



Republic of the Philippines
DEPARTMENT OF ENERGY

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DEPARTMENT CIRCULAR NO. DC 2013-03-0005

ADOPTING FURTHER AMENDMENTS TO THE WESM RULES
(Registration and Settlement Provisions of the WESM Rules)

WHEREAS, on 31 August 2012, the Philippine Electricity Market Corporation (PEMC) submitted its proposed changes to the Registration and Settlement Provisions of the Wholesale Electricity Spot Market (WESM) Rules to the Rules Change Committee (RCC) for consideration and approval;

WHEREAS, the PEMC proposed amendment aims to qualify the term "business day" in relation to specific registration and settlement processes and to enhance the procedure formulation of certain clauses of the WESM Rules on Settlement Quantities and Amounts for clarity, to address the findings in the second market operations audit;

WHEREAS, the RCC thoroughly discussed and deliberated the proposed amendments in its 66th Meeting (05 September 2012) and 67th Meeting (03 October 2012) and published the proposal, incorporating the revisions/inputs during the said Meetings, in the WESM website to solicit comments from participants and other interested parties;

WHEREAS, on 14 November 2012, the RCC in its 68th Meeting deliberated upon the comments submitted and affirmed its 03 October 2012 approval of the proposed amendments for endorsement to the PEM Board;

WHEREAS, on 21 January 2013, after discussion, the PEM Board has resolved to approve for endorsement to the DOE the above stated changes to the WESM Rules;

NOW THEREFORE, pursuant to its authority under the WESM Rules, the DOE hereby issues, adopts and promulgates the following amendments to the WESM Rules:

Section 1. Amendments to the WESM Rules.

- 1.1 Clause 2.5.3.1 under Further Information to Assess Application is amended to read -

Within five *Working Days* of receiving an application, the *Market Operator* shall advise the applicant of any further information which the *Market Operator* reasonably considers to be required to enable the *Market Operator* to properly assess the application.

- 1.2 Clause 2.5.3.2 under Further Information to Assess Application is amended to read –

If the *Market Operator* has not received any further information as required under clause 2.5.3.1 within the next fifteen *Working Days*, the *Market Operator* may treat the application as withdrawn.

- 1.3 Clause 2.5.5.1 under Notice of Approval of Application is amended to read –

If the *Market Operator* approves an application under clause 2.5.4, the *Market Operator* shall send written notice of approval to the applicant within fifteen *Working Days* from receipt of: xxx

- 1.4 Clause 2.5.5.2 under Notice of Approval of Application is amended to read –

The registration of the applicant shall take effect on the date specified in the notice of approval which shall be a date not more than seven days *Working Days* after the date on which the *Market Operator* sends the notice of approval under clause 2.5.5.1.

- 1.5 Clause 2.5.6.1 under Notice of Approval of Non-Application is amended to read –

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If the *Market Operator* does not approve an application for registration in a category to which an application relates, the *Market Operator* shall send within fifteen (15) *Working Days* written notice to the applicant advising the applicant that the application is not approved and the *Market Operator* shall give reasons for its decision.

- 1.6 Clause 2.5.6.2 under Notice of Approval of Non-Application is amended to read –

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The DOE and ERC shall, in all instances, be provided a copy of such written notice within five (5) *Working Days* after issuance to the applicant.

- 1.7 Clause 3.13.5.1 under Defining the Gross Ex-Ante Energy Settlement Quantity for Market Trading Nodes is amended to read –

For each *trading interval*, the gross *ex-ante energy settlement quantity* before being adjusted for bilateral contracts for each *market trading node* shall be determined by the *Market Operator* as follows:

- (a) If the *market trading node* is defined under clause 3.2.2.1 as lying on the boundary of the *power system* operated by the *System operator*, the gross *ex-ante energy settlement quantity* for that *market trading node* is the average of the net expected flows into the *power system* operated by the *System operator*

through the associated *meter*, as estimated by the initial conditions assumed for the beginning of the *trading interval*, and by the *forecast*, or target, for the end of that *trading interval* for that *market trading node* assumed in, or estimated by , the *dispatch optimization* performed prior to the beginning of that *trading interval*;

- (b) If the *market trading node* is defined under clause 3.2.2.2 as a *generator node* lying on the interface between *networks*, apparatus or equipment operated by parties other than the *System operator*, the gross *ex-ante energy settlement quantity* for the *market trading node* is the average of the net expected flows through the associated meter from the *Generating Company* to the *Customer* side of the *meter*, as estimated by the initial conditions assumed for the beginning of that *trading interval*, and by the target generation for the end of that *trading interval* for that *generator node*; and

xxx xxx xxx

- 1.8 Clause 3.13.7 under Energy Settlement Quantity Adjustments for Bilateral is amended to read –

For settlement purposes, the *ex-ante energy settlement quantity* for any *market trading node* in any *trading interval* shall be determined by the *Market Operator* by adjusting the gross *-ex-ante energy settlement quantity* for that *market trading node* and any *trading interval*, as measured in accordance with clause 3.13.5, for bilateral contract quantities notified to the *Market Operator* under clause 3.13.1.1, or inferred by the *Market Operator* under clause 3.13.1.1 and accepted as valid under clause 3.13.1.2 by:

xxx xxx xxx

- 1.9 Clause 3.13.9 under Determining the Ex Post Energy Trading Amount is amended to read –

For *settlement* purposes, the *ex post energy trading amount* for each *market trading node* and *trading interval* will be determined as:

- (a) The *ex-post energy settlement price* for that node in that *trading interval* multiplied by the gross *ex-post energy settlement quantity* for that node in that *trading interval* (in MWh) as adjusted in accordance with clause 4.5.2.2; minus
- (b) The *ex-post energy settlement price* for that node in that *trading interval* multiplied by the gross *ex-ante energy settlement quantity* for that node in that *trading interval* (in MWh).

