



# **Market Surveillance Committee Quarterly Accomplishment Report**

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**26 December 2020 to 25 March 2021**

**APRIL 2021**

This Report is prepared by the  
Philippine Electricity Market Corporation –  
Market Assessment Group for the  
Market Surveillance Committee

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## **I. Introduction**

Pursuant to Section 1.6.2 of the WESM Rules and Section 6.2.1 of the Market Surveillance, Compliance and Enforcement Market Manual (MSCEMM), the Market Surveillance Committee (MSC) carried-out its mandate in the monitoring and assessment of market outcomes in the WESM and in the Retail Market<sup>1</sup>, with the PEMC-Market Assessment Group (MAG) as the primary support unit. The MSC also continued with its review of compliance and investigation reports that are prepared by the Enforcement and Compliance Office (ECO)<sup>2</sup>.

In performing its responsibilities, the MSC conducted regular monthly meetings, and frequently communicated through email and other platforms to deliberate on various market issues and topics.

For the duration of the covered period, the MSC continued to conduct online meetings, following the National Government's implementation of quarantine measures during the COVID-19 Pandemic. Accordingly, during the 1<sup>st</sup> quarter of 2021, the MSC conducted three (3) regular<sup>3</sup> meetings, which were all held online.

Accomplishments of the MSC during the covered period are outlined in the succeeding sections of this Report.

## **II. Accomplishments**

### **1. Activities on Market Monitoring and Assessment**

#### **1.1. Monitoring and Assessment of Market Outcomes in the WESM**

Pursuant to MSCEM Section 6.2.1 (b)<sup>4</sup>, the MSC monitored and assessed market outcomes, trends, and drivers, as well as the bidding behavior of generator-trading participants (TPs).

The Market Assessment Report is prepared for the purpose of monitoring and assessing the efficiency and competitiveness of the WESM under different timescales and market conditions. The periodic Reports include an assessment of market behavior, through the analysis of market monitoring indices, as contained in the Catalogue of Market Monitoring Data and Indices (CMMDI).

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<sup>1</sup> Section 1.5.1, Retail Rules: *The provisions of Chapter 1 of the WESM Rules shall apply with respect to the governance of the integration of retail competition in the WESM, the operations of the Central Registration Body, and the participation and transactions in the WESM of Suppliers and Contestable Customers.*

<sup>2</sup> MSCEM Section 6.2.1: *The MSC shall have following responsibilities: xxx (e) Review the Non-Compliance Report prepared by the ECO pursuant to the review of a Non-Compliance Notice, and submit its review to the PEM Board; (f) Review Investigation Reports prepared by the ECO pursuant to an Investigation of an alleged Breach, abuse of market power or Anti-Competitive Behavior, and submit its review to the PEM Board; xxx*

<sup>3</sup> MSC (Regular) Meeting No. 2021-01 held on 11 January 2021; MSC (Regular) Meeting No. 2021-02 held on 11 February 2021; and MSC (Regular) Meeting No. 2021-03 held on 10 March 2021.

<sup>4</sup> MSCEM Section 6.2.1(b): *The MSC shall have following responsibilities: (a) xxx; (b) Review market monitoring indices and Market Assessment Report prepared by the Market Assessment Group; xxx*

### **1.1.1. Monthly Market Assessment Reports**

During the quarter, the MSC assessed the results of WESM operations for the billing months of December 2020 to February 2021, as discussed in the Monthly Market Assessment Reports (MMAR-2020-12, MMAR-2021-01, and MMAR-2021-02), which are the periodic assessment reports that are prepared by MAG and reviewed and adopted by the MSC.

For the December 2020 billing month, the MSC took note of the unusual low level of demand, which averaged at 9,365 MW due to the imposed general community quarantine, the cooler recorded temperatures compared to November as an effect of the cool-dry season, and the presence of several holidays in December. Further, average outage capacity was posted at 3,584 MW, placing December with the highest monthly average outage capacity for the year 2020.

