MEETING MINUTES

Subject/Purpose : 175th Rules Change Committee Meeting
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Venue : Online via Microsoft Teams
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ATTENDEES

	Name	Designation/Position	Department/Company
1	Maila Lourdes G. De Castro	Chairperson, Independent	RCC
2	Francisco Leodegario R. Castro, Jr.	Member, Independent	RCC
3	Allan C. Nerves	Member, Independent	RCC
4	Concepcion I. Tanglao	Member, Independent	RCC
5	Dixie Anthony R. Banzon	Member, Generation Sector	RCC
6	Cherry A. Javier	Member, Generation Sector	RCC
7	Carlito C. Claudio	Member, Generation Sector	RCC
8	Jessie B. Victorio	Member (Alternate), Generation Sector	RCC
9	Michelle Tuazon	Member (Alternate), Generation Sector	RCC
10	Ryan S. Morales	Member, Distribution Sector	RCC
11	Ricardo G. Gumalal	Member, Distribution Sector	RCC
12	Nelson M. Dela Cruz	Member, Distribution Sector	RCC
13	Lorreto H. Rivera	Member, Supply Sector	RCC
14	Ambrocio R. Rosales	Member, System Operator	RCC
15	Isidro E. Cacho, Jr.	Member, Market Operator	RCC
16	Karen A. Varquez	Manager, MAG-Rules Review Division (RCC Secretariat)	PEMC
17	Divine Gayle C. Cruz	Specialist, MAG-Rules Review Division (RCC Secretariat)	PEMC
18	Dianne L. De Guzman	Specialist, MAG-Rules Review Division (RCC Secretariat)	PEMC
19	Kathleen R. Estigoy	Specialist, MAG-Rules Review Division (RCC Secretariat)	PEMC
20	John Mark S. Catriz	Head, Market Assessment Group	PEMC
21	Clares Loren C. Jalocon	Chairman, IMS Committee	PEMC
22	Geraldine A. Rodriguez	Member, WGC TWG	PEMC
23	Michael Angelo D. Vidal	Member, WGC TWG	PEMC
24	Valfia U. Gregorio	Proponent	IEMOP
25	Sheryll M. Dy	Proponent	IEMOP
26	Jonathan B. Dela Viña	Proponent	IEMOP
27	Katrina A. Garcia-Amuyot	Proponent	IEMOP
28	Maricel A. Portillo	Proponent	IEMOP
29	Marie Emmanuelle T. Delarmente	Proponent	IEMOP
30	Jenny I. Jalandoni	Proponent	IEMOP

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No.	Name	Designation/Position	Department/Company
31	Jesusito G. Morallos	Proponent	DRA
32	Andrea J. Mendiola	Proponent	DRA
33	Melanie C. Papa	DOE Observer	DOE
34	Mari Josephine C. Enriquez	DOE Observer	DOE
35	Kevin Lloyd C. delos Santos	DOE Observer	DOE
36	Ryan Jaspher M. Villadiego	DOE Observer	DOE

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I. Call to Order / Determination of Quorum	• The meeting was conducted via Microsoft Teams and was called to order at 9:01 AM. • The meeting was chaired by Atty. Maila Lourdes G. de Castro (Chairman/Independent) and was co-chaired by Francisco Leodegario R. Castro, Jr. (Independent) • There were 14 RCC principal members and 2 alternate members in attendance.
II. Presentation and Approval of the Proposed Agenda	The provisional agenda was approved by the body, as revised during the meeting. • The Secretariat requested that the Proposed Amendments to the WESM Rules and WESM Manual on Dispute Resolution under New Business be discussed first before the Matters Arising from Previous Meeting. • Mr. Francisco Leodegario R. Castro, Jr. (Independent) moved to approve the revised agenda. It was seconded by Mr. Carlito C. Claudio (Generation Sector).
III. Approval of the Minutes of Previous Meeting	The minutes of the 174th RCC Meeting held on 19 February 2021 was approved as revised. • On the discussion regarding the Proposed Amendments to the WESM Rules and WESM Manuals on Clarifications on Indirect WESM Membership, Mr. Ambrocio R. Rosales (System Operator) noted the information below following his statement during the last RCC meeting that he will validate the information that the unregistered loads are directly connected to the transmission grid. a) NGCP does not have a list of unregistered customers in the WESM which are grid connected. The list should be officially

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	submitted by IEMOP for them to validate if it is indeed grid-connected. b) In reference to the statement of Mr. Isidro E. Cacho, Jr. (Market Operator) that the SO should be the party to issue disconnection notice, it must be clarified that SO is not the proper party to issue such notice if the ground for disconnection is related to registration. It must be noted that grid connected customers has a Transmission Service Agreement (TSA) with NGCP. Only non-compliance to such agreement will trigger the disconnection initiated by the NGCP and not for disconnection by reason of non-registration in the WESM. c) The non-registration of customer has an impact to the grid in instances where the unregistered customer has a large load like the Pampanga III Electric Cooperative, Inc. (PELCO III). If it is not included in the model, the solutions to the dispatch schedule may be affected. This is contrary to IEMOP's claim that non-registration of customer has no impact to the grid. d) For purposes of registration in the WESM, an applicant whose TSA is under processing by the NGCP can secure a certification from NGCP as proof of the transaction. • Mr. Cacho commented that the registration compliance issue was coordinated by IEMOP with PEMC, and the latter is on top of addressing the issue. As an update, some of the unregistered customers have already initiated the registration process. • Ms. Divine Gayle Cruz (Secretariat) updated the body upon inquiry of Mr. Castro on the actions taken by PEMC on the compliance issue of the proposal on indirect WESM membership. According to her, PEMC reached out to the identified unregistered load customers through email. She also informed the body that the Registration Manual has provisions on the registration of new loads which could address the issue of non-registration. • In relation to IEMOP's statement that unregistered customers cannot be disconnected since they are not registered WESM Members, Mr. Claudio commented that under WESM Rules Clause 2.2.4.2, it is provided that "no person or entity shall be allowed to inject or withdraw electricity from the grid unless that entity or person is a registered member of the WESM". If the

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	unregistered customer cannot be disconnected from the grid by reason of its non-registration to WESM, the Philippine Grid Code may be enforced upon them. Mr. Castro also expressed his concern if there are other entities which are not registered but needs to be disconnected. He further asked if the proposal wanted to encourage registration so that the customers could be legally disconnected without encumbrance. • Chairman Maila de Castro (Independent) advised the body to continue the discussion of the proposal on indirect WESM membership under its corresponding agenda item. Resolution: The RCC approved the minutes of meeting as amended.
Integrated Management System (IMS) Awareness	Presenter: Mr. Clares Loren C. Jalocon (PEMC) Action Requested: For information Meeting Materials: Annex A – IMS Awareness for WESM Governance Committees and PEM Board Members Proceedings: • Mr. Jalocon (PEMC) apprised the body of PEMC's implementation of the Information Management System (IMS) in the performance of its market governance function. He explained that the objective of the awareness activity is to promote the participation to the IMS of the governance committees. Below are the questions and corresponding answers to the inquiries made by Mr. Claudio and Chairperson de Castro regarding the topic: a) Does the audit activity seek a new certification or a re-certification? Is it a surveillance audit? After the organizational changes, IEMOP retained the IMS certification because the previous certification of PEMC focused on market operations. Currently, PEMC is applying for a new certification with focus on WESM governance processes and support functions. b) PEMC's IMS consists of Quality Management System (QMS) and IMS. Does PEMC have a plan Business Continuity

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	Management System (BCMS), and if so, will it also be certified? PEMC is only applying for QMS and IMS certifications. Mr. Jalocon said that PEMC has already implemented Business Continuity Management within the organization, and the certification for BCMS will be considered. Mr. Claudio noted that the certification for BCMS is under ISO 22301. c) Who audits PEMC's BCMS? It is evaluated by the Internal Audit Department (IAD). d) Who does the audit of the internal business process of the IAD? What is the composition of the audit team? There is an intention to conduct regular audit of the IAD, based on what we did with the old PEMC wherein a special audit team was created to do so. Meanwhile, IAD was audited by External Auditors during the Pre-Certification Audit and Stage 1 Certification Audit. e) How was the certification conducted considering the pandemic? Stage 1 audit activity was done through a remote set-up. There were personnel who reported to the office for the facility tour, while personnel interviews were done online. <u>Resolution:</u> The RCC noted the information presented.
IV. New Business	
4.1 Proposed Amendments to the WESM Rules and WESM Manual on Dispute Resolution	<u>Presenter:</u> Atty. Jesusito G. Morallos (DRA) <u>Action Requested:</u> For approval for publication <u>Meeting Materials:</u> Annex B – Proposed Amendments on the Dispute Resolution Administration <u>Proceedings:</u> • Atty. Jesusito Morallos (DRA) presented the summary and rationale of the proposed amendments to the WESM Rules and

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	Dispute Resolution Manual. Highlights of the discussion are provided below: a) The proposal aims to include in the Dispute Resolution Manual the guidelines to virtual hearings, to clarify the final settlement of WESM Disputes and its binding effect and to remove the PEM Board and the WESM Governance Committees as impleadable entities. b) On the guideline for virtual hearing, it was considered that after the pandemic there may be circumstances in the future that might also prevent physical meetings. Also, disputes disrupt operations, and this virtual guideline aims to mitigate the disruption caused by disputes. The said guideline was lifted from various jurisdictions such as the United Kingdom, South Korea, Singapore, and Hong Kong. It is characterized as cost-effective as it will save expenses for the venue, accommodation, and travel expense of the parties. It also addresses the procedural issues in the service of documents. The exchange of documents through cloud services and other online platforms while observing security and confidentiality are provided in the rules to ensure that parties are treated with equality and given the fair opportunity to present its case during virtual hearings. c) On the final settlement of WESM Disputes and its binding effect, it was explained that the proposal will further strengthen the alignment of the DRA Manual to RA 9285 and the Special Rules of Court on ADR. The proposal deletes the following provisions in the WESM Rules: 1) Clause 7.3.1.4[1]. The deletion was previously proposed in 2018 but the RCC did not agree to its removal from the rules as it might encroach the EPIRA. However, after much study, it was concluded that the dispute resolution framework does not encroach on the EPIRA rather upholds it.

[1] WESM Rules Clause 7.3.1.4: WESM Members shall comply with the dispute resolution process of the WESM Rules before filing a formal complaint to the ERC.

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	2) Clause 7.3.11.4[2] – If not deleted, this may result to two adjudication channels. One, the party may claim under the private dispute resolution, which is an agreement-based resolution under RA 9285 and the losing party will just frustrate it by filing a new one with the ERC as the second channel. 3) Clause 3.2.1 Resort to ERC[3] – Deletion of this clause does not derogate against the EPIRA. The province of the ERC does not concern on the *inter-partes* dispute of the WESM members. The proposal will prevent the ERC from being an interventionist from an independent, autonomous, self-governing, and mandatory market. Under the EPIRA, the ERC remains to have jurisdiction over WESM policy matters. WESM dispute arbitration does not concern policy matters. Arbitrators simply implement the policies issued by the DOE. Arbitrators do not consult policies outside of the WESM, except when it strengthens the WESM Rules. The arbitrators would simply read, understand, and implement the WESM Rules and Market Manuals. d) On the removal of PEM Board and the WESM Governance Committees (WGC) as impleadable entities, it was noted that this proposal was previously submitted but was withdrawn in 2018. The PEM Board and the WGC should not be impleaded because these entities are doing a policy-matter, exercising its delegated police powers delegated by the ERC. ERC is an organ of the state. PEM Board being the delegatee of that police power is only performing those functions. For instance, if the PEM Board upheld MSC's or ECO's imposition of penalty, the imposition of penalty is not arbitrable because penalty imposition is an exercise of police powers, a disciplinary function. The nature of such dispute is not civil,

[2] WESM Rules Clause 7.3.11.4: If a party to a dispute is not satisfied with the resolution of the dispute resolution panel, the party may file a formal complaint to the ERC.

[3] WESM Rules Clause 3.2: An entity belonging to any of the categories described in Section 3.1.1 should first comply with the dispute resolution process set out in this Manual before filing a formal complaint with the ERC.

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	commercial, or business, making them fall outside the definition of a WESM dispute and inadmissible for resolution through the WESM dispute resolution framework. Further, the administrative and regulatory provisions of the WESM Rules are not arbitrable, and so the arbitral tribunal should not be encroaching upon the work of the RCC. The PEM Board and the WGC do not have liveable assets. e) On the inquiry of Ms. Javier if PEMC and IEMOP are impleadable parties in the dispute, Atty. Morallos answered in the affirmative. He cited that in a recent case, IEMOP was made as the main respondent, while PEMC was the subsidiary respondent. In this situation, IEMOP is insulating PEMC because the latter has no liveable assets because its resources are being used in the exercise of its mandate. IEMOP was made as the main respondent as it would have a liveable asset. f) Atty. Morallos also noted that there is a debate whether IEMOP should be authorized to incur profit that might be liveable in its operations since other jurisdictions allow such. g) On further inquiry by Ms. Javier whether breaches are not disputable, Atty. Morallos explained that breaches can come in two forms – a violation of policy or a breach on the rights and obligations of the market participants. The breach on the rights and obligations of the market participants is a horizontal, commercial, and civil dispute, while the violation of a policy is a vertical dispute. It is a violation of police power. The function of ERC, PEM Board and WGC, is under the vertical dispute. For instance, if the meter was tampered, it can be a criminal case or offense against the Market Manual, and a civil case because there was a damage on the part of the defrauded WESM member. h) On the question by Chairperson de Castro whether the corporate officers are impleadable party, Atty. Morallos responded that this is an exception to the rule. Corporate officers may only be impleaded if there is torts or quasi-delict and there is an abuse on the exercise of powers. For instance, a corporate officer who is involved in meter tampering being a personal act, without the knowledge of the PEM Board, can be impleaded because it is a tortious and even a criminal act.