- 1.10 Clause 3.13.12 under Calculation of Line Rental Trading Amounts is amended to read –

The *Market Operator* shall calculate the line rental trading amounts for each bilateral contract associated with the delivery of the bilateral contract quantities (BCQ) through the *transmission line* in the *market network model* as:

xxx xxx xxx

- 1.11 Clause 3.13.17.1 under Settlement Amounts for Trading Participants with Bilateral Contracts is amended to read –

For each billing period, the *Market Operator* shall determine the settlement amount for each trading participant with bilateral contract as the sum of the aggregate trading amounts for the trading intervals in that billing period, determined in accordance with clause 3.13.17.2 plus:

- (a) Any amount payable by the *Market Operator* to that *Trading Participant* in respect of that billing period and not accounted for in clause 3.13.17.2, including payment for any ancillary services purchased on behalf of the *System Operator*, less the sum of

xxx xxx xxx

- 1.12 Clause 3.14.4.1 under Preliminary Statements is amended to read –

Within 7 days after the end of each billing period, the *Market Operator* shall give each *WESM member* who has engaged in market transactions in that billing period a preliminary statement which sets out the market transactions of that *WESM member* in that billing period and the settlement amount payable by or to that *WESM member*.

If the seventh day falls on a *Non-Working Day*, the issuance of the preliminary statements shall be made during the next immediate *Working Day*.

- 1.13 Clause 3.14.4.4 under Preliminary Statements is amended to read –

If the *Market Operator* considers that a preliminary statement contains an error or discrepancy after reviewing the preliminary statement, as notified by a *WESM member* pursuant to clause 3.14.4.3 or as independently identified by the *Market Operator*, the *Market Operator* shall ensure that correction of any error or discrepancy is reflected in the relevant final statements, provided that corrections requiring the input of an external party are received by the *Market Operator* at least two *Working Days* before the deadline of the issuance of the final statements. If the *Market Operator* receives notice of an error, discrepancy or correction of an earlier identified error after their relevant deadlines, clause 3.14.9.2 shall apply.

- 1.14 Clause 3.14.5.1 under Final Statements is amended to read –

No later than eighteen days after the end of each billing period, the *Market Operator* shall give to each *WESM member* who has engaged in market

transactions in that billing period a final statement stating the amounts payable by the WESM member to the *Market Operator* or payable by the *Market Operator* to the *WESM member* in respect of the relevant billing period.

If the eighteenth day falls on a *Non-Working Day*, the issuance of the final statements shall be made during the next immediate *Working Day*.

- 1.15 Clause 3.14.6 under Payment by Trading Participants is amended to read –

No later than 3.00 pm on the twenty-fifth day of the calendar month following the billing period, each WESM member shall pay to the *Market Operator* in cleared funds the settlement amount (if any) stated to be payable to the *Market Operator* by that *WESM member* in that *WESM member's* final statement, whether or not the *WESM member* disputes, or continues to dispute, the amount payable.

If the twenty-fifth day of the calendar month following the billing period falls on a *Non-Working Day*, the payment due date shall be moved to the next immediate *Working Day*.

- 1.16 Clause 3.14.7 under Payment to Trading Participants is amended to read –

On the following *Working Day* after the *Market Operator* is to be paid under clause 3.14.6, and in accordance with the schedule set in the billing and settlements timetable, the *Market Operator* shall pay to each *WESM member* in cleared funds the settlement amount (if any) stated to be payable in that *WESM member's* final statement.

xxx xxx xxx

- 1.17 Clause 3.14.10.3 under Payment of Adjustments is amended to read –

On the following *Working Day* on which the *Market Operator* is to be paid under clause 3.14.10.2, the *Market Operator* shall pay to each *WESM Member* in cleared funds the net amount (if any) stated to be payable to that *WESM member* in the revised statement issued to it under clause 3.14.9.

- 1.18 Glossary Chapter 11 is amended to read –

xxx xxx xxx

Ex-Post Energy Settlement Quantity. The amount determined by the *Market Operator* in accordance with clause 3.13.6.

xxx xxx xxx

Working Day. A day (excluding Saturdays and Sundays) on which banks and financial institutions are open in the city nor municipality where the principal offices of the *Market Operator* are located.

Non-Working Day. A day which is not a *Working Day*.

Section 2. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain in full force and effect.

Section 3. Effectivity. This Circular shall take into effect immediately following its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Issued this _____ at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


CARLOS JERICHO L. PETILLA
Secretary



Republic of the Philippines
DEPARTMENT OF ENERGY

IN REPLYING PLS CITE:

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