

**Proposed Amendments to the WESM Manual on the Management of Net Settlement Surplus for the Implementation of ERC Resolution No. 07 Series of 2019 entitled “A Resolution Adopting Amendments to the Rules for the Distribution of Net Settlement Surplus (NSS)”**

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
References	2.2	This document should be read together with the –  XXX  e) <i>Energy Regulatory Commission</i> Resolution No. 6, Series of 2009, A Resolution Adopting the Rules for the Distribution of <i>Net Settlement Surplus</i> .	This document should be read together with the –  XXX  e) <i>Energy Regulatory Commission</i> Resolution No. <del>67</del> , Series of <del>2009</del> <b>2019</b> , A Resolution Adopting <b>Amendments to</b> the Rules for the Distribution of <i>Net Settlement Surplus (NSS)</i> .	To refer to the latest ERC issuance amending the NSS Rules		
Responsibilities	3.1.1	In accordance with WESM Rules Clause 3.13.12.3, the Market Operator shall:  XXX	In accordance with WESM Rules Clause 3.13.42 <del>16</del> .3, the Market Operator shall:  XXX	To reflect the appropriate clause number of the WESM Rules providing the responsibilities of the Market Operator on the NSS		
Responsibilities	<b>3.1.2 (new)</b>		<b><u>3.1.2 In accordance with ERC Resolution No. 07, Series of 2019, the Market Operator shall:</u></b> <b><u>a) Ensure the accurate implementation of the Rules including the corresponding NSS or NSD re-distribution pursuant to Articles III, IV, V and VI of said resolution; and</u></b> <b><u>b) Liable for any erroneous implementation of the formula as contained in said resolution.</u></b>	To harmonize with Article VIII of ERC Resolution No. 07 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
Ownership of Net Settlement Surplus	4.2	OWNERSHIP OF NET SETTLEMENT SURPLUS	<del>OWNERSHIP OF NET SETTLEMENT SURPLUS RE-DISTRIBUTION OF NET SETTLEMENT SURPLUS/DEFICIT</del>	To adopt the wording of Article IV of ERC Resolution No. 7 Series of 2019		
Ownership of Net Settlement Surplus	4.2	4.2.1 WESM Participants that paid for the loss and congestion charge shall receive a share in the net settlement surplus. Pursuant to ERC Resolution No. 01 Series of 2018, the net settlement surplus (NSS) shall be allocated to Direct WESM Members as follows: a) Distribution Utilities (DUs); b) Retail Energy Suppliers (RES), including Local RES and Supplier of Last Resort (SoLR) and other electricity suppliers; c) Generation Companies that acted as end-users or made	4.2.1 WESM Participants that paid for the <u>surplus line</u> loss and congestion charge <u>payments</u> shall receive a share in the net settlement surplus. Pursuant to <del>ERC Resolution No. 04 Series of 2018</del> <b>Article IV Section 1 of ERC Resolution No. 7 Series of 2019</b> , the <i>Net Settlement Surplus</i> (NSS) <u>or Net Settlement Deficit (NSD)</u> shall be allocated <u>billed to Direct WESM Members as follows including, but not limited to, the following entities:</u> a) <i>Distribution Utilities</i> (DUs); b) <i>Retail Electricity Suppliers</i> (RES), including <i>Local RES</i> and <u>the Supplier of Last Resort</u> (SoLR), and other electricity suppliers; c) <i>Generation Companies</i> <del>that acted as end-users or made withdrawal from the grid;</del> d) <i>Independent Power Producer</i> (IPP) Administrators <del>who will be assigned Contracts for the Supply of Electric Energy (CSEE) and assume the default wholesale supply functions for the assigned TSC Customers;</del> and e) <i>Other parties</i> <del>which have acted as end-users and paid line loss and congestion charges</del> <b>registered as Direct WESM Members.</b>  4.2.2 <u>The total of the hourly NSS and/or NSD allocation for every billing period shall be reflected immediately as a deduction to or an adjustment to the total settlement amount of the Direct WESM Member, whether for its own WESM transactions or on behalf of its Indirect WESM Member.</u> Any NSS allocated to the DUs shall be subject to immediate re-distribution to the corresponding <b>This shall be correspondingly re-distributed to the</b> end-users at the retail level <b>as part of the monthly generation rate pursuant to</b>	<ul style="list-style-type: none"><li>• Consistent with Article I Section 1.4 of the ERC Resolution No. 7, Series of 2019.</li><li>• For harmonization with Article IV of ERC Resolution No. 7 Series of 2019, specifically:<ul style="list-style-type: none"><li>○ 4.2.1 – Article IV Section 1</li><li>○ 4.2.2 – Article IV Section 2</li><li>○ 4.2.3 – Article IV Section 3</li><li>○ 4.2.4 – Article IV Section 4</li><li>○ 4.2.5 – Article V Section 2 &amp; Article VI Section 3</li></ul></li></ul>		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		<p>withdrawal from the grid;</p> <p>d) Independent Power Producer (IPP) Administrators who will be assigned Contracts for the Supply of Electric Energy (CSEE) and assume the default wholesale supply functions for the assigned TSC Customers; and</p> <p>e) Other parties which have acted as end-users and paid line loss and congestion charges.</p> <p>4.2.2 Any NSS allocated to the DUs shall be subject to immediate re-distribution to the corresponding End-</p>	<p><u>their corresponding power supply agreements approved by the Energy Regulatory Commission.</u></p> <p>4.2.3 <u>NSS or NSD allocation corresponding to adjustments for transactions prior to the switching of an Indirect WESM Member to another Direct Member shall be billed to the current Direct WESM Member.</u> Any NSS allocated to the RES shall be subject to immediate re-distribution to the corresponding End users in the retail electricity market.</p> <p>4.2.4 Any NSS <u>or NSD allocation billed to the RES shall be subject to re-distribution to its Contestable Customers pursuant to their Retail Supply Contract</u> allocated to a <del>Direct WESM Member</del> on behalf of its <del>Indirect WESM Member</del> shall be subject to immediate re-distribution to the corresponding <del>Indirect WESM Member</del>.</p> <p>4.2.5 When prices in the WESM are administered i.e., upon the occurrence of Market Intervention, Market Suspension, or implementation of Secondary Price Cap, there shall be no NSS allocation and re-distribution for the affected trading intervals.</p>	<p>provide that NSS/NSD shall be allocated to all trading participants with withdrawal from the grid during intervals when there is no calculated transmission loss and congestion payments (i.e. AP, PSM, SEC).</p>		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		<p>users at the retail level.</p> <p>4.2.3 Any NSS allocated to the RES shall be subject to immediate re-distribution to the corresponding End-users in the retail electricity market.</p> <p>4.2.4 Any NSS allocated to a <i>Direct WESM Member</i> on behalf of its <i>Indirect WESM Member</i> shall be subject to immediate re-distribution to the corresponding <i>Indirect WESM Member</i>.</p> <p>4.2.5 When prices in the <i>WESM</i> are administered <i>i.e.</i>, upon the occurrence of Market Intervention, Market Suspension, or implementation of Secondary Price Cap, there shall be no NSS allocation and re-distribution for the affected trading intervals.</p>				

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
Methodology and Procedure	5.1	CALCULATION OF NET SETTLEMENT SURPLUS	CALCULATION OF NET SETTLEMENT SURPLUS <b><u>AND NET SETTLEMENT DEFICIT</u></b>	For harmonization with ERC Resolution No. 7 Series of 2019, which also includes separate provisions for the calculation of Net Settlement Deficit		
Methodology and Procedure	5.1.1	The adoption of locational marginal pricing for the WESM under different market trading nodes accounts for congestion and losses in the transmission system. As a result, the price differences occur between generator nodes and customer nodes due to the losses and congestion. The surplus resulting from the aggregate WESM settlement transactions in the Net Settlement Surplus. This may also result in a settlement deficit.	The adoption of locational marginal pricing for the WESM under different market trading nodes accounts for congestion and losses in the transmission system. As a result, the price differences occur between generator nodes and customer nodes due to the losses and congestion. <del>The surplus resulting from the aggregate WESM settlement transactions in the Net Settlement Surplus. This may also result in a settlement deficit.</del> <b><u>The aggregate WESM settlement amount may result in: 1) Net Settlement Surplus which is also known as NSS; or 2) Net Settlement Deficit which is also known as NSD.</u></b>	For harmonization with Article II Section 1 of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
Methodology and Procedure		(new)	<b><u>5.1.2 The Net Settlement Surplus or Net Settlement Deficit amount shall be calculated based on the total trading amount for every trading interval.</u></b>	For harmonization with Article II Section 2 of ERC Resolution No. 7 Series of 2019		
