

## MEETING MINUTES

Subject/Purpose : 217<sup>th</sup> RCC (Regular) Meeting No. 2023-10  
 Date & Time : 23 June 2023, 9:00 AM to 3:00 PM  
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### ATTENDEES

| No. | Name                       | Designation/Position                    | Department/<br>Company |
|-----|----------------------------|---|------------------------|
| 1   | Jesusito G. Morillos       | Chairman, Independent                   | RCC                    |
| 2   | Jose Roderick F. Fernando  | Member, Independent                     | RCC                    |
| 3   | Rachel Angela P. Anosan    | Member, Independent                     | RCC                    |
| 4   | Jordan Rel C. Orillaza     | Member, Independent                     | RCC                    |
| 5   | Dixie Anthony R. Banzon    | Member (Principal), Generation Sector   | RCC                    |
| 6   | Cherry A. Javier           | Member (Principal), Generation Sector   | RCC                    |
| 7   | Carlito C. Claudio         | Member (Principal), Generation Sector   | RCC                    |
| 8   | Jessie B. Victorio         | Member (Alternate), Generation Sector   | RCC                    |
| 9   | Mark D. Habana             | Member (Principal), Generation Sector   | RCC                    |
| 10  | Michelle S. Tuazon         | Member (Alternate), Generation Sector   | RCC                    |
| 11  | Ryan S. Morales            | Member (Principal), Distribution Sector | RCC                    |
| 12  | Manuel Luis N. Zagala      | Member (Alternate), Distribution Sector | RCC                    |
| 13  | Nelson M. Dela Cruz        | Member (Principal), Distribution Sector | RCC                    |
| 14  | Virgilio C. Fortich, Jr.   | Member (Principal), Distribution Sector | RCC                    |
| 15  | Russel S. Alabado          | Member (Principal), Distribution Sector | RCC                    |
| 16  | Gian Karla C. Gutierrez    | Member (Principal), Supply Sector       | RCC                    |
| 17  | Dennis R. Paragas          | Member (Alternate), Supply Sector       | RCC                    |
| 18  | Darryl Lon A. Ortiz        | Member, System Operator                 | RCC                    |
| 19  | John Paul S. Grayda        | Member, Market Operator                 | RCC                    |
| 20  | Bienvenido C. Mendoza, Jr. | MAG Head                                | PEMC                   |
| 21  | Karen A. Varquez           | RCC Secretariat                         | PEMC                   |
| 22  | Divine Gayle C. Cruz       | RCC Secretariat                         | PEMC                   |
| 23  | Dianne L. De Guzman        | RCC Secretariat                         | PEMC                   |
| 24  | Mari Josephine C. Enriquez | RCC Secretariat                         | PEMC                   |
| 25  | Aldjon Kenneth M. Yap      | MSC Secretariat                         | PEMC                   |
| 26  | Francisco L.R. Castro, Jr. | PAC Chairperson                         | PAC                    |
| 27  | Hiyasminh Aleia D. Dagum   | PAC Secretariat                         | PEMC                   |
| 28  | Charmaine Joyce M. Navarro | PAC Secretariat                         | PEMC                   |
| 29  | Mark Froilan L. Lingao     | Observer                                | PEMC                   |
| 30  | Teodoro Kalaw IV           | DRA (Proponent)                         | DRA                    |
| 31  | Andrea J. Mendiola         | Legal Head/ DRA Secretariat             | PEMC                   |
| 32  | Ervin John Mikel D. Hilado | Legal                                   | PEMC                   |
| 33  | Marvin Jay A. Masanda      | Observer                                | DOE                    |
| 34  | Jhannelyn D. Marasigan     | Observer                                | DOE                    |
| 35  | Antonette M. Badillo       | Observer                                | ERC                    |

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| No. | Name                           | Designation/Position | Department/<br>Company |
|-----|--------------------------------|----------------------|------------------------|
| 36  | Lex J. Magtalas                | Observer             | APC                    |
| 37  | Sheryll M. Dy                  | Proponent            | IEMOP                  |
| 38  | Edward I. Olmedo               | Proponent            | IEMOP                  |
| 39  | Lilibeth Grace L. Vetus        | Proponent            | IEMOP                  |
| 40  | Josell F. Co                   | Proponent            | IEMOP                  |
| 41  | Arjon B. Valencia              | Proponent            | IEMOP                  |
| 42  | Edmin Arellano                 | Proponent            | NGCP                   |
| 43  | Thelma M. Asis                 | Proponent            | NGCP                   |
| 44  | Vincent Harvey C. Bernabe      | Proponent            | NGCP                   |
| 45  | Ermelindo R. Bugaoisan, Jr.    | Proponent            | NGCP                   |
| 46  | Christian J. Del Rosario       | Proponent            | NGCP                   |
| 47  | Homernico Mari B. Palma        | Proponent            | NGCP                   |
| 48  | Mikaela Victoria Perez         | Proponent            | NGCP                   |
| 49  | Joselito C. Quilala            | Proponent            | NGCP                   |
| 50  | Norman D. Bernardo             | Commenter            | MERALCO                |
| 51  | Joebet Isaac V. Del Rosario    | Commenter            | MERALCO                |
| 52  | Ma. Elisha S. Eloriaga-Dolatre | Commenter            | MERALCO                |
| 53  | Roma Angela P. Hofilena        | Commenter            | MERALCO                |
| 54  | Angelica Diane B. Monteza-Sy   | Commenter            | MERALCO                |
| 55  | Efren V. Olpindo               | Commenter            | MERALCO                |
| 56  | Carmen Grace S. Ramos          | Commenter            | MERALCO                |
| 57  | Ma. Leticia L. Sapina          | Commenter            | MERALCO                |
| 28  | Jed Angelo G. Tetangco         | Commenter            | MERALCO                |

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| Agenda   | Discussion/Agreements   |
|--|---|
| I. Call to Order   | The meeting was called to order at 9:03 AM.   |
| II. Determination of Quorum  | The quorum was determined with 15 principal and 3 alternate members present.  |
| III. Adoption of Agenda  | <p>The agenda was adopted with the following modifications of the proposed agenda:</p> <ul style="list-style-type: none"> <li>a) Inclusion of discussions on the DOE directive regarding the Proposed Amendments to the WESM Rules and WESM Manual on Dispute Resolution Administration (RCC Resolution No. 2021-07)</li> <li>b) Rearrangement of some items in the agenda due to the availability of resource persons/presenters</li> <li>c) Revision of the action required from “For discussion” to “For information” on the Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints</li> </ul> |
| IV. Draft Minutes of Previous Meetings: <ul style="list-style-type: none"> <li>• 216th (Regular) Meeting, 19 May 2023</li> </ul> | <ul style="list-style-type: none"> <li>• Ms. Dianne L. De Guzman (Secretariat) informed the RCC that further revisions on the draft Minutes will be made by the Secretariat in line with several comments received from Mr. Jordan Rel C. Orillaza (Independent).</li> <li>• Mr. Orillaza asked regarding the last meeting’s discussion on virtual meters but was not included in the minutes. She also clarified that the issue on virtual meters was included in the pending items to be presented by the IEMOP.</li> <li>• The RCC provisionally approved the Minutes of the 216th (Regular) Meeting pending syntax refinements on some items.</li> </ul>  |

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|---|--|
| V. Matters Arising from Previous Meeting  |  |
| 5.1. Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints | <p><u>Presenters:</u> Divine Gayle C. Cruz (Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Materials:</u> Annex A – Updates on Proposed Amendments regarding Non-security Overriding Constraints</p> |

### Proceedings:

Ms. Divine Gayle C. Cruz (Secretariat) apprised the RCC regarding the meeting between the RCC Secretariat and the NPC-Dams Management Department (DMD), the proponent, last 14 June 2023. The highlights of the meeting are as follows:

- a) Existing procedure between NPC-DMD and Generating Plant when the latter needs to lower reservoir elevation and discharge water through plant turbines:
  - i. NPC-DMD issues a “must-run operation request” certification to the plant operator
  - ii. Plant operator coordinates with the trader; and
  - iii. Trader executes request by managing offers to the WESM

Ms. Cruz relayed to the RCC that NPC-DMD’s 2009 protocol for Caliraya Dam (“Contingency Protocol during Weather Disturbances or Flood Periods for Caliraya Dam”)<sup>1</sup> used, among others, the WESM Manual on Must-Run and Must-Stop Units Issue 4.0 (MRU Manual) as basis of their procedures for operating the pertinent hydropower plants as must-run units when there is imminent danger to the integrity of the dam. Since 2015, however, the MRU Manual was amended, and later on abolished, to limit the use of must-run units to only specifically address issues on grid security and reliability. Ms. Cruz noted that the term “must-run operation” as used by NPC-DMD in the certifications they issue to the plant operator has a different context and meaning than that used in the WESM. Per NPC-DMD, the above procedures were applied for the San Roque Dam during six (6) typhoons from 2015, 2016, 2018 and 2021.

<sup>1</sup> Submitted as a supplementary document with NPC-DMD’s original rules change proposal in March 2022.

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- 28  
 29 b) NPC-DMD is concerned that current internal procedures with plant operator is not legally  
 30 binding, hence, there is a need to re-establish protocol based on WESM Rules/Manuals.  
 31 This is essentially the reason for NPC-DMD's submission of proposed amendments in  
 32 March 2022.  
 33  
 34 c) NPC-DMD reiterated that there are situations when water discharge through dam spillway  
 35 may cause extensive flood damage to dam infrastructure and/or pose danger to  
 36 downstream communities. Ms. Cruz relayed that NPC-DMD cited dam infrastructure repair  
 37 as one of the situations where they need to conduct "must-run" operation since lowering  
 38 reservoir elevation through the spillway would worsen the damage to the dam.  
 39  
 40 d) As a way forward, NPC-DMD will revise their proposal to provide a stronger basis for the  
 41 need to lower reservoir levels through turbines instead of dam spillway gates as doing so  
 42 may cause further damage or pose danger to downstream or nearby communities. Such  
 43 basis may take the form of a LGU certification, a document from NDDRMC, or other similar  
 44 documentation.

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 46 As of date, the proponent has not yet submitted their revised proposal.  
 47  
 48

### Agreement:

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 51 The RCC noted the Secretariat's update.

| Agenda  | Discussion/Agreements   |
|---|---|
| 5.2. Proposed General Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 (Declaring All RE Resources as Preferential Dispatch) <ul style="list-style-type: none"> <li>• <i>Draft RCC Resolution 23-07</i></li> </ul> | <p><u>Presenter:</u> Divine Gayle C. Cruz (RCC Secretariat)</p> <p><u>Action Requested:</u> For approval</p> <p><u>Materials:</u> Annex B – Matrix of Proposed Amendments</p> |

### Proceedings:

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 54 • Ms. Cruz informed the RCC regarding the two (2) items for discussion as follows:  
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 56 a) In Clause 2.3.1.6 of the WESM Rules, whether to use the term "frequency control ancillary  
 57 services (FCAS)" as suggested by IEMOP or the term "reserve" as suggested by the

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58 Secretariat, as a ground for disqualification for a generating company to be classified/re-  
 59 classified as a priority dispatch. For the former, Ms. Cruz mentioned that it is neither defined  
 60 in the Philippine Grid Code (PGC) nor the WESM Rules, but only in the WESM Manual  
 61 Dispatch Protocol, unlike the latter that it is already cited the WESM Rules. Ms. Cruz noted  
 62 that the term “reserve” is currently defined as “ancillary services traded in the WESM.”

- 63  
 64 - Ms. Rachel Angela P. Anosan (Independent) condensed the discussions on why the RCC  
 65 decided to change the term from “reserve” to “FCAS” wherein it was seconded by Mr.  
 66 Jordan Rel C. Orillaza (Independent) that the former is too broad unlike the latter that is  
 67 specific. Atty. Anosan recalled that the primary intention for using either term was to  
 68 exclude reserves that are not tradeable in the WESM (e.g., black start).  
 69 - Mr. Claudio shared that the term FCAS was used by PEMC’s previous consultant,  
 70 Intelligent Energy Systems (IES), in drafting the Price Determination Methodology and is  
 71 in fact the term used in the electricity market in Australia. While not yet defined in the PGC,  
 72 the term FCAS can be proposed to be included in the revision of the PGC.

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 74  
 75 b) As to the definition of Projected Output (PO), the Secretariat suggested amending the same to  
 76 clarify the required PO submissions from must-dispatch and priority dispatch generating units.  
 77 Instead of specifying that the PO for geothermal and impounding hydro power plants that are  
 78 priority dispatch must be equivalent to the plants’ available capacity, the Secretariat recommended  
 79 no longer specifically mentioning said RE plants since all priority dispatch plants, including  
 80 biomass plants, should be submitting POs equivalent to their available capacity. This was  
 81 confirmed by the PEMC’s Enforcement and Compliance Office.

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### Agreements:

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 86 The RCC:

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- 88 a) Confirmed the use of the term “FCAS” in Clause 2.3.1.6 of the WESM Rules and approved  
 89 the inclusion of the definition of FCAS in the WESM Rules.  
 90 b) Approved the amendments to the definition of Projected Output which emphasize that all  
 91 priority dispatch generating units, which include biomass, geothermal and impounding hydro  
 92 power plants, must submit POs equivalent to their available capacity.

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|--|--|
| 5.3. Continuation of Deliberation on the Proposed General Amendments to the WESM Rules, Retail Rules and Market Manuals on the Implementation of Electric Retail Aggregation Program <ul style="list-style-type: none"> <li>• Pending Items and Summary of Agreements</li> </ul> | <u>Presenters:</u><br>Josell F. Co (IEMOP)<br>Dianne L. De Guzman (RCC Secretariat)<br><br><u>Action Requested:</u> For deliberation |

### Proceedings:

- Mr. Co (IEMOP) raised that several items need confirmation from IEMOP's management. Hence, he suggested to defer to the next RCC Meeting the discussions on this proposal.
- Mr. Co also requested a copy of the latest matrix of comments for IEMOP to incorporate the agreements it had with MERALCO.

### Agreement:

- The RCC:
  - a. Approved the deferment of this item to the next RCC Meeting.
  - b. Noted that the related items under IEMOP's proposal on No Outstanding Balance will be considered.

| Agenda   | Discussion/Agreements   |
|--|---|
| VI. New Business   |   |
| 6.1. Draft Guidelines in Engaging Services of Auditors for Market Audits | <u>Presenters:</u> Francisco L.R. Castro, Jr.<br><br><u>Action Requested:</u> For comments<br><br><u>Materials:</u> Annex C - PAC Proposed Guidelines in Engaging Services of Auditors for Market Audit |

### Proceedings:

- Mr. Francisco L.R. Castro, Jr. (PAC Chairperson) presented for commenting of the RCC members the PAC's Draft Guidelines in Engaging Services of Auditors for Market Audits

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112 which was developed based on the provisions in the PEM Audit Manual and the instruction  
 113 from the DOE. Mr. Castro cited Section 4.1 of said Manual providing PAC's mandate to:

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- i. Engage the services of Independent Auditors or the internal audit unit of the WESM's Governance Arm (i.e., PEMC) to conduct regular and special audits; and
- ii. Define the guidelines in engaging the services of Independent Auditors and PEMC in conducting applicable audits.

121 • Mr. Castro highlighted the contents of the said draft guidelines which include the option of  
 122 the PAC to engage the PEMC-Internal Audit Department (IAD), other than an Independent  
 123 Auditor, to perform the audits of the following, subject to the IAD's capability to conduct  
 124 them:

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 128

- (i) Market Operator (MO) software,
- (ii) Central Registration Body (CRB) software, and
- (iii) audits requested by the ERC

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131 Audits that are to be exclusively conducted by an Independent Auditor are the following:

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 133  
 134  
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- (i) audits of the spot market and MO,
- (ii) audit of the CRB,
- (iii) review of metering installations and arrangements,
- (iv) audit of the RE Registrar, and
- (v) audit of the RE Market Software

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 139

140 On the other hand, audits to be exclusively performed by the IAD are:

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 144

- (i) audit of monitoring and assessment, and enforcement and compliance system,
- (ii) Audit requested by CC or ECO, and
- (iii) Audit requested by PEM Board

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- Mr. Castro provided a summary of the guidelines for the PAC's decision process for engaging either an Independent Auditor or the PEMC-IAD to perform applicable audit projects. He explained that the IAD is given the right of first refusal every time an audit for which both it and an Independent Auditor is qualified to perform comes up. If the IAD has the capacity to perform the audit, the PAC shall grant the project to IAD. If not, the PAC will revert to the established bidding process for engaging external auditors. The PAC shall

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153 consider competence, capability and cost in deciding whether to grant an audit project to  
154 either the PAC or an Independent Auditor.

