



Rules Change Committee 2022 Semestral Report

July to December 2022

January 2023

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



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I. INTRODUCTION

In compliance with its mandate under the WESM Rules¹ and the WESM Manual on the Procedures for Changes to the WESM Rules (“Rules Change Manual”), the Rules Change Committee (RCC) submits this Report, covering the period July to December 2022. This report sets out the following:

- i. All proposals to amend the Market Rules and Manuals which have been submitted or remanded to and deliberated upon by the RCC for the covered period; and
- ii. Status of RCC priorities outlined in the 2022 RCC Work Plan.

II. ACCOMPLISHMENTS AND WORK PROGRESS

The RCC held ten meetings² during the covered period to discuss and deliberate upon several proposed amendments to the Market Rules and Manuals aimed at refining market processes and operations and crafting new rules appropriate for the enhanced market design and emerging markets.

For the second half of 2022, the RCC approved two (2) general proposals and one urgent proposal submitted by the Philippine Electricity Market Corporation (PEMC) and the Independent Electricity Market Operator of the Philippines (IEMOP). The RCC likewise processed one proposal³ from IEMOP that was submitted as urgent but agreed to not certify it as such and immediately converted it to a general proposal. The table below shows the tally of submitted and approved proposals per proponent.

Table 1: Proposals Submitted and Approved by RCC per Proponent (July to December 2022)

Proponent	Proposals Submitted	Proposals Approved
Market Operator	3	1
System Operator	1	0
Market Participants / WESM Stakeholders	0	0
PEMC/WESM Governance Committees	3	2
TOTAL	7	3

The details of the submitted and approved proposals are described in *II.B Proposals Approved by the RCC during the period July to December 2022* and *II.C. On-Going Proposals and Discussions*.

¹ WESM Rules, Clause 8.6.5.

² Six (6) regular meetings, two (2) special meetings and two (2) caucuses

³ Proposed Urgent Amendments to the WESM Rules, Retail Rules and Market Manuals on the Implementation of the Electric Retail Aggregation Program (*not included in Table 1*)

From July 2005 to December 2022, the RCC has completed the processing of 371 amendments to the Market Rules and Manuals (see Annex A for the number of proposals processed per year beginning 2005 until December 2022).

Table 2: Summary of Proposed Amendments Processed by RCC by document (2005 to 2022)

Documents	Jan to Jun 2022	Jul to Dec 2022	Cumulative Total Jan 2005 to Dec 2022 ⁴
WESM Rules	2	2	107
WESM Manuals	8	4	199
Retail Rules	1	0	12
Retail Manuals	4	0	23
New Retail Manual	1	0	30
TOTAL	16	6	371

Of the 371 proposed amendments deliberated upon since 2005, the RCC disapproved 9 or 2.43% of the total. Some of these were re-developed and re-submitted by the proponent/s to the RCC as new proposals, for instance, the proposed urgent amendments regarding Must-Run Units from February 2022 (ORCP-WM-22-03) which was revised and re-submitted as a general amendment (see Section II.C(1)). Market Rules and Manuals are being updated, as necessary, to respond to changes to market design (e.g., 5-min trading interval), or new market documents are issued to execute newly promulgated regulatory policies (i.e. Retail Manual on GEOP Procedures).

The RCC, as part of its consultation process, posts all proposals in the PEMC website to solicit comments from interested parties for a period of 30 working days. Representatives of the organizations who submitted comments as well as interested parties are invited to participate in RCC deliberations of the proposals, with the resulting agreements endorsed to the PEM Board for approval.

For the second half of 2022, the RCC issued 4 rules change-related resolutions⁵ touching upon such topics as additional compensation, penalty framework for test and commissioning, monitoring of forecast accuracy standards, and implementation of Electric Retail Aggregation Program. The submitted resolutions were for the PEM Board's endorsement to DOE either for approval (general amendments) or for information (urgent amendments).

⁴ These figures are corrected from last reporting (RCC 2022 Semestral Report, January to June).

⁵ Excludes 1 RCC resolution for the revision of the RCC's Internal Rules.

A summary of the proposed amendments deliberated by the RCC during the period January to December 2022 is provided in the succeeding sections. All the proposals, minutes of the RCC's deliberations and resolutions are posted in the PEMC website⁶ for public information.

⁶ [Rules Change | Philippine Electricity Market Corporation \(wesm.ph\)](https://www.wesm.ph)

II.A. Summary of Proposals Submitted

The table below presents the status summary of all proposals submitted to the RCC in 2022. Brief discussions on the proposals, both completed and on-going, are further provided in Sections II.B and II.C of this Report.

The *Summary of Proposals carried over from Previous Years*, as presented in the previous reporting (RCC 2022 Semestral Report, January to June), have all been submitted to the DOE. Updates on these proposals are in Table 5 of Section II.D of this Report (*Status of Proposals Submitted to the DOE*).

