

PUBLIC

WESM Manual

Market Surveillance Manual

Issue 4.0

Abstract

This document covers the procedures and detailed requirements, data exchange, reports and activities for market monitoring, assessment and surveillance.

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SECTION 1 INTRODUCTION

1.1. PURPOSE

1.1.1 This Manual establishes the principles of the WESM Rules and Retail Rules (collectively referred to as *market rules*) on market monitoring, assessment and surveillance. The same also provides the procedures for the conduct of activities related to market monitoring, assessment and surveillance to implement the said rules.

1.1.2 This Manual also details the responsibilities of the PEM Board, Market Surveillance Committee, Market Assessment Group, WESM members, Market Operator, System Operator and other WESM Governance Committees as established in the *market rules*.

1.2. SCOPE

This Manual covers all related procedures and activities concerning market monitoring, assessment and surveillance as follows:

- (a) All activities and procedures, including the functions, authority and reports of the Market Surveillance Committee, Enforcement and Compliance Office and the Market Assessment Group; and
- (b) Rules on access to information and data management.

1.3. REVIEW AND UPDATES

1.3.1. The PEM Board, with the assistance of the Market Assessment Group and the Market Surveillance Committee, shall maintain this Manual under review, to identify any need for updates and amendments.

1.3.2. Amendments to the provisions of this Manual shall be in accordance with Chapter 8 of the *WESM Rules* and the *Manual of Procedures for Changes to the WESM Rules*.

SECTION 2 DEFINITIONS, INTERPRETATION AND CONSTRUCTION

2.1. DEFINITION OF TERMS

Unless otherwise defined in this Manual, any term and acronym used in this Manual shall have the same definition as that in the *WESM Rules*.

Act means Republic Act No. 9136, also known as the Electric Power Industry Reform Act (EPIRA) of 2001.

Applicable Law, Rules and Regulations shall include the Act or EPIRA and its IRR, the Philippine Grid Code, the Philippine Distribution Code, the Competition Rules, the WESM Rules and Market Manuals and such other codes, rules, regulations, and issuances related to the WESM.

Administered Price means a price imposed by the Market Operator to the Trading Participants during market suspension and intervention to be used for settlements which price is determined in accordance with the methodology developed and published by the Market Operator and approved by the ERC.

Anti-Competitive Behavior means anti-competitive behavior as defined in Section 45 of the Act, its IRR and other pertinent rules and regulations that the ERC may promulgate.

Breach means act or omission that constitutes a violation or non-compliance with any provision of the Market Rules and Market Manuals that are expressly provided for as subject of penalties if committed.

Constraint means a limitation on the capability of any combination of network elements, loads, generating units or Ancillary Service Providers such that it is, or is deemed by the System Operator to be, unacceptable to adopt the pattern of transfer, consumption, generation or production of electrical power or other services that would be most desirable if the limitation were removed, as defined in the WESM Rules.

Customer means person who: (a) engages in the activity of purchasing electricity supplied through a transmission or distribution system other than where all that person's electricity requirements are purchased from a *Supplier*; and (b) registers with the *Market Operator* in that capacity under Clause 2.3.2 of the *WESM Rules*.

DOE refers to the Department of Energy, the government agency created pursuant to Republic Act No. 7638 whose expanded functions are provided in the Act.

Enforcement and Compliance Officer refers to an officer of the PEMC in charge of the compliance and enforcement functions and responsibilities as established in the WESM Rules, and in charge of the corresponding procedures established in this Market Manual.

ERC refers to the Energy Regulatory Commission, the independent quasi-judicial regulatory body created by the EPIRA.

Generation Company means a person or entity authorized by the ERC to operate facilities used in the generation of electricity, and registered with the Market Operator in that capacity in accordance with Clause 2.3.1 of the WESM Rules.

Market Intervention means a measure taken by the *System Operator* when the grid is in the alert or emergency state as established in the Grid Code, arising from a threat to system security, force majeure event or emergency, or by the *Market Operator* in relation to the simulation or implementation of its business continuity or disaster and recovery procedures provided in Clause 6.8.1 of the *WESM Rules*. During such event, *Administered Prices* shall be used for settlements.

Intervention Report means the report prepared by the *Market Surveillance Committee* and submitted to the *PEM Board* in accordance with Section 5.3 of this Manual.

IRR means the Implementing Rules and Regulations of the Act.