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	• Mr. Castro moved to approve the proposal to be published for comment solicitation. The motion was duly seconded by Mr. Cacho, Jr. and was adopted by the body. Resolution: The RCC approved the publication of the proposal for solicitation of comments.
V. Matters Arising from Previous Meeting	
5.1 Proposed Amendments to the WESM Rules and WESM Manuals on Clarifications on Indirect WESM Membership	Presenter: Engr. Jonathan Dela Viña (IEMOP) Action Requested: For continuation of deliberation and approval to endorse to the PEM Board. Meeting Materials: Annex C – IEMOP's Response to RCC's Requests Proceedings: • Mr. Dela Viña (IEMOP) presented IEMOP's response to RCC's requests during its 174th Regular Meeting, with highlights as follows: a) On the inconsistency between IEMOP's proposed changes on WESM Rules 3.14.9.1 and ERC's directive on settlement adjustments under the ERC Decision approving the PDM (ERC Case No. 2017-042RC), IEMOP will submit a rules change harmonizing the relevant Market Manuals with the ERC's decision. IEMOP noted that it will indicate in their future proposal their intention to revise it to make the previous direct WESM member responsible for the settlement adjustments of the indirect WESM member who transferred to a new direct WESM member. This revision will be made upon the commencement of the Enhanced WESM Design and Operations. b) The current MPA for the direct WESM member will be used should the proposal be approved. It was provided to the RCC for their perusal.

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	c) The direct WESM member can still attribute which payment is due to its indirect WESM member and bill that accordingly outside the market. • On RCC's request for PEMC's recommendation on enforcement mechanisms to address the non-registration of load facilities, Ms. Cruz (RCC Secretariat) presented that Section 3.3.7 of the Registration Manual provides that the WESM Member with a new load facility that intends to withdraw energy from the grid through a separate market trading node shall register that load facility with the Market Operator. Thus, no additional rules change is necessary considering that the said section is already sufficient to address the enforcement of registration of new loads whether directly connected to the transmission system or not. Also, the term "WESM Member" covers both generation company and customers as being responsible for registering their new load facility in the WESM. In terms of monitoring by PEMC, Ms. Cruz added that Section 3.3.7.5 of the said Market Manual obligates the MO to report non-compliance to the ECO. • Further, Ms. Cruz informed the body that PEMC wrote DOE and ERC informing them of the ten (10) identified unregistered loads and pointed out that the current status of these loads is in violation of the PGC and their non-registration in the WESM is an enforcement issue that the DOE and the ERC should be apprised of. As of meeting time, there was no response yet from the DOE and ERC regarding the matter. • The RCC conducted the line-by-line review of the proposal. Highlights of the review are as follows: a) The word "designated" was inserted to describe the direct WESM Member in the proposed WESM Rules Clause 2.2.2.1. Same word will be inserted in the applicable provisions where the context is the same. b) Ms. Javier expressed her concern over the elimination of the MPA for Indirect WESM Member as the latter would no longer be bound with the WESM. She opined that the responsibilities

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	of the indirect WESM member under its MPA with WESM must be retained. This may be done by revising or simplifying the indirect WESM member's MPA. c) On the inquiry by the Secretariat if the RCC would like to discuss the content of the MPA, Chairperson de Castro noted the previous position of the RCC that the body is not authorized to review the MPA. d) On rights and access to the CRSS, IEMOP noted that indirect WESM member has a read-only access to the CRSS. The direct WESM member has the responsibility to inform the indirect WESM member of their rights under the WESM Rules. e) On prudential requirement (PR), Mr. Dela Viña explained that the transaction of indirect WESM members will be considered in the assessment of the direct WESM member. Hence, the PR amount exemption includes the transactions of the indirect WESM member counterparties of the direct WESM member. It was also clarified that in exempting the generation company from PR, its sales must be checked if it sufficiently covers the purchases of its indirect WESM member/s. For instance, if the sales of the generator is 10 MWh but the load is 15 MWh, then the exposure of the direct and indirect WESM member will be aggregated to come-up with a more accurate assessment of PR requirement. The generator will only be exempted if its sales is more than the purchases of the indirect WESM member. f) For the initial prudential requirement, the indirect WESM member will still be assessed by looking into the sales of its direct WESM member. If the sales of the direct WESM member is greater than the purchase of the indirect WESM member, then there would be no need to put-up an initial prudential requirement. But if the sales and purchase are otherwise, the direct WESM member will be liable for the prudential requirement. g) The list of settlement data that direct WESM Members will receive related to their indirect WESM Members will be

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	annexed to the Billing and Settlement Manual upon the suggestion of Ms. Javier. h) Ms. Javier noted that one of the reasons for the deferral of the endorsement of the proposal during the last RCC meeting was the need to provide a provision for the remedies for the direct WESM member in case of termination of contract of the indirect WESM member with the outstanding obligation, considering the elimination of the MPA for indirect WESM member. To this concern, Atty. Sheryll Dy (IEMOP) explained that the direct WESM member or the generator participants should ensure that their interests are sufficiently reflected in their agreement with the indirect WESM member. The direct WESM member should be aware of its specific responsibilities under the MPA and the same must be considered in their contract with their indirect counterparty. The safeguards or the remedies must be provided in the agreement between the direct and indirect counterparties. This is suggested considering that all the obligations of the parties cannot be covered in the WESM rules and that the agreement between the counterparties would provide for the specifics. i) As explained by Atty. Dy, the proposal does not consider that the obligation of the parties continues even after the bilateral contract termination. The rights and obligations of the parties must be properly identified in the bilateral contract for them to comply with the WESM Rules. Ms. Javier commented that this arrangement will not be acceptable to them considering their existing contracts with the indirect WESM members. She added that if the proposal will be approved, it will effectively change the entirety of their existing contracts. Mr. Dixie Anthony R. Banzon (Generation) agreed with Ms. Javier. He added that the obligation of the indirect member during the registration should remain. There should also be a remedy to discontinue the obligation of the direct WESM member upon the termination of contract with their counterparties. j) Ms. Javier suggested having a provision on remedies for the direct WESM member such that the provision on suspension and disconnection still apply to the indirect WESM member after the termination of contract. Atty. Dy commented that the

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	proposal runs counter to the rationale of the proposal to make the direct WESM member to be fully responsible for the indirect WESM member. k) Ms. Javier requested IEMOP to insert a provision providing for solutions should extreme scenarios occur, such as indirect WESM member's non-payment of its purchases for one year. Atty. Dy responded that there is a current provision for disconnection which will mitigate the period of exposure by the direct WESM member, provided the Market Operator is informed of such default payment. The Market Operator will facilitate the process for suspension and disconnection. Moreover, Mr. Dela Viña explained that the current process bills the direct WESM member for the purchases of the indirect WESM member. The settlement of obligation between the indirect and direct WESM members are outside of WESM transaction. l) Mr. Rosales raised the concern if the indirect WESM member can still be disconnected despite having no MPA with the WESM following previous statement of the IEMOP that unregistered loads cannot be disconnected because they are not registered in the WESM. m) Ms. Lorreto H. Rivera (Distribution) agreed with the comments of Ms. Javier and Mr. Rosales and noted that the link to the indirect WESM member should be limited somehow considering the period from the request for disconnection to actual disconnection. She opined that the direct WESM member should not be exposed infinitely. n) Mr. Gumalal clarified if the indirect WESM member can be disconnected by the distribution utility should the former failed to settle its obligation. Mr. Dela Viña answered in the affirmative. o) Mr. Dela Viña informed the body of a draft DOE policy providing the disconnection by reason of DU/DCC's failure to register as direct WESM member upon termination of its power supply agreement. Ms. Melanie Papa (DOE Observer) noted that there is DOE DC 2010-08-0010 entitled as

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	"Terminating the Default Wholesale Supplier Arrangement for the Philippine Wholesale Electricity Spot Market (WESM) and Declaring A Disconnection Policy". The circular provides that if an entity did not register in the WESM, it can be requested for disconnection. However, ever since the effectivity of the circular, no request for disconnection was received by the DOE. She also acknowledged that the draft policy referred to by Mr. Dela Viña has been subjected to public consultation. However, while the 2010 circular is not yet amended, it is still effective. p) On the request of Ms. Javier to insert a provision for extreme scenarios for the direct WESM member in case of extreme scenarios, Chairperson Maila asked the body if they are in favor of that inclusion. The body suggested to add a provision wherein the indirect WESM member is still bound by the prevailing DOE policy on disconnection. Atty. Dy commented that if the indirect WESM member has no MPA with the WESM, it would be absurd if they will be bound by the WESM Rules since they are not considered as Market Participants to the WESM through the MPA. q) Further, the body formulated a suggested provision that will address the concern of Ms. Rivera where in case the indirect WESM member defaults with its obligation with the direct WESM Member, the direct WESM member has the option to exercise its rights under the DOE policy on disconnection and applicable WESM Rules, if any. Ms. Javier commented that the suggested wordings cannot address the scenario where the direct WESM member was exposed pending the actual disconnection of the indirect WESM member. r) Mr. Nerves inquired if the proposal applies to the indirect WESM members. Chairperson responded that the position of the IEMOP was that the proposal does not apply to the indirect WESM member but to the direct WESM members, while other members of the body is of the opinion that the proposal should likewise apply to the indirect WESM member to take into account the process gap. Mr. Nerves commented that the body may be changing the rules in the wrong way since the body cannot force the direct WESM member to assume all

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	obligations. The least that the body can do is to delegate some responsibilities of the indirect WESM member to the direct WESM member. He also opined that imposing all the obligations to direct WESM member may be out of RCC's jurisdiction and should be elevated to higher concerned entities instead. • Upon the note of the Secretariat that the RCC has the option to further study the proposal through a Sub-Committee in accordance with the Rules Change Manual, Chairperson de Castro asked if the body is in favor of deferring the proposal for further study by a Sub-Committee. By vote of the majority, the endorsement of the proposal to the PEM Board was deferred and the creation of the Sub-Committee to study the proposal was agreed upon. • Below are the members of the RCC who voted for the deferral of the proposal and the creation of the Sub-Committee: 1) Francisco Leodegario R. Castro, Jr. 2) Cherry A. Javier 3) Dixie Anthony R. Banzon 4) Ambrocio R. Rosales 5) Lorreto H. Rivera 6) Carlito C. Claudio 7) Nelson Dela Cruz 8) Allan C. Nerves 9) Concepcion I. Tanglao 10) Isidro E. Cacho, Jr. • Chairperson de Castro assigned the members of the RCC who will compose the Sub-Committee on Clarifying Indirect WESM Membership, as follows: Chairman: Francisco L.R. Castro, Jr. Members: Cherry A. Javier Lorreto H. Rivera Ryan S. Morales Isidro E. Cacho, Jr. Ambrocio R. Rosales The respective members of the Committee consented to their membership to the said Sub-Committee.

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	• Further, the body agreed that the Sub-Committee should tackle and come-up with a decision/report on the issues below: a) Clarification on the delineation of responsibilities between the direct and indirect members; b) Possible remedies for WESM exposures of the direct members on behalf of the indirect WESM member for extreme scenarios; c) Possible impact of the proposed amendments to distribution utilities; and d) Other considerations deemed appropriate by the Sub-Committee. • Chairperson de Castro likewise requested the Sub-Committee to submit their decision/report to the RCC before the next regular RCC Meeting. Resolution: The RCC deferred the endorsement of the proposal to the PEM Board. The RCC created a Sub-Committee to further discuss the issues surrounding the proposal and to submit their report before the next regular RCC Meeting. At this juncture, the RCC postponed its proceedings for a 40-minute lunch break. The meeting was resumed at 01:10 PM. Upon resumption, the body agreed to first discuss the Proposed Criteria for Rules Change Effectiveness Study.
4.1. Proposed Criteria for Rules Change Effectiveness Study	Presenters: Ms. Divine Gayle C. Cruz, Ms. Kathleen R. Estigoy and Ms. Dianne L. De Guzman (RCC Secretariat) Meeting Material/s: Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study Action Requested: For approval of the proposed criteria Proceedings: • Ms. Cruz (RCC Secretariat) presented the proposed criteria for the effectiveness study on Must-Run Unit (MRU). Highlights of the discussion are as follows:

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	a) It was clarified that the objective of the study is to determine the effectiveness of trimming down the criteria for MRU and not the criteria for implementing the MRU. b) Mr. Rosales opined that the proposed criteria for studying the effectiveness of MRU criteria is not quantifiable since the decrease or the zero utilization of MRU can be due to various reasons such as reinforcement/replacement of transmission lines or equipment (e.g. capacitors) and increase in the ancillary service. c) Mr. Cacho, Jr. suggested that the study should focus on the utilization of the MRU considering that MRU is used to have a reliable and stable grid system. The study may address question on whether the utilization of MRU decreased and if the ancillary services had become sufficient. d) Mr. Gumalal recommended to the Secretariat to explore and propose other aspects of MRU for study which have measurable and quantifiable impacts. Mr. Rosales and Mr. Cacho, Jr. suggested looking into the compensation aspect of MRU. e) Mr. Claudio noted that there was a rule change shifting from systems-wide compensation to regional compensation. He suggested studying the application of the Generation Price Index (GPI) as it would assess which pricing mechanism is better, considering the rationale for the shift on the application of compensation mechanism. Ms. Cruz noted the suggestions of the body and commented that it may be a moot exercise to study the effectiveness of GPI since MRUs will be paid at market price upon the deployment of the new market management systems. f) Mr. Cacho, Jr. inquired if the study will also assess the implementation of the MRU. Ms. Cruz responded that they prefer not to dwell on the MRU implementation as it may turn out to be an audit of SO process.

