

RULES CHANGE COMMITTEE

Proposed Amendments to the WESM Rules and WESM Manuals on the Rationalization of Billing Adjustment Timelines



Philippine Electricity
Market Corporation

Effective Date : 11 December 2020

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WHEREAS, the WESM Rules provides that the Market Operator may issue revisions or adjustments to final settlement statements under two scenarios: first, as a result of a Trading Participant's notification to the Market Operator of a discrepancy in its billing statement, or when the Market Operator itself independently identifies an error; and second, as a result of the resolution of a dispute raised by a Trading Participant through the dispute resolution process;

WHEREAS, the Market Operator is obliged to issue a revised settlement statement within certain allowable periods based on the reason for adjustment, as follows:

- six (6) months if the discrepancy is reported by a Trading Participant or self-identified by the Market Operator;
- twelve (12) calendar months if the adjustment is due to the resolution of a dispute; or
- one (1) year from date of discovery to reconcile meter error resulting from meter malfunction;

WHEREAS, there is an absence of a prescribed time period within which Trading Participants may notify or report to the Market Operator any error in their final settlement statement that may warrant revisions or adjustments to that settlement statement;

WHEREAS, the procedural gap on the deadline for reporting or notifying final settlement statement errors to the Market Operator, the long allowable time period within which Trading Participants may raise dispute regarding their settlement statement via the WESM dispute resolution process, and the long time allowable period for the Market Operator to issue adjusted settlement statement may pose the following issues:

- affected Trading Participants may be exposed to additional financial obligations for transactions made several years before without expiration; and
- a contestable customer that made the transaction subject for adjustment may have already transferred to another supplier, and the retail electricity supplier will still be liable for that transaction;

WHEREAS, the Independent Electricity Market Operator of the Philippines (IEMOP) therefore submitted to the Rules Change Committee (RCC) on 10 September 2020¹ a proposal to reduce the financial risks of the WESM Trading Participants due to billing adjustments by providing shorter and clearer timelines in reporting and correcting errors or discrepancies in settlement, as follows:

¹ Following preliminary assessment of the PEMC-MAG Rules Review Division and its recommendation, the original submission was revised by IEMOP and re-submitted on 17 September 2020 to add more affected provisions for amendment in the Dispute Resolution Manual.

ACTIVITY	ORIGINAL TIMELINE	PROPOSED TIMELINE
1) Errors		
Deadline for reporting errors	None	6 months after end of billing period
Deadline for revised statement	6 months after notice of error or MO discovery	Same
Reconciliation of unintentional meter error	1 year after discovery	5 months after discovery
2) Disputes		
Deadline for raising disputes on final statement	12 months after billing period	6 months after end of billing period
Release of adjustment statements	12 months after resolution of dispute	6 months after resolution of dispute

WHEREAS, the proposed amendments were made to the following documents:

1. WESM Rules;
2. WESM Manual on Billing and Settlement Issue 6.1;
3. WESM Manual on Metering Standards and Procedures Issue 12.0; and
4. WESM Manual on Dispute Resolution Issue 6.0

WHEREAS, pursuant to Procedures for Changes to the WESM and Retail Rules and Market Manuals Section 6.1.1, the RCC gave due course to the proposal and determined that the same satisfies the criteria for rules change during its 169th meeting on 18 September 2020, approving the publication of the proposal in the PEMC website to solicit comments from industry stakeholders and interested parties;

WHEREAS, following the 30-working day commenting period from the publication of the proposal on 21 September 2020, comments were received from PEMC;

WHEREAS, the RCC deliberated on the proposal on 20 November 2020 during its 171st meeting, giving due course to PEMC's comments and IEMOP's responses;

WHEREAS, the RCC noted the IEMOP's objective to limit, as much as possible, the reconciliation or correction of final settlement statements within one (1) year from the date when the subject transaction was completed;

WHEREAS, PEMC proposed the following material changes to the proposal, which the IEMOP were all amenable to and thereupon were adopted by the RCC:

1. Establish a process wherein WESM Members may take the dispute resolution route only after they have exhausted the process of notifying and reconciling errors and discrepancies in their final statements with the Market Operator²;

² Prevailing timelines imply that WESM Members have two options in which to raise any concerns regarding their final settlement statements: either by notifying the Market Operator or via dispute resolution process.

