

PUBLIC

## WESM Manual

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# Penalty Manual Issue No. 2.0

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Abstract	This Manual sets out the <i>penalty</i> system that is applied in cases of <i>breach</i> of the WESM Rules and the Retail Rules and their implementing <i>Market Manuals</i> . This Manual also provides for the procedures for imposition of <i>penalties</i> and the responsibilities of concerned persons or entities.
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1.0	Market Surveillance Committee		Original ( <i>The original manual was the WESM Financial Penalty Manual Issue 1.0.</i> )
2.0	PEMC		The amendment was made for the following reasons – <ol style="list-style-type: none"> <li>1) To rationalize the process of determining applicable <i>penalties for breach</i>;</li> <li>2) To specify the acts or omissions that can constitute a <i>breach</i> which is subject to <i>penalties</i>;</li> <li>3) To include <i>breach</i> of the Retail Rules and <i>Market Manuals</i> in the scope of the WESM <i>penalty</i> system; and</li> <li>4) To further clarify the responsibilities of various parties in implementing the WESM <i>penalty</i> system; and</li> <li>5) To align the <i>penalty</i> system in accordance with changes to the enforcement and compliance processes in the WESM.</li> </ol>

DOCUMENT APPROVAL				
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REFERENCE DOCUMENTS	
Document ID	Document Title
	Wholesale Electricity Spot Market Rules (WESM Rules)
	Rules for the Integration of Retail Competition in the Wholesale Electricity Spot Market (Retail Rules)
	WESM Enforcement and Compliance Manual
	WESM Dispatch Protocol
	WESM Price Determination Methodology
	WESM Manual on Management of Must Run and Must Stop Units
	WESM Registration Manual

## Table of Contents

<b>SECTION 1 INTRODUCTION</b>	<b>5</b>
1.1 Legal Framework	5
1.2 Purpose and Scope	6
1.3 Applicability and Enforceability	7
<b>SECTION 2 DEFINITIONS, REFERENCES AND INTERPRETATION</b>	<b>8</b>
2.1 Definitions	8
2.2 References	8
2.3 Interpretation	8
<b>SECTION 3 RESPONSIBILITIES</b>	<b>9</b>
3.1 Philippine Electricity Market Corporation	9
3.2 PEMC President	9
3.3 Market Surveillance Committee	9
3.4 Enforcement and Compliance Office	9
3.5 Market Operator	9
3.6 System Operator	10
3.7 Other Service Providers	10
3.8 WESM Members	10
<b>SECTION 4 PENALTY SYSTEM</b>	<b>11</b>
4.1 Principles	11
4.2 Penalty Assessment	12
4.3 Description of <i>Penalty</i> Levels	13
4.4 Exclusion: Suspension & Deregistration	14
4.5 Qualifying Circumstances	15
4.6 Penalty Levels	19
4.7 Level 1 - Reprimand	21
4.8 Level 2 - Financial Penalties	22
4.9 Level 3 – Escalated Financial Penalties	23
4.10 Suspension	24
4.11 Exclusion - Deregistration	25
4.12 Compliance Monitoring and Assessment	26
4.13 Request For Reconsideration of the Decision of the PEM Board	31
4.14 Submission of Reports	32

<b>SECTION 5</b>	<b>SCHEDULE OF BREACH AND PENALTIES</b>	<b>34</b>
<b>SECTION 6</b>	<b>UTILIZATION OF FINANCIAL PENALTY</b>	<b>56</b>
<b>SECTION 7</b>	<b>AMENDMENT, REPEALING CLAUSE, PUBLICATION AND EFFECTIVITY</b>	<b>56</b>
7.1	Amendments	56
7.2	Effectivity and Publication	57
<b>SECTION 8</b>	<b>GLOSSARY</b>	<b>58</b>
<b>APPENDIX I</b>		<b>60</b>

**SECTION 1 INTRODUCTION****1.1 LEGAL FRAMEWORK**

- 1.1.1 The WESM Rules authorize the imposition of *penalties* for *breach* of the rules and supporting *Market Manuals*. The inclusion of such authority in the WESM Rules is pursuant to Section 30 of Republic Act No. 9136 (otherwise known as the Electric Power Industry Reform Act of 2001 or EPIRA) and its implementing rules and regulations (EPIRA-IRR).
- 1.1.2 Section 30 of Republic Act No. 9136 expressly provides that the WESM Rules shall provide for, among other things, the surveillance and assurance of compliance of the participants with the rules. This is reiterated in Rule 9, Section 5 (c) of the EPIRA-IRR. The WESM Rules shall be formulated to provide adequate *penalties* in cases of *breaches* of the WESM Rules (Section 5 [b] (iv), Rule 9).
- 1.1.3 Pursuant to this legal mandate, WESM Rules Clause 1.6.3 (Chapter 1)<sup>1</sup>, provides that the Market Surveillance Committee shall design the *penalty* levels and appropriate range of *penalties* that will be applied for *breaches* of the WESM Rules. This is to be done in consultation with the Rules Change Committee and the PEM Board. The *penalty* levels and ranges are to be reviewed by the Market Surveillance Committee from time to time and as may be necessary.
- 1.1.4 Clause 7.2 (Chapter 7) of the WESM Rules, meanwhile, provides for the manner of enforcement of the WESM Rules, particularly the requirements and procedures that are to be followed before *penalties* can be imposed for *breach* of the WESM Rules, and the manner by which the *financial penalties* collected shall be managed and utilized.
- 1.1.5 Meanwhile, the *Rules for the Integration of Retail Competition in the Wholesale Electricity Spot Market* (otherwise known as the Retail Rules) expressly provide in its Clause 1.5.1 that the provisions of Chapter 1 of the WESM Rules shall apply with respect to the governance of the integration of retail competition, the

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<sup>1</sup> WESM Rules clauses 1.6.3 is being amended and transferred to WESM Rules Section 7.2.

operations of the Central Registration Body and the transactions in the WESM of contestable customers and retail electricity suppliers. Furthermore, Clause 1.7 of the Retail Rules expressly provide that Chapter 7 of the WESM Rules shall apply in respect to the enforcement of the Retail Rules.

- 1.1.6 The authority to impose *penalties* under the WESM Rules is without prejudice to the original jurisdiction of the Energy Regulatory Commission to enforce the WESM Rules and to impose fines and *penalties* in case of violations of the EPIRA.

## 1.2 PURPOSE AND SCOPE

- 1.2.1 This Manual sets out the following –

- a) Provisions of the WESM Rules, the Retail Rules and their implementing *Market Manuals* (collectively referred to as *Market Rules*) which, if not complied with, will constitute a *breach* and correspondingly, the types of *breach* that are subject to *penalties* under this Manual;
- b) Categories and levels of *penalties* that will be applied for each type of *breach*, and qualifying circumstances that will be considered in determining the *penalty* that will apply in case of *breach*;
- c) Procedures for and respective obligations of responsible persons or entities in implementing *penalties* imposed under this Manual and remedies available to the *WESM Members* in case there is a finding of *breach*; and
- d) Guidelines and procedures for the utilization of *penalty fund*, formulation and approval of a *utilization plan* that contains the details of the projects and activities that shall be funded from the *penalty fund*, and the requirements for the maintenance and audit of the *penalty fund*.

- 1.2.2 This Manual applies to all *WESM Members* and in all grids where the WESM is in operation.

- 1.2.3 This Manual covers only the *penalty* system, the manner of assessment and implementation of *penalties*, the remedies available to the *WESM Members* in case there is a finding of *breach*, and the utilization of the *financial penalties* collected for *breach* of the *Market Rules*. The rules, guidelines and procedures pertaining to enforcement of the *Market Rules*, and investigations of *breaches* are not covered by this Manual.

### 1.3 APPLICABILITY AND ENFORCEABILITY

- 1.3.1 This Manual, and the *penalty* system set out, applies to *breach* of the *Market Rules*.
- 1.3.2 This Manual and the *penalty* system shall not apply to *breach* of other rules, regulations or issuances which do not form part of the *Market Rules*, regardless of whether such other rules, regulations or issuances also govern the behavior of parties and their transactions in the WESM.
- 1.3.3 This Manual, including the *penalty* system set out, applies to and is binding on all *WESM Members*. By having registered in the WESM, a *WESM Member* is deemed or considered bound by the *Market Rules*.
- 1.3.4 This Manual is enforceable according to its provisions and by authority derived from the *Market Rules*.

**SECTION 2 DEFINITIONS, REFERENCES AND INTERPRETATION****2.1 DEFINITIONS**

- 2.1.1 All terms and abbreviations used in this Manual that are defined in the *Market Rules* shall have the same meaning as defined in the said rules.
- 2.1.2 Where italicized the term or abbreviation shall have the definition given in the Glossary of this Manual.

**2.2 REFERENCES**

This Manual shall be read in conjunction with the *Market Rules* approved for use in the WESM and for the integration of retail competition in the WESM, including but not limited to the documents listed in the Reference Documents table of this Manual.

**2.3 INTERPRETATION**

Unless otherwise stated in this Manual, the rules of interpretation set out in Chapter 9 of the WESM Rules shall also apply to this Manual.