155  
156 Mr. Castro stated that as it stands now, the IAD only consists of three (3) people, but the  
157 intent for the medium to long term is for the IAD to build up a team of auditors with the  
158 proper skills, competence, and capability to conduct all the audit projects.

159

160 • Below were the discussions during the meeting:

161

162 a. Mr. Virgilio C. Fortich, Jr. (CEBECO3) asked if there is an accreditation process that the  
163 PAC follows in engaging Independent Auditors.

164 - Mr. Castro responded that PAC has a standing list of accredited auditors that were  
165 screened beforehand. If none of those listed auditors is available to perform a certain  
166 audit to be undertaken, the PAC will invite new auditors to be vetted accordingly.

167 - Mr. Fortich suggested to limit the number of years of engagement of a particular  
168 auditor to avoid bias.

169 - Mr. Castro shared that a particular auditor is only engaged per contract for a  
170 determined number of years. After the contract ends, another audit project would  
171 have to be bid out again.

172

173 b. Chairperson Jesusito G. Morillos (Independent) suggested PAC to consider ISO 19011  
174 on Guidelines for Auditing Management Systems (2018).

175 - Mr. Castro noted Chairperson's Morillos suggestion.

176

177 c. Mr. Carlito C. Claudio (MEI/PEI) suggested to include in the draft guidelines the pre-  
178 deployment audit for new market systems.

179 - Ms. Hiyasminh Aleia D. Dagum (PAC Secretariat) added that based on the PEM  
180 Audit Manual, new or enhanced market systems shall undergo the ICT Change  
181 Management process of the MO and subsequently be subjected to the post-audit  
182 process. Only if directed by the DOE or ERC shall the PAC initiate the pre-audit of  
183 new or enhanced market systems (e.g., ERC required the pre-audit of the new MMS  
184 and CRSS for the enhanced WESM design).

185

186 d. Mr. Claudio also sought clarification if the audit for the market systems be still done  
187 annually even if there are no enhancements made.

188 - Mr. Castro answered that market audits are conducted as required under the rules.  
189 He is not personally inclined in performing annual audits unless there is an  
190 instruction from higher authority, or the system is not performing at par.

191

192 e. Mr. Darryl Lon A. Ortiz (NGCP) asked if there is a limit on the number of times that an  
193 Independent Auditor can be engaged to perform the same audit. Mr. Castro responded  
194 that he is not aware if there is any limit being imposed. There could be both positive and

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195 negative effects in engaging the same auditor but on the positive side, the audit can be  
 196 done much easier since the auditors are already familiar with the systems, relevant data,  
 197 and processes in the WESM.  
 198

199 Mr. Ortiz also inquired if PEMC-IAD should only perform internal audits, while the  
 200 Independent Auditors perform the specialized audits. Mr. Castro responded that based  
 201 on the mandate of PEMC-IAD, they are also mandated to perform market-related audits.

202

- 203 • Ms. Dagum relayed to the RCC that the guidelines will not be posted in the PEMC website  
 204 since it is only PAC's internal document. PEM Board and RCC were the only parties  
 205 requested to provide comments.  
 206

207

### 208 Agreement:

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210 The PAC requested the RCC to provide further comments on the draft guidelines through email.

| Agenda   | Discussion/Agreements  |
|--|--|
| 6.2. Proposed General Amendments to the Retail Rules and Retail Manual on Market Transaction Procedures in view of the ERC Resolution No. 01, Series of 2023 <ul style="list-style-type: none"> <li>• Line-by-line deliberation of the proposal</li> </ul> | <u>Presenters:</u><br>Josell F. Co (IEMOP)<br>Dianne L. De Guzman (RCC Secretariat)<br>Mari Josephine C. Enriquez (RCC Secretariat)<br><br><u>Action Requested:</u> For deliberation<br><br><u>Materials</u> Annex D – Matrix of Proposed Amendments |

### 211 Proceedings:

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213 Mr. Co facilitated the line-by-line deliberation of the proposal considering the comments received from  
 214 NGCP, MERALCO and PEMC and the IEMOP's responses thereto. Highlights of the discussions are  
 215 as follows:  
 216

217

- 217 • There is a need to re-define the term "Eligible End-Users" to cover Customers that may participate  
 218 either in the Retail Market, Green Energy Option Program (GEOP), or the Retail Aggregation  
 219 Program which are all under the scope of the Retail Rules, provided that the Customer satisfies  
 220 the criteria for the specific program. The current definition of "Eligible End-Users" only applies to  
 221 Customers qualified to participate in the Retail Market.  
 222

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- 223 • Ms. Enriquez (Secretariat) explained the terms as currently defined, as follows:  
224  
225 ○ The terms “Customer” and “Supplier” are used in both captive and retail contestable markets.  
226 ○ “Supplier” in the captive market may refer to DUs, ECs, private companies, LGUs, and  
227 government-owned utilities. For the retail contestable market, “Supplier” may be classified as  
228 either Retail Electricity Supplier (for Contestable Customers), Renewable Energy Supplier (for  
229 GEOP End-Users), or Retail Aggregator (for Retail Aggregated Group).  
230 ○ “End-User” in the captive market may refer to commercial, industrial or residential customers.  
231 On the other hand, the term “Eligible End-Users”, which ERC introduced in its resolution  
232 regarding ‘No Outstanding Balance’, pertains to those who have the option to switch from  
233 captive to the retail contestable market.  
234 ○ “Retail Customer” are those customers that have already switched from the captive market to  
235 the retail contestable market. “Retail Customer” may be further classified as Contestable  
236 Customer, GEOP End-user or Retail Aggregated Group.  
237  
238  
239 • The RCC noted that for the GEOP, the End-user must first settle its financial obligations before it  
240 is allowed to switch from its DU (Initial Switch) or from its Incumbent Supplier (Regular Switch).  
241 This is different from the requirements under the Retail Market whereby settlement of outstanding  
242 balance with the NSP is only required during Initial Switch.  
243  
244 • Section 2.3.1 in the Retail Manual on Market Transactions Procedures states that a valid Retail  
245 Supply Contract (RSC) between a Supplier and Contestable Customer must be available before  
246 switching. However, Mr. Paragas (TPEC) stated that RSC is no longer submitted in the  
247 CRSS/CRB and thus inquired how this requirement is implemented. Mr. Co clarified that during  
248 switch, IEMOP only requires certifications or attestations that there is RSC between parties.  
249  
250 • Mr. Orillaza suggested to clean the definitions first, before discussing the succeeding provisions.  
251 He suggested stepping back and finally polishing the definitions first, then proceeding to deliberate  
252 on the succeeding provisions. Mr. Orillaza also recommended providing a diagram on (i) the  
253 classification of the various Suppliers and End-users under the Retail Market, and (ii) the flow of  
254 procedures on how to switch or transfer from captive to the contestable market, including the  
255 conditions and requirements.  
256  
257 • Ms. Karen A. Varquez (Secretariat) informed the RCC on the ongoing initiative by the DOE, ERC,  
258 MO, and PEMC to harmonize rules issued by the DOE and ERC related to Retail Market. The  
259 ERC aims to release an omnibus harmonizing all relevant ERC resolutions. The proposal could  
260 be one of the inputs for said initiative.  
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### 265 Agreements:

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267 • The RCC provisionally adopted the revisions to portions of the proposal (Annex D), subject to the  
 268 results of following ways forward:

269

- 270 a. Secretariat, in consultation with IEMOP, to continue the review on harmonizing the  
 271 definition of terms (e.g., “Eligible End-Users”) based on the WESM Rules, Retail Rules,  
 272 Green Energy Option Program, Retail Aggregation Rules, and relevant on-going proposals  
 273 b. Secretariat to update the RCC on possible coordination meetings with IEMOP.  
 274 c. Discussions on this proposal will be continued in the next RCC Regular Meeting.

| Agenda   | Discussion/Agreements   |
|--|---|
| 6.3. Proposed General Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program Implementation <ul style="list-style-type: none"> <li>Line-by-line deliberation of the proposal</li> </ul> | <u>Presenters:</u><br>Josell F. Co (IEMOP)<br>Dianne L. De Guzman (RCC Secretariat)<br><br><u>Action Requested:</u> For deliberation<br><br><u>Materials:</u> Annex E – Matrix of Proposed Amendments |

### 275 Proceedings:

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277 Mr. Co facilitated the line-by-line deliberation of the proposal. The RCC considered the comments  
 278 received from MERALCO, NGCP and PEMC, and IEMOP’s responses to the said comments.  
 279 Highlights of the discussions are as follows:

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- 281 • The RCC noted IEMOP’s information that as of September 2022, there are 218 ILP  
 282 Customers. There was also only one instance of BCQ declaration due to ILP which was  
 283 recorded on 08 May 2023 .

284

285 Mr. Orillaza opined that ILP is not a market issue in the first place and thus should not be part  
 286 of the WESM Rules or Manuals. Mr. Co replied that IEMOP will provide information on the  
 287 May 08 BCQ declaration once proper internal clearance to disclose the relevant data is  
 288 obtained.

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- 290 • Mr. Morales (MERALCO) inquired if pricing still matters when ILP is implemented.  
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- 292
- Mr. Ortiz sought clarification if the MO already performs a demand forecast before there is actual de-loading due to ILP, in which case the MO's demand forecast may not accurate.
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- Mr. Claudio inquired what is the timeline for the NSP to provide the MO with MW quantity committed for ILP. He explained that in the PGC there is a similar procedure called voluntary load curtailment where grid users must be able to inform the System Operator by 9AM on the day prior the day of implementation. Related to this, Mr. Tetangco commented that voluntary load curtailment is performed when generation shortage is already known. However, for ILP, Red Alert notice is usually issued on the day when the under-generation shall occur and only then shall ILP Customers be able to commit the quantity they could de-load. MERALCO already previously commented this since there has been no Red Alert notice issued prior the day of occurrence.
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- Mr. Zagala (MERALCO) explained that it is ideal if Red Alert notices are issued the day before a supply shortfall is forecasted to happen at a given interval. in this case, MERALCO will be able to inform ILP participants about the deficiency ahead of time and they will be able to commit the amount they could de-load. However, in all instances when ILP has been implemented so far, it was already good if a Red Alert notice is issued in the morning or before the actual interval and they have time to coordinate with ILP participants. Sometimes, a Red Alert notice was even issued during the relevant interval.
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- Ms. Javier explained that ILP is implemented because there is already de-loading. In other words, de-loading happens regardless of the implementation of ILP. This means that forecast for ILP is unnecessary. Further, BCQ re-declaration is necessary during ILP to account for the de-loaded capacity that the DUs no longer need to purchase from the WESM. ILP participants are usually Contestable Customers of a Retail Electricity Supplier. Since ILP participants are within a DU franchise area, the de-loaded capacity must be accounted to the DU through re-declaration.
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- Atty. Morillos inquired what might be a solution to address issuance of Red Alert notices. Mr. Ortiz explained that for the SO to be able to issue Red Alert notice the day before, there must first be an accurate Day-ahead Projections (DAP). As it stands now, DAP are just indicative projections for participants but cannot fully be relied upon in terms of accuracy. The more accurate information comes in on the day of dispatch, in the 6AM notice issued by the SO at the earliest.
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- Mr. Ortiz added that the reason why DAPs are inaccurate is because the offers/nominations used in the DAP are not the same values of offers/nominations submitted by participants to the MO on the day of dispatch. Further, system conditions change between the run of the DAP and the actual dispatch interval (e.g., generators come online or offline).

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333 Mr. Co concurred and added that Red Alert notices may arise either from a forecasted supply  
334 deficiency or from unforeseen plant problems within the day. The accuracy of the forecast for  
335 the next day would depend on the accuracy of offers/nominations from generator Trading  
336 Participants. However, although ILP participation is voluntary, knowing the quantity that could  
337 be de-loaded by ILP participants could help the MO in predicting the demand and possible  
338 alert notice for the next day.

339  
340 • Mr. Fortich commented that the ILP is primarily an internal arrangement between the DU and  
341 Customer to help lessen supply shortage. If so, he inquired if it is really necessary to include  
342 ILP in the WESM or not. Atty. Morallos remarked that the program is only voluntary thus the  
343 WESM should not be establishing sanctions. ILP provisions, if they will be included at all, could  
344 only be for encouraging or simply providing mechanisms for efficiency.

345  
346 Atty. Anosan suggested to consider the inclusion of ILP in the WESM Rules/Manuals from  
347 another perspective, which is purely for proper settlement. In other words, ILP provisions will  
348 only be for purposes of accounting bilateral contract quantities arising from ILP through re-  
349 declaration procedures. Mr. Morales, Ms. Javier and Mr. Fortich concurred with this suggestion  
350 since there is indeed a need to re-declare quantities as per existing ILP protocols.

351  
352 • Mr. Edward Olmedo (IEMOP) clarified that the MO's intention for requiring ILP data is not for  
353 decreasing load forecast for the next day. The MO does not revise its forecast if it receives  
354 ILP commitment quantity during day-ahead. However, the MO use actual demand for  
355 generating real-time dispatch schedules, which should account the amount of de-loading due  
356 to ILP. If the ILP de-loading is not accounted, there is a possibility of inefficiency in the real-  
357 time schedule generated. The objective is for the MO to progressively minimize the load it  
358 needs to forecast/project versus the actual demand as time draws closer to the target dispatch  
359 interval.

360  
361 Mr. Olmedo likewise clarified that the ILP is not a part of ancillary services and is separate  
362 from dispatchable load.

363  
364 • Mr. Ortiz and Mr. Morales commented that proposed amendments related to compelling  
365 participants to submit accurate projections on their availability as input to the MO's forecasting  
366 should be discussed apart from the proposal on ILP. Mr. Olmedo responded that the  
367 participants' submission of reasonable estimates of their offers and nominations for all market  
368 projection horizons should still be included in the Dispatch Protocol Manual since these will  
369 serve as basis of the ECO to oblige participants to submit accurate information in the first  
370 place. Moreover, accurate market projections/forecasts is still related to the ILP since the SO  
371 refers to them in determining the need for issuing Alert notices, which then may trigger the  
372 application of ILP.

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- 375 • The reason for proposing to include ILP in the WESM was again discussed wherein IEMOP  
 376 cited the DOE's letter dated 07 February 2023 requesting the IEMOP to conduct review of the  
 377 accuracy of Day-ahead Projection (DAP) being submitted by generation companies in the  
 378 WESM and propose a penalty provision as part of the market rules for those non-compliant  
 379 with the submitted DAP. Atty. Anosan opined that the matter on ensuring accurate DAP could  
 380 be discussed separately and may not necessarily be tied up with the policy on ILP considering  
 381 that accurate projections is required whether there is ILP or not. Mr. Ortiz agreed and  
 382 continued that resolving inaccurate DAP may be a matter of enforcement and compliance, or  
 383 study if there could be gaps in the process.

