**Name of Stakeholder:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**WESM Manual on Billing and Settlement**

| **Section** | **Original Provision** | **Proposed Amendment** | **Rationale** |  **Comment /** **Proposed Revision** | **Rationale** |
| --- | --- | --- | --- | --- | --- |
| 10.1 | In accordance with Section 8.3.3 of the Price Determination Methodology Manual, Trading Participants may be entitled to additional compensation when the cost incurred in complying with the dispatch instruction are not sufficiently covered by the trading amounts, related to settlement intervals with dispatch intervals under any of the following conditions: a) Market suspension or Market intervention; orb) When the trading participant is designated as must run unit or constrain on generating unit. | **10.1.1** In accordance with Section 8.3~~.3~~ of the Price Determination Methodology Manual, *Trading Participants* may be entitled to additional compensation when the cost incurred in complying with the *dispatch instruction* are not sufficiently covered by the trading amounts, related to *settlement intervals* with *dispatch intervals* under any of the following conditions: 1. *Market suspension* or *Market Intervention*; or
2. When the *Trading Participant* **has a *generating unit* that** is designated as *must run unit* or *constrain-on generating unit* **as shown in the Dispatch Instruction Report submitted by the *System Operator* to the *Market Operator* in accordance with the *WESM Rules* or relevant *market manual*; or**
3. **When the *Trading Participant* has a *generating unit* that was scheduled and dispatched as a *constrained-on generator* in *dispatch intervals* when price substitution methodology due to congestion was applied; or**
4. **A *Trading Participant* has a *generating unit* that was scheduled and dispatched in *dispatch intervals* when price mitigation measure imposed by the *ERC* or other competent government agency was applied may also be entitled to additional compensation in accordance with and subject to the conditions set out in the issuance of the *ERC* or the competent government agency that imposed the price mitigation measure. In case of conflict between the provisions of this *Market Manual* and said issuances in respect to payment of compensation to affected *Trading Participants*, the latter issuances shall prevail.**
 | To include all conditions allowing for additional compensation provided under Section 4.4 of ERC Decision on Case No. 2017-042RC (“ERC Decision”) |  |  |
| (New) | (New) | **10.1.2 In the event that two (2) or more of the conditions occur in the same *dispatch interval* and a *Trading Participant* is entitled to additional compensation due to more than one condition, the *Trading Participant* and the *Market Operator* shall adhere with the procedures and timelines of the condition with the highest priority based on the following hierarchy:**1. **Claim category in Section 10.1.1(a)**
2. **Claim category in Section 10.1.1(d)**
3. **Claim category in Section 10.1.1(c)**
4. **Claim category in Section 10.1.1(b)**
 | Include a hierarchy in cases when two or more conditions are present. The proposed hierarchy is consistent with the order applied when determining the final energy dispatch price for a dispatch interval provided under Section 4.12 of the Price Determination Methodology Manual |  |  |
| 10.2.1 | *Trading Participants* shall submit the written claim for additional compensation within the allowable timeframe, as follows: 1. *Market suspension* or *market intervention* – fourteen (14) days after the resumption of the market; and
2. *Must-run unit* or *constrain-on generating* unit – within one (1) year after the *trading participant* was designated as *MRU* or *constrain-on generating unit*.