**SECTION 3 RESPONSIBILITIES****3.1 PHILIPPINE ELECTRICITY MARKET CORPORATION**

The PEMC shall oversee the administration and implementation of this Manual. This responsibility is subject only to the limitations set out in this Manual.

**3.2 PEMC PRESIDENT**

The *PEMC President* shall sign all notices pertaining to penalties that are required to be issued under this Manual, except those notices authorized to be issued by the *Enforcement and Compliance Office* under Section 4.12.1 hereof, and shall exercise this authority on behalf of the PEM Board.

**3.3 MARKET SURVEILLANCE COMMITTEE**

The Market Surveillance Committee shall be responsible for the design of this Manual. It shall regularly review the levels and range of *penalties* as set out in this Manual. From time to time and as may be necessary, the Market Surveillance Committee shall submit to the Department of Energy its proposed amendments thereto, in consultation with the WESM Members, Rules Change Committee and the PEM Board.

**3.4 ENFORCEMENT AND COMPLIANCE OFFICE**

The Enforcement and Compliance Office shall issue a *Notice of Specified Penalty*, as appropriate, after the conduct of compliance monitoring and assessment, implement all other notices, resolutions or decisions, as the case may be, issued pursuant to this Manual, including service of the same to the *WESM Member* concerned and appropriate persons or entities, monitoring and ensuring compliance with the imposed *penalties*, and shall have custody of all notices, reports and records created and issued pursuant to this Manual.

**3.5 MARKET OPERATOR**

The Market Operator shall implement the notice of *penalties* served on it in accordance with this Manual, and shall carry out any action required of it under any notice that is issued and served pursuant to this Manual.

### **3.6 SYSTEM OPERATOR**

The System Operator shall faithfully and timely implement any action or measure required of it under any notice that is issued and served pursuant to this Manual.

### **3.7 OTHER SERVICE PROVIDERS**

Other service providers in the WESM, including but not limited to the Network Service Providers and the Metering Service Providers, shall faithfully and timely implement any action or measure required of them under any notice that is issued and served pursuant to this Manual.

### **3.8 WESM MEMBERS**

A *WESM Member* that is served a notice, resolution or decision pursuant to this Manual shall faithfully and timely comply with the requirements or directives thereunder, including but not limited to the payment of *financial penalties*, taking of remedial actions or measures and compliance with other directives. Failure to comply with such requirements or directives shall be subject to additional *penalties* pursuant to Section 5, i.e. Breaches (10) and (11), of this Manual.

**SECTION 4 PENALTY SYSTEM****4.1 PRINCIPLES**

4.1.1 **Imposition of Penalties by ECO.** The Enforcement and Compliance Office shall advise the *PEMC President* and the Market Surveillance Committee of the specified *penalty* to be imposed upon the WESM Member concerned based on the results of the compliance monitoring and assessment conducted by the Enforcement and Compliance Office in accordance with Clause 7.2 of the WESM Rules and the WESM Enforcement and Compliance Manual. The PEM Board, the *Energy Regulatory Commission* and the *Department of Energy* shall be provided with the monthly status or summary report of the compliance monitoring and assessment activities of the Enforcement and Compliance Office.

4.1.1.1. The specified *penalty* to be imposed shall be in accordance with Sections 3, 4, and 5 of this Manual.

4.1.1.2. The following *penalties* shall be additionally imposed upon the WESM Member concerned in case of failure to comply with the requirements and directives of the notice, resolution or decision, as the case may be:

- a) Penalty interest in case of non-payment by a *WESM Member* of the *financial penalties* imposed on it as a consequence of a *breach*; and/or
- b) Penalties in case of non-compliance by a *WESM Member* with the remedial measures required to be implemented by it under a *Notice of Specified Penalty* issued under this Manual or a notice issued pursuant to the WESM Enforcement and Compliance Manual.

4.1.2 **Imposition of Penalties by the PEM Board.** These penalties are imposed by the PEM Board based on the results of the investigation of the *Enforcement and Compliance Office* arising from the request for investigation by the *WESM Member, Market Operator, or System Operator*. It is carried out in the accordance with this Manual and is based on the recommendations of the *Market Surveillance Committee*. The latter submits recommendations based on

its findings of facts on an investigation which, in turn, is based on its review of the results of the investigations by the *Enforcement and Compliance Office*.

4.1.3 **Non-compliance or breach subject of penalties.** Penalties under this Manual may be imposed only in any of the following cases –

4.1.3.1. *Breach* of the *Market Rules* that are specified as such under the Schedule of Breach and Penalties of this Manual; or

4.1.3.2. *Breach* of provisions of the *Market Rules* which specifically provide for the imposition of *penalties* pursuant to Chapter 7 or Clause 7.2 of the WESM Rules or the WESM Penalty Manual in case of non-compliance, regardless that the *breach* is not among those specified in the Schedule of Breach and Penalties of this Manual.

4.1.4 **Persons or entities subject of penalties.** *Penalties* are imposed on the persons or entities that are registered as *WESM Members* and not to the individuals or entities that act on behalf of the *WESM Members*. This is pursuant to WESM Rules Clause 7.2.6 which recognizes that the act or omission of any partner, agent, officer, employee or any person acting for or in behalf of a *WESM Member*, constituting a *breach* of the WESM Rules, shall be considered an act or omission of the *WESM Member*. By having been registered as *WESM Members*, these persons or entities are expected to comply with the WESM Rules and be subject of *penalties* in case of *breach*.

4.1.5 **No dispute resolution.** The imposition of *penalties* under this Manual cannot be subject to dispute resolution under the provisions of the *Market Rules* and other relevant laws, rules and regulations on alternative dispute resolution. However, a *WESM Member* may avail of the remedies for seeking a reconsideration and appeal from an adverse decision in accordance with Section 4.13.

## 4.2 PENALTY ASSESSMENT

4.2.1 *Penalty* is assessed for each count of *breach*, regardless that more than one count of *breach* may be included in a single *Notice of Specified Penalty*.

4.2.2 **By registered facility.** Where an obligation is required to be performed for each registered facility, such as a generating unit or customer facility, one count

of *breach* is committed for each facility for which an obligation is not performed. For generating units and customer facilities, the identification of the facility shall be in accordance with how such is represented in the market network model prevailing at the time the *breach* occurred. Thus, for a generating plant that is represented by its component units or by blocks or by aggregated units, a *breach* is determined for each unit, or block, or aggregated units that is found in *breach*.

- 4.2.3 **By occurrence.** Where an obligation is required to be performed on a periodic basis, e.g., by dispatch interval, or hourly, or weekly, etc., one count of *breach* is determined for each time that an obligation is not performed, except when the relevant implementing Market Manuals provide a different manner of determining the number of breach/es. For example, if an obligation is required to be carried for each dispatch interval, a *breach* is counted for each dispatch interval that the obligation is not carried out. This is regardless that the act or omission constituting the *breach* appears to be continuing or is committed repeatedly over successive periods, as each period that the obligation is not performed constitutes a separate *breach*. To illustrate, where an obligation is required to be performed for each dispatch interval and a failure to perform that obligation occurs in five (5) successive intervals, then there will be five (5) separate counts of *breach* as the non-compliance in each interval are considered as separate acts and not a single continuous act, except when the relevant implementing *Market Manuals* provide a different manner of determining the number of *breach*.
- 4.2.4 **By registered WESM Member.** *Penalty* is imposed on the person or entity that is registered as a *WESM Member*. Where a *breach* pertains to a registered facility, the *penalty* shall be imposed on the *WESM Member* that has registered and that transacts that facility in the WESM. Where the *Market Rules* provide for solidary liability, the *penalty* shall be imposed on all *WESM Members* that have such solidary liability.

### 4.3 DESCRIPTION OF *PENALTY* LEVELS

- 4.3.1 The WESM *penalty* system consists of three (3) *penalty* levels. The *penalty* level to be imposed will depend on the nature of the *breach* and the circumstances surrounding the *breach*. The specific *penalty* levels to be imposed for each type of *breach* are provided for in the Schedule of Breach and Penalties of this Manual.

- 4.3.2 **Level 1 - Reprimand** is a notice to the *WESM Member* that a *breach* has been committed, and enjoins the *WESM Member* from doing the same or similar act or omission that constituted the *breach*. This shall be embodied in a *Notice of Reprimand*.
- 4.3.3 **Level 2 - Financial Penalties.** *Financial penalties* are pre-set amounts according to each type of *breach*, and are as stated in the Schedule of Breach and Penalties of this Manual. The *financial penalty* may be a fixed amount or formula-based. A *Notice of Financial Penalty* is issued stating the amount of *penalty* that is being imposed.
- 4.3.4 **Level 3 – Escalated Financial Penalties.** Under certain *breaches*, a higher *financial penalty* shall be imposed. The higher *financial penalty* amounts and the conditions under which they may be imposed are as stated in the Schedule of Breach and Penalties of this Manual. A *Notice of Escalated Financial Penalty* is issued stating the amount of *financial penalty* being imposed and reason for applying the escalated amount.

