Affidavit of Explanation and Acknowledgment of Responsibility

1. Personal and Professional Information  
We, the undersigned, are both traders at PowerSource Philippines Incorporated (the "Company"), and are responsible for submitting and monitoring market bids related to the company’s coal plant operations. This includes ensuring that plant output and market bids are aligned with the operational capacity of the plant, as well as monitoring the Market Participants Interface (MPI).

We are relatively new to trading, and this is our first role in a trading capacity. Additionally, the trading department is newly established within the Company. As such, we are still gaining experience and refining our understanding of the market processes.

2. Background on the Incident  
On October 11, 2023, our management decided to temporarily shut down the plant for economic reasons. Prior to this decision, a standing bid of 14 MW had been submitted in accordance with the Look Ahead Submission (LAS) protocol. However, on October 10, 2023, we submitted a new standing bid for 0 MW to reflect the plant’s inability to generate power on October 12, 2023.

Despite submitting the 0 MW standing bid, the 14 MW standing bid from the previous day remained in effect. The 0 MW bid was not properly reflected in the real-time dispatch (RTD). As a result, the market continued to expect 14 MW of generation, while the plant was unable to generate any power, leading to a breach.

3. Explanation of the Oversight  
We acknowledge that the breach occurred because the 0 MW standing bid was not incorporated into the real-time dispatch (RTD) as we had expected. Although the 0 MW bid was correctly submitted, the system continued to operate under the previous day’s 14 MW standing bid, which was not updated to reflect the plant’s actual shutdown status.

At the time, we assumed that the system would automatically process and incorporate the updated bid into the RTD. However, we are unsure whether this issue was caused by a system failure or by a misunderstanding of how the market processes and updates standing bids in the case of a plant shutdown. We did not fully understand how the system handles such updates, and as a result, the plant’s shutdown status was not properly reflected in the market’s dispatch.

Given our relative inexperience and the fact that previous shutdowns had occurred without an active standing bid, we did not anticipate that further action beyond submitting the 0 MW bid would be necessary.

4. Acknowledgment of Responsibility  
We take full responsibility for the breach and the oversight that led to it. While the 0 MW bid was submitted correctly, we now recognize that we did not fully understand the market’s handling of standing bids during a shutdown. Our assumption that the system would automatically process and reflect the standing bid was incorrect, and we should have verified that the updated 0 MW bid was accurately reflected in the RTD.

We want to clarify that we are uncertain whether the issue was caused by a system failure, a technical issue, or by a lack of understanding of how the system processes standing bids. Regardless of the cause, we take responsibility for not ensuring the bid was properly reflected in the RTD, and we acknowledge that this was an oversight on our part.

5. Corrective Actions Taken  
In response to the breach, we have implemented the following corrective actions:

* Enhanced Monitoring and Verification: We will now closely monitor the MPI platform, particularly during shutdowns, to verify that any updates to the plant’s status and standing bids are accurately reflected in the real-time dispatch.
* Training and Knowledge Building: We are actively seeking further training and resources to deepen our understanding of how standing bids are processed in the market. This will allow us to better anticipate potential issues and avoid similar mistakes in the future.
* Communication with Market Operator: We have initiated communication with the platform provider or market operator to clarify the processes related to standing bids, particularly during plant shutdowns, and to identify any areas where system processes can be improved.
* Updated Internal Procedures: We have revised our internal procedures to ensure that standing bids are always aligned with the actual status of the plant. We will also implement a process for manual verification of standing bids when necessary.
* Automated Alert System: We are implementing an automated alert system that will notify us if any standing bid is not properly reflected in the real-time dispatch, ensuring immediate corrective action can be taken if needed.

6. Conclusion  
We deeply regret the oversight that led to the breach on October 12, 2023, and accept full responsibility for our failure to properly monitor the MPI platform after submitting the 0 MW bid. While the bid was submitted correctly, our incomplete understanding of the market’s handling of standing bids—particularly during plant shutdowns—led to a failure to ensure that the system accurately reflected the updated plant status.

We respectfully request that you take into consideration the context of this breach, which was caused by an uncertainty regarding the platform’s processing of standing bids, rather than negligence or ill intent. We are committed to improving our knowledge and procedures to prevent similar issues in the future.

FURTHER AFFIANTS SAYETH NOT.

Signed:

Arkaengel [Full Name]  
Trader, PowerSource Philippines Incorporated  
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signed:

Elyson [Full Name]  
Trader, PowerSource Philippines Incorporated  
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Notary Acknowledgment (if required)  
Subscribed and sworn to before me this \_\_\_\_ day of [Month], 2023.  
[Notary's Name], Notary Public  
[State/Province]  
My commission expires: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_