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	• On the question of Mr. Castro on the basis for the conduct of the study, the Secretariat explained that upon the reorganization of PEMC, the MAG-RRD has been mandated to review the market rules since it has been operational for about 15 years. The conduct of the effectiveness study is one of the ways to evaluate if the rules are effective and responsive. It also noted that the rules can be said to be effective if the objectives of the proposal were achieved. The exercise is also in preparation for the future effectiveness study on the implementation of the enhanced WESM design and operations. • Ms. Kathleen Estigoy and Ms. Dianne L. De Guzman (RCC Secretariat) presented the proposed effectiveness criteria for the study on Prudential Requirement and Registration, respectively. • Ms. Tanglao suggested qualifying the results of the study as the effectiveness of the rules change proposal may be attributable to other factors. This was noted by the presenters. Resolution: The RCC approved the criteria for effectiveness study of PR and Registration, while the criteria for the MRU study will be reviewed by the Secretariat to consider compensation study.
4.2. Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing	Presenter: Engr. Valfia U. Gregorio (Proponent) Meeting Material/s: Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments Action Requested: For deliberation/approval for endorsement to PEM Board Proceedings: Ms. Gregorio (IEMOP) presented IEMOP's response to the comments on the proposal submitted by PEMC. Highlights of the discussion are as follows: • PEMC pointed out that RCC Resolution 2019-10 dated 19 July 2019 is conflict with the proposal on the timeline for submitting the correct metering data to the MO by the MSP and on the global

Agenda	Agreements / Action Taken / Action Required
	change of "business days" to "working days". The said resolution was duly adopted by the PEM Board and has been subjected by the DOE to public consultation. • Mr. Allan Nerves (Independent) inquired if it is possible to adjust instead the number of days rather than the change from "working days" to "business days". Mr. Cacho, Jr. responded that the overall timeline in the billing and settlement processes will be affected in the change to "working days". • Mr. Cacho Jr. noted that IEMOP wrote directly to the Office of the Secretary of Energy regarding the matter. He informed the body that he will update the RCC of the response of the DOE. Ms. Papa confirmed the receipt of IEMOP's letter. • Mr. Castro commented that he is inclined to defer the discussion pending DOE's response and decision on the previously submitted RCC proposal. Ms. Tanglao agreed on the comment of Mr. Castro and noted that the inconsistency between the submitted proposal to the DOE and IEMOP's current proposal may reflect that the RCC did not thoroughly study the proposals should IEMOP's current proposal be endorsed to the PEM Board. • Co-Chairperson Castro asked whether the body wanted to defer the endorsement of the proposal to the PEM Board pending DOE's response to IEMOP's letter. By vote of the majority, the endorsement of the proposal to the PEM Board was deferred again. IEMOP Representative was requested to furnish the RCC with the copy of the letter and the corresponding update, if there is any. <u>Resolution:</u> The RCC deferred the endorsement of the proposal to the PEM Board pending DOE's response to IEMOP's letter.
VI. Other Matters	
6.1 DOE Public Consultation Updates	<u>Presenter:</u> Ms. Melanie Papa (DOE) <u>Action Requested:</u> For information <u>Proceedings:</u>

Agenda	Agreements / Action Taken / Action Required
	• Ms. Melanie Papa informed the RCC of the approval of the following Department Circulars which stemmed from the RCC proposals: 1) Load Forecasting Methodology for the Inclusion of the Procedures for Preparation and Updating of Nodal Load Distribution Factors 2) Adopting further Amendments to the WESM Rules and WESM Manual on the Management of Net Settlement Surplus (Harmonization with the ERC Resolution no. 07 Series of 2019) 3) Implementation of DOE DC2019-02-0003 Providing for the Framework Governing the Operations of Embedded Generators 4) Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units 5) Dispatch Protocol Manual to Enhance Procedures in MRU Accounting • Ms. Papa also noted that the Department Circular on Reserves Market was also signed by the Energy Secretary. These circulars will undergo the publication requirement to make it effective. <u>Resolution:</u> N/A (for information only)
6.2 Draft WGC Performance Measures and WGC Support Survey Form	<u>Presenter:</u> Ms. Geraldine A. Rodriguez (PEMC) <u>Action Requested:</u> For comments and inputs <u>Meeting Material/s:</u> Annex F – Draft WGC Performance Measures and WGC Support Survey Form <u>Proceedings:</u> • Ms. Geraldine A. Rodriguez (PEMC) presented the draft WGC Performance Measures and WGC Support Survey Form. Summary of the discussion are as follows: a) In response to the inquiry of Mr. Claudio regarding the breakdown of percentage, Ms. Rodriguez noted that there is no breakdown yet for percentage. Ms. Varquez added that the percentage will be equally weighted among the performance

Agenda	Agreements / Action Taken / Action Required
	measures. Further, the quantitative measures are based on the respective governance committee work plans. b) On the performance measure, Mr. Claudio recommended also using accuracy in assessing the performance of the WGC Support and not timeliness alone. He explained that PEMC implements Quality Management System and one of the basic tenets of quality is doing the work right at the first time. Ms. Rodriguez clarified that the accuracy of work by the supporting unit can be evaluated in the WGC Support Survey Form. In the same form under the subjective portion, Ms. Varquez pointed out that improvements and recommendations to the support given by the Secretariat can be indicated therein. c) Also, Mr. Claudio suggested that the weight for each performance criteria to be consistent throughout the years for it to be comparable on a year-to-year basis and to identify performance trend. d) It was noted that the TWG has already received comments to draft performance measures and survey form from RCC members. Deadline for submission of comments is until 26 March 2021. Resolution: The RCC noted the information provided and will submit comments on or before 26 March 2021.
6.3 Possible Compensation of Displaced Generators	Presenter: Ms. Karen A. Varquez (PEMC) Action Requested: For information/comments Meeting Material/s: Annex G – Presentation on the Possible Compensation of Displaced Generators Proceedings: • Ms. Karen Varquez (PEMC) presented PEMC's study on Possible Compensation of Displaced Generators in compliance to ERC's directive to conduct the same. Summary of the discussion are as follows:

MEETING MINUTES

Subject/Purpose : 175th Rules Change Committee Meeting
Date & Time : 19 March 2021, 09:00
Venue : Online via Microsoft Teams
Page : 22 of **124**

Agenda	Agreements / Action Taken / Action Required
	a) On the total generator-trading intervals, Mr. Cacho, Jr. asked for clarification if the 6,659 trading intervals in 2019 means that there have been the same number of non-compliance with the RTD schedule. Ms. Varquez answered in the affirmative but clarified that the statistics is per generator. Thus, in an interval, there can be various generators which are non-compliant. Mr. Cacho, Jr. noted that there is a total of 8,760 intervals in a year. To avoid misinterpreting the data of the total generator-trading interval as the total number of non-compliance to RTD schedule in a year, it must be indicated that that it refers to the summation of the number of generators which are non-compliant to RTD schedule. b) Mr. Claudio said that they will submit comments to the study presented by PEMC. <u>Resolution:</u> N/A (for information only)
VI. Next Meeting	The RCC noted the schedule of the next RCC, as follows: • 16 Apr 2021 • 21 May 2021 • 18 June 2021
VII. Adjournment	• Mr. Cacho, Jr. moved to adjourn the meeting. The motion was duly seconded by Mr. Claudio and was adopted by the body. • The meeting was adjourned at 04:00 PM.

Prepared by:

[redacted]

KATHLEEN R. ESTIGOY
Specialist, Rules Review Division
Market Assessment Group

Reviewed by:

[redacted]

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

Noted by:

[redacted]

JOHN MARK S. CATRIZ
Head, Market Assessment Group

[redacted]

MEETING MINUTES

Subject/Purpose : 175th Rules Change Committee Meeting
Date & Time : 19 March 2021, 09:00
Venue : Online via Microsoft Teams

Approved by: **THE RULES CHANGE COMMITTEE**	
Independent Members:	
[redacted] **MAILA LOURDES G. DE CASTRO** Chairperson	[redacted] **FRANCISCO L.R. CASTRO, JR.**
[redacted] **ALLAN C. NERVES**	[redacted] **CONCEPCION I. TANGLAO**
Generation Sector Members:	
[redacted] **DIXIE ANTHONY R. BANZON** Masinloc Power Partners Co. Ltd. (MPPCL)	[redacted] **CHERRY A. JAVIER** Aboitiz Power Corp. (APC)
[redacted] **CARLITO C. CLAUDIO** Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	**MARK D. HABANA** Vivant Corporation - Philippines (Vivant)
Distribution Sector Members:	
VIRGILIO C. FORTICH, JR. Cebu III Electric Cooperative, Inc. (CEBECO III)	[redacted] **RYAN S. MORALES** Manila Electric Company (MERALCO)

[redacted]

[redacted] **RICARDO G. GUMALAL** Iligan Light and Power, Inc. (ILPI)	[redacted] **NELSON M. DELA CRUZ** Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)
Supply Sector Member:	
[redacted] **LORRETO H. RIVERA** TeaM (Philippines) Energy Corporation (TPEC)	
Market Operator Member:	
[redacted] **ISIDRO E. CACHO, JR.** Independent Electricity Market Operator of the Philippines (IEMOP)	
System Operator Member:	
[redacted] **AMBROCIO R. ROSALES** National Grid Corporation of the Philippines (NGCP)	

[redacted]

Annex A – IMS Awareness for WESM Governance Committees and PEM Board Members

IMS AWARENESS FOR WESM GOVERNANCE COMMITTEES AND PEM BOARD MEMBERS

19 March 2021

PEMC GO

A Premier Electricity Market & Champion of Governance

01 PEMC IMS POLICY STATEMENT

Promote a cost-efficient, reliable, secure, and quality supply of electricity to the Filipino consumers

Ensure that extensive assessment on market outcomes is conducted to determine the market forces that promote optimal resource utilization and provide price signals for informed business decisions in the electric power industry

Maintain a self-regulating electricity market that sustains agility, open accessibility, and transparency, where a level playing field exists and where interferences to the market are discouraged

Commit to the confidentiality, integrity, and the availability of information it provides to its stakeholders

Philippine Electricity Market Corporation PEMC GO

IMS Awareness | 2

02 2020 THEME AND KEY PRIORITY: IMS CERTIFICATION



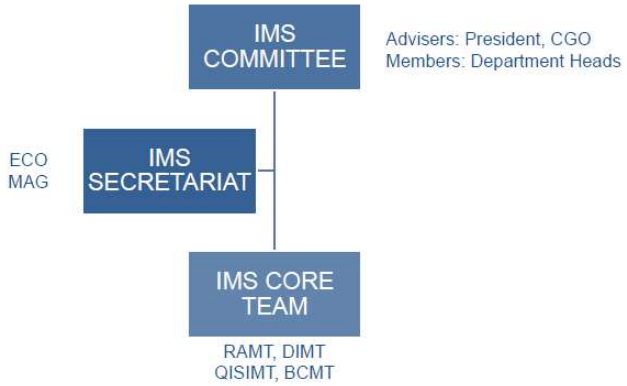
- G • Go Live of the New MMS in Luzon and Visayas
- O • Open WESM Mindanao
- R • Renewable Energy Market Operations
- A • Anti-Competitive Behavior (ACB) Framework Formulation
- D • Derivatives Market for Electricity
- I • Integrated Management System (IMS) Certification
- A • Audit of Market Operations and Metering Review
- T • Training and IEC initiatives
- E • Enforcement and Compliance regime

Philippine Electricity Market Corporation PEMC GO

IMS Awareness | 3

Annex A – IMS Awareness for WESM Governance Committees and PEM Board Members

03 PEMC IMS ORGANIZATION



04 PEMC COMPOSITION AND PROCESS MAP

IMPROVEMENT	MANAGEMENT	OPERATIONS
• Incident Management and Corrective Action and Risk-based Action • Internal Audit	• IT Systems Change Management • Organizational Change Management • OP Process • Management Committee Review	• Compliance Monitoring • Investigation • Dispute Resolution • Market Monitoring and Analysis • Rules Review • Market Performance Evaluation • Market Development Planning and Implementation • REM Governance Support • Stakeholder Engagement Services

05 PEMC STAKEHOLDERS

Internal	External
• **PEM Board and Board Committees** • **WESM Governance Committees** • PEMC Management • PEMC Employees • PEMC auxiliary staff and contractual employees	• DOE, ERC, PCC, IEMOP, NGCP • WESM Participants • Third Party Service Providers • NEA, BIR, SEC • Joint Congressional Energy Commission (JCEC), Senate Committee on Energy, House Committee on Energy • Local Government and Community • General Public • Former PEMC employees, and PEM Board and WESM Governance Committee members

06 CY 2021 TARGETS

	Activities	Third-Party Service Provider	Project Timeline
1	IMS Consultancy Project	Rosehall Management Consultants, Inc.	January – March 2021
2	Certification Audit	TUV Rheinland	February – March 2021

07 EXPECTED SUPPORT

Timely approval of PEMC generated outputs in relation to the governance of the market (QMS)

Ensuring the confidentiality, and adherence to integrity and availability requirements of market information (ISMS)

Timely completion of committed deliverables contained in the WGC Workplans

PROPOSED AMENDMENTS TO THE WESM RULES AND DISPUTE RESOLUTION MANUAL ISSUE NO. 6

19 March 2021

via Microsoft Teams

THE PROPONENT

The Proponent is Atty. Jesusito G. Morallos, the current Dispute Resolution Administrator (DRA) who is tasked to administer and ensure the effective implementation and operation of the WESM Dispute Resolution Process, as well as facilitate in the resolution of disputes within the objectives established under the WESM Rules.