#### 4.4 EXCLUSION: SUSPENSION & DEREGISTRATION

Notwithstanding the penalty levels under Section 4.3 of this Manual, Suspension and Deregistration may also be imposed as penalty for breaches explicitly specified under the Market Rules.

- 4.4.1. **Suspension.** A *WESM Member* found in *breach* may be suspended from participating or from providing service in the WESM, and if applicable, be disconnected from the grid until the suspension is lifted. A *Notice of Suspension* is issued
- 4.4.2. **Deregistration.** A *WESM Member* that has already been suspended for *breach*, may be ordered deregistered from the WESM, and, if applicable, be disconnected from the grid. A *Notice of Deregistration* is issued.
- 4.4.3. Where the *breach* giving rise to suspension or deregistration pertains to a facility, i.e., generating unit or customer facility, the suspension or deregistration shall pertain only to that facility, and not to other registered facilities of the *WESM Member* found in *breach*.

- 4.4.4. If the *WESM Member* being suspended or deregistered is registered in the WESM under multiple membership categories, the suspension or deregistration shall pertain only to the membership category under which the *breach* was committed. Take, for example, a generation company registered as a generation company trading participant with one registered generation facility and as a retail electricity supplier. If the company *breaches* its obligation to submit generation offers, which is an obligation pertaining to generation companies, it shall be suspended or deregistered as a generation company trading participant but not as a registered retail electricity supplier.

#### 4.5 QUALIFYING CIRCUMSTANCES

- 4.5.1 Each type of *breach* may warrant imposition of different *penalty* levels depending on the qualifying circumstances surrounding the *breach*. Such circumstances can determine whether or not a higher or lower *penalty* level will be applied. The presence of the qualifying circumstances will be considered for each occurrence of *breach*. The qualifying circumstances that will apply to each type of *breach* is presented in the Schedule of Breach and Penalties of this Manual. The qualifying circumstances that will be considered are as described in this section.
- 4.5.2 **Frequency of occurrence.** This circumstance indicates persistence of the non-compliance by a *WESM Member*. Where a *WESM Member* has more than one (1) facility registered in the WESM, frequency of occurrence shall be determined for each registered facility. The frequency level and other conditions corresponding to each of the following categories are set out in the Frequency of Occurrence Matrix in Table 1 of this Manual.
- 4.5.2.1. **First-time occurrence.** A *breach* is considered as having occurred for the first time –
- a) if the *WESM Member* has not been found to have previously committed the same type of *breach* in respect to the facility involved in the *breach* reckoned from the date of the registration in the WESM of that *WESM Member* regardless of whether that member has registered more than one facility; or
  - b) If the type of *breach* pertains to a new provision of the *Market Rules*, or a substantial amendment of an existing provision, and

the *WESM Member* has committed that type of *breach* for the first time since the promulgation of the new provision of the *Market Rules*. For this purpose, there is substantial amendment if the amendment resulted in a change in the nature or elements of the *breach*. It is provided, however, that the *breach* is not considered as having occurred for the first time if it occurs for the duration of an exemption period that is granted to the *WESM Member*, or a moratorium period from imposition of *penalties* that has been allowed to all *WESM Members* pertaining to that type of *breach*.

- 4.5.2.2. **Isolated occurrence.** The act or omission constituting the *breach* is an isolated incident and the circumstances surrounding the *breach* do not indicate persistence or repetitive acts or omissions of the same nature by the *WESM Member*. The frequency of occurrence and the reference period for determining whether an occurrence is isolated is presented in the Frequency of Occurrence Matrix. Non-compliances occurring during periods when a *WESM Member* has been granted exemption under prevailing *Market Rules* will not be considered.
- 4.5.2.3. **Recurring or repetitive occurrence.** The occurrence of a *breach* is considered repetitive or recurring if the same type of *breach* is committed more often than the frequency level set to qualify it as an isolated occurrence within a reference period. That is, the occurrence must not qualify as an isolated occurrence before it can be considered as repetitive or recurring. The frequency and reference period to qualify an occurrence as repetitive or recurring are set out in the Frequency of Occurrence Matrix. Non-compliances occurring during periods when a *WESM Member* has been granted exemption under prevailing *Market Rules* will not be considered.
- 4.5.2.4. **Reference Period.** The frequency and reference period for each type of circumstance, and corresponding *penalty* level are presented in the following table. The reference period for a particular *breach* is reckoned from the date or hour/interval of occurrence of the *breach* and shall include the date or hour/interval in which the subject *breach* occurred. For obligations that is determined on hourly or per dispatch interval basis, the frequency or number of occurrence as



presented in the table below shall be counted for every one billing period. For example, if the breach of the Offered Capacity Compliance standards is committed seven times or less in August billing month (26 July – 25 August), the occurrence is classified as “isolated” and if it exceeds such number, the same shall be “repetitive or recurring”. If the same breach is again committed for seven times or less in September billing month (26 August– 25 September), the occurrence is reset to being “isolated” for purposes of penalty imposition.

**Table 1 -FREQUENCY OF OCCURENCE MATRIX**

Frequency	Isolated Occurrence	Repetitive or Recurring Occurrence	
	Level 1	Level 2	Level 3
By dispatch interval ( <i>i.e.</i> , 5-minute interval)	84x or less over the billing month	85x to 168x over the billing month	169x or more over the billing month
Hourly ( <i>i.e.</i> , settlement interval)	7x or less over the billing month	8x to 14x over the billing month	15x or more over the billing month
Daily	3x over the previous 30-day period	More than 2x over the previous 7-day period  2x or less over the previous 7-day period and more than 3x over the previous 30-day period	More than 2x over the previous 7-day period and more than 3x over the previous 30-day period
Weekly	1x over the previous 12-month period	1x over a 4-week period and more than 1x over the previous 12-month period	More than 1x over a 4-week period

Frequency	Isolated Occurrence	Repetitive or Recurring Occurrence	
	Level 1	Level 2	Level 3
Annual, semestral, quarterly, or monthly	N/A	Every occurrence after the first time (since registration of the <i>WESM Member</i> or effectivity of the new Market Rule or Market Manual)	<i>Breach</i> occurs for more than two (2) <u>successive</u> periods. Level 3 <i>penalty</i> applies starting from the third consecutive occurrence.
Occasional (no prescribed period)	6x or less over the previous 12-month period	More than 6x over the previous 12-month period	N/A

- 4.5.3 **Extent of deviation from requirement.** This applies to *breaches* where the degree of deviation from the requirement can vary and is quantifiable. For such type of *breach*, the *penalty* level shall depend on the extent of the deviation from the requirement. The types of *breaches* for which this qualifying circumstance will be applied and the extent of deviation that will warrant a different *penalty level* are presented in the Schedule of Breaches and Penalties of this Manual.
- 4.5.4 **Non-compliance during emergency condition, suspension or intervention, or excess generation.** Where an obligation is required to be carried out while the system is under an emergency state as declared by the System Operator, or the WESM is suspended by the *Energy Regulatory Commission* or placed under intervention by the System Operator, or the relevant market run indicates the occurrence of excess generation, a higher *penalty* level shall be imposed. This qualifying circumstance is given priority over frequency of occurrence.
- 4.5.5 **Self-reporting of breach.** If a *WESM Member* has voluntarily reported the occurrence of the *breach* prior to the conduct of compliance monitoring and assessment or investigation to be undertaken pursuant to the WESM Enforcement and Compliance Manual, the *penalty* level next lower to the applicable level may be imposed taking into account the other qualifying circumstances surrounding the *breach*. A *breach* is considered to have been voluntarily reported under the following conditions –

- a) If any provision of the *Market Rules* require submission of significant events or non-compliances related to the *breach*, the *WESM Member* has complied with the reportorial requirement and its report includes a categorical or express admission of the occurrence of the *breach*.
- b) If there is no reportorial requirement pertaining to the *breach*, the *WESM Member* had submitted to the Enforcement and Compliance Office a non-compliance report that includes a categorical or express admission of the occurrence of the *breach*.
- c) In either case, the report must have been submitted prior to the issuance of a *Notice of Non-compliance* pertaining to the *breach*.

## 4.6 PENALTY LEVELS

- 4.6.1 The *penalty* level that will apply to a *breach* shall depend on the qualifying circumstances surrounding the occurrence of the *breach*. The specified *penalty* level applies if any one of main qualifying circumstances and if the additional qualifying circumstances are present. As provided for in Clause 4.4.7 a self-report may result in the imposition of the *penalty* level next lower to the applicable level as that determined from the circumstances of the *breach*. The following Table 2 – Penalty Matrix specifies the qualifying circumstances that apply for each *penalty* level.
- 4.6.2 Notwithstanding the classification set out in Table 2, if the frequency of occurrence of a type of *breach* in a reference period would already warrant the application of Level 3 *penalty*, the escalated *financial penalty* shall be applied only on the counts of *breach* in excess of the number of *breach* that would have warranted application of Level 2 *penalty*. To illustrate, as shown in Table 1 above, *breach* of an obligation required to be performed by dispatch interval qualifies for Level 2 *penalty* if it occurs between eight (8) to 14 times in a given billing month, and for Level 3 *penalty* if it occurs more than 14 times. If, for a billing month, the number of *breach* is more than 14, Level 3 *penalty* level shall apply only on the counts of *breaches* in excess of 14. The first 14 counts will be meted the Level 2 *penalty* level.