Any claims not filed within such period shall be deemed waived. | *Trading Participants* shall submit the written claim for additional compensation within the allowable timeframe **and basis of computation**, as follows: a) *Market suspension or market intervention* – **not later than** fourteen (14) ***working*** *days* after the ~~and~~ **issuance of the WESM final statement bill and settlement data.**b) *Must-run unit or constrain-on generating* unit – within one (1) year ~~after~~ **from the time** the **affected** *Trading Participant* ~~was designated~~ **complied with dispatch instructions** as *MRU* or *constrain-on generating unit*;c) ***Constrained-on generators* in *dispatch intervals* when the price substitution methodology due to congestion was applied – not later than fourteen (14) *working days* after the issuance of the WESM final statement bill and settlement data.****d)** **Qualified *Trading Participants* in *dispatch intervals* when price mitigation measure was applied – not later than fourteen (14) working days after the issuance of the WESM final statement bill and settlement data.**Any claims not filed within such period shall be deemed waived. | To provide clear timelines in facilitating the process for claiming additional compensation.Note that the proposed timelines for claiming additional compensation arising from the following market conditions deviate from the timelines prescribed in the ERC Decision:(1) market suspension or market intervention (item a), (2) designation as constrain-on generator when price substitution methodology was applied (item c), and (3) when price mitigation measure was applied (item d). These proposed timelines are based on practical purposes since Market Participants use the final settlement bill and data as primary reference for claiming additional compensation.  |  |  |
| 10.2.2 | *Trading Participants* shall submit sufficient proof regarding the costs incurred, which are limited to fuel cost and variable operating and maintenance costs, which may include start-up and shut down cost. Below is the non-exhaustive list of requirement documents in filing claims for additional compensation:1. Certified correct Fuel Consumption and Inventory Report;
2. Purchase Invoices, Official Receipts and other supporting documents; and

ERC-approved rate or List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts. | **Within a maximum period of sixty (60) *business days* from the *Market Operator*’s receipt of the written claim,** *Trading Participants* shall submit **the complete documentation that provides** sufficient proof regarding the costs incurred, which are limited to fuel cost and variable operating and maintenance costs, which may include start-up and shut down cost. Below is the non-exhaustive list of requirement documents in filing claims for additional compensation:1. ***Market suspension*, *market intervention*, *must-run unit* or *constrain-on generating unit* –**
	1. Certified correct Fuel Consumption and Inventory Report;
	2. Purchase Invoices, Official Receipts and other supporting documents; and
	3. *ERC*-approved rate or List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts.
2. ***Constrained-on generators* in *dispatch intervals* when the price substitution methodology due to congestion was applied or qualified *Trading Participants* in *dispatch intervals* when price mitigation measure was applied, unless a different set of requirements is set out in the relevant issuance of the *ERC* or competent agency imposing the price mitigation measure, –**
	1. **Actual fuel consumption and inventory report, duly certified by the Vice President of Finance of the power plant applying for additional compensation;**
	2. **Purchase Invoices, Official Receipts and other supporting documents; and**
	3. **List of Variable Operation and Maintenance Costs supported by photocopies of invoices/receipts.**

**The *Trading Participant* shall also ensure that any data or document required from the *System Operator* or other WESM *Service Providers*, as may be applicable, shall be submitted to the *Market Operator* within the same sixty-*business day* period.** **The *Market Operator* may allow submission of electronic or scanned copy of documents, provided that physical copy of the required documents shall also be submitted. Final validation shall be done only after receipt of the physical copy of the documents within the same sixty-*business day* period.****Any data or document submitted after the prescribed period shall not be used by the *Market Operator* as basis for additional compensation.** | Harmonize with the timeline for submitting supporting documents under ERC Decision Sections 4.4.2.1.2, 4.4.2.2.2, 4.4.2.3.2, 4.4.2.4.2, and 4.4.2.5.2.Harmonize with the list of supporting documents under ERC Decision Sections 4.4.3.1, 4.4.3.2, .4.4.3.3, 4.4.3.4, and 4.4.3.5.Also propose to identify the responsibilities of parties on the provision of data and clarify impact of submission of supporting documents beyond the sixty-day timeline. |  |  |
| 10.2.3 | The Market Operator shall determine validity of the costs incurred based on the aforementioned supporting documents. | The *Market Operator* shall determine validity of the **claim and the** costs incurred based on the aforementioned supporting documents. | Clarify that the MO will only validate if additional compensation is warranted based on the costs indicated in the supporting documents submitted by the generator but will not validate the cost items submitted |  |  |
| 10.2.4 | The Market Operator shall inform the requesting Trading Participant of the approval or disapproval of the claim within fourteen (14) working days from receipt of the complete documents from the Trading Participant. Any claim not decided within fourteen (14) working days shall be deemed approved and shall be allocated and billed immediately in the succeeding billing period. | The *Market Operator* shall inform the requesting *Trading Participant* of the approval or disapproval of the claim within **the following periods reckoned** ~~fourteen (14)~~ *~~working days~~* from receipt of the complete documents from the *Trading Participant***:**1. **For claims under the claim category in Section 10.1.1 (a), (b), and (c) - within fourteen (14) *working days*;**
2. **For claims under the claim category in Section 10.1.1 (d) - within thirty (30) *business days*, unless a different period is set out in the relevant issuance of the *ERC* or competent agency imposing the price mitigation measure.**

