



Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

ADVISORY

TO : Wholesale Electricity Spot Market (WESM) Participants
Independent Electricity Market Operator of the Philippines (IEMOP)
Philippine Electricity Market Corporation (PEMC)
National Grid Corporation of the Philippines (NGCP)

FROM : Secretary Raphael P.M. Lotilla

CC : Energy Regulatory Commission (ERC)

SUBJECT : Continuation of Preparatory Activities for the Commercial Operations of the Reserve Market

DATE : **DEC 22 2023**

Pursuant to Section 1.1 of Department of Energy (DOE) Department Circular (DC) No. DC2023-09-0026 titled "*Declaring the Commercial Operations of the Reserve Market and Providing Further Policies*", the Market Operator, in coordination with the System Operator, commenced the final preparations for the Commercial Operations of the Reserve Market on 28 September 2023. DC No. DC2023-09-0026 also provides that the WESM Governance Arm shall issue a certification on the completeness of the preparations which shall include audit of the systems and readiness of the participants.

To date, the final preparations for the commercial operations have been substantially completed. However, the WESM Governance Arm is yet to issue the corresponding certification pending the software certification by the Independent Auditor and the ERC is still reviewing the simulations on additional constraints duly submitted by the IEMOP for the approval of the Price Determination Methodology.

To ensure the continuity of the preparations, particularly the familiarization of the Trading Participants and the System Operator with the Reserve Market environment, the Market Operator, the System Operator, and all Trading Participants are hereby directed to continue the final preparatory activities in accordance with the attached Annex A – Operating Procedures for the Central Scheduling and Dispatch of Contracted Ancillary Services (AS). Said procedures shall continue to be implemented until the full commercial operations of the Reserve Market to be declared by the DOE.

In addition, the Market Operator shall:

1. Publish all market data related to the Reserve Market as prescribed in the relevant WESM Rules and Market Manuals; and
2. Execute mock settlements and reconciliation using their Enhanced Market Systems in coordination with the System Operator and the Ancillary Service Providers in accordance with the WESM initial and final settlement timelines.

Meanwhile, the Enforcement and Compliance Office shall test and ensure the readiness of its facilities for the monitoring of compliances prescribed in the WESM Manual for AS Compliance Monitoring upon the full commercial operations of the Reserve Market pursuant to DC No. DC2023-09-0026.

The PEMC, as the WESM Governance Arm, is likewise directed to closely monitor and undertake necessary actions towards certifying the completion of the remaining requirements for the full commercial operations of the Reserve Market.

For other concerns and clarifications, kindly coordinate directly with DOE's Electric Power Industry Management Bureau (EPIMB) through telephone nos. (02) 8840-1173 and (02) 8479-2900 local 264/387 or e-mail at pmdd.wesm@doe.gov.ph.

Please be guided accordingly.


RAPHAEL P.M. LOTILLA
Secretary



Operating Procedures for the Central Scheduling and Dispatch of Contracted Ancillary Services Using the Enhanced Systems of the Market Operator and System Operator Starting 26 December 2023

Time	Target Trading Day	Responsible Party	Procedure
By 13:00	For the Next Trading Day	Market Operator	Provide updated market projections that shall be used as reference by the System Operator (SO) in determining the reserve requirements for the next trading day.
By 14:00	For the Previous Trading Day	System Operator	Submit all dispatch instructions for the previous trading day.
By 16:00	For the Previous Trading Day	System Operator	Submit the final list of scheduled and contracted Ancillary Services for the previous trading day.
By 17:00	For the Next Trading Day	System Operator	Provide the Day-Ahead Ancillary Service Schedule (DAASS) of each Ancillary Service (AS) Provider, which includes each AS facility's approved MW reserve schedule for a certain reserve type and its committed mode of operations for each trading hour.
By 19:00	For the Next Trading Day	Trading Participant	Update the generation and reserve offers of each scheduled AS facility for the next trading day. <ul style="list-style-type: none"> ○ The generation offer should represent the maximum available capacity of the AS facility, including the scheduled reserve capacity from the SO's DAASS <ul style="list-style-type: none"> ● The generation offer should also indicate the committed mode of operation of the AS facility for each trading hour based on NGCP's DAASS. ○ The reserve offer should contain only two segments (one offer block) that should be priced at PHP0/MWH. ○ For AS facilities scheduled for regulating reserve: <ul style="list-style-type: none"> ● Half of the DAASS should be offered for Regulation Up (RU)

Annex A

Time	Target Trading Day	Responsible Party	Procedure
			<ul style="list-style-type: none"> • The remaining half of the DAASS should be offered for Regulation Down (RD) ○ For AS facilities scheduled for contingency or dispatchable reserve, the MW offer block should equal to the DAASS.
By 20:30	For the Next Trading Day	Trading Participant Market Operator System Operator	The Trading Participant shall assess the results of the 2000H DAP to check if their reserve offers were appropriately scheduled for the next trading day . Should there be inconsistencies, they shall immediately report it to the Market Operator for assessment and resolution in coordination with the System Operator.
Real-Time	For the Current Trading Day	AS Facility Operating on Automatic Generation Control (AGC)	AS Facilities shall ensure that their facility's operational settings are adequately set to receive dispatch commands from the System Operator via AGC.
Real-Time	For the Current Trading Day	AS Facility Operating on Local Control	AS Facilities that committed to operate via Governor Control Mode (GCM) or Active Power Frequency Control (APFC) shall ensure that their facility's operational settings are adequately set to respond to frequency-driven events as expected for their scheduled reserve type.
Real-Time	For the Current Trading Day	Market Operator	Collect real-time data to determine compliances with the reserve conformance standards (RCS) as prescribed in the draft WESM Manual for AS Compliance Monitoring. The Market Operator shall submit relevant data and information to the Enforcement and Compliance Office.
Within the Current Trading Day	For the Previous Trading Day	Market Operator	Publish all market data related to the reserve market for the previous trading day as prescribed in the relevant WESM Rules and Market Manuals.