### Agreements:

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 388 The RCC agreed on the following ways forward:

- 389  
 390 a. Secretariat to email possible additional inquiries to IEMOP that may aid in the former's  
 391 finalization of the proposal.  
 392 b. IEMOP to provide updates to the RCC, once cleared with the IEMOP management,  
 393 information on the May 08 BCQ re-declaration since it may constitute commercial  
 394 information. Note that the requested information are related to those cited by IEMOP in its  
 395 response under proposed Section 3.5.8.  
 396 c. IEMOP to confirm on whether Market Intervention occurs during the implementation of ILP,  
 397 and if the pricing still matters during the said instance.  
 398 d. Secretariat to prepare a summary regarding the direction of discussions on this proposal  
 399 and the comments received during the deliberations of this proposal.  
 400 e. IEMOP to communicate to DOE regarding the real intention of the abovementioned letter.

| Agenda   | Discussion/Agreements   |
|--|---|
| 6.4. Proposed Amendments to the WESM Rules and WESM Manual on Dispute Resolution Administration (RCC Resolution No. 2021 – 07) <ul style="list-style-type: none"> <li>Discussions on the DOE directives</li> </ul> | <u>Presenter:</u><br>Atty. Teodoro Kalaw, IV (Dispute Resolution Administrator)<br><br><u>Action Requested:</u> For approval<br><br><u>Materials:</u> Annex F – Presentation Material |

### Proceedings:

- 401  
 402  
 403 • Atty. Kalaw (DRA) recapped that back in June 2021, the RCC made the following decisions  
 404 regarding the DRA's proposed amendments, which the PEM Board subsequently approved:

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- a. Adopted the proposed changes on the inclusion of Dispute Resolution between Supplier and Customer
- b. Adopted the proposed Guidelines for Virtual Hearings and Conference During Arbitration
- c. Denied proposal on the final settlement of WESM Disputes, specifically on aligning the final settlement of WESM disputes and its binding effect with RA 9285 or the ADR Act of 2004 and its IRR, as well as the Special Rules of Court on ADR;
- d. Denied proposed removal of the PEM Board and the WESM Governance Committees as impleadable entities under Clause 7.3.1.1 (c) of the WESM Rules, and instead replaced “PEM Board and the WESM Governance Committees” with “Governance Arm”

The DOE thereafter promulgated DOE Department Circular No. 2022-06-0021 titled, “Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and Manual on Dispute Resolution Administration (DRA),” dated 20 June 2022, which only approved the following:

- a. Proposed changes on the inclusion of Dispute Resolution between supplier and customer under the Retail Rules and the use of Formal Offer Arbitration / Pendulum
- b. Proposed Guidelines for Virtual Hearings and Conference During Arbitration
- c. Revision to “Governance Arm” as the impleadable party to a dispute

The DOE sent a letter to the PEM Board and the DRA dated 31 March 2022 providing comments and recommendations related to the proposal for further study (Annex F).

- Atty. Kalaw presented his responses and recommendations vis-à-vis the DOE’s comments/directives on this proposal as follows:

| DOE’s Comments  | DRA’s Response   |
|---|--|
| 1. Provide a mechanism in cases where the party being disputed is the PEM Board or the WESM Governance Committees (WGCs). | <ul style="list-style-type: none"> <li>• The current mode of WESM Dispute Resolution is contemplated to only admit and settle “<i>inter-partes</i>” (between the parties) disputes with subject matters that are civil, commercial or business as distinguished from those that are penal, administrative or regulatory/ policy-based in nature.</li> <li>• Disputes involving the PEM Board and the WGCs may not be the subject of an arbitrable dispute under the WESM Dispute Resolution</li> </ul> |



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| DOE's Comments   | DRA's Response   |
|--|--|
|  | Framework as it is inconsistent with the premise of commercial arbitration.  |
| <p>2. Define limitations on the exemptions and/or scope of disputes and consider when members of the PEM Board and the WGCs could remain to be subject to a dispute on matters outside the scope of the WESM Penalty Manual.</p> | <p>There is no urgency in establishing the scope of arbitrable disputes against the PEM Board and the WGCs since aside from these types of disputes being unlikely to occur, the current framework already provides for a mechanism that would allow the DRA to preliminarily assess any dispute and decide whether such dispute is indeed arbitrable or not.</p>  |
| <p>3. Revisit the scope of disputes under the Retail Rules</p>   | <p>For RCC approval:</p> <p>Limit the scope of arbitrable disputes under the Retail Rules to considered as <u>commercial</u> in nature. The proposed new provision under Section 7.3.1 of the Dispute Resolution Manual is reworded to clarify that arbitrable disputes between Suppliers and Customers are only those that pertains to the commercial aspects of their Retail Supply Contracts but which does not include the interest of the public. Disputes involving “the interest of the public” are excluded from the coverage of the WESM Dispute Resolution Framework as they fall under the original and exclusive jurisdiction of the ERC.</p> <p>Section 7.3.1:</p> <p><i>Disputes Between Supplier and Customer under the Retail Rules:</i></p> <p><i>Unless the parties agree otherwise, resolution of the following illustrative cases involving disputes on:</i></p> <p><i>(i) <b><u>The commercial aspect</u></b> of a Retail Supply Contract that involves fees for its early / pre-termination <b><u>which does not include the interest of the public;</u></b></i></p> |

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| DOE's Comments | DRA's Response  |
|----------------|---|
|                | <p>(ii) <b><u>The commercial aspect</u></b> of a Retail Supply Contract involving price, but <b><u>which does not include the interest of the public;</u></b> and</p> <p>(iii) <b><u>The commercial aspect</u></b> of a Retail Supply Contract involving its period, within the contemplation of the Retail Rules, <b><u>which does not include the interest of the public;</u></b></p> <p>shall be subject to the Final Offer Arbitration Supplementary Rules set forth in Annex H hereto.</p> |

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- Atty. Kalaw emphasized that the existing procedure where the DRA preliminarily assesses any dispute submitted to him serves as a failsafe for him to determine whether a dispute is arbitrable under the WESM or not. Thus, there is no action needed at this point regarding the DOE's suggestion to define the scope of disputes involving the PEM Board or WGCs.
  - Ms. Javier (APC) remarked that there are on-going cases in the ERC involving Retail Electricity Suppliers and Customers related to the commercial aspects of their contracts. Atty. Kalaw clarified that if there are disputes involving public interest, even if they also have commercial elements, then the ERC has jurisdiction to resolve them. WESM Dispute Resolution only has jurisdiction for purely commercial disputes arising from the implementation or execution of the Retail Supply Contracts between parties.
  - Mr. Ortiz (NGCP) inquired if disputes concerning disconnections, which may affect the interests of the public, are already excluded in WESM arbitration. Atty. Kalaw responded that these cases are not automatically excluded since the DRA should be able to make that determination first if the case is filed to him.
- Ms. Javier followed-up by stating that the ERC currently has jurisdiction over disputes on disconnection. She sought clarification whether the DRA may also handle such disputes. Atty. Kalaw answered that if such cases is filed before him and he determined that the case involves public interest, then he would refer the dispute to the ERC. He added that it is also well within the ERC's jurisdiction to handle purely commercial disputes between parties.
- Atty. Morillos agreed with the conclusion of the DRA that if the complaint is a violation of the rules and seeking penalty, then it falls under the jurisdiction of the ERC. Otherwise, if it is a breach of contract seeking damages, then it might be filed with the DRA or the ERC. He further shared that under the 2010 Protocol, the ERC has the option to delegate the latter instance to the DRA for resolution.

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Mr. Kalaw added that even if there is a Protocol, the DRA cannot dictate the ERC on what disputes it can handle as the regulator. It is still up to the ERC to act based on the said Protocol.

- Ms. Javier asked if PEMC or WGCs cannot be impleaded in disputes. To this Atty. Kalaw responded that though it is not impossible for PEMC to be impleaded in a dispute, the chances are very low for this to occur. But in that rare chance that PEMC is impleaded, the DRA is in the position to determine whether such dispute is arbitrable or not within the WESM Dispute Resolution framework.

Atty. Morillos added that the RCC, for instance, cannot be hailed to a dispute for damages since as a WGC, it is only doing its governance mandate. He stated that when he was DRA, he proposed twice to remove the PEM Board and WGCs as impleadable entities but were denied, first by the RCC and second by the DOE. He opined that if the same proposal is elevated again, the chances are slim that it will be approved. Hence the best way at this point is not to propose again since there is already a failsafe mechanism in the DRA's early determination if a dispute filed to him are admissible under the WESM framework or not.

### Agreement:

The RCC approved the DRA's revised proposed amendments on Section 7.3.1 in the Dispute Resolution Manual.

| Agenda   | Discussion/Agreements   |
|--|---|
| VII. Other Matters   |   |
| 7.1. Updates on other Proposed Amendments  | Due to time constraints, the Secretariat will include updates on this item during the dissemination of highlights of the meeting on 26 June 2023. |
| 7.2. DOE Updates   |   |
| 7.3. Schedule of Activities:<br>a) RCC Meetings <ul style="list-style-type: none"> <li>• 21 Jul 2023</li> <li>• 18 Aug 2023</li> <li>• 15 Sep 2023</li> </ul><br>b) BRC Meeting <ul style="list-style-type: none"> <li>• 19 June 2023</li> </ul> | The RCC noted the information.  |
| VIII. Adjournment  | The meeting was adjourned at 3:21 PM.   |



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Prepared by:

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DIVINE GAYLE C. CRUZ  
Sr. Specialist, Rules Review Division  
Market Assessment Group

Reviewed by:

A handwritten signature in black ink, appearing to read 'Karen A. Varquez'.

KAREN A. VARQUEZ  
Manager, Rules Review Division  
Market Assessment Group

Noted by:

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BIENVENIDO C. MENDOZA, JR.  
Chief Market Assessment Officer



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Approved by:

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JESUSITO G. MORALLOS  
Chairman, Independent

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[Jose Roderick F. Fernando \(Aug 23 2023 15:24 GMT+8\)](#)  
JOSE RODERICK F. FERNANDO  
Member, Independent

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RACHEL ANGELA P. ANOSAN  
Member, Independent

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JORDAN REL C. ORILLAZA  
Member, Independent

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DIXIE ANTHONY R. BANZON  
Member, Generation Sector  
Masinloc Power Partners Co. Ltd. (MPPCL)

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[Cherry A. Javier \(Aug 16 2023 15:58 GMT+8\)](#)  
CHERRY A. JAVIER  
Member, Generation Sector  
Aboitiz Power Corp. (APC)

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CARLITO C. CLAUDIO  
Member, Generation Sector  
Millennium Energy, Inc. / Panasia Energy, Inc.  
(MEI/PEI)

MARK D. HABANA  
Member, Generation Sector  
Vivant Corporation – Philippines (Vivant)

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RYAN S. MORALES  
Member, Distribution Sector  
Manila Electric Company (MERALCO)

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VIRGILIO C. FORTICH, JR.  
Member, Distribution Sector  
Cebu III Electric Cooperative, Inc. (CEBECO III)

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RUSSEL S. ALABADO  
Member, Distribution Sector  
Angeles Electric Corporation (AEC)

Handwritten signature of Nelson M. Dela Cruz in black ink.

NELSON M. DELA CRUZ  
Member, Distribution Sector  
Nueva Ecija II Area 1 Electric Cooperative, Inc.  
(NEECO II – Area I)

GIAN KARLA C. GUTIERREZ  
Member, Supply Sector  
First Gen Corporation (FGEN)

JOHN PAUL S. GRAYDA  
Member, Market Operator  
Independent Electricity Market Operator of the  
Philippines (IEMOP)

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DARRYL LON A. ORTIZ  
Member, System Operator  
National Grid Corporation of the Philippines  
(NGCP)



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### Annex A – Updates on Proposed Amendments regarding Non-security Overriding Constraints



## MEETING HIGHLIGHTS

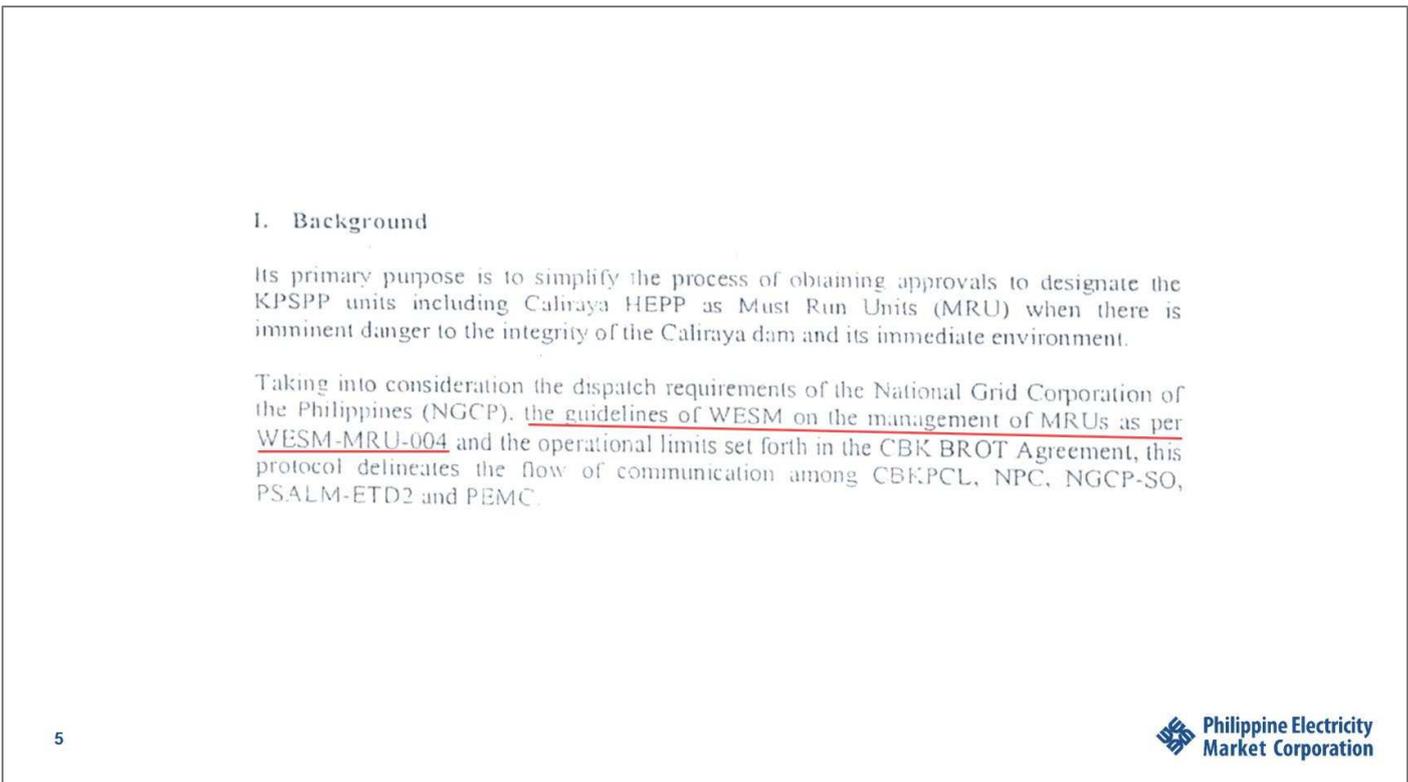
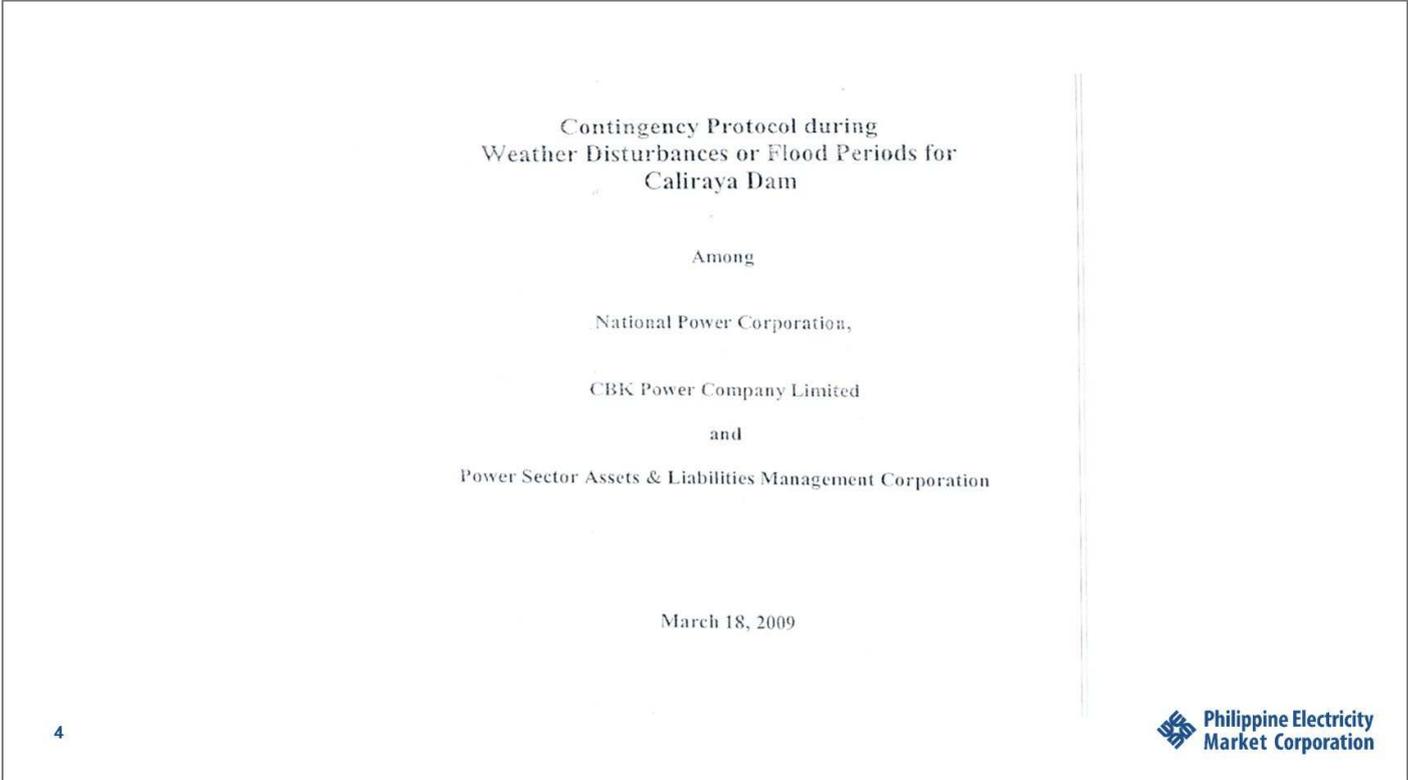
- RCC Secretariat meeting with NPC-Dams Management Department on 14 June 2023:
  - OBJECTIVES:
    - 1) possible non-WESM based alternatives by which to address the concerns in NPC-DMD's proposal; and
    - 2) how NPC-DMD managed during past typhoons when the MRU option was no longer in place since 2015.



