis** to amend the relevant provisions of the WESM Rules, Dispatch Protocol Manual ([WESM-DP-25](#)) ([Issue 25.0](#)), the Registration, Suspension and De-Registration Criteria and Procedures Manual ([WESM-RSDCP](#)) ([Issue 18.0](#)), WESM Penalty Manual ([WESM-PM](#)) ([Issue 3.0](#)), Procedures for the Monitoring of Forecast Accuracy Standards ([WESM-FASMD](#)) ([Issue 3.0](#)), [Definition of Terms](#) ([Issue 8.0](#)).

Authorizing the commencement of an urgent rules change process to amend the relevant provisions of the WESM Rules, the Dispatch Protocol Manual, and related Market Manuals, and endorsing the application of FAS to VRE generating units that elect scheduled or priority dispatch status—thereby allowing offer-based participation—directly addresses the structural causes of sustained negative price intervals. These measures recalibrate dispatch treatment in a targeted and proportionate manner, restore economic discipline to price formation, reduce consumer subsidy exposure, and align renewable integration with the principles of efficient price formation and co-optimized market operation, without compromising system reliability.

The Proponent respectfully recommends that the Rules Change Committee initiate the amendment of Section 2.3.1.8 of the WESM Rules and Sections 12.4.1(e) and 12.5.1(b) of the Dispatch Protocol Manual to subject all VRE generating units that elect scheduled or priority dispatch status to FAS, in lieu of existing Dispatch Conformance Standards. Grounded in

Clause 3.5.5.9 of the WESM Rules, consistent with international practice, and proportionate to the demonstrated harm, this amendment represents the minimum necessary correction to ensure that the WESM remains fair, efficient, and investible as renewable penetration continues to increase.

VIII. REFERENCES

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Application of FAS to VRE Generating Units electing to be classified as Scheduled Generating Units

I. WESM Rules

WESM Rules (as of 31 August 2025)				
Title	Clause / Section	Provision	Proposed Amendment	Rationale
Scheduling and Dispatch Obligations of Generation Companies	2.3.1.8	A Generation Company is required to operate scheduled generating units and priority dispatch generating units in accordance with the scheduling and dispatch procedures described in Chapter 3, and in accordance with the dispatch conformance standards specified in accordance with Clause 3.8.5.	A Generation Company is required to operate scheduled generating units and priority dispatch generating units in accordance with the scheduling and dispatch procedures described in Chapter 3, and in accordance with the dispatch conformance standards specified in accordance with Clause 3.8.5. <u>Intermittent Renewable Energy Resource-based generating unit that opt to be classified as a scheduled generating unit shall comply with forecast accuracy standards in accordance with the relevant Market Manual in lieu of the dispatch conformance standards.</u>	Clause 2.3.1.8 imposes DCS on all scheduled generating units without exception. The provision carves out VREs or Intermittent RE Resources opting to be classified as scheduled generators and directs their compliance to FAS under the relevant Market Manual, consistent with the primary amendment in DPM Section 12.4.1(e), in lieu of DCS.
Forecast Accuracy Standards for Intermittent Renewable Energy Resource that opted to be classified as a scheduled generating unit	3.5.5.15 (New)	<i>[Proposed New provision. Parent provision shown for reference:]</i> <i>Parent provision — Clause 3.5.5.9:</i> Must-dispatch generating units shall comply with forecast accuracy standards, in respect of their projected outputs submitted under Clause 3.5.5.6, consistent with the Grid Code.	<u>Intermittent Renewable Energy Resource-based generating unit that opt to be classified as a scheduled generating unit shall comply with forecast accuracy standards, in respect of their projected output submitted under Clause 3.5.5.6, in accordance with the relevant Market Manuals and consistent with the provisions of the Grid Code.</u>	New clause establishing forecast accuracy standards (FAS) as the applicable compliance standard for Intermittent Renewable Energy Resource that opted to be classified as a scheduled generating unit. This is a parallel structure to Clause 3.5.5.9 for must-dispatch units, Intermittent Renewable Energy Resource that opted to be classified as a scheduled generating unit submit its projected output under Clause 3.5.5.6.
Annual Evaluation of Forecast Accuracy Standards	3.5.5.16 (New)	<i>[Proposed New provision. Parent provision shown for reference:]</i> <i>Parent provision — Clause 3.5.5.10:</i>	<u>The Enforcement and Compliance Office shall evaluate annually the forecast accuracy standards complied with by Intermittent Renewable Energy Resource-based generating unit that opt to be classified as a scheduled generating unit in accordance with Clause 3.5.5.15.</u>	The annual evaluation by the Enforcement and Compliance Office (ECO) is extended to Intermittent Renewable Energy Resource that opted to be classified as a scheduled generating unit under new Clause 3.5.5.15.

