

**Proposed Amendments to the
WESM Rules and WESM Manuals
related to Market Surveillance,
Enforcement and Compliance**

January 2019

DOE Public Consultation



Rationale

- To **clearly delineate roles and responsibilities** related to market monitoring and surveillance on one hand, and enforcement and compliance on the other.
- To **enhance and streamline the enforcement and compliance process.**
- To **clarify and strengthen the roles and functions** of persons and units involved in the enforcement and compliance processes.
- To **harmonize** the WESM Rules, Market Surveillance Manual, and proposed Enforcement and Compliance Manual with **PEMC-ERC Protocol** and amendments to **WESM Penalty Manual.**

Background

4Q 2016

- ❑ The Market Surveillance Committee and PEMC reviewed the *Market Surveillance, Compliance and Enforcement Manual* and the WESM Rules with the objective of introducing amendments thereto, develop a separate Manual on enforcement and compliance, and harmonize said documents with the PEMC-ERC Protocol.

- ❑ The **PEMC-ERC Protocol** delineates the manner and procedure by which the ERC and PEMC shall exercise their respective authorities in instances of:
 - ✓ breach of the WESM Rules and/or the WESM Manuals
 - ✓ anti-competitive behaviour and disputes involving WESM Members, the System Operator and/or the Market Operator for cases arising from transactions in the WESM

Background

3Q 2017 to 2Q 2018

- ❑ Amendments to the WESM Penalty Manual were proposed and published twice for consultation.
- ❑ The WESM Rules, *Market Surveillance, Compliance and Enforcement Manual* and the proposed *Enforcement and Compliance Manual* were further amended to be consistent with the proposed changes to the *WESM Penalty Manual*.

3Q 2018

- ❑ Amendments to the WESM Rules, *Market Surveillance, Compliance and Enforcement Manual*, the proposed *Enforcement and Compliance Manual* and the *WESM Penalty Manual* were approved by the PEM Board and endorsed to the DOE for promulgation.

Documents for **Amendment**



WESM Rules

The detailed rules that govern the **administration and operation of the WESM**
[Section 1 of the Draft Circular on Market Surveillance, Enforcement and Compliance]



Market Surveillance, Compliance and Enforcement

Covers procedures and detailed requirements, data exchange, reports and activities for **market assessment, surveillance, compliance and enforcement** *[Section 5 of the Draft Circular on Market Surveillance, Enforcement and Compliance]*

Documents for **Amendment** (continued)

PEM Audit Manual

Covers **objectives, scope and procedures of various audits** of PEMC in the WESM to be conducted by the PEM Audit Committee [*Section 6 of the Draft Circular on Market Surveillance, Enforcement and Compliance*]

Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals

Covers the **method and procedures for changes** to the WESM Rules, Retail Rules and Market Manuals [*Section 2 of the Draft Circular on Market Surveillance, Enforcement and Compliance*]

Guidelines Governing the Constitution of the PEM Board Committees

Covers the **qualifications and disqualification of members of the PEM Board Committees** and the process of their **selection and appointment** [*Section 7 of the Draft Circular on Market Surveillance, Enforcement and Compliance*]

Documents for **Amendment** (continued)

Dispute Resolution Manual

Covers detailed **procedures and requirements for the resolution** of WESM-related disputes [*Section 3 of the Draft Circular on Market Surveillance, Enforcement and Compliance*]

Technical Committee Manual

Covers the **scope, functions and responsibilities of the Technical Committee** pursuant to the WESM Rules [*Section 8 of the Draft Circular on Market Surveillance, Enforcement and Compliance*]

Catalogue of Market Monitoring Data and Indices

Covers the list of **market monitoring indices used in assessing** the development of the WESM [*Section 9 of the Draft Circular on Market Surveillance, Enforcement and Compliance*]

Documents for **Amendment** (continued)