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### Annex A – Updates on Proposed Amendments regarding Non-security Overriding Constraints





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### Annex A – Updates on Proposed Amendments regarding Non-security Overriding Constraints

#### MEETING HIGHLIGHTS

- Existing procedure between NPC-DMD and Generating Plant:
  - NPC-DMD issues a “must-run operation request” certification to the plant operator
  - Plant operator coordinates with the trader

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#### RECORDS OF MUST RUN OPERATIONS OF SAN ROQUE DAM



| DURATION                    | TYPHOON    |
|-----------------------------|------------|
| August 21-31, 2015          | TC INENG   |
| October 17-26, 2015         | TC LANDO   |
| October 16-November 1, 2016 | TC LAWIN   |
| August 11-30, 2018          | TC KARDING |
| September 13-21, 2018       | TC OMPONG  |
| October 11-13, 2021         | TC MARING  |

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### Annex A – Updates on Proposed Amendments regarding Non-security Overriding Constraints



### MEETING HIGHLIGHTS

- NPC-DMD is concerned that current internal procedures with plant operator is not legally binding, hence need to re-establish protocol based on WESM Rules/Manuals
- NPC-DMD reiterated there are situations when water discharge through dam spillway may cause extensive flood damage to dam infrastructure and/or pose danger to downstream communities (e.g., during dam repair)

**WAY FORWARD:** NPC-DMD shall revise proposal to provide stronger basis for the need to lower reservoir levels through turbines instead of dam spillway gates (e.g., LGU certification, NDDRMC documentation, etc.)

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### Annex B –

| WESM Rules  |         |  |   |   |  |
|---|---------|--|---|---|--|
| Title   | Clause  | Original Provision   | PEM Board-approved Urgent Amendments  | Proposed Amendments   | Rationale  |
| CATEGORIES OF WESM MEMBERS<br>2.3.1<br>Generation Companies | 2.3.1.5 | A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that is <i>intermittent renewable energy resource-based</i> , whether or not under the <i>Feed-In Tariff system</i> , such as wind, solar, run-of-river hydro or ocean energy with the corresponding <i>DOE</i> certification shall be classified as a <i>must dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <i>non-scheduled generating unit</i> subject to Clause 2.3.1.4. | A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that is <i>intermittent renewable energy resource-based</i> , whether or not under the <i>Feed-In Tariff system</i> , such as wind, solar, run-of-river hydro or ocean energy with the corresponding <i>DOE</i> certification shall be classified as a <i>must dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <del>a</del> <i>non-scheduled generating unit</i> subject to Clause 2.3.1.4. | A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that is <i>intermittent renewable energy resource-based</i> , whether or not under the <i>Feed-In Tariff system</i> , such as wind, solar, run-of-river hydro or ocean energy with the corresponding <i>DOE</i> certification shall be classified as a <i>must dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <del>a</del> <i>non-scheduled generating unit</i> subject to Clause 2.3.1.4. | Clerical correction.   |
| CATEGORIES OF WESM MEMBERS                                  | 2.3.1.6 | A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that   | A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection point that  | A <i>generating unit</i> or group of <i>generating units</i> connected at a common connection   | To comply with DOE DC2022-10-0031, but with consideration that |

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### Annex B –

| WESM Rules                       |        |  |  |   |  |
|----------------------------------|--------|--|--|---|--|
| Title                            | Clause | Original Provision   | PEM Board-approved Urgent Amendments   | Proposed Amendments   | Rationale  |
| 2.3.1<br>Generation<br>Companies |        | uses biomass as fuel, that is under the <i>Feed-In Tariff system</i> , with the corresponding <i>Feed-In Tariff Certificate of Compliance</i> shall be classified as a <i>priority dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <i>non-scheduled generating unit</i> subject to Clause 2.3.1.4. | uses <b><u>are qualified renewable energy plants that are not must dispatch, such as those using either geothermal energy or biomass as fuel or is an impounding hydro plant, and is not providing reserve or registered as Ancillary Services Provider</u></b> , that is under the <i>Feed-In Tariff system</i> , with the corresponding <i>Feed-In Tariff Certificate of Compliance</i> shall be classified as a <i>priority dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <i>non-scheduled generating unit</i> subject to Clause 2.3.1.4. | point that uses <b><u>are qualified renewable energy plants that are not must dispatch, such as those using either geothermal energy or biomass as fuel or is an impounding hydro plant, and is not providing reserve or registered as Ancillary Services Provider, frequency control ancillary services</u></b> that is under the <i>Feed-In Tariff system</i> , with the corresponding <i>Feed-In Tariff Certificate of Compliance</i> shall be classified as a <i>priority dispatch generating unit</i> , but may at its option be classified as a <i>scheduled generating unit</i> or a <i>non-</i> | the generating unit is not providing frequency control ancillary services (i.e., regulating, contingency, and dispatchable reserves) in view of the principles of co-optimizing the plant's energy and reserve capacities through market offers for the upcoming reserve market. |

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### Annex B –

| WESM Rules |          |  |  |  |   |
|------------|----------|--|--|--|---|
| Title      | Clause   | Original Provision   | PEM Board-approved Urgent Amendments   | Proposed Amendments  | Rationale   |
|            |          |  |  | scheduled generating unit subject to Clause 2.3.1.4.   |   |
| Glossary   | Glossary | None   | None   | <b><u>Frequency Control Ancillary Services. Ancillary services used by the System Operator to maintain the frequency of the grid within the limits prescribed by the Grid Code by the timely use of reserves and demand control.</u></b> | To define FCAS as referred to in WESM Rules Clause 2.3.1.6.   |
| Glossary   | Glossary | <b>Priority Dispatch.</b> Preference to biomass plants under the Feed-In Tariff System in the dispatch schedule pursuant to Section 7 of the Renewable Energy Act. | <b>Priority Dispatch. <u>Option or Preference to all qualified and registered renewable energy plants that are not eligible for Must Dispatch such as biomass, geothermal, and impounding hydro</u></b> plants under the Feed-In Tariff System in the dispatch schedule. Pursuant to | <b>Priority Dispatch. <u>Option or Preference to all qualified and registered renewable energy plants that are not eligible for Must Dispatch such as biomass, geothermal, and impounding hydro</u></b> plants, under the Feed-In Tariff | To be consistent with the definition of “priority dispatch” in DOE DC2022-10-0031. Further revised for clarity. |

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| WESM Rules |          |   |   |  |   |
|------------|----------|---|---|--|---|
| Title      | Clause   | Original Provision  | PEM Board-approved Urgent Amendments  | Proposed Amendments  | Rationale   |
|            |          |   | Section 7 of the Renewable Energy Act.  | System. Pursuant to Section 7 of the Renewable Energy Act <u>which are given preference in the dispatch scheduling process.</u>  |   |
| Glossary   | Glossary | <b>Projected Output.</b> The <i>loading level</i> nominated by a <i>Generation Company</i> for its <i>must dispatch generating units</i> or <i>priority dispatch generating units</i> indicating the forecasted output of its <i>must dispatch generating unit</i> or <i>priority dispatch generating unit</i> at the end of a <i>dispatch interval</i> . | <b>Projected Output.</b> The <i>loading level</i> nominated by a <i>Generation Company</i> for its <i>must dispatch generating units</i> or <i>priority dispatch generating units</i> indicating the forecasted output of its <i>must dispatch generating unit</i> or <i>priority dispatch generating unit</i> at the end of a <i>dispatch interval</i> . <u><b>In the case of geothermal or impounding hydro plant which is classified as priority dispatch generating unit, projected output shall refer to its maximum available</b></u> | <b>Projected Output.</b> The <i>loading level</i> nominated by a <i>Generation Company</i> for its <i>must dispatch generating units</i> or <i>priority dispatch generating units</i> <del>indicating the forecasted output of its must dispatch generating unit or priority dispatch generating unit</del> at the end of a <i>dispatch interval</i> . <u><b>Projected output of a must dispatch generating unit shall indicate its forecasted output. In the case</b></u> | To maintain the requirement for geothermal and hydro plants to nominate loading levels corresponding to their maximum available capacity, in keeping with the principle of the must-offer rule. |

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Philippine Electricity  
Market Corporation

**Annex B –**

| WESM Rules |        |                    |   |  |           |
|------------|--------|--------------------|---|--|-----------|
| Title      | Clause | Original Provision | PEM Board-approved Urgent Amendments                        | Proposed Amendments  | Rationale |
|            |        |                    | <u>capacity, as defined in WESM Rules or Market Manual.</u> | <del>of geothermal or impounding hydro plant which is classified as a priority dispatch generating unit, projected output shall refer to its maximum available capacity,</del> <u>as defined in the WESM Rules or Market Manual.</u> |           |

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### Annex C – PAC Proposed Guidelines in Engaging Services of Auditors for Market Audit



## PAC PROPOSED GUIDELINES IN ENGAGING SERVICES OF AUDITORS FOR MARKET AUDIT

Action requested: For RCC comments

23 June 2023 | MS Teams

### PEM AUDIT MANUAL SECTION 4.1

**The *PEM Audit Committee* may engage the services of *Independent Auditors* or the internal audit unit of the **Governance Arm**.** The internal audit unit of the Governance Arm must have the sufficient and adequate expertise, certifications, and resources for the conduct of applicable audits and have completed the required capacity building and training.

**The *PEM Audit Committee* shall define the guidelines in engaging the services of the *Independent Auditors* and the internal audit unit of the *Governance Arm* for the conduct of applicable audits.**

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### Annex C – PAC Proposed Guidelines in Engaging Services of Auditors for Market Audit

| SUMMARY OF GUIDELINES       |   |                                     |                                     |
|-----------------------------|---|-------------------------------------|-------------------------------------|
| Proposed Qualified Auditor  |   |                                     |                                     |
| Audit Project               | Timeline  | Proposed Qualified Auditor          |                                     |
|                             |   | Independent Auditor                 | IAD                                 |
| Audit of spot market and MO | at least once at interval not exceeding three years from the last audit | <input checked="" type="checkbox"/> |                                     |
| Audit of MO software*       | annual  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Audit of CRB                | at least once at interval not exceeding three years from the last audit | <input checked="" type="checkbox"/> |                                     |
| Audit of CRB software*      | annual  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

\*new – Independent Auditor, enhancements - IAD



| SUMMARY OF GUIDELINES   |   |                                     |                                     |
|---|---|-------------------------------------|-------------------------------------|
| Proposed Qualified Auditor  |   |                                     |                                     |
| Audit Project   | Timeline  | Proposed Qualified Auditor          |                                     |
|   |   | Independent Auditor                 | IAD                                 |
| Review of metering installations and arrangements                         | at least once at interval not exceeding three years from the last audit | <input checked="" type="checkbox"/> |                                     |
| Audit of monitoring and assessment, and enforcement and compliance system | based on timeline agreed with relevant process owners of PEMC           |                                     | <input checked="" type="checkbox"/> |
| Audit requested by CC or ECO  | based on timeline requested and/or prescribed by ECO/CC                 |                                     | <input checked="" type="checkbox"/> |
| Audit requested by PEM Board  | based on timeline requested and/or prescribed by PEM Board              |                                     | <input checked="" type="checkbox"/> |

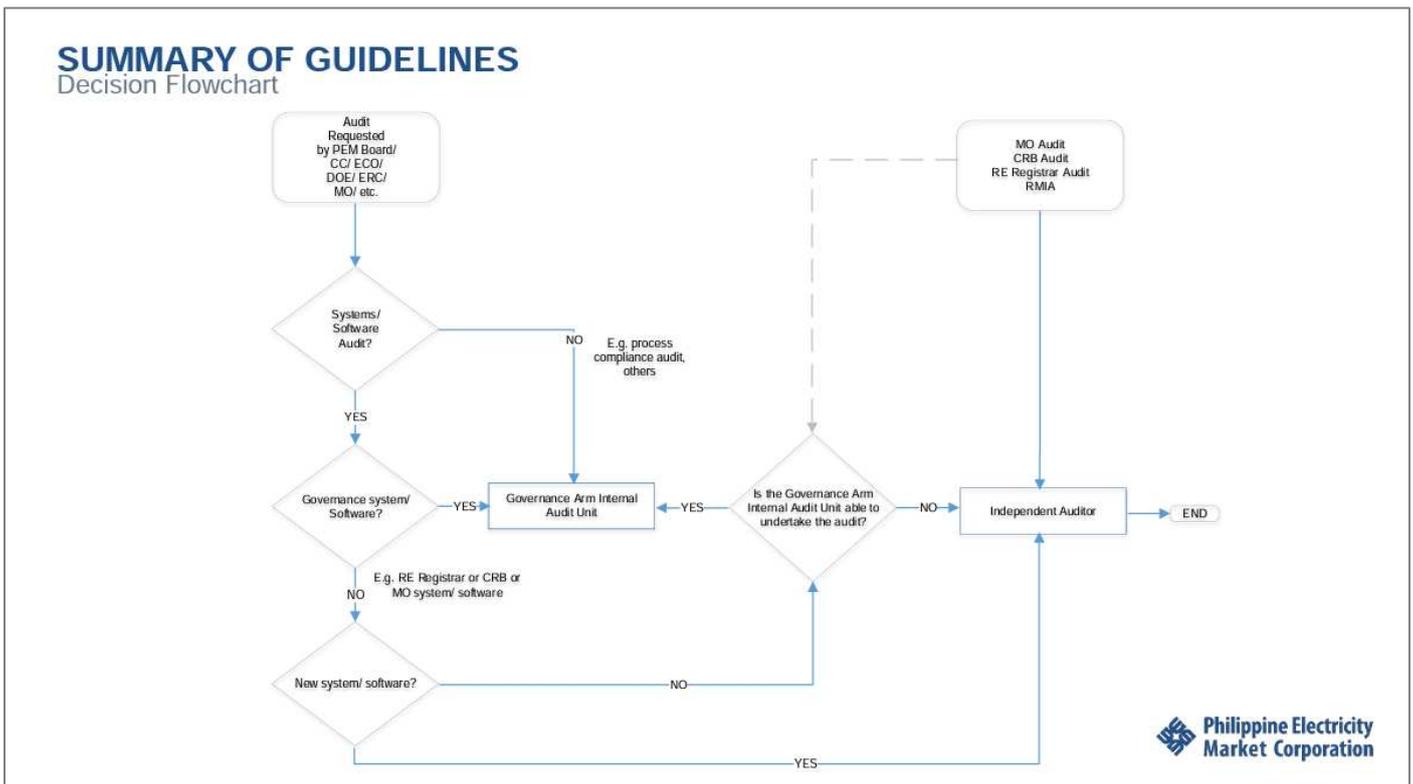


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## Annex C – PAC Proposed Guidelines in Engaging Services of Auditors for Market Audit

| SUMMARY OF GUIDELINES<br>Proposed Qualified Auditor |  | Proposed Qualified Auditor          |                                     |
|---|--|-------------------------------------|-------------------------------------|
|   |  | Independent Auditor                 | IAD                                 |
| Audit Project                                       | Timeline   |                                     |                                     |
| Audit requested by ERC                              | For CRB/MO software/system: based on timeline prescribed by ERC or timeline for CRB/MO software/system audit, whichever applies<br>For other audits: based on timeline prescribed by ERC | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Audit of RE Registrar                               | once a year, or such other period as determined by PAC   | <input checked="" type="checkbox"/> |                                     |
| Audit of RE Market Software                         | For new: no later than one (1) year from its deployment for commercial purposes<br>For enhancements: before the change is deployed   | <input checked="" type="checkbox"/> |                                     |