2. The timeline for WESM Members to raise a discrepancy or error in their final settlement statement shall be reckoned from the WESM Members' receipt of the final statement, instead of from the end of the billing period;
3. Shorten the period in which WESM Members are allowed to raise a discrepancy or error in their final settlement from six (6) months to five (5) months since the timeline will be reckoned from the WESM Members' receipt of their final statement rather than from the end of the billing period; and
4. Delete redundant paragraphs in Section 7.2.2 ("Unresolved MTR") in the WESM Manual on Metering Standards and Procedures as the process described in the provision is also covered in Section 7.3.2.

WHEREAS, the RCC approved further minor changes to the proposal for clarity during its 172nd meeting on 11 December 2020;

NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve as follows:

RESOLVED, that the RCC approves the Proposed Amendments to the WESM Rules and WESM Manuals on the Rationalization of Billing Adjustment Timelines (attached as Annexes A, B, C and D);

RESOLVED FURTHER, that the said Proposed Amendments to the WESM Rules and WESM Manuals on the Rationalization of Billing Adjustment Timelines, are hereby endorsed to the PEM Board for approval and subsequent transmittal to the DOE for promulgation.

Done this 11th day of **December 2020**, Pasig City.

Approved by:
THE RULES CHANGE COMMITTEE

Independent Members:


MAILA LOURDES G. DE CASTRO
 Chairperson



FRANCISCO L.R. CASTRO, JR.

ALLAN C. NERVES

CONCEPCION I. TANGLAO

Generation Sector Members:


DIXIE ANTHONY R. BANZON
 Masinloc Power Partners Co. Ltd.
 (MPPCL)


CERRY A. JAVIER
 Aboitiz Power Corp.
 (APC)


CARLITO C. CLAUDIO
 Millennium Energy, Inc./ Panasia Energy, Inc.
 (MEI/PEI)


MARK D. HABANA
 Vivant Corporation - Philippines
 (Vivant)

Distribution Sector Members:	
 VIRGILIO C. FORTICH, JR. Cebu III Electric Cooperative, Inc. (CEBECO III)	 RYAN S. MORALES Manila Electric Company (MERALCO)
 RICARDO G. GUMALAL Iligan Light and Power, Inc. (ILPI)	 NELSON M. DELA CRUZ Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)
Supply Sector Member:	
 LORRETO H. RIVERA TeaM (Philippines) Energy Corporation (TPEC)	
Market Operator Member:	
 ISIDRO E. CACHO, JR. Independent Electricity Market Operator of the Philippines (IEMOP)	
System Operator Member:	
 AMBROCIO R. ROSALES National Grid Corporation of the Philippines (NGCP)	

Proposed Amendments to the WESM Rules and WESM Manuals on the Rationalization of Billing Adjustment Timelines

A. WESM Rules

WESM Rules				
Title	Clause	Provision	Proposed Amendment	Rationale
Final Statements	(new)	(none)	<p><u>3.14.5.3</u></p> <p><u>If the <i>WESM member</i> reasonably believes there was an error or discrepancy in the final statement given to the <i>WESM Member</i> by the <i>Market Operator</i> under this Clause 3.14.5, the <i>WESM member</i> may notify the <i>Market Operator</i> of that error or discrepancy within five (5) months from the WESM Member’s receipt of the final settlement statement and the <i>Market Operator</i> shall review the final statement.</u></p>	Reduce duration of possible additional obligations resulting from errors in settlement statements to one (1) year.
Final Statements	(new)	(none)	<p><u>3.14.5.4</u></p> <p><u>If a <i>WESM Member</i> disagrees with the <i>Market Operator</i>’s decision as regards the notification made in Clause 3.14.5.3 or determines that there is an error or discrepancy in the <i>Market Operator</i>’s adjustment to the final statement as reflected in the revised final statement, the <i>WESM Member</i> may lodge a dispute through the WESM dispute resolution process in accordance with WESM Rules Clause 7.3 within six (6) months from the WESM Member’s</u></p>	To establish a process where WESM Members may take the dispute resolution route only after they have exhausted the process of notifying and reconciling errors and discrepancies in their final statements with the Market Operator per WR 3.14.5.3. New clause 3.14.5.4 to reflects said sequential process.