Table 3: Summary of New Proposals Submitted to RCC (January to December 2022)

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
1	PEI/MEI	ORCP-WM-22-01	Proposed Amendments to the WESM Manuals to Include Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation	17-Jan-2022	21-Jan-2022	25-Jan-2022	10-Mar-2022	IEMOP, Technical Committee, GBP/MGEN, APC, PEMC	Approved	2022-08 (17-Jun-2022)	Approved	2022-49-04 (29-Jun-2022)	n/a
2	IEMOP (RCC, PEM BOARD)	ORCP-WR-RR-WM-RM-22-02	Proposed Amendments on Implementation of the Green Energy Option Program	n/a	21-Jan-2022	26-Jan-2022	11-Mar-2022	APC, Technical Committee, PEMC, IEMOP, MERALCO, NREB GEOP TWG	Approved	2022-07 (20-May-2022)	Approved	2022-48-06 (25-May-2022)	08-Jun-2022 ⁷
3	NPC	ORCP-WM-22-03	Proposed Urgent Amendments to the WESM Manual on Dispatch Protocol regarding Considerations	04-Feb-2022	n/a	n/a	n/a	n/a	Remanded (see ORCP-WM-22-04 below)	2022-02 (18-Feb-2022)	Concurred with RCC's decision	2022-45-09 (23-Feb-2022)	11-Mar-2022

⁷ Also submitted to the Energy Regulatory Commission (ERC) on the same date for its information.

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
			and Criteria for Selection of Must-Run Units										
4	NPC	ORCP-WM-22-04	Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints	18-Feb-2022	18-Feb-2022	28-Feb-2022	07-Apr-2022	PEI/MEI, IEMOP, PEMC, Technical Committee, SNAP, APC, NGCP	Approved	2022-09 (17-Jun-2022)	<i>Deferred; remanded to RCC for further study</i>	--	--
5	PEMC	ORCP-WM-22-05	Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Test and Commissioning Penalty Framework	17-May-2022	20-May-2022	24-May-2022	05-Jul-2022	APC, NGCP, MEI/PEI, IEMOP, Technical Committee	Approved	2022-12 (10 Nov 2022)	Approved	2022-54-03 (23 Nov 2022)	1-Dec-2022
6	IEMOP	ORCP-WM-22-06	Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation	02-Jun-2022	17-Jun-2022	22-Jun-2022	04-Aug-2022	Meralco, SPC/SIPC, PEMC, PEI/MEI	Approved	2022-11 (21-Oct-2022)	Approved	2022-54-02 (23 Nov 2022)	1-Dec-2022
7	IEMOP	ORCP-RR-RM-22-07	Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers	03-Aug-22	19-Aug-22	24-Aug-22	06-Oct-22	MERALCO, PEMC	<i>On-going RCC evaluation</i>	--	--	--	--
8	Market Surveillance Committee and	ORCP-WR-WM-22-08	Proposed Amendments to the WESM Rules and the Dispatch Protocol Manual regarding the Maximum Available Capacity	29-Oct-22	18-Nov-22	23-Nov-22	09-Jan-23	Technical Committee, APC, Meralco,	<i>Under commenting period</i>	--	--	--	--

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
	Compliance Committee							ACEN, NGCP					
9	PEMC	ORCP-WR-WM-22-09	Proposed <u>Urgent</u> Amendments to the WESM Rules and Forecast Accuracy Standards Manual on Matters Relating to Enforcement Proceedings and Actions	13-Nov-22	n/a	n/a	n/a	n/a	Approved	2022-13 (18-Nov-2022)	Approved	2022-54-04 (23 Nov 2022)	1-Dec-2022
10	IEMOP	ORCP-WR-RR-WM-RM-22-10	Proposed <u>Urgent</u> Amendments to the WESM Rules, Retail Rules and Market Manuals on the Implementation of Electric Retail Aggregation Program	14-Nov-22	n/a	n/a	n/a	n/a	<i>Not certified as urgent; admitted as general proposal (see ORCP-WR-RR-WM-RM-22-11 below)</i>	2022-14 (21-Nov-2022)	n/a	n/a	n/a
11	IEMOP	ORCP-WR-RR-WM-RM-22-11	Proposed <u>General</u> Amendments to the WESM Rules, Retail Rules and Market Manuals on the Implementation of Electric Retail Aggregation Program	11-Nov-22	n/a	23-Nov-22	09-Jan-23	<i>Commenting period on-going</i>	--	--	--	--	--
12	PEMC	ORCP-WR-WM-22-12	Proposed <u>General</u> Amendments to the WESM Rules and Forecast Accuracy Standards Manual on Matters Relating to	03-Dec-22	n/a	14-Dec-22	27-Jan-23	<i>Commenting period on-going</i>	--	--	--	--	--

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
			Enforcement Proceedings and Actions										
13	IEMOP	ORCP-WR-WM-22-13	Proposed Urgent Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 (Declaring All RE Resources as Preferential Dispatch)	27-Dec-22	n/a	n/a	n/a	n/a	Approved	2023-01 (09-Jan-2023)	<i>For submission to the PEM Board</i>	--	--
14	NGCP	ORCP-WR-WM-22-14	Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding Enhancements and Updating of the System Operator's Re-Dispatching, Reporting and Market Intervention/Suspension Procedures	04-Jan-23	<i>For presentation to RCC</i>	--	--	--	--	--	--	--	--

Table 4: Summary of Proposals Remanded by DOE (January to December 2022)

Item	Proponent	Control No.	Proposal	Date Remanded	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE	Date of Public Consultation
1	PEMC	ORCP-WR-WM-21-02	Proposed Amendments to the WESM Rules, and WESM Manual on Dispute Resolution Administration (Partial)	23-May-2022	n/a	n/a	n/a	n/a	Remanded to proponent (Dispute Resolution Administrator)	n/a	n/a	n/a	n/a	n/a

II.B. Proposals Approved by the RCC during the period July to December 2022**1) Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Penalty Framework for Test and Commissioning (ORCP-WM-22-05)**

The proposal, which was submitted by PEMC on 10 May 2022, aims to establish a penalty mechanism for the following acts or omission of a trading participant with facility or plant whose test and commissioning has expired:

- a) Failure of the registered WESM Member to apply for commercial operations registrations after receiving the Certificate of Compliance (COC) or the Provisional Authority to Operate (PAO); and
- b) Generation after expiry of authorized test and commissioning period unless otherwise authorized by the relevant DOE issuances, Market Rules or Manuals.