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### Annex C – PAC Proposed Guidelines in Engaging Services of Auditors for Market Audit



**Philippine Electricity  
Market Corporation**

# Connect with PEMCMC

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**Annex D – Matrix of Proposed Amendments (Proposal regarding Market Transaction Procedures in view of the ERC Resolution No. 01, Series of 2023)**

| Retail Rules |        |                    |                    |           |   |                                      |  |              |
|--------------|--------|--------------------|--------------------|-----------|---|--------------------------------------|--|--------------|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment   | Proposed Re-wording based on Comment | Proponent's Response   | RCC Decision |
|              |        |                    |                    |           |   |                                      | <b>IEMOP's additional comments:</b> <ol style="list-style-type: none"> <li>Suggest to use the term RCOA instead of CREM, where applicable.</li> <li>Definition of terms: subject to RCC Secretariat's harmonization based on DOE/ERC issuances and relevant market manuals.</li> </ol> |              |
|              |        |                    |                    |           | <p><i>[Please write general comments here, if any.]</i></p> <p><b>NGCP:</b></p> <ol style="list-style-type: none"> <li>The definition of "Initial Switch" in ERC Resolution 9, Series of 2018 refers to "Contestable Market" (not amended in ERC Reso 1 Series of 2023). There may be a need to add a definition for "Initial Switch" in the Retail Rules to refer to Eligible End-Users for consistency.</li> <li>The definition of "Switch Request" in ERC Resolution 9, Series of 2018 refers generally to "Contestable Market" (not amended in ERC Reso 1 Series of 2023). For consistency, there may be a need to add a definition for "Switch Request" in the Retail Rules to differentiate the switch request by an Eligible End-User and a Contestable Customer.</li> </ol> |                                      | <p><b>NGCP:</b></p> <ol style="list-style-type: none"> <li>The current proposal is based on ERC Resolution No. 1 Series of 2023 that does not provide for</li> </ol>   |              |

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**Annex D – Matrix of Proposed Amendments (Proposal regarding Market Transaction Procedures in view of the ERC Resolution No. 01, Series of 2023)**

| Retail Rules |        |                    |                    |           |         |  |  |   |
|--------------|--------|--------------------|--------------------|-----------|---------|--|--|---|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment | Proposed Re-wording based on Comment   | Proponent's Response   | RCC Decision  |
|              |        |                    |                    |           |         |  | specific definition of initial switch. Kindly propose the additional definition if necessary.<br>2. Same response as provided in item 1.   |   |
|              |        |                    |                    |           |         | <b>PEMC:</b><br>1. Deliberations during the 213 <sup>th</sup> RCC (Caucus) Meeting on ERAP proposal were already considered in the review of this proposal.<br>2. To avoid confusion and for the purpose of discussions, the following definitions are provided and/or suggested in line with <a href="#">existing references</a> and <a href="#">on-going proposals</a> :<br><br>a. <b>End-user</b> (General Term): Any person or entity requiring the supply and delivery of electricity for its own use.<br>b. <b>Eligible End-user</b> : An <i>end-user</i> that has <b>met the contestability threshold</b> , and who <b>has a choice to switch</b> from the <i>Captive Market</i> to the Competitive Retail Electricity Market (CREM).<br>c. <b>Customer</b> : A person who:<br>1. engages in the activity of purchasing electricity supplied through a <i>transmission or distribution system</i> , and<br>2. registers with the <i>Market Operator</i> in that capacity under clause 2.3.2.<br>d. <b>Supply Customer</b> : <i>Customers or Generation Companies that purchase electricity under any power supply agreement replacement power arrangement or contract with a Generation Company or Retail Electricity Supplier.</i> | <b>PEMC:</b><br>1. Noted.<br>2. a. Agree<br>b. <b>Eligible End-user</b> : An <i>end-user</i> that has <b>met the contestability threshold, and who has a choice to switch but has not yet transferred</b> from the | Need to harmonize with the definition of Eligible End-User as used in the GEOP Manual |

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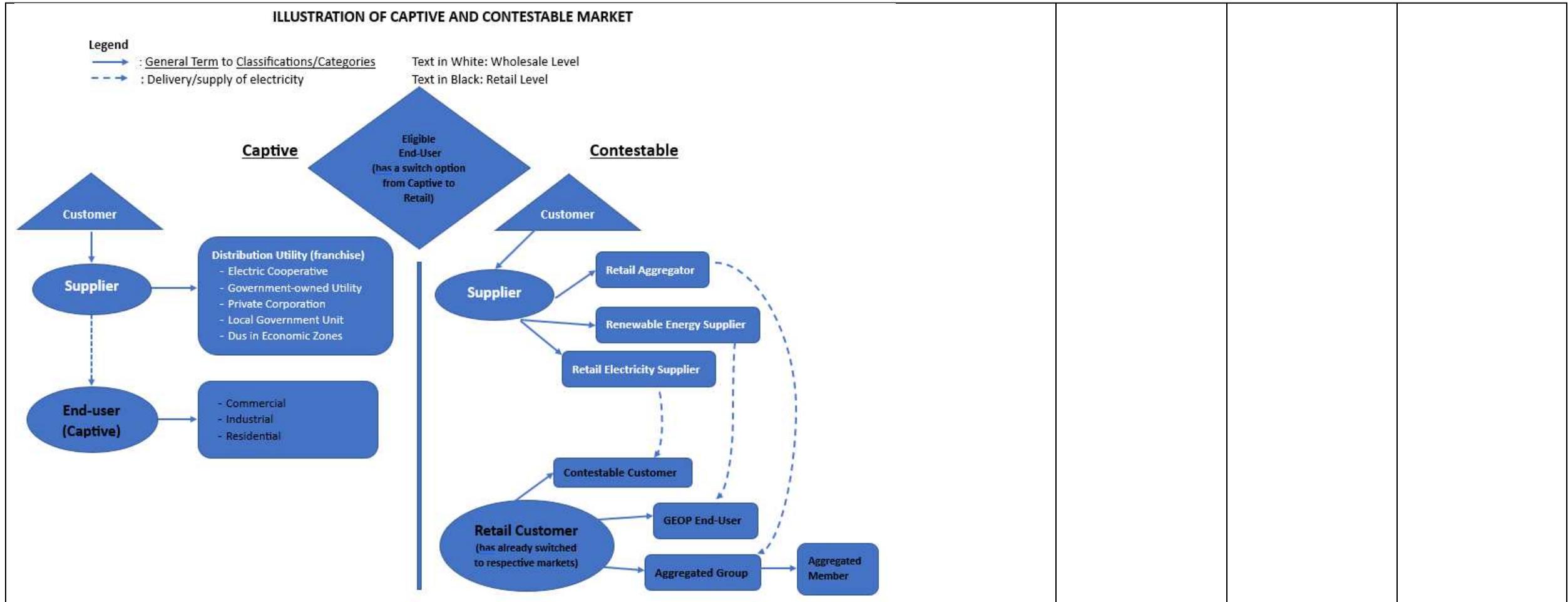
**Annex D – Matrix of Proposed Amendments (Proposal regarding Market Transaction Procedures in view of the ERC Resolution No. 01, Series of 2023)**

| Retail Rules  |                                    |  |                    |           |         |                                      |   |              |  |
|---|------------------------------------|--|--------------------|-----------|---------|--------------------------------------|---|--------------|--|
| Title   | Clause                             | Original Provision   | Proposed Amendment | Rationale | Comment | Proposed Re-wording based on Comment | Proponent's Response  | RCC Decision |  |
| e.  | <i>Supplier</i>                    | Any person or entity licensed by the ERC to sell, broker, market or aggregate electricity to End-users, in the capacity of a Retail Electricity Supplier, Retail Aggregator and/or Renewable Energy Supplier, and registered with the Market Operator as a Customer under clause 2.3.2 of the WESM Rules and 2.4.1 of the Retail Rules.  |                    |           |         |                                      | Captive Market to the Competitive Retail Electricity Market (CREM). |              |  |
| f.  | <i>Distribution Utilities</i>      | Any electric cooperative, private corporation, government-owned utility, or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with its franchise and the EPIRA, including DUs operating in the Economic Zones.  |                    |           |         |                                      |   |              |  |
| g.  | <i>Retail Electricity Supplier</i> | Any person or entity authorized by the ERC to sell, broker, market or aggregate electricity to the End-users.  |                    |           |         |                                      |   |              |  |
| h.  | <i>Renewable Energy Suppliers</i>  | Refers to individuals or judicial entities created, registered, or authorized to operate in the Philippines in accordance with existing laws and engaged in the provision or supply of electric power from RE resources to Green Energy Option Program (GEOP) End-User.  |                    |           |         |                                      |   |              |  |
| i.  | <i>Retail Aggregators</i>          | A person or entity duly licensed by the ERC to engage in consolidating electric power demand of End-users for the purpose of purchasing and reselling electricity on a group basis.  |                    |           |         |                                      |   |              |  |
| j.  | <i>Retail Customer</i>             | An electricity end-user that is qualified to contract electricity supply from <i>Suppliers</i> , in accordance with qualifications issued by the ERC, and has switched to its respective market. For clarity, it shall collectively pertain to “Contestable Customer”, “GEOP End-User”, and <i>Aggregated Group</i> unless the context requires specific reference individually. |                    |           |         |                                      |   |              |  |
| k.  | <i>Contestable Customer</i>        | An electricity end user that is certified by the ERC as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market.  |                    |           |         |                                      |   |              |  |
| l.  | <i>GEOP End-User</i>               | Any person or entity requiring the supply and delivery of electricity sourcing 100% of its electricity requirements from RE Resources for its own use.   |                    |           |         |                                      |   |              |  |
| m.  | <i>Aggregated Group</i>            | End-users, the demand of which, has been consolidated and supplied by a Retail Aggregator to qualify for contestability under current rules issued by the DOE and the ERC.   |                    |           |         |                                      |   |              |  |
| n.  | <i>Aggregated Member</i>           | End-user which is part of the Aggregated Group, which qualifies for contestability under the current rules issued by the DOE and the ERC.  |                    |           |         |                                      |   |              |  |
| To provide an illustration of captive and contestable market, please refer to the illustration below: |                                    |  |                    |           |         |                                      |   |              |  |

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## Annex D – Matrix of Proposed Amendments (Proposal regarding Market Transaction Procedures in view of the ERC Resolution No. 01, Series of 2023)



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### Annex D – Matrix of Proposed Amendments (Proposal regarding Market Transaction Procedures in view of the ERC Resolution No. 01, Series of 2023)

| Retail Rules                      |         |  |   |  |   |   |   |              |
|-----------------------------------|---------|--|---|--|---|---|---|--------------|
| Title                             | Clause  | Original Provision   | Proposed Amendment  | Rationale  | Comment   | Proposed Re-wording based on Comment  | Proponent’s Response  | RCC Decision |
| Conditions for Customer Switching | 3.2.1.3 | 3.2.1.3 A <i>Supplier</i> may submit a switch request to the <i>Central Registration Body</i> provided the following conditions are met:<br><br>a) xxx xxxx<br><br>b) xxx xxxx<br><br>c) The <i>Retail Customer</i> has no financial obligations with its <i>Network Service Provider</i> , in case of initial switch, or its incumbent <i>Supplier</i> , and<br><br>d) xxx xxxx | 3.2.1.3 A <i>Supplier</i> may submit a switch request to the <i>Central Registration Body</i> provided the following conditions are met:<br><br>a) xxx xxxx<br><br>b) xxx xxxx<br><br>c) <b><u>If the Retail Customer is a Contestable Customer, the Retail Customer</u></b> has no financial obligations with its <i>Network Service Provider</i> , in case of initial switch, <del>or its incumbent <i>Supplier</i>, and</del><br><br>d) xxx xxxx | To harmonize with ERC Resolution No. 01, Series of 2023 (Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers) | <b>MERALCO:</b><br><br>We propose to retain the term “Retail Customer,” since the ERC’s Rules for the Green Energy Option Program (“GEOP Rules”) has a similar provision for end-users eligible under GEOP.<br><br>Article II, Section 4 of the Rules Enabling the Green Energy Option Program provides:<br><br>“4.4 To participate in the GEOP, <b><u>existing End-Users should have no outstanding balance with its DU or TransCo or its successors-in-interest or concessionaire.</u></b> End-Users shall be | <b>MERALCO:</b><br><br>3.2.1.3 A <i>Supplier</i> may submit a switch request to the <i>Central Registration Body</i> provided the following conditions are met:<br><br>a) xxx xxxx<br><br>b) xxx xxxx<br><br>c) <del>If the</del> The <i>Retail Customer</i> <del>is a Contestable Customer, the Retail Customer</del> has no financial obligations with its <i>Network Service Provider</i> , in case of initial switch, <del>or its incumbent <i>Supplier</i>, and</del><br><br>d) xxx xxxx | <b>MERALCO:</b><br><br>Consider proposal since Retail Rules also cover GEOP | Adopt IEMOP  |

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**Annex D – Matrix of Proposed Amendments (Proposal regarding Market Transaction Procedures in view of the ERC Resolution No. 01, Series of 2023)**

| Retail Rules |        |                    |                    |           |   |                                      |   |              |
|--------------|--------|--------------------|--------------------|-----------|---|--------------------------------------|---|--------------|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment   | Proposed Re-wording based on Comment | Proponent's Response  | RCC Decision |
|              |        |                    |                    |           | <p><i>required to settle their outstanding balance prior to Switching. For purposes of these Rules, the outstanding balance shall refer to the amount due under previous unpaid bills including the amount indicated in its current bill.</i> (emphasis supplied)</p> |                                      |   |              |
|              |        |                    |                    |           | <p><b>NGCP:</b></p> <p>1. Clarification on 3.2.1.3 “<i>may submit a switch request to the Central Registration Body.</i>” Can the retail customer submit the switch request? Section 3.2.2.1 uses the word</p>  |                                      | <p><b>NGCP:</b></p> <p>1. Switch requests are submitted by the RES since the RCOA was established. As such, the CRSS is designed to accept switch request from RES. 3.2.2.1 pertains to the</p> | Adopt IEMOP  |

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**Annex D – Matrix of Proposed Amendments (Proposal regarding Market Transaction Procedures in view of the ERC Resolution No. 01, Series of 2023)**

| Retail Rules |        |                    |                    |           |                           |                                      |  |              |
|--------------|--------|--------------------|--------------------|-----------|---------------------------|--------------------------------------|--|--------------|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment                   | Proposed Re-wording based on Comment | Proponent's Response   | RCC Decision |
|              |        |                    |                    |           | "shall" for the Supplier. |                                      | requirements that must be submitted for customer switching. For this reason, it uses the term "shall". In case of 3.2.1.3, that pertains to the option to submit a switch request. |              |