WESM Rules				
Title	Clause	Provision	Proposed Amendment	Rationale
			<u>receipt of the Market Operator’s decision or revised final statement.</u>	
Disputes	3.14.8	Disputes	<u>Reporting of Errors and</u> Disputes	To clarify in the heading that the section contains processes for WESM Members’ reporting of errors with the MO and raising disputes via WESM dispute resolution process.
Disputes	3.14.8.2	Disputes in respect of <i>final statements</i> or the supporting data provided with them in accordance with <i>WESM Rules</i> Clause 3.14.5 shall be raised within twelve (12) months of the relevant billing period, provided, however, that the data contained in reports submitted by the System Operator pursuant to WESM Rules Clause 3.5.13.1 that have already become final shall not be subject of dispute.	Disputes <u>Reporting of errors</u> in respect of <i>final statements</i> or the supporting data provided with them in accordance with <i>WESM Rules</i> Clause 3.14.5 shall be raised within twelve (12) <u>five (5)</u> months of <u>the WESM Member’s receipt of the final settlement statement</u> , provided, however, that the data contained in reports submitted by the System Operator pursuant to WESM Rules Clause 3.5.13.1 that have already become final shall not be subject of dispute.	Reduce general duration of possible additional obligations resulting from disputes to one (1) year.

WESM Rules				
Title	Clause	Provision	Proposed Amendment	Rationale
Disputes	(new)	(none)	<p><u>3.14.8.3</u></p> <p><u>Disputes in respect of the Market Operator's decision or revised <i>final statement</i> resulting from the WESM Member's action per Clause 3.14.8.2 shall be raised within six (6) months from the WESM Member's receipt of the Market Operator's decision or revised final statement pursuant to Clause 7.3, provided, however, that the data contained in reports submitted by the System Operator pursuant to WESM Rules Clause 3.5.13.1 that have already become final shall not be subject of dispute.</u></p>	To establish a process where WESM Members may take the dispute resolution route only after they have exhausted the process of notifying and reconciling errors and discrepancies in their final statements with the Market Operator.
Disputes	3.14.8.3	Disputes raised under this clause 3.14.8 shall be resolved by agreement or pursuant to the dispute resolution procedures set out in clause 7.3.	<p>3.14.8.3 <u>3.14.8.4</u></p> <p>Disputes raised under this clause 3.14.8 shall be resolved by agreement or, <u>in the case of Clause 3.14.8.3,</u> pursuant to the dispute resolution procedures set out in clause 7.3.</p>	To clarify that the procedure described in clause 3.14.8.3 shall particularly adhere to Clause 7.3 regarding WESM dispute resolution process.
Settlement Revisions	3.14.9.1	<p>XXX</p> <p>The <i>Market Operator</i> shall issue the adjustment to the <i>final statement</i> not later than twelve (12) calendar months after the resolution of the dispute or receipt of the relevant final and executory Order unless parties to be billed agrees that the issuance of the particular WESM bill adjustment shall be at a later time.</p>	<p>XXX</p> <p>The <i>Market Operator</i> shall issue the adjustment to the <i>final statement</i> not later than twelve (12) <u>six (6)</u> calendar months after the resolution of the dispute or receipt of the relevant final and executory Order unless parties to be billed agrees that the issuance of the particular WESM bill adjustment shall be at a later time.</p>	Reduce general duration of possible additional obligations resulting from disputes to one (1) year

WESM Rules				
Title	Clause	Provision	Proposed Amendment	Rationale
Disputes About Payment	7.3.6	<p>If a dispute arises between a <i>WESM member</i> and the <i>Market Operator</i> in respect of final statements or the supporting data provided with them in accordance with clause 3.14.5, then</p> <p>(a) The dispute shall be referred to the <i>Dispute Resolution Administrator</i> in accordance with clause 7.3.4.3 within twelve months of the dispute arising;</p> <p>xxx</p>	<p>If a dispute arises between a <i>WESM member</i> and the <i>Market Operator</i> in respect of final <u>revised final</u> statements or the supporting data provided with them in accordance with clause 3.14.5, then</p> <p>(a) The dispute shall be referred to the <i>Dispute Resolution Administrator</i> in accordance with clause 7.3.4.3 <u>7.3.4.2</u> within twelve <u>six (6)</u> months of the dispute <u>on the revised final statement</u> arising;</p> <p>xxx</p>	To establish a process where WESM Members may take the dispute resolution route only after they have exhausted the process of notifying and reconciling errors and discrepancies in their final statements with the Market Operator.
Disputes Affecting Final Statements	7.3.7	<p>Where an amount stated to be payable in a final statement is the subject of a dispute and the resolution of the dispute affects the amount payable, then:</p> <p>(a) When the dispute is resolved in accordance with this clause 7.3, the Market Operator shall issue a revised final statement to replace each final statement affected by the resolution of the dispute, in accordance with clause 3.14.5; and</p>	<p>Where an amount stated to be payable in a final statement is the subject of a dispute and the resolution of the dispute affects the amount payable, then:</p> <p>(a) When the dispute is resolved in accordance with this clause 7.3, the Market Operator shall issue a revised final statement to replace each final statement affected by the resolution of the dispute, in accordance with clause <u>Clauses 3.14.5 and 3.14.9</u>; and</p> <p>xxx</p>	To refer to appropriate clauses regarding issuance of final settlement statements.