**Table 2 - PENALTY MATRIX**

Penalty Level	Main Qualifying Circumstances	Additional Qualifying Circumstances
<b>Level 1 - Reprimand</b>	<ul style="list-style-type: none"> <li>• First time occurrence; or</li> <li>• Isolated occurrence (see Frequency of Occurrence Matrix)</li> </ul>	<ul style="list-style-type: none"> <li>• Does not constitute a non-compliance during emergency state, market suspension or intervention, occurrence of excess generation; or</li> </ul>
<b>Level 2 – Financial Penalty</b>	<ul style="list-style-type: none"> <li>• Recurring or repetitive occurrence, with frequency level applicable for Level 2 as set out in Frequency of Occurrence Matrix.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not constitute a non-compliance during emergency state, market suspension or intervention, occurrence of excess generation; or</li> </ul>
	<ul style="list-style-type: none"> <li>• First time occurrence; or</li> <li>• Isolated occurrence (see Frequency of Occurrence Matrix)</li> </ul>	<ul style="list-style-type: none"> <li>• Breach during emergency state, market intervention or suspension, or excess generation will always warrant Level 3 <i>penalty</i> regardless of frequency of occurrence.</li> </ul>

Penalty Level	Main Qualifying Circumstances	Additional Qualifying Circumstances
<b>Level 3 – Escalated Financial Penalty</b>	<ul style="list-style-type: none"> <li>Recurring or repetitive occurrence, with frequency level applicable for Level 3 as set out in Frequency of Occurrence Matrix; or</li> <li>Non-compliance while power system was on emergency state or the WESM was under suspension or intervention.</li> </ul>	<ul style="list-style-type: none"> <li>Breach during emergency state, market intervention or suspension, or excess generation will always warrant Level 3 <i>penalty</i> regardless of frequency of occurrence.</li> </ul>
<b>Exclusion (Suspension &amp; Deregistration)</b>	<ul style="list-style-type: none"> <li>As required by the Market Rules</li> </ul>	<ul style="list-style-type: none"> <li>Breach during emergency state, market intervention or suspension, or excess generation will always warrant Level 3 penalty regardless of frequency of occurrence.</li> </ul>

#### 4.7 LEVEL 1 - REPRIMAND

If a *reprimand* is meted out, a *Notice of Reprimand* containing the reprimand is issued and shall further states the following –

- Name of the *WESM Member* subject of the reprimand;
- The name of the registered facility, if applicable, associated with the *breach*;
- The *breach* committed and pertinent rules that were *breached*;
- The relevant date/s and dispatch interval/s that the *breach* occurred; and
- Remedial measures required of the *WESM Member*, if any, and the manner of compliance.

**4.8 LEVEL 2 - FINANCIAL PENALTIES**

- 4.8.1 The *financial penalty* may be a fixed rate amount or formula based. The amount of *penalty* for each type of *breach* is set out in the Schedule of *Breach and Penalties* of this Manual.
- 4.8.2 A *Notice of Financial Penalty* shall be issued to the *WESM Member* specifying the following –
- a) Name of the *WESM Member*;
  - b) The name of the registered facility to which the *breach* pertains, if applicable;
  - c) The *breach* committed and pertinent rules that were *breached*;
  - d) The relevant date/s and dispatch interval/s that the *breach* occurred;
  - e) The amount of *financial penalty* imposed for each count of *breach*; and
  - f) Remedial measures required of the *WESM Member*, if any, and the manner of monitoring compliance.
- 4.8.3 A copy of the notice shall also be served on the Market Operator and shall serve as the authority of the latter to collect the assessed *financial penalties*. Upon receipt of a copy of the notice, the Market Operator shall cause the billing and collection of the amount due. The amount shall be collected on the same date as the immediately succeeding due date for collection of WESM settlement amounts. If the *WESM Member* upon whom the *penalty* is made has settlement amounts payable to or from it for its transactions in the WESM, the *penalty* amount due shall be considered in calculating the settlement amounts due to or from the said *WESM Member*. Where several types of settlement amounts are due or collected from a *WESM Member*, the amounts collected or due shall be applied to the payment of *penalty* amounts after tax payments, interest payments, and market fees.
- 4.8.4 The Market Operator shall specify the due date for payment of the *penalty* amount and/or interest, and shall duly notify the *WESM Member* of the same. In case of the failure of the *WESM Member* to fully pay for the *financial penalties* on specified due date, a *penalty* interest in the sum specified in the Schedule of *Breach and Penalties* of this Manual shall be collected from the *WESM Member* until the amount is fully paid.

4.8.5 The Market Operator shall notify the Enforcement and Compliance Office if the *penalty* has been collected, if *penalty* interest was imposed and collected, and, if not collected in either case, the reason for its failure to collect.

4.8.6 Penalty interest shall be reckoned from the date the *penalty* becomes due up to the time the same is actually settled.

#### 4.9 LEVEL 3 – ESCALATED FINANCIAL PENALTIES

4.9.1 The amount of the escalated *financial penalty* for each type of *breach* is set out in the Schedule of Breach and Penalties of this Manual, and, unless otherwise specified, is twice the amount of the Level 2 *financial penalty*.

4.9.2 A *Notice of Escalated Financial Penalties* is issued on the *WESM Member* stating the following –

- a) The name of the *WESM Member*;
- b) The name of the registered facility for which the *breach* was found;
- c) The *breach* committed, specifying the rules that were *breached*;
- d) The relevant date/s and dispatch interval/s that the *breach* occurred;
- e) The reason/s for imposition of escalated *financial penalty*, particularly the occurrence of the qualifying circumstance that warranted application of the escalated *financial penalty*;
- f) The amount of *financial penalty*; and
- g) Remedial measures, if any, required of the *WESM Member* and manner of monitoring compliance.

4.9.3 A copy of the notice will also be served on the Market Operator and shall serve as its authority to collect the amount due. Failure to pay the *financial penalty* amount on due date will result in imposition of *penalty* interest until fully paid. The Market Operator shall cause the billing and collection of the *penalty* amount, and shall notify the *Enforcement and Compliance Office* of the status of collection in the same manner as required for a Level 2 Financial Penalty under Sections 4.8.3, 4.8.4, and 4.8.5 of this Manual.

#### 4.10 SUSPENSION

- 4.10.1 Suspension as a *penalty* may be resorted to only in extreme circumstances when it is established to the satisfaction of the PEM Board that the integrity of the WESM processes or the security and reliability of the power system is better served if suspension is meted out. The following conditions must be established -
- a) The acts or omission constituting the *breach* continue to occur even after the periods that the *breach* subject of a *penalty* has occurred; and
  - b) The continuing acts or omissions have significant probability of causing an adverse impact on the security and reliability of the power system or grid.
- 4.10.2 If it believes that the acts or omissions have significant probability of causing an adverse impact as stated in the foregoing Clause 4.10.1, the System Operator or the Market Operator, as applicable, shall notify the Enforcement and Compliance and the PEM Board through the Board Secretary, of the same.
- 4.10.3 A *WESM Member* registered in the WESM under multiple categories shall be suspended in respect only to the membership category in which it was found in *breach*. If the *WESM Member* has multiple facilities registered in the WESM, the suspension shall extend only to the facility for which the *breach* was confirmed.
- 4.10.4 The *Notice of Suspension* issued to the *WESM Member* and shall specify the following –
- a) Name of the *WESM Member* and the registration or membership category under which it will be suspended;
  - b) The name of the registered facility to which the *breach* pertains and which is covered by the suspension, if applicable;
  - c) The *breach* committed and pertinent rules that were *breached*;
  - d) The relevant date/s and dispatch interval/s that the *breach* occurred;
  - e) The duration of the suspension and its effective date; and
  - f) Remedial measures required of the *WESM Member* to remedy the *breach*, and the manner of compliance.



- 4.10.5 The suspension shall be carried out in the manner set out and shall have the same consequences as stated in WESM Rules Clause 2.7 and in the WESM Registration Manual.<sup>2</sup> The *Notice of Suspension* is also served to the Market Operator and the service of such *Notice of Suspension* on the latter shall serve as its authority to act on the same in accordance with the requirements and procedures set out in the WESM Registration Manual.
- 4.10.6 The Enforcement and Compliance Office in conjunction with the System Operator or the Market Operator, as applicable, shall monitor the compliance by the suspended *WESM Member* of the remedial measures required of it. If they determine that the *breach* has been rectified or that the remedial measures have been successfully implemented, they shall jointly notify the PEM Board and recommend revocation of the suspension. If approved by the PEM Board, the revocation of the suspension shall be implemented in accordance with the requirements and procedures set out in the WESM Registration Manual.

