



Market Surveillance Committee Quarterly Accomplishment Report

26 March to 25 June 2021

JULY 2021

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

TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. ACCOMPLISHMENTS.....	3
1. ACTIVITIES ON MARKET MONITORING AND ASSESSMENT	3
1.1. MONITORING AND ASSESSMENT OF MARKET OUTCOMES IN THE WESM	3
1.1.1. Monthly Market Assessment Reports	4
1.1.2. Monthly Market Monitoring Reports	5
1.1.3. Market Assessment Report for the Cool-Dry Season	5
1.1.4. Assessment of Over-Riding Constraints	5
1.1.5. Review of the Technical Committee Response to MSC Study Request.....	6
1.1.6. Review of Comments to the MSC Study on the Competitiveness of Reserves	6
1.1.7. Review of the WESM Industry Code of Ethics as Promulgated by DOE	7
1.1.8. Discussion on the Initial Result of the Study on the NGCP-SO Grid Operating Program (GOP).....	7
1.1.9. Discussion on Relevant ERC Issuances and MSC Activities on Outage Monitoring	7
1.1.10. Survey Paper on Competition.....	8
1.2. MONITORING AND ASSESSMENT OF THE RETAIL COMPETITION AND OPEN ACCESS (RCOA) MARKET	8
1.2.1. RCOA MARKET ASSESSMENT FOR BILLING YEAR 2020	8
1.2.2. RETAIL MARKET ASSESSMENT REPORT FOR Q1 2021	9
1.2.3. PRESENTATION OF THE MSC ISSUES PAPER / STUDY ON THE PHILIPPINE RCOA MARKET TO THE RCOA CONTESTABLE CUSTOMERS.....	9
1.3. EXTERNAL MEETINGS AND COORDINATION INITIATIVES.....	10
1.3.1. MEETING WITH THE PEMC-TECHNICAL COMMITTEE	10
1.3.2. MEETING WITH NGCP-SYSTEM OPERATOR ON SUPPLY ADEQUACY IN THE SUMMER MONTHS AND PARAMETERS IN THE DECLARATION OF MARKET INTERVENTION	10
1.3.3. DISCUSSION WITH IEMOP ON HIGH PRICE ANALYSIS REPORT	10
1.3.4. MEETING WITH IEMOP ON THE ENHANCED WESM DESIGN OPERATIONS (EWDO)	11
1.3.5. COORDINATION WITH IEMOP ON NODAL MONITORING	11
1.3.6. MEETING WITH DOE-RENEWABLE ENERGY MANAGEMENT BUREAU (REMB)	11
2. ACTIVITIES ON COMPLIANCE AND ENFORCEMENT	12
2.1. REVIEW OF COMPLIANCE MONITORING AND ASSESSMENT	12
2.2. REVIEW OF ECO INVESTIGATION REPORTS	12
2.3. UPDATE ON THE RE-CLASSIFICATION OF BAKUN HEP	13
2.4. PROPOSED CRITERIA IN DETERMINING THE HIGH COMPLIANCE RATING FOR NON- SCHEDULED GENERATING UNITS	13
2.5. COMPLIANCE UPDATE ON ACCEPTED OFFERS FOR SETTLEMENT.....	13
3. OTHER ACTIVITIES.....	13
3.1. MSC COURTESY CALL TO ERC	13

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 Market¹, with the PEMC-Market Assessment Group (MAG) as its 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)².

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

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 2nd quarter of 2021, the MSC conducted three (3) regular³ 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)⁴, the MSC continued its monitoring and assessment of market outcomes, 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).

¹ 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.*

² 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*

³ MSC (Regular) Meeting No. 2021-04 held on 15 April 2021; MSC (Regular) Meeting No. 2021-05 held on 17 May 2021; and MSC (Regular) Meeting No. 2021-06 held on 10 June 2021.

⁴ 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 WESM results for the billing months of March 2021 to May 2021, as discussed in the Monthly Market Assessment Reports (MMAR-2021-03, MMAR-2021-04, and MMAR-2021-05), as prepared by MAG and reviewed and adopted by the MSC.