WESM Consultation Guidelines

Covers the **public consultation procedure** to be observed by the PEM Board Committees or WESM Governance Committees *[Section 10 of the Draft Circular on Market Surveillance, Enforcement and Compliance]*

New Document for **Adoption**

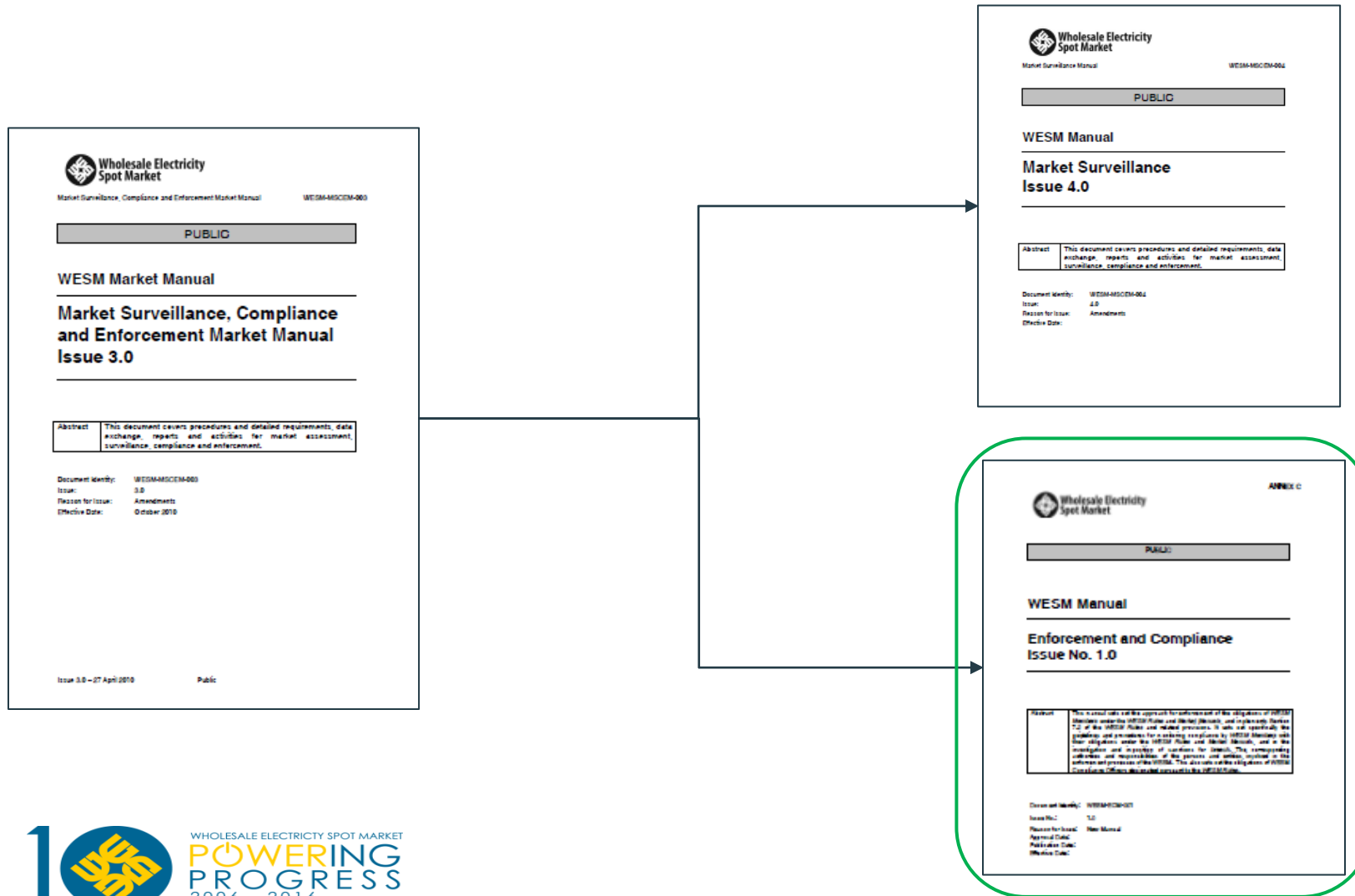


Enforcement and Compliance Manual

Proposed to cover the guidelines and procedures for **monitoring compliance by WESM Members** with their obligations, and in the **investigation and imposition of sanctions** for breach [*Section 4 of the Draft Circular on Market Surveillance, Enforcement and Compliance*]