		The <i>Enforcement and Compliance Office</i> shall evaluate annually the forecast accuracy standards complied with by <i>must-dispatch generating units</i> in accordance with Clause 3.5.5.9.		
Sanctions for Non-Compliance with Forecast Accuracy Standards	3.5.5.11	A <i>Trading Participant</i> who fails to meet the requisite forecast accuracy standards set out in accordance with Clause 3.5.5.9, based on the results of an annual assessment, shall be liable for sanctions imposed under Clause 7.2 and the <i>WESM Penalty Manual</i> .	A <i>Trading Participant</i> who fails to meet the requisite forecast accuracy standards set out in accordance with Clause 3.5.5.9 <u>or Clause 3.5.5.15</u> , based on the results of an annual assessment, shall be liable for sanctions imposed under Clause 7.2 and the <i>WESM Penalty Manual</i> .	Sanction trigger extended to cover FAS non-compliance by Intermittent Renewable Energy Resource that opted to be classified as a scheduled generating unit under new Clause 3.5.5.15.
Monthly and Annual Compliance Reporting	3.5.5.12	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> , the <i>Compliance Committee</i> , the <i>ERC</i> , and the <i>DOE</i> the monthly and annual compliance of each <i>must-dispatch generating unit</i> to the forecast accuracy standards with respect to its <i>projected outputs</i> .	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> , the <i>Compliance Committee</i> , the <i>ERC</i> , and the <i>DOE</i> the monthly and annual compliance of each <i>must-dispatch generating unit</i> <u>and each Intermittent Renewable Energy Resource-based generating unit that opted to be classified as a scheduled generator unit</u> to the forecast accuracy standards with respect to its <i>projected outputs</i> .	ECO's reporting obligation has been extended to Intermittent Renewable Energy Resource that opted to be classified as a scheduled generating unit.
GLOSSARY	Chapter 11	Proposed New Provision	<u>Forecast Accuracy Standards. Standards that set the criteria and procedures for determining whether the <i>must-dispatch generating units</i> and the <i>Intermittent Renewable Energy Resource</i>-based generating unit that opted to be classified as a scheduled generating units comply with the submission to the Market Operator of their projected outputs, which are required to be set out in a Market Manual.</u>	FAS has not been defined in the Rules and in any of the Market Manuals. This proposal is to streamline reference to Forecast Accuracy Standards in the existing Rules and the proposed amendments.

II. Dispatch Protocol Manual (WESM-DP-25), Issue 25.0

Dispatch Protocol Manual (WESM-DP-2), Issue 25.0 (as of 11 April 2026)				
Title	Clause / Section	Provision	Proposed Amendment	Rationale
Background — Dispatch Compliance Obligations	12.1.1	A <i>Generation Company</i> is required to operate their <i>scheduled generating units</i> and/or <i>priority dispatch generating units</i> in accordance with the scheduling and dispatch procedures described in Chapter 3 of the <i>WESM Rules</i> . More specifically, <i>scheduled generating units</i> and <i>priority dispatch generating units</i> shall generate in accordance with the <i>dispatch schedules</i> communicated pursuant to <i>WESM Rules</i> Clause 3.8.1 and in accordance with the <i>dispatch conformance standards</i> specified in Clause 3.8.5. They are to follow such schedules unless otherwise restricted or instructed by the <i>System Operator</i> .	A <i>Generation Company</i> is required to operate their <i>scheduled generating units</i> and/or <i>priority dispatch generating units</i> in accordance with the scheduling and dispatch procedures described in Chapter 3 of the <i>WESM Rules</i> . More specifically, <i>scheduled generating units</i> and <i>priority dispatch generating units</i> shall generate in accordance with the <i>dispatch schedules</i> communicated pursuant to <i>WESM Rules</i> Clause 3.8.1 and in accordance with the <i>dispatch conformance standards</i> specified in Clause 3.8.5. They are to follow such schedules unless otherwise restricted or instructed by the <i>System Operator</i> . <u>Intermittent renewable energy resource-based generating units that opt to be classified as a scheduled generating unit shall comply with forecast accuracy standards in accordance with the relevant <i>Market Manuals</i> in lieu of the <i>dispatch conformance standards</i>.</u>	General provision updated to reflect that Intermittent Renewable Energy Resource-based generating units that opt to be classified as a scheduled generating unit are not subject to DCS. The qualifying sentence is added at the end of the existing paragraph to avoid restructuring the section.
Scope — Exclusion of VREs Classified as Scheduled Generators	12.2.5. (New)	<i>[Proposed New provision. Parent provision shown for reference:]</i> <i>Parent provision — Section 12.2.2:</i> For <i>scheduled generating units</i> and <i>priority dispatch generating units</i> , this Section establishes the <i>dispatch conformance standards</i> and procedures for monitoring compliance that are required to be established and be set out in a <i>Market Manual</i> pursuant to <i>WESM Rules</i> Clause 3.8.5.	<u>12.2.5. This Section does not apply to Intermittent RE resource-based generating units that opt to be classified as scheduled generating units pursuant to the <i>WESM Rules</i>, and that are governed by forecast accuracy standards in accordance with the relevant <i>Market Manuals</i>.</u>	New section inserted immediately after Section 12.2. to explicitly exclude VREs classified as scheduled generators from the scope of the DCS monitoring regime in Section 12. Without this provision, Section 12.2.3 — which states that this Section applies to all Trading Participants registered as Generation Companies — would override the amendment by bringing VREs as scheduled within DCS scope.