#### 4.11 EXCLUSION - DEREGISTRATION

- 4.11.1 The *WESM Member* which was already suspended in accordance with the foregoing paragraphs may be deregistered from the WESM if it is established to the satisfaction of the PEM Board that the causes of the *breach* have not been resolved and that the *WESM Member* is unable or refuses to rectify the same.
- 4.11.2 The Enforcement and Compliance Office in conjunction with the Market Operator or the System Operator, as applicable, shall jointly submit their recommendation to the PEM Board for the deregistration of the suspended *WESM Member* based on the results of their monitoring under Clause 4.9106.
- 4.11.3 A *WESM Member* registered in the WESM under multiple categories shall be deregistered only in respect to the membership category in which it was found in *breach*. If the *WESM Member* has multiple facilities registered in the WESM and the *breach* is found in respect to one or more facilities, the deregistration shall extend only to the facility for which the *breach* was confirmed, and the

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<sup>2</sup> See WESM Manual on Registration, Suspension and Deregistration: Procedures and Criteria, or its subsequent amendments.

*WESM Member* will not be deregistered in the WESM if it has other registered facilities or is registered in another membership category.

- 4.11.4 A *Notice of Deregistration* is issued on the *WESM Member* which shall specify the following –
- a) As applicable, the facility being deregistered or the membership category under which it is being deregistered;
  - b) The date on which the deregistration will take effect; and
  - c) The reasons for the deregistration.
- 4.11.5 The deregistration shall be carried out in the manner set out and shall have the same consequences as stated in the WESM Registration Manual. The *Notice of Deregistration* shall also be served to the Market Operator and this shall serve as its authority to act on the same in accordance with the requirements and procedures set out in the WESM Registration Manual.
- 4.11.6 The person or entity that has been deregistered that has rectified the *breach* and wishes to apply for revocation of the deregistration and renewal of its registration shall comply with the requirements and procedures set out in the WESM Registration Manual.

## **4.12 COMPLIANCE MONITORING AND ASSESSMENT**

### **4.12.1. SERVICE OF NOTICE OF SPECIFIED PENALTY/IES**

- 4.12.1.1. A *Notice of Specified Penalty/ies* required to be issued in accordance with this Manual shall be issued and signed by the *Enforcement and Compliance Officer*, which shall be made only after the conduct of compliance monitoring and assessment that takes into account the reply and submissions of the concerned *WESM Member*, and available market data and reports from the Market Operator, the System Operator, and other relevant sources of data used in said compliance monitoring and assessment in accordance with the compliance monitoring and assessment procedure set forth in the WESM Enforcement and Compliance Manual. Service of the said notice shall be the responsibility of the *Enforcement and Compliance Office*.
- 4.12.1.2. A *Notice of Specified Penalty/ies* shall be served to the *WESM Member* through its *WESM Compliance Officer* as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president

or chief executive officer of the *WESM Member* as appearing in the records of the Market Operator. *WESM Members* have the obligation to ensure that the information on the contact persons provided to the Enforcement and Compliance Office and to the Market Operator is updated at all times.

- 4.12.1.3. All notices required to be served to the Market Operator shall be served through its *WESM Compliance Officer*.
- 4.12.1.4. Copies of the *Notice of Specified Penalty/ies* will be furnished to the PEMC President, the *Market Surveillance Committee* and the *Market Operator*. Should this Notice require implementation of a directive on the part of the System Operator, a copy of said notice shall likewise be sent to the *System Operator* for appropriate action.

#### **4.12.2. EFFECT OF NOTICE OF SPECIFIED PENALTIES**

- 4.12.2.1. Imposition of *financial* and *non-financial penalties* under the Notice of Specified Penalty/ies shall be immediately executory upon receipt by the *WESM Member* concerned of the same.
- 4.12.2.2. A *WESM Member* may seek a reconsideration of the *Notice of Specified Penalty/ies* in accordance with the procedures provided in Section 4.12.3 of this Manual. This remedy, notwithstanding, shall not stay the execution adverted to in Section 4.12.1 above.
- 4.12.2.3. The *Notice of Specified Penalty/ies* issued by the *Enforcement and Compliance Office* shall serve as the authority of the Market Operator to debit or to credit the amount of the financial penalty/ies or such other amounts adverted to in the notice, to, or from, the concerned *WESM Member's* account, as the case may be.

#### **4.12.3. REQUEST FOR RECONSIDERATION AND APPEAL OF THE DECISION OF ENFORCEMENT AND COMPLIANCE OFFICE<sup>3</sup>**

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<sup>3</sup> *The timeline and the entities responsible and/or accountable for the enforcement proceedings including the request for reconsideration and appeal processes are found in Appendix I.*

4.12.3.1. *Period and Ground for Filing a Request for Reconsideration.* The concerned *WESM Member* may request for reconsideration of the *Notice of Specified Penalty/ies* imposed by the *Enforcement and Compliance Office* as a result of its compliance monitoring and assessment pursuant to Section 4.1.1 of this Manual, subject to the following conditions:

4.12.3.1.1. The request shall be filed within fifteen (15) *Business Days* from the receipt of the said notice;

4.12.3.1.2. A request for reconsideration shall be based on the ground that the finding of breach is not supported by substantial evidence; and/or the computation is incorrect/ penalties not in accordance with the Penalty Manual and Market Rules;

4.12.3.1.3. The request for reconsideration shall be filed with the *Enforcement and Compliance Office*.

4.12.3.2. *Form and Contents of the request for reconsideration and notice thereof.* The request shall:

(1) Be made in writing and signed by the Compliance Officer of the *WESM Member* concerned, and shall be under oath;

(2) State the date when the *Notice of Specified Penalty/ies* sought to be considered was received by the *WESM Member*;

(3) State that the *Notice of Specified Penalty/ies* is in accordance with Section 4.12.3.1.2 and the specific reasons therefor; and

(4) Contain the evidence to support the reversal of the findings of breach by the *Enforcement and Compliance Office*.

Failure to comply with the requirements of this clause shall be a ground for the *Enforcement and Compliance Office* to immediately deny the request for reconsideration.

4.12.3.3. *Resolution on the Request for Reconsideration.* A request for reconsideration shall be resolved by the *Enforcement and Compliance Office* within fifteen (15) *Business Days* from the time it is submitted for resolution. This shall be

done through a Resolution which shall clearly state the facts of the case and the reasons supporting its findings and conclusions. The *Resolution* shall be signed by the *Enforcement and Compliance Officer*. A copy of the *Resolution* shall be served upon the concerned *WESM Member* and appropriate persons or entities.

The Resolution issued by the *Enforcement and Compliance Office* shall serve as the authority of the Market Operator to debit or to credit the appropriate amount of the Specified Penalty or such other amounts adverted to in the *Resolution*, to or from, the concerned *WESM Member's* account, as the case may be.

- 4.12.3.4. Copies of the Resolution will be furnished to the PEMC President, the *Market Surveillance Committee*, and the *Market Operator*. Should this Resolution require implementation of a directive on the part of the System Operator, a copy of said notice shall likewise be sent to the *System Operator and/or Market Operator* for appropriate action.
- 4.12.3.5. The affirmation by the Resolution of the imposition of *financial* and/or non-*financial penalty/ies* under the Notice of Specified Penalty/ies shall be immediately executory upon receipt by the *WESM Member* concerned of the said Resolution.
- 4.12.3.6. A *WESM Member* may appeal the Resolution to the Market Surveillance Committee in accordance with the procedures provided in Section 4.12.3.7 of this Manual. This remedy, notwithstanding, shall not stay the execution of the Resolution.
- 4.12.3.7. *Appeal to the Market Surveillance Committee and Period of Appeal*. The Resolution issued by the *Enforcement and Compliance Office* may be appealed by the concerned *WESM Member* by filing an Appeal Memorandum with the Market Surveillance Committee within ten (10) *Business Days* from receipt of the Resolution.
- 4.12.3.8. *Ground for Appeal*. The appeal shall be based only on the ground that the *Enforcement and Compliance Office* has committed abuse of discretion in issuing the Resolution, or the *penalty/ies* the Enforcement and Compliance Office had imposed is not in accordance with this Manual.
- 4.12.3.9. *Form and Contents of the Appeal*. The appeal shall:

- (1) Be made in writing and signed by the Compliance Officer of the *WESM Member* concerned, and shall be under oath;
- (2) State the date when the Resolution being appealed was received by the *WESM Member*, and
- (3) Explain how the *Enforcement and Compliance Office* committed an abuse of discretion in issuing the Resolution or that the penalty/ies imposed by the Enforcement and Compliance Office is not in accordance with this Manual.

Failure on the part of the *WESM Member* concerned to comply with the foregoing requirements shall result in the appeal being dismissed outright by the *Market Surveillance Committee*.

- 4.12.3.10. *The Decision on the Appealed Case.* The *Market Surveillance Committee* shall resolve the appealed case within thirty (30) working days by issuing a Decision duly signed by its Chairperson. A copy of the Decision shall be served upon the concerned *WESM Member* and appropriate persons or entities, the Enforcement and Compliance Office, PEMC President and the Market Operator
- 4.12.3.11. The Market Surveillance Committee's Decision on the Appeal shall be immediately executory upon receipt by the *WESM Member* concerned of the said Decision.
- 4.12.3.12. Copies of the Decision rendered by the Market Surveillance Committee will be furnished to the PEMC President and the Market Operator. Should this Notice require implementation of a directive on the part of the System Operator, a copy of said Decision shall likewise be sent to the *System Operator* for appropriate action.