~~Any claim not decided within fourteen (14)~~ *~~working days~~* ~~shall be deemed~~ **If the claim or part of the clam is** approved ~~and~~**, the approved portion of the claim** shall be allocated and billed ~~immediately in the succeeding~~ *~~billing period~~***in accordance with Sections 10.4.3 and 10.4.4.** **If the claim or part of the clam is disapproved, the *Trading Participant* may seek due recourse in accordance with pertinent *WESM Rules* and *Market Manuals*.** | * To harmonize the timelines for the Market Operator’s approval or disapproval of the claim with ERC Decision Sections 4.4.4.1.1, 4.4.4.2, 4.4.4.3.1, 4.4.4.4.1, and 4.4.4.5.1.
* To remove the option of automatic approval (or disapproval) of a claim not processed by the Market Operator within the prescribed timeline to prevent possible adverse effect of said option to either the Generators (if automatic disapproval) and Customers (if automatic approval).
* To provide that Trading Participants may seek recourse under the ambit of the WESM if their claim for additional compensation is disapproved.
 |  |  |
| (New) | (New) | **10.3 QUANTITY ELIGIBLE FOR ADDITIONAL COMPENSATION** | Proposed new section to describe the procedures in determining the quantities eligible for additional compensation |  |  |
| (New) | (New) | **10.3.1 For claims due to designation as *must run units*, the *Market Operator* shall determine the *must-run unit* quantity or volume that shall be eligible for additional compensation in accordance with the relevant provision under Section 8.3 of the Price Determination Methodology Manual and Section 17 of the Dispatch Protocol Manual.** | Provide reference to the PDM for the calculation of additional compensation quantity of must run units |  |  |
| (New) | (New) | **10.3.2 For claims due to market suspension, market intervention, designation as constrain-on units, implementation of price substitution methodology, or imposition of price mitigation measures unless a different formula is set out in the relevant issuance of the *ERC* or competent agency imposing the price mitigation measure, the *Market Operator* shall determine the volume that shall be eligible for additional compensation in accordance with the following formula:**1. **If the actual generation of the *generating unit,* GESQg,i, is less than or equal to its scheduled generation plus the allowable deviation, SGg,i + Max[1,(1.5%×SGg,i)],**

$$ACQ\_{g,i}=GESQ\_{g,i}-\sum\_{b\in B}^{}BCQ\_{g,b,i}-ASIE\_{g,i}$$1. **If the actual generation of the *generating unit* is more than its scheduled generation plus the allowable deviation,**