OUTLINE



ACTION REQUESTED



RATIONALE OF THE PROPOSAL



SUMMARY OF THE PROPOSAL



OTHER RELEVANT MATTERS

ACTION REQUESTED

- **Approval of the following:**

A. Proposed Amendments to the Dispute Resolution Manual Issue No. 6 on Dispute Resolution for the Retail Rules

B. Proposed Amendments to the Dispute Resolution Manual Issue No. 6 on the Guidelines for Virtual Hearings

4

ACTION REQUESTED

C. Proposed Amendments to the WESM Rules and Dispute Resolution Manual Issue No. 6 on the Final Settlement of WESM Disputes and its Binding Effect

D. Proposed Amendments to the WESM Rules on the Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities under Clause 7.3.1.1 (c) of the WESM Rules

5

RATIONALE OF THE PROPOSAL

A. Dispute Resolution for the Retail Rules

- introduces a variant mode of arbitration that is specific to the disputes in the "Retail Rules."
- add provisions of special application to such disputes as are more appropriate or responsive to the peculiar nature or dynamics of a Retail Supply Contract or like transaction
- to be consistent with the goal to integrate retail competition into the WESM and effectively govern dispute resolution under the Retail Rules, hence dispensing with the need to amend the Retail Rules.

6

RATIONALE OF THE PROPOSAL

B. Guidelines for Virtual Hearings

- to streamline the procedures for the conduct of WESM Dispute Resolution proceedings and provide guidelines for virtual hearings and conferences during arbitration.
- to prevent cancellation of hearings and resolve some issues during a circumstance that prevents physical meetings between the participants
- to provide procedural measures that can mitigate the effect of delays to the arbitral process, including delays caused by the COVID-19 pandemic

7

RATIONALE OF THE PROPOSAL

C. Final Settlement of WESM Disputes and its Binding Effect

- To harmonize the WESM Rules and the Dispute Resolution Manual Issue No. 6 with the provisions of Republic Act No. 9285 and the Special Rules of Court on ADR which recognize the nature of an arbitral award being final and binding among the participants
- To emphasize that none of the proposed amendments depart from the provisions of the EPIRA nor do they derogate against or encroach upon the jurisdiction of the ERC over disputes between WESM Members.

8

RATIONALE OF THE PROPOSAL

D. Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities under Clause 7.3.1.1 (c) of the WESM Rules

- to align the relevant provisions of the WESM Rules related to WESM Dispute Resolution with the agreement-based or commercial arbitration framework as it was contemplated to be.
- to be consistent with the principle that the nature of the disputes involving them are not civil, commercial, or business, hence not a WESM Dispute and inadmissible for resolution through the WESM Dispute Resolution Proceedings.

9

SUMMARY OF THE PROPOSAL

A. Dispute Resolution for the Retail Rules

- To be appended as ANNEX H in the DRM
- The proposed changes admit the following delimited kinds of disputes characteristic of transactions under the Retail Rules and cater to them uniquely:

(i) those involving fees for early/pre-termination of a Retail Supply Contract;

(ii) disputes involving the Retail Supply Contract price; and

(iii) disputes related to the Retail Supply Contract period.

10

SUMMARY OF THE PROPOSAL

A. Dispute Resolution for the Retail Rules

- The proposal now is to make the *"Final Offer Arbitration,"* or *"Pendulum Arbitration"* the default mode of arbitration.
- It is faster and more cost-effective when it comes to legal costs.
- The parties exchange settlement offers and the arbitral tribunal in the end, chooses only one of the final offers submitted by the parties, thereby abbreviating much of the arbitration process.

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SUMMARY OF THE PROPOSAL

A. Dispute Resolution for the Retail Rules

Two Clauses in Annex H on Applicability:

- **"opt out" clause** – parties under Retail may choose to be bound by the conventional mode and "opt out" of the default under Retail
- **"opt in" clause** -parties to disputes under the general application of the DRM and are bound by the conventional mode as their default mode of arbitration may also choose to "opt-in" to the FOA Rules in Annex H.

12

SUMMARY OF THE PROPOSAL

B. Guidelines for Virtual Hearings

- to be appended to the DRM as ANNEX I
- *Contains the following salient provisions:*
  - ***Article 2 - Application for Conduct of Virtual Hearings***

  (provides for appropriate procedural measures to proceed with the arbitration in an expeditious and cost-effective manner; and the legal bases and justifications for the conduct of a virtual hearing)

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SUMMARY OF THE PROPOSAL

B. Guidelines for Virtual Hearings

- **Article 3 – Procedural Issues** - includes specific procedures relative to the service of documents, and notices as well as other considerations for the arbitral tribunal to ensure that parties are treated with equality and each party is given a full opportunity to present its case during a virtual hearing.
- **Appendices** containing Checklists for a Protocol on Virtual Hearings, Suggested Clauses for Virtual Hearings Protocols and Procedural Orders and Enhanced Technology and Logistical Considerations / Checklist

14

SUMMARY OF THE PROPOSAL

B. Guidelines for Virtual Hearings

- References:

- CIArb Guidance Note on Remote DR Proceedings
- Seoul Protocol on Video Conferencing
- HKIAC Guidelines for Virtual Hearings
- ICC Guidance Note on Possible Measures Aimed at Mitigating the Effects of the COVID-19 Pandemic
- DELOS (Checklist on Holding Virtual Hearings)
- SIAC Guides (Taking Your Arbitration Remote)

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SUMMARY OF THE PROPOSAL

C. Final Settlement of WESM Disputes and its Binding Effect

The proposed changes are as follows:

- Change Clause 7.3.1.1. of the WESM Rules to "x x x a party for **final and binding** settlement by arbitration in accordance with **RA 9285 otherwise known as** the Alternative Dispute Resolution Act of 2004 and the dispute resolution provisions provided herein."

- Deletion of WESM Rules Clause 7.3.1.4 (WESM Members shall comply with the dispute resolution process of the WESM Rules before filing a formal complaint to the ERC)

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SUMMARY OF THE PROPOSAL

C. Final Settlement of WESM Disputes and its Binding Effect

- Deletion of WESM Rules Clause 7.3.11.4 (If a party to a dispute is not satisfied with the resolution of the dispute resolution panel, the party may file a formal complaint to the ERC).
- Deletion of Section 3.2.1. of the Dispute Resolution Manual which states:

3.2. Resort to ERC

3.2.1. An entity belonging to any of the categories described in Section 3.1.1 should first comply with the dispute resolution process set out in this Manual before filing a formal complaint with the ERC.

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SUMMARY OF THE PROPOSAL

C. Final Settlement of WESM Disputes and its Binding Effect

- Under the IRR of the ADR Act as well as the SADR, an arbitral award is deemed to final, binding and enforceable.
- This is also consistent with the principle of party autonomy enshrined in Sec. 2 of the ADR Act.
- Only WESM-related disputes as specified in Sec. 3.1.1 of the DRM are affected by the rule change, since the market participants have all agreed in the MPA to submit these disputes to the dispute resolution process provided under WESM Rule 7.3, which sets forth the dispute resolution framework to resolve these disputes.

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SUMMARY OF THE PROPOSAL

C. Final Settlement of WESM Disputes and its Binding Effect

- The objective to harmonize WESM Arbitration with RA 9285 does not equate to a departure from the mandates of the EPIRA.

- *Under the EPIRA, ERC remains to have jurisdiction over:*
  - WESM policy matters (in its exercise of police-regulation) – but which is not an issue anyway in Arbitration under the DRM especially since that is the province of the RCC and PEM Board; and
  - quasi-judicial matters between WESM Members

19

SUMMARY OF THE PROPOSAL

D. Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities

- Deletion of Clause 7.3.1.1 (c) as follows:

7.3.1.1 The dispute resolution procedures set out in this clause 7.3 apply to all disputes relating to or in connection with transactions in the WESM which may arise between or among any of the following:

xx

(c) The PEM Board and its Working Groups **except the Dispute Resolution Administrator;**

20

SUMMARY OF THE PROPOSAL

D. Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities

- Deletion of Clause 7.3.1.1 (c) as follows:

7.3.1.1 The dispute resolution procedures set out in this clause 7.3 apply to all disputes relating to or in connection with transactions in the WESM which may arise between or among any of the following:

xx

(c) The PEM Board and its Working Groups **except the Dispute Resolution Administrator;**

20

SUMMARY OF THE PROPOSAL

D. Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities

Reasons:

- The actions of the PEM Board and its Working Groups (i.e., Governance Committees) are in exercise of their "police" and regulatory powers.
- The PEM Board does not have a juridical personality.
- The administrative and regulatory provisions of the WESM Rules are not arbitrable.

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SUMMARY OF THE PROPOSAL

D. Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities

- Clause 7.3.1.1 (c) is inconsistent with the premise of commercial arbitration and the WESM-DRP
- The PEM Board's actions are in performance of its ERC-delegated regulatory or "police" powers.
- Disputes filed against the PEM Board would question or undermine the enforcement of the regulatory policies of the market.
- The nature of such disputes is NOT civil, commercial or business, making them fall outside the particular definition of a WESM Dispute and inadmissible for resolution through WESM-DRP.

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SUMMARY OF THE PROPOSAL

D. Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities

- **Dual aspects of the WESM Rules and types of breach:**

Terms & Conditions of Market Transaction

WESM Rules as providing the essential elements of contract, as follows:

1. Defines the subject (i.e., the ***parties*** – who consent through their membership application);
2. Determines the object (***commodity***; ***service***);
3. Sets the consideration (i.e., ***prices; pricing parameters/mechanism***), and the conditions thereof (especially where there is NO CONTRACT tying the parties together).

Regulatory Policies

WESM Rules prohibit/ penalize:

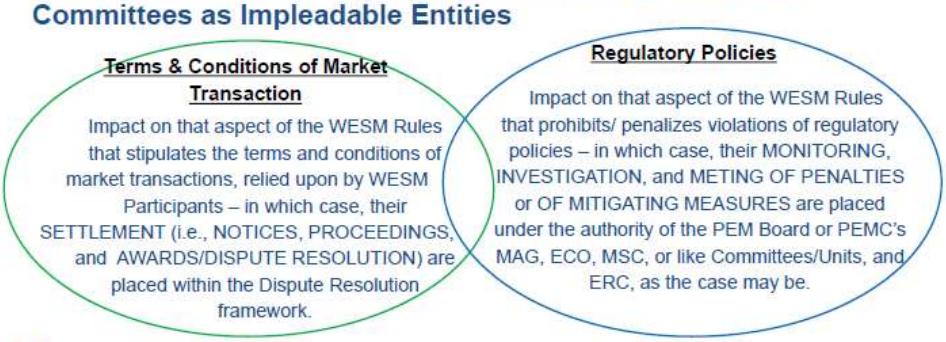
1. Abuse of market power/ position;
2. Cartelization;
3. Anti-Competitive or discriminatory behaviors;
4. Price fixing/manipulation;
5. Economic & physical withholding, etc.

and provides for their monitoring, investigation, imposition of fines etc., and meting out penalties or mitigating measures therefor.

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SUMMARY OF THE PROPOSAL

D. Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities



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OTHER RELEVANT MATTERS

- The proposed amendments on DR for the Retail Rules not only expand the coverage of arbitrable disputes but also present a more sophisticated mechanism for WESM-DR.
- For the Guidelines on Virtual Hearings, they are timely and necessary to ensure that disputes will continue to be resolved on a fair, expeditious, and cost-effective basis especially during time when the participants cannot meet face to face.
- Adopting the proposed changes (C) and (D) will result to a set of WESM Rules and Dispute Resolution Manual that are relevant and current to the latest practices and legal standards in place in the field of Alternative Dispute Resolution.

25

ACTION REQUESTED

- **Approval of the following:**

A. Proposed Amendments to the Dispute Resolution Manual Issue No. 6 on Dispute Resolution for the Retail Rules

B. Proposed Amendments to the Dispute Resolution Manual Issue No. 6 on the Guidelines for Virtual Hearings

26

ACTION REQUESTED

- **Approval of the following:**

C. Proposed Amendments to the WESM Rules and Dispute Resolution Manual Issue No. 6 on the Final Settlement of WESM Disputes and its Binding Effect

D. Proposed Amendments to the WESM Rules on the Removal of the PEM Board and the WESM Governance Committees as Impleadable Entities under Clause 7.3.1.1 (c) of the WESM Rules



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Annex C – IEMOP's Response to RCC's Requests

RCC REQUESTS: FROM HIGHLIGHTS OF 174TH MEETING

Proposal on Indirect WESM Membership

1. IEMOP's way forward addressing the inconsistency between its proposal on WESM Rules 3.14.9.1 and the ERC's directive on settlement adjustments under the ERC Decision approving the PDM (ERC Case No. 2017-042RC).
   - *Proposal (WR 3.14.9.1): Settlement adjustments for Indirect WESM Members who transferred to a new Direct WESM Member would be charged to its previous Direct WESM Member.*
   - *ERC: 4.4.5.5. The payment for Additional Compensation of customers that have switched to a different RES or Direct WESM Member shall be billed to the current RES or Direct WESM Member provided that the bill shall reflect the period of consumption and the corresponding RES during the period of the MRU event under claim.*

As discussed with ERC during the coordination meeting held on 28 August 2020, IEMOP will pursue the proposed change on which direct WESM member will be responsible for the settlement adjustments of indirect WESM members. ERC noted that if DOE approves the proposal, then this would become the prevailing rule. However, for the immediate implementation of the ERC decision, IEMOP will also be submitting a rules change proposal reflecting the same.