Market Operator Responsibilities — DCS Monitoring	12.3.2(b)	The <i>Market Operator</i> is responsible for: (a) Coordinating with the <i>System Operator</i> for the periodic review of the <i>dispatch conformance standards</i> as well as of the procedures set out in this Section; and (b) Providing a mechanism for monitoring and for notifying <i>Trading Participants</i> of possible breach by <i>scheduled generating units</i> and <i>priority dispatch generating units</i> with the <i>dispatch conformance standards</i> .	The <i>Market Operator</i> is responsible for: (a) Coordinating with the <i>System Operator</i> for the periodic review of the <i>dispatch conformance standards</i> as well as of the procedures set out in this Section; and (b) Providing a mechanism for monitoring and for notifying <i>Trading Participants</i> of possible breach by <i>scheduled generating units</i> (<u>except intermittent renewable energy resource-based generating units that opt to be classified as scheduled generating units pursuant to the WESM Rules</u>) and <i>priority dispatch generating units</i> with the <i>dispatch conformance standards</i> .	Without this carve-out, VREs which opt to be classified as scheduled generators will be covered by DCS and the MO's DCS monitoring mechanism would apply to them, generating erroneous breach flags. As proposed, their compliance will be monitored under FAS procedures in the WESM-FASMD, not under this DCS mechanism.
Compliance by Scheduled Generating Units and Priority Dispatch Generating Units	12.4.1(a)	Compliance by the <i>Scheduled Generating Units</i> and <i>Priority Dispatch Generating Units</i>. All <i>scheduled generating units</i> and <i>priority dispatch generating units</i> shall comply with their respective <i>dispatch schedules</i>. This obligation shall also apply to the <i>scheduled generating units</i> and <i>priority dispatch generating units</i> with a Final Certificate of Approval to Connect but with pending issuance of the <i>Certificate of Compliance</i> from the ERC. In complying with their <i>dispatch schedules</i>, said <i>generating units</i> shall generate in accordance with the <i>dispatch conformance standards</i> prescribed in Section 12.5 of the Dispatch Protocol. In the case of a <i>priority dispatch generating unit</i>, compliance with the <i>dispatch conformance standards</i> shall also apply in cases where its <i>dispatch schedule</i> was restricted pursuant to <i>WESM Rules</i> Clauses 3.6.1.7 and 3.6.1.8 because of a potential <i>system security contingency</i>.	All <i>scheduled generating units</i> and <i>priority dispatch generating units</i> shall comply with their respective <i>dispatch schedules</i> , <u>except as provided in Section 12.4.1(e)</u> . This obligation shall also apply to the <i>scheduled generating units</i> and <i>priority dispatch generating units</i> with a Final Certificate of Approval to Connect but with pending issuance of the <i>Certificate of Compliance</i> from the ERC. In complying with their <i>dispatch schedules</i> , said <i>generating units</i> shall generate in accordance with the <i>dispatch conformance standards</i> prescribed in Section 12.5 of the Dispatch Protocol. In the case of a <i>priority dispatch generating unit</i> , compliance with the <i>dispatch conformance standards</i> shall also apply in cases where its <i>dispatch schedule</i> was restricted pursuant to <i>WESM Rules</i> Clauses 3.6.1.7 and 3.6.1.8 because of a potential <i>system security contingency</i> .	Minimal addition: a cross-reference to new Section 12.4.1(e) inserted at the end of the first sentence. This is sufficient to direct participants to the carve-out provision without restructuring the existing obligation.
Compliance by VREs Classified	12.4.1(e) (New)	[Proposed New provision. Parent provision shown for reference:]	<u>Notwithstanding Section 12.4.1(a), Intermittent RE resource-based generating units that opted to be classified as</u>	This is the primary operative DPM amendment.

as Scheduled Generators		<i>Parent provision — Section 12.4.1 (header and sub-clause (a)):</i> Compliance by the <i>Scheduled Generating Units</i> and <i>Priority Dispatch Generating Units</i>. All <i>scheduled generating units</i> and <i>priority dispatch generating units</i> shall comply with their respective <i>dispatch schedules</i>.... xxx	<u>scheduled generating units pursuant to the WESM Rules shall comply with forecast accuracy standards in accordance with the relevant Market Manuals, in lieu of the dispatch conformance standards.</u>	New sub-clause inserted under Section 12.4.1 establishing FAS as the applicable compliance standard for VREs classified as scheduled generators. Maintained as a sub-clause within 12.4.1 to preserve the structural parallel with existing compliance sub-clauses by generator type.
Dispatch Compliance Criteria — Dispatch Thresholds	12.5.1(b)	Dispatch Compliance Criteria All <i>scheduled</i> and <i>priority dispatch generating units</i> shall not deviate beyond the upper and lower dispatch thresholds of +1.5% or -3% of the <i>dispatch schedule</i> or +/-1MW, whichever is higher, as follows: xxx.	Dispatch Compliance Criteria All <i>scheduled</i> and <i>priority dispatch generating units</i> shall not deviate beyond the upper and lower dispatch thresholds of +1.5% or -3% of the <i>dispatch schedule</i> or +/-1MW, whichever is higher, as follows: xxx <u>This Section shall not apply to intermittent RE resource-based generating units that opted to be classified as scheduled generating units pursuant to the WESM Rules.</u>	Carve-out added to exclude VREs that opted to be classified as scheduled generators from the +1.5%/-3% DCS threshold. VREs as scheduled are assessed under FAS (MAPE/Perc95) pursuant to proposed new Section 12.4.1(e) above.
Detection of Non-Compliance and Possible Breach	12.5.2(a)	<i>Scheduled generating units</i> and <i>priority dispatch generating units</i> shall be flagged for non-compliance with <i>dispatch schedules</i> and for possible breach of the <i>dispatch conformance standards</i>.	<i>Scheduled generating units</i> and <i>priority dispatch generating units</i> shall be flagged for non-compliance with <i>dispatch schedules</i> and for possible breach of the <i>dispatch conformance standards</i>. <u>Intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating units pursuant to the WESM Rules shall not be flagged for non-compliance under this Section.</u>	VREs classified as scheduled generators shall be excluded from DCS non-compliance flagging. Their compliance is monitored under FAS procedures in the WESM-FASMD. This prevents erroneous breach flags for conduct that VREs as scheduled are not required to conform to.