$$ACQ\_{g,i}=SG\_{g,i}-\sum\_{b\in B}^{}BCQ\_{g,b,i}-ASIE\_{g,i}$$**Where:****ACQg,i refers to the additional compensation quantity of *generating unit* g for *dispatch interval* i****GESQg,I refers to the *gross energy settlement quantity* of *generating unit* g for *dispatch interval* i****BCQg,b,i refers to the *bilateral contract quantity* of *generating unit* g to buying *trading participant* b for *dispatch interval* i****B set of all buying *trading participants* that *generating unit* g has a contract with****ASIEg,i refers to the *ancillary services* incidental energy of *generating unit* g for *dispatch interval* i****SGg,i refers to the scheduled generation of *generating unit* g for *dispatch interval* i calculated in accordance with Section 10.3.3** | It is proposed that the calculation of additional compensation quantity for the rest of the conditions be harmonized with ERC Decision Section 4.4.1.2 for consistency. |  |  |
| (New) | (New) | **10.3.3 The scheduled generation of a *generating unit* that filed a claim for additional compensation shall be calculated using the following formulas:**1. **If due to declaration of *market suspension* or *market intervention*,**

$$SG\_{g,i}=\frac{\left(DT\_{g,i-1}+DT\_{g,i}\right)}{2}×\frac{1}{12}$$1. **If due to designation as *constrain-on unit*,**

$$SG\_{g,i}=\frac{\left(IL\_{g,i}+DI\_{g,i}\right)}{2}×\frac{1}{12}$$1. **If due to scheduling and dispatch as a *constrained-on unit* during price substitution methodology,**

$$SG\_{g,i}=\frac{\left(IL\_{g,i}+DT\_{g,i}\right)}{2}×\frac{1}{12}$$1. **If due to imposition of a price mitigation measure, unless a different formula is set out in the relevant issuance of the *ERC* or competent agency imposing the price mitigation measure,**