Market Assessment Group is a PEMC unit established pursuant to the *WESM Rules* to serve as the primary support unit of the WESM Governance Committees, which include the *Market Surveillance Committee*, and regularly prepare assessment reports on overall performance and competitiveness of the WESM.

Market Assessment Report means the periodic report prepared by the Market Assessment Group and submitted to the *Market Surveillance Committee*.

Market Information Website means the facility established by the *Market Operator* on the electronic communication system on which it may publish information which is then made available to and may be accessed by the WESM members.

Market Manual means a manual of specific procedures, systems and protocols for the implementation of the WESM Rules.

Market Assessment System means the system to be used by the Market Assessment Group in collecting, storing and processing monitoring data and other information necessary for the *Market Surveillance Committee* to carry out its functions.

Market Surveillance Committee refers to the WESM Governance Committee appointed by the *PEM Board* to monitor and report on the activities in the WESM and those participating in the WESM in accordance with this Manual.

Market Suspension means an event wherein the ERC declares the operation of the *spot market* to be suspended in cases of natural calamities or national and international security emergencies.

Over-Riding Constraints means constraints imposed by the *Market Operator*, as required by the *System Operator*, relative to the power flow, energy generation of a specific facility in the Grid to address system security threat, mitigate the effects of a system emergency, address the need to dispatch generating units to comply with

systems, regulatory and commercial test requirements, in accordance with Clause 3.5.13 of the *WESM Rules* and this Manual.

PEM Audit Committee refers to the WESM Governance Committee appointed by the PEM Board to conduct audits of the operation of the *spot market* and undertake the functions and activities set out in the *WESM Rules* and PEM Audit Market Manual.

PEM Board refers to the Board of Directors of the PEMC that is responsible for governing the WESM.

Philippine Electricity Market Corporation or PEMC refers to the *Market Operator* and the *Central Registration Body*.

Retail Rules means the rules promulgated by the DOE governing the integration of retail competition in the operation and governance processes of the WESM and the management of the transactions of Suppliers and *Contestable Customers* in the WESM, and the operations of the *Central Registration Body*.

Review Document on Over-Riding Constraints means the report prepared by the *Market Surveillance Committee* in accordance with Section 5.5 of this Manual.

Rules Amendment Review Document means the document prepared by the *Market Surveillance Committee* when requested by the *Rules Change Committee* to review a proposed amendment to the *WESM Rules* or the Market Manuals.

Rules Change Committee refers to the WESM Governance Committee established by WESM Rule 8.2 to review and propose amendments to the *WESM Rules*.

Trading Participant means a customer or a generation company.

WESM Governance Committee refers to a working groups created by the *PEM Board* pursuant to Clause 1.4.6 of the *WESM Rules*. The WESM Governance Committees are as follows: the *PEM Audit Committee*, *Market Surveillance Committee*, *Technical Committee*, *Rules Change Committee* and the *Dispute Resolution Administrator*.

WESM Member means a person who is registered with the *Market Operator* in accordance with Clauses 2.3 and 2.4 of the *WESM Rules*.

WESM Rules means the detailed rules that govern the administration and operation of the WESM.

2.2. INTERPRETATION AND CONSTRUCTION

- 2.2.1. Any Annex to this Manual shall be considered an integral part hereof.
- 2.2.2. Any reference to "this Market Manual" or "this Manual" is a reference to the whole of this Market Surveillance Manual, including all its Annexes.
- 2.2.3. The singular includes the plural and vice versa.
- 2.2.4. The words "such as", "include", "including", "for example" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not limit or prejudice the generality of any foregoing words.
- 2.2.5. Headings in this Manual are for convenience only and shall not affect the construction and interpretation of the provisions of this Manual.
- 2.2.6. Any reference to any law, regulation made under any law, rules or codes shall be to that item as amended, modified, revised or replaced from time to time.
- 2.2.7. The provisions in this Manual, the *WESM Rules* and other Market Manuals shall be read, construed and interpreted in such a manner as to harmonize and reconcile each and every provision thereof. In the event of inconsistency, the *WESM Rules* shall prevail.
- 2.2.8. Should any provision of this Manual be declared invalid or nullified by any court or authority of competent jurisdiction, the other provisions not affected by the declaration of invalidity or nullity shall continue to be in full force and effect.