III. Registration, Suspension and De-Registration Criteria and Procedures (WESM-RSDCP), Issue 18.0

Registration, Suspension and De-Registration Criteria and Procedures (WESM-RSDCP), Issue 18.0 (as of 13 February 2024)				
Title	Clause / Section	Provision	Proposed Amendment	Rationale
Dispatch Conformance Standards	2.5.4.3	A <i>Generation Company</i> shall operate <i>scheduled generating units</i> , <i>priority dispatch generating units</i> , <i>battery energy storage systems</i> and <i>pumped-storage units</i> in accordance with the scheduling and <i>dispatch</i> procedures described in Chapter 3, and in accordance with the <i>dispatch conformance standards</i> specified in accordance with Clause 3.8.5.	A <i>Generation Company</i> shall operate <i>scheduled generating units</i> , <i>priority dispatch generating units</i> , <i>battery energy storage systems</i> and <i>pumped-storage units</i> in accordance with the scheduling and <i>dispatch</i> procedures described in Chapter 3, and in accordance with the <i>dispatch conformance standards</i> specified in accordance with Clause 3.8.5. <u>Notwithstanding anything to the contrary in this Market Manual, including Sections 2.5.4 and 2.5.7, intermittent renewable energy resource-based generating units that have opted to be classified as scheduled generating units pursuant to the WESM Rules shall not be subject to the Dispatch Conformance Standards.</u>	RSDCP-level DCS mandate mirrors WESM Rules Clause 2.3.1.8. Proviso added consistent with WESM Rules and DPM amendments to carve out VREs classified as scheduled generators.
Dispatch of Generating Units with FCATC — FAS Track	2.5.7.3(b)(i)	For its <i>must-dispatch generating units</i> , the <i>Generation Company</i> shall submit <i>projected output</i> to the <i>Market Operator</i> and comply with the applicable forecast accuracy standards; and	For its <i>must-dispatch generating units</i> <u>and intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating units</u> , the <i>Generation Company</i> shall submit <i>projected output</i> to the <i>Market Operator</i> and comply with the applicable forecast accuracy standards; and	Sub-item (i) is the FAS track during FCATC/COC-pending status.

IV. WESM Penalty Manual (WESM-PM), Issue 3.0

WESM Penalty Manual (WESM-PM), Issue 3.0 (as of 13 February 2024)				
Title	Clause / Section	Provision	Proposed Amendment	Rationale
Section 5 Schedule of Breach and Penalties Breach 4 — Failure to Comply with Forecast Accuracy Standards	Section 5 Breach No. 4	(Column 1) Failure to comply with forecast accuracy standards in respect to projected output submitted for a must dispatch generating unit. One breach is counted for each year that the failure occurs. One breach is counted for each category of forecast accuracy standard that was not complied with. That is, failure to comply with the prescribed mean absolute percentage error (MAPE) and failure to meet the prescribed percentile 95 of the forecasting error (Perc95) are counted as separate breaches even if they occur on the same periods. <i>Non-compliance shall be determined based on the report of the Market Operator on annual compliance, required under WESM Rules Clause 3.5.5.11.</i> (Column 2) Market Rules Breached: WESM Rules Clauses 3.5.5.5, 3.5.5.8, 3.5.5.10 in relation to the WESM Manual on Procedures for the Monitoring of Forecast	(Column 1) Failure to comply with forecast accuracy standards in respect to projected output submitted for a must dispatch generating unit, <u>or for a intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating units, respectively.</u> One breach is counted for each year that the failure occurs. One breach is counted for each category of forecast accuracy standard that was not complied with. That is, failure to comply with the prescribed MAPE and failure to meet the prescribed Perc95 are counted as separate breaches even if they occur on the same periods. Non-compliance shall be determined based on the report of the Market Operator on annual compliance, required under WESM Rules Clause 3.5.5.11. (Column 2) Market Rules Breached: WESM Rules Clauses 3.5.5.5, 3.5.5.8, 3.5.5.10, <u>3.5.5.11, 3.5.5.12, 3.5.5.15 and 3.5.5.16</u> in relation to the WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units. xxx	Breach 4 is currently scoped to must-dispatch generating units only. The proposed revisions extend its cover to VREs which opted to be classified as scheduled generators, whose FAS obligation arises under the new Clause 3.5.5.15. Rule citations are updated.

		Accuracy Standards for Must Dispatch Generating Units.		
Section 5 Schedule of Breach and Penalties Breach 5 — Failure to Comply with Dispatch Conformance Standards	Section 5 Breach No. 5	(Column 1) Failure of a <i>scheduled generating unit</i> or <i>priority dispatch generating unit</i> to comply with its dispatch schedule in accordance with the <i>dispatch conformance standards</i> .	(Column 1) Failure of a <i>scheduled generating unit</i> or <i>priority dispatch generating unit</i> to comply with its dispatch schedule in accordance with the <i>dispatch conformance standards</i> . <u>This does not cover intermittent renewable energy resource-based generating units that elect to be classified as scheduled generating units pursuant to the WESM Rules.</u>	VREs classified as scheduled generating units would technically fall within Breach 5 as currently written. As they have no DCS obligation under the amendment, the carve-out prevents dual liability exposure and erroneous breach findings.