~~Motions for Reconsideration and Appeals; A Mere Privilege – The matter of interposing or seeking a reconsideration of the Notice of Specified Penalty/ies and/or Appeal of the Resolution of the Enforcement and Compliance Office, as the case may be, to the Market Surveillance Committee shall be considered a mere privilege and not as a matter of right. Accordingly, the WESM member concerned must strictly observe or comply with the rules governing such processes, otherwise, the same must be denied outright. For the avoidance of doubt, the objective of this rule is to deter or discourage~~

~~frivolous motions for reconsideration or appeals, and facilitate the resolution of cases involving breaches penalized under this Manual~~

#### **4.13 REQUEST FOR RECONSIDERATION OF THE DECISION OF THE PEM BOARD**

- 4.13.1 A WESM Member that is penalized under Section 4.1.2 of this Manual may submit a request for reconsideration of the PEM Board decision on the investigation on the following grounds –
- a) Review of the findings of facts of the *Enforcement and Compliance Office* or for consideration of additional data that was already existing at the time of the original investigation but was not presented during such investigation; and/or
  - b) Legal issues, including but not limited to issues on the conclusions of the *Enforcement and Compliance Office* or the *Market Surveillance Committee*, but does not require review of factual findings, or the propriety of the penalty or other measures approved to be imposed by the PEM Board.
- 4.13.2 The request for reconsideration shall:
- a) clearly state the grounds for the request for reconsideration and the findings of facts or the conclusions or resolution that are sought to be reviewed and reconsidered. The request shall be accompanied by supporting data and affidavits; and
  - b) be submitted at PEMC Office within fifteen (15) business days from receipt of the notice of the PEM Board action. The request shall be in writing and shall be submitted to the PEM Board, through the Office of the Corporate Secretary. No submission by email shall be allowed.
- 4.13.3 All requests that were timely filed will be immediately endorsed to the *Enforcement and Compliance Office* for further investigation. The PEM Board may also decide to refer the requests for reconsideration to a Review Panel which shall be constituted by the PEM Board for this purpose; *Provided however*, that the Review Panel shall not include Members of the PEM Board representing the sector under investigation.
- 4.13.4 The *Enforcement and Compliance Office* or the Review Panel shall evaluate the endorsed request and carry out further investigations. In conducting further investigations, the *Enforcement and Compliance Office* or the Review Panel

may require submission of additional information or obtain information from parties other than the requesting party, or conduct a conference with the requesting party or other relevant parties, or carry out ocular inspections of relevant facilities. The *Enforcement and Compliance Office* or the Review Panel shall conduct a conference with the concerned *WESM Member* for this purpose.

- 4.13.5 Within sixty (60) business days from endorsement of the request for reconsideration, the *Enforcement and Compliance Office* or the Review Panel shall submit a report to the PEM Board containing the additional findings of fact, assessment and recommendations.
- 4.13.6 The PEM Board shall decide on the request for reconsideration within thirty (30) business days from receipt of the case review report submitted by the *Enforcement and Compliance Office* or the Review Panel.
- 4.13.7 The *Enforcement and Compliance Office* or the Review Panel shall notify the requesting party of the final action of the PEM Board. The notice to the party shall include, as appropriate, a copy of the case review report submitted to the PEM Board by the *Enforcement and Compliance Office* or the Review Panel.
- 4.13.8 Where penalties and other mitigation measures are approved, the *Enforcement and Compliance Office* or the Review Panel shall cause the issuance of the appropriate notice of penalty. Where a financial penalty is required, PEMC shall proceed to collect the approved penalties through direct payment to PEMC or through WESM settlement process, as appropriate. If the request for reconsideration is granted and *Notice of Specified Penalties* have already been issued, the said notices shall be recalled and financial penalties collected shall be refunded.
- 4.13.9 The decision of the PEM Board on the request for reconsideration shall be final. No further request for reconsideration shall be allowed.

#### **4.14 SUBMISSION OF REPORTS**

The *Enforcement and Compliance Office* shall submit a monthly summary report of all Notices of Specified *Penalty/ies* and Resolutions on the requests for reconsideration made by the Enforcement and Compliance Office, and decisions of the Market Surveillance Committee on appeals, that have been issued during the month, and the status of their implementation to the PEM Board, through the PEMC President, *the Department of Energy*,



the *Energy Regulatory Commission, the Market Surveillance Committee and the Market Operator*. Such report may be included in any monthly report that the *Enforcement and Compliance* is required to prepare, publish and disseminate in accordance with the WESM Enforcement and Compliance Manual.

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**SECTION 5 SCHEDULE OF BREACH AND PENALTIES<sup>4</sup>**

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
1	Failure of generation company to submit valid generation and/or reserve offers, <u>or</u> failure to submit valid generation and/or reserve offers that is equivalent to the registered maximum available capacity of their generating units at any dispatch interval;  Valid generation or reserve offer refers to the offer that is considered in the real time dispatch optimization run for	WESM Rules • 3.5.5.1; 3.5.5.2; Appendix A1.1 • 3.5.7.2 <i>In relation to 3.5.12.1&amp; the WESM Dispatch Protocol</i>	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul>	PhP10,000.00/ <i>breach</i>	PhP20,000.00/ <i>breach</i>

<sup>4</sup> This is a non-exhaustive list

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	<p>the relevant dispatch interval.            There is failure to submit valid offer if there is no offer that is considered in the real time dispatch market run for the relevant dispatch interval because of any of the following conditions –</p> <ul style="list-style-type: none"> <li>a) The offer submitted has zero (0) MW value, or</li> <li>b) The offer submitted did not pass the validation as provided for in the WESM Dispatch Protocol and/or other relevant Market Manual or WESM Rules provision, so that, effectively, there are no offers considered in the market run; or</li> <li>c) The offer submitted was cancelled so that, effectively, there are no offers considered in the relevant market run,</li> </ul>				

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	<p>Breach is counted as follows –</p> <p>a) One <i>breach</i> is counted for each trading hour, i.e., settlement interval, during the trading day that the failure occurs in three or more dispatch intervals; or</p> <p>b) If the failure occurs in three or more successive dispatch intervals over two successive trading hours, i.e., settlement intervals, one <i>breach</i> is counted for each trading hour that the failure occurs, regardless that the failure for that hour occurred in less than three dispatch intervals.</p> <p><i>The obligation is to submit offers equivalent to maximum available</i></p>				

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	<i>capacity, as defined in the WESM Dispatch Protocol. For purposes of determining breach, the constraints considered in determining maximum available capacity are considered as exempting circumstances.</i>				
2	<p>Failure of a generation company to submit a valid nomination of the target loading levels of its non-scheduled generating units at any dispatch interval.</p> <p>There is failure to submit a valid nomination if there is no nomination that is considered in the relevant real time dispatch market run for the relevant trading interval because of any of the following conditions –</p>	<p>WESM Rules</p> <ul style="list-style-type: none"> <li>• 3.5.5.4</li> <li>• 3.5.11.2</li> </ul>	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul>	PhP1,000.00/ <i>breach</i>	PhP2,000.00/ <i>breach</i>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	a) The nomination submitted has zero (0) MW value, or b) The nomination submitted did not pass the validation as provided for in the WESM Dispatch Protocol and/or other relevant Market Manual or WESM Rules provision, so that, effectively, there are no offers considered in the market run; or c) The nomination submitted was cancelled so that, effectively, there are no offers considered in the relevant market run,  Breach is counted as follows – a) One <i>breach</i> is counted for each trading hour, i.e., settlement interval, during the trading day that the failure occurs in three or more				

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	dispatch intervals; or  b) If the failure occurs in three or more successive dispatch intervals over two successive trading hours, i.e., settlement intervals, one <i>breach</i> is counted for each trading hour that the failure occurs, regardless that the failure for that hour occurred in less than three dispatch intervals.				
3	Failure of generation company to submit a valid nomination of the projected output of its must dispatch generating unit or priority dispatch generating unit at any dispatch interval;  There is failure to submit a valid nomination if there is no nomination that is considered in the relevant real	WESM Rules 3.5.5.5	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul>	PhP1,000.00// <i>breach</i>	PhP2,000.00/ <i>breach</i>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	<p>time dispatch market run for the relevant trading interval because of any of the following conditions –</p> <ul style="list-style-type: none"> <li>a) The nomination submitted has zero (0) MW value, or</li> <li>b) The nomination submitted did not pass the validation as provided for in the WESM Dispatch Protocol and/or other relevant Market Manual or WESM Rules provision, so that, effectively, there are no offers considered in the market run; or</li> <li>c) The nomination submitted was cancelled so that, effectively, there are no offers considered in the relevant market run,</li> </ul> <p>Breach is counted as follows –</p>				



No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	a) One <i>breach</i> is counted for each trading hour, i.e., settlement interval, during the trading day that the failure occurs in three or more dispatch intervals; or  b) If the failure occurs in three or more successive dispatch intervals over two successive trading hours, i.e., settlement intervals, one <i>breach</i> is counted for each trading hour that the failure occurs, regardless that the failure for that hour occurred in less than three dispatch intervals.				