The RCC deliberated on the proposal over three (3) meetings: August 19, September 16 and 21 October 2022 (202nd Meeting), wherein additional amendments were introduced to fully incorporate DC2022-05-0015 (Supplemental DOE DC 2021-06-0013 on the Framework Governing the Test and Commissioning of Generation Facilities). The additional amendments intend to reflect the obligations of generating units that secured Final Certificate of Approval to Connect (FCATC) but still awaiting COC from the ERC to the following:

- (i) Submission of nomination of loading levels or projected outputs, as applicable
- (ii) Compliance with dispatch schedules or dispatch instructions
- (iii) Compliance with the dispatch conformance standards or forecast accuracy standards, as applicable

Additional amendments were also made allowing the Market Operator to use the NGCP Generating Unit Capability Test as reference document to update a generating unit's capacity if it has obtained FCATC but still awaiting its COC. This amendment shall address the issue of such generating units being restricted from nominating loading levels that is different from what was indicated in the ERC Form 7 when the generating unit first registered in the WESM for test and commissioning.

The RCC endorsed the proposal to the PEM Board per RCC Resolution No. 2022-12. The proposal was then approved by the PEM Board, as submitted, for endorsement to the DOE during its 54th meeting on 23 November 2022. The proposal was submitted to the DOE on 01 December 2022 for final approval.

2) Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation (ORCP-WM-22-06)

The proposal, which was submitted by IEMOP on 25 May 2022, intends (1) to reflect the formula for the calculation of additional compensation amount and specify the recovery process for additional compensation across all claims categories based on the External Auditor's recommendations from the Supplemental Audit of PDM-related Enhancements to NMMS and CRSS, and (2) to simplify the process in determining SO dispatch instructions during market intervention or market suspension and include further condition on the calculation of quantity eligible for additional compensation during administered pricing.

The proposed rules change is based on (1) the recommendations from the Intelligent Energy Systems (IES) Supplemental Audit of PDM-related Enhancements to New Market Management System (NMMS) and CRSS particularly on the calculation and recovery process of additional compensation claim amount; and (2) observation from the market suspension due to Typhoon Odette involving erroneous real time data.

The proposal was posted in the PEMC website to solicit comments from 22 June until 04 August 2022. A caucus (01 September 2022) and two regular meetings (16 September and 21 October 2022) were subsequently held to discuss and finalize the proposal. After thorough discussion and review of simulation results, the RCC adopted IEMOP's proposal to use the gross energy settlement quantity, in cases where there is no System Operator dispatch instruction, in the calculation of scheduled generation of a generating unit that filed a claim for additional compensation in consideration of the following:

- The System Operator assured that they are closely monitoring the security of the grid and will be reporting any non-compliance to dispatch instructions;
- Generators are expected to maintain current actual loading unless otherwise instructed by the System Operator during intervals with frequency that are beyond the grid frequency threshold;
- In view of the foregoing, the Market Operator confirms that the metered quantity closely reflects the supposed dispatch instruction to maintain loading;
- The proposal benefits the generators because it simplifies the documentary requirement of a Dispatch Instruction Report when there has not been any during market intervention/suspension.

The RCC, in consideration of the need of the customer to validate the additional compensation amount that has been charged to it, approved the provision to publish in the Market Information Website of data relating to issued additional compensation statements for the information of customers no later than 30 business days after the issuance of settlement statements containing the additional compensation settlement amounts, subject to the provisions of Market Operator Information Disclosure and Confidentiality Manual.

The RCC endorsed the proposal to the PEM Board through RCC Resolution No. 2022-11 dated 21 October 2022. The proposal was thereafter approved by the PEM Board and was submitted to the DOE for final approval on 01 December 2022.

3) Proposed Urgent Amendments to the WESM Rules and WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards (FAS) for Must Dispatch Generating Units on Matters Relating to Enforcement Proceedings and Actions

On 10 November 2022, PEMC submitted proposed urgent amendments to the WESM Rules and FAS Manual on matters relating to enforcement proceedings and actions. The proposal aims to:

- (i) address the gap between the FAS Manual and interim procedures;
- (ii) ensure compliance with the requirements set forth in the DOE DC2022-05-0015
- (iii) define with more clarity the reference data for the calculation of the forecast percentage error and other terms used in the Manual;
- (iv) address some unique conditions, situations, or circumstances affecting the compliance of must dispatch generating units;
- (v) give considerations or exemptions (for plants with limited participation); and
- (vi) add due process provisions

Following the procedures for processing urgent amendments, the RCC immediately convened a special meeting on 14 November 2022 (203rd meeting), during which the RCC certified the proposal as urgent and proceeded to deliberate the same. The RCC approved the endorsement of the proposal to the PEM Board, as amended.