SECTION 3 RESPONSIBILITIES

3.1. MARKET SURVEILLANCE COMMITTEE

Market Surveillance Committee shall have the following responsibilities:

- (a) Develop monitoring data and indices necessary to effectively carry out its market surveillance function, as well as prepare a catalogue thereof, and continuously enhance the same as it deems appropriate, in view of findings and issues established or determined during the market surveillance process;
- (b) Review the following reports prepared and submitted by the Market Assessment Group:
 - (i) Market Assessment Report;
 - (ii) Retail Market Assessment Report; and
 - (iii) Over-riding Constraints Report.
- (c) Submit Monthly Monitoring Reports, Quarterly Retail Market Monitoring Reports, Annual Reports to the *PEM Board*;
- (d) Prepare and submit special market reports as may be directed by the *PEM Board*, DOE or ERC;
- (e) Prepare and submit reports on apparent or suspected incidents of anti-competitive behavior by any WESM participant, to the PEM Board, DOE and ERC;
- (f) In the course of its monitoring and surveillance function, advise the *Enforcement and Compliance Office* of certain acts or omissions on the part of the *Trading Participant*, which may constitute possible Breach;
- (g) Review an event of market intervention or market suspension, as defined under Chapter 6 of the *WESM Rules*, and prepare the corresponding Market Intervention or Market Suspension Report to be submitted to the *PEM Board*;
- (h) Upon request, assist the *Rules Change Committee* in reviewing proposed amendments to the *WESM Rules* and *Market Manuals*, and make recommendations on the expected impact and necessity of the amendment proposal;
- (i) Decide on an appeal filed by a WESM member as provided under Section 4.13 of the *WESM Penalty Manual*; and
- (j) Annually or as often as necessary review the *WESM Penalty Manual*.

3.2. PEM BOARD

The PEM Board shall oversee and monitor the activities of the *Market Operator* and the *System Operator* to ensure that they fulfill their responsibilities under the *WESM Rules* and act in a manner consistent therewith.

3.3. MARKET ASSESSMENT GROUP

The Market Assessment Group shall have the following responsibilities:

- (a) Regularly collect monitoring data from the *Market Operator*, *System Operator*, and WESM participants, and process monitoring indices;
- (b) Provide aggregation and analysis on monitoring data and monitoring indices;
- (c) Organize and administer the Market Assessment System;
- (d) Prepare and submit Market Assessment Reports to the *Market Surveillance Committee*;
- (e) Prepare and submit special market reports as directed by the *Market Surveillance Committee*;
- (f) Provide technical support to the *Market Surveillance Committee*;
- (g) Promptly provide all data, information, reports and other documentation requested by the *Market Surveillance Committee* or *Enforcement and Compliance Office*;
- (h) Maintain a record of each incident leading to an Over-Riding Constraint and provide the *Market Surveillance Committee* a summary of said incidents during its periodic monitoring meetings;
- (i) Inform the *Market Surveillance Committee* on policy developments, amendments to the *WESM Rules* and Market Manuals, and decisions of the *PEM Board* relevant to the market monitoring and surveillance functions; and
- (j) Recommend to the *Market Surveillance Committee* the adoption or modification of market monitoring indices.

3.4. MARKET OPERATOR

The *Market Operator* shall have the following responsibilities:

- (a) Monitor the daily trading activities in the WESM and determine whether or not such trading is performed in accordance with the *WESM Rules*;
- (b) Notify the *Enforcement and Compliance Office* when it has knowledge of acts or omissions which may reasonably constitute a Breach;

- (c) Promptly provide all data, information, reports and other documentation requested by the DOE, ERC, *PEM Board*, *Market Surveillance Committee*, *Enforcement and Compliance Office* or Market Assessment Group.

3.5. SYSTEM OPERATOR

The *System Operator* shall have the following responsibilities:

- (a) Monitor the operation and practices of WESM members during the coordination, operational planning and real time operation of the electricity system to assess compliance with the WESM Rules;
- (b) Notify the *Enforcement and Compliance Office* when it has knowledge of acts or omissions which may reasonably constitute a Breach;
- (c) Promptly provide all data, information, reports and other documentation requested by the DOE, ERC, *PEM Board*, *Market Surveillance Committee*, *Enforcement and Compliance Office* or Market Assessment Group.