Billing Month	MSC Observation Highlights
March 2021	<p>Average outage capacity remained relatively elevated in March, averaging at 3,355 MW despite a 12 percent improvement from last month's 3,803 MW; and that the SPEX Malampaya gas supply restriction, effective 22 March 2021 2200H, resulted to the deration of Ilijan and San Gabriel NGPP. Correspondingly, the monthly load weighted average price (LWAP) rose by 92 percent from February to March 2021 at PhP4,381/MWh from PhP2,281/MWh, following the thinner average supply margin which narrowed by 25 percent during the month.</p> <p>The MSC likewise reviewed the assessment on the two (2) interesting pricing events which occurred on (a) 01 March 2021 at 1600H, and (b) 16 March 2021 at 1500H, when the upper price threshold of the supply margin-price index for the hot dry season was breached.</p> <p>Highlights of the market assessment for March 2021, was presented during the PEM Board Meeting on 28 April 2021.</p>
April 2021	<p>Deration in the available capacity of natural gas plants was observed, following the SPEX Malampaya gas supply restriction, which effectively derated Ilijan NGPP (from 1200 MW to 855 MW) and San Gabriel NGPP (from 420 MW to 211 MW) for a total of 554 MW since March 22 at 2200H. The MSC likewise observed the occurrence of six (6) price spikes and interesting pricing events (IPEs), consistent with the observed increase in generation of oil-based plants which signaled high prices. IPEs for the billing month were noted to have occurred as follows: 29 March (2300H), and 30 March (1400H to 1500H).</p> <p>Highlights of the market assessment for April 2021, was presented during the PEM Board Meeting on 26 May 2021.</p>
May 2021	<p>High market prices were observed in May, averaging at PHP8,035/MWh, an increase by 97.4 percent from last month's PHP4,071/MWh. Correspondingly, the MSC noted the 40 price spikes and 23 interesting pricing events which breached the reference thresholds during the month. The MSC further noted the imposition of the secondary price cap in 55 trading intervals.</p> <p>Highlights of the market assessment for April May 2021, was presented during the PEM Board Meeting on 30 June 2021.</p>

1.1.2. Monthly Market Monitoring Reports

During the quarter, the MSC completed its review of the Market Monitoring Reports (MMR) for the billing months of February 2021 to April 2021 (MSC-MMR-2021-02 to MSC-MMR-2021-04).

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 reviewed and deliberated upon by the MSC in its monthly regular meetings and thereafter adopted in full.

The MSC-MMR for the billing months of February 2021 to April 2021 had all been submitted to the PEM Board, the DOE and the ERC. Meanwhile, the MMARs covering the same billing months were all published by the MSC in the PEMC website during the 2nd quarter of 2021.

1.1.3. Market Assessment Report for the Cool-Dry Season

The Market Assessment Report for the Cool-Dry Season (MAR-CD-2021) covering the period 26 November to 25 February 2021 was also reviewed by the MSC.

The MSC took note of the low demand level during the season attributable to the observance of the holidays and cooler temperatures compared with the rest of the year. Meanwhile, supply margin tightened as the high level of outage capacity in January and February reduced the effective supply in the market. Correspondingly, about 95 percent of the prices were below PhP4,000/MWh during the entire season. This notwithstanding, market price trigger events were noted this season breaching the price spike threshold for 2 intervals.

Market Assessment Report for the Cool-Dry Season 2021 was submitted to the PEM Board on 21 May 2021, and to the DOE and ERC on 27 May 2021. The Report is also publicly available in the PEMC website.

1.1.4. Assessment of Over-Riding Constraints

Pursuant to MSCEM Section 6.2.1 (i)⁵, the MSC assessed the over-riding constraints imposed by the System Operator on generators for the billing months of March to April 2021. Assessment of the MSC on these events are summarized as follows:

Billing Month	Total	Number of Generators	Event Categories
March	5,519 over-riding events	49 Luzon generators and 19 Visayas generators	All events were categorized under non-security limit mainly related to the conduct of testing and commissioning (T&C). Majority of the non-security limit events or 5,448 events were due to T&C involving 19 plants and with 12 plants exceeding the prescribed maximum allowable T&C period ⁶ .