The proposal was approved, as submitted, by the PEM Board during its 54th meeting on 23 November 2022, and adopted the action requested by the RCC to include in its resolution the retroactive effect on its issuance approving or promulgating the proposal. The relevant market documents were revised and posted in the PEMC website on 24 November 2022 and in the IEMOP website on 25 November 2022. The amendments immediately took effect on 25 November 2022. The effectivity of the subject amendments shall be up to six (6) months from the PEM Board's ratification or when the corresponding general amendments is approved by the DOE, whichever is earlier.

The PEM Board-approved urgent amendments was posted in the PEMC website as general proposed amendments to solicit comments from WESM Members and stakeholders until 27 January 2023.

4) Proposed Urgent Amendments to the WESM Rules, Retail Rules and Market Manuals on the Implementation of Electric Retail Aggregation Program

On 11 November 2022, IEMOP submitted the proposed urgent amendments to various market documents in order to harmonize the existing procedures on retail transactions with the policies for implementing the Electric Retail Aggregation Program. It was submitted as an urgent proposal considering the target implementation date of the Electric Retail Aggregation Program on 26 December 2022, as prescribed in Article 2, Section 1 of the Retail Aggregation Rules (ERC Resolution No. 04, Series of 2022).

Following the procedures for processing urgent amendments, the RCC immediately convened a special meeting on 14 November 2022 (203rd meeting). The RCC then agreed with MERALCO's suggestion to defer the determination of the proposal's urgency to allow more time to thresh out the proposal with IEMOP. Discussions were continued on 17 and 18 November 2022 (204th and 205th Meetings, respectively) with inputs from ERC representatives. Following said discussions, the RCC voted to not certify the proposal as urgent and rather admit it as general amendment considering the following:

- (i) There are issues on the conduct of the Program's pilot implementation such as difficulties on the supply and delivery of meters and failure to find a Retail Electricity Supplier (RES);
- (ii) There are impending changes in the flow of additional guidelines from the ERC;
- (iii) The implementation of the Program is impractical at this time due to difficulty in contracting with RES at stable retail rates arising from high and volatile prices in the spot market; and
- (iv) There is recommendation from some RCC sector representatives to publish the proposal first to solicit comments considering the materiality of the proposed amendments.

The RCC submitted its decision (RCC Resolution No. 2022-14) to the PEM Board who subsequently approved it during its 54th meeting on 23 November 2022. The proposal was then posted in the PEMC website to solicit comments from WESM Members and stakeholders for a period of 30-working days or until 09 January 2023.

II.C. On-Going Proposals and Discussions

During the period covered, the RCC likewise discussed the following proposals:

1) Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints (ORCP-WM-22-04)⁸

As recommended by the RCC, the Dams Management Department of the National Power Corporation (NPC) re-submitted its proposal on 17 February 2022 as a general amendment, to include under non-security limit over-riding constraints a new sub-category called “Dam Operations during Local Calamities”. The proposed sub-category aims to facilitate requests to the System Operator for priority dispatch of hydroelectric power plants as a measure to lower water reservoir level in dams during anticipated weather disturbance or during dam infrastructure emergencies. This minimizes water discharge through spillway gates that cause flooding thus ensuring public safety for the communities located near the dams.

Although the RCC approved the proposal, as revised, it was emphasized with the proponent that their generator trading partner should primarily manage their generating units’ dispatch through market offers. Further, requests for imposition of non-security limit overriding constraints are still subject to the System Operator’s approval in consideration of grid security, and if such requests are approved, the dispatch are not entitled to additional compensation.

The RCC endorsed the proposal to the PEM Board who consequently discussed it on 29 June 2022. The Board remanded the proposal to the RCC citing that the hydroelectric power plants can simply adjust their trading strategy to address NPC’s concern and deferred approval of the proposal, subject to further study of the RCC. Following re-discussion, the RCC again submitted the proposal to the PEM Board on 18 August 2022 with additional justifications. The PEM Board again took it up during its meeting on August 31 but remanded it to the RCC for a second time with further instruction to study how the proposal could impact dispatch and market price. The RCC re-discussed the proposal on 16 September 2022 and concluded, based on simulation, that marginal plants or generators with high offers may not be scheduled if non-security limit overriding constraints due to Dam Operations are imposed. This may then result to lower prices in the market. Notwithstanding, the RCC voted to set aside the re-submission of the proposal to the PEM Board since its standing concern, that the hydroelectric plants may simply manage offers, is not yet addressed.

⁸ Originally submitted as an urgent amendment entitled *Proposed Urgent Amendments to the WESM Manual on Dispatch Protocol regarding Considerations and Criteria for Selection of Must-Run Units* (ORCP-WM-22-03). Following RCC discussion, proposal was remanded to the proponent for revision and re-submission as general amendment. Full background provided in RCC 2022 Semestral Report (January to June).

With the issuance of DOE Department Circular No. 2022-10-0031⁹, the RCC re-visited the proposal on 16 December 2022 to discuss if said circular could address NPC's objective for its partner hydropower plants to be prioritized in dispatch. It was determined that the policy could satisfy NPC's objective if its hydropower plant counterparties would opt to be re-classified as "priority dispatch generating unit". The RCC requested NPC to formally inform the Committee if it wishes to pursue its proposal given the DOE's new policy on preferential dispatch. The RCC agreed to defer further deliberations on the proposal pending the NPC's advise.

2) Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers (ORCP-RR-RM-22-07)

IEMOP submitted the subject proposal on 29 July 2022, which aims to provide a mechanism for Suppliers and Retail Customers to comply with the switching requirement for Retail Customers to have no outstanding balance with Network Service Provider (NSP) or incumbent Supplier.

Following the 30-day commenting period ending on 06 October 2022, the RCC proceeded to deliberate on the proposal, during which extensive discussions focused on whether a settlement agreement and undertaking should be allowed as alternatives to the requirement to submit certification of no outstanding balance prior to switching of retail customers. The RCC noted the concern raised by the DUs that accepting such alternatives will not satisfy the requirement that the Customer should have fulfilled its financial obligations to the incumbent NSP or DU before switching, as prescribed in the ERC's Supplemental Switching Rules.

The RCC continued the deliberations on 18 November 2022 in which it was also informed that the ERC, DOE, and IEMOP held a coordination meeting on 25 October 2022 to discuss the issues raised. The RCC was likewise apprised that on 07 November 2022, the ERC released the Draft Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for the Contestable Customers, for commenting. Recognizing that the said draft amendments to the ERC Switching Rules may address the concerns raised by the DUs and in the interest of efficiency, the RCC agreed to defer further deliberations on the proposal pending the ERC's final resolution or approval of its proposed amendments to the Switching Rules.

⁹ DOE Department Circular No. 2022-10-0031 entitled "Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the Wholesale Electricity Spot Market Amending for this Purpose Department Circular No. DC2015-03-0001."

3) Proposed Amendments to the WESM Rules and the Dispatch Protocol Manual regarding the Maximum Available Capacity (ORCP-WR-WM-22-08)

PEMC submitted the subject proposed amendments to the RCC on 24 October 2022. The proposal seeks to provide a clearer guidance and include other conditions (e.g., circuit breaker status, ramp rates) that shall be considered by the Trading Participants when offering/bidding or revising/updating offers in the market. The RCC approved the publication of the proposal to solicit comments from WESM Members and stakeholders.

The commenting period will be 30-working days from its publication on 23 November 2022 or until 09 January 2023.

Additional discussion on the proposal was also made by the proponent on 16 December 2023 to elaborate on the possible impact on operations and governance of the circumvention of the must-offer rule through submitting offers but opening the breakers or submitting offers with very low ramp rates (e.g. impact on scheduling, real-time dispatch).

4) Proposed Urgent Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 (Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units) (ORCP-WR-WM-22-13)

In accordance with Section 6.1 of DOE DC2022-10-0031 mandating the Market Operator to “propose necessary amendments in the WESM Rules and Manuals to implement the dispatch of all Preferential Dispatch generating units utilizing RE resources in the WESM”, the IEMOP submitted to the RCC on 23 December 2022 proposed urgent amendments to the (i) WESM Rules and (ii) WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures to comply with the prescribed guidelines of the DOE DC2022-10-0031. The proposal seeks to:

- 1) amend the classification of priority dispatch generating units to include all biomass plants (with FiT certificate or none), geothermal, and impounding hydro plants; and
- 2) provide that controllable generating units involving biomass, geothermal and impounding hydro plants that are currently registered as providers of ancillary services should be registered as scheduled generating units in view of the principles of co-optimizing its energy and reserve capacities through market offers for the upcoming reserve market.

IEMOP submitted the proposal as urgent “to comply with the DOE directive, communicated through the PEMC President and relayed to the proponent, to fast track the process for the approval of the rules change recommendations”¹⁰, which rationale was consistent with

¹⁰ Request for Market Rules and Manuals Amendments - Discussion Paper and Matrix of Proposed Amendments (ORCP-WR-WM-22-13)

the letter from the PEMC President to the RCC Chairperson dated 27 December 2022 requesting that a special meeting be convened to tackle the proposal, which urgency has been conveyed by the DOE Secretary.

Following the procedures for processing urgent amendments, the RCC immediately convened a special meeting on 28 December 2022 and determined that the proposal is urgent as it satisfies one of the criteria set forth in Section 3.1 of the Rules Change Manual and considering the DOE directive to fast track the processing of the proposal.

The RCC proceeded to deliberate on the proposal during the same meeting and noted the various issues raised, for instance the need to evaluate possible impact to market prices and system security with the potential additional capacities from geothermal and impounding hydropower plants with preferential treatment in scheduling and dispatch. Additional proposed amendment was adopted to revise the definition of the term “projected output” exclusively for geothermal and hydropower plants classified as ‘priority dispatch generating unit’ to be equivalent to those plants’ maximum available capacity to maintain their observance of the ‘Must-Offer Rule’.

The RCC provisionally approved the proposed urgent amendments, as revised, for finalization and endorsement to the PEM Board.

II.D. Status of Proposals Submitted to the DOE

This section provides updates on the status of DOE approval on the proposals submitted by PEMC during the covered period, which are still ongoing and have been recently approved. Of the 13 proposals, 6 were approved by the DOE, 1 was partially remanded, 1 was subjected to virtual public consultation and 3 were newly submitted within the period. There is no change in the update on 2 proposals regarding (i) market resource modelling and monitoring, and (ii) validation timeline adjustment in metering and billing in reference to the previous reporting period.