Methodology and Procedure		(new)	<b><u>5.1.3 The Net Settlement Surplus occurs when the total collectibles exceed the total payables.</u></b>	For harmonization with Article II of Section 3 ERC Resolution No. 7 Series of 2019		
Methodology and Procedure		(new)	<b><u>5.1.4 The Net Settlement Deficit occurs when the total payables exceed the total collectibles.</u></b>	For harmonization with Article II of Section 4 ERC Resolution No. 7 Series of 2019		
Methodology and Procedure	5.1.2	5.1.2 Pursuant to Article II Section 2 of the ERC Resolution No. 01 Series of 2018, the net settlement surplus amount shall be calculated based on the total trading amount for every trading interval as follows:  NSS <sub>k</sub> = Collectibles <sub>k</sub> – Payables <sub>k</sub>  Where:	<del>5.1.2</del> <b><u>5.1.5</u></b> Pursuant to Article II Section 2 of the ERC Resolution No. 01 Series of 2018 <b><u>Article III Section 1 of ERC Resolution No. 07 Series of 2019</u></b> , the net settlement surplus amount <b><u>Total Net Settlement Surplus or Deficit (NSS<sub>Total</sub> or NSD<sub>Total</sub>)</u></b> shall be <b><u>determined by getting the difference of the total collectibles (TA<sub>Collectibles</sub>) and the total payables (TA<sub>Payables</sub>)</u></b> ; <del>calculated based on the total trading amount for every trading interval as follows</del>  <del>NSS<sub>k</sub> = Collectibles<sub>k</sub> – Payables<sub>k</sub></del>  <b><u>NSS<sub>Total,i</sub> or NSD<sub>Total,i</sub> = TA<sub>Collectibles,i</sub> - TA<sub>Payables,i</sub></u></b>  Where:  <del>NSS<sub>k</sub> = Net Settlement Surplus for trading interval k</del>	For harmonization with Article III Section 1 of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		$NSS_k$ = Net Settlement Surplus for trading interval k Collectibles = total amount to be collected by the Market Operator from the Trading Participants for energy transactions in the market (including loss and congestion charges for both spot and bilateral quantities) for all nodes at trading interval k Payables = total amount to be paid by the Market Operator to the Trading Participants for energy transactions in the market (including loss and congestion charges) for all nodes at trading interval k k = hourly trading interval	<del>Collectibles = total amount to be collected by the Market Operator from the Trading Participants for energy transactions in the market (including loss and congestion charges for both spot and bilateral quantities) for all nodes at trading interval k</del> <del>Payables = total amount to be paid by the Market Operator to the Trading Participants for energy transactions in the market (including loss and congestion charges) for all nodes at trading interval k</del> <del>k = hourly trading interval</del> <b><u><math>NSS_{Total,i}</math> or <math>NSD_{Total}</math> = Total Net Settlement Surplus or Deficit, in PhP, for trading interval i</u></b> <b><u><math>TA_{Collectibles}</math> = Total trading amount, in PhP, to be collected by the Market Operator from the Trading Participants for trading interval i</u></b> <b><u><math>TA_{Payables}</math> = Total trading amount, in PhP, to be paid by the Market Operator to the Trading Participants for trading interval i</u></b> <b><u>i = trading interval</u></b>			
Net Settlement Deficit	5.2	NET SETTLEMENT DEFICIT	<del>NET SETTLEMENT DEFICIT</del> <b><u>DERIVATION OF NET SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT</u></b>	For harmonization with Article III of ERC Resolution No. 7 Series of 2019. The original Section		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
				5.2 is suggested to be replaced by the proposed revisions and the proposed new provisions of section 5.2 of this manual.		
Net Settlement Deficit	5.2.1	The net settlement surplus may be retained by the Market Operator to fund deficit settlement, pursuant to WESM Rules Clause 3.13.16.2(a). Since the issuance of the settlement statements are on monthly basis, the formula for calculation of the net settlement surplus presented in Section 5.1 of this document automatically takes the deficit into account. Thus, the resulting calculation presented in the statements already netted out the deficit.	<p><b><u>Pursuant to Article III Section 2 of ERC Resolution No. 07 Series of 2019, allocation of the <i>NSS</i> or <i>NSD</i> shall be based on the cause of the surplus (e.g., surplus transmission loss payment, surplus congestion payment, among others). As such, the <i>NSS</i> or <i>NSD</i> calculation is disaggregated into <i>NSS</i> or <i>NSD</i> due to losses (<i>NSS<sub>Loss</sub></i> or <i>NSD<sub>Loss</sub></i>) and the <i>NSS</i> or <i>NSD</i> due to congestion (<i>NSS<sub>Congestion</sub></i> or <i>NSD<sub>Congestion</sub></i>), which are allocated separately. The following formula illustrates the components of the disaggregated <i>NSS</i> or <i>NSD</i>:</u></b></p> $\underline{NSS_{Total,D,i} \text{ or } NSD_{Total,D,i}} = \underline{NSS_{Loss,i} \text{ or } NSD_{Loss,i}} + \underline{NSS_{Congestion,i} \text{ or } NSD_{Congestion,i}}$ <p><b>Where:</b></p> $\underline{NSS_{Total,D,i} \text{ or } NSD_{Total,D,i}} = \underline{\text{Sum of disaggregated Net Settlement Surplus or Deficit due to transmission loss and congestion, in PhP, for trading interval } i}$ $\underline{NSS_{Loss,i} \text{ or } NSD_{Loss,i}} = \underline{\text{Net Settlement Surplus or Deficit due to transmission loss payments, in PhP, for trading interval } i}$	For harmonization with Article III Section 2 of ERC Resolution No. 7 Series of 2019		



WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>NSS_{Congestion,i}</math> or <math>NSD_{Congestion,i}</math> = Net Settlement Surplus or Deficit due to congestion payments, in PhP, for trading interval <math>i</math></u></p> <p><u><math>i</math> = trading interval <math>i</math></u></p> <p>The net settlement surplus may be retained by the Market Operator to fund deficit settlement, pursuant to WESM Rules Clause 3.13.16.2(a). Since the issuance of the settlement statements are on monthly basis, the formula for calculation of the net settlement surplus presented in Section 5.1 of this document automatically takes the deficit into account. Thus, the resulting calculation presented in the statements already netted out the deficit.</p>			
Net Settlement Deficit	5.2.2	It is possible that a net settlement deficit rather than a surplus will occur. That is, for certain trading intervals the sum of the trading amounts at the generator nodes (i.e., payments) is greater than the trading amounts at the load or Customer nodes (i.e., collections). This deficit may occur because of differences between the ex-ante and ex-post energy trading amounts, which are due, in turn, to un-realized schedules	<p><u>In order to determine <math>NSS_{Loss}</math> or <math>NSD_{Loss}</math> and <math>NSS_{Congestion}</math> or <math>NSD_{Congestion}</math>, the trading amounts shall also be disaggregated among its components. Based on the components of the locational marginal prices (LMP), the trading amounts collected and paid by the Market Operator for each trading participant shall be disaggregated as follows:</u></p> $TA_{Payable,P,i} \text{ or } TA_{Collectible,P,i} = TA_{Energy,P,i} + TA_{Loss,P,i} + TA_{Congestion,P,i}$ <p><u>Where:</u></p> $TA_{Payable,P,i} \text{ or } TA_{Collectible,P,i} = \text{Trading amount of Trading Participant } P, \text{ in PhP, for trading interval } i$ $TA_{Energy,P,i} = \text{Trading amount for energy of Trading Participant } P, \text{ in PhP, for trading interval } i, \text{ as computed in (a) below}$	For harmonization with Article III Section 2 of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		and resulting price differences during real time (i.e., ex-post). These occurrences are beyond the control of the Market Operator and are brought about by offer and bid structures submitted to the market by the Trading Participants.	<p><u><math>TA_{Loss,p,i}</math> = Trading amount for transmission loss of Trading Participant P, in PhP, for trading interval i, as computed in (b) below</u></p> <p><u><math>TA_{Congestion,p,i}</math> = Trading amount for congestion of Trading Participant P, in PhP, for trading interval i, as computed in (c) below</u></p> <p>It is possible that a net settlement deficit rather than a surplus will occur. That is, for certain trading intervals the sum of the trading amounts at the generator nodes (i.e., payments) is greater than the trading amounts at the load or Customer nodes (i.e., collections). This deficit may occur because of differences between the ex-ante and ex-post energy trading amounts, which are due, in turn, to un-realized schedules and resulting price differences during real time (i.e., ex-post). These occurrences are beyond the control of the Market Operator and are brought about by offer and bid structures submitted to the market by the Trading Participants.</p>			