⁵ MSCEM Section 6.2.1(i) *The MSC shall have following responsibilities: (a) xxx; (i) Review Over-Riding Constraints; xxx*

⁶ ERC Resolution No. 16, Series of 2014

Billing Month	Total	Number of Generators	Event Categories
April 2021	5,163 over-riding events	37 Luzon generators and 14 Visayas generators	All events were categorized under non-security limit, mainly related to the conduct of T&C at 95.4 percent. Majority of the non-security limit events at 4,924 events were due to T&C involving 18 plants, with 11 plants exceeding the prescribed maximum allowable period for commissioning.
May 2021	5,335 over-riding events	20 Luzon generators and 14 Visayas generators	All events were categorized under non-security limit, mainly related to the conduct of T&C. Majority of the non-security limit events or 4,934 events were due to T&C involving 13 plants, with 11 plants exceeding the prescribed maximum allowable period.

The MSC likewise discussed the updates provided by the Independent Electricity Market Operator of the Philippines (IEMOP), upon the MSC's request, on the status of plants on testing and commissioning, and had correspondingly written to the NGCP-SO requesting clarification on some of its OC impositions relative to the updates received from the IEMOP.

1.1.5. Review of the Technical Committee Response to MSC Study Request

The MSC reviewed the recommendations of the Technical Committee (TC) relative to the MSC Request for Study on the Appropriateness of Metering Configurations, as follows:

- *There is a need to strengthen the compliance of MSP and market participants to the WESM Rules, PGC and DOE policies regarding dedicated metering installations at every MTN and the appropriate location of metering points relative to the MTN in the WESM;*
- *Post-processing of metered quantities should be kept to a minimum. Any sophisticated calculation, similar to what were presented to the TC to produce the final MQ should be avoided. This will improve the participants' confidence in the market and its billing and settlement processes; and*
- *Issues regarding non-updating of meters should be discussed separately. Any non-updating situation should require the issuance of Meter Trouble Reports (MTRs).*

The MSC noted the observations and recommendations of the TC and agreed to request from the IEMOP and NGCP their responses to the same.

1.1.6. Review of Comments to the MSC Study on the Competitiveness of Reserves

The MSC reviewed the comments submitted by Aboitiz Power Corporation to the PEM Board regarding the MSC Study on the Competitiveness of Reserves.

After discussion, the MSC approved the following recommendations: (1) to write a letter to NGCP to request for the updated list of Reserve Providers and Potential Reserve Providers, and (2) to conduct concentration analysis on the results of the simulations of IEMOP, provided it will utilize the updated list of reserve providers.

1.1.7. Review of the WESM Industry Code of Ethics as Promulgated by DOE

The MSC reviewed the comparative table on the DOE-Promulgated WESM Industry Code of Ethics (WICOE) vis-à-vis the proposed version submitted by the MSC.

An opinion was raised regarding the deletion of the phrase “Boards of Directors, Board committees, management, officers, employees and staff, or agents, and their successors (of the WESM entities)” as covered by the WICOE under Section 1 on Applicability. It was agreed that this is a significant change from the submitted version by the MSC as the intention for including such phrase is to make the WICOE expressly applicable to all, and not only to the institutions or principals, i.e., WESM members and participants, the Market Operator, WESM Governance Arm, the PEM Board and the WESM Governance Committees.

The MSC then requested clarification from the DOE on the matter through its letter dated 29 April 2021. In its response to the MSC, the DOE clarified through its letter that Section 7 of the subject Circular ‘clearly interprets that the WICOE shall also be applicable to the officers and staff of the aforementioned WESM entities’. The MSC noted the DOE’s clarification with thanks.

1.1.8. Discussion on the Initial Result of the Study on the NGCP-SO Grid Operating Program (GOP)

The MSC discussed the initial result of the Study conducted by MAG as regards the NGCP-SO’s Grid Operating Program (GOP). The Study commenced following the MSC’s instruction on 13 January 2021 during Meeting No. 2021-01 for MAG to conduct historical regression analysis to determine the sensitivity and dynamics of the NGCP-SO GOP vis-à-vis actual outages.