Average system demand continued to decrease for the fourth consecutive month in January 2021, coupled with the consistent high level of hourly outage capacity throughout the billing month at above 4,000 MW. As supply margin narrowed, the monthly average price further grew by 26.7 percent from PhP2,169/MWh in December 2020 to PhP2,749/MWh in January 2021. Additionally, price spikes breaching the peak threshold on 14 January 2021, 1600H and off-peak threshold on 25 January 2021, 2200H were noted during the cool dry season.

Meanwhile, outage capacity slightly decreased from an average of 4,541 MW in January, which is noted as the highest monthly average since 2019, to an average of 3,803 MW in February 2021. On the other hand, it was noted that average system demand<sup>5</sup> started to increase in February, averaging at 12,233 MW after a 4-month decline that had been observed since September 2020. Correspondingly, the monthly average price fell by 17 percent from PhP2,749/MWh in January 2021 to PhP2,281/MWh in February.

Highlights of the Market Assessment Reports from December 2020 to February 2021 were presented by the MSC during the monthly meetings of the PEM Board for the quarter.

### **1.1.2. Monthly Market Monitoring Reports**

The MSC completed its review of the Market Monitoring Reports (MMR) for the billing months of November 2020 to January 2021 (MSC-MMR-2020-11 to MSC-MMR-2021-01). The approved Reports were submitted to the PEM Board, the ERC and DOE during the 1<sup>st</sup> quarter of 2021.

The MSC-MMR is comprised of two (2) parts: (a) the MSC Monthly Accomplishment Report, and (b) the Monthly Market Assessment Report (MMAR), which is deliberated upon by the MSC in its monthly regular meetings and thereafter adopted in full. For the covered period, the MMAR for the billing months of November 2020 to January 2021 have all been published by the MSC in the PEMC website.

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<sup>5</sup> Demand plus reserve schedule

### 1.1.3. Rainy Season Assessment Report

During its Regular Meeting No. 2021-01 held on 11 February 2021, the MSC discussed the highlights of the Market Assessment Report for the Rainy Season 2020 covering the period 26 May to 25 November 2020, as provided for under the Seasonal Market Assessment Report of the MAG (MAG-RN-2020-Rainy Season).

The MSC noted that Rainy Season of 2020 observed higher demand compared to the Hot Dry Season of 2020 (26 March to 25 May 2020), but still lower than previous year's figures due to the declaration of Modified Enhanced Community Quarantine (MECQ) from 16 to 31 May, and ECQ from 17 March to 15 May, affecting the National Capital Region (NCR). NCR was downgraded to General Community Quarantine (GCQ) to reactivate the economy and kickstart business activity beginning 1 June to 30 November (except from 3 to 18 August, when NCR and nearby provinces reverted to MECQ).

The MSC also noted some assessment highlights, as follows:

- Supply cushion averaged at a comfortable level of 2,331 MW this season. Consequently, about 95 percent of the prices were below PhP4,000/MWh.
- Secondary price cap was not imposed this season.
- Market Intervention/Suspension was declared in the Luzon grid, affecting a total of 47 trading intervals in November due to the onslaught of Typhoon Ulysses.

The Rainy Season 2020 MAR was submitted for the information of the PEM Board on 19 February 2021, and the DOE and the ERC on 23 February 2021, and was also published in the PEMC website.

### 1.1.4. Assessment of Over-Riding Constraints

#### 1.1.4.1. Monthly Monitoring of Over-Riding Constraints

Pursuant to MSCEM Section 6.2.1 (i)<sup>6</sup>, the MSC assessed the over-riding constraints imposed by the System Operator on generators for the billing months of December 2020 to February 2021. Assessment of the MSC on these events are summarized as follows:

Billing Month	Total	Number of Generators	Event Categories
December 2020	6,100 over-riding events	23 Luzon generators and 14 Visayas generators	All events were categorized as non-security limit events, majority of which (5,430 events) were due to the conduct of testing and commissioning (T&C) involving 13 plants, which all exceeded the ERC-prescribed maximum allowable two (2)-month period for commissioning.