		(new)	<p><u>a) Trading amount for energy (<math>TA_{Energy}</math>) shall be computed as follows:</u></p> $TA_{Energy,p,i} = \left( EAQ_{p,i} - \sum_{c \in C} BCQ_{p,c,i} \right) * \lambda_{RTD,p,i} + (MQ_{p,i} - EAQ_{p,i}) * \lambda_{RTX,p,i} + \sum_{c \in C} BCQ_{p,c,i} * (\lambda_{RTD,p,i} - \lambda_{RTD,s,i})$ <p><u>Where:</u></p> <p><u><math>\lambda_{RTD \text{ or } RTX,p,i}</math> = Applicable ex-ante (RTD) or ex-post (RTX) system marginal price (SMP) of resource p for trading interval i</u></p> <p><u><math>\lambda_{RTD,s,i}</math> = Ex-ante (RTD) system marginal price (SMP) of selling counterparty resource s (on the</u></p>	To provide details on the computation of trading amount for energy based on the current PDM.		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u>bilateral contract between resource <math>p</math> and counterparty <math>c</math> for trading interval <math>i</math></u></p> <p><u><math>EAQ_{p,i}</math> = Ex-ante quantity, in MWh, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>BCQ_{p,c,i}</math> = Bilateral contract quantity, in MWh, of the bilateral contract between resource <math>p</math> and counterparty <math>c</math> for trading interval <math>i</math></u></p> <p><u><math>MQ_{p,i}</math> = Metered quantity, in MWh, of between resource <math>p</math> trading interval <math>i</math></u></p> <p><u><math>c</math> = Counterparty of resource <math>p</math></u></p> <p><u><math>C</math> = Set of all counterparties of resource <math>p</math></u></p> <p><u><math>p</math> = Any resource of Trading Participant <math>P</math></u></p> <p><u><math>i</math> = trading interval</u></p>			
		(new)	<p><u>b) Trading amount for transmission loss (<math>TA_{Loss}</math>) shall be computed as follows:</u></p> $TA_{Loss,p,i} = \left( EAQ_{p,i} - \sum_{c \in C} BCQ_{p,c,i} \right) * MTLP_{RTD,p,i} \\ + (MQ_{p,i} - EAQ_{p,i}) * MTLP_{RTX,p,i} \\ + \sum_{c \in C} BCQ_{p,c,i} * (MTLP_{RTD,p,i} - MTLP_{RTD,s,i})$ <p><u>Where:</u></p> <p><u><math>MTLP_{RTD \text{ or } RTX,p,i}</math> = Applicable ex-ante (RTD) or ex-post (RTX) marginal transmission loss price (MTLP) of resource <math>p</math> for trading interval <math>i</math></u></p>	To provide details on the computation of trading amount for transmission losses		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>M\bar{TLP}_{RTD,s,i}</math> = Ex-ante (RTD) marginal transmission loss price (MTLP) of selling counterparty resource <math>s</math> (on the <i>bilateral contract</i> between resource <math>p</math> and counterparty <math>c</math>) for trading interval <math>i</math></u></p> <p><u><math>EAQ_{p,i}</math> = Ex-ante quantity, in MWh, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>BCQ_{p,c,i}</math> = Bilateral contract quantity, in MWh, of the <i>bilateral contract</i> between resource <math>p</math> and counterparty <math>c</math> for trading interval <math>i</math></u></p> <p><u><math>MQ_{p,i}</math> = Metered quantity, in MWh, of between resource <math>p</math> trading interval <math>i</math></u></p> <p><u><math>c</math> = Counterparty of resource <math>p</math></u></p> <p><u><math>C</math> = Set of all counterparties of resource <math>p</math></u></p> <p><u><math>p</math> = Any resource of Trading Participant <math>P</math></u></p> <p><u><math>i</math> = trading interval</u></p>			
		(new)	<p><u>c) Trading amount for congestion (<math>TA_{congestion}</math>) shall be computed as follows:</u></p> $TA_{congestion,p,i} = \left( EAQ_{p,i} - \sum_{c \in C} BCQ_{p,c,i} \right) * MCP_{RTD,p,i} + (MQ_{p,i} - EAQ_{p,i}) * MCP_{RTX,p,i} + \sum_{c \in C} BCQ_{p,c,i} * (MCP_{RTD,p,i} - MCP_{RTD,s,i})$ <p><u>Where:</u></p> <p><u><math>MCP_{RTD \text{ or } RTX,p,i}</math> = Applicable ex-ante (RTD) or ex-post (RTX) marginal congestion price</u></p>	To provide details on the computation of trading amount for transmission losses		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u>(MCP) of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>MCP_{RTD,s,i}</math> = Ex-ante (RTD) marginal congestion price (MCP) of selling counterparty resource <math>s</math> (on the bilateral contract between resource <math>p</math> and counterparty <math>c</math>) for trading interval <math>i</math></u></p> <p><u><math>EAQ_{p,i}</math> = Ex-ante quantity, in MWh, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>BCQ_{p,c,i}</math> = Bilateral contract quantity of the bilateral contract between resource <math>p</math> and counterparty <math>c</math> for trading interval <math>i</math></u></p> <p><u><math>MQ_{p,i}</math> = Metered quantity, in MWh, of between resource <math>p</math> trading interval <math>i</math></u></p> <p><u><math>c</math> = Counterparty of resource <math>p</math></u></p> <p><u><math>C</math> = Set of all counterparties of resource <math>p</math></u></p> <p><u><math>p</math> = Any resource of Trading Participant <math>P</math></u></p> <p><u><math>i</math> = trading interval</u></p>			
		(new)	<p><b>5.2.3 Net Settlement Surplus/Deficit due to line loss payment (<math>NSS_{Loss}</math> or <math>NSD_{Loss}</math>) shall be determined as the difference of the collectibles and the payables for energy and transmission loss as shown be the equation below:</b></p> $NSS_{Loss,i} \text{ or } NSD_{Loss,i} = \sum_{cp \in CP} (TA_{Energy,cp,i} + TA_{Loss,cp,i}) - \sum_{pp \in PP} (TA_{Energy,pp,i} + TA_{Loss,pp,i})$ <p><b>Where:</b></p>	For harmonization with Article III Section 2 of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>NSS_{Loss,i}</math> or <math>NSD_{Loss,i}</math> = Net Settlement Surplus or Deficit due to line loss payments, in PhP, for trading interval <math>i</math></u></p> <p><u><math>TA_{Energy}</math> = Total trading amount of a trading participant for energy, in PhP, for trading interval <math>i</math></u></p> <p><u><math>TA_{Loss}</math> = Total trading amount of a Trading Participant for transmission loss, in PhP, for trading interval <math>i</math></u></p> <p><u><math>CP</math> = Set of Trading Participants with collectible trading amounts</u></p> <p><u><math>cp</math> = Trading Participant with collectible trading amount</u></p> <p><u><math>PP</math> = Set of Trading Participants with payable trading amounts</u></p> <p><u><math>pp</math> = Trading Participant with payable trading amount</u></p> <p><u><math>i</math> = trading interval</u></p>			
		(new)	<p><u><b>5.2.4 Net Settlement Surplus/Deficit due to congestion (<math>NSS_{Congestion}</math> or <math>NSD_{Congestion}</math>) shall be calculated as the difference of the collectibles and the payables for congestion as shown below:</b></u></p> $\underline{NSS_{Congestion,i} \text{ or } NSD_{Congestion,i} = \frac{\sum_{cp \in CP} TA_{Congestion,cp,i} - \sum_{pp \in PP} TA_{Congestion,pp,i}}{}}$ <p><u><b>Where:</b></u></p>	For harmonization with Article III Section 2 of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>NSS_{congestion,i}</math> or <math>NSD_{congestion,i}</math> = Net Settlement Surplus or Deficit due to congestion payments, in PhP, for trading interval <math>i</math></u></p> <p><u><math>TA_{congestion}</math> = Total trading amount of a trading participant for congestion, in PhP, for trading interval <math>i</math></u></p> <p><u><math>CP</math> = Set of Trading Participants with collectible trading amounts</u></p> <p><u><math>cp</math> = Trading Participant with collectible trading amount</u></p> <p><u><math>PP</math> = Set of Trading Participants with payable trading amounts</u></p> <p><u><math>pp</math> = Trading Participant with payable trading amount</u></p> <p><u><math>i</math> = trading interval</u></p>			
		(new)	<p><u>5.2.5 During trading intervals when there is no computed transmission loss and congestion, the <math>NSS</math> or <math>NSD</math> shall be computed as follows:</u></p> <p><u><math>NSS_{NoTLCp,i}</math> or <math>NSD_{Total,i} = TA_{collectibles,i} - TA_{payables,i}</math></u></p> <p><u>Where:</u></p> <p><u><math>NSS_{NoTLCp,i}</math> or <math>NSD_{NoTLCp,i}</math> = Total Net Settlement Surplus or Deficit when there is no calculated transmission loss and congestion payments, in PhP, for trading interval <math>i</math></u></p>	For harmonization with Article III Section 3 of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>TA_{collectibles,i}</math> = Total trading amount, in PhP, to be collected by the Market Operator from the Trading Participants for trading interval <math>i</math></u></p> <p><u><math>TA_{payables,i}</math> = Total trading amount, in PhP, to be paid by the Market Operator to the Trading Participants for trading interval <math>i</math></u></p> <p><u><math>i</math> = trading interval</u></p>			
Flow back to the Participants	5.3	FLOW BACK TO THE PARTICIPANTS	<del>FLOW BACK TO THE PARTICIPANTS</del> <b><u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u></b>	To adopt the calculations provided under Article V of ERC Resolution No. 7 Series of 2019.		