Summary of Proposal

WESM Manual on Enforcement and Compliance



Summary of Contents

WESM Manual on Enforcement and Compliance

*All provisions pertaining to enforcement and compliance were excised from the **WESM Manual on Market Surveillance, Compliance and Enforcement** and consolidated into a new separate **WESM Manual on Enforcement and Compliance**, with amendments to:*

- ✓ enhance and streamline the enforcement and compliance processes
- ✓ detail guidelines and procedures for compliance monitoring and assessment, investigation of breach, deciding on outcomes of investigation and review of outcomes
- ✓ clearly delineate of roles of entities involved in enforcement and compliance
- ✓ provide obligations of WESM Members to comply with market rules and Manuals and encourage the adoption by WESM Members of an internal compliance program

Summary of Proposal

WESM Manual on Enforcement and Compliance



Clarify conduct of Enforcement Proceedings

[Section 4 of the Draft Circular on Market Surveillance, Enforcement and Compliance]

Compliance Monitoring and Assessment

- ✓ Conducted to monitor non-compliances that **threaten efficiency of scheduling and dispatch, and security and reliability of the power system**
 - **excludes** non-compliances for which the Market Operator may **impose automatic sanctions** (e.g., non-payment of prudential requirements)

Investigation

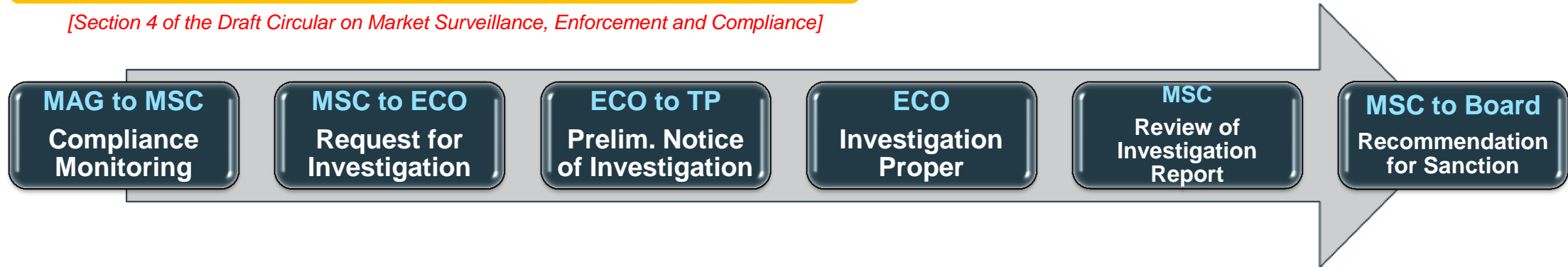
Conducted upon **report of *probable breach*** of WESM Member submitted by Market Operator, System Operator, WESM Committees (except MSC), any WESM Member, or upon **directive by ERC**