<sup>6</sup> MSCEM Section 6.2.1(i) *The MSC shall have following responsibilities: (a) xxx; (i) Review Over-Riding Constraints; xxx*

Billing Month	Total	Number of Generators	Event Categories
January 2021	5,756 over-riding events	28 Luzon generators and 11 Visayas generators	All events were categorized as non-security limit events, majority of which (5,195 events) were due to the conduct of T&C involving 12 plants, exceeding the ERC-prescribed maximum allowable period for commissioning.
February 2021	5,195 over-riding events	30 Luzon generators and 14 Visayas generators	Majority of the events were categorized as non-security limit events, mainly due to the conduct of T&C for a total of 4,913 events involving 13 plants, exceeding the ERC-prescribed maximum allowable period for commissioning.

#### 1.1.4.2. Review of MSC Initiatives on Testing and Commissioning

During its 11 March 2021 Meeting, the MSC discussed the previous initiatives it had undertaken to address the issues and concerns arising from its monitoring of the prolonged testing and commissioning (T&C) of plants in the WESM. In particular, the MSC discussed the PEM Board approval of the MSC's recommendation in October 2019 for the PEM Board to direct the Independent Electricity Market Operator of the Philippines (IEMOP) to implement Section 2.9.4 of the WESM Registration Manual Issue 4, as follows: (a) Suspend WESM members who no longer meets any one of the membership criteria or requirement, and (b) Deregister WESM members who fail to remedy or rectify the non-compliance.

Further, the MSC likewise reviewed its comments on the draft Department Circular on the General Framework on Testing and Commissioning and noted that the DOE is currently finalizing the draft Circular.

The MSC expressed the need for enabling rules to operationalize the recommendations identified by the MSC over the years of its monitoring of prolonged T&C, particularly on the IEMOP's implementation of Section 2.9.4 of the WESM Registration Manual. The MSC agreed to submit to the DOE its observations and recommendations, for consideration in its policy-making process.

The MSC submitted for the DOE's consideration its observations and recommendations on testing and commissioning on 29 March 2021.

#### 1.1.5. Review of Grid Operating Program (GOP) Revision 3

On 14 January 2021, the MSC reviewed the Grid Operating Program (GOP) Revision 3 of the National Grid Corporation of the Philippines (NGCP) – System Operator (SO), and how it compares with the Third Quarter data of the NGCP-SO's Daily Operations Report (DOR) for year 2020. The NGCP-SO DOR is being received daily by MAG through email and FTP and is being used as basis in the daily updating of the outage data in the MAG's database. Meanwhile, the GOP includes the schedule of the generating units for planned outages, actual outage information on forced and maintenance outages as well as the generating units that are on commissioning.



The MSC also discussed the NGCP-SO reply to the MSC inquiry regarding the significant difference between the GOP and DOR as observed by the MSC and MAG in its previous conduct of GOP reviews. The MSC noted that GOP Revision 3 should be the proper reference of comparison for the outages during the 2nd quarter, as emailed to PEMC on 13 November 2020. The MSC also noted the report from MAG that changes in the scheduled plant outages are mostly technical in nature (e.g., re-scheduling of inspection of the turbine runner, incident on the cooling water intake system).

After discussion, the MSC requested MAG to conduct historical regression analysis to determine the sensitivity and dynamics of the NGCP-SO GOP vis-à-vis actual outages.

#### **1.1.6. Submission of Consolidated Report on Interesting Pricing Events**

On 05 February 2021, the MSC submitted to the DOE and ERC its Consolidated Report on Interesting Pricing Events (IPEs) for the period 26 September 2018 to 25 December 2019.