Flow back to the Participants	5.3.1	The net settlement surplus after funding the deficit settlement will be returned to the WESM Participants. The allocation shall be on a pro-rata basis depending on each recipient's contribution to the total NSS. The monthly amount to be allocated to each recipient shall be equal to the sum of the recipient's NSS allocation amounts computed for all trading intervals in a	<p><b><u>The Market Operator shall allocate the NSS to the Trading Participants that paid for the surplus loss and congestion charges. The allocation shall be determined based on each recipient's contribution to the total <math>NSS_{Loss}</math> and <math>NSS_{Congestion}</math></u></b></p> <p><del>The net settlement surplus after funding the deficit settlement will be returned to the WESM Participants. The allocation shall be on a pro-rata basis depending on each recipient's contribution to the total NSS. The monthly amount to be allocated to each recipient shall be equal to the sum of the recipient's NSS allocation amounts computed for all trading intervals in a billing month. A recipient's NSS allocation amount per interval is equal to the total net settlement surplus amount per trading interval multiplied by the ratio of the recipient's line loss and congestion charges payments for the trading interval to the total line loss and congestion charges payments for the trading interval of all recipients. This rule shall apply regardless of the allocation method, whether outright deduction or otherwise.</del></p>	For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019.		



WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		billing month. A recipient's NSS allocation amount per interval is equal to the total net settlement surplus amount per trading interval multiplied by the ratio of the recipient's line loss and congestion charges payments for the trading interval to the total line loss and congestion charges payments for the trading interval of all recipients. This rule shall apply regardless of the allocation method, whether outright deduction or otherwise.				
Flow back to the Participants	5.3.2	<p>This is represented by the following formula:  <math>RJ_k = NSS_k \times (\Sigma LLCC_{j,k} / \Sigma LLCC_k)</math>            Where:  <math>RJ_k</math> = rebate amount or NSS allocation for Participant J for trading interval k  <math>NSS_k</math> = Net Settlement Surplus</p>	<p><b><u>The allocation of <math>NSS_{Loss}</math> shall be calculated as follows:</u></b></p> $NSS_{Loss,p,i} = \frac{LL_{Spot,p,i} + LL_{LR,p,i}}{\Sigma (LL_{Spot,i} + LL_{LR,i})} \times NSS_{Loss,i}$ <p><b><u>Where:</u></b></p> <p><b><u><math>NSS_{Loss,p,i}</math> = NSS allocation due to line loss payments, in PhP, of resource p for trading interval i</u></b></p> <p><b><u><math>LL_{Spot,p,i}</math> = Surplus line loss payment for spot transaction, in PhP, of resource p for</u></b></p>	For harmonization with Article V Section 1 (A) of ERC Resolution No. 7 Series of 2019.		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		<p>for the <i>trading interval k</i></p> <p><math>\Sigma LLCCj,k</math> = sum of the line loss and congestion charges payments of <i>Participant J</i>'s resources for the <i>trading interval k</i></p> <p><math>\Sigma LLCCk</math> = sum of line loss and congestion charges payments of all eligible resources for the <i>trading interval k</i></p> <p><i>J</i> = any WESM Participant paying line loss congestion charges for which a pro-rated amount of NSS will be returned or allocated</p> <p><i>j</i> = any resource of <i>Participant J</i> paying line loss and congestion charges for which a line loss and congestion charge payment will be computed</p> <p><i>k</i> = <i>trading interval</i></p>	<p><u><i>trading interval i</i>, as computed in (a, b, and d) below</u></p> <p><u><math>LL_{LR,p,i}</math> = Surplus line loss payment for line rental, in PhP, of resource <i>p</i> for <i>trading interval i</i>, as computed in (a, c, and d) below</u></p> <p><u><math>NSS_{Loss,i}</math> = Net Settlement Surplus due to line loss payments, in PhP, for <i>trading interval i</i></u></p> <p><u><i>p</i> = Any resource of Trading Participant <i>P</i></u></p> <p><u><i>i</i> = trading interval</u></p> <p>This is represented by the following formula:  <math>RJk = NSSk \times (\Sigma LLCCj,k / \Sigma LLCCk)</math></p> <p>Where:</p> <p><del><math>RJ,k</math> = rebate amount or NSS allocation for <i>Participant J</i> for <i>trading interval k</i></del></p> <p><del><math>NSSk</math> = Not Settlement Surplus for the <i>trading interval k</i></del></p> <p><del><math>\Sigma LLCCj,k</math> = sum of the line loss and congestion charges payments of <i>Participant J</i>'s resources for the <i>trading interval k</i></del></p> <p><del><math>\Sigma LLCCk</math> = sum of line loss and congestion charges payments of all eligible resources for the <i>trading interval k</i></del></p> <p><del><i>J</i> = any WESM Participant paying line loss congestion charges for which a pro-rated amount of NSS will be returned or allocated</del></p> <p><del><i>j</i> = any resource of <i>Participant J</i> paying line loss and congestion charges for which a line loss and congestion charge payment will be computed</del></p> <p><del><i>k</i> = trading interval</del></p>			

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		(new)	<p><b><u>a) <math>LL_{Spot}</math> and <math>LL_{LR}</math> shall be determined using the following equations:</u></b></p> <p><b><u>i) <math>LL_{Spot,p,i} = [MAX(EAQ_{p,i}, \sum_{c \in C} BCQ_{p,c,i}) - \sum_{c \in C} BCQ_{p,c,i}] \times (MTLP_{RTD,p,i} - GWAMTLP_{RTD,i}) + (MQ_{p,i} - EAQ_{p,i}) \times (MTLP_{RTX,p,i} - GWAMTLP_{RTX,i})</math></u></b></p> <p><b><u>ii) <math>LL_{LR,p,i} = \sum_{c \in C} \{BCQ_{p,c,i} \times [MTLP_{RTD,p,i} - MAX(GWAMTLP_{RTD,i}, MTLP_{RTD,c,i})]\}</math></u></b></p> <p><b><u>Where:</u></b></p> <p><b><u><math>LL_{Spot,p,i}</math> = Surplus line loss payment for spot transaction, in PhP, of resource <math>p</math> for trading interval <math>i</math></u></b></p> <p><b><u><math>LL_{LR,p,i}</math> = Surplus line loss payment for line rental, in PhP, of resource <math>p</math> for trading interval <math>i</math></u></b></p> <p><b><u><math>EAQ_{p,i}</math> = Ex-ante quantity, in MWh, of resource <math>p</math> for trading interval <math>i</math></u></b></p> <p><b><u><math>BCQ_{p,c,i}</math> = Bilateral contract quantity, in MWh, of the bilateral contract between resource <math>p</math> and counterparty <math>c</math> for trading interval <math>i</math></u></b></p> <p><b><u><math>MTLP_{RTD,p,i}</math> = Ex-ante marginal transmission loss price, in PhP/MWh, of resource <math>p</math> for trading interval <math>i</math></u></b></p> <p><b><u><math>GWAMTLP_{RTD,i}</math> = Ex-ante generator-weighted average marginal transmission loss price, in PhP/MWh, for trading interval <math>i</math>, as computed in (iii) below</u></b></p>	For harmonization with Article V Section 1 (A) of ERC Resolution No. 7 Series of 2019.		