V. Procedures for the Monitoring of Forecast Accuracy Standards (WESM-FASMD), Issue 3.0

Procedures for the Monitoring of Forecast Accuracy Standards (WESM-FASMD), Issue 3.0 (as of 8 February 2024)				
Title	Clause / Section	Provision	Proposed Amendment	Rationale
Background — Projected Output Submission Obligation	1.1.1	The <i>WESM Rules</i> requires <i>generation companies</i> to submit to the <i>Market Operator</i> <i>projected outputs</i> in respect of their <i>must-dispatch generating units</i> for each <i>dispatch interval</i> .	The <i>WESM Rules</i> requires <i>generation companies</i> to submit to the <i>Market Operator</i> <i>projected outputs</i> in respect of their <i>must-dispatch generating units</i> <u>or its intermittent renewable energy resource-based generating unit that opt to be classified as scheduled generating unit pursuant to the WESM Rules</u> , for each dispatch interval.	Extended to cover VREs classified as scheduled generators. For must-dispatch units, the relevant submission is projected outputs. \
Background — FAS Compliance Obligation	1.1.2	Consistent with the <i>Grid Code</i> , the <i>WESM Rules</i> also requires <i>must-dispatch generating units</i> to comply with forecast accuracy standards in respect of their <i>projected outputs</i> .	Consistent with the <i>Grid Code</i> , the <i>WESM Rules</i> also requires <i>must-dispatch generating units</i> <u>or intermittent renewable energy resource-based generating unit that opt to be classified as scheduled generating unit pursuant to the WESM Rules</u> , to comply with forecast accuracy standards in respect of their <i>projected outputs</i> .	Extended to cover VREs that opted to be classified as scheduled generators.
Background — FCATC/COC Pending Provision	1.1.3	A <i>Generation Company</i> that has secured a Final Certificate of Approval to Connect for completing the conduct of <i>test and commissioning</i> but with pending issuance of Certificate of Compliance from the <i>ERC</i> for its <i>must-dispatch generating unit</i> shall comply with the <i>forecast accuracy standards</i> in respect of its <i>projected outputs</i> .	A <i>Generation Company</i> that has secured a Final Certificate of Approval to Connect for completing the conduct of <i>test and commissioning</i> but with pending issuance of Certificate of Compliance from the <i>ERC</i> for its <i>must-dispatch generating unit</i> <u>or its intermittent renewable energy resource-based generating unit that elect to be classified as scheduled generating unit pursuant to the WESM Rules</u> , shall comply with the <i>forecast accuracy standards</i> in respect of its <i>projected outputs</i> .	Extended to cover VREs that opted to be classified as scheduled generators in FCATC/COC-pending status, consistent with the RSDCP Section 2.5.7.3(b)(i) amendments.
Background — ECO Annual	1.1.6	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> , the <i>Compliance Committee</i> , the <i>ERC</i> , and the	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i> , the <i>Compliance Committee</i> , the <i>ERC</i> , and the <i>DOE</i> the annual compliance of each <i>must-dispatch generating unit</i> <u>or each</u>	Extended to cover VREs that opted to be classified as scheduled generators.

Compliance Reporting		<i>DOE</i> the annual compliance of each <i>must-dispatch generating unit</i> to the <i>forecast accuracy standards</i> with respect to its <i>projected outputs</i> .	<u>intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> to the <i>forecast accuracy standards</i> with respect to its <i>projected outputs</i> .	
Purpose — Establishment of FAS	1.2.1	This <i>Market Manual</i> shall establish the forecast accuracy standards that <i>must-dispatch generating units</i> are required to comply with.	This Market Manual shall establish the forecast accuracy standards that must-dispatch generating units <u>or intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating units</u> are required to comply with.	Purpose statement extended to cover VREs that opted to be classified as scheduled generators.
Purpose — FAS Calculation Equations	1.2.2	This <i>Market Manual</i> shall provide the equations that will be used in determining the compliance of <i>must-dispatch generating units</i> with the forecast accuracy standards.	This <i>Market Manual</i> shall provide the equations that will be used in determining the compliance of <i>must-dispatch generating units</i> <u>or an intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating unit</u> with the <i>forecast accuracy standards</i> .	Purpose statement extended to cover VREs that opted to be classified as scheduled generators.
Purpose — Monitoring and Reporting Procedures	1.2.3	This <i>Market Manual</i> shall specify the procedures for the monitoring and reporting of the compliance of <i>must-dispatch generating units</i> with the forecast accuracy standards.	This <i>Market Manual</i> shall specify the procedures for the monitoring and reporting of the compliance of <i>must-dispatch generating units</i> <u>or intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating units</u> with the forecast accuracy standards.	Purpose statement extended to cover VREs that opted to be classified as scheduled generators.
Scope	1.3.1	This <i>Market Manual</i> only provides the standards and procedures for <i>must-dispatch generating units</i> registered in the <i>WESM</i> .	This Market Manual only provides the standards and procedures for must-dispatch generating units <u>and intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating units</u> registered in the <i>WESM</i> .	Scope extended to include VREs that opted to be classified as scheduled generators as the second population subject to FAS monitoring.
Scope	1.3.3 (New)		<u>The provisions of this <i>Market Manual</i> in respect of “must-dispatch generating units,” shall likewise apply to intermittent renewable energy resource-based generating units that opted to be classified as Scheduled Generating Units pursuant to the WESM Rules, unless the context clearly indicates otherwise, for purposes of providing that intermittent renewable energy resource-based generating units that opted to be classified as Scheduled Generating Units shall comply with the Forecast Accuracy Standards in</u>	Extended to cover VREs that opted to be classified as scheduled generators, ensuring expansion capacity of VREs that have elected scheduled status. - Including 2.1.2(a) on the Expansion Unit