The MSC reviewed the objective of the Study, that is, to determine the extent on which forced outages contribute to the revisions in the GOP. The MSC likewise commented on the initial methodologies used by MAG and provided inputs on these methodologies.

The MSC then approved to extend the timeline on the GOP Study until 3Q, considering the recommendation on the need for another regression analysis to achieve better results. The MSC also requested MAG to meet with Dr. Peter Lee U for a more in-depth discussion on methodologies that could be adopted for use in the Study.

1.1.9. Discussion on Relevant ERC Issuances and MSC Activities on Outage Monitoring

The MSC discussed the details of ERC Resolution No. 10 series 2020, “Adopting the Interim Reliability Performance Indices and Equivalent Outage Days per Year of Generating Units.

The MSC has taken note of the interim reliability performance indices per technology as outlined in the subject ERC Resolution. The MSC likewise noted the input on the ECO's role to verify compliance with the Must Offer Rule (MOR) / check the validity of the report on outage or deration.

The MSC also noted the presentation from MAG on the actual outage data vis-à-vis the allowable outage days prescribed in the ERC Resolution. The MSC thereafter agreed to request MAG to monitor on a daily basis: (a) the issuances and announcements of the DOE, ERC and other related agencies, and (b) news reports and opinion columns insofar as these relate to or impact on the power industry and the WESM.

1.1.10. Survey Paper on Competition

The MSC formally submitted to the PEM Board, the DOE and ERC its Survey Paper on the Competition Framework in Other Jurisdictions.

The Survey Paper presented the current framework in the monitoring of competition in the WESM and gathered how other electricity markets define or view competition. It also compiled the best practices and methodologies used in other jurisdictions as they monitor competition and determine anti – competitive behavior including challenges and lessons learned that may be useful in complementing the current monitoring activities of PEMC through the MSC and the MAG.

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 3.1.2⁷, 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. RCOA Market Assessment for Billing Year 2020

The MSC reviewed the Annual Retail Market Assessment Report on the Market covering the year 26 December 2019 to 25 December 2020, as submitted by MAG (MAG-ARMAR-2020). Some highlights of the Annual Retail Market Assessment Report are as follows:

- Since the launch of the Retail Market on 26 June 2013, the number of registered Contestable Customer grew from the initial number of 240 to 1,508 registrants by the end of the December 2020 billing period. In terms of Suppliers, the Retail Market now has a total registry of 33 Retail Electricity Suppliers (RES), 14 Local Retail Electricity Suppliers (LRES), and 25 Suppliers of Last Resort (SOLR).
- A total of 2,118 qualified electricity end-users were issued with Certificates of Contestability. Of which, 1,508 Contestable Customers or about 71% already registered in the market as of December 2020.

⁷ 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*

- In terms of contestability threshold, the market recorded 1,135 registrants or 75% in the 1 MW and above threshold while the remaining 373 registrants or 25% were classified under 750-999 kW contestability threshold.
- By the end of 2020, majority or about 39% of the consumption of all registrants were supplied by the MERALCO group. This was followed by the Aboitiz and the San Miguel groups at about 21% and 18% shares, respectively, then by the Ayala group at about 10% share. Of the 116 Suppliers with license from ERC, only 72 Suppliers are registered in the retail market, two (2) of which are newly registered, namely: (1) Mabuhay Energy Corporation; and (2) Solar Philippines Retail Electricity, Inc.

Highlights of the Annual RMAR was presented by the MSC to the PEM Board during its Meeting on 28 April 2021. The Report was likewise submitted to the DOE and ERC on 27 April 2021 and published in the PEMC website.

1.2.2. Retail Market Assessment Report for Q1 2021

The MSC assessed the market results for the RCOA Market for the period 26 December 2020 to 25 March 2021, the highlights of which were presented to the MSC during its Regular Meeting No. 2021-06.