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>MQ_{p,i}</math></u> = <u>Metered quantity</u>, in MWh, of resource <math>p</math> for trading interval <math>i</math></p> <p><u><math>MTLP_{RTX,p,i}</math></u> = <u>Ex-post marginal transmission loss price</u>, in PhP/MWh, of resource <math>p</math> for trading interval <math>i</math></p> <p><u><math>GWAMTLP_{RTX,i}</math></u> = <u>Ex-post generator-weighted average marginal transmission loss price</u>, in PhP/MWh, for trading interval <math>i</math></p> <p><u><math>MTLP_{RTD,s,i}</math></u> = <u>Ex-ante marginal transmission loss price</u>, in PhP/MWh, of selling counterpart <math>s</math> (on the bilateral contract of resource <math>p</math> and counterparty <math>c</math>) for trading interval <math>i</math></p> <p>iii) <u><math>GWAMTLP_i</math></u> =</p> $\frac{\sum_{g \in G} MTLP_{g,i} \times Gen.Schedule_{g,i}}{\sum_{g \in G} Gen.Schedule_{g,i}}$ <p><u>Where:</u></p> <p><u><math>GWAMTLP_i</math></u> = <u>Ex-ante (RTD) or ex-post (RTX) generator-weighted average marginal transmission loss price</u>, in PhP/MWh, for trading interval <math>i</math></p> <p><u><math>MTLP_{g,i}</math></u> = <u>Marginal transmission loss price</u>, in PhP/MWh, of generator resource <math>g</math> for trading interval <math>i</math></p> <p><u><math>Gen.Schedule_{g,i}</math></u> = <u>Scheduled injection</u>, in MW, of generator resource <math>g</math> for trading interval <math>i</math></p> <p><u><math>g</math></u> = <u>Generator resource</u></p>			

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>G</math> = Set of all generator resources</u></p> <p><u><math>i</math> = trading interval</u></p>			
		(new)	<b><u>b) <math>LL_{spot}</math> shall only be calculated if the <i>Trading Participant</i> had a withdrawal of energy from the <i>grid</i>. The <i>Trading Participant</i> is deemed to have a withdrawal from the <i>grid</i> if its metered quantity (MQ) or ex-ante quantity (EAQ) is less than zero (0).</u></b>	For harmonization with Article V Section 1 (A) of ERC Resolution No. 7 Series of 2019.		
		(new)	<b><u>c) <math>LL_{LR}</math> shall only be calculated if the <i>Trading Participant</i> is the assigned counterparty for the <i>line rental</i>.</u></b>	For harmonization with Article V Section 1 (A) of ERC Resolution No. 7 Series of 2019.		
		(new)	<b><u>d) If the calculated <math>LL_{spot}</math> and/or <math>LL_{LR}</math> does not reflect surplus payment (i.e., <math>LL_{spot}</math> or <math>LL_{LR}</math> is greater than zero (0)), the corresponding <math>LL_{spot}</math> or <math>LL_{LR}</math> shall be set to zero (0).</u></b>	For harmonization with Article V Section 1 (A) of ERC Resolution No. 7 Series of 2019.		
Flow back to the Participants	5.3.3	The value of the total net settlement surplus, $\Sigma NSS_k$ , is derived from the hourly settlement runs.	<p><b><u>The allocation of <math>NSS_{Congestion}</math> shall be calculated as follows:</u></b></p> $NSS_{Congestion,p,i} = \frac{CC_{Spot,p,i} + CC_{LR,p,i}}{\sum (CC_{Spot,i} + CC_{LR,i})} \times NSS_{Congestion,i}$ <p><b><u>Where:</u></b></p>	For harmonization with Article V Section 1 (B) of ERC Resolution No. 7 Series of 2019.		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>NSS_{Congestion,p,i}</math></u> = <u>NSS allocation due to congestion charge payments, in PhP, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>CC_{Spot,p,i}</math></u> = <u>Surplus congestion charge payment for spot transaction, in PhP, of resource <math>p</math> for trading interval <math>i</math>, as computed in (a, b, and d) below</u></p> <p><u><math>CC_{LR,p,i}</math></u> = <u>Congestion charge payment for line rental, in PhP, of resource <math>p</math> for trading interval <math>i</math>, as computed in (a, c, and d) below</u></p> <p><u><math>NSS_{Congestion,i}</math></u> = <u>Net Settlement Surplus due to congestion payments, in PhP, for trading interval <math>i</math></u></p> <p><u><math>p</math></u> = <u>Any resource of Trading Participant <math>P</math></u></p> <p><u><math>i</math></u> = <u>trading interval</u></p> <p>The value of the total net settlement surplus, <math>\Sigma NSS_k</math>, is derived from the hourly settlement runs.</p>			
		(new)	<p><u>a) <math>CC_{Spot}</math> and <math>CC_{LR}</math> shall be determined using the following equations:</u></p> <p>i) <math>CC_{Spot,p,i} = [MAX(EAQ_{p,i}, \sum_{c \in C} BCQ_{p,c,i}) - \sum_{c \in C} BCQ_{p,c,i}] \times (MCP_{RTD,p,i} - GWAMCP_{RTD,i}) + (MQ_{p,i} - EAQ_{p,i}) \times (MCP_{RTX,p,i} - GWAMCP_{RTX,i})</math></p> <p>ii) <math>CC_{LR,p,i} = \sum_{c \in C} \{BCQ_{p,c,i} \times [MCP_{RTD,p,i} - MAX(GWAMCP_{RTD,i}, MCP_{RTD,s,i})]\}</math></p> <p><u>Where:</u></p>	For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019.		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>CC_{spot,p,i}</math> = Surplus congestion charge payment for spot transaction, in PhP, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>CC_{LR,p,i}</math> = Congestion charge payment for line rental, in PhP, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>EAQ_{p,i}</math> = Ex-ante quantity, in MWh, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>BCQ_{p,c,i}</math> = Bilateral contract quantity, in MWh, of the bilateral contract between resource <math>p</math> and counterparty <math>c</math> for trading interval <math>i</math></u></p> <p><u><math>MCP_{RTD,p,i}</math> = Ex-ante marginal congestion price, in PhP/MWh, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>GWAMCP_{RTD,i}</math> = Ex-ante generator-weighted average marginal congestion price, in PhP/MWh, for trading interval <math>i</math>, as computed in (iii) below</u></p> <p><u><math>MQ_{p,i}</math> = Metered quantity, in MWh, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>MCP_{RTX,p,i}</math> = Ex-post marginal congestion price, in PhP/MWh, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>GWAMCP_{RTX,i}</math> = Ex-post generator-weighted average marginal congestion price, in PhP/MWh, for trading interval <math>i</math></u></p> <p><u><math>MCP_{RTD,s,i}</math> = Ex-ante marginal congestion price, in PhP/MWh, of selling counterpart <math>s</math> (on the</u></p>			

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u>bilateral contract of resource p and counterparty c) for trading interval i</u></p> <p>iii) <math>GWAMCP_i = \frac{\sum_{g \in G} MCP_{g,i} \times Gen.Schedule_{g,i}}{\sum_{g \in G} Gen.Schedule_{g,i}}</math></p> <p><u>Where:</u></p> <p><u>GWAMCP<sub>i</sub> = Ex-ante (RTD) or ex-post (RTX) generator-weighted average marginal congestion price, in PhP/MWh, for trading interval i</u></p> <p><u>MCP<sub>g,i</sub> = Marginal congestion price, in PhP/MWh, of generator resource g for trading interval i</u></p> <p><u>Gen.Schedule<sub>g,i</sub> = Scheduled injection, in MW, of generator resource g for trading interval i</u></p> <p><u>g = Generator resource</u></p> <p><u>G = Set of all generator resources</u></p> <p><u>i = trading interval</u></p>			
		(new)	<p><u>b) CC<sub>spot</sub> shall only be calculated if the Trading Participant had a withdrawal of energy from the grid. The Trading Participant is deemed to have a withdrawal from the grid if its metered quantity (MQ) or ex-ante quantity (EAQ) is less than zero (0).</u></p>	For harmonization with Article V Section 1 (B) of ERC Resolution No. 7 Series of 2019.		



WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<b><u>c) <math>CC_{LR}</math> shall only be calculated if the <i>Trading Participant</i> is the assigned counterparty for the <i>line rental</i>.</u></b>	For harmonization with Article V Section 1(B) of ERC Resolution No. 7 Series of 2019.		
		(new)	<b><u>d) If the calculated <math>CC_{Spot}</math> and/or <math>CC_{LR}</math> does not reflect surplus payment (i.e. <math>CC_{Spot}</math> or <math>CC_{LR}</math> is greater than zero (0)), the corresponding <math>CC_{Spot}</math> or <math>CC_{LR}</math> shall be set to zero (0).</u></b>	For harmonization with Article V Section 1 (B) of ERC Resolution No. 7 Series of 2019.		
Flow back to the Participants	5.3.4	<p>The line loss and congestion charges payments of each <i>Trading Participant</i> shall be calculated as follows:  <math>LLCC_{j,k} =</math>  <math>LLCPRTD_{j,k} \times</math>  <math>(EAQ_{j,k} - BCQ_{j,c,k})</math>  <math>+ LLCPRTX_{j,k} \times</math>  <math>(MQ_{j,k} - EAQ_{j,k}) +</math>  Line Rental<sub>j,k</sub></p> <p>The line loss and congestion price of each trading participants for the ex-ante or ex-post run shall be calculated as follows:  <math>LLCPRTD/X_{j,k} =</math>  <math>LMPRTD/X_{j,k} -</math>  MCPLowest,k</p>	<p><b><u>In <i>trading intervals</i> when there are no calculated transmission loss and congestion payments the <i>NSS</i> shall be allocated to all <i>trading participants</i> with withdrawal from the grid. The allocation shall be proportionate to the actual withdrawal from the grid of the <i>Trading Participant</i> relative to the total actual withdrawals during the <i>trading interval</i> as shown by the equation below:</u></b></p> $NSS_{NoTLCp,p,i} = \frac{MQ_{Withdrawal,p,i}}{\sum_{ww \in WW} MQ_{Withdrawal,ww,i}} \times NSS_{NoTLCp,i}$ <p><b><u>Where:</u></b></p> <p><b><u><math>NSS_{NoTLCp,p,i}</math> = <i>NSS</i> allocation when there is no calculated transmission loss and congestion payments, in PhP, of resource <i>p</i> for trading interval <i>i</i></u></b></p> <p><b><u><math>MQ_{Withdrawal,p,i}</math> = Actual withdrawal from the grid, in MWh, of resource <i>p</i> for trading interval <i>i</i></u></b></p> <p><b><u><math>NSS_{NoTLCp,i}</math> = <i>Net Settlement Surplus</i> when there is no calculated transmission loss and</u></b></p>	For harmonization with Article V Section 2 of ERC Resolution No. 7 Series of 2019.		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		<p>Where:  <math>LLCC_{j,k}</math> = line loss and congestion charges payments of resource <math>j</math> for the trading interval <math>k</math>  <math>LLCPRTD/X_{j,k}</math> = line loss and congestion price of resource <math>j</math> during ex-ante or ex-post run for trading interval <math>k</math>  <math>LMPRTD/X_{j,k}</math> = locational marginal price of resource <math>j</math> during ex-ante or ex-post run for trading interval <math>k</math>  <math>MCPLowest,k</math> = lowest marginal clearing price for trading interval <math>k</math>  <math>EAQ_{j,k}</math> = ex-ante quantity of resource <math>j</math> for trading interval <math>k</math>  <math>BCQ_{j,c,k}</math> = bilateral contract quantity of the bilateral contract between resource <math>j</math> and counterparty <math>c</math> for trading interval <math>k</math>  <math>MQ_{j,k}</math> = metered quantity of resource <math>j</math> for trading interval <math>k</math>  <math>Line\ Rental_{j,c,k}</math> = line rental trading amount associated with the bilateral</p>	<p><u>congestion payments, in PhP, for trading interval <math>i</math></u></p> <p><u><math>p</math> = Any resource of Trading Participant <math>P</math></u></p> <p><u><math>ww</math> = Trading Participant with actual withdrawal from the grid</u></p> <p><u><math>WW</math> = Set of all Trading Participants with actual withdrawal from the grid</u></p> <p><u><math>i</math> = trading interval</u></p> <p>The line loss and congestion charges payments of each Trading Participant shall be calculated as follows:  <math>LLCC_{j,k} = LLCPRTD_{j,k} \times (EAQ_{j,k} - BCQ_{j,c,k}) + LLCPRTX_{j,k} \times (MQ_{j,k} - EAQ_{j,k}) + Line\ Rental_{j,k}</math></p> <p>The line loss and congestion price of each trading participants for the ex-ante or ex-post run shall be calculated as follows:  <math>LLCPRTD/X_{j,k} = LMPRTD/X_{j,k} - MCPLowest,k</math></p> <p>Where:</p> <p><del><math>LLCC_{j,k}</math> = line loss and congestion charges payments of resource <math>j</math> for the trading interval <math>k</math></del></p> <p><del><math>LLCPRTD/X_{j,k}</math> = line loss and congestion price of resource <math>j</math> during ex-ante or ex-post run for trading interval <math>k</math></del></p> <p><del><math>LMPRTD/X_{j,k}</math> = locational marginal price of resource <math>j</math> during ex-ante or ex-post run for trading interval <math>k</math></del></p> <p><del><math>MCPLowest,k</math> = lowest marginal clearing price for trading interval <math>k</math></del></p> <p><del><math>EAQ_{j,k}</math> = ex-ante quantity of resource <math>j</math> for trading interval <math>k</math></del></p> <p><del><math>BCQ_{j,c,k}</math> = bilateral contract quantity of the bilateral contract between resource <math>j</math> and counterparty <math>c</math> for trading interval <math>k</math></del></p>			

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		contract between resource <i>j</i> and counterparty <i>c</i> for trading interval <i>k</i> (this amount may be zero if the resource is not the assigned payer of the line rental trading amount) <i>j</i> = any resource of <i>Participant J</i> paying line loss and congestion charges for which a line loss and congestion charge payment will be computed <i>k</i> = trading interval	<del>MQ<sub>j,k</sub> = metered quantity of resource <i>j</i> for trading interval <i>k</i></del> <del>Line Rental<sub>j,c,k</sub> = line rental trading amount associated with the bilateral contract between resource <i>j</i> and counterparty <i>c</i> for trading interval <i>k</i> (this amount may be zero if the resource is not the assigned payer of the line rental trading amount)</del> <del><i>j</i> = any resource of <i>Participant J</i> paying line loss and congestion charges for which a line loss and congestion charge payment will be computed</del> <del><i>k</i> = trading interval</del>			
		(new)	<b><u>5.4 DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u></b>	To adopt the calculations provided under Article VI of ERC Resolution No. 7 Series of 2019		
		(new)	<b><u>5.4.1 The Market Operator shall allocate the NSS to 1) Customers who caused the deficit; and /or 2) Customers who received excess payment. The allocation shall be determined based on each recipient's contribution to the total <math>NSD_{Loss}</math> and <math>NSD_{Congestion}</math>.</u></b>	For harmonization with Article VI Section 1 of ERC Resolution No. 7 Series of 2019		