Table 5: Status of Proposals Submitted to the DOE

	RCC Resolution No.	Proposals	DOE Approval
1	2020-07	Proposal to amend the Guidelines Governing the Constitution of the PEM Board Committees, Issue 3.0	Remanded to PEMC on 23 Sep 2021 (<i>see below</i>)
	2022-03	Revision to RCC Resolution Nos. 2020-07, 2020-15 and 2021-16 on the Proposed Amendments to the Guidelines Governing the Constitution of PEM Board Committees, Issue 4.0	Completed DOE DC2022-12-0038 dated 21 December 2022

	RCC Resolution No.	Proposals	DOE Approval
2	2021-07	Proposed Amendments to the WESM Manual on Dispute Resolution	<ul style="list-style-type: none"> Partially completed (DOE DC2022-06-0021 dated 20 June 2022) Partially remanded for further studies (DOE Letter dated 31 Mar 2022)
3	2021-14	Proposed General Amendments to the WESM Rules and WESM Manuals regarding Market Operator and System Operator Procedures	Completed DOE DC2022-06-0023 dated 20 June 2022
4	2021-18	Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures for General Enhancements to the Application Process of New WESM Members	Completed DOE DC2022-06-0022 dated 20 June 2022
5	2021-19	Proposed General Amendments to the WESM Manual on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process	Completed DOE DC2022-06-0025 dated 20 June 2022
6	2021-21	Proposed Amendments to WESM Rules and Various WESM Manuals on Implementation of Reserve Market	Completed DOE DC2022-11-0032 dated 07 November 2022
8	2022-01	Proposed Amendments to Various WESM Manuals on Improvements to Market Resource Modelling and Monitoring	Ongoing (In-person public consultations held on 07 Jun 2022 for Visayas Leg and 21 Jun 2022 for Luzon Leg)
9	2022-04	Proposed Amendments to the WESM Rules, WESM Manual and Retail Manual on Validation Timeline Adjustment in Metering and Billing	Ongoing (In-person public consultations held on 07 Jun 2022 for Visayas Leg and 21 Jun 2022 for Luzon Leg)
10	2022-06	Proposed Amendments to the WESM Rules and WESM Manuals on System Security and Reliability and Dispatch Protocol for the Implementation of the Reserve Market	Completed DOE DC2022-11-0036 dated 21 November 2022

	RCC Resolution No.	Proposals	DOE Approval
11	2022-07	Proposed General Amendments for the Implementation of the Green Energy Option Program	Ongoing (In-person public consultations held on 19 and 26 July and 02 August 2022)
12	2022-08	Proposed Amendments to the WESM Manuals to Include Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation	Ongoing (submitted to DOE on 28 July 2022)
13	2022-11	Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation	Ongoing (submitted to DOE on 01 December 2022)
14	2022-12	Proposed Amendments to the WESM Rules and Manuals regarding Penalty Framework on Test and Commissioning	Ongoing (submitted to DOE on 01 December 2022)

III. STATUS OF 2022 WORK PLAN

The 2022 RCC Work Plan (Annex D) was developed to align with PEMC's corporate vision, mission and desired outcomes towards 2023.

For the second half of year 2022, the RCC has convened 10 times (6 regular meetings, 2 special meetings and 2 caucuses) and issued 4 rules change-related resolutions¹¹ (3 approved proposals and 1 proposal disapproved as urgent amendment and admitted as general amendment). Notably, the Committee conscientiously discussed such significant policy changes as the implementation of the Electric Retail Aggregation Program and the declaration of all Renewable Energy resources as preferential dispatch.

As the RCC strives to attain a timely and responsive resolution of proposed amendments, it has approved the pilot implementation of refinements to rules change review process. The Committee consistently direct its efforts and resources to realize PEMC's priority activities as reflected in pertinent DOE and ERC directives and PEMC's Corporate Plan, which necessitates continuing review of the Market Rules and Manuals and crafting of new market document, if necessary.

¹¹ 1 resolution was issued regarding revisions to the RCC's Internal Rules (RCC Resolution No. 2022-10 dated 15 July 2022).

<p>Approved by: THE RULES CHANGE COMMITTEE</p>	
<p>Independent Members:</p>	
<p>(signed) Jesusito G. Morillos</p>	<p>(signed) Jose Roderick F. Fernando</p>
<p>(signed) Rachel Angela P. Anosan</p>	<p>(signed) Jordan Rel C. Orillaza</p>
<p>Generation Sector Members:</p>	
<p>(signed) Dixie Anthony R. Banzon Masinloc Power Partners Co. Ltd. (MPPCL)</p>	<p>(signed) Cherry A. Javier Aboitiz Power Corp. (APC)</p>
<p>(signed) Carlito C. Claudio Millennium Energy, Inc./ Pansia Energy, Inc. (MEI/PEI)</p>	<p>(signed) Mark D. Habana Vivant Corporation - Philippines (Vivant)</p>
<p>Distribution Sector Members:</p>	
<p>(signed) Virgilio C. Fortich, Jr. Cebu III Electric Cooperative, Inc. (CEBECO III)</p>	<p>(signed) Ryan S. Morales Manila Electric Company (MERALCO)</p>
<p>(signed) Rocky D. Bayas San Fernando Electric Light and Power, Co. (SFELAPCO)</p>	<p>(signed) Nelson M. Dela Cruz Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)</p>