3.6. OTHER WESM GOVERNANCE COMMITTEES

The other WESM Governance Committees shall have the following responsibilities:

- (a) Notify the *Enforcement and Compliance Office* when they have knowledge of acts or omissions which may reasonably constitute to a Breach;
- (b) Notify the *Market Operator* when they have knowledge of acts or omissions constituting possible abuse of market power or anti-competitive behavior;
- (c) Provide assistance and technical expertise to other WESM Governance Committees when requested; and
- (d) Promptly provide all data, information, reports and other documentation requested by DOE, ERC, *PEM Board*, WESM Governance Committees, Market Assessment Group or *Enforcement and Compliance Office*.

3.7. WESM MEMBERS AND PARTICIPANTS

When required by the *Market Surveillance Committee*, *Enforcement and Compliance Office* or Market Assessment Group, a *WESM member* or WESM participant shall timely submit information and data for the *Market Surveillance Committee* to effectively carry out its functions and responsibilities under this Manual.

SECTION 4 MARKET MONITORING

4.1. MARKET ASSESSMENT

4.1.1. The Market Assessment Group shall prepare monthly and annual Market Assessment Reports for submission to the Market Surveillance Committee, which shall include:

- (a) An assessment of the development of the market including:
 - (i) Analysis and aggregation of monitoring data;
 - (ii) Analysis and evolution of monitoring indices; and
 - (iii) Recommendations, as necessary.

- (b) Such other matters related to market monitoring and assessment, including without limitation:
 - (i) Generation mix: generation capacity per type of fuel and per type of flexibility (base load, peak, intermittent);
 - (ii) Load behavior and trend: (energy and peak demand);
 - (iii) Generation capacity availability and trend; and
 - (iv) Adequacy of reserve.

4.1.2. The Market Assessment Group shall prepare quarterly and annual Retail Market Assessment Reports for submission to the *Market Surveillance Committee*, which shall include the following:

- (a) An assessment of the development of the market including:
 - (i) Analysis and aggregation of monitoring data;
 - (ii) Analysis and evolution of monitoring indices; and
 - (iii) Recommendations, as necessary.

- (b) Such other matters related to market monitoring and assessment, including without limitation:
 - (i) Load profile;
 - (ii) Demand trend;
 - (iii) Market concentration; and
 - (iv) Activities of the suppliers and contestable customers.

4.1.3. Upon submission to the *PEM Board*, the above-mentioned Market Assessment Reports shall be published in the Market Information Website.

4.2. MARKET MONITORING DATA AND INDICES

4.2.1. Monitoring Data

- 4.2.1.1. The Market Assessment Group shall regularly collect, organize and maintain the monitoring data.
- 4.2.1.2. The Market Assessment Group shall adopt procedures and formats for the regular submission of monitoring data after providing an opportunity for affected parties to review and comment on such procedures. A party to whom such procedures apply shall establish mechanisms to ensure that the corresponding monitoring data is prepared and submitted, or ready to be accessed, within the time and in the formats specified.
- 4.2.1.3. A party required to provide regular monitoring data shall submit it within the timeframe and in the formats specified by the Market Assessment Group and may not contest its authority to obtain the data prescribed in the monitoring data catalogue.
- 4.2.1.4. The monitoring data shall be used by the Market Assessment Group to calculate monitoring indices and to conduct analysis required by the *Market Surveillance Committee* for the purpose of monitoring:
 - (a) The functioning of the WESM and the Retail Market in different periods or intervals and market conditions;
 - (b) The behavior of trading participants; and
 - (c) The conduct and performance of the Market Operator and System Operator.
- 4.2.1.5. The Market Assessment Group, from time to time, shall recommend to the *Market Surveillance Committee* modifications to the catalogue of monitoring data and indices. The *Market Surveillance Committee* shall consult the *Market Operator*, the *System Operator* and *WESM members*, and shall provide them an opportunity to comment on the modifications.

4.2.2. Monitoring Indices

- 4.2.2.1. The set of monitoring indices developed by the *Market Surveillance Committee* provides indication of market trends, performance and possible drivers, and signals, which require more in-depth analysis. This shall include the following indices:
 - (a) WESM
 - i. Market Performance;
 - ii. Supply Generation;
 - iii. Spot Market Price;
 - iv. Transmission Constraint; and
 - v. Structural.
 - (b) Retail Market
 - i. Market Performance;
 - ii. Market Structure; and

iii. Retail Activity.

4.2.2.2. The *Market Surveillance Committee* shall adopt the said list of monitoring indices to analyze the monitoring data or other information collected.