		(new)	<b><u>5.4.2 The allocation of <math>NSD_{Loss}</math> shall be calculated as follows:</u></b>	For harmonization with Article VI Section 2 (A) of ERC Resolution		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			$NSD_{Loss,p,i} = \frac{LL_{Spot,p,i} + LL_{LR,p,i}}{\sum (LL_{Spot,i} + LL_{LR,i})} \times NSD_{Loss,i}$ <p><b>Where:</b></p> <p><u><math>NSD_{Loss,p,i}</math> = NSD allocation due to line loss payments, in PhP, of resource <math>p</math> for trading interval <math>i</math></u></p> <p><u><math>LL_{Spot,p,i}</math> = Surplus line loss payment for spot transaction, in PhP, of resource <math>p</math> for trading interval <math>i</math>, as computed in (a, c, and d) below</u></p> <p><u><math>LL_{LR,p,i}</math> = Surplus line loss payment for line rental, in PhP, of resource <math>p</math> for trading interval <math>i</math>, as computed in (a, b, and d) below</u></p> <p><u><math>NSD_{Loss,i}</math> = Net Settlement Deficit due to line loss payments, in PhP, for trading interval <math>i</math></u></p> <p><u><math>p</math> = Any resource of Trading Participant <math>P</math></u></p> <p><u><math>i</math> = trading interval</u></p>	No. 7 Series of 2019		
		(new)	<b>a) The computation for <math>LL_{Spot,p,i}</math> and <math>LL_{LR,p,i}</math> shall follow the formulas provided in Section 5.3.2 (a) of this <i>Market Manual</i>.</b>	For harmonization with Article VI Section 2 (A) of ERC Resolution No. 7 Series of 2019		
		(new)	<b>b) <math>LL_{Spot}</math> shall only be calculated if the <i>Trading Participant</i> had a withdrawal of energy from the grid. The <i>Trading Participant</i> is deemed to have a withdrawal from the grid if its metered quantity (MQ) or ex-ante quantity (EAQ) is less than zero (0).</b>	For harmonization with Article VI Section 2 (A) of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		(new)	<b><u>c) <math>LL_{LR}</math> shall only be calculated if the <i>Trading Participant</i> is the assigned counterparty for the <i>line rental</i>.</u></b>	For harmonization with Article VI Section 2 (A) of ERC Resolution No. 7 Series of 2019		
		(new)	<b><u>c) If the calculated <math>LL_{Spot}</math> and/or <math>LL_{LR}</math> did not contribute to the deficit (i.e., <math>LL_{Spot}</math> or <math>LL_{LR}</math> is less than zero (0)), the corresponding <math>LL_{Spot}</math> or <math>LL_{LR}</math> shall be set to zero (0).</u></b>	For harmonization with Article VI Section 2 (A) of ERC Resolution No. 7 Series of 2019		
		(new)	<p><b><u>5.4.3 The allocation of <math>NSD_{Congestion}</math> shall be calculated as follows:</u></b></p> $NSD_{Congestion,p,i} = \frac{CC_{Spot,p,i} + CC_{LR,p,i}}{\sum (CC_{Spot,i} + CC_{LR,i})} \times NSD_{Congestion,i}$ <p><b><u>Where:</u></b></p> <p><b><u><math>NSD_{Congestion,p,i}</math> = NSD allocation due to congestion charge payments, in PhP, of resource <math>p</math> for trading interval <math>i</math></u></b></p> <p><b><u><math>CC_{Spot,p,i}</math> = Surplus congestion charge payment for spot transaction, in PhP, of resource <math>p</math> for trading interval <math>i</math>, as computed in (a, b, and d) below</u></b></p> <p><b><u><math>CC_{LR,p,i}</math> = Congestion charge payment for line rental, in PhP, of resource <math>p</math> for trading interval <math>i</math>, as computed in (a, c, and d) below</u></b></p> <p><b><u><math>NSD_{Congestion,i}</math> = Net Settlement Deficit due to congestion payments, in PhP, for trading interval <math>i</math></u></b></p>	For harmonization with Article VI Section 2 (B) of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u><math>p</math> = Any resource of Trading Participant P</u></p> <p><u><math>i</math> = trading interval</u></p>			
		(new)	<u>a) The computation for <math>CC_{spot,p,i}</math> and <math>CC_{LR,p,i}</math> shall follow the formulas provided in Section 5.3.3 (a) of this Market Manual.</u>	For harmonization with Article VI Section 2 (B) of ERC Resolution No. 7 Series of 2019		
		(new)	<u>b) <math>CC_{spot}</math> shall only be calculated if the Trading Participant had a withdrawal of energy from the grid. The Trading Participant is deemed to have a withdrawal from the grid if its metered quantity (MQ) or ex-ante quantity (EAQ) is less than zero (0).</u>	For harmonization with Article VI Section 2 (B) of ERC Resolution No. 7 Series of 2019		
		(new)	<u>c) <math>CC_{LR}</math> shall only be calculated if the Trading Participant is the assigned counterparty for the line rental.</u>	For harmonization with Article VI Section 2 (B) of ERC Resolution No. 7 Series of 2019		
		(new)	<u>d) If the calculated <math>CC_{spot}</math> and/or <math>CC_{LR}</math> did not contribute to the deficit (i.e. <math>CC_{spot}</math> or <math>CC_{LR}</math> is less than zero (0)), the corresponding <math>CC_{spot}</math> or <math>CC_{LR}</math> shall be set to zero (0).</u>	For harmonization with Article VI Section 2 (B) of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		(new)	<p><b><u>5.4.4 In trading intervals when there are no calculated transmission loss and congestion payments (e.g. administered pricing, price substitution methodology and secondary price cap, among others) the NSD shall be allocated to all trading participants with actual withdrawal from the grid. The allocation shall be proportionate to the actual withdrawal from the grid of the Trading Participant relative to the total actual withdrawals during the interval as shown by the equation below:</u></b></p> $NSD_{NoTLCp,i} = \frac{MQ_{Withdrawal,p,i}}{\sum_{ww \in WW} MQ_{Withdrawal,ww,i}} \times NSD_{NoTLCp,i}$ <p><b><u>Where:</u></b></p> <p><b><u><math>NSD_{NoTLCp,i}</math> = NSD allocation when there is no calculated transmission loss and congestion payments, in PhP, of resource <math>p</math> for trading interval <math>i</math></u></b></p> <p><b><u><math>MQ_{Withdrawal,p,i}</math> = Actual withdrawal from the grid, in MWh, of resource <math>p</math> for trading interval <math>i</math></u></b></p> <p><b><u><math>NSD_{NoTLCp,i}</math> = Net Settlement Deficit when there is no calculated transmission loss and congestion payments, in PhP, for trading interval <math>i</math></u></b></p> <p><b><u><math>p</math> = Any resource of Trading Participant <math>P</math></u></b></p> <p><b><u><math>ww</math> = Trading Participant with actual withdrawal from the grid</u></b></p> <p><b><u><math>WW</math> = Set of all Trading Participants with actual withdrawal from the grid</u></b></p>	For harmonization with Article VI Section 3 of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<u><i>i = trading interval</i></u>			
Limitation of Flow Back Mechanism	5.4	5.4 LIMITATION OF FLOW BACK MECHANISM	5.4 <del>5</del> LIMITATION OF FLOW BACK MECHANISM	Update numbering of sections		
Schedule of Payments to the Participants	5.5	5.5 SCHEDULE OF PAYMENTS TO THE PARTICIPANTS	5.5 <del>6</del> SCHEDULE OF PAYMENTS TO THE PARTICIPANTS	Update numbering of sections		
NET SETTLEMENT SURPLUS RETENTION	6	NET SETTLEMENT SURPLUS RETENTION  6.1 XXX  6.2 XXX	<del>NET SETTLEMENT SURPLUS RETENTION</del>  <del>6.1 XXX</del>  <del>6.2 XXX</del>	Provisions for the retention of NSS was removed in previous version of Amended Rules for the Distribution of Net Settlement Surplus (ERC Resolution No. 1 Series of 2018).		
FUND MANAGEMENT AND TAXATION	7	FUND MANAGEMENT AND TAXATION  7.1 XXX	<del>FUND MANAGEMENT AND TAXATION</del>  <del>7.1 XXX</del>  <del>7.2 XXX</del>	Likewise, provisions for the fund management of retained NSS was removed in		



WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		7.2 XXX		previous version of Amended Rules for the Distribution of Net Settlement Surplus (ERC Resolution No. 1 Series of 2018).		