			<u>respect of its production output, and enforcement mechanisms set forth in this Manual, in lieu of Dispatch Conformance Standards, consistent with the applicable WESM Rules and Market Manuals.</u>	
Definition — Expansion Unit	2.1.2(a)	a) Expansion Unit. It shall refer to the expanded capacity of a <i>must-dispatch generating unit</i> which may be built in phases and designed to utilize the same plant substation and revenue meter being used by the existing capacity unit.	a) Expansion Unit. It shall refer to the expanded capacity of a <i>must-dispatch generating unit</i> <u>or an intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> which may be built in phases and designed to utilize the same plant substation and revenue meter being used by the existing capacity unit.	Extended to cover VREs that opted to be classified as scheduled generators, ensuring expansion capacity of VREs that have elected scheduled status is treated consistently under Section 4.2.8.
Definition — Forecast Percentage Error (FPE)	2.1.2(c)	c) Forecast Percentage Error (FPE). Error (in %) of the <i>projected output</i> submitted by a <i>must-dispatch generating unit</i> with respect to its maximum <i>metered quantity</i> over a <i>billing period</i> as dependable capacity and calculated in accordance with Section 4.2.3.	c) Forecast Percentage Error (FPE). Error (in %) of the <i>projected output</i> submitted by a <i>must-dispatch generating unit</i> , <u>or an intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> , with respect to its maximum metered quantity over a billing period as dependable capacity and calculated in accordance with Section 4.2.3.	FPE definition extended to cover VREs that opted to be classified as scheduled generators. Without this update, FPE — and therefore MAPE and Perc95 — cannot be validly calculated for VREs as scheduled, rendering the FAS obligation unenforceable. The definition carries through all provisions that reference FPE, including Sections 4.2.1, 4.2.2, 4.2.3, 4.2.5, 4.2.6, and 4.2.7.
Definition — Mean Absolute Percentage Error (MAPE)	2.1.2(e)	e) Mean Absolute Percentage Error (MAPE). Mean of the <i>forecast percentage errors</i> of a <i>must-dispatch generating unit</i> over a certain period calculated in accordance with Section 4.2.1.	e) Mean Absolute Percentage Error (MAPE). Mean of the <i>forecast percentage errors</i> of a <i>must-dispatch generating unit</i> <u>or an intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> over a certain period calculated in accordance with Section 4.2.1.	Extended to cover VREs classified as scheduled generators. MAPE is derived from FPE values, which are themselves extended via the amended FPE definition.
Definition — Projected Quantity	2.1.2(g)	g) Projected quantity. Estimated <i>generation</i> of a <i>must-dispatch generating unit</i> over a <i>dispatch interval</i> based on its submitted <i>projected output</i> assuming linear ramping calculated in accordance with Section 4.2.4.	g) Projected quantity. Estimated <i>generation</i> of a <i>must-dispatch generating unit</i> over a <i>dispatch interval</i> based on its submitted <i>projected output</i> assuming linear ramping calculated in accordance with Section 4.2.4. <u>For intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating units pursuant to the WESM Rules, this is based on the projected output submitted.</u>	Redefined to cover both populations. The distinction between projected output (must-dispatch) and offered quantity (VREs as scheduled) is stated within the definition. This single redefinition carries through all provisions referencing Projected Quantity, including Sections 4.2.3, 4.2.5, 4.2.6, and 4.2.7, eliminating the need for separate formula sub-clauses.

ECO — Assessment and Issuance of Cumulative Results	3.1.1	The <i>Enforcement and Compliance Office</i> shall assess, evaluate, and issue the cumulative results of <i>MAPE</i> and <i>PERC95</i> to each <i>must-dispatch generating unit</i> on a monthly and annual basis in accordance with the procedures set forth in Section 4.4 hereof. The <i>Enforcement and Compliance Office</i> shall, for this purpose, establish a detailed process or procedure of compliance monitoring and assessment and prescribe a reply format or template that may be accomplished by the <i>Generation Company</i> as part of the monitoring process.	The <i>Enforcement and Compliance Office</i> shall assess, evaluate, and issue the cumulative results of <i>MAPE</i> and <i>PERC95</i> to each <i>must-dispatch generating unit</i> <u>or intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> on a monthly and annual basis in accordance with the procedures set forth in Section 4.4 hereof. The <i>Enforcement and Compliance Office</i> shall, for this purpose, establish a detailed process or procedure of compliance monitoring and assessment and prescribe a reply format or template that may be accomplished by the <i>Generation Company</i> as part of the monitoring process.	ECO assessment obligation extended to VREs that opted to be classified as scheduled generators.
ECO — Annual Compliance Reporting	3.1.2	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i>, the <i>Compliance Committee</i>, the <i>ERC</i>, and the <i>DOE</i> its evaluation on the annual compliance of each <i>must-dispatch generating unit</i> to the <i>forecast accuracy standards</i> as set forth in Section 4.4.6 of this Manual.	The <i>Enforcement and Compliance Office</i> shall report to the <i>PEM Board</i>, the <i>Compliance Committee</i>, the <i>ERC</i>, and the <i>DOE</i> its evaluation on the annual compliance of each <i>must-dispatch generating unit</i> <u>or intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> to the <i>forecast accuracy standards</i> as set forth in Section 4.4.6 of this Manual.	ECO reporting obligation extended to VREs that opted to be classified as scheduled generators.
System Operator — Output Restriction Advisory	3.2.1	The System Operator shall advise the Market Operator of any output restrictions imposed by the System Operator on must-dispatch generating units in accordance with the WESM Rules and the Grid Code.	The System Operator shall advise the Market Operator of any output restrictions imposed by the System Operator on must-dispatch generating unit <u>or intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> in accordance with the WESM Rules and the Grid Code.	Extended to VREs that opted to be classified as scheduled generators. SO output restriction advisory is relevant to both populations for purposes of the exclusion provisions under Section 4.3(b).
Metering Services Providers — Data Submission	3.3.1	Metering Services Providers of must-dispatch generating units shall submit settlement-ready metering data of must-dispatch generating units in accordance with the timeline provided in the relevant Market Manual.	Metering Services Providers of must-dispatch generating unit <u>or intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> shall submit settlement-ready metering data of must-dispatch <u>such</u> generating units in accordance with the timeline provided in the relevant Market Manual.	MSP data submission obligation extended to VREs that opted to be classified as scheduled generators. Metered quantity data is required for FPE calculation for both populations.
Generation Companies —	3.4.1	Generation companies shall comply with the forecast accuracy standards in this Market	Generation companies shall comply with the forecast accuracy standards in this Market Manual in respect of the projected outputs	GenCo FAS compliance obligation extended to VREs that opted to be classified as scheduled generators.

