

2023 RULES CHANGE COMMITTEE WORK PLAN

The Rules Change Committee (RCC) 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 are aligned with the 2023-2025 Corporate Strategic Plan of the Philippine Electricity Market Corporation (PEMC) and shall be updated as necessary as more contributions are received from industry sectors and stakeholders or as directed by the Department of Energy (DOE) or Energy Regulatory Commission (ERC).

Legend: Submission/Completion of Report/Inputs/Comments
 Regular Activity

| ACTIVITIES | | OUTPUTS | 2023 | | | | REMARKS/STATUS |
|--|---|---|------|----|----|----|----------------|
| | | | Q1 | Q2 | Q3 | Q4 | |
| GOAL 1: Provide a Reliable and Transparent WESM and REM through Effective and Efficient Governance | | | | | | | |
| Objective 4: Availability of Adequate Support to the PEM Board and its Committees | | | | | | | |
| 1 | Conduct of monthly and urgent meetings | Minutes of meetings | | | | | |
| Objective 5: Availability of Accurate and Updated Market Reports, Rules, Manuals, and Other Relevant Public Information About the WESM and REM | | | | | | | |
| 2 | Approve Annual Committee Work Plan aligned with PEMC Corporate Strategic Plan | 2023 RCC Work Plan submitted to the PEM Board by March 2023 | | | | | |
| 3 | Approve Semestral Reports | RCC Semestral Reports submitted to the PEM Board in January and July 2023 | | | | | |
| 4 | Facilitate submission of Sectoral Certifications | Sectoral Certifications submitted to the RCC/PEM Board | | | | | |

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| ACTIVITIES | | OUTPUTS | 2023 | | | | REMARKS/STATUS |
|---|---|---|------|----|----|----|----------------|
| | | | Q1 | Q2 | Q3 | Q4 | |
| Objective 6: Provision of Continuing Stakeholder Support and Engagement and Enhanced Market Awareness | | | | | | | |
| 5 | Participate in WESM events, as requested or scheduled | Attendance to the WESM events | | | | | |
| Objective 8: Responsive market rules and manuals | | | | | | | |
| 6 | Assess market rules and manuals and propose amendments ¹ | RCC Resolutions on rules change proposals submitted to the PEM Board | | | | | |
| 7 | | Presentation during the Board Review Committee (BRC) and PEM Board meetings | | | | | |
| 8 | Participate in DOE/ERC public consultations on market rules and manuals and propose amendments ¹ | Attendance to the DOE/ERC public consultations | | | | | |
| 9 | Enhance rules change process | Updated RCC Internal Rules and proposed amendments to the Rules Change Manual | | | | | |
| 10 | Provide comments on PEMC rules change effectiveness study | Comments on rules change effectiveness study | | | | | |

¹ See Annexes for the lists of rules change proposals

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|---|---|--|------|----|----|----|----------------|
| | | | Q1 | Q2 | Q3 | Q4 | |
| GOAL 3: Achieve Organizational Excellence and Operational Efficiency | | | | | | | |
| Objective 5: Clear Corporate Targets and Performance Measures | | | | | | | |
| 11 | Timely approval of Corporate and Departmental Strategic Plan by the PEM Board and PEMC Management, respectively | Inputs to Corporate and Departmental Strategic Plan | | | | | |
| Objective 6: Continuing Improvement in the Delivery of Service to Internal and External Clients | | | | | | | |
| 12 | Respond to survey on the provision of technical and administrative support to the RCC | Response to survey on WESM Governance Committee (WGC) Support by PEMC | | | | | |
| 13 | Participate in activities related to ISO 37000:2021 - Governance of Organizations Training / Certification | Attendance to trainings/discussions and provide inputs, as requested by PEMC | | | | | |

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Annex A: Current Rules Change Proposals (As of 31 March 2023)

| Status | Proposal | Proponent |
|-------------------------------|--|---|
| For RCC Deliberation | 1. Market Intervention- Market Suspension Procedures | Market Surveillance Committee (MSC) |
| | 2. Enhancements to SO Procedures | National Grid Corporation of the Philippines (NGCP) |
| | 3. Preferential Dispatch per DOE DC2022-10-0031 | Independent Electricity Market Corporation of the Philippines (IEMOP) |
| | 4. Dispatch Protocol regarding Non-security Over-riding Constraints | National Power Corporation (NPC) |
| | 5. Dispute Resolution (portion on impleadable parties was remanded to PEMC) | Dispute Resolution Administrator (DRA) |
| | 6. Maximum Available Capacity | MSC & Compliance Committee (CC) |
| | 7. Implementation of Electric Retail Aggregation Program | IEMOP |
| | 8. Forecast Accuracy Standards | PEMC |
| For PEM Board Approval | Market Transaction Procedures on No Outstanding Balance (Harmonization with ERC Resolution No. 01, Series of 2023) | IEMOP |
| | Interruptible Load Program Implementation | IEMOP |
| For DOE Approval | 1. Pricing Error Notice as Criteria for Additional Compensation | Millennium Energy, Inc. (MEI) & Panasia Energy, Inc. (PEI) |
| | 2. Additional Compensation | IEMOP |
| | 3. Penalty Framework on Test and Commissioning | PEMC |
| For ERC Approval | Reserve Market Implementation | IEMOP |