Summary of Proposal

WESM Manual on Enforcement and Compliance

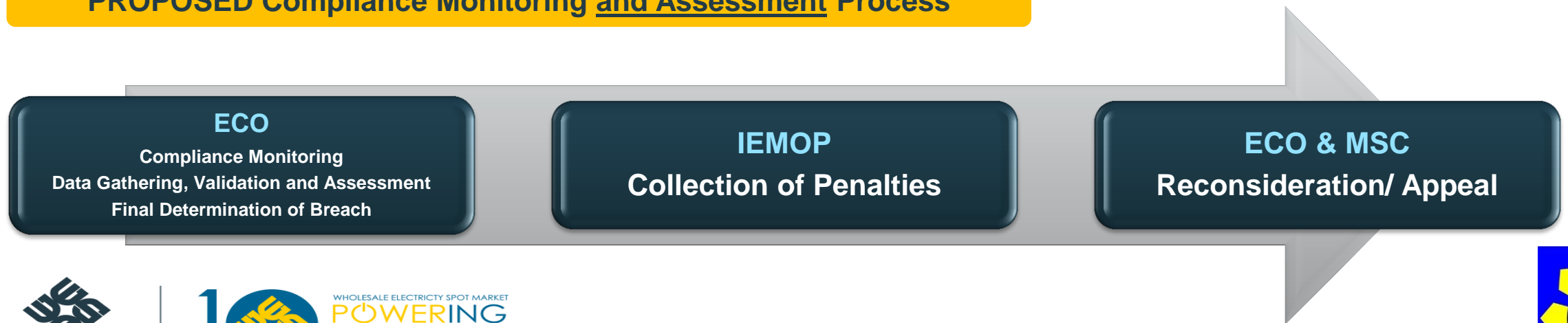
CURRENT Compliance Monitoring Process

[Section 4 of the Draft Circular on Market Surveillance, Enforcement and Compliance]



[Section 4 of the Draft Circular on Market Surveillance, Enforcement and Compliance]

PROPOSED Compliance Monitoring and Assessment Process

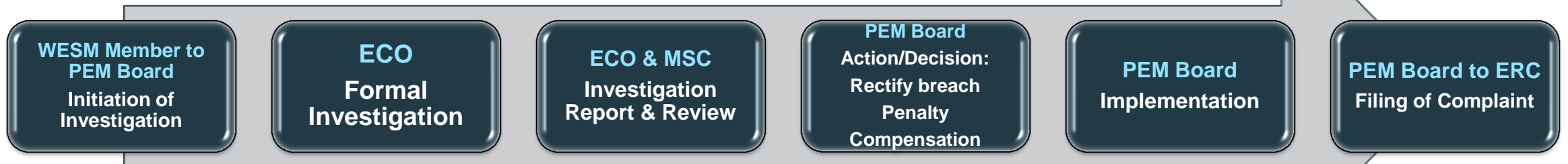


Summary of Proposal

WESM Manual on Enforcement and Compliance

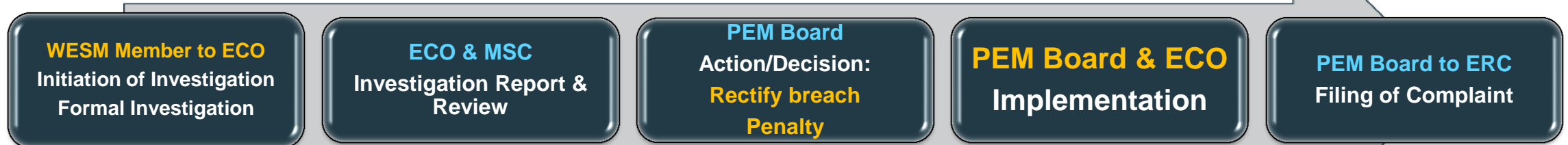
CURRENT Investigation Process

[Section 4 of the Draft Circular on Market Surveillance, Enforcement and Compliance]



[Section 4 of the Draft Circular on Market Surveillance, Enforcement and Compliance]

PROPOSED Investigation Process



Details of the **Amendments**

- Matrix of the [Proposed Amendments to the WESM Rules](#)
- Matrix of the [Proposed Amendments to the WESM Manual on Market Surveillance, Compliance and Enforcement](#)
- Matrix of the [Proposed Amendments to other Market Manuals Affected](#)
- Adoption of the **Enforcement and Compliance Market Manual**

**END OF
PRESENTATION**

WESM Works.