FAS Compliance Obligation		Manual in respect of the projected outputs of their must-dispatch generating units submitted in accordance with the WESM Rules.	of their must-dispatch generating units, <u>or in respect of the projected outputs of intermittent renewable energy resource-based generating units that opted to be classified as scheduled generating units</u> submitted in accordance with the WESM Rules.	
Market Operator — Data Provision to ECO	3.5.2	The Market Operator shall provide to the Enforcement and Compliance Office all the market data and information, including the System Operator-validated individual and aggregated forecast data, necessary for the calculation of MAPE and PERC95 and for verification or validation of data, when necessary.	The Market Operator shall provide to the Enforcement and Compliance Office all the market data and information, including the System Operator-validated individual and aggregated forecast data <u>and projected output data for an intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit,</u> necessary for the calculation of MAPE and PERC95 and for verification or validation of data, when necessary.	Extended to include projected output data for VREs that opted to be classified as scheduled generators. For must-dispatch units, forecast data is the relevant input. Both data types are required for FPE calculation.
Forecast Accuracy Standards — Compliance Standard	4.1.1	Each must-dispatch generating unit shall comply with the following standards with respect to its mean absolute percentage error (MAPE) and percentile 95 of the forecasting error (Perc95) determined in accordance with Section 4.2 and calculated over the period specified in Section 4.1.2.	Each must-dispatch generating unit <u>and each intermittent renewable energy resource-based generating unit that has opted to be classified as scheduled generating unit</u> shall comply with the following standards with respect to its mean absolute percentage error (MAPE) and percentile 95 of the forecasting error (Perc95) determined in accordance with Section 4.2 and calculated over the period specified in Section 4.1.2.	Standards provision extended to VREs that opted to be classified as scheduled generators. The same technology-based thresholds apply — Solar/Wind: MAPE < 18%, Perc95 < 30%; Run-of-River Hydro: MAPE < 9%, Perc95 < 30% — as the technologies are identical to those currently subject to FAS as must-dispatch units.
Projected Quantity Calculation	4.2.4	The projected quantity for each dispatch interval of a must-dispatch generating unit shall be calculated using the following formula: $PQ(i,t) = (1/n) \times (IL(i,t) + PO(i,t)) / 2$ Where: PO(i,t) — projected output (in MW) of must-dispatch generating unit i for each dispatch interval t used in the scheduling process.	The projected quantity for each dispatch interval of a must-dispatch generating unit <u>or an intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> shall be calculated using the following formula: $PQ(i,t) = (1/n) \times (IL(i,t) + PO(i,t)) / 2$ Where: PO(i,t) — projected output (in MW) of must-dispatch generating unit i for each dispatch interval t used in the scheduling process, <u>or projected output (in MW) of an intermittent renewable energy resource-based generating unit that opted to be classified as a scheduled generating unit i, for each dispatch interval t used in the scheduling process.</u>	Section 4.2.4 extended to cover VREs that opted to be classified as scheduled generators. The PQ formula is structurally identical, with the substitution of offered quantity in the form of projected output for projected output reflected in the definition of PO variable. This approach is consistent with the redefinition of Projected Quantity at the definition level in Section 2.1.2(g).
Exclusions — Dispatch Target Restricted Below Output	4.3(a)	(a) the dispatch target of the must-dispatch generating unit was restricted below its projected output.	(a) the dispatch target of the must-dispatch generating unit <u>or an intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> was restricted below its projected output.	Exclusion extended to VREs that opted to be classified as scheduled generators. Reference to projected output supplemented with offered quantity in the form of

				projected output, consistent with the amended Projected Quantity definition.
Monitoring — Preliminary Forecast Accuracy Standards Report	4.4.1	The <i>Enforcement and Compliance Office</i> shall monitor the compliance of the <i>Generation Company</i> of each <i>must-dispatch generating unit</i> , calculate the <i>MAPE</i> and <i>PERC95</i> and issue the <i>Preliminary Forecast Accuracy Standards Reports</i> including the data used in the calculation within 30 business days from the end of the calendar month of the covered monitoring period. For instance, the <i>Preliminary Forecast Accuracy Standards Report</i> for September billing period shall be issued not later than 30 October.	The <i>Enforcement and Compliance Office</i> shall monitor the compliance of the <i>Generation Company</i> of each <i>must-dispatch generating unit</i> , <u>or each intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> , calculate the <i>MAPE</i> and <i>PERC95</i> and issue the <i>Preliminary Forecast Accuracy Standards Reports</i> including the data used in the calculation within 30 business days from the end of the calendar month of the covered monitoring period. For instance, the <i>Preliminary Forecast Accuracy Standards Report</i> for September billing period shall be issued not later than 30 October.	Monitoring obligation extended to VREs that opted to be classified as scheduled generators. Same 30-business-day timeline applies.
Monitoring — Final Forecast Accuracy Standards Report	4.4.4	The <i>Enforcement and Compliance Office</i> shall issue the <i>Final Forecast Accuracy Standards Report</i> within seventy (70) <i>business days</i> from the end of the calendar month of the covered monitoring period regardless of whether a reply or confirmation is submitted by the concerned <i>Generation Company</i> or whether a recalculation of the results was performed for a particular <i>must-dispatch generating unit</i> .	The <i>Enforcement and Compliance Office</i> shall issue the <i>Final Forecast Accuracy Standards Report</i> within seventy (70) <i>business days</i> from the end of the calendar month of the covered monitoring period regardless of whether a reply or confirmation is submitted by the concerned <i>Generation Company</i> or whether a recalculation of the results was performed for a particular <i>must-dispatch generating unit</i> <u>or intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> .	Extended to VREs that opted to be classified as scheduled generators. Same 70-business-day deadline applies.
Monitoring — Consolidated Monthly Report	4.4.5	The <i>Enforcement and Compliance Office</i> shall submit a consolidated monthly report to the <i>PEM Board</i> , the <i>Compliance Committee</i> , the <i>ERC</i> , and the <i>DOE</i> containing the status of the compliance of each <i>must-dispatch generating unit</i> to the <i>forecast accuracy standards</i> as of the most recent <i>Billing Period</i> based on the <i>Final Forecast Accuracy Standards Report</i> within the same timeline provided in Section 4.4.4 of this Manual.	The <i>Enforcement and Compliance Office</i> shall submit a consolidated monthly report to the <i>PEM Board</i> , the <i>Compliance Committee</i> , the <i>ERC</i> , and the <i>DOE</i> containing the status of the compliance of each <i>must-dispatch generating unit</i> <u>or each intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> to the <i>forecast accuracy standards</i> as of the most recent <i>Billing Period</i> based on the <i>Final Forecast Accuracy Standards Report</i> within the same timeline provided in Section 4.4.4 of this Manual.	Extended to VREs that opted to be classified as scheduled generators. Same monthly consolidated reporting obligation applies.

