ORCP-RGC-2021-004 and ORCP-RGC-2021-005

**REQUEST FOR MARKET RULES AND MANUAL AMENDMENT**

Proposals made only under this prescribed form shall be accepted and considered as submitted.

This request for amendments is be submitted to:

**REM Governance Committee (RGC)**

Attention: RGC Secretariat

Philippine Electricity Market Corporation

18/F Robinsons Equitable Tower

ADB Avenue, Ortigas Center

Pasig City, 1605 Philippines

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# PROPONENT’S INFORMATION

|  |  |
| --- | --- |
| Name and Signature | 1. RETAIL ELECTRICITY SUPPLIERS ASSOCIATION OF THE PHILIPPINES (RESA) 2. REM GOVERNANCE COMMITTEE (RGC) 3. INDEPENDENT ELECTRICITY MARKET OPERATOR OF THE PHILIPPINES (IEMOP) |
| Designation |  |
| Company |  |
| Company Address |  |
|  |
| Telephone No. |  |
| Fax. No. |  |
| Email Address |  |

# AMENDMENT INFORMATION

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | **Proposed Amendments to the** (please tick the box): | | | REM Rules | | | REM Market Manual: | *[Title of the Manual and Issue No.]* | | Topic: |  | | **Proposed Classification of Amendments** (please tick the box):  General  Minor  Urgent  If Urgent, reason for urgency:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. | | |

# SUMMARY OF THE PROPOSED RULE CHANGE

The proposed amendment to the REM Rules seeks to have additional seats in the REM Governance Committee (RGC), with the following options:

1. OPTION 1: One seat for the Retail Electricity Suppliers (RES) as proposed by RESA and one seat for the Small RE Generators as proposed by the RGC – (Re-publication)
2. OPTION 2: One seat for the Retail Electricity Suppliers (RES) as proposed by RESA and one seat for the Market Operator, as proposed by IEMOP

# BACKGROUND

In the currently approved REM Rules, the RGC is composed of five members with only one representative for both REM Generator and RES sectors. Given this, RESA submitted in April 2021 its Proposed Amendment to the REM Rules for an Additional Seat in the RGC representing the Retail Electricity Suppliers (ORCP-RGC-21-001), in recognition of the Supply sector as important players in the RGC and as Mandated Participants in the Renewable Energy Market. This proposal would result in possibly having six seats in the RGC composition.

Acknowledging the RESA’s rationale for the submitting the foregoing proposal and noting the importance of maintaining an odd number of seats to ensure a majority vote in decisions that will be undertaken by the committee, the RGC recommended having a seventh that would represent the Small RE Generators (ORCP-RGC-21-004). Currently, the seat occupied by PIPPA represent mostly large RE Generators (5MW and above). The RGC recognizes the equal importance of the small RE Generators being represented in the committee’s undertakings and decisions. Also, allowing another seat for the small RE Generators (below 5MW) provides an almost equal number of representatives from both categories of registration in the RE Market.

The proposals went through the regular rule change process, including the publication for comments and after due deliberations and after giving due course to all comments received, the Proposed Amendment to the REM Rules on the Additional Two seats in the RGC for the Small RE Generator and for Retail Electricity Suppliers was adopted by the RGC and endorsed to the PEM Board, for the latter’s approval.

In the PEM Board meeting held in September 2021 upon the presentation of the proposal, it was remanded by the PEM Board to the RGC for the latter to make further evaluation of the proposal in consideration of the IEMOP’s recommendation for the Market Operator to be represented in the RGC.

On 07 October 2021, IEMOP officially transmitted to the RGC its Proposed Amendment to the REM Rules on the Inclusion of the Market Operator in the REM Governance Committee (ORCP-RGC-21-005). The IEMOP deems that the MO has direct interest in the governance of the REM as decisions in the REM has implications in the WESM and retail operations. The IEMOP also currently acts as a REM data provider. The IEMOP also pointed out as basis of its proposal the eventual transfer of the RE Registrar function from PEMC to IEMOP as embodied in the DOE Circular No. DC2019-12-0016.