The Consolidated Report provides an analysis of the interesting pricing events during said period. Interesting pricing events refer to intervals determined to have price outliers based on the relationship of market price and supply margin. Prices within the upper and lower reference price thresholds are considered as “normal prices”, while prices outside or beyond the thresholds are tagged as “interesting pricing events” and subject to further analysis or assessment.

As discussed in the Report, most of the 271 IPEs during the period were attributable to the high outage capacity, while high demand levels also drove market prices upwards in several trading intervals.

#### **1.1.7. Submission of MSC Study on the Competitiveness Analysis of Reserves**

The MSC, with the support of MAG, had been studying the adequacy of reserves and its competitiveness in the current regime where procurement of reserves is being done only through the contracting of the National Grid Corporation of the Philippines – System Operator (NGCP-SO) with different reserve providers.

In preparation for the establishment of the Reserve Market, the MSC completed its Reserves Study which assessed the competitiveness of the Regulating, Contingency, and Dispatchable Reserves in the Luzon and Visayas regions, based on the day-ahead ancillary service schedules and contracts of certified plants by the NGCP-SO during the covered billing years January 2018 to December 2019. Recommendations consistent with the assessment results were articulated at the end of the Study.

The MSC submitted its completed Study on the Competitiveness Analysis of Reserves to the PEM Board on 17 February 2021, and for the consideration of the DOE and ERC on 23 February 2021.

### **1.1.8. Submission of the MSC Review Reports on Market Intervention and Suspension**

Following its thorough review and pursuant to its mandate under the WESM Rules, the MSCEM Manual, and PEM Board Resolution No. 2011-62, the MSC submitted on 17 February 2021 the following MSC Review Reports, for the consideration of the PEM Board:

- System Operator (SO) – Initiated Market Intervention (MI) events covering the period October 2019 – January 2020 (MSC MI Review Report No. 2021-01), and
- Market Intervention and Suspension Events from 12 to 13 November 2020 (MSC MS Review Report No. 2021-01).

Both reports discussed the sequence of events leading to the declaration of MI/MS, as well as the MSC's analysis and conclusion/s on the procedure and actions taken by the parties involved, relative to their responsibilities and the requirements provided for under the WESM Rules and Dispatch Protocol Manual.

### **1.1.9. Review of the Survey Paper on the Competition Framework in Other Jurisdictions**

The MSC discussed the highlights of the Survey Paper on the Competition Framework in Other Jurisdictions, as submitted by MAG. Other electricity markets that were surveyed by MAG for the purpose are as follows: National Electricity Market of Singapore, Australia – National Electricity Market (NEM), New Zealand Electricity Market, Midcontinent Independent System Operator (MISO), Electric Reliability Council of Texas (ERCOT), Alberta Electric System Operator, Ontario Independent Electricity System Operator, electricity markets in Europe – France, including Epex spot, which is the sub-market for the short-term power trading between Germany, France, Austria and Switzerland. The study further review the current structure of competition in the Philippine setting including the current rules, procedures and various programs or strategies of the concerned agencies like the Philippine Competition Commission (PCC), Energy Regulatory Commission (ERC) and the MSC.

The MSC approved the Survey Paper on the Competition Framework in Other Jurisdictions, as presented, and agreed to have this submitted to the PEM Board, the DOE and the ERC.

Furthermore, the MSC presented the highlights of the Survey Paper during the PEM Board Meeting in February 2021.

### **1.1.10. Discussion on the Confidentiality of Look-Ahead Offers**

In January 2021, the MSC discussed the Legal Opinion on the MAG proposal regarding the automation of the real-time monitoring of generation offers, which include the notification to trading participants of their possible breach of the Must-Offer-Rule (MOR) using the look-ahead offers in the Day-Ahead Projection (DAP).