Penalties — Units in Operation for Less Than a Year	4.5.2	The <i>Generation Company</i> with <i>must-dispatch generating unit</i> that is in operation for less than a year and is found in breach of <i>MAPE</i> or <i>PERC95</i>, shall be: a) imposed a penalty in proportion to the number of months the <i>must-dispatch generating unit</i> is in operation during the covered monitoring year. For instance, the plant commenced operation on 26 March, the financial penalty to be imposed shall be in proportion to the nine (9) billing months over the twelve (12) month-period. b) exempted from liability, if it commences operation within three (3) months prior to the end of the covered monitoring year. A <i>must-dispatch generating unit</i> shall be considered in operation, for purposes of this Section, upon commencement of its operation or participation in the <i>WESM</i> either by virtue of the Final Certificate of Approval to Connect or the commercial operation registration in the <i>WESM</i>, whichever is applicable.	The <i>Generation Company</i> with <i>must-dispatch generating unit</i> <u>or intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</u> that is in operation for less than a year and is found in breach of <i>MAPE</i> or <i>PERC95</i>, shall be: a) imposed a penalty in proportion to the number of months the <i>must-dispatch generating unit or intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</i> is in operation during the covered monitoring year. For instance, the plant commenced operation on 26 March, the financial penalty to be imposed shall be in proportion to the nine (9) billing months over the twelve (12) month-period. b) exempted from liability, if it commences operation within three (3) months prior to the end of the covered monitoring year. A <i>must-dispatch generating unit or intermittent renewable energy resource-based generating unit that opted to be classified as scheduled generating unit</i> shall be considered in operation, for purposes of this Section, upon commencement of its operation or participation in the <i>WESM</i> either by virtue of the Final Certificate of Approval to Connect or the commercial operation registration in the <i>WESM</i>, whichever is applicable.	Pro-rata penalty and new entrant exemption extended to VREs that opted to be classified as scheduled generators. A VRE electing scheduled status partway through a monitoring year receives pro-rated assessment; one commencing within three months of year-end is exempt.
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VI. Definition of Terms, Issue 8.0

Definition of Terms, Issue 8.0 (as of 13 February 2026)				
Title	Clause / Section	Provision	Proposed Amendment	Rationale
Dispatch Conformance Standards	Definition	<i>(WESM Rules)</i> Standards that set the criteria and procedures for determining whether the scheduled generating units and the priority dispatch generating units comply with their dispatch schedules and which are required to be set out in a Market Manual in accordance with Clause 3.8.5.	<i>(WESM Rules)</i> Standards that set the criteria and procedures for determining whether the scheduled generating units and the priority dispatch generating units comply with their dispatch schedules and which are required to be set out in a Market Manual in accordance with Clause 3.8.5. <u>Intermittent renewable energy resource-based generating units that opt to be classified as scheduled generating units pursuant to the WESM Rules, shall comply with forecast accuracy standards in respect of its projected output in accordance with the relevant Market Manuals, in lieu of the dispatch conformance standards.</u>	The definition contains an implicit population scope that, without a clarifying sentence, would be read as applying to all scheduled generating units. The addition flags the exemption of VREs classified as scheduled generators to prevent interpretive ambiguity at the definition level.
Forecast Accuracy Standards	Definition	<i>(WESM Rules)</i> (New)	<u>(WESM Rules) Forecast Accuracy Standards. Standards that set the criteria and procedures for determining whether the must dispatch generating units and the Intermittent Renewable Energy Resource-based generating unit that opted to be classified as a scheduled generating units comply with the submission to the Market Operator of their projected outputs, which are required to be set out in a Market Manual.</u>	FAS has not been defined in the Rules and in any of the Market Manuals. This proposal is to streamline reference to Forecast Accuracy Standards in the existing Rules and the proposed amendments.
Forecast Percentage Error (FPE)	Definition	<i>(WESM-FASMD)</i> Error (in %) of the projected output submitted by a must dispatch generating unit with respect to its maximum metered quantity over a billing period as dependable capacity and calculated in accordance with Section 4.2.3.	<i>(WESM-FASMD)</i> Error (in %) of the projected output submitted by a must-dispatch generating unit, <u>or by an intermittent renewable energy resource-based generating unit that elect to be classified as scheduled generating unit pursuant to the WESM Rules,</u> with respect to its maximum metered quantity over a billing period as dependable capacity and calculated in accordance with Section 4.2.3.	FPE definition updated to align with the amended WESM-FASMD definition. Without this update, the population scope baked into the FPE definition prevents valid FPE — and therefore MAPE and Perc95 — calculation for VREs as scheduled, rendering the FAS obligation unenforceable at the definition level.