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| Retail Rules |        |                    |                    |           |   |                                      |   |              |
|--------------|--------|--------------------|--------------------|-----------|---|--------------------------------------|---|--------------|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment   | Proposed Re-wording based on Comment | Proponent's Response  | RCC Decision |
|              |        |                    |                    |           | <p><b>NGCP:</b></p> <p>2. The use of Contestable Customer and Eligible End-User in the proposed revisions to 3.2.1.3 c) and 3.2.2.1 d) seem to be not aligned. Conditions in 3.2.1.3 require that a supply contract must have been entered into by the parties.</p> |                                      | <p><b>NGCP:</b></p> <p>2. Requesting clarification on the concern. Note that <b>we agree with PEMC's proposal below</b> to cover both Contestable Customer (for regular switch) and Eligible End-User (for initial switch).</p> |              |

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| Retail Rules |        |                    |                    |           |   |  |  |   |
|--------------|--------|--------------------|--------------------|-----------|---|--|--|---|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment   | Proposed Re-wording based on Comment   | Proponent's Response   | RCC Decision  |
|              |        |                    |                    |           | <p><b>PEMC:</b><br/>For items (a) and (b), proposed to add "Eligible End-user" to include those that are also undergoing initial switch.</p> <p>Please note that Retail Customers are those that have already switched. Meaning, it doesn't include those Eligible End-user.</p> <p>For item (c), proposed to be transferred to the last part and not be included in the enumeration in order to clarify that the other items are also required prior</p> | <p><b>PEMC:</b><br/>3.2.1.3 A <i>Supplier</i> may submit a switch request to the <i>Central Registration Body</i> provided the following conditions are met:</p> <p>a) A supply contract has been entered into between the <i>Supplier</i> and the <i>Retail Customer</i> <u>or the Eligible End-user</u> for which the switch request is made;</p> <p>b) There is an existing and valid wheeling service agreement with the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i> and a metering services agreement with a registered</p> | <p><b>PEMC:</b><br/>Agree for items a and b, but for consideration of RCC to <b>harmonize the definition of eligible end-user</b> if it only applies to qualified contestable customer and not GEOP end-users.</p> <p>Note that ERC GEOP Rules Article 2 uses the phrase "Eligible End-Users for GEOP".</p> <p>For item d, suggest that we retain the proposal because the intention is to enumerate the requirements in</p> | <p>For items a and b, the Secretariat to check the definition of Eligible End-User</p> <p>For items c and d: Adopt PEMC</p> |

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| Retail Rules |        |                    |                    |           |   |  |                                   |              |
|--------------|--------|--------------------|--------------------|-----------|---|--|-----------------------------------|--------------|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment   | Proposed Re-wording based on Comment   | Proponent's Response              | RCC Decision |
|              |        |                    |                    |           | <p>the switch request for both the Retail Customer and Eligible End-user (in case of initial switch from Captive to Contestable Market)</p> <p>Lastly, please note that Contestable Customers (CCs) are those that have already switched from Captive to Retail Market. Based on Section 1 (b) of the ERC Resolution No. 01, Series of 2023, CCs shall be allowed to switch or to be supplied by a new RES or SOLR, notwithstanding the existence of an</p> | <p><i>Metering Services Provider, covering the Retail Customer or the Eligible End-user; and</i></p> <p><del><i>e) If the Retail Customer is a Contestable Customer, the Retail Customer has no financial obligations with its Network Service Provider, in case of initial switch, or its incumbent Supplier; and</i></del></p> <p><del><i>c) xxx xxxx</i></del></p> <p><u><i>In case of initial switch, the Eligible End-User that has chosen the Supplier has no financial obligations with its</i></u></p> | itemized form for easy reference. |              |

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| Retail Rules                    |         |   |   |  |   |   |   |              |
|---------------------------------|---------|---|---|--|---|---|---|--------------|
| Title                           | Clause  | Original Provision  | Proposed Amendment  | Rationale  | Comment   | Proposed Re-wording based on Comment      | Proponent's Response  | RCC Decision |
|                                 |         |   |   |  | outstanding balance. Hence, proposed to change to Eligible End-user instead CC.   | <a href="#">Network Service Provider.</a> |   |              |
| <b>Procedures for Switching</b> | 3.2.2.1 | <p>3.2.2.1 Once all the conditions set forth in Clause 3.2.1.3 are met, the new <i>Supplier</i> shall submit the switch request to the <i>Central Registration Body</i> not later than seven (7) working days prior to the proposed effective date.</p> <p>The switch request shall be electronically filled out and shall include a confirmation from authorized representatives of the following:</p> <p>a) xxx xxxx</p> <p>b) xxx xxxx</p> <p>c) the <i>Supplier</i> or the <i>Retail Customer</i>, as applicable, and the</p> | <p>3.2.2.1 Once all the conditions set forth in Clause 3.2.1.3 are met, the new <i>Supplier</i> shall submit the switch request to the <i>Central Registration Body</i> not later than seven (7) working days prior to the proposed effective date.</p> <p>The switch request shall be electronically filled out and shall include a confirmation from authorized representatives of the following:</p> <p>a) xxx xxxx</p> <p>b) xxx xxxx</p> | To harmonize with ERC Resolution No. 01, Series of 2023 (Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers) | <p><b>MERALCO:</b></p> <p>The term “Retail Customer” is an umbrella term which is intended to cover Contestable Customers, GEOP End-Users, and Eligible End-Users.</p> <p>In this provision, the Retail Customer has already entered a Retail Supply Contract with a Supplier and is about to switch; hence, the term</p> |   | <p><b>MERALCO:</b></p> <p>Recommend to retain original proposal <b>subject to our general comment on the use of “eligible end-user”</b></p> |              |

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| Retail Rules |        |   |  |           |  |  |   |  |
|--------------|--------|---|--|-----------|--|--|---|--|
| Title        | Clause | Original Provision  | Proposed Amendment   | Rationale | Comment  | Proposed Re-wording based on Comment   | Proponent's Response  | RCC Decision   |
|              |        | registered <i>Retail Metering Services Provider</i> of the existence of a valid metering services agreement covering the <i>Retail Customer</i> ; and                                     | c) the <i>Supplier</i> or the <i>Retail Customer</i> , as applicable, and the registered <i>Retail Metering Services Provider</i> of the existence of a valid metering services agreement covering the <i>Retail Customer</i> ; and  |           | retail customer would be appropriate.  |  |   |  |
|              |        | d) the incumbent <i>Supplier</i> or, if not served by a <i>Supplier</i> , the relevant <i>Distribution Utility</i> that the <i>Retail Customer</i> has no outstanding balance.<br><br>xxx | <del>d) the incumbent <i>Supplier</i> or, if not served by a <i>Supplier</i>, the relevant <i>Distribution Utility</i> that the <i>Retail Customer</i> has no outstanding balance.</del><br><br><b><u>d) If the <i>Retail Customer</i> is an <i>Eligible End-User</i> that intends to undergo initial switch, the <i>Network Service Provider</i> that the <i>Eligible End-User</i> has no outstanding balance.</u></b><br><br>xxx |           | NGCP:<br><br>The use of Contestable Customer and Eligible End User in the proposed revisions to 3.2.1.3 c) and 3.2.2.1 d) seem to be not aligned. Conditions in 3.2.1.3 include that a supply contract has been entered into by the parties. |  | NGCP:<br><br>Same as above:<br><br>Requesting clarification on the concern. Note that we agree with PEMC's proposal below to cover both Contestable Customer (for regular switch) and Eligible End-User (for initial switch). |  |
|              |        |   |  |           | PEMC:<br>Same comments to the previous provision.  | PEMC:<br>Xxx xxxx<br><br>a) the <i>Supplier</i> and the <i>Retail Customer</i> | PEMC:<br><br>Okay to adopt PEMC's proposal  | d) <b><u>If the <i>Retail Customer</i> it is an <i>Eligible End-User</i> that intends intending to</u></b> |

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| Retail Rules |        |                    |                    |           |   |   |   |  |
|--------------|--------|--------------------|--------------------|-----------|---|---|---|--|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment   | Proposed Re-wording based on Comment  | Proponent's Response  | RCC Decision   |
|              |        |                    |                    |           | Also, proposed to revise for simplicity, and clarity that the confirmation from NSP is through certification. | <p><u>or Eligible End-user</u> of the existence of a retail/GEOP supply contract or any equivalent thereof between the two parties, and the term of the retail supply contract including the effectivity dates;</p> <p>b) the <i>Supplier</i> or the <i>Retail Customer</i> <u>or Eligible End-user</u>, as applicable, and the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i> of the existence of a valid wheeling service agreement covering the <i>Retail Customer</i> <u>or Eligible End-user</u>;</p> | <p>for items a and b <b>subject to our general comment on the use of “eligible end-user”</b>.</p> <p>For item d, we recommend retaining IEMOP's proposal. We note that currently, attestations are required for no outstanding balance.</p> | <p><b><u>undergo initial switch, the Network Service Provider, through a certification, that the Eligible End-User has no outstanding balance.</u></b></p> |

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Philippine Electricity  
Market Corporation

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| Retail Rules |        |                    |                    |           |         |  |                      |              |
|--------------|--------|--------------------|--------------------|-----------|---------|--|----------------------|--------------|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment | Proposed Re-wording based on Comment   | Proponent's Response | RCC Decision |
|              |        |                    |                    |           |         | <p>c) the <i>Supplier</i> or the <i>Retail Customer</i> <u>or Eligible End-user</u>, as applicable, and the registered <i>Retail Metering Services Provider</i> of the existence of a valid metering services agreement covering the <i>Retail Customer</i> <u>or Eligible End-user</u>; and</p> <p>d) <del>If the <i>Retail Customer</i> it is an Eligible End-User that intends intending to undergo initial switch, the Network Service Provider, through a certification, that the Eligible End-User has no outstanding balance.</del></p> |                      |              |

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| Retail Rules    |        |   |  |  |  |   |  |  |
|-----------------|--------|---|--|--|--|---|--|--|
| Title           | Clause | Original Provision  | Proposed Amendment   | Rationale  | Comment  | Proposed Re-wording based on Comment  | Proponent's Response   | RCC Decision   |
|                 |        |   |  |  |  | Xxx xxxx  |  |  |
| <b>GLOSSARY</b> | 5      | <b>Contestable Customers</b> - An electricity end user that is certified by the <i>ERC</i> as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market. | <del><b>Contestable Customers</b> - An electricity end user that is certified by the <i>ERC</i> as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market.</del> <b><u>An Eligible End-User that has entered into a retail supply contract with a Retail Electricity Supplier of its choice.</u></b> | To adopt definition of Contestable Customers from ERC Resolution No. 01, Series of 2023 (Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers) We defer to PEMC for the general review of the Retail Rules and Manuals for alignment with ERC's revised definition | <b>PEMC:</b><br><br>Contestable Customer is a classification under the umbrella term Retail Customer.<br><br>Correspondingly, Retail Customers are those that have already switched from Captive to Retail Market.<br><br>Hence, the phrase "and has switch" is essential to be added to indicate that the Eligible End-user has already switched. | <b>PEMC:</b><br><br><del><b>Contestable Customers</b> - An electricity end user that is certified by the <i>ERC</i> as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market</del> <b><u>An Eligible End-User that has entered into a retail supply contract with a Retail Electricity Supplier of its choice, and</u></b> | <b>PEMC:</b><br><br>Okay with this subject to our comment to review the Retail Rules and relevant manuals with ERC's revised definition. | Adopt PEMC<br><br>Secretariat to harmonize the terms |

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| Retail Rules    |        |                    |  |  |  |  |   |                                     |
|-----------------|--------|--------------------|--|--|--|--|---|-------------------------------------|
| Title           | Clause | Original Provision | Proposed Amendment   | Rationale  | Comment  | Proposed Re-wording based on Comment                                       | Proponent's Response  | RCC Decision                        |
|                 |        |                    |  |  |  | <a href="#">has switched to the competitive retail electricity market.</a> |   |                                     |
| <b>GLOSSARY</b> | 5      | (new)              | <b><u>Eligible End-User – An end-user that has met the contestability threshold and who has a choice to switch from captive market to the competitive retail electricity market.</u></b> | To adopt definition of Eligible End-Users from ERC Resolution No. 01, Series of 2023 (Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers)<br>We defer to PEMC for the general review of the Retail Rules and Manuals for alignment with ERC's definition | <b>MERALCO:</b><br><br>The term "Contestable Customer" within the context of the Resolution refers to "an Eligible End-User that has entered into a Retail Supply Contract (RSC) with a supplier of its choice."<br><br>PEMC needs to check if the term contestable customer, as currently used in the Retail Rules and Market Manuals, is likewise limited to those customers with RSCs.<br><br>We concur that there should be a general review of Retail Rules |  | <b>MERALCO:</b><br><b>Same with our general comment on the use of "Eligible End-User"</b> | For the Secretariat's harmonization |

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| Retail Rules |        |                    |                    |           |  |                                      |  |  |
|--------------|--------|--------------------|--------------------|-----------|--|--------------------------------------|--|--|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment  | Proposed Re-wording based on Comment | Proponent's Response   | RCC Decision                                     |
|              |        |                    |                    |           | and Market Manuals to see if provisions referring to "contestable customers" need to be revised to refer to "eligible end-users" instead.  |                                      |  |  |
|              |        |                    |                    |           | <p><b>PEMC:</b></p> <p>Definition is in line with ERC Resolution No. 01, Series of 2023.</p> <p>The competitive retail electricity market (CREM) may also be defined in the Retail Rules for clarity.</p> <p>CREM is defined in ERC Reso NO. 04, S. 2022 as An</p> |                                      | <p><b>PEMC:</b></p> <p>ERC Reso 04 s 2022 uses CREM for CCs only.</p> <p>Suggest if we can have another term like "Retail Market" to cover RCOA, GEOP, AG;</p> | On IEMOP's suggestion, Secretariat to coordinate |

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| Retail Rules    |        |   |   |  |   |   |  |   |
|-----------------|--------|---|---|--|---|---|--|---|
| Title           | Clause | Original Provision  | Proposed Amendment  | Rationale  | Comment   | Proposed Re-wording based on Comment  | Proponent's Response   | RCC Decision  |
|                 |        |   |   |  | electricity market wherein contestable customers exercise their ability to choose suppliers of electricity by virtue of open access in the distribution system.   |   |  |   |
| <b>GLOSSARY</b> | 5      | Retail Customer – An electricity end-user that is qualified to contract electricity supply from Suppliers, in accordance with qualifications issued by the ERC either in the capacity of a Contestable Customer or a GEOP End-User as prescribed in Republic Act No. 9513. For clarity, the term “Retail Customer” shall collectively pertain to “Contestable Customer” and “GEOP End-User” unless the context requires that the term specifically refer to | Retail Customer – An electricity end-user that is qualified to contract electricity supply from Suppliers, in accordance with qualifications issued by the ERC either in the capacity of <b>an Eligible End-User</b> , a Contestable Customer or a GEOP End-User as prescribed in Republic Act No. 9513. For clarity, the term “Retail Customer” shall collectively pertain to <b>“Eligible End-User”</b> , “Contestable Customer” and “GEOP End- | To include Eligible End-Users under umbrella term Retail Customers We defer to PEMC for the general review of the Retail Rules and Manuals for alignment with ERC’s definition | <b>PEMC:</b><br><br>Again, as introduced in ERC Reso No. 01, S. 2023, an Eligible End-User may not necessarily mean that it is already a Retail Customer. It is only qualified to switch, but not necessarily that it has already switched and served by Suppliers. | <b>PEMC:</b><br><br><i>Retail Customer</i> – An electricity end-user that is qualified to contract electricity supply from <i>Suppliers</i> , in accordance with qualifications issued by the ERC, <b>and has switched to its respective market</b> , either in the capacity of <b>an Eligible End-User</b> , a Contestable | <b>PEMC:</b><br><br>Suggest to clarify what “respective market” pertains to. Alternatively, suggest to use “ <b>program</b> ” if it pertains to RCOA, GEOP, or Retail Aggregation Program. | Adopt PEMC with further revision<br><br>xxx <b>and has switched to its respective market Supplier</b> xxx |