Supply Sector Member:

(signed)
Lorreto H. Rivera
TeaM (Philippines) Energy Corporation
(TPEC)

Market Operator Member:

(signed)
Isidro E. Cacho, Jr.
Independent Electricity Market Operator of the Philippines
(IEMOP)

System Operator Member:

(signed)
Ambrocio R. Rosales
National Grid Corporation of the Philippines
(NGCP)

ANNEX A: Number of Proposed Amendments

Table 6: Number of Proposed Amendments Processed from 2005 to December 2022 (Approved and Disapproved)

Year	New Manuals	WESM Rules	WESM Manuals	Retail Rules	Retail Manuals	Total
2005	6	7	0	-	-	13
2006	12	9	20	-	-	41
2007	0	0	3	-	-	3
2008	1	3	1	-	-	5
2009	0	0	1	-	-	1
2010	0	6	9	-	-	15
2011	1	3	2	-	-	6
2012	1	6	4	-	-	11
2013	0	8	6	-	-	14
2014	1	8	19	0	3	31
2015	0	6	10	1	0	17
2016	2	7	21	0	0	30
2017	0	4	15	2	2	23
2018	1	9	12	3	4	29
2019	2	10	20	3	6	41
2020	1	8	23	1	0	33
2021	1	9	21	1	4	36
2022	1	4	12	1	4	22
Overall Total						371

ANNEX B: Members of the RCC as of December 2022

Sector	Representative Organization	Members	
		Principal	Alternate
Independent ¹²	-	Jesusito G. Morillos (Chairperson, 01 Nov 2022 to present)	-
	-	Jose Roderick F. Fernando	-
	-	Rachel Angela P. Anosan	-
	-	Jordan Rel C. Orillaza	-
Market Operations	Independent Market Operator of the Philippines (IEMOP)	Isidro E. Cacho, Jr.	Edwin N. Mosa
System Operations	National Grid Corporation of the Philippines (NGCP)	Ambrocio R. Rosales	Henry V. Dela Cruz
Generation	Aboitiz Power Corporation (APC)	Cherry A. Javier	Angeli A. Parcia
	Masinloc Power Partners Co. Ltd. (MPPCL)	Dixie Anthony R. Banzon	Rose Ann O. Alfaro
	Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	Carlito C. Claudio	Jessie B. Victorio
	Vivant Corporation – Philippines (Vivant)	Mark D. Habana	Michelle S. Tuazon
Distribution ¹³	PDU – Manila Electric Company (MERALCO)	Ryan S. Morales	Manuel Luis N. Zagala
	PDU – San Fernando Electric Light and Power, Co. (SFELAPCO)	Rocky D. Bayas	--
	EC – Cebu III Electric Cooperative, Inc. (CEBECO III)	Virgilio C. Fortich, Jr.	Getulio Z. Crodua
	EC – Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)	Nelson M. Dela Cruz	Jeffrey C. Cudapas

¹² Ms. Concepcion I. Tanglao's membership ceased on 31 October 2022 by reason of term limits. She was replaced by Mr. Morillos as Chairperson. Mr. Fernando Y. Roxas' membership ceased by reason of resignation due to being appointed as an officer in a government agency. Ms. Anosan and Mr. Orillaza were appointed as new members by the PEM Board effective 07 December 2022.

¹³ Mr. Ricardo G. Gumalal (PDU – Iligan Light and Power, Inc.), who served for one term, was replaced by Mr. Bayas effective 07 December 2022.

Sector	Representative Organization	Members	
		Principal	Alternate
Supply	TeaM (Philippines) Energy Corporation (TPEC)	Lorreto H. Rivera	Dennis R. Paragas

ANNEX C: DOE and ERC Observers as of December 2022

Organization	Observers
DOE¹⁴	1) Luningning G. Baltazar 2) Melanie C. Papa 3) Jhannelyn D. Marasigan 4) Mari Josephine C. Enriquez 5) Marvin Jay A. Masanda
ERC¹⁵	1) Sharon O. Montañer 2) Antoinette M. Badillo

¹⁴ Designation of DOE observers took effect on 01 April 2022 per DOE letter to PEMC dated 28 March 2022.

¹⁵ Designation of ERC observers per ERC letter to PEMC dated 06 December 2022.

ANNEX D: Status of the Rules Change Committee Work Plan for 2022

The Rules Change Committee strives to attain a timely resolution of all rules change proposals it receives and shall continuously direct its efforts to work on priority activities for further enhancements to the Market Rules and Manuals. The activities in the Work Plan will be updated as necessary as more contributions are received from industry sectors and stakeholders, or as directed by the DOE.