Philippine Electricity Market Corporation PEMC | 1

RCC REQUESTS: FROM HIGHLIGHTS OF 174TH MEETING

Proposal on Indirect WESM Membership

2. Relative to the implementation of the proposal, IEMOP to present in the next meeting the Market Participation Agreement for Direct WESM Members so the RCC could discuss (i) the scope of a Direct WESM Member's responsibility for its Indirect WESM Member, and (ii) if Direct WESM Members have sufficient safeguards against the impact resulting from their assumption of obligations of Indirect WESM Members

As explained during the last meeting, the MPA is a standard form of the WESM which is required to be signed by the WESM Member, and PEMC and IEMOP as counterparties. May we request that the same be provided the RCC members in advance for their reference (see attached) instead of IEMOP presenting it during the meeting, for them to assess the extent of a Direct WESM Member's responsibility for its Indirect WESM Member.

Philippine Electricity Market Corporation PEMC | 2

RCC REQUESTS: FROM HIGHLIGHTS OF 174TH MEETING

Proposal on Indirect WESM Membership

3. IEMOP to provide the list of settlement data attributed to Indirect WESM Members that Direct WESM Members will be accountable for as entailed in the proposal

Direct WESM Members are responsible for all WESM transactions of their Indirect WESM Members. Subsequently, Direct WESM Members will receive all settlement details of their Indirect WESM Members. Below is the list of all settlement data:

Per Indirect WESM Member		
• Gross Energy Settlement Quantity (GESQ) • Bilateral Contract Quantity (BCQ) • Gross Trading Amount (GTA) • Bilateral Offset Amount • GTA SMP Loss • GTA Congestion • Bilateral Offset Amount SMP Loss • Bilateral Offset Amount Congestion	• Energy Trading Amount (ETA) SMP Loss • ETA Congestion • ETA Sales • ETA Purchases • Line Loss payment • Congestion Cost payment • System Line Loss payment • System Congestion payment • GESQ Withdrawal • System GESQ Withdrawals	• Net Settlement Surplus (NSS) Loss Allocation Factor • NSS Congestion Allocation Factor • NSS Due to Loss • NSS Due to Congestion • NSS Flowback Amount Due to Losses • NSS Flowback Amount Due to Congestion

Annex C – IEMOP's Response to RCC's Requests

RCC REQUESTS: FROM HIGHLIGHTS OF 174TH MEETING

Proposal on Indirect WESM Membership

3. IEMOP to provide the list of settlement data attributed to Indirect WESM Members that Direct WESM Members will be accountable for as entailed in the proposal

Direct WESM Members are responsible for all WESM transactions of their Indirect WESM Members. Subsequently, Direct WESM Members will receive all settlement details of their Indirect WESM Members. Below is the list of all settlement data:

Per meter of each Indirect WESM Member

- Gross Energy Settlement Quantity
- Final Energy Dispatch Price
- System Marginal Price
- Marginal Loss Cost
- Marginal Congestion Cost
- Gross Trading Amount (GTA)
- GTA SMP Loss
- GTA Congestion

Philippine Electricity Market Corporation PEMC

4

RCC REQUESTS: FROM HIGHLIGHTS OF 174TH MEETING

Proposal on Indirect WESM Membership

3. IEMOP to provide the list of settlement data attributed to Indirect WESM Members that Direct WESM Members will be accountable for as entailed in the proposal

Direct WESM Members are responsible for all WESM transactions of their Indirect WESM Members. Subsequently, Direct WESM Members will receive all settlement details of their Indirect WESM Members. Below is the list of all settlement data:

Per contract declaration to the Indirect WESM Member

- Seller Billing Id
- Seller MTN
- BCQ Buy
- Reference MTN
- FEDP @ Reference MTN
- SMP @ Reference MTN
- MLC @ Reference MTN
- MCC @ Reference MTN
- Bilateral Buy Offset Amount
- Bilateral Buy Offset Amount SMP Loss
- Bilateral Buy Offset Amount Congestion
- GWAP Loss
- GWAP Congestion
- Buyer Line Rental Trading Amount
- Bilateral Buy Line Loss Payment
- Bilateral Buy Congestion Cost Payment

Philippine Electricity Market Corporation PEMC

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RCC REQUESTS: FROM HIGHLIGHTS OF 174TH MEETING

Proposal on Indirect WESM Membership

3. IEMOP to provide the list of settlement data attributed to Indirect WESM Members that Direct WESM Members will be accountable for as entailed in the proposal

Direct WESM Members are responsible for all WESM transactions of their Indirect WESM Members. Subsequently, Direct WESM Members will receive all settlement details of their Indirect WESM Members. Below is the list of all settlement data:

Per trading node of the Indirect WESM Member

- GESQ
- BCQ Sell
- BCQ Buy
- MLC
- MCC
- Gwap Loss
- Gwap Congestion
- Spot Line Loss Payments
- Spot Congestion Cost Payments

Philippine Electricity Market Corporation PEMC

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Annex C – IEMOP's Response to RCC's Requests

RCC REQUESTS: FROM HIGHLIGHTS OF 174TH MEETING

Proposal on Indirect WESM Membership

4. PEMC to recommend enforcement mechanisms to address the non-registration of loads.

WESM Registration Manual Issue 5.3 (for enhanced market design)

Section 3.3 FACILITY-RELATED CHANGES

3.3.7. **New Load Facility**

3.3.7.1. A *WESM Member* that has a new load facility and intends to withdraw energy from the grid through a separate *market trading node* shall register that load facility with the *Market Operator*.

3.3.7.2. The *WESM Member* shall comply with the technical and commercial requirements under Section 2.5.3 for the registration of its new load facility.

3.3.7.3. In compliance with prudential requirements, a *WESM Member* shall, prior to energization, provide an additional security commensurate to the load profile of the new load facility.

3.3.7.4. The *Market Operator* shall assess and approve the request for the registration of a new load facility in accordance with the procedures under Sections 2.5.5, 2.5.6 and 2.5.7.

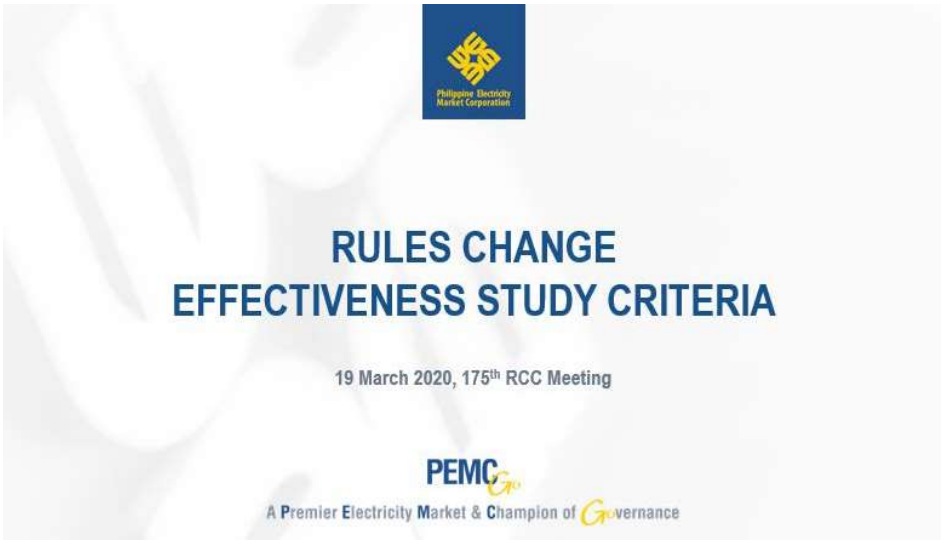
3.3.7.5. The *Market Operator* shall report to the Enforcement and Compliance Office any possible non-compliance to the requirement of Section 3.3.7 for its appropriate action.

No additional rules change are necessary:

- *Section 3.3.7 is already sufficient to address the enforcement of registration of new loads whether directly connected to the transmission system or not;*
- *the term 'WESM Member' covers both generation company and customer as being responsible for registering their new load facility in the WESM;*
- *In terms of monitoring by PEMC, Section 3.3.7.5 obligates the MO to report non-compliances to the ECO*

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Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study



ACTION REQUESTED

- For review and approval of rules change effectiveness study criteria

BACKGROUND

Study Objectives

1. To determine whether rules changes achieved the intended goals or benefits of the proposal;
2. To fill the gaps in understanding what rules change worked and did not work; and
3. To recommend enhancements to rules change processes.

Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study

APPROVED TOPICS (DEC 2020)

	STUDY TOPICS	INDICATIVE TIMELINE
1	Must-Run Unit	Q2 2021
2	Prudential Requirement	Q3 2021
3	Registration, Suspension, Deregistration, Cessation	Q4 2021



BACKGROUND

MRU changes since 2006:

1. Compensation mechanism
2. Criteria for utilization of MRUs
3. 2-week timeline for TPs to validate SO's report on MRU dispatch/events

Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study

BACKGROUND

Options for effectiveness study:

1) Effectiveness of changing compensation mechanism (from Default Dispatch Offer, to ex-post price to GPI-based) - *compensation mechanism will change for NMMS*
2) Effectiveness of changing criteria for using MRUs
3) Effectiveness of prescribing 2-week timeline for TPs to validate SO's report on MRU dispatch

BACKGROUND
EFFECTIVENESS OF CHANGING CRITERIA FOR USING MRUs

	MRU Criteria (Reason for Dispatch)	Since when?	Description	Deleted? (Y/N)	Deleted when?	Why?	Status
1	System Voltage Requirement	Issue 1.0	For required voltage control and reactive power	N	--	--	Prevailing
2	Thermal Limits of Transmission Line and Power Equipment	Issue 1.0	For dispatch limitations of generators affected by the actual condition of transmission lines and/or power equipment	N	--	--	Prevailing
3	Systems Tests of TransCo Facilities/Equipment	Issue 1.0	tests undertaken to certain substation equipment	Y	Issue 5.0	• Not related to system security • Deemed part of generator's cost and shouldn't be compensated as MRU	Removed

BACKGROUND
EFFECTIVENESS OF CHANGING CRITERIA FOR USING MRUs

	MRU Criteria (Reason for Dispatch)	Since when?	Description	Deleted? (Y/N)	Deleted when?	Why?	Status
4	Insufficient offers from generators	Issue 3.0	to meet the demands for the real-time dispatch of energy	Y*	Issue 5.0		Deemed under the 'Real-power Balancing and Frequency Control' criteria
5	Inadequate levels of reserve	Issue 3.0	to meet the security and reliability requirements of the Grid	Y*	Issue 5.0		Deemed under the 'Real-power Balancing and Frequency Control' criteria
6	Regulatory Requirements	Issue 1.0	unit tests imposed by the government (i.e., boiler tests, emission tests, other environmental tests, etc.)	Y	Issue 5.0	• Not related to system security • Deemed part of generator's cost and shouldn't be compensated as MRU	Removed
7	Commercial Operation Requirements	Issue 1.0	unit tests imposed by the SO or required in the PGC (i.e., performance, commissioning, fuel stack sampling, Ancillary Service, etc.)	Y	Issue 5.0		Removed; scheduled based on security limit submitted by SO

Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study

BACKGROUND
EFFECTIVENESS OF CHANGING CRITERIA FOR USING MRUs

	MRU Criteria (Reason for Dispatch)	Since when?	Description	Deleted? (Y/N)	Deleted when?	Why?	Status
8	Local Calamities and Emergencies	Issue 1.0	short-term incidents that require designation of MRUs to avert or minimize damage to infrastructure and security of people living in affected localities	Y*	Issue 5.0		Deemed under the 'Real-power Balancing and Frequency Control' criteria

PROPOSED EFFECTIVENESS CRITERIA FOR MRU

Implemented Rules Change	Objective of the Proposal	Criteria	Data Needed
Changed criteria for utilization of MRUs: 1) Limited to address system security and reliability 2) Limited to be used only when AS have been exhausted	1) MRUs should only address issues on system security and reliability, and 2) MRUs should be used only after AS have been exhausted	1) Number of MRUs dispatched before and after 2014* 2) Trend of MRU costs before and after 2014* (total MRU payments plus additional compensation) 3) Effect of rules change to MRU dispatch implementation	Data on MRU dispatch (from earliest available up to present) Data on MRU costs (from earliest available data up to present)

PROPOSED EFFECTIVENESS CRITERIA FOR MRU

Implemented Rules Change	Objectives of the Proposal	Criteria	Data Needed
Prescribed 2-week period allowing TPs to validate SO's report on MRU dispatch/events	Process improvement	1. Instances of TPs notifying the MO of discrepancy in SO report beyond the timeline 2. Instances of requests for extension 3. Instances of disputes filed arising from MRU transactions	Information/data from MO

Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study



BACKGROUND

Reduced PR Level

- Proponent: RCC/PEM Board's Directive
- RCC Reso 2013-09
- RCC Reso 2014-01
- Approved by the PEM Board effective 29 May 2014 (BSM Issue 3.0)

Initial PR

- Proponent: IEMOP
- RCC Reso 2019-12
- Approved thru DOE DC No. 2020-06-0014 effective 02 July 2020 (BSM Issue 5.1)