B. WESM Manual on Billing and Settlement Issue 6.1

WESM Manual on Billing and Settlement Issue 6.1				
Title	Section	Provision	Proposed Amendment	Rationale
Issuance of Final Statements	4.2.2	(new)	<u>d) If the <i>WESM Member</i> reasonably believes there was an error or discrepancy in the final statement given to the <i>WESM Member</i> by the <i>Market Operator</i>, the <i>WESM member</i> may notify the <i>Market Operator</i> of that error or discrepancy within five (5) months from the <i>WESM Member</i>’s receipt of its final settlement statement and the <i>Market Operator</i> shall review the final statement.</u>	Reduce duration of possible additional obligations resulting from errors in settlement statements to one (1) year
Disputes in the Preliminary and Final Statements	4.2.3 (b) and (c)	b) Dispute in respect with the final statement and its corresponding data shall be raised within twelve (12) months of the relevant billing period c) Disputes raised under the Section 4.2.3 of this Manual, shall be resolved by agreement or pursuant to the dispute resolution procedure set out in the WESM Rules Clause 7.3	<u>Reporting of Errors and</u> Disputes in the Preliminary and Final Statements xxx (b) Dispute <u>Reporting of errors</u> in respect of the final statement and its corresponding data shall be raised within twelve (12) months of the relevant billing period <u>five (5) months from the <i>WESM Member</i>’s receipt of the final settlement statement.</u> <u>(c) Disputes in respect of the <i>Market Operator</i>’s decision or revised final statements resulting from the <i>WESM Member</i>’s action per Section 4.2.3(b) shall be raised within six (6) months from the <i>WESM Member</i>’s receipt of the <i>Market Operator</i>’s decision or revised final statement pursuant to Clause 7.3.</u>	<ul style="list-style-type: none">• Reduce general duration of possible additional obligations resulting from disputes to one (1) year• To establish a process where WESM Members may take the dispute resolution route only after they have exhausted the process of notifying and reconciling errors and discrepancies in their final statements with the Market Operator.

WESM Manual on Billing and Settlement Issue 6.1				
Title	Section	Provision	Proposed Amendment	Rationale
			(c) (d) Disputes raised under the Section 4.2.3 of this Manual, shall be resolved by agreement or, <u>in the case of 4.2.3(c)</u> , pursuant to the dispute resolution procedure set out in the WESM Rules Clause 7.3	
Issuance of Revised Statements	4.2.4(a)	XXX The Market Operator shall issue the adjustment to the final statement not later than twelve (12) calendar months after the resolution of the dispute or receipt of the relevant final and executory Order unless parties to be billed agrees that the issuance of the particular WESM bill adjustment shall be at a later time.	XXX The <i>Market Operator</i> shall issue the adjustment to the final statement not later than twelve (12) <u>six (6)</u> calendar months after the resolution of the dispute or receipt of the relevant final and executory Order unless parties to be billed agrees that the issuance of the particular WESM bill adjustment shall be at a later time.	Reduce general duration of possible additional obligations resulting from disputes to one (1) year