The MSC discussed the ERC's lowering of the contestability threshold to 500kW to 749kW, beginning 26 February 2021. Correspondingly, during the Quarter:

- The market recorded 43 additional CCs, which is equivalent to a 3% increase from Q4 2020. This translates to a market participation rate of 53% from eligible consumers.
- Three (3) new Retail Electricity Suppliers were recorded during the period. These are: (a) Green Core Geothermal, Inc., (b) AP Renewable, Inc., and (c) Therma Luzon, Inc.
- The MERALCO Group remained the top entity with the most contracted CCs at 37% and also held the largest share in the CCs' total consumption at about 37%.

Highlights of the retail market assessment for Q1 2021, was presented during the PEM Board Meeting on 30 June 2021.

1.2.3. Presentation of the MSC Issues Paper / Study on the Philippine RCOA Market to the RCOA Contestable Customers

The MSC presented its MSC Issues Paper / Study on the Philippine RCOA Market to the Retail Electricity Suppliers Association (RESA) on 27 May 2021, and the RCOA Contestable Customers on 08 June 2021. Representatives from the DOE and the IEMOP were likewise invited by the MSC in both events.

The MSC RCOA Issues Paper was submitted by the MSC to the DOE and ERC in February 2021, providing for the following:

- Review of the implementation and current performance of the RCOA Market,

- Benchmarking of best practices in other jurisdictions; and
- Recommendations for the enhancement of the RCOA market.

Inputs from the RCOA stakeholders were gathered and carefully considered in the Study after the completion of the MSC Dialogue Series in year 2020, where it was also agreed for the MSC to present the results of the Study to the RCOA stakeholders.

The MSC agreed to discuss with the RESA the concerns that were raised by the RCOA CCs and likewise noted the request of the CCs for another discussion forum with the MSC, where they can exchange ideas and learn more on the RCOA market.

1.3. External Meetings and Coordination Initiatives

1.3.1. Meeting with the PEMC-Technical Committee

The MSC requested for a meeting with the PEMC-Technical Committee (TC) to discuss the TC request for MSC Study/assessment on how the proposed Distribution System Operator (DSO) – Managed Model for Mindanao may affect competition in the generation sector.

The MSC took note of the details of the TC-proposed DSO for Mindanao and agreed to study the proposal further through a Technical Working Group (TWG).

1.3.2. Meeting with NGCP-System Operator on Supply Adequacy in the Summer Months and Parameters in the Declaration of Market Intervention

The MSC requested to meet with the NGCP-System Operator (NGCP-SO) on 17 May 2021 to discuss two (2) concerns: (a) Supply Adequacy / NGCP-SO Power Situation Outlook for the Summer Months, and (b) Parameters in the Declaration of Market Intervention.

After discussion, the MSC agreed to: (a) commence a review or study on the need for a standard or a set of criteria in the adjustment of outage schedules in the Grid Operating Management Program (GOMP); (b) review of the WESM Rules to clarify current definitions on the grounds for MI declaration; (c) conduct a study on the actual status of the power system, including the impact of the inclusion of plants on T&C in the NGCP-SO Power Outlooks, and (d) correct in the MAG reports the reference to manual load dropping (MLD) as reason for the declaration of MI, even though the same is based on the MI reports being submitted by SO since the MLD is not the reason for the MI, but the measure/action undertaken by SO to address the issue on supply insufficiency.

1.3.3. Discussion with IEMOP on High Price Analysis Report

The MSC invited the IEMOP to discuss its High Price Analysis Report for the March 2021 billing month. It was noted that this Report is submitted by IEMOP to the MSC for the first time.

The MSC noted the report provided by the IEMOP, but also noted the MAG's established reporting on high prices through its Market Trigger Reports and Interesting Pricing Events Reports, as well as the Market Assessment Reports. The MSC then requested MAG to coordinate with the IEMOP on its spot price monitoring and discuss possible ways forward in terms of its reporting to the MSC.

Furthermore, the MSC requested MAG to study and develop a proposal on market triggers for outages, similar to the market triggers on price spikes, such that, a cap shall be established where at that level, further analysis will be made and reported to the MSC.