Legend:

- Submission/Completion of Report/Inputs/Comments
- Regular Activity

ACTIVITIES		OUTPUTS	2022				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
POWER							
1	Publish updated and accurate reports and information on time	Published minutes of meetings, resolutions, semestral reports, and rules change proposals in accordance with timelines					Posted the following within timelines: <ul style="list-style-type: none">• 15 minutes of meetings• 14 RCC Resolutions• RCC Semestral Report (January to July 2022)• 2022 RCC Work Plan• 14 rules change proposals received
2	Provide inputs to the content releases in the PEMC website, if necessary	Proposed inputs to website content					Enhancements to rules change webpage was launched on 28 August 2022

ACTIVITIES		OUTPUTS	2022				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
3	Participate in WESM events, as requested or scheduled	Attendance to the WESM events					<ul style="list-style-type: none"> Presented rules change proposals in 7 PEM Board Meetings (Jan 26, Feb 23, Mar 30, May 25, Jun 29, Aug 31 and Nov 23) Participated in the WESM Trainings held on May 5-6 (Basic) and May 26-27 (Advanced) Participated in the Townhall Meeting on PEMC Reports held on 05 May 2022 Participated in Annual General Membership Meeting and Virtual Electricity Market Exchanges on 20 July 2022 Attended WESM Governance Committee Dinner on 01 December 2022
EFFICIENCY							
4	Enhance rules change process based on best global practices	Updated RCC Internal Rules and Rules Change Manual					<ul style="list-style-type: none"> Revised RCC Internal Rules (now Issue 6.0) effective 15 July 2022
5	Timely approval by the PEM Board of the WGC Performance Measure	Inputs to WGC Performance Measure					The activity is not yet commenced by PEMC.

ACTIVITIES		OUTPUTS	2022				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
6	Timely submission of the Annual Performance Report of WGCs, if requested	Approval of inputs to Annual Performance Report					<ul style="list-style-type: none"> Responded to the Governance Support Survey in November-December 2022
GOVERNANCE							
7	Timely provision of technical support to the PEM Board relevant to their decision-making functions	Conduct of monthly and urgent meetings					Conducted a total of 19 meetings (12 regular meetings, 5 special meetings and 2 caucuses)
8		Review and approval of minutes of meetings and resolutions					Reviewed and approved the following: <ul style="list-style-type: none"> 15 minutes of meetings 14 RCC Resolutions
9		Review and approval of Semestral Reports to be submitted to the PEM Board in January and July 2022					Submitted to the PEM Board the RCC Semestral Reports covering: <ol style="list-style-type: none"> July to December 2021 on 31 Jan 2022 January to June 2022 on 21 July 2022
10	Approved Annual Committee Work Plan	2022 RCC Work Plan submitted to the PEM Board by January 2022					Submitted to the PEM Board the 2022 RCC Work Plan on 31 Jan 2022
11	Assess market rules and manuals and propose amendments, as necessary	Endorsed other proposed amendments as submitted by WESM Members, or as directed by the PEM Board, DOE or ERC					<ul style="list-style-type: none"> Endorsed 12 proposals to the PEM Board for its approval: <ol style="list-style-type: none"> RCC Resolution No. 2022-01 (Improvements to Market

ACTIVITIES		OUTPUTS	2022				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
(See Annex A for the List of Possible Rules Change Proposals)							Resource Modelling and Monitoring)
							2. RCC Resolution No. 2022-02 (Considerations and Criteria for Selection of MRU) – the PEM Board adopted RCC’s decision to disapprove the urgent proposal.
							3. RCC Resolution No. 2022-03 (Guidelines Governing the Constitution of PEM Board Committees)
							4. RCC Resolution No. 2022-04 (Validation Timeline Adjustment in Metering and Billing)
							5. RCC Resolution No. 2022-06 (Amendments to SSRG and DP for the Implementation of Reserve Market)
							6. RCC Resolution No. 2022-07 (GEOP Implementation)

ACTIVITIES		OUTPUTS	2022				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
							<p>7. RCC Resolution No. 2022-08 (PEN Event as Pricing Condition Category for Claiming Additional Compensation)</p> <p>8. RCC Resolution No. 2022-09 (Non-Security Over-riding Constraints) – deferred by the PEM Board for further study</p> <p>9. RCC Resolution No. 2022-11 (Additional Compensation)</p> <p>10. RCC Resolution No. 2022-12 (Penalty Framework on Test and Commissioning)</p> <p>11. RCC Resolution No. 2022-13 (Monitoring of Forecast Accuracy Standards)</p> <p>12. RCC Resolution No. 2022-14 (Implementation of the Electric Retail Aggregation Program) –</p>

ACTIVITIES		OUTPUTS	2022				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
							<p>admitted as general rather than urgent amendment</p> <ul style="list-style-type: none"> Remanded the urgent amendments regarding Considerations and Criteria for Selection of Must-Run Units (RCC Resolution No. 2022-02) Requested for effectivity extension of urgent amendments for the implementation of GEOP (RCC Resolution No. 2022-05)
12		Submitted comments/inputs to DOE policies, ERC issuances and other concerned parties (including participation in public consultations)					<p>Re-deliberated the following proposals per DOE's guidance/instruction:</p> <ol style="list-style-type: none"> Guidelines Governing the Constitution of PEM Board Committees Validation Timeline Adjustment in Metering and Billing

ACTIVITIES		OUTPUTS	2022				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
							RCC Sectoral members attend public consultation as representatives of their respective companies.
13	Ensure consistent, responsive and effective market rules	Discussed rules change effectiveness study					The activity is for submission of PEMC.
14	Timely formulation of survey on the provision of technical and administrative support to PEM Board, WGC, RGC and WCO Accreditation Body	Inputs to survey formulation					The activity is not yet commenced by PEMC.
ORGANIZATION							
15	Timely approval of Corporate and Departmental Strategic Plan by the PEM Board and PEMC Management, respectively	Inputs to Corporate and Departmental Strategic Plan					Provided inputs to the Corporate Strategic Plan (CSP) presented by PEMC on 21 October 2022