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
4	<p>Failure to comply with forecast accuracy standards in respect to projected output submitted for a must dispatch generating unit.</p> <p>One <i>breach</i> is counted for each year that the failure occurs.</p> <p>One <i>breach</i> 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 <i>breaches</i> even if they occur on the same periods.</p>	<p>WESM Rules</p> <ul style="list-style-type: none"> <li>• 3.5.5.5.</li> <li>• 3.5.5.8</li> <li>• 3.5.5.10</li> </ul> <p><i>in relation to the WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards for Must Dispatch Generating Units</i></p>	<p><b>Breach of MAPE with deviation <math>\leq</math> 30%:</b></p> <ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul> <p><b>Breach of MAPE with deviation <math>&gt;</math> 30%:</b></p> <ul style="list-style-type: none"> <li>• Level 2 - Financial Penalties (<i>first time occurrence</i>)</li> <li>• Level 3 – Escalated</li> </ul>	<p>PhP500,000/ <i>Breach of MAPE</i></p> <p>PhP 500,000/ Breach of PERC95</p>	<p>PhP1,000,000/ Breach of MAPE</p> <p>PhP1,000,000/ Breach of PERC95</p>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	<i>Non-compliance shall be determined based on the report of the Market Operator on <u>annual</u> compliance, required under WESM Rules clause 3.5.5.11.</i>		Financial Penalties <ul style="list-style-type: none"> <li>• Suspension &amp; Deregistration</li> </ul> <b>Breach of Per95:</b> <ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul>		
5	Failure of a scheduled generating unit or priority dispatch generating unit to comply with its dispatch schedule in accordance with the dispatch conformance standards.	WESM Rules <ul style="list-style-type: none"> <li>• 3.8.6 in relation to 3.8.4</li> <li>• <i>In relation to the WESM Dispatch</i></li> </ul>	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> </ul>	For each <i>breach</i> :  Nodal price, PhP x (Deviation, MW – Dispatch)	For each <i>breach</i> :  [Nodal price, PhP x (Deviation, MW

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
		<p><i>Protocol</i></p> <p>Excess Generation</p> <ul style="list-style-type: none"> <li>• WESM Rules Clause 3.9.8.3</li> <li>• WESM Dispatch Protocol (Issue 13) Section 12.5.2 (g), and Section 18.3</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension &amp; Deregistration</li> </ul> <p>Breach occurred in dispatch intervals with impending excess generation:</p> <ul style="list-style-type: none"> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul>	<p>Threshold, MW)</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Nodal price</b> is the price at the generator node, PhP/MWh.</li> <li><input type="checkbox"/> <b>Deviation</b> is the difference between the target schedule and actual generation, in MW.</li> <li><input type="checkbox"/> <b>Dispatch threshold</b> is the MW equivalent of the allowed deviation</li> </ul>	<p>– Dispatch Threshold, MW)] x 2</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Nodal price</b> is the price at the generator node, PhP/MWh.</li> <li><input type="checkbox"/> <b>Deviation</b> is the difference between the target schedule and actual generation, in MW.</li> <li><input type="checkbox"/> <b>Dispatch</b></li> </ul>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
				tolerance.  Not applicable if <i>breach</i> occurred in dispatch intervals with impending excess generation.	<b>threshold</b> is the MW equivalent of the allowed deviation tolerance.
6	Failure to comply with dispatch instructions issued by the System Operator, including re-dispatch instructions for a generating unit to be constrained on/off, or to dispatch as must run unit, or to emergency directions issued under emergency conditions or during market intervention or suspension.	WESM Rules • 3.8.8, 3.8.3 and 3.8.4 in relation to 2.3.1.7 (for generators) or 2.3.2.3 (for customers) In relation to relevant WESM manuals setting out procedures for re-	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul> Under emergency conditions, or during market intervention or	PhP10,000.00/ <i>breach</i>  Not applicable if <i>breach</i> occurred in dispatch intervals when emergency conditions occurred or when there was market intervention or suspension.	PhP20,000.00/ <i>breach</i>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
		dispatch, management of must-run units, and emergency procedures  Market intervention or suspension, or emergency conditions  <ul style="list-style-type: none"> <li>• 6.3.2.6 and 6.2.2.1</li> <li>• In relation to relevant WESM manuals setting out emergency procedures, and procedures during market intervention or suspension</li> </ul> ➤ Emergency	suspension  <ul style="list-style-type: none"> <li>• Level 3 – Escalated Financial Penalties</li> <li>• – Suspension &amp; Deregistration</li> </ul>		

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
		Procedures ➤ WESM Dispatch Protocol			
7	Failure of a must dispatch generating unit to strictly comply with its dispatch schedule in intervals when its output was restricted pursuant to WESM Rules Clause 3.6.1.7 and communicated pursuant to Clause 3.8.1 (g & h).  <i>There is breach if the actual output for the relevant interval exceeds the dispatch schedule.</i>	WESM Rules <ul style="list-style-type: none"> <li>• 3.6.1.7, 3.8.1 (g &amp; h)</li> <li>• 3.8.4.3</li> <li>• 3.8.8.1</li> </ul>	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties Suspension &amp; Deregistration</li> </ul>	PhP10,000.00/ <i>breach</i>	PhP20,000.00/ <i>breach</i>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
8	Failure of a must dispatch generating unit or priority dispatch generating unit to comply with dispatch instructions to restrict its output or constrain its ramp rate to a level specified by the System Operator, when the grid is not in normal state.	WESM Rules <ul style="list-style-type: none"> <li>• 3.8.3.4</li> <li>• 3.8.8.1</li> </ul>	<ul style="list-style-type: none"> <li>• Level 3 – Escalated Financial Penalties Suspension &amp; Deregistration</li> </ul>	N/A	PhP20,000.00/ <i>breach</i>
9	Non-submission of data, report or information under the following circumstances –				
(a)	Failure of network service provider to submit to the System Operator or update standing network data	WESM Rules 3.5.2.1 to 3.5.2.4, Appendix A.2	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>



No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
(b)	Failure of network service provider to immediately notify the System Operator of any circumstance which threaten significant probability of material adverse change in the state of its network	WESM Rules 3.5.2.5	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>Level 3 – Escalated Financial Penalties</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>
(c)	Failure of a Trading Participant to immediately advise the System Operator and the Market Operator of any circumstance which threaten significant probability of material change in state of facilities	WESM Rules 3.5.11.6	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>Level 3 – Escalated Financial Penalties</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>
(d)	Failure of a WESM Participant to advise the Market Operator of a metering installation malfunction or other defect within three (3) hours from	WESM Rules 4.5.7.3	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>Level 3 – Escalated</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	the time the malfunction or defect was detected by the participant		Financial Penalties		
<b>(e)</b>	<p>Failure of a Distribution Utility to notify the Central Registration Body of any end user within its franchise area that has met the requirements to be certified as a contestable customer and to provide customer information required under the Clause 2.3 of the Retail Rules.</p> <p><i>Registration by the Contestable Customer in the WESM is not an exempting circumstance</i></p>	Retail Rules • 2.2.2 & • 2.3.1.1	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>Level 3 – Escalated Financial Penalties</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
(f)	Failure of a Contestable Customer and its Supplier/s to notify and enroll with the Central Registration Body their bilateral power supply contracts with Generation Companies that they wish to be accounted for in the WESM settlements within thirty days before effectivity of the contract. <i>Compliance by either party is deemed a compliance by the other. Likewise, either party is also deemed compliant if the Generation Company counterparty has complied with enrolment procedures set in relevant Market Manual in respect to the relevant bilateral contract.</i>	Retail Rules • 2.3.3.1 & • 2.3.3.3	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>Level 3 – Escalated Financial Penalties</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
(g)	Failure of a Contestable Customer or its Supplier to notify the Central Registration Body of their retail electricity supply contracts and provide required information, within thirty days before the effectivity of the contract.  <i>The compliance by either the Customer or the Supplier shall be considered as compliance of the other party.</i>	Retail Rules • 2.3.3.2 & • 2.3.3.3	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>Level 3 – Escalated Financial Penalties</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>
10	Failure to implement remedial measures required as a consequence of a <i>breach</i> , which failure was established in accordance with <i>Market Rules</i> and implementing Market Manual.	WESM Enforcement and Compliance Manual	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
	<i>This is an automatic penalty and shall be imposed at the instance of the Enforcement and Compliance Office.</i>				
11	Failure to pay <i>financial penalty</i> amounts imposed as a consequence of <i>breach</i> .  <i>This is a penalty interest that shall be imposed automatically by the Market Operator upon failure to pay on due date.</i>	WESM Penalty Manual	Prevailing interest rate for WESM settlement obligations set in the WESM Rules or in the applicable WESM manual	N/A	N/A

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
12	Failure to pay compensation assessed as a consequence of <i>breach</i>  <i>This is a penalty interest that shall be imposed automatically by the Market Operator upon failure to pay on due date.</i>	WESM Penalty Manual	Prevailing interest rate for WESM settlement obligations set in the WESM Rules or in the applicable WESM manual	N/A	N/A
13	Failure to satisfy margin call	Section 4.2.2 of the Registration Manual	Suspension & Deregistration	N/A	N/A

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty
15	Failure to comply with express mandatory provisions of the <i>Market</i> , that are not otherwise covered in other identified <i>breach</i> but which expressly provide for imposition of <i>penalties</i> .	<ul style="list-style-type: none"> <li>• WESM Rules</li> <li>• Retail Rules</li> </ul> <i>Market Manuals</i>	<ul style="list-style-type: none"> <li>• Level 1 - Reprimand</li> <li>• Level 2 - Financial Penalties</li> <li>• Level 3 – Escalated Financial Penalties</li> <li>• Suspension &amp; Deregistration</li> </ul>	PhP5,000.00/ <i>breach</i>	PhP10,000.00/ <i>breach</i>

**SECTION 6 UTILIZATION OF FINANCIAL PENALTY**

The Market Operator shall manage the *penalty fund* which shall be used and disbursed primarily for projects that directly redound to the benefit of electricity consumers.