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| Retail Rules |        |  |  |           |   |   |                      |              |
|--------------|--------|--|--|-----------|---|---|----------------------|--------------|
| Title        | Clause | Original Provision                                 | Proposed Amendment   | Rationale | Comment   | Proposed Re-wording based on Comment  | Proponent's Response | RCC Decision |
|              |        | either a "Contestable Customer" or "GEOP End-User" | User" unless the context requires that the term specifically refer to either an <b>"Eligible End-User"</b> , "Contestable Customer" or "GEOP End-User" |           | For consistency, suggest revising, considering also IEMOP's comment during the RCC 213 <sup>th</sup> (Caucus) Meeting on the ERAP proposal. | <del>Customer, or a GEOP End-User as prescribed in Republic Act No. 9513, or an Aggregated Group.</del><br>For clarity, <del>it the term</del> "Retail Customer" shall collectively pertain to <del>"Eligible End-User", "Contestable Customer", and "GEOP End-User", and Aggregated Group</del> unless the context requires that the term specifically refer to either an <b>"Eligible End-User"</b> , "Contestable Customer" or "GEOP End-User" <b>specific</b> |                      |              |



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| Retail Rules |        |                    |                    |           |         |                                      |                      |              |
|--------------|--------|--------------------|--------------------|-----------|---------|--------------------------------------|----------------------|--------------|
| Title        | Clause | Original Provision | Proposed Amendment | Rationale | Comment | Proposed Re-wording based on Comment | Proponent's Response | RCC Decision |
|              |        |                    |                    |           |         | reference individually.              |                      |              |

| Retail Manual on Market Transactions Procedure |         |   |  |  |   |  |  |   |
|--|---------|---|--|--|---|--|--|---|
| Title  | Section | Original Provision  | Proposed Amendment   | Rationale  | Comment   | Propose Re-wording based on Comment  | Proponent's Response   | RCC Decision  |
| [Please write general comments here, if any.]  |         |   |  |  |   |  |  |   |
| <b>Customer Switching - Overview</b>           | II.2.3  | 2.3. Before a <i>Switch Request</i> can be submitted by a <i>Supplier</i> , the following must be present:<br><br>2.3.1. A valid Retail Supply Contract between a <i>Supplier</i> and the <i>Contestable Customer</i> for which the request is made; and<br>2.3.2. An existing and valid wheeling service | 2.3. Before a <i>Switch Request</i> can be submitted by a <i>Supplier</i> , the following must be present:<br><br>2.3.1. A valid Retail Supply Contract between a <i>Supplier</i> and the <i>Contestable Customer</i> for which the request is made; <del>and</del><br>2.3.2. An existing and valid wheeling service | To harmonize with ERC Resolution No. 01, Series of 2023 (Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers) | <b>MERALCO:</b><br><br>We propose to use the term "Retail Customer" instead of "contestable customer" in this section, since the ERC's Rules for the Green Energy Option Program ("GEOP Rules") has | <b>MERALCO:</b><br><br>2.3. Before a <i>Switch Request</i> can be submitted by a <i>Supplier</i> , the following must be present:<br><br>2.3.1. A valid Retail Supply Contract between a <i>Supplier</i> and the | <b>MERALCO:</b><br><br>We note that there is a separate manual that covers GEOP Market Transactions as approved by DOE.<br><br>See IEMOP's revised proposal below to | Secretariat to harmonize the terms in coordination with the proponent<br><br>Adopt IEMOP's further revision |

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| Retail Manual on Market Transactions Procedure |         |   |   |           |  |  |  |              |
|--|---------|---|---|-----------|--|--|--|--------------|
| Title  | Section | Original Provision  | Proposed Amendment  | Rationale | Comment  | Propose Re-wording based on Comment  | Proponent's Response   | RCC Decision |
|  |         | <p>agreement with the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i> and a metering services agreement with a registered <i>Retail Metering Services Provider</i> covering the <i>Contestable Customer</i>.</p> <p>2.3.3. A certification from the incumbent <i>Supplier</i> or relevant <i>Distribution Utility</i> that the <i>Contestable Customer</i> does not have any outstanding balance.</p> | <p>agreement with the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i> and a metering services agreement with a registered <i>Retail Metering Services Provider</i> covering the <i>Contestable Customer</i>.<br/><b>and</b></p> <p>2.3.3. A certification from the incumbent <del><i>Supplier</i></del> or relevant <i>Distribution Utility</i>, <b>in case of an initial switch</b>, that the <i>Contestable Customer</i> does not have any outstanding balance.</p> |           | <p>a similar provision for end-users eligible under GEOP.</p> <p>Article II, Section 4 of the Rules Enabling the Green Energy Option Program provides:</p> <p>“4.4 To participate in the GEOP, <b><u>existing End-Users should have no outstanding balance with its DU or TransCo or its successors-in-interest or concessionaire.</u></b> End-Users shall be required to settle their outstanding balance prior to Switching. For purposes of these</p> | <p><del><b><u>Retail Contestable Customer</u></b></del> for which the request is made;</p> <p>2.3.2. An existing and valid wheeling service agreement with the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i> and a metering services agreement with a registered <i>Retail Metering Services Provider</i> covering the <i>Contestable Customer</i>. and</p> <p>2.3.3. A certification from the relevant <i>Distribution Utility</i>, in case of an initial switch, that the <del><b><u>Retail Contestable Customer</u></b></del> does not have any</p> | <p>incorporate PEMC's suggestion in items a and b in other section</p> <p>(subject to general comment on the use of eligible end-user):</p> <p>2.3. Before a <i>Switch Request</i> can be submitted by a <i>Supplier</i>, the following must be present:</p> <p>2.3.1. A valid Retail Supply Contract between a <b><u>Retail Electricity Supplier</u></b> and the <i>Contestable Customer</i> <b><u>or Eligible End-user</u></b> for which the</p> |              |

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|--|---------|--------------------|--------------------|-----------|---|-------------------------------------|---|--------------|
| Title  | Section | Original Provision | Proposed Amendment | Rationale | Comment   | Propose Re-wording based on Comment | Proponent's Response  | RCC Decision |
|  |         |                    |                    |           | <p><i>Rules, the outstanding balance shall refer to the amount due under previous unpaid bills including the amount indicated in its current bill.</i>" (emphasis supplied)</p> | <p>outstanding balance.</p>         | <p>request is made; <del>and</del></p> <p>2.3.2. An existing and valid wheeling service agreement with the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i> and a metering services agreement with a registered <i>Retail Metering Services Provider</i> covering the <i>Contestable Customer</i>-<del>and</del></p> <p>2.3.3. A certification from the incumbent <del>Supplier</del> or relevant <i>Distribution Utility</i> <b><u>or Network Service Provider, in case of an initial switch,</u></b> that the <del>Contestable Customer</del> <b><u>Eligible End-user</u></b> does not</p> |              |

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|--|---------|--------------------|--------------------|-----------|--|---|--|--------------|
| Title  | Section | Original Provision | Proposed Amendment | Rationale | Comment  | Propose Re-wording based on Comment   | Proponent's Response   | RCC Decision |
|  |         |                    |                    |           |  |   | have any outstanding balance.  |              |
|  |         |                    |                    |           | <p><b>PEMC:</b></p> <p>Same with the comments above.</p> <p>Also, proposed revising “Distribution Utility” to “Network Service Provider” to use the general term that was also used in ERC Reso No. 01, S. 2023.</p> | <p><b>PEMC:</b></p> <p>Xxxx xxx</p> <p>2.3.1. A valid Retail Supply Contract between a <i>Supplier</i> and the <i>Contestable Customer</i> <u>or</u> <u><i>Eligible End-user</i></u> for which the request is made; <del>and</del></p> <p>2.3.2. An existing and valid wheeling service agreement with the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i> and a metering services agreement with a</p> | <p><b>PEMC:</b></p> <p>Okay with the proposal to also include/use NSP.</p> <p>Same with our comments above: review the <b>use of the term eligible end-user.</b></p> |              |

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| Title  | Section  | Original Provision  | Proposed Amendment  | Rationale   | Comment         | Propose Re-wording based on Comment  | Proponent's Response | RCC Decision                                |
|  |          |   |   |   |                 | <p>registered <i>Retail Metering Services Provider</i> covering the <i>Contestable Customer</i> <u>or Eligible End-user</u> <del>and</del></p> <p><u>2-3-3. In case of initial switch, a A certification from the incumbent <del>Supplier</del> or <del>relevant Distribution Utility Network Service Provider, in case of an initial switch,</del> that the <i>Contestable Customer</i> <u>Eligible End-user</u> does not have any outstanding balance.</u></p> |                      |   |
| <b>Customer Switching -</b>                    | II.3.1.1 | 3.1.1. Once all requirements are met, the new Supplier shall submit | 3.1.1. Once all requirements are met, the new Supplier shall submit | To harmonize with ERC Resolution No. 01, Series of 2023 | <b>MERALCO:</b> | <b>MERALCO:</b><br><br>3.1.1 xxx xxxx  | <b>MERALCO:</b>      | Deferred, subject to harmonization of terms |

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|--|---------|---|---|--|--|---|---|--------------|
| Title  | Section | Original Provision  | Proposed Amendment  | Rationale  | Comment  | Propose Re-wording based on Comment   | Proponent's Response  | RCC Decision |
| Switching Procedures                           |         | <p>the switch request to the Central Registration Body not later than seven (7) working days before the proposed switch effective date. The switch request form shall be electronically filled out and shall include a confirmation by the authorized representatives of the following:</p> <p>a) xxx xxxx<br/>b) xxx xxxx</p> <p>c) The <i>Supplier</i> or the <i>Contestable Customer</i>, as applicable, and the registered <i>Retail Metering Services Provider</i> of the existence of a valid metering services agreement covering the <i>Contestable Customer</i>; and</p> <p>d) The incumbent <i>Supplier</i> or, if not served by a <i>Supplier</i>, the relevant <i>Distribution Utility</i> that the</p> | <p>the switch request to the Central Registration Body not later than seven (7) working days before the proposed switch effective date. The switch request form shall be electronically filled out and shall include a confirmation by the authorized representatives of the following:</p> <p>a) xxx xxxx<br/>b) xxx xxxx</p> <p>c) The <i>Supplier</i> or the <i>Contestable Customer</i>, as applicable, and the registered <i>Retail Metering Services Provider</i> of the existence of a valid metering services agreement covering the <i>Contestable Customer</i>; and</p> <p>d) <del>The incumbent <i>Supplier</i> or, if not served by a <i>Supplier</i>, the relevant <i>Distribution Utility</i> that the <i>Contestable</i></del></p> | (Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers) | <p>The term “Retail Customer” is an umbrella term which is intended to cover Contestable Customers, GEOP End-Users, and Eligible End-Users.</p> <p>In this provision, the Retail Customer has already entered a Retail Supply Contract with a Supplier and is about to switch; hence, the term retail customer would be appropriate.</p> | <p>a) xxx xxxx<br/>b) xxx xxxx<br/>c) xxx xxxx<br/>d) If <u>the <i>Retail Customer</i></u> <del>it is an Eligible End-User</del> that intends to undergo initial switch, the Network Service Provider that the <u><i>Retail Customer</i></u> <del>Eligible End-User</del> has no outstanding balance.<br/>Xxx</p> | Same response above. We can adopt PEMC's proposal to include Eligible End-User in the revised clauses <b>(subject to general comment on the use of eligible end-user)</b> |              |

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|--|---------|---|---|-----------|--|---|--|--------------|
| Title  | Section | Original Provision  | Proposed Amendment  | Rationale | Comment  | Propose Re-wording based on Comment   | Proponent's Response   | RCC Decision |
|  |         | Contestable Customer has no outstanding balance.<br><br>xxx | <del>Customer has no outstanding balance.</del><br><b><u>d) If it is an Eligible End-User intending to undergo initial switch, the Network Service Provider that the Eligible End-User has no outstanding balance.</u></b><br><br>xxx |           | <b>NGCP:</b><br><br>3.1.1 d) If one of the requirements is a supply contract, should not this section refer to a Contestable Customer? |   | <b>NGCP:</b><br><br>Supply contract is a requirement both in the case of “regular switch” and an “initial switch” as in this case for Eligible End-User. |              |
|  |         |   |   |           | <b>PEMC:</b><br><br>Same with the comments above.  | <b>PEMC:</b><br><br>Xxx xxx<br><br>a) The <i>Supplier</i> and the <i>Contestable Customer</i> <b>or</b> <b><u>Eligible End-user</u></b> of the existence of a retail supply contract between the two parties, and the term of the retail supply contract including the effectivity dates; | <b>PEMC:</b><br><br>Same as our responses above  |              |

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|--|---------|--------------------|--------------------|-----------|---------|--|----------------------|--------------|
| Title  | Section | Original Provision | Proposed Amendment | Rationale | Comment | Propose Re-wording based on Comment  | Proponent's Response | RCC Decision |
|  |         |                    |                    |           |         | <p>b) The <i>Supplier</i> or the <i>Contestable Customer</i> <u>or Eligible End-user</u>, as applicable, and the relevant <i>Distribution Utility</i> or <i>Network Service Provider</i> of the existence of a valid wheeling service agreement covering the <i>Contestable Customer</i> <u>or Eligible End-user</u>;</p> <p>c) The <i>Supplier</i> or the <i>Contestable Customer</i> <u>or Eligible End-user</u>, as applicable, and the registered Retail Metering Services Provider of the existence of a valid metering services agreement covering the <i>Contestable Customer</i> <u>or</u></p> |                      |              |

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|--|---------|--------------------|--------------------|-----------|---------|---|----------------------|--------------|
| Title  | Section | Original Provision | Proposed Amendment | Rationale | Comment | Propose Re-wording based on Comment   | Proponent's Response | RCC Decision |
|  |         |                    |                    |           |         | <p><u>Eligible End-user</u>;<br/>and</p> <p><b><u>d) If it is an Eligible End-User intending to undergo initial switch, the Network Service Provider, through a certification that the Eligible End-User has no outstanding balance.</u></b><br/>Xxx xxxx</p> |                      |              |

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**Annex E – Matrix of Proposed Amendments (Interruptible Load Program)**

| WESM Rules   |        |   |  |           |         |                                      |   |              |
|--|--------|---|--|-----------|---------|--------------------------------------|---|--------------|
| Title  | Clause | Original Provision  | Proposed Amendment (as amended by RCC) | Rationale | Comment | Proposed Re-wording based on Comment | Original Proponent's Response   | RCC Decision |
| <b>PEMC:</b>   |        |   |  |           |         |                                      |   |              |
| <i>Please write your general comment here, if any:</i>   |        |   |  |           |         |                                      |   |              |
| <i>A. For the RCC's information, IEMOP provided the following information on 17 March 2023 relative to this proposal's corresponding Urgent Amendment. May we request IEMOP for updated information, if available.</i>   |        |   |  |           |         |                                      |   |              |
| <i>a. Summary information and/or statistics on ILP registration and bilateral contract quantities</i>  |        | 218 Registered ILP Customers as of 15 September 2022; No BCQ declarations on ILP for the 5-minute market  |  |           |         |                                      |   |              |
| <i>b. Information on the issues encountered with the implementation of the Interim Protocol</i>  |        | <ol style="list-style-type: none"> <li>SO reported inaccuracy of DAP submissions which resulted in inaccurate determination of alert conditions.</li> <li>No existing provision for NSPs to provide MO with information on ILP capacity prior to implementation</li> </ol>  |  |           |         |                                      |   |              |
| <i>c. Summary information and/or statistics on instances when the CRSS cannot be accessed by Market Participants because of force majeure events</i>   |        | Instances of CRSS Downtimes from MOPS Monitoring: <ol style="list-style-type: none"> <li>CRSS Application Issue - 5.77 hours</li> <li>CRSS Users cannot login and authenticate Active Directory – 0.95 hours</li> <li>CRSS not accessible due to SSL Certificate Expiration – 1.73 hours</li> <li>CRSS not accessible due to Firewall cable network issue – 0.25 hours</li> </ol> |  |           |         |                                      |   |              |
| <i>B. In reference to ERC Resolution No. 5, Series of 2015 (Annex B – Meter Reading, Computation of Payment for Re-declared BCQ and De-loading Compensation, and Payment to RES and Participating Contestable Customer), suggest including a general provision on BCQ redeclaration for ILP quantities in the WESM Rules. Could be a new provision under Section 3.13.1 (Submission of Bilateral Contract Data for Energy)</i> |        |   |  |           |         |                                      |   |              |
|  |        |   |  |           |         |                                      | <p>a. As of 15 May 2023, 214 ILP Customers. We note that this is NSP data submitted to IEMOP.</p> <p>b. Same issues still persist as listed for item b.</p> <p>c. No recorded CRSS downtime based on our MOPS report for the past 3 months (Feb26-Mar25, Mar26-Apr25 and Apr26-May25)</p> |              |