Pursuant to the rule change provisions under the REM Rules the RGC is hereby requesting the REM Participants and interested stakeholders to submit comments on the proposed amendments to the REM Rules on RGC Membership with the following options:

1. OPTION 1: One seat for the Retail Electricity Suppliers (RES) as proposed by RESA and one seat for the Small RE Generators as proposed by the RGC – (Re-publication)
2. OPTION 2: One seat for the Retail Electricity Suppliers (RES) as proposed by RESA and one seat for the Market Operator, as proposed by IEMOP

By presenting the options above, the RGC deems that it will allow the participants and stakeholders an opportunity to see the entirety of the proposals received regarding the additional seats in the RGC, and to aid in a better evaluation of all the relevant proposals and decide which is the more tenable one.

# THE PROPOSED RULE CHANGE

Please refer to the matrix of the proposed amendment to the REM Rules (Section 9) on the Additional Two Seats in the RGC containing the following:

OPTION 1: One seat for the Retail Electricity Suppliers (RES) as proposed by RESA and one seat for the Small RE Generators as proposed by the RGC – Re-publication

OPTION 2: One seat for the Retail Electricity Suppliers (RES) as proposed by RESA and one seat for the Market Operator as proposed by IEMOP

# BACKGROUND AND DESCRIPTION OF THE PROPONENT

1. The Retail Electricity Suppliers Association of the Philippines (“RESA”) is a non-stock corporation formed in 2010 to promote the common interests and growth of retail electricity suppliers in the Philippines as a beneficiary association operating for the exclusive benefit of its members. RESA aims to be a prime mover in setting high industry standards for service and facilities for retail electricity customers through providing a forum for discussion with members and relevant government institutions for the better implementation of the Retail Competition and Open Access in the Philippines.

RESA is led by Warren Patrick Belvis (San Miguel Electric Corporation) as President, Raymond Carl R. Roseus (Aboitiz Energy Solutions, Inc.) as Vice President, Rommel L. Yap (MPower) as Corporate Secretary, and Santiago S. Malacca (TeaM (Philippines) Energy Corporation) as Treasurer. As of March 25, 2021, RESA has thirty-two corporate members.

RESA holds office in Bonifacio Global City, Taguig.

1. The REM Governance Committee was created pursuant to the Department of Energy’s Circular No. DC2019-12-0016. The composition of the RGC is as defined under the REM Rules.

Currently, the RGC is chaired by Independent PEM Board Member Fortunato C. Leynes, and with members as follows: Leonido J. Pulido III (RE Registrar, PEMC), Anne Estorco-Montelibano (REM Generator and Supply, PIPPA), Lawrence S. Fernandez (Private DU, MERALCO), and Rene M. Fajilagutan (Electric Cooperatives, ROMELCO).

1. The Independent Electricity Market Operator of the Philippines, Inc. (IEMOP), the independent market operator of the WESM.

Top Officers:

Richard J. Nethercott – President and CEO

Robinson P. Descanzo – Chief Operating Officer

Rachel Angela P. Anosan – Chief Legal Officer

Arthur P. Pintado – Internal Audit Head

Isidro E. Cacho, Jr. – Head of Corporate Strategy and Communications

Salvador D. Subaran – Head of Information Systems and Technology

# CONCLUSIONS AND RECOMMENDATIONS

The Proposal recommends having an additional seat in the RGC for the Retail Electricity Suppliers which would result in the RGC having six seats. To maintain an odd number of seats in the RGC, the following options may be considered for the additional seats in the RGC:

1. OPTION 1: One seat for the Retail Electricity Suppliers (RES) as proposed by RESA and one seat for the Small RE Generators as proposed by the RGC – Re-publication
2. OPTION 2: One seat for the Retail Electricity Suppliers (RES) as proposed by RESA and one seat for the Market Operator as proposed by IEMOP

# REFERENCES

DC2019-12-0016 (Promulgating the Renewable Energy Market Rules)

ORCP-RGC-21-001

ORCP-RGC-21-004

# MATRIX OF PROPOSED AMENDMENT TO THE REM RULES

* 1. **OPTION 1: Additional Two Seats for the Retail Electricity Supplier and for the Small REM Generator (Proposal from RESA and from the RGC)**