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PROPOSED EFFECTIVENESS CRITERIA FOR PR STUDY

Implemented Rules Change	Objectives of the Proposal	Criteria	Data Needed
Reduced PR level	To encourage WESM membership To reduce participation cost in the WESM	% of registered members from the total eligible members (participation percentage) No. of pre-payments and top-ups Non-compliance to PR security	Membership Eligibility and Registration Data from 29 May 2014 to 30 December 2020 Margin Call Notice Data from MOPS Monthly PR Compliance Report Minutes and resolutions of relevant PEMB meeting Cases of incomplete registration because of IPR

Philippine Electricity Market Corporation PEMC

Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study

PROPOSED EFFECTIVENESS CRITERIA FOR PR STUDY

Implemented Rules Change	Objective of the Proposal	Criteria	Data Needed
Imposed a hierarchy and conditions in the acceptance of other forms of security other than cash	PEM Board Directive for the RCC to include in the proposal provisions that would cover net buyer generators in the provisions of prudential security	Efficient compliance to PR security Non-issuance of margin call notices	Margin Call Notices Data from MOPS Monthly report on PR and issuances of Margin Call notices Summary of Unpaid Energy Settlement Amounts Minutes and resolutions of relevant PEMB meeting

PROPOSED EFFECTIVENESS CRITERIA FOR PR STUDY

Implemented Rules Change	Objectives of the Proposal	Criteria	Data Needed
Allowance of refund of security deposit	To consider that generators do not become net buyers all the time	No. of allowed request for refund Non-issuance of margin calls to participants allowed to refund	Margin call notice data from MOPS Data on participant's net exposure Requests for refund from IEMOP



REGISTRATION, SUSPENSION, DEREGISTRATION, CESSATION STUDY CRITERIA

Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study

BACKGROUND

Registration changes since 2010:

Change No:	Implemented Rules Change	Topic
1	Original Document	
2	Addition of Dispute Resolution Manual as reference	Process Improvement
3	Implementation of Preferential Dispatch	Facilitate registration of RE resources
4	Procedures related to WESM Membership	Process Improvement
5	Harmonization with RA 11234 "An Act Establishing the Energy Virtual One Stop Shop (EVOSS)"	Process Improvement
6	Enhancements to the procedures of a New Load Facility of Registered WESM Member	Process Improvement

PROPOSED EFFECTIVENESS CRITERIA FOR REGISTRATION

Implemented Rules Change	Objectives of the Proposal	Criteria	Data Needed
Registration requirements for preferential dispatch	Facilitate registration of RE resources	% increase of RE resources	• No. of registrants • Compliance to the requirements • Timeliness for processing
Harmonization with EVOSS (Registration application for 15 **calendar days** from 15 working days)	Process Improvement	% Compliance to registration timeline	• Data on timeliness for processing (MOPS) • Application Requirements • Data on updates from MO to TPs (monitoring on the status of application)

PROPOSED EFFECTIVENESS CRITERIA FOR REGISTRATION

Implemented Rules Change	Objectives of the Proposal	Criteria	Data Needed
Provisions to register New Load Facility	Process Improvement	% increase in load participants % compliance to PR by load participants	• Registration information • PR data from PR study • Reports regarding non-compliances to the requirements
Changes in Registration Information and Requirements	Process Improvement	% processed requests for change in information % compliance to the requirements needed	• Registration Information • Occurrence of changes (data on the number of participants)

Annex D – Presentation on the Proposed Criteria for Rules Change Effectiveness Study

PROPOSED EFFECTIVENESS CRITERIA

Registration, Suspension, Deregistration, Cessation

Topic	Implemented Rules Change	Criteria	Data Needed
Suspension and Deregistration	Original rules since 2010	MO is able to suspend and deregister participants, as required. % TPs actually suspended/deregistered / TPs required to be suspended/deregistered	• Participant registry • Occurrences of suspension & de-registration (data on the number of participants) • Issues encountered by MO in suspension/deregistration

ACTION REQUESTED

- For review and approval of rules change effectiveness study criteria

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

A. WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					General Comments **PEMC:** 1. What will be the effect or impact of the approved RCC Resolution 2019-10 last 19 July 2019 with this proposal? ***RCC Resolution 2019-10 on WESM Metering Manual*** *7.3.1 Timeline* *Upon receipt of the Meter Trouble Report, the Metering Services Provider shall submit the correct metering data to the Market Operator within ~~two (2)~~* ***seven (7) working*** *~~business~~ days.* 2. If the proposal will be aligned in the approved RCC Resolution 2019-10, there is a need to revise the following sections of the Retail Metering Manual • Section 7.4.1 • Section 7.4.2.2 • Section 7.4.2.2.1 • Section 7.4.2.2.2		**PEMC:** 1. This proposal would amend some of the approved changes under RCC Resolution 2019-10 specifically on the deadline of submission of metered quantities for inclusion in the preliminary and final settlement statements. We note that the approved RCC Resolution 2019-10 performed a general change to set all deadlines using working days instead of business days (or calendar days), which was not part of the original proposal from NGCP. We note that this has significant impact to the available time for IEMOP to	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
							prepare the settlement statements since the deadlines for their issuance are a certain number of business days (and not working days) from the end of the billing period. For example, in the approved RCC Resolution 2019-10, the deadline for submission of monthly prelim MQs is three (3) working days after the end of the billing period, which was changed from three (3) business days. If the period falls towards the end of the week and includes weekends, 3 WD would be equivalent to five (5) calendar days. Since the issuance of preliminary settlement	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
							statements is seven (7) calendar days after the end of the billing period, there would be cases when IEMOP will only have two (2) calendar days to validate the MQs and prepare the preliminary settlement statements. As discussed under this proposal, the ideal timeline for processing of settlements statements is five (5) calendar days. We note that IEMOP performs its billing and settlement processes even during weekends and holidays to comply with the timelines under the WESM Rules. Similarly, RCC Resolution 2019-10 provided that the deadline for submission of	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
							corrected MQs for inclusion in the final settlement statements is four (4) working days prior to their issuance. If the period includes weekends, the timeline would be equivalent to six (6) calendar days, which is a shorter timeframe for the submission of the corrected MQs. Since any submission beyond the deadline would be reconciled through settlement adjustments, the shorter timeframe may lead to more settlement adjustments. The five (5) calendar day timeline proposed by IEMOP provides a longer timeframe for submission of corrected MQs while allowing IEMOP to perform	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
							more extensive validation of settlement inputs and results. We also note that the approved Section 7.3.2(b) of RCC Resolution 2019-10 did not harmonize the proposed timeline with other related sections such as 5.3.3 (d), 6.3.2 (c), 6.4.5, which would result in inconsistencies. 2. The proposal aims to amend the approved provisions under RCC Resolution No. 2019-10	
Preliminary Statements	3.14.4.1	Within 7 *days* after the end of each billing period, the *Market Operator* shall give each *WESM member* who has engaged in *market transactions* in that billing period a preliminary statement which sets out the *market transactions* of that	Within **8** ~~7~~ *days* after the end of each billing period, the *Market Operator* shall give each *WESM member* who has engaged in *market transactions* in that billing period a preliminary statement which sets out the *market transactions* of that *WESM member* in that billing	The revision is being proposed to increase the validation in metering and billing timeline. This is to reduce issuance of	**PEMC:** Same with the general comment. **MERALCO:**		**PEMC:** Same response **MERALCO:** The amounts due for payment are provided under	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
		WESM member in that billing period and the settlement amount payable by or to that *WESM member*. If the seventh day falls on a *Non-Working Day*, the issuance of the preliminary statements shall be made during the next immediate *Working Day*.	period and the settlement amount payable by or to that *WESM member*. If the **eighth** ~~seventh~~ day falls on a *Non-Working Day*, the issuance of the preliminary statements shall be made during the next immediate *Working Day*.	settlement adjustments.	We respectfully recommend maintaining the existing timelines. The IEMOP proposal adjusts only the schedule of the provision of the billing statement but does not propose a corresponding adjustment in the due date for settlement of the billing. Hence, IEMOP is effectively proposing to reduce the time from receipt of the WESM bill to payment by one day. Thus, the proposal will adversely affect the cash flows of all WESM-registered DUs and ECs, simply to address the non-timely submission of data by a few MSPs. Currently, meter readings are uploaded on a daily basis and many MSPs submit within the 3-day timeline, so that the validation of readings can already be done for those submissions. As the concern is the non-timely submission of some MSPs, it does not seem equitable		the final settlement statements, whose timeline for issuance is not proposed to be changed under this proposal. Hence, time from receipt of the due WESM bill to payment will not be reduced. The proposed additional one-day for preliminary settlement statement issuance is not only due to non-timely submission of some MSPs but also for additional validation. We note that the proposal aims to improve accuracy of preliminary settlement statements with	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					to adjust the schedule for all billings to address a limited concern. We respectfully encourage IEMOP to explore other, more scalable solutions. Extending the period to prepare the settlement statements to accommodate an increase in the volume of meter data is not a tenable solution moving forward. A scalable solution will be more appropriate with the continued expansion of RCOA and possible introduction of GEOP. We also note that, to address expansion of the contestable market, IEMOP itself has already proposed a mechanism that will not require the same volume of metering data as the current scheme for RCOA (and, potentially, for GEOP). As this proposed mechanism is still on the table, the proposed revision		the additional validation timeline. Although preliminary settlement statements are issued for review purposes, we find that trading participants will benefit from more accurate preliminary statements as some already use it for billing their customers; hence, we are proposing the additional validation timeline. As mentioned, we are considering the expansion of the contestable market and implementation of GEOP, and also WESM Mindanao, in our proposal. Although we have	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					to the billing timeline appears to be premature.		submitted measures for the efficient processing of the additional volume of data, we still expect that those developments will significantly increase the required processing by IEMOP.	
	3.14.4.4	If the *Market Operator* considers that a preliminary statement contains an error or discrepancy after reviewing the preliminary statement as notified by a *WESM member* pursuant to clause 3.14.4.3 or as independently identified by the *Market Operator*, the *Market Operator* shall ensure that correction of any error or discrepancy is reflected in the relevant final statements, provided that corrections requiring the input of an external party are received by the *Market Operator* at least two *Working Days*	If the *Market Operator* considers that a preliminary statement contains an error or discrepancy after reviewing the preliminary statement as notified by a *WESM member* pursuant to clause 3.14.4.3 or as independently identified by the *Market Operator*, the *Market Operator* shall ensure that correction of any error or discrepancy is reflected in the relevant final statements, provided that corrections requiring the input of an external party are received by the *Market Operator* at least **five business** ~~two Working~~ *Days* before the deadline of the issuance of the	The revision is being proposed to harmonize the WESM Rules and Manuals on the submission of final and corrected inputs required for the final statement. This is also in line with the proposed increased validation in metering and billing timeline to reduce issuance of settlement adjustments.	**PEMC:** An earlier approved proposal provides the submission of corrected metering data 4 working days from the issuance of final settlement statement. Suggest to align the rules with the said proposal that was approved under RCC Resolution 2019-10 last 19 July 2019. ***RCC Resolution 2019-10 on WESM Metering Manual*** *7.3.2 Unresolved Meter Trouble Reports*	**PEMC:** 3.14.4.4 If the *Market Operator* considers that a preliminary statement contains an error or discrepancy after reviewing the preliminary statement as notified by a *WESM member* pursuant to clause 3.14.4.3 or as independently identified by the *Market*	**PEMC:** The approved four working day timeline would be equivalent to six (6) calendar days if it covers a weekend, which is a shorter timeframe for the submission of the corrected MQs. Since any submission beyond the deadline would be reconciled through settlement	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
		before the deadline of the issuance of the final statements. If the *Market Operator* receives notice of an error, discrepancy or correction of an earlier identified error after their relevant deadlines, clause 3.14.9.2 shall apply.	final statements. If the *Market Operator* receives notice of an error, discrepancy or correction of an earlier identified error after their relevant deadlines, clause 3.14.9.2 shall apply.		*a. Estimation* *xxx* *b. Late Resolution* *The Metering Services Provider may still resolve a Meter Trouble Report and provide metering data acceptable to Market Operator after deadline set in section 7.3.1. For late resolutions, the deadline to be reflected in the final settlement ~~is~~ **shall be** four (4) **working** ~~business~~ days prior to issuance of final settlement statement of the affected trading day.* *c. xxx* *d. xxx*	*Operator*, the *Market Operator* shall ensure that correction of any error or discrepancy is reflected in the relevant final statements, provided that corrections requiring the input of an external party are received by the *Market Operator* ~~at least two~~ **four (4)** *Working Days* before the deadline of the issuance of the final statements. If the *Market Operator* receives notice of an error, discrepancy or correction of an earlier identified error after their relevant deadlines, clause 3.14.9.2 shall apply. (As	adjustments, the shorter timeframe may lead to more settlement adjustments. The five (5) calendar day timeline proposed by IEMOP provides a longer timeframe for submission of corrected MQs while allowing IEMOP to perform more extensive validation of settlement inputs and results.	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					NGCP: Please refer to the NGCP's comments on Section 5.3.3 of the WESM Manual Metering Standards and Procedures Issue 12.0	amended by DOE DC No. 2013-03-0005 dated 22 March 2013) **NGCP:**	**NGCP:** Response is provided in the referred section.	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments
B. WESM Manual on Billing and Settlement Issue 6.1