Likewise, the MSC discussed the Energy Regulatory Commission (ERC) directive as contained in its Decision on the Price Determination Methodology, which states in part: *"In view thereof, the*



*Commission hereby directs PEMC to monitor and ensure the TPs' submission of forecasted offers considering that this will help generate accurate look-ahead projections and real-time schedules that will guide the TPs."*

After discussion, the MSC requested MAG to continue the review of its proposed monitoring of look-ahead projections, in coordination with PEMC-Legal, and update the MSC of its recommendations.

During its February 2021 Meeting, the MSC was updated on the continuing discussion by MAG on the topic. It was discussed that while the real-time monitoring of look-ahead offers might no longer be feasible due to budget constraints, MAG will nevertheless ensure compliance with the directive of the ERC to monitor the submission by generator-trading participants of look-ahead offers. Additionally, the MSC has taken note that the IEMOP had already agreed to continue providing MAG with access on the look-ahead offer data consistent with the ERC directive.

## **1.2. Monitoring and Assessment of the Retail Competition and Open Access (RCOA) Market**

Pursuant to the Catalogue of Retail Market Monitoring Data and Indices (CRMMDI) Section 3.1.2<sup>7</sup>, the MSC monitored and assessed the performance of the Retail Market, as provided for under the Retail Market Assessment Report, which discusses the results of retail monitoring indices and provides indications on how the retail market performed during the period in review.

### **1.2.1. Quarterly Retail Market Assessment Report**

The MSC reviewed the Quarterly Retail Market Assessment Report on the RCOA Market covering the period 26 September to 25 December 2020, as submitted by MAG (MAG-RMAR-2020-04). Some highlights of the Retail Market Assessment Report are as follows:

- There was a total of 2,118 qualified electricity end-users already issued with the ERC's Certificate of Contestability. Of these, 1,508 CCs or about 71% have already registered in the market as of the billing month of December 2020. Additional 29 CCs registered in the market during the fourth quarter of 2020.
- The market recorded 1,135 registrants or about 75% of the total registered CCs in the 1 MW and above contestability threshold. The remaining 373 registrants or about 25% were classified under 750-999 kW contestability threshold.
- By the end of December 2020 billing month, about 39% of the consumption of all registrants were supplied by the MERALCO group. This was followed by the Aboitiz group and the San Miguel group at about 21% and 18% share, respectively, then by the Ayala group at about 10% share. There was also a notable increase in the share of other Suppliers which are not affiliated with the major groupings as defined by the ERC.

The MSC – approved Retail Market Assessment Report was submitted to the PEM Board on 17 February 2021 and to the DOE and ERC on 23 February. The Report was also published in the PEMC website.

<sup>7</sup> CRMMDI Section 3.1.2 *The Market Surveillance Committee shall have the following responsibilities: 3.1.1 xxx; 3.1.2. Review the retail market monitoring indices and reports submitted by the Market Assessment Group. Xxx*

Highlights of the RMAR was likewise presented to the PEM Board during its Meeting on 24 February 2021.

### **1.2.2. Issues Paper on the Philippine RCOA Market**

The MSC deliberated upon the Issues Paper on the Philippine Retail Competition and Open Access (RCOA) Market, as presented by MAG.

The MSC further touched-upon the recommendations articulated in the Issues Paper, resulting from MAG's extensive review of retail markets in other jurisdictions as well as the stakeholder consultation series that was launched by the MSC to gather collective inputs from the Retail Electricity Suppliers (RES), Contestable Customers and the ERC.

Recommendations that were approved by the MSC for inclusion in the RCOA Issues Paper are as follows:

1. Empowerment of the Consumer
  - Formation of a Consumer Group/Association
  - Provide information to consumers to boost awareness of the goings-on and updates in the market
  - Provision of Consumer Rights to its data to effectively choose.
2. Enhancement of the consumer portal – [buyyourelectricity.com](http://buyyourelectricity.com)
3. Proper Implementation of the Enhancements to Retail Rules to Reduce Barriers to Entry in the RCOA
4. Enhancement of Rules on Retail Supply Contracts
  - Remove/reduce/cap exit/termination fees, subject to exemptions
  - Shorten RSCs up to six (6) months
  - Prohibit saves and win-backs
5. Provision of Inactive Consumers List to Suppliers
6. Strict Implementation and compliance with ERC and DOE Issuances
7. Enhancement of RES licensing rules
8. Adoption of Aggregation in the RCOA Market
9. Use of Vertical Integration as Market Index
10. Revision of the following issuances to incorporate the enhancements:
  - Rules for the Integration of Retail Competition in the WESM;
  - Retail Market Manual on Market Transaction Procedures;
  - Catalogue of Retail Market Monitoring Indices; and
  - DOE Issuances and ERC Rules on Switching, RES Licensing, Retail Supply Contracts.

The RCOA Issues Paper was presented to the PEM Board in its January 2021 Meeting, and was also submitted to the DOE and ERC, and published in the PEMC website.

## 2. Activities on Compliance and Enforcement

### 2.1. Review of Compliance Monitoring and Assessment

Compliances of Generator-Trading Participants (TP) with the Real Time Dispatch (RTD) schedule, the Must Offer Rule (MOR) and the rule on the Nomination of Loading Levels and Projected Output (NOM) for the billing months of November 2020 to January 2021, were deliberated upon by the MSC, as contained in the Compliance Monitoring and Assessment Reports (CMARs) prepared by the Enforcement and Compliance Office (ECO).

The CMAR is a result of the daily compliance monitoring activities by the ECO after assessing the generator-TPs' compliance with the RTD schedule and MOR. The ECO's monitoring activity was carried out by issuing Daily Compliance Notices to the generator-TPs that are initially flagged for possible non-compliance, and by validating and assessing the generator-TPs' explanations in the Significant Event Report Form and Dispatch Discrepancy Report Form, supporting documents, and other market data or reports from the MO and SO.

Following the MSC's monthly review of the CMAR, the MSC endorsed to the ECO for appropriate action, the following requests for investigations (RFIs) for possible non-compliances with the WESM Rules: (a) five (5) RFIs covering the November 2020 billing month, (b) six (6) RFIs for December 2020, and (c) three (3) RFIs for the January 2021 billing month.

### 2.2. Review of ECO Investigation Reports

The MSC deliberated upon ECO Investigation Reports (IRs) that were submitted by the ECO during the quarter. The ECO IRs covered the non-compliances of generator-trading participants with the Real Time Dispatch (RTD) schedule, the Must Offer Rule (MOR) and the rule on the Nomination of Loading Levels and Projected Output (NOM).

The MSC reviewed the submitted ECO IRs with respect to: (a) the ECO's compliance with the procedures set forth in the MSCEM for the conduct of investigation, and (b) the validity and completeness of the data and documents upon which factual findings are based, pursuant to Section 10.7 of the MSCEM Manual.

For the covered period during its regular monthly meetings, the MSC completed its review on the following:

<b>MSC Meeting</b>	<b>ECO IRs Reviewed and Deliberated-Upon</b>
14 January 2021	ECO Special IRs with Offers for Settlement submitted involving three (3) trading participants with four (4) generating plants
11 February 2021	Six (6) ECO IRs involving four (4) generator-trading participants with five (5) generating plants for the non-compliances with the MOR, NOM, and RTD schedule
10 March 2021	Six (6) ECO IRs involving four (4) generator-trading participants with four (4) generating plants for non-compliances with the MOR and RTD schedule.

Accordingly, the MSC submitted and presented to the PEM Board the result of its review and its recommendations on the above ECO IRs, which were then deliberated upon and approved by the PEM Board.

### **2.3. Submitted Letter to DOE on the Utilization of Penalties**

The MSC discussed the draft letter to DOE reiterating the MSC's position as regards the utilization of collected penalties. It was discussed that the penalty amounts collected by PEMC are treated as a reduction from the Market Fees pursuant to a decision of the ERC in Case No. 2013-137 RC: In the Matter of the Application for the Approval of the Level of Market Transaction Fees for the Calendar Year 2014 for the Philippine Wholesale Electricity Market Corporation (WESM).