1.3.4. Meeting with IEMOP on the Enhanced WESM Design Operations (EWDO)

The MSC requested to meet with the IEMOP on the Enhanced WESM Design and Operations (EWDO) and the highlights of the implementation of the Limited Live Dispatch Operations (LLDO) from 29 May to 04 June 2021.

The MSC took note of the high turnout of participation as well as the high accuracy of forecasts during the LLDO. Factors that affected forecast accuracy were also noted. This includes the HVDC flow, varying dispatch schedules, 5-minute dispatch of conventional generating units, non-updating of most VREs of its 5-minute projections, pump-mode operations, inaccurate real-time data and testing and commissioning activities.

1.3.5. Coordination with IEMOP on Nodal Monitoring

The MSC continued its coordination with the IEMOP as regards the MSC study on the unusual Total Trading Amount (TTA) of an electric cooperative, requesting for an update from the IEMOP based on its submitted action plan in October 2020 on the following: (a) agreement between IEMOP and NGCP-SO on the non-updating snapshot data as an infrastructure issue, (b) IEMOP ways forward on the limited modelling and non-updating system snapshot, and (c) update on similar cases.

1.3.6. Meeting with DOE-Renewable Energy Management Bureau (REMB)

The MSC requested to meet with the Renewable Energy Management Bureau (REMB) of the DOE for a discussion on the fundamentals and updates on the DOE's Green Energy Option Program (GEOP). The MSC is keen to understand the GEOP after its meeting with the RCOA Stakeholders which have expressed interest on this program.

After discussion, the MSC agreed to request a further presentation from the PEMC – Corporate Planning Department on the Renewable Energy Market.

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 February 2021 to April 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 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:

Covered Period	Number of RFIs	Possible Non-Compliance
February 2021	Three (3)	RTD Schedule / Instruction
March 2021	Three (3)	RTD Schedule / Instruction
	One (1)	Nomination of Loading Levels and Projected Output (NOM)
April 2021	Four (4)	RTD Schedule / Instruction

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:

MSC Meeting	ECO IRs Reviewed and Deliberated-Up on
15 April 2021	Ten (10) consolidated ECO Investigation Reports, five (5) for non-compliance with RTD schedule / instruction and five (5) IRs for possible non-compliance with the Must Offer Rule

17 May 2021	Six (6) consolidated ECO Investigation Reports for non-compliances with RTD schedule/instruction
10 June 2021	Three (3) consolidated ECO Investigation Reports, two (2) of which were cases of non-compliances with RTD schedule / instruction, while the third Report is a case on the Must Offer Rule.

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. Update on the Re-Classification of Bakun HEP

The MSC discussed the reclassification of Bakun HEP as a Must-Dispatch Generating Unit in the WESM and noted that Bakun HEPP is now being monitored for compliance as a Must Dispatch generating unit.

2.4. Proposed Criteria in Determining the High Compliance Rating for Non-Scheduled Generating Units

The MSC deliberated on the ECO's Proposed Criteria in Determining the High Compliance Rating for Non-Scheduled Generating Units.

The MSC took note of the guiding principles for the ECO proposal, as follows: (a) recognition of the distinct obligations of non-scheduled generating units, (b) commitment to nominate available loading levels and compliance with dispatch schedules, and (c) embodiment of the culture of compliance.

After discussion, the MSC approved the ECO proposed criteria, as presented.

2.5. Compliance Update on Accepted Offers for Settlement

The MSC discussed the ECO's compliance update on generator-trading participants with accepted Offers for Settlement and agreed to update the PEM Board on the same.

Accordingly, the MSC included this update in its report during the May 2021 PEM Board Meeting.

3. Other Activities

3.1. MSC Courtesy Call to ERC

The MSC paid a courtesy call to the Energy Regulatory Commission (ERC) and discussed with the Commission en-banc the MSC mandate, duties and responsibilities.

The MSC likewise participated in the discussion on the proposed ERC-PEMC Protocol, which was scheduled as part 2 of the same PEMC Meeting with the ERC.

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.