For this purpose, the Market Operator shall develop a mechanism for managing the penalty fund in accordance to the purpose set out herein. Such mechanism shall be subject to approval of the *Department of Energy and Energy Regulatory Commission*.

**SECTION 7 AMENDMENT, REPEALING CLAUSE, PUBLICATION AND EFFECTIVITY****7.1 AMENDMENTS**

- 7.1.1 Amendments to this Manual may be initiated by the Market Surveillance Committee, the Enforcement and Compliance Office, the Market Operator, the System Operator or any other *WESM Member*. Amendments initiated by parties other than the Market Surveillance Committee shall be done by submitting formal proposals for amendment to the Market Surveillance Committee.
- 7.1.2 Without limiting the grounds upon which this Manual may be amended, amendments to this Manual shall be made to make this Manual consistent with –
- a) Amendments to the EPIRA and its Implementing Rules and Regulations affecting enforcement and compliance in the WESM;
  - b) Amendments to the *Market Rules* affecting enforcement and compliance in the WESM;
  - c) Issuances of the *Energy Regulatory Commission* concerning enforcement of the WESM Rules; or
  - d) Issuances of the *Department of Energy* affecting enforcement of the WESM Rules.
- 7.1.3 The Market Surveillance Committee shall conduct consultations on the proposed changes with the *WESM Members*, Rules Change Committee and the PEM Board, in accordance with the WESM Rules.



## 7.2 EFFECTIVITY AND PUBLICATION

This Penalty Manual shall become effective upon approval of the *Department of Energy* and fifteen (15) days following its publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

This Penalty Manual shall likewise be published in the market information website.

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**SECTION 8 GLOSSARY**

Unless the context indicates otherwise, the following terms shall have the meaning set out in this Section.

<b>Term/ Abbreviation</b>	<b>Definition</b>
<b>Breach</b>	<p>Failure to comply with the provisions of the <i>Market Rules</i> that is subject of a <i>penalty</i> under the WESM Penalty Manual.</p> <p>For purposes of this Manual, <i>breach</i> is not synonymous with non-compliance.</p>
<b>Compliance Monitoring and Assessment</b>	<p>An integral part of <i>enforcement proceedings</i> in the WESM that is initiated and carried out by the <i>Enforcement and Compliance Office</i>, primarily for the purpose of determining the occurrence of <i>breach</i> of the <i>Market Rules</i>. Assessment is done by taking into consideration all the relevant and verified market data and information from the <i>Market Operator</i>, the <i>System Operator</i>, the <i>WESM Members</i>, among others, with the end in view of determining the appropriate <i>enforcement actions</i>, if warranted.</p>
<b>Financial penalty</b>	<p>An amount in Philippine pesos imposed on a <i>WESM Member</i> as a consequence of <i>breach</i> pursuant to the <i>Market Rules</i> and this Manual, excluding the cost of investigation of an actual <i>breach</i> by a <i>WESM Member</i>.</p>
<b>Market fees</b>	<p>Refers to the revenue requirements of the <i>Market Operator</i> for a specified period, approved by the Energy Regulatory Commission.</p>
<b>Market Rules</b>	<p>Collectively refers to the <i>WESM Rules</i>, <i>Retail Rules</i>, their implementing manuals, and amendments thereto.</p>
<b>Notice of specified penalty</b>	<p>Notice issued to a <i>WESM Member</i> found in <i>breach</i> which directs the payment of a <i>financial penalty</i> and or a <i>non-financial penalty</i> in accordance with Section 4.11 and or additional <i>penalties</i> under Section 4.1.1.2.</p>
<b>Investigation</b>	<p>An integral part of <i>enforcement proceedings</i> in the WESM that may be initiated by the <i>Enforcement and Compliance Office</i>, from a <i>notice of probable breach</i> by the <i>Market Operator</i> or the <i>System Operator</i>, or by <i>request for investigation</i> from other <i>WESM Members</i> or <i>WESM Committees</i>.</p>
<b>PEMC</b>	<p>Philippine Electricity Market Corporation is the governance arm of the WESM.</p>



Penalty Manual

WESM-PM-Issue No. 2.0  
Effective Date:

<b>Penalty Interest</b>	Penalty Interest shall mean the prevailing legal rate of interest.
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**APPENDIX I**

**COMPLIANCE MONITORING, INVESTIGATION, RECONSIDERATION, AND APPEAL PROCESS  
TIMELINE EMANATING FROM COMPLIANCE MONITORING ACTIVITY OF ECO<sup>5</sup>**

Activities	Responsible	Facility/Mode/ Process	Recipient	Timeline/ Frequency	Reference Manual/ Document
1. Initial Flagging of Probable Breach	IEMOP	NMMS-CMON	TP	Near Real-Time	EC Manual and ECO IBP
2. Submission of Reply and Supporting Documents	TP	CPEMS	ECO	3 business days from initial flagging of probable breach	EC Manual and ECO IBP
3. Validation and Assessment	ECO	CPEMS	ECO	Daily	EC Manual and ECO IBP
4. Issuance of CMAR	ECO	CPEMS	TP	On or before 15 <sup>th</sup> day of the month following the covered billing month	EC Manual and ECO IBP
5. Issuance of Notice of Specified Penalty	ECO	FTP	TP IEMOP-Finance	Simultaneous with the Issuance of CMAR	Penalty Manual 2.0 and ECO IBP
6. Collection of Penalty	IEMOP	AMS	TP	On or before the end of the calendar month following the issuance of Notice of Specified Penalty	Penalty Manual 2.0; ECO IBP; and Protocol/ Agreement with IEMOP

<sup>5</sup> The compliance monitoring and assessment activity referred to herein pertains only the Possible Non-Compliance with the Offered Capacity Compliance Rules and the Dispatch Conformance Standards Under the Enhanced WESM Design



Activities	Responsible	Facility/Mode/ Process	Recipient	Timeline/ Frequency	Reference Manual/ Document
7. Filing of Request for Reconsideration	TP	Manual	ECO	10 business days from receipt of the Notice of Specified Penalty	Penalty Manual 2.0 and ECO IBP
8. Resolution of the Request for Reconsideration	ECO	Manual	TP	15 business days from receipt of request for reconsideration	Penalty Manual 2.0 and ECO IBP
9. Issuance of Notice of Refund	ECO	FTP	TP IEMOP-Finance	Simultaneous with the Issuance of the Resolution of the Request for Reconsideration	Penalty Manual 2.0 and ECO IBP
10. Filing of Appeal	TP	Manual	MSC	10 business days from receipt of the Resolution of the Request for Reconsideration	Penalty Manual 2.0 and MSC Internal Rules
11. Elevation of Case Records	ECO	Manual	MSC	5 business days from receipt of the MSC Instructions to elevate the case record	Penalty Manual 2.0; MSC Internal Rules; and ECO IBP
12. Decision on Appeal	MSC	Manual	TP	60 business days from receipt of the case records as elevated to it by ECO	Penalty Manual 2.0 and MSC Internal Rules
13. Issuance of Notice of Refund	MSC	FTP	TP IEMOP-Finance	Simultaneous with the Issuance of the Resolution of Appeal	Penalty Manual 2.0 and MSC Internal Rules

## ACRONYMS



Penalty Manual

WESM-PM-Issue No. 2.0  
Effective Date:

<b>NMMS-CMON</b>	New Market Management System – Compliance Monitoring Module
<b>CPEMS</b>	Compliance Post-Evaluation Monitoring System
<b>AMS</b>	Accounts Management System
<b>FTP</b>	File Transfer Protocol
<b>TP</b>	Trading Participant
<b>MSC</b>	Market Surveillance Committee
<b>IEMOP</b>	Independent Electricity Market Operator of the Philippines
<b>ECO</b>	Enforcement and Compliance Office
<b>IBP</b>	Internal Business Procedure