2023 RULES CHANGE COMMITTEE WORK PLAN

Annex B: PEMC/WGC Possible Rules Change Proposals

| PEM Board-Approved Goals / Objectives (2023-2025 PEMC Corporate Strategic Plan) | Topic | Proponent | 2023 | 2024 | 2025 |
|---|--|--------------------------|------|------|------|
| GOAL 1: Provide a Reliable and Transparent WESM and REM through Effective and Efficient Governance | | | | | |
| Objective 1: Promotion of a culture of compliance and enhanced compliance monitoring | Enforcement Manual & Penalty Manual | PEMC | ✓ | | |
| | Reserve Conformance Standards | PEMC | ✓ | | |
| | Metering Accuracy | PEMC | ✓ | ✓ | |
| | Dispatch Conformance Standards | PEMC | | ✓ | |
| | Forecast Accuracy Standards | | | | ✓ |
| | Proposed PTF for: Luzon and Visayas; Interim PTF for Mindanao; and Regional PTF Combinations in Compliance with ERC Order on PDM | Technical Committee (TC) | ✓ | | |
| | Overhaul of WESM Manual on Market Network Model Development and Maintenance – Criteria and Procedures | TC | | ✓ | |
| | EWDO-related changes based on Study | PEMC | | | ✓ |
| Objective 6: Provision of continuing stakeholder support and engagement and enhanced market awareness | Voting Rights of Participants | PEMC | ✓ | | |

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| PEM Board-Approved Goals / Objectives (2023-2025 PEMC Corporate Strategic Plan) | Topic | Proponent | 2023 | 2024 | 2025 |
|---|--|-----------|------|------|------|
| Objective 8: Responsive market rules and manuals | Improvements to rules change process, e.g.: <ul style="list-style-type: none"> Establish criteria on mechanism of rules change proposals that are for approval of ERC Inclusion of rate impact/s as one of the standard process that will involve changes in the formula | PEMC | ✓ | | |
| G2: Support initiatives and programs for the energy sector through compliance with policy and regulatory directives | | | | | |
| Objective 1: Efficient operation of the Renewable Energy Market | Transfer of RE Registrar Functions to the Market Operator | PEMC | ✓ | ✓ | |
| Objective 2: Continuing Market Development Initiatives | Battery Energy Storage | PEMC | ✓ | | |

2023 RULES CHANGE COMMITTEE WORK PLAN

Annex C: Electric Power Industry Possible Rules Change Proposals

| Topic | Sub-topic | Proponent | 2023 | 2024 | 2025 |
|-------------------------|--|----------------------------------|------|------|------|
| System Operations | Net Operating Margin - Harmonize basis of grid alerts based on SO practice and under the PGC and WESM Rules. | NGCP | | | |
| Scheduling and Dispatch | MRU Report & Dispatch Instruction Report - Proposed deletion of Section 17.5 (MRU Report) was not included in the DOE DC2022-06-0023 | IEMOP | ✓ | | |
| | Reserve Categories - Harmonize reserve categories in the PDM, subject to ERC directives on the proposed PDM for the reserve market <i>*Dependent on the ERC approval of PDM for Reserve Market.</i> | IEMOP | ✓ | | |
| | Use and monitoring of VRE Aggregated Generation Forecasts | NGCP | | | |
| Billing and Settlements | Improvements on billing (i.e. application of interest, MQ validation) | Distribution | | | |
| | Extension of BCQ Declaration | Distribution | | | |
| Additional Compensation | Recovery of adjustments | MERALCO/RES | ✓ | | |
| | Process of motion for reconsideration or appeal to consider other additional documents to support the claim in filing for additional compensation. | Generator/Distribution/ Customer | | | |
| | Allowable recoverable costs for MRUs on top of fuel and variable operating and maintenance costs | Generator/Distribution/ Customer | | | |
| | Possible compensation of Must Stop Units | Generator/Distribution/ Customer | | | |
| Mindanao | Recommendations of the WESM Mindanao Readiness TWG | IEMOP | ✓ | | |

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| Topic | Sub-topic | Proponent | 2023 | 2024 | 2025 |
|------------------------|---|------------|------|------|------|
| Battery Energy Storage | Enhancements to participation in the WESM <i>*Dependent on the policy to be issued by DOE on ESS</i> | IEMOP/PEMC | ✓ | | |