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
Procedures	4.2.1	4.2.1 Issuance of Preliminary Statements a. Within seven (7) days after the end of each billing period, the Market Operator shall give each WESM member who has engaged in market transactions in that billing period a preliminary statement which sets out the market transactions of that WESM member in that billing period and the settlement amount payable by or to that WESM member. If the seventh day falls on a Non-Working Day, the issuance of the preliminary statements shall be made during the next immediate working day.	4.2.1 Issuance of Preliminary Statements a. Within **eight (8)** ~~seven (7)~~ days after the end of each billing period, the Market Operator shall give each WESM member who has engaged in market transactions in that billing period a preliminary statement which sets out the market transactions of that WESM member in that billing period and the settlement amount payable by or to that WESM member. If the **eighth** ~~seventh~~ day falls on a Non-Working Day, the issuance of the preliminary statements shall be made during the next immediate working day.	The revision is being proposed to increase the validation in metering and billing timeline. This is to reduce issuance of settlement adjustments.	**MERALCO:** We respectfully recommend maintaining the existing timelines. The IEMOP proposal adjusts only the schedule of the provision of the billing statement but does not propose a corresponding adjustment in the due date for settlement of the billing. Hence, IEMOP is effectively proposing to reduce the time from receipt of the WESM bill to payment by one day. Thus, the proposal will adversely affect the cash flows of all WESM-registered DUs and ECs, simply to address the non-timely submission of data by a few MSPs. Currently, meter readings are uploaded on a daily basis and many MSPs submit within the 3-day timeline, so that the validation of readings can already be done for those		**MERALCO:** Same response as in WESM Rules Clause 3.14.4.1	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					submissions. As the concern is the non-timely submission of some MSPs, it does not seem equitable to adjust the schedule for all billings to address a limited concern. We respectfully encourage IEMOP to explore other, more scalable solutions. Extending the period to prepare the settlement statements to accommodate an increase in the volume of meter data is not a tenable solution moving forward. A scalable solution will be more appropriate with the continued expansion of RCOA and possible introduction of GEOP. We also note that, to address expansion of the contestable market, IEMOP itself has already proposed a mechanism that will not require the same volume of metering data as the current scheme for RCOA (and, potentially, for GEOP). As this proposed mechanism is still on the table, the proposed revision			

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					to the billing timeline appears to be premature.			
					PEMC: An earlier approved proposal provides the submission of corrected metering data 4 working days from the issuance of final settlement statement. Suggest to align the manual with the said proposal that was approved under RCC Resolution 2019-10 last 19 July 2019. ***RCC Resolution 2019-10 on WESM Metering Manual*** *7.3.2 Unresolved Meter Trouble Reports* *a. Estimation* *xxx* *b. Late Resolution* *The Metering Services Provider may still resolve a Meter Trouble Report and provide metering data acceptable to Market Operator after deadline set in section 7.3.1. For late*	**PEMC:** 4.2.1 Procedures a) xxx b) xxx c) xxx d) If the Market Operator considers that a preliminary statement contains an error or discrepancy after reviewing the preliminary statement as notified by a WESM member or as independently identified by the Market Operator, the Market Operator shall ensure that correction of any error or discrepancy is reflected in the relevant final statements, provided that corrections	**PEMC:** Same response as in WESM Rules Clause 3.14.4.4.	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					*resolutions, the deadline to be reflected in the final settlement ~~is~~ **shall be** four (4) **working** ~~business~~ days prior to issuance of final settlement statement of the affected trading day.* *c. xxx* *d. xxx*	requiring the input of an external party are received by the Market Operator at least ~~two (2)~~ **four (4)** Working Days before the deadline of the issuance of the final statements. If the Market Operator receives notice of an error, discrepancy or correction of an earlier identified error after their relevant deadlines, Market Operator shall issue revised statements in accordance to Section 4.2.4b) of this Manual.[4]		

[4] WESM Rules Clause 3.14.4.4

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

C. WESM Manual on Metering Standards and Procedures Issue 12.0

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
Collection and Submission Procedure	5.3.3	5.3.3 Monthly Process a. Not later than three (3) business days after the end of the billing period, the Metering Services Provider shall submit, via a compact disk, monthly preliminary metering data of all metering points of its associated Trading Participants. In addition, Metering Services Provider shall submit a transmittal letter that includes a tabulation of all associated metering points and their corresponding total metered quantity for the billing period. The Metering Services Provider shall also report to the Market Operator all discrepancies	5.3.3 Monthly Process a. Not later than three (3) business days after the end of the billing period, the Metering Services Provider shall submit, via a compact disk, monthly preliminary metering data of all metering points of its associated Trading Participants. In addition, Metering Services Provider shall submit a transmittal letter that includes a tabulation of all associated metering points and their corresponding total metered quantity for the billing period. The Metering Services Provider shall also report to the Market Operator all discrepancies between the monthly metering data and the daily metering data values with justifications for the discrepancies.	The revision is being proposed to strictly implement the existing provision on the submission of monthly metering data. The revision is being proposed to harmonize the WESM Rules and Manuals on the submission of final and corrected inputs required for the final statement. This is also in line with the proposed increased validation in metering and billing timeline to reduce issuance of settlement adjustments.	**PEMC:** 1. The proposed revision speaks of **penalty**; and thus, presupposes that the report referred to in the proposed amendment would lead to an **investigation.** Concern: a. Under the WESM Rules, ECO may only investigate when a Request for Investigation is filed with the **PEM Board**, and the PEM Board directs the ECO to investigate. (Clause 7.2.2.1 and 7.2.2.2) b. Under the proposed Penalty Manual 2.0, **ECO** may conduct the investigation *motu propio* (on its own); thus, without a need of the RFI and endorsement from the PEM Board, in which case, a non-compliance report	**PEMC:** For comment no. 2: Proposed wording: **Non-compliances with the above ~~timeline~~ requirement shall be reported by the Market Operator to the ~~Enforcement and Compliance Officer~~ *Governance Arm* or the *Enforcement and Compliance Office*, as may be authorized by the relevant Market Manuals, subject to the established rules on enforcement proceedings and sanctions, ~~and subject to penalty.~~** *Note: Use of Governance Arm for consistency with the terms used in DC2020-10-0021*	**PEMC:** Agree with the proposed rewording on provision for noncompliance of MSPs	

		between the monthly metering data and the daily metering data values with justifications for the discrepancies. b. XXX c. The Metering Services Provider shall submit the corrected and final metering data to the Market Operator four (4) business days before the issuance of the final settlement. d. XXX	**Non-compliances with the above timeline shall be reported to the Enforcement and Compliance Officer and subject to penalty.** b. XXX c. The Metering Services Provider shall submit the corrected and final metering data to the Market Operator **five (5)** ~~four (4)~~ business days before the issuance of the final settlement. d. XXX		from MO would suffice for ECO to assess or proceed with the investigation. 2. To conform to the rules in place, PEMC proposes a modification in the wordings. 3. For 5.3.3 (c), it should be 5.3.3 (d) 4. For 5.3.3 (d), align the timeline with the approved RCC Resolution 2019-10 last 19 July 2019. ***RCC Resolution 2019-10 on WESM Metering Manual*** *7.3.2 Unresolved Meter Trouble Reports* *a. Estimation* *xxx* *b. Late Resolution* *The Metering Services Provider may still resolve a Meter Trouble Report and provide metering data acceptable to Market Operator after*	For comment no. 4: For 5.3.3 (d) d. The Metering Services Provider shall submit the corrected and final metering data to the Market Operator four (4) ~~business~~ **working** days before the issuance of the final settlement.	3. Noted on the correction on revised section 5.3.3 (d) and not 5.3.3 (c). 4. The approved four working day timeline would be equivalent to six (6) calendar days if it covers a weekend, which is a shorter timeframe for the submission of the corrected MQs. Since any submission beyond the deadline would be reconciled through settlement adjustments, the shorter timeframe may lead to more settlement	

					deadline set in section 7.3.1. For late resolutions, the deadline to be reflected in the final settlement ~~is~~ ***shall be*** *four (4)* ***working*** *~~business~~ days prior to issuance of final settlement statement of the affected trading day.* *c. xxx* *d. xxx* **MERALCO:** We respectfully request that MSP should be given first a report indicating the reason and basis for non-compliance prior to actual imposition of penalty. Also, we respectfully propose to give MSP enough time to explain or justify the reason for non-compliance since most of the current issues/ problems are due to communication failure.	**MERALCO:** a. Not later than three (3) business days after the end of the billing period, the Metering Services Provider shall submit, via a compact disk, monthly preliminary metering data of all metering points of its associated Trading Participants. In addition, Metering Services Provider shall submit a	adjustments. The five (5) calendar day timeline proposed by IEMOP provides a longer timeframe for submission of corrected MQs while allowing IEMOP to perform more extensive validation of settlement inputs and results. **MERALCO:** IEMOP is amenable to PEMC's proposed wordings on the process for determining possible sanctions for non-compliances. We defer to the Governance Arm on the inclusion of Meralco's proposal in the investigation process. On the proposed rewording of 5.3.3 (c), IEMOP proposes that the	

						transmittal letter that includes a tabulation of all associated metering points and their corresponding total metered quantity for the billing period. The Metering Services Provider shall also report to the Market Operator all discrepancies between the monthly metering data and the daily metering data values with justifications for the discrepancies. **The Metering Services Provider shall be given a report indicating the reason and basis for non-compliance prior to actual imposition of penalty. The Metering**	deadline for submission of corrected MQs be set to five (5) business days prior to the issuance of final settlement statement instead of four (4) business days.	

						Services Provider shall be given enough time to explain or justify the reason for non-compliance. Non-compliances with the above timeline shall be reported to the Enforcement and Compliance Officer and subject to penalty. b. XXX c. The Metering Services Provider shall submit the corrected and final metering data to the Market Operator **four (4)** business days before the issuance of the final settlement. XXX		
					NGCP: 1. NGCP supports the strict compliance of	**NGCP:**	**NGCP:**	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

					all Trading Participants (TP) to WESM Rules and Market Manuals. If a proposed penalty is to be imposed on non-compliance to a particular timeline of submission of Market related data/information, a clear mechanism should be established first to ensure objectivity in the process. 2. May we note that NGCP submitted to the RCC the proposed amendments to the WESM Manual on Metering Standards and Procedures Issue 12.0 particularly on "*Section 5.3.3 – Collection and Submission Procedure*" which the Department of Energy (DOE) conducted public consultations on its draft Department Circular (copy	NGCP recommended to adopt the NGCP's proposed amendments to the WESM Manual on Metering Standards and Procedures Issue 12.0 with provision as follows: "a. *"Not later than three (3) ~~business~~* ***working*** *days after the end of the billing period, the Metering Services Provider shall submit, via ~~a compact disk~~* ***File Transfer Protocol (FTP) or any secure file storage device*** *monthly preliminary metering data of all metering points of its associated Trading Participants. In addition, Metering Services Provider shall submit a transmittal letter that includes a tabulation of all associated metering points and their corresponding total metered quantity for the billing period. ~~The Metering Services Provider shall also~~*	1. IEMOP agrees with the establishment on clear mechanism on imposition of penalty. The rationale on the proposed provision for non-compliance of MSPs is to strictly implement the existing provision on the submission of monthly metering data. 2. IEMOP noted that the original proposal of NGCP retained the current provision and timeline of 5.3.3(a); however, the approved RCC Reso 2019-10 of the said proposal changed the three (3) business days to three (3)	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

					attached) with provision as follows: *"a. Not later than three (3) ~~business~~* ***working*** *days after the end of the billing period, the Metering Services Provider shall submit, via ~~a compact disk~~* ***File Transfer Protocol (FTP) or any secure file storage device*** *monthly preliminary metering data of all metering points of its associated Trading Participants. In addition, Metering Services Provider shall submit a transmittal letter that includes a tabulation of all associated metering points and their corresponding total metered*	*~~report to the Market Operator all discrepancies between the monthly metering data and the daily metering data values with justifications for the discrepancies~~* *b. XXX* *c. Not later than ~~two (2) business~~* ***seven (7) working*** *days after the issuance of the Meter Trouble Report, the Metering Service Provider shall correct the metering data in accordance with the procedures set forth in Section 6.4.3 of this Manual.* *d. The Metering Service Provider shall submit the corrected and final metering data to the Market Operator four (4) business days before the issuance of the final settlement.* *e. XXX"*	working days. This change on the said provision or timeline may result in a longer deadline on submission of monthly prelim MQs (max of 5 days if it falls on weekends and more if during holidays) which will also lead to a much tighter timeline for the Market Operator on its computation and validation process. Thus, IEMOP proposes to retain the current provision of three (3) business days after end of billing period for the submission of monthly prelim MQs for a more definite timeline of the submission of monthly prelim	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

					quantity for the billing period. ~~The Metering Services Provider shall also report to the Market Operator all discrepancies between the monthly metering data and the daily metering data values with justifications for the discrepancies~~ 3. While the proposed amendment will allow the Market Operator (MO) to have an additional business day to prepare the final bills/statements, this will consequently reduce the Metering Service Provider's (MSP) timeline of submission of "corrected MQ" by one day (e.g., from End of billing period + 14days to End of billing period + 13days). 4. This will also require all "meter data		MQ and on the need for sufficient timeline for computation and validation for a more accurate billing statements to stakeholders. 3. Yes, the proposal will reduce the time MSPs can submit corrected MQ for consideration in the final settlement statement but will provide IEMOP an additional day to validate bills/statements for better accuracy.	