| **Title** | **Clause** | **Provision** | **Proposed Amendment** | **Rationale** | **Comment** | **Proposed Revised Wording**  **Please follow this format:**  ~~Original Provision~~ **Proposed Amendment** | **Proponent’s Response** | **RGC Decision** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | *This space is provided for your general comments if there are any.* |  |  |  |
| 1.3.2. Composition of the REM Governance Committee | 1.3.2.1 | The RGC shall be made up of five (5) members, consisting of  (a) One representative from the Registrar;  (b) One (1) independent member who shall be selected from the independent members of the PEM Board;  (c) One representative from the Private DU;  (d) One representative from the Electric Cooperatives; and  (e) One representative from the REM Generators and Retail Electricity Suppliers. | The RGC shall be made up of ~~five (5)~~ **seven (7)** members, consisting of  (a) One representative from the Registrar;  (b) One (1) independent member who shall be selected from  the independent members of the PEM Board;  (c) One representative from the Private DU;  (d) One representative from the Electric Cooperatives; ~~and~~  (e) ~~One~~ **Two** representative**s** from the REM Generators**,** **provided, that one representative is from REM Generators with capacity of 5MW and above, and one representative is from REM Generators with capacity below 5MW** ~~and Retail Electricity Suppliers.~~**; and**  **(f) One representative from the Retail Electricity Suppliers.** | The highlighted RGC proposal is to supplement RESA’s proposal for a separate seat in the RGC representing the Supply Sector (refer to ORCP-RGC-2021-001).  To maintain an odd number of committee members and ensure majority votes in decisions that will be made by the RGC, an additional 7th seat coming from the REM Generator sector is proposed. The RGC proposal allows for both small and large generators, based on the parameters specified in the provision, to be represented in the RGC. The proposition by the RGC recognizes the importance of the small RE Generators’ participation in the Committee’s undertakings and decisions. Likewise, allowing another seat for the small RE Generators (below 5MW) provides an almost equal number of representatives from both categories of registration in the RE Market (i. e. RPS Mandated Participants and REM Generators). |  |  |  |  |
| 1.3.2. Composition of the REM Governance Committee | 1.3.2.4 | 1.3.2.4 The REM Generators and Retail Electricity Suppliers shall jointly nominate their sole representative in the RGC. | ~~1.3.2.4 The REM Generators and Retail Electricity Suppliers shall jointly nominate their sole representative in the RGC.~~ | To align with the proposed additional seat in the RGC for the RES. |  |  |  |  |

* 1. **OPTION 2: Additional Two Seats for the Retail Electricity Supplier and for the Market Operator (Proposal from RESA and from IEMOP)**

| **Title** | **Clause** | **Provision** | **Proposed Amendment** | **Rationale** | **Comment** | **Proposed Revised Wording**  **Please follow this format:**  ~~Original Provision~~ **Proposed Amendment** | **Proponent’s Response** | **RGC Decision** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | *This space is provided for your general comments if there are any.* |  |  |  |
| 1.3.2. Composition of the REM Governance Committee | 1.3.2.1 | The RGC shall be made up of five (5) members, consisting of  (a) One representative from the Registrar;  (b) One (1) independent member who shall be selected from the independent members of the PEM Board;  (c) One representative from the Private DU;  (d) One representative from the Electric Cooperatives; and  (e) One representative from the REM Generators and Retail Electricity Suppliers. | The RGC shall be made up of ~~five (5)~~ **seven (7)** members, consisting of  (a) One representative from the Registrar;  (b) One (1) independent member who shall be selected from  the independent members of the PEM Board;  (c) One representative from the Private DU;  (d) One representative from the Electric Cooperatives; ~~and~~  (e) One representative from the REM Generators**,** ~~and Retail Electricity Suppliers.~~**;**  **(f) One representative from the Retail Electricity Suppliers; and**  **(g) One representative from the Market Operator.** | Representation in the REM Governance Committee will allow the Market Operator to share its expertise in WESM operations to further improve efficiency of the REM. Being involved in various processes in the REM, the Market Operator is a crucial entity in REM operations and thus, have significant interest in its successful governance. By participating directly in REM Governance Committee discussions, the Market Operator can more easily relay insights and recommendations with respect to rules change proposals that affect discharge of its functions under the REM. |  |  |  |  |
| 1.3.2. Composition of the REM Governance Committee | 1.3.2.4 | 1.3.2.4 The REM Generators and Retail Electricity Suppliers shall jointly nominate their sole representative in the RGC. | ~~1.3.2.4 The REM Generators and Retail Electricity Suppliers shall jointly nominate their sole representative in the RGC.~~ | To align with the proposed additional seat in the RGC for the RES. |  |  |  |  |