C. WESM Manual on Metering Standards and Procedures Issue 12.0

WESM Manual on Metering Standards and Procedures Issue 12.0				
Title	Clause	Provision	Proposed Amendment	Rationale
Unresolved MTRs	7.2.2	<p>As described in Section 6.0 of this document, the <i>Market Operator</i> can implement the VEE of metering data, when MTRs are not resolved within specific periods. These estimates remain in place until the MTR is rectified to the <i>Market Operator's</i> satisfaction.</p> <p>If the MSP submitted the report after the final settlement period, the said adjustment will be reflected on the following billing period.</p> <p>In cases where there is unintentional meter error (e.g. meter multiplier) that causes meter malfunction to occur in the process, a prescribed period of one year is allowed for reconciliation from the date of discovery of such error.</p>	<p>As described in Section 6.0 of this document, the <i>Market Operator</i> can implement the VEE of metering data, when MTRs are not resolved within specific periods. These estimates remain in place until the MTR is rectified to the <i>Market Operator's</i> satisfaction.</p> <p>If the MSP submitted the report after the final settlement period, the said adjustment will be reflected on the following billing period.</p> <p>In cases where there is unintentional meter error (e.g. meter multiplier) that causes meter malfunction to occur in the process, a prescribed period of one year is allowed for reconciliation from the date of discovery of such error.</p>	Entire Section 7.2.2 may be deleted since the process is already covered in Section 7.3.2 (notice same title of 7.2.2 and 7.3.2: “Unresolved MTR”).
Unresolved MTRs	7.3.2	<p>xxx</p> <p>c. After Deadline</p> <p>If the <i>Metering Services Provider</i> resolves the Meter Trouble Report and submits <i>metering data</i> after the issuance of the final settlement statement of the affected trading day, the <i>Market Operator</i> shall reflect the said adjustment within one year.</p>	<p>xxx</p> <p>c. After Deadline</p> <p>If the <i>Metering Services Provider</i> resolves the Meter Trouble Report and submits <i>metering data</i> after the issuance of the final settlement statement of the affected trading day, the <i>Market Operator</i> shall reflect the said adjustment within one year <u>six (6) months.</u></p>	Reduce duration of possible additional obligations resulting from errors in settlement statements to one (1) year. Also provide the Market Operator one (1) month to prepare the revised statements upon receipt of corrected metering data.

WESM Manual on Metering Standards and Procedures Issue 12.0				
Title	Clause	Provision	Proposed Amendment	Rationale
Unresolved MTRs	7.3.2	xxx e. Meter Malfunction In cases where there is an unintentional meter error (e.g., erroneous use or application of meter multiplier) that causes a meter malfunction, the Metering Services Provider shall reconcile the metering data of the affected trading intervals within three months to one (1) year after the date of discovery of such error.	xxx e. Meter Malfunction In cases where there is an unintentional meter error (e.g., erroneous use or application of meter multiplier) that causes a meter malfunction, the Metering Services Provider shall reconcile the metering data of the affected trading intervals within three months to one (1) year five (5) months after the date of discovery of such error.	Reduce duration of possible additional obligations resulting from errors in settlement statements to one (1) year. Also provide the Market Operator one (1) month to prepare the revised statements upon receipt of corrected metering data.

D. WESM Manual on Dispute Resolution Issue 6.0

WESM Manual on Dispute Resolution Issue 6.0				
Title	Clause	Provision	Proposed Amendment	Rationale
Disputes with the MO on Settlement and Payments	7.2.1	Disputes between a WESM Member and the MO related to a final settlement statement or its supporting data must be referred to the DRA within twelve (12) months from receipt of such final settlement statement and/or its supporting data. The WESM Member shall notify the MO of its dispute of the final statement or part of the supporting data, provided, however, that data contained in reports submitted by the System Operator pursuant to <i>WESM Rules</i> Clause 3.5.13.1 that have already become final shall not be subject of dispute.	Disputes between a <i>WESM Member</i> and the <i>Market Operator</i> related to a final <u>revised final</u> settlement statement or its supporting data, <u>or over the Market Operator’s decision on the WESM Member’s notification of error or discrepancy in a final statement</u> , must be referred to the DRA within twelve (12) <u>six (6)</u> months from receipt of such final <u>revised final</u> settlement statement, <u>and/or</u> its supporting data, <u>or the Market Operator’s decision</u> . The <i>WESM Member</i> shall notify the <i>Market Operator</i> of its dispute of the final <u>revised final</u> statement or part of the supporting data, provided, however, that data contained in reports submitted by the <i>System Operator</i> pursuant to <i>WESM Rules</i> Clause 3.5.13.1 that have already become final shall not be subject of dispute.	<ul style="list-style-type: none">• Reduce general duration of possible additional obligations resulting from disputes to one (1) year.• To establish a process where WESM Members may take the dispute resolution route only after they have exhausted the process of notifying and reconciling errors and discrepancies in their final statements with the Market Operator.
Disputes with the MO on Settlement and Payments	7.2.4	Once the dispute is resolved, the MO shall issue, if necessary, the revised final statements with the corresponding supporting data, which shall replace the previous final statements. All parties and WESM Members shall be bound by the payment obligations that arise from the revised final statements.	Once the dispute is resolved, the <i>Market Operator</i> shall issue, if necessary, the revised final statements <u>within six (6) months</u> with the corresponding supporting data, which shall replace the previous final statements. All parties and WESM Members shall be bound by the payment obligations that arise from the revised final statements.	Reduce general duration of possible additional obligations resulting from disputes to one (1) year.