



Public Consultation on the Proposed Amendments to the WESM Rules and Market Manuals Related to Market Surveillance, Enforcement and Compliance

JANUARY 2019
DOE Public Consultation



Presentation Outline

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- BACKGROUND

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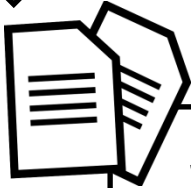
- RULES CHANGE

3

- Submission of Proposed Amendments



• BACKGROUND



Electric Power Industry Reform Act (EPIRA)


Sections 30 and 37(f) of the Electric Power Industry Reform Act (EPIRA) provides that the DOE, jointly with the electric power industry participants, shall establish the Wholesale Electricity Spot Market (WESM) and formulate the detailed rules governing the operations thereof;



Promulgation of the WESM Rules

The DOE promulgated the WESM Rules through Department Circular No. DC2002-06-003.

• BACKGROUND



WESM Rules: Chapter 8 (Rules Change Process)

“Proposals for changes, amendments, and modifications of the WESM Rules and Market Manuals, as well as the adoption of new Market Manuals, shall be undertaken in accordance with the provisions of this Chapter 8 of the WESM Rules.”



WESM Rules: Design and Promulgation of Penalties

The Market Surveillance Committee will design and promulgate the penalty levels and the appropriate range of penalties for breaches and non-compliance of WESM Rules, anti-competitive behavior, and abuse of market power.

• RULES CHANGE



DOE Approval

Procedures of the Rules Change



Endorsement to the PEM Board



Deliberation/
Decision on the
proposal



Publication of
proposal/ Inputs
Solicitation

- Assessment of proposal



Rules Change
Committee

- WESM Member
- Market Operator
- PEM Board
- WESM Governance Committees
- Government agencies
- Any interested party



Proposal



• RULES CHANGE



Rules Change Committee

“...assist the *PEM Board* and the *DOE* in relation to the revision and amendment of the *WESM Rules* in accordance with Chapter 8, and the formulation, revision and amendment of *Market Manuals*, procedures and guidelines”

Composition

Chairperson

Atty. Maila G. De Castro, *Independent*

Members

| | |
|---|---|
| Francisco L.R. Castro Jr., <i>Independent</i> | Virgilio C. Fortich Jr., <i>Distribution Sector</i> |
| Concepcion I. Tanglao, <i>Independent</i> | Allan C. Nerves, <i>Independent</i> |
| Abner B. Tolentino, <i>Generation Sector</i> | Jose Ildebrando B. Ambrosio, <i>Generation Sector</i> |
| Cherry A. Javier, <i>Generation Sector</i> | Dixie Anthony R. Banzon, <i>Generation Sector</i> |
| Lorreto H. Rivera, <i>Supply Sector</i> | Ambrocio R. Rosales, <i>System Operator</i> |
| Isidro E. Cacho Jr., <i>Market Operator</i> | Ciprinilo C. Meneses, <i>Distribution Sector</i> |
| Jose P. Santos, <i>Distribution Sector</i> | |

• Submission of Proposed Amendments

“ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) RULES AND ITS MARKET MANUALS FOR THE IMPLEMENTATION OF ENHANCEMENTS TO WESM DESIGN AND OPERATIONS (Provisions for Market Surveillance, Enforcement and Compliance)”



03 August 2018, the RCC deliberated and finalized the proposed amendments

The primary objectives of the proposal aims to:

- **Strengthen the roles and functions** of persons and units **involved in the enforcement and compliance processes**
- **Enhance the enforcement and compliance processes** and **harmonize** with the WESM Rules and other market manuals with the proposal.

• Submission of Proposed Amendments

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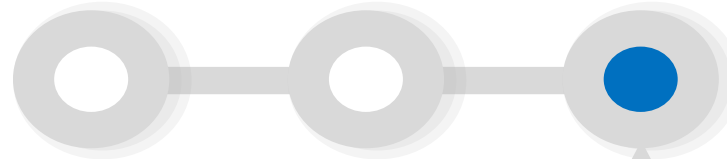


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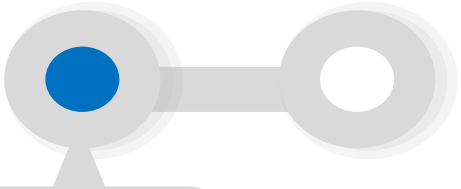
on 07 September 2018,
submission of the proposed
amendments to the DOE for
approval

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- **Enhance the enforcement and compliance processes** and **harmonize** with the WESM Rules and other market manuals with the proposal.

• Submission of Proposed Amendments

“PROVIDING POLICIES FOR THE ADOPTION OF THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) PENALTY MANUAL FOR THE IMPLEMENTATION OF ENHANCEMENTS TO WESM DESIGN AND OPERATIONS “



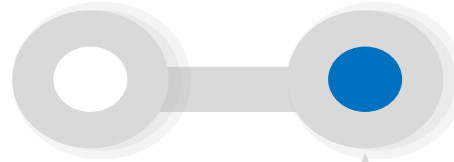
10 September 2018, the MSC finalized the proposed amendments

OBJECTIVES:

- **Enhance the penalty manual** by specifying the categories of breaches and penalty levels
- **Establish the procedures and obligations** of responsible persons or entities on the issuance of notices, penalty remedies and utilization.

• Submission of Proposed Amendments

“PROVIDING POLICIES FOR THE ADOPTION OF THE WHOLESALE ELECTRICITY SPOT MARKET (WESM) PENALTY MANUAL FOR THE IMPLEMENTATION OF ENHANCEMENTS TO WESM DESIGN AND OPERATIONS “



11 September 2018, submission of the manual to DOE for approval

OBJECTIVES:

- **Enhance the penalty manual** by specifying the categories of breaches and penalty levels
- **Establish the procedures and obligations** of responsible persons or entities on the issuance of notices, penalty remedies and utilization.

Thank You!



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