



**IEMOP**  
INDEPENDENT ELECTRICITY MARKET OPERATOR  
PHILIPPINES

## **BACKGROUND**

Pursuant to Section 8.3 of the PDM and Section 10.1.1 of the WESM Billing and Settlement Manual, a trading participant may be entitled to additional compensation when the costs incurred in complying with the dispatch instructions are not sufficient to cover the trading amounts related to the settlement intervals.

Section 1 of DOE-DC2023-08-0024 entitled "Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Market Manual on Billing and Settlement (Provisions on Additional Compensation Formula During Market Intervention/Suspension)" requires the Market Operator to publish the following data relating to issued additional compensation statements for the information of customers, subject to the provisions of the Market Operator Information Disclosure and Confidentiality Manual:

- a. The aggregate approved and issued additional compensation claim amount, in PhP, per region, including the total number of trading interval; and
- b. The estimated rate impact to customers, PhP/MWh, is computed by dividing the aggregate approved additional compensation claim amount by the aggregate gross energy settlement quantity of customers per region.

Moreover, the said publication shall be done on the Market Information Website no later than 30 business days after the issuance of settlement statements containing the additional compensation settlement amounts. The Market Operator is likewise required to submit the said data to the Energy Regulatory Commission.

## **DEFINITION OF TERMS**

- Billing Period - refers to the covered period of the claim which starts every 26<sup>th</sup> of the month and ends 25<sup>th</sup> of the next month.
- Total Number of Eligible Trading Intervals – refers to the count of all valid trading intervals that are eligible for additional compensation.
- Intervals – refers to the 5minute interval.

- Total Approved Amount – refers to the approved amount calculated by the MO due to additional compensation.
- Estimated rate impact to customers – refers to the estimated PhP per kWh impact to the customer per region.
- Administered Price (AP) – A price imposed by the Market Operator to the Market/Trading Participant during market suspension and intervention to be used for settlements.
- Must-Run Unit/s (MRU) – Are generating unit/s identified by the System Operator to be on-line on a particular trading interval to address system security requirements, regulatory and commercial operation requirements and during local emergencies and calamities.
- Secondary Price Cap (SPC) – a permanent pre-emptive mitigation measure imposed by ERC to address sustained high market prices.
- Merit-Order-Table (MOT) – the Constrain-on generators, as indicated in the ERC-approved PDM, refer to Generators that were called for upward dispatch.
- Price Substitution Methodology (PSM) - This methodology addresses the undesirable market pricing situations arising from the effects of network congestion in the power system, particularly during the occurrence of extreme nodal price separation.

## ADDITIONAL COMPENSATION PER REGION

Table 1 below provides an overview of the additional compensation amount and the number of eligible intervals per region.

**Table 1. Additional Compensation by Region**

Region	Total Number of Eligible Trading Intervals	Total Approved Amount (PhP)
<b>Luzon</b>	2,241	109,657,212.10
<b>Visayas</b>	2,661	9,493,377.43
<b>Mindanao</b>	58	259,858.81
<b>Total</b>	<b>4,960</b>	<b>119,410,448.34</b>

There were 2,241 eligible intervals in Luzon while 2,661 and 58 eligible intervals in Visayas and Mindanao, respectively. This translates to Additional Compensation

amount of PhP 109.657 Million in Luzon, PhP9.493 Million in Visayas and PhP0.260 Million in Mindanao.

Table 2 below shows that the estimated rate impact to customers in Luzon is 17.78 PhP/MWh, 7.71 PhP/MWh in Visayas and 0.21 PhP/MWh in Mindanao. The estimated rate impact to customers in each region was calculated by dividing the aggregate approved additional compensation claim amount by the aggregate gross energy settlement quantity (GESQ) of customers per region.<sup>1</sup> The aggregate GESQ used to compute the rate impact is from the final billing statement for the December 2023 billing period.

**Table 2. Estimated Rate Impact by Region**

<b>Region</b>	<b>Gross Energy Settlement Quantity (MWh)</b>	<b>Total Approved Amount (PhP)</b>	<b>Estimated Rate Impact (PhP/MWh)</b>
<b>Luzon</b>	6,165,714.63	109,657,212.10	17.78
<b>Visayas</b>	1,230,865.60	9,493,377.43	7.71
<b>Mindanao</b>	1,210,666.97	259,858.81	0.21

The foregoing information are based on newly approved and released additional compensation issued on 15 January 2024 and excludes previously approved additional compensation claims paid in installments.