REPORTORIAL REQUIREMENTS	8.1	8.1.1 The <i>Market Operator</i> shall prepare the following: a) Regular monthly summary reports on the amount of NSS or deficit being generated and distributed and the corresponding final metered quantities, Marginal Line Loss and Marginal Congestion Cost. The corresponding value added tax (VAT) and interest amounts, as well as the date when the interests were earned or credited to <i>the market operator</i> , if any. This report shall be made available to all <i>WESM Participants</i> and shall be	8.1.1 The <i>Market Operator</i> shall prepare the following: a) Regular monthly summary reports on the amount of NSS or <del>NSD deficit being generated and distributed</del> <b><u>to each Trading Participant which shall include the breakdown of the computation of line loss and congestion per Trading Participant and other pertinent details to support the calculations.</u></b> <del>and the corresponding final metered quantities, Marginal Line Loss and Marginal Congestion Cost. The corresponding value added tax (VAT) and interest amounts, as well as the date when the interests were earned or credited to the market operator, if any.</del> This report shall be made available to all <i>WESM Participants</i> and shall be <i>published</i> in the <i>market information website</i> . A verified copy of the report shall likewise be submitted to the <i>ERC</i> on a monthly basis including contributors to and reasons for the <b><u>surplus or deficit or surplus, no later than ninety (90) business days from the last day of the billing period covered by the monthly summary report. The corresponding Value Added Tax (VAT) and interest amounts, as well as the date when the interests were earned or credited to the market operator, if any, shall similarly be included in the subject monthly summary report;</u></b> and  <b><u>b) The pertinent data covered by the subject monthly summary report shall also be submitted in MS Excel format; and</u></b>	For harmonization with Article VII Section 1 of ERC Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		<p><i>published in the market information website. A verified copy of the report shall likewise be submitted to the ERC on a monthly basis including contributors to and reasons for the deficit or surplus; and</i></p> <p>b) Annual report comparing the subject year and the preceding year's NSS levels and allocations, analysis of the factors and constraints giving rise to any NSS or deficit. This report shall be made available to the <i>WESM Participants</i> and will be submitted to the <i>PEM Board Directors</i> and the <i>ERC</i>.</p>	<p><del>b) Annual report comparing the subject year and the preceding year's NSS levels and allocations, analysis of the factors and constraints giving rise to any NSS or deficit. This report shall be made available to the <i>WESM Participants</i> and will be submitted to the <i>PEM Board Directors</i> and the <i>ERC</i>.</del></p> <p><b><u>The annual report on the NSS or NSD calculation and allocation shall be submitted no later than the 30<sup>th</sup> day of May immediately following the year in review, comparing the subject year and the preceding year's NSS levels and allocations, and analysis of the factors and constraints giving rise to any NSS or NSD. This report shall also be submitted to the market participants and to the <i>PEM Board</i>.</u></b></p>			
REPORTORIAL REQUIREMENTS	8.1.2	The <i>Market Operator</i> shall contract a qualified external auditor who shall conduct an annual audit of the NSS or deficit, the	<p><del>The <i>Market Operator</i> shall contract a qualified external auditor who shall conduct an annual audit of the NSS or deficit, the corresponding value added tax (VAT) and interest amounts as well as the procedure used by the <i>Market Operator</i>, and submit to the <i>ERC</i> the audit report immediately upon its completion but no later than three (3) months after the calendar year end.</del></p>	For harmonization with Article VII Sections 2 and 3 of ERC Resolution No.		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		corresponding value added tax (VAT) and interest amounts as well as the procedure used by the <i>Market Operator</i> , and submit to the <i>ERC</i> the audit report immediately upon its completion but no later than three (3) months after the calendar year end.	<p><u><b>The <i>Market Operator</i> shall comply with Clause 5.2.6 of the <i>WESM Rules</i> which requires, among others, the conduct of a <i>spot market</i> audit covering such items as enumerated under Clauses 5.2.6.1 to 5.2.6.4 of the <i>WESM Rules</i>. The audit shall also include the actual calculation of <i>NSS</i> or <i>NSD</i>, its breakdown into <i>NSS</i> or <i>NSD</i> due to loss and congestion, and its allocation, corresponding VAT and interest amounts, as well as the actual billing and collection.</b></u></p> <p><u><b>Such audit shall be conducted by a qualified third party auditor, and a quarterly report resulting therefrom shall be submitted to the <i>ERC</i> no later than ninety (90) business days after the billing period in review.</b></u></p>	7 Series of 2019		
REPORTORIAL REQUIREMENTS	8.1.3	DUs and RES, which are eligible recipients of any <i>NSS</i> amount shall also submit monthly report to the <i>ERC</i> of said amount and metered quantities including the corresponding report on <i>NSS</i> re-distributed to customers. For <i>Indirect WESM Members</i> , the responsibility of submitting report shall be borne by the corresponding <i>Direct WESM Members</i> representing the former.	<del>DUs and RES, which are eligible recipients of any <i>NSS</i> amount shall also submit monthly report to the <i>ERC</i> of said amount and metered quantities including the corresponding report on <i>NSS</i> re-distributed to customers. For <i>Indirect WESM Members</i>, the responsibility of submitting report shall be borne by the corresponding <i>Direct WESM Members</i> representing the former.</del>	This requirement is no longer provided in the <i>ERC</i> Resolution No. 7 Series of 2019		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		(new)	<p><b><u>SECTION 9 INTERESTS</u></b></p> <p><b><u>9.1 Should the Market Operator be unable to return the amount of the NSS due to be flowed back to appropriate WESM participants under these Rules during the period specified, the retained amount shall be imposed an interest at the rate of the prevailing 91-day Treasury Bill rate as published by the Bangko Sentral ng Pilipinas (BSP) plus 300 basis points, the return of which shall be in accordance with Article 4 of ERC Resolution No. 07 Series of 2019. Such interest shall not be passed on to the market participants.</u></b></p> <p><b><u>9.2 The DUs and RES, which are recipients of RES but are not complied with the re-distribution process under these rules during the period specified shall be subject to the interest at the rate of the prevailing 91-day Treasury Bill rate as published by the BSP plus 300 basis points, the return of which shall be in accordance with Article 4 of ERC Resolution No. 07 Series of 2019. The subject interest shall be on account of DUs and RES and shall not be passed on their respective customers.</u></b></p>	To harmonize with Article IX of ERC Resolution No. 07 Series of 2019, insert new section.		
		(new)	<p><b><u>SECTION 10 PENALTIES</u></b></p> <p><b><u>10.1 A penalty ranging from One Hundred Thousand Pesos (PhP100,000.00) to a maximum of Fifty Million Pesos (PhP50,000,000.00) shall be imposed on the following acts:</u></b></p> <p>a) <b><u>Failure to correctly implement NSS Rules, as amended, including the NSS or NSD formula;</u></b></p> <p>b) <b><u>Failure to submit documentary requirements as required under these rules;</u></b></p> <p>c) <b><u>Failure to conduct audits of the Market Operations and the settlement systems and</u></b></p>	To harmonize with Article X of ERC Resolution No. 07 Series of 2019, insert new section.		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
			<p><u>the other procedures, persons, systems or other matters relevant to the spot market as required under Section 1.5.2 of the WESM Rules and Section, Article VII of ERC Resolution No. 07 Series of 2019.</u></p> <p>d) <u>Non-submission or failure to submit on a timely basis, the required reports as provided in Article VII of ERC Resolution No. 07 Series of 2019;</u></p> <p>e) <u>Failure to act on and resolve adverse findings of NSS audit within ninety (90) days upon receipt by the ERC of the subject Quarterly Audit Report;</u></p> <p>f) <u>Submission of inaccurate NSS and other related data;</u></p> <p>g) <u>Unauthorized disclosure of NSS data; and</u></p> <p>h) <u>Failure to comply with the directives of the Commission pertinent to the implementation of the NSS Rules, as amended.</u></p> <p><u>10.2 The penalties stated in the preceding section shall be without prejudice to any civil, administrative, and criminal action that may be filed against the violation/s of these Rules.</u></p>			
Amendment, Publication and Effectivity	9	SECTION 9 AMENDMENT, PUBLICATION AND EFFECTIVITY  9.1 AMENDMENTS TO THIS MANUAL  xxx  9.2 PUBLICATION AND EFFECTIVITY	SECTION 9 <b>11</b> AMENDMENT, PUBLICATION AND EFFECTIVITY  9 <b>11.1</b> AMENDMENTS TO THIS MANUAL  xxx  9 <b>11.2</b> PUBLICATION AND EFFECTIVITY  xxx	Re-numbering		

WESM Manual on the Management of Net Settlement Surplus						
Title	Clause	Provision	Proposed Amendment	Rationale	Stakeholder Comment	Stakeholder Rationale
		xxx				