4.2.2.3. In updating the monitoring indices, the *Market Surveillance Committee* may receive recommendations from the *PEM Board*, and other interested parties.

4.3. PERIODIC MONITORING BY THE MARKET SURVEILLANCE COMMITTEE

4.3.1. The *Market Surveillance Committee* shall meet at least once every month to carry out a review of the Market Assessment Report and the Retail Market Assessment Report submitted by the Market Assessment Group, and the preparation of the Monthly Monitoring Report and Retail Market Monitoring Report to be submitted to the PEM Board.

4.3.2. Meetings of the *Market Surveillance Committee* shall be held at the PEMC office premises. The PEMC shall ensure that adequate space and facilities are allocated to the *Market Surveillance Committee* for this purpose.

4.3.3. Prior to each periodic monitoring meeting of the *Market Surveillance Committee*, the Market Assessment Group shall submit the Market Assessment Reports corresponding to the period, for *Market Surveillance Committee's* approval.

4.3.4. In the periodic monitoring meetings, the *Market Surveillance Committee* shall:

(a) Assess market monitoring indices and price trends in the WESM and the Retail Market to evaluate whether spot prices and reserve prices are in line with those that may be expected in an effectively competitive market; Identify market outcomes or pricing situations that are inefficient or contrary to competition or the WESM objectives;

(b) Identify market outcomes or pricing situations that are inefficient or contrary to competition or the WESM Objectives;

(c) Assess monitoring indices, the behavior and strategies in bids and offers and, as appropriate, the relationship of those bids or offers to marginal or other costs;

(d) Pursuant to Section 3.1 of this Manual, advise the *Enforcement and Compliance Office* of certain acts or omissions which may constitute possible Breach, or in the case of possible abuse of market power or anti-competitive behavior, recommend to the PEMC President the issuance of a Notice of Possible Commission of *anti-competitive behavior* for submission to the ERC.

(e) Identify any need for, and recommend the implementation of, measures to remedy or mitigate possible abuse of market power or anti-competitive

behavior, anomalous conditions, market defects or problems with the Market Rules;

- (f) Review from time to time the market design and propose necessary amendments to the *WESM Rules*, *Retail Rules* and *Market Manuals*; and
- (g) Review reports and recommendations of the *Enforcement and Compliance Office* and Market Assessment Group, and take appropriate action thereon including preparing corresponding reports.

4.3.5. The *Market Surveillance Committee* may meet with the *PEM Board* or the President of PEMC to discuss its views with respect to the decisions made by the *PEM Board* in relation to previous findings and recommendations of the *Market Surveillance Committee*.

4.3.6. The *Market Surveillance Committee* may request meetings with the DOE or ERC to obtain clarifications and discuss views and experiences in relation to its findings and recommendations.

4.3.7. The Market Surveillance Committee shall prepare a Monthly Monitoring Report at the end of each periodic monitoring meeting which shall contain:

- (a) An of monitoring indices and changes to the monitoring data or monitoring indices, if any;
- (b) Conclusions and recommendations on the efficiency and adequacy of the *WESM Rules* and *Retail Rules* and, when necessary, recommendations on amendments to the said Rules or the *Market Manuals*;
- (c) Conclusions and recommendations regarding price trends, market monitoring indices, market behavior and outcomes of the market as a whole, trends in bids and offers and the behavior of trading participants possessing market power or setting the market prices;
- (d) Evaluation and initial recommendations on special or unusual circumstances or behaviors or results since the previous periodic monitoring meeting;
- (e) When necessary, recommendations on preventive or mitigation measures;
- (f) Evaluations and conclusions resulting from a review of Market Assessment Group reports; and
- (g) Approved Market Assessment Report.

4.3.8. The *Market Surveillance Committee* shall submit to the *PEM Board* the following:

- (a) Monthly Monitoring Report, not later than one week after its approval;
- (b) Quarterly Retail Market Monitoring Report, not later than one week after its approval;

- (c) Annual Retail Market Monitoring Report, within the first quarter of the succeeding year;
- (d) Annual Market Assessment Report, within the third quarter of the succeeding year; and
- (e) Annual Report, which contains its accomplishments and work plan, within the first quarter of the succeeding year.

4.3.9. The *Market Surveillance Committee* shall transmit a copy of the Monthly Monitoring Report, Annual Market Assessment Report, Quarterly Retail Market Monitoring Report and Annual Retail Market Monitoring Report to the DOE and ERC.