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**Annex E – Matrix of Proposed Amendments (Interruptible Load Program)**

| WESM Rules   |        |                    |   |   |  |                                      |  |  |
|--|--------|--------------------|---|---|--|--------------------------------------|--|--|
| Title  | Clause | Original Provision | Proposed Amendment (as amended by RCC)  | Rationale   | Comment  | Proposed Re-wording based on Comment | Original Proponent's Response  | RCC Decision   |
| C. Request sample computation in case of BCQ redeclaration using dummy values. |        |                    |   |   |  |                                      |  |  |
| Submission of Offers, Bid and Data – Load Forecasting                          | 3.5.8  | (new)              | <b><u>3.5.8 Network Service Providers shall inform the Market Operator of the total MW demand per hour that is committed for the implementation of the Interruptible Load Program for the next day.</u></b> | To enable MO to consider ILP de-loading capacity in forecasted demand during real-time scheduling | <b>PEMC:</b><br>What are the necessary information and process for NSPs to be able to comply with this provision?<br>Note: related to proposed DPM Clause 9.3.4 and LFM Clause 3.4 |                                      | Should this be adopted, the information should contain at least, the following:<br><br>MW Values, Trading Date, Trading Interval/s (Start time and end time) | JRCOrillaza: The effect of ILP declaration in the market (e.g., to demand forecasting) should be discussed. Agree on the Secretariat's request on information of the declaration due to ILP (i.e., 08 May 2023). Information on the quantity should suffice, while the data on offers or price could be excluded to consider the confidentiality |

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### Annex E – Matrix of Proposed Amendments (Interruptible Load Program)

| WESM Rules |        |                    |  |           |   |  |  |   |
|------------|--------|--------------------|--|-----------|---|--|--|---|
| Title      | Clause | Original Provision | Proposed Amendment (as amended by RCC) | Rationale | Comment   | Proposed Re-wording based on Comment   | Original Proponent's Response  | RCC Decision  |
|            |        |                    |  |           |   |  |  | concerns raised by IEMOP.<br><br>IEMOP: Will internally seek clearance to disclose information and will update the RCC. |
|            |        |                    |  |           | <p><b>MERALCO:</b><br/>                     We respectfully recommend deleting the proposed amendment to require NSPs to submit day-ahead information on ILP capacity for consideration in demand forecasting.<br/> <b>As currently implemented, the amount of ILP de-loading is capped at the demand reduction level assigned by the System Operator to the DU during Red Alert.</b> This means that a DU can either implement ILP and/or MLD to comply with</p> | <p><b>MERALCO:</b><br/> <del>3.5.8 Network Service Providers shall inform the Market Operator of the total MW demand per hour that is committed for the implementation of the Interruptible Load Program for the next day.</del></p> | We defer the matter to the RCC. However, failure to provide the required information will result to the persistence of the issue on inaccuracy of load forecasts considering the absence of information on demand reduction. We wish to emphasize that the proposed submission shall only be used as reference in projecting demand levels in upcoming horizons. | Approved to delete  |

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| WESM Rules |        |                    |  |           |  |                                      |                               |              |
|------------|--------|--------------------|--|-----------|--|--------------------------------------|-------------------------------|--------------|
| Title      | Clause | Original Provision | Proposed Amendment (as amended by RCC) | Rationale | Comment  | Proposed Re-wording based on Comment | Original Proponent's Response | RCC Decision |
|            |        |                    |  |           | <p>the SO's demand control instruction. So, if ILP de-loading is not enough to avoid power interruptions, DUs will still implement MLD. Conversely, if, for example, 200 MW of de-loading capacity was committed under ILP, but the demand control required by SO is only 100 MW, then ILP de-loading will be at a maximum of 100 MW.</p> <p>As emphasized by MERALCO during the 17 March 2023 RCC meeting, ILP participants can choose not to commit capacity for de-loading upon receiving advice on Red Alert. ILP participants also have the discretion on the amount of actual de-loading. For example, even if the capacity declared in the ILP agreement is 3 MW, a participant can commit 2 MW upon receiving advice</p> |                                      |                               |              |

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| WESM Rules |        |                    |  |           |   |                                      |                               |              |
|------------|--------|--------------------|--|-----------|---|--------------------------------------|-------------------------------|--------------|
| Title      | Clause | Original Provision | Proposed Amendment (as amended by RCC) | Rationale | Comment   | Proposed Re-wording based on Comment | Original Proponent's Response | RCC Decision |
|            |        |                    |  |           | <p>on Red Alert, and de-load only 1 MW during Red Alert. Moreover, ILP participants can choose to go back to the grid at any time, even when Red Alert is still in effect. <b>Thus, the capacity declared by ILP participants under the agreement, and even during notification on the day of activation, is indicative.</b> As observed in past activations, committed de-loading capacity during notification is below enrolled capacity, and actual de-loading is also below commitment.</p> <p>ILP is also voluntary for DUs. As provided in Article III Section 1 of ERC Resolution No. 5, Series of 2015, DUs, with or without ILP participants in their respective areas, may opt to join NGCP's ILP instead of implementing the program</p> |                                      |                               |              |

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| WESM Rules |        |                    |  |           |  |                                      |                               |              |
|------------|--------|--------------------|--|-----------|--|--------------------------------------|-------------------------------|--------------|
| Title      | Clause | Original Provision | Proposed Amendment (as amended by RCC) | Rationale | Comment  | Proposed Re-wording based on Comment | Original Proponent's Response | RCC Decision |
|            |        |                    |  |           | <p>on their own. <b><i>DUs may also choose not to join NGCP's ILP or implement the program, since compliance to the SO's demand control instruction can be done through MLD.</i></b> As such, if information only on ILP will be required, then not all DUs will be compelled to provide the information. Finally, we believe that ILP should not affect the demand forecast, since it is only a subset of the MLD instruction issued by the SO to DUs. <b><i>There may also still be forecasted deficiency in the grid even if ILP capacity was already accounted for, and the DU with ILP may then be assigned a greater MLD allocation, as a result of considering its ILP capacity in the demand projection.</i></b></p> |                                      |                               |              |

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**Annex E – Matrix of Proposed Amendments (Interruptible Load Program)**

| WESM Rules      |        |                    |   |   |   |   |   |   |
|-----------------|--------|--------------------|---|---|---|---|---|---|
| Title           | Clause | Original Provision | Proposed Amendment (as amended by RCC)  | Rationale   | Comment   | Proposed Re-wording based on Comment  | Original Proponent's Response   | RCC Decision  |
|                 |        |                    |   |   | Thus, we suggest that the proposed amendments focus on institutionalizing the BCQ re-declaration process, as contained in the Interim Protocol.   |   |   |   |
|                 |        |                    |   |   | <b>NGCP:</b><br>NGCP would like to inquire if the proposal is consistent with the Section 3 of ERC Resolution No. 8, Series of 2010, which states that the DU will inquire with the Participating Customer (PC) the amount of load they can drop 45 minutes before the activation of ILP. |   | NSPs are expected to provide committed ILPs at least 2 hours before de-loading. |   |
| <b>GLOSSARY</b> | 11     | (new)              | <b><u>Interruptible Load Program. The program where an End-user, in accordance with its protocol with its Network Service Providers, voluntarily agrees to either fully de-load, by disconnecting its delivery point that receives electricity,</u></b> | To define Interruptible Load Program based on provisions of relevant rules and issuances on ILP | <b>PEMC:</b><br>Suggest inserting ERC issuances related to ILP as references.   | <b>PEMC:</b><br><b><u>Interruptible Load Program. The program set out in relevant ERC issuances where an End-user, in accordance with its</u></b> | Okay to include.  | Review if "ILP" should only be cited in the BSM regarding re-declaration procedures, in which case including "ILP" in |

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**Annex E – Matrix of Proposed Amendments (Interruptible Load Program)**

| WESM Rules |        |                    |   |           |         |   |                               |   |
|------------|--------|--------------------|---|-----------|---------|---|-------------------------------|---|
| Title      | Clause | Original Provision | Proposed Amendment (as amended by RCC)  | Rationale | Comment | Proposed Re-wording based on Comment  | Original Proponent's Response | RCC Decision                            |
|            |        |                    | <u>or partially de-load by reducing its load in response to an alert or notice issued by the System Operator of an expected power shortage.</u> |           |         | <u>protocol with its Network Service Providers, voluntarily agrees to either fully de-load, by disconnecting its delivery point that receives electricity, or partially de-load by reducing its load in response to an alert or notice issued by the System Operator of an expected power shortage.</u> |                               | the WESM Rules Glossary is unnecessary. |

## MEETING MINUTES

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### Annex E – Matrix of Proposed Amendments (Interruptible Load Program)

| WESM Rules |        |                    |  |           |  |   |  |               |
|------------|--------|--------------------|--|-----------|--|---|--|---------------|
| Title      | Clause | Original Provision | Proposed Amendment (as amended by RCC) | Rationale | Comment  | Proposed Re-wording based on Comment  | Original Proponent's Response  | RCC Decision  |
|            |        |                    |  |           | <p><b>MERALCO:</b><br/>                     As provided in ERC Resolution No. 5, Series of 2015, the ILP agreement, which contains the protocol for implementation of the program, refers to an agreement: (1) among NGCP, GenCo/RES and a Directly-Connected Customer/PEZA/Ecozone Utility Enterprise, (2) between a DU and its Captive Customer, and (3) tripartite between a DU, a RES or Local RES and its Contestable Customer. Thus, it is suggested to include Retail Electricity Suppliers (RESs) in the proposed definition of ILP to recognize the tripartite nature of ILP agreement for contestable customers.</p> | <p><b>MERALCO:</b><br/> <b>Interruptible Load Program.</b> The program where an End-user, in accordance with its protocol with its Network Service Providers, <b><u>and Retail Suppliers for End-users under the Retail Market,</u></b> voluntarily agrees to either fully de-load, by disconnecting its delivery point that receives electricity, or partially de-load by reducing its load in response to an alert or notice issued by the System Operator of an expected power shortage.</p> | <p>Okay with the proposal. We have also incorporated PEMC's comment above: <b>Interruptible Load Program.</b> The program <b>set out in relevant ERC issuances</b> where an End-user, in accordance with its protocol with its Network Service Providers, and <b><u>Retail Suppliers for End-users under the Retail Market,</u></b> voluntarily agrees to either fully de-load, by disconnecting its delivery point that receives electricity, or partially de-load by reducing its load in response to an alert or notice issued by the System Operator of an expected power shortage</p> | Adopt revised |



# MEETING MINUTES

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## Annex E – Matrix of Proposed Amendments (Interruptible Load Program)

| WESM Manual on Dispatch Protocol Issue 18.0            |        |                    |  |                      |  |   |                      |   |  |                                      |  |   |
|--|--------|--------------------|--|----------------------|--|---|----------------------|---|--|--------------------------------------|--|---|
| Title  | Clause | Original Provision |  |                      | Proposed Amendment (as amended by RCC) |   |                      | Rationale   | Comment  | Proposed Re-wording based on Comment | Original Proponent's Response  | RCC Decision  |
| <i>Please write your general comment here, if any:</i> |        |                    |  |                      |  |   |                      |   |  |                                      |  |   |
| <b>WESM Timetable – Week-Ahead Projection</b>          | 4.3.2  | WAP Timeline       |  |                      | WAP Timeline                           |   |                      | To establish that Market Participants should provide inputs based on reasonable estimates of their expected capability for the upcoming week. | <b>MERALCO:</b><br>We would like to seek clarification on how the proposed amendment relates to ILP. |                                      | The proposed amendment related to ILP, albeit indirectly. This is because ILPs are triggered by Red Alerts, which are dependent on the supply margins (available supply vs. demand). Thus, it is important that Generators submit accurate information on their available capacity so as to have an accurate trigger of the ILP. | <i>Line-by-line deliberation for Dispatch Protocol Manual will be continued in next meeting</i> |
|  |        | Time               | Activity   | Responsible Party    | Time                                   | Activity  | Responsible Party    |   |  |                                      |  |   |
|  |        | Before 0845H       | Submit the most recent self-scheduled nominations, bids and offers for all relevant hours of the WAP run | Trading Participants | Before 0845H                           | Submit the most recent self-scheduled nominations, bids and offers for all relevant hours of the WAP run <b><u>consistent with the provisions of Clauses 6.1.7 and 6.13 of this Manual.</u></b> | Trading Participants |   |  |                                      |  |   |

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**Annex E – Matrix of Proposed Amendments (Interruptible Load Program)**

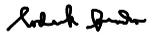
| WESM Manual on Dispatch Protocol Issue 18.0  |        |                              |  |                      |  |   |                      |   |  |                                      |   |              |
|--|--------|------------------------------|--|----------------------|--|---|----------------------|---|--|--------------------------------------|---|--------------|
| Title  | Clause | Original Provision           |  |                      | Proposed Amendment (as amended by RCC) |   |                      | Rationale   | Comment  | Proposed Re-wording based on Comment | Original Proponent's Response   | RCC Decision |
| <b>WESM Timetable – Day-Ahead Projection</b> | 4.4.2  | DAP Timeline                 |  |                      | DAP Timeline                           |   |                      | To establish that Market Participants should provide inputs based on reasonable estimates of their expected capability for the upcoming week. | <b>MERALCO:</b><br>We would like to seek clarification on how the proposed amendment relates to ILP. |                                      | The objective of the proposed amendment is to ensure that Trading Participants are updating their submissions to reflect more accurate offers and/or nominations. |              |
|  |        | Time                         | Activity   | Responsible Party    | Time                                   | Activity  | Responsible Party    |   |  |                                      |   |              |
|  |        | Before [STPH1* - 10 minutes] | Submit the most recent self-scheduled nominations, bids and offers for all relevant hours of the DAP run | Trading Participants | Before [STPH1* - 10 minutes]           | Submit the most recent self-scheduled nominations, bids and offers for all relevant hours of the DAP run <b><u>consistent with the provisions of Clauses 6.1.7 and 6.13 of this Manual.</u></b> | Trading Participants |   |  |                                      |   |              |

**MEETING MINUTES**

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**Annex E – Matrix of Proposed Amendments (Interruptible Load Program)**

| WESM Manual on Dispatch Protocol Issue 18.0      |        |                    |   |   |  |   |                                     |                 |
|--|--------|--------------------|---|---|--|---|-------------------------------------|-----------------|
| Title  | Clause | Original Provision | Proposed Amendment<br>(as amended by RCC)   | Rationale   | Comment  | Proposed Re-<br>wording based<br>on Comment   | Original<br>Proponent's<br>Response | RCC<br>Decision |
| Real-Time Dispatch Scheduling - Responsibilities | 9.3.4  | (new)              | <u><b>9.3.4 Network Service Providers shall be responsible for providing information on the committed MW demand for the implementation of the Interruptible Load Program in accordance with the WESM Manual on Load Forecasting Methodology</b></u> | To enable MO to consider ILP de-loading capacity in forecasted demand during real-time scheduling | <b>PEMC:</b><br>Same comment in proposed WESM Rules Clause 3.5.8 |   | Same as the response above          |                 |
|  |        |                    |   |   | <b>MERALCO:</b><br>Same comment as in WESM Clause 3.5.8          | <b>MERALCO:</b><br><del>9.3.4 Network Service Providers shall be responsible for providing information on the committed MW demand for the implementation of the Interruptible Load Program in accordance with the WESM Manual on Load Forecasting Methodology</del> | Same as the response above          |                 |

**Signature:**   
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