The MSC agreed to reiterate its view that allowing the use of penalties as additional budget support, which in effect would have meant the reduction of market fees assessed for generators, defeats the purpose of the penalty since it would benefit the same erring WESM generator Participants that violated the WESM Rules.

The MSC further agreed to include in the draft letter the MSC recommendations on how the collected penalties should be utilized, as contained in its proposed amendments to the WESM Penalty Manual Issue 2, which is currently under review of the DOE. The MSC recommendations on penalty utilization are as follows:

- Primarily for projects that directly redound to the benefit of electricity consumers.
- Training and education of WESM Members.
- Conduct of Technical Studies or research to support market development, rules change proposals, and other market studies and the publication of the results of these; and
- Development and acquisition of information technology systems to support enforcement and compliance, market and assessment and surveillance in the WESM.

After due deliberation, the MSC approved the offer for settlement submitted by the trading participant for the pending cases; and directed the ECO to proceed with the completion of the required process, documentation, and issuance of a formal report following the MSC-approved Guidelines on Offer for Settlement.

## **3. Other Activities**

### **3.1. MSC Review of Internal Rules**

The MSC completed its review of the Committee's Internal Rules and thereafter approved the proposed amendments, which are aimed at revising the MSC Internal Rules Issue 3.0 to reflect current practice and procedures, as well as to update references and terminologies.

### **3.2. Information on the Constitution of the Compliance Committee and Review of MSC Responsibilities**

During its January 2021 Meeting, the MSC was informed of the PEM Board action regarding the constitution of the Compliance Committee, pursuant to DOE Circular No. 2020-10-0021 dated October 22, 2020.

Correspondingly, during its Regular Meeting on 10 March 2021, the MSC reviewed the applicable WESM Rules Provisions, as amended by DOE Circular No. 2020-010-0021, on the MSC and the Compliance Committee (CC), as follows: (a) Formation of Committees, (b) Support Units, (c) Appointment, and (d) Responsibilities.

Upon review of the responsibilities of the MSC and the CC, the MSC agreed that while the responsibility to review investigation reports on breaches to the WESM Rules is transferred from the MSC to the CC, the MSC's surveillance mandate remains extensive and wide-ranging. The MSC likewise touched-upon the MSC's mandate to review the WESM penalty scheme / design and whether this should be retained as part of the MSC's responsibilities or transferred to the CC. One of the arguments that were taken into consideration is the opinion that the MSC should carry-on with this mandate considering the MSC's market assessment experience, which would enable the Committee to make recommendations based on its commercial and technical expertise. Meanwhile, it was pointed out that the CC will be reviewing possible non-compliances as contained in ECO Investigation Reports, and will recommend the appropriate penalty for the breach, based on its technical expertise. The MSC agreed to further discuss this topic in future meetings, to consider recommendations from ECO on the same.

### **3.3. Discussion on the MSC Work Plan for CY 2021**

The MSC deliberated upon its proposed Work Plan for CY 2021, following the revised Corporate Strategic Plan for the year. The MSC also discussed its Annual Report for CY 2020.

The MSC 2020 Annual Report and Work Plan for CY 2021 were submitted to the PEM Board on 24 March 2021 and were also published in the PEMC website on said date.

### **3.4. Discussion on WGC Performance Measures**

The MSC discussed the WESM Governance Committee (WGC) Performance Measures, as presented by the PEMC-Technical Working Group (TWG) during MSC Regular Meeting No. 2021-03 held on 10 March 2021. The MSC likewise provided its inputs on the proposal for consideration of the TWG.

The MSC is composed of four (4) members, namely, Engr. Francis V. Mapile, Dr. Peter Lee U, Atty. Doroteo B. Aguila, and Prof. Fernando Martin Y. Roxas.