4.4. ISSUANCE OF NOTIFICATION OF POSSIBLE ANTI-COMPETITIVE BEHAVIOR

If the *Market Surveillance Committee* determines that an act or omission constitutes possible anti-competitive behavior, the *Market Surveillance Committee* shall recommend to the PEMC President the issuance of a Notice of Possible Commission of Anti-Competitive behavior. Said issuance may contain adequate preventive or mitigation measures, when necessary, until the Investigation is concluded to protect effective competition and fair prices and outcomes in the WESM and the Retail Market.

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| SECTION 5 OTHER REVIEW FUNCTIONS |
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5.1. REVIEW OF THE MARKET RULES

- 5.1.1. In the performance of its market surveillance function, the *Market Surveillance Committee* shall analyze the effectiveness of pertinent *Market Rules* and if necessary recommend amendments thereto in order to:
- (a) Improve the overall competitiveness in and the effective operation of the WESM and Retail Market;
 - (b) Increase the transparency and efficiency of the WESM and Retail Market;
 - (c) Enhance the conditions and economic signals to achieve the WESM and Retail Market Objectives; and
 - (d) Mitigate distortions, flaws or problems that may negatively affect the efficient and transparent operation of a competitive power market.
- 5.1.2. Any amendment proposal shall be submitted in accordance with the Manual of Procedures for Changes to the WESM Rules.

5.2. REVIEW OF THE PROPOSED AMENDMENTS TO THE MARKET RULES AND MARKET MANUALS

Upon the request of the *Rules Change Committee*, or as otherwise provided in the Manual of Procedures for Changes to the WESM Rules, the *Market Surveillance Committee* shall also review and give its opinion and recommendations on the proposed amendments to the *Market Rules* and *Market Manuals*.

5.3. REVIEW OF MARKET INTERVENTION

- 5.3.1. The *Market Surveillance Committee* shall conduct a review upon the occurrence of any of the following events:
- (a) An Intervention declared by the System Operator as established in the Grid Code, due to:
 - (i) An emergency;
 - (ii) A threat to system security; or
 - (iii) An event of force majeure;
 - (b) An intervention declared by the *Market Operator* due to force majeure, which includes:
 - (i) Market system hardware or software failure that makes it impossible to receive or process market offer/bid information or produce market schedules due to erroneous real-time status input data or dispatch the system in accordance with the *WESM Rules*; and
 - (ii) Interruption in the operations of market software used by the *Market Operator* to support various processes in the WESM during the simulation of the business continuity plan and disaster recovery

procedures, or any other event, circumstance or occurrence in nature of, or similar in effect to any of the foregoing.

- 5.3.2. When any of the events occurs as described above, the *Market Operator* or the *System Operator*, as the case may be, shall notify the *Market Surveillance Committee* of such event in writing.
- 5.3.3. Upon receipt of the notification from the *Market Operator* or the *System Operator*, the *Market Surveillance Committee* shall conduct a review and shall prepare a Market Intervention Report, which shall include:
 - (a) All data and information regarding the event, including those provided by the *System Operator* or the *Market Operator*;
 - (b) Assessment and recommendations, as applicable, on:
 - (i) The adequacy of the provisions of the *WESM Rules* relevant to the event, and its proposed amendments, if any;
 - (ii) The appropriateness of actions taken by the *System Operator* and/or *Market Operator* in relation to the event;
 - (iii) The impact and possible costs incurred by *WESM members* as a consequence of the event; and
 - (iv) Potential breaches by *WESM members*.
- 5.3.4. Upon the request of the *Market Surveillance Committee*, the *System Operator*, *Market Operator*, and/or concerned *WESM members* shall provide such data or information to enable the *Market Surveillance Committee* to complete its review.
- 5.3.5. The *Market Surveillance Committee* may request a third party to provide necessary data or information to enable the *Market Surveillance Committee* to complete its review, or to act as resource person relative thereto.
- 5.3.6. The *Market Surveillance Committee's* Market Intervention Report shall be submitted to the PEM Board for review and approval, within a reasonable period, provided that the initial report shall be submitted within thirty (30) working days after the MSC has received the notification from the *Market Operator* or the *System Operator*.
- 5.3.7. A copy of the approved Market Intervention Report shall be transmitted by the *PEM Board* to the ERC and DOE, and be furnished to any interested persons upon request, in accordance with Section 8 of this Manual.