$$SG\_{g,i}=\frac{\left(IL\_{g,i}+DT\_{g,i}\right)}{2}×\frac{1}{12}$$**Where:****SGg,i refers to the scheduled generation of *generating unit* g for *dispatch interval* i****DTg,i refers to the most recent dispatch target either based on the *dispatch schedule* from the *Market Operator* or a *dispatch instruction* from the *System Operator* received by *generating unit* g for *dispatch interval* i****DTg,i-1 refers to the most recent dispatch target either based on the *dispatch schedule* from the *Market Operator* or a *dispatch instruction* from the *System Operator* received by *generating unit* g for the immediately preceding *dispatch interval* of *dispatch interval* i****ILg,i refers to the initial loading of *generating unit* g as determined by the *Market Management System* for *dispatch interval* i****DIg,i refers to the most recent *dispatch instruction* from the *System Operator* received by *generating unit* g for *dispatch interval* i** | Include the proposed formula for determining the scheduled generation of a generating unit for each additional compensation condition. In general, the formulas calculate the equivalent energy resulting from the linear compliance of the generating unit to its dispatch target. |  |  |
| (New) | (New) | **10.3.4 In the event that the *scheduling point* of the *generating unit* is not at the same location as its *market trading node*, the *Market Operator* shall adjust the scheduled generation calculated under Section 10.3.3 such that the volume shall correspond to the scheduled output of the *generation unit* at its *market trading node*. The *Market Operator* shall adjust the scheduled generation in accordance with the following formula:**$$SG\_{n,g,i}=SG\_{sp,g,i}×\frac{\sum\_{n\in N\_{g}}^{}SQ\_{n,i}}{\sum\_{sp\in SP\_{g}}^{}SQ\_{sp,i}}$$**Where:****SGn,g,i refers to the scheduled generation of *generating unit* g at its *market trading node* n for *dispatch interval* i****SGsp,g,i refers to the scheduled generation of *generating unit* g at its *scheduling point* sp for *dispatch interval* i****SQn,g,i refers to the *snapshot quantity* at *market trading node* n for *dispatch interval* i****SQn,g,i refers to the *snapshot quantity* at *scheduling point* sp for *dispatch interval* i****Ng refers to the set of *market trading* *nodes* of the *generating units* within the *generating system* of which *generating unit* g is a member****SPg refers to the set of *scheduling points* of the *generating units* within the *generating system* of which *generating unit* g is a member** | Propose to include procedure for adjusting scheduled generation to the market trading node if the scheduling point is at a different location. This is to have a proper comparison between the actual generation and scheduled generation in the determination of the additional compensation quantity of the claimants. |  |  |
| (New) | (New) | **10.4 BILLING AND SETTLEMENT OF ADDITIONAL COMPENSATION** | Proposed new section to include billing and settlement procedures under the ERC Decision |  |  |
| (New) | (New) | **10.4.1 The *Market Operator* shall determine the share in the additional compensation amount of each *Trading Participant* in accordance with the provisions under Section 8.3 of the Price Determination Methodology Manual.** | Provide reference to the allocation of the additional compensation amount from the PDM |  |  |
| (New) | (New) | **10.4.2 The *Market Operator* shall calculate the possible rate impact to each *WESM Customer* of each approved claim in accordance with the following formula:**$$RI\_{c,ac}=\frac{ACA\_{c,ac}}{GESQ\_{c,m}}$$**Where:****RIc,ac refers to the rate impact to customer c of additional compensation claim ac****ACAc,ac refers to the share in the additional compensation amount of customer c for additional compensation claim ac****GESQc,m refers to the total *gross energy settlement quantity* of customer c for the *billing period* m when the additional compensation amount ac will first be recovered****The customer rate impact shall be calculated for each claiming *Trading Participant* and shall cover its claim for each *billing period* and for each claim category.** | Include formula for calculating the rate impact to WESM customers which will be used as the criteria for determining whether the WESM customer will have one-time or staggered payment consistent with ERC Decision Section 4.4.5.2 |  |  |
| (New) | (New) | **10.4.3 The approved claim of each *Trading Participant* covering each *billing period* and for each claim category shall be billed on the *billing period* immediately following the approval of the claim and payments shall be collected as follows:**1. **If the calculated customer rate impact is less than or equal to PhP0.005/kWh – in one (1) payment on the scheduled due date of the *billing period* immediately following the approval of the claim; or**
2. **If the calculated customer rate impact is more than PhP0.005/kWh – in four (4) equal installments over four (4) successive *billing periods* starting on the scheduled date of the *billing period* immediately following the approval of the claim.**
 | To include the procedure for charging in one-time or staggered payment as provided under ERC Decision Section 4.4.5.2 |  |  |
| (New) | (New) | **10.4.4 The *Market Operator* shall collect payments for the approved claim within the following timeframe –**1. **For claims with rate impact equal or less than PhP0.005/kWh – on the due date of the *billing period* immediately following the approval of the claim; and**
2. **For claims with rate impact of higher than PhP0.005/kWh – installment payment shall be collected starting from the due date of the *billing period* immediately following the approval of the claim.**

**It is provided, however, that if a *Trading Participant* has more than one (1) approved claim for each claim category (i.e., covering more than one (1) billing period), only one claim shall be billed in a *billing period*, starting with the earliest *billing period*.***[Add diagrams - see diagrams below table]* | To clarify the procedure for collecting in one-time or staggered payment consistent with ERC Decision Section 4.4.5.3 |  |  |
| (New) | (New) | **10.4.5 The collected amounts from staggered payments shall be pro-rated to the *Trading Participants* which the payment is due.** | To include the procedure for paying claimants when staggered collection is applied as provided under ERC Decision Section 4.4.5.4 |  |  |
| (New) | (New) | **10.4.6 The payment for additional compensation of customers that have switched to a different *Direct WESM Member* shall be billed to the current *Direct WESM Member* provided that the bill shall reflect the period of consumption and the corresponding *Direct WESM Member* during the period of the additional compensation event under claim.** | To harmonize the collection from Indirect WESM Members with ERC Decision Section 4.4.5.5 |  |  |

**ANNEX A**



**Figure 1 Collection for WESM Billing Period 0**



**Figure 2 Multiple Approved Claims Covering More Than 1 Billing Period**