5.4. REVIEW OF MARKET SUSPENSION

- 5.4.1. Within ten (10) business days following a notice by the *Market Operator* of a declaration of Market Suspension by the ERC under Clause 6.9.1.1 of the *WESM Rules*, the *Market Surveillance Committee* shall convene and review such declaration and prepare a report to assess:

- (a) The adequacy of the relevant provisions of the *WESM Rules* in relation to the event or events which occurred;
 - (b) The appropriateness of actions taken by the *System Operator* and the *Market Operator* in relation to the event or events which occurred;
 - (c) The costs incurred by *WESM members* as a consequence of responding to the event or events; and
 - (d) Any finding of potential, fault of any *WESM Participant* including a preliminary recommendation for further evaluation by the *PEM Audit Committee*.
- 5.4.2. Upon the request of the *Market Surveillance Committee*, the *System Operator*, *Market Operator*, and/or concerned *WESM members* shall provide such data or information to enable the *Market Surveillance Committee* to complete its review.
- 5.4.3. The *Market Surveillance Committee* may request a third party to provide necessary data or information to enable the *Market Surveillance Committee* to complete its review, or to act as resource person relative thereto.
- 5.4.4. The *Market Surveillance Committee's* Market Suspension Report shall be submitted to the *PEM Board* for review and approval.
- 5.4.5. A copy of the approved *Market Surveillance Committee* Market Suspension Report shall be transmitted by the *PEM Board* to the ERC and DOE, and shall be furnished to any interested persons upon request, in accordance with Section 8 of this Manual.

5.5. REVIEW OF OVER-RIDING CONSTRAINTS

- 5.5.1. The *System Operator* shall provide the *Market Surveillance Committee*, through the Market Assessment Group, with the details of the over-riding constraint imposed (e.g. date, trading interval, reasons for the imposition) under a standard form prescribed by the *Market Surveillance Committee* within the next two (2) business days. The *Market Surveillance Committee* may require from the *System Operator* additional information, as it may deem necessary.
- 5.5.2. The Market Assessment Group shall maintain a record of each over-riding event and any significant impact thereof on the market, which shall be reported to the *Market Surveillance Committee* on a monthly basis. During its review of the over-riding constraints imposed by the *System Operator*, the *Market Surveillance Committee* may require additional information to further assess the event.

- 5.5.3. The *Market Operator* or a *WESM member* may also request the *Market Surveillance Committee* to review a decision to impose or relax an over-riding constraint.
- 5.5.4. The request shall be submitted to the *Market Surveillance Committee* and shall include:
- (a) The identification of the party requesting the review;
 - (b) The identification of the incident, including the date, trading intervals and conditions, when the over-riding constraint was imposed;
 - (c) The reason for the request, describing the specific issues or concerns to be reviewed; and
 - (d) Any other matter or relevant information considered significant by the requesting party to be taken into consideration by the *Market Surveillance Committee* in its review of the incident.
- 5.5.5. The Market Assessment Group shall verify that all necessary information has been submitted. Within the next five (5) business days, the *Market Assessment Group* shall:
- (a) If the request is complete, acknowledge receipt and inform the requesting party that the request will be submitted for review to the *Market Surveillance Committee*; or
 - (b) If the request is incomplete, inform the requesting party of the deficiency and request for submission of the required data.
- 5.5.6. The *Market Surveillance Committee* shall conduct its review on the imposition of an over-riding constraint, and thereafter transmit to the requesting party, copy furnished the *PEM Board*, the Review Report on Over-riding Constraints containing the following:
- (a) Whether the imposition of over-riding constraint was reasonably justified;
 - (b) Whether a *Trading Participant* was adversely affected by the imposition of the over-riding constraint; and
 - (c) Conclusion and recommendations, if any.

SECTION 6 MITIGATION MEASURES

The *Market Surveillance Committee* may recommend to the PEMC the imposition of mitigation measures to address possible:

- (a) Breaches of the *WESM Rules*; and
- (b) Acts or omissions constituting possible Anti-Competitive Behavior.

SECTION 7 ACCESS TO INFORMATION AND DATA MANGEMENT

- 7.1. To perform its functions and achieve its objectives, the *Market Surveillance Committee* and Market Assessment Group shall have the authority to request and access any relevant data, information, report or document that a WESM member or WESM participant, the *Market Operator* or *System Operator* may have in its possession.
- 7.2. The *Market Surveillance Committee* and Market Assessment Group are authorized to request, with appropriate deadlines, the submission of data, documents and other information necessary for the accomplishment of their respective functions under this Manual.
- 7.3. Each *WESM member* or WESM participant, the *Market Operator* and the *System Operator* shall submit, in a timely manner and in the required format, such data, documents and other information referred to in the monitoring data, or requested by the *Market Surveillance Committee* or Market Assessment Group in relation to its functions under this Manual. Every submission of information or data pursuant to this Manual shall be accompanied by a written declaration that such information or data are valid, accurate, and complete and based on authentic documents. The name and designation of the individual submitting the informational data shall be indicated in such declaration.
- 7.4. A request for information by the *Market Surveillance Committee*, *Enforcement and Compliance Office* and Market Assessment Group shall:
 - (a) Be in writing;
 - (b) Indicate the reason for the request;
 - (c) Specify the document or information requested and, when applicable, the format;
 - (d) Specify a reasonable time within which the information must be provided; and
 - (e) Provide other relevant information or clarification to ensure that the request is understood by the Recipient.

SECTION 8 CONFIDENTIALITY

- 8.1. Each member of the *Market Surveillance Committee* and the Market Assessment Group shall enter into a confidentiality undertaking, in accordance with the terms prescribed by the *PEM Board*.
- 8.2. To carry out its responsibilities, the *Market Surveillance Committee* and the Market Assessment Group shall have the right to access and review confidential or commercially-sensitive data available from a *WESM member* or WESM participant, the *Market Operator* or *System Operator*.
- 8.3. If a *WESM member* or WESM Participant, the *System Operator* or the *Market Operator* marks or claims that a document or information requested is confidential, the party shall provide the reasons that justify such confidentiality treatment.
- 8.4. The *Market Surveillance Committee* or Market Assessment Group as applicable, shall review the confidentiality claim in line with the *WESM Rules* and other Applicable Law, Rules and Regulations. If the claim is valid, the requirements for the protection of such document or information, as may be necessary to ensure the confidentiality and commercial value of such document or information, shall be established.
- 8.5. The *Market Surveillance Committee* and the Market Assessment Group shall implement procedures as may be reasonable and necessary to protect the confidentiality and commercial value of documents or other information acquired and not use the same for other purposes other than which it was obtained.
- 8.6. All reviews and reports to be submitted to the PEM Board shall not, as far as practicable, contain any confidential or commercially-sensitive information.
- 8.7. Reports to be published or disseminated to the ERC, DOE or to any person requesting a copy of any report prepared pursuant to this Manual shall be subject to the exclusion of portions which are classified as confidential or commercially sensitive information.
- 8.8. The members of the *Market Surveillance Committee, Enforcement and Compliance Office* and Market Assessment Group as the case may be, shall prepare a version of their Reports, deleting confidential information, to enable its dissemination and publication.
- 8.9. Monitoring indices shall not qualify as confidential, and the results and evolution of monitoring indices shall be published in the Market Information Website.

SECTION 9 LIMITATION OF LIABILITY AND INDEMNIFICATION

- 9.1. Members of the *PEM Board, Market Surveillance Committee*, or the Market Assessment Group shall not be made personally liable for any loss or damage suffered or incurred by a *WESM member, the System Operator, the Market Operator* or any other person as a consequence of any act or omission undertaken in the performance of the duties and responsibilities contained in the Market Manuals or the *WESM Rules*, unless the person acted with malice, manifest partiality, bad faith, gross incompetence or gross negligence.
- 9.2. Should any member of the *PEM Board, Market Surveillance Committee* or the Market Assessment Group be made liable for any amount for loss or damage suffered or incurred by any person or entity as a consequence of any of its acts or omissions in the performance of its duties as prescribed in the *Market Manuals* or the *WESM Rules*, the PEMC shall indemnify said persons through an indemnification process to be developed by the *PEM Board*; Provided however that the indemnification shall exclude any liability arising out of conduct involving malice, manifest partiality, bad faith, gross incompetence or gross negligence. Said indemnification shall cover:
- (a) The full amount adjudged; and
 - (b) The costs and expenses incurred by the member of the *Market Surveillance Committee* or staff of the Market Assessment Group in defending himself/herself or itself, as the case may be, in the related proceedings.