					reconciliation" between MO, MSP and TP to be performed within a shorter period in order to finalize the meter data adjustments within the adjusted deadline [e.g., reconciliation will be done from Day 8-13 (5 days) instead of Day 7-14 (7 days)]. 5. NGCP would like to emphasize that the "existing timeline" is just enough/sufficient for the MSP to process effectively and timely the collection of meter data up to the submission of the final metering data to the MO. 6. NGCP respectfully suggests the following alternative options: • Amend the total/overall validation timeline to increase by one day (e.g., Final bills will be issued 19 days from end of billing period		4. Meter data reconciliation is performed based on meter trouble reports issued by the MO and is not dependent on the issuance of the preliminary settlement statement. The MO issues the monthly MTR 2 business days after the deadline on submission of monthly prelim MQs (after MO has validated said submissions); that is Day 5 to Day 13 (8 days). 5. Similarly, the existing timeline is only sufficient for IEMOP to prepare the settlement statements without final validation. We note that there are other	

					instead of 18 days). This will provide IEMOP sufficient time to perform extensive validation; or • Instead of amending the existing timeline, IEMOP to consider assessing its validation tool and/or settlement software/system if these can be further enhanced to expedite the validation process.		inputs/factors that need to be validated besides metered quantities (e.g., prices, connections, customer mapping). We recognize that providing the additional validation timeline may result in corrected MQs being considered for settlement adjustments instead of the final settlement statements. 6. IEMOP is amenable with the proposed amendment on the total/overall validation timeline to be increased by one day (e.g., Final bills will be issued 19 days from end of billing period	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

							instead of 18 days) The MO assesses and proactively exert efforts on enhancing its validation tool and/or settlement software / system. This proposal is in view of the observed performance of existing systems and future increase in processing. IEMOP also notes the need to align its proposed timeline of 5 business days prior to issuance of final settlement statement to similar provisions in Sections 6.4.5 and 7.3.2(b).	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

D. Retail Manual on Metering Standards and Procedures Issue 3.0

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
Metering Data Collection	5.3.3	5.3.4 Monthly Process Not later than three (3) business days after the end of the billing period, the Retail Metering Services Provider shall submit monthly preliminary metering data of all metering points of its associated Contestable Customers. In addition, Retail Metering Services Provider shall submit a transmittal letter that includes a tabulation of all associated metering points and their corresponding total metered quantity for the billing period. The Retail Metering Services Provider shall also report to the Central Registration Body all discrepancies between the monthly metering data and the daily metering data values with justifications for the discrepancies. In the event that metering data errors are detected by the	5.3.4 Monthly Process Not later than three (3) business days after the end of the billing period, the Retail Metering Services Provider shall submit monthly preliminary metering data of all metering points of its associated Contestable Customers. In addition, Retail Metering Services Provider shall submit a transmittal letter that includes a tabulation of all associated metering points and their corresponding total metered quantity for the billing period. The Retail Metering Services Provider shall also report to the Central Registration Body all discrepancies between the monthly metering data and the daily metering data values with justifications for the discrepancies. In the event that metering data errors are detected by the	The revision is being proposed to strictly implement the existing provision on the submission of monthly metering data.	**PEMC:** 1. The proposed revision speaks of **penalty**; and thus, presupposes that the report referred to in the proposed amendment would lead to an **investigation.** Concern: a. Under the WESM Rules, ECO may only investigate when a Request for Investigation is filed with the **PEM Board**, and the PEM Board directs the ECO to investigate. (Clause 7.2.2.1 and 7.2.2.2) b. Under the proposed Penalty Manual 2.0, **ECO** may conduct the investigation *motu propio* (on its own); thus, without a need of the RFI and endorsement from the PEM Board, in which	**PEMC:** Proposed wording: **Non-compliances with the above ~~timeline~~ requirement shall be reported by the Market Operator to the ~~Enforcement and Compliance Officer~~ *Governance Arm* or the *Enforcement and Compliance Office*, as may be authorized by the relevant Market Manuals, subject to the established rules on enforcement proceedings and sanctions. ~~and subject to penalty.~~** *Note: Use of Governance Arm for consistency with the terms used in DC2020-10-0021*	**PEMC:** Agree with the proposed rewording on provision for noncompliance of MSPs.	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
		Central Registration Body in accordance with Section 6 of this Manual, the Retail Metering Services Provider shall be required to submit final metering data addressing the errors.	Central Registration Body in accordance with Section 6 of this Manual, the Retail Metering Services Provider shall be required to submit final metering data addressing the errors. **Non compliances with the above timeline shall be reported to Enforcement and Compliance Officer and subject to penalty.**		case, a non-compliance report from MO would suffice for ECO to assess or proceed with the investigation. 2. To conform to the rules in place, PEMC proposes a modification in the wordings. 3. Revised the numbering on the proposal **MERALCO:** We respectfully request that MSP should be given first a report indicating the reason and basis for non-compliance prior to actual imposition of penalty. Also, we respectfully propose to give MSP enough time to explain	3. ~~5.3.4~~ **5.3.3** Monthly Process **MERALCO:** Not later than three (3) business days after the end of the billing period, the Retail Metering Services Provider shall submit monthly preliminary metering data of all metering points of its associated Contestable	3. Noted on the corrected numbering **MERALCO:** IEMOP is amenable to PEMC's proposed wordings on the process for determining possible sanctions for non-compliances. We defer to the Governance Arm on the inclusion of Meralco's proposal in the investigation process.	

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					or justify the reason for non-compliance since most of the current issues/ problems are due to communication failure. Currently, Meralco-MSP submits monthly preliminary metering data to Market Operator not later than three (3) business days after the end of billing period	Customers. In addition, Retail Metering Services Provider shall submit a transmittal letter that includes a tabulation of all associated metering points and their corresponding total metered quantity for the billing period. The Retail Metering Services Provider shall also report to the Central Registration Body all discrepancies between the monthly metering data and the daily metering data values with justifications for the discrepancies. In the event that metering data errors are detected by the Central Registration Body in accordance with Section 6 of this		

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
						Manual, the Retail Metering Services Provider shall be required to submit final metering data addressing the errors. **The Metering Services Provider shall be given a report indicating the reason and basis for non-compliance prior to actual imposition of penalty. The Metering Services Provider shall be given enough time to explain or justify the reason for non-compliance.** Non compliances with the above timeline shall be reported to Enforcement and Compliance Officer and subject to penalty.		

Annex E – Matrix of Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing with Comments

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
Monthly Validation	6.3.2	In addition to the daily validation, the *Central Registration Body* shall also validate the monthly *metering data* sent to the *Central Registration Body* by the *Retail Metering Services Providers*. The procedure for the monthly validation is as follows: a) xxx b) xxx c) If issued a *Meter Trouble Report*, a *Retail Metering Services Provider* shall correct the *metering data* and submit final *metering data* not later than five (5) business days prior to the issuance of the final settlement statement; and d) xxx			**PEMC:** Align the timeline for monthly validation with the wholesale MSPs.	**PEMC:** In addition to the daily validation, the *Central Registration Body* shall also validate the monthly *metering data* sent to the *Central Registration Body* by the *Retail Metering Services Providers*. The procedure for the monthly validation is as follows: a) xxx b) xxx c) If issued a Meter Trouble Report, a Retail Metering Services Provider shall correct the metering data and submit final metering data not later than ~~five (5) business~~ **four (4) working** days prior to the issuance of the final settlement statement; and d) xxx	**PEMC:** The approved four working day timeline would be equivalent to six (6) calendar days if it covers a weekend, which is a shorter timeframe for the submission of the corrected MQs. Since any submission beyond the deadline would be reconciled through settlement adjustments, the shorter timeframe may lead to more settlement adjustments. The five (5) calendar day timeline proposed by IEMOP provides a longer timeframe for submission of corrected MQs while allowing IEMOP to perform more extensive validation of settlement inputs and results.	

Note: For convenience, please underline and put in bold letters the proposed changes to the Market Rules or Manual.

Annex F – Draft WGC Performance Measures and WGC Support Survey Form

Draft Proposed Performance Evaluation of WGCs and WGC Secretariats

19 March 2021

PEMC

A Premier Electricity Market & Champion of Governance

Action Requested

- For Comments/Inputs

OUTLINE

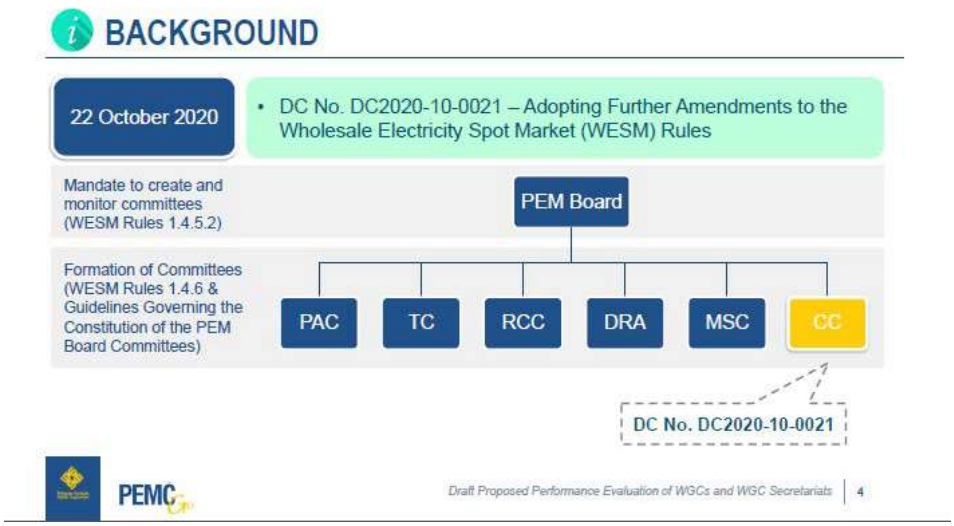
BACKGROUND

WGC AND SECRETARIAT

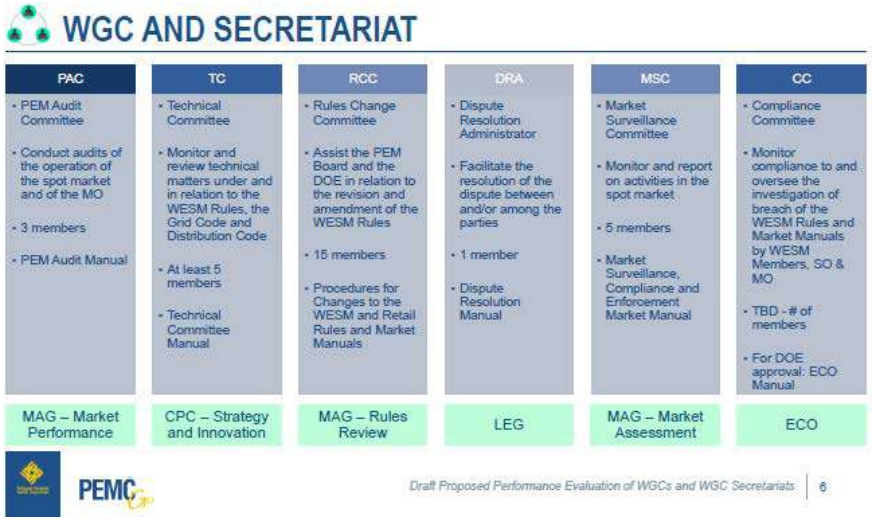
DRAFT PROPOSED PERFORMANCE MEASURES

NEXT STEPS

Annex F – Draft WGC Performance Measures and WGC Support Survey Form







Annex F – Draft WGC Performance Measures and WGC Support Survey Form

DRAFT PROPOSED PERFORMANCE MEASURES

Considerations

- Secretariats manage WGC deliverables (reflected in the Corporate, Departmental & Individual Plans)
- WGCs are not full-time employees of PEMC and are not in the position to closely monitor their own compliances
- Performance metrics should be fair (i.e. consider factors within and beyond their control)
- Performance evaluation of WGCs should be value-adding and not be another cumbersome activity
- Measure performance of the WGC as a whole

DRAFT PROPOSED PERFORMANCE MEASURES

Objective evaluation (80%)	• Specific KRAs based on the Work Plan of the WGC, aligned with PEMC's mission
Subjective evaluation (20%)	• Tailor-fit survey form based on Board Committee assessment forms of listed companies

Proposed WGC Performance Measures
Proposed Secretariat Performance Evaluation Survey

- Annual implementation
- By a Board Governance Committee or OCGO TWG, or their equivalent (subject to further discussion with OCS/LEG in their development of the Corporate Governance Manual)

Indicative Implementation Timeline

4Q 2021	December	Forms are distributed to WGCs 1. WGC Performance (Part A – Objective Measure) • WGC Secretariats are provided copy 2. WGC Performance (Part B – Subjective Measure) 3. WGC Secretariat Support Survey
1Q 2022	January	o WGCs submit accomplished Forms 2 and 3 (reply to sending party*) o WGC and WGC Secretariat accomplish Form 1 during WGC Meeting • WGC Chairperson submit Form 1 (reply to sending party*, cc WGC Secretariat)
	February	OCGO* process results and prepare report
	March	OCGO* submit report to PEM Board

Annex F – Draft WGC Performance Measures and WGC Support Survey Form

DRAFT PROPOSED PERFORMANCE MEASURES

- **Proposed WGC Performance Measures**
- **Proposed Secretariat Performance Evaluation Survey**

NEXT STEPS



Action Requested

- For Comments/Inputs

[redacted]

Annex F – Draft WGC Performance Measures and WGC Support Survey Form

Philippine Electricity Market Corporation PEMC

ANNUAL WGC SUPPORT PERFORMANCE EVALUATION SURVEY

Name of Respondent: _____

Respondent's Committee/Position (Chairperson/Member): _____

Period Covered: January 2020 to December 2020

In keeping with PEMC's goal to provide quality service, we would like to request your feedback on the WGC Support provided by PEMC in the covered period. Please evaluate how PEMC has provided technical and administrative secretariat support to you and your Committee by indicating how strongly you agree or disagree with the statements below using the following rating scale:

Agreement Scale	Rating
Strongly Agree	5
Agree	4
Neither Agree or Disagree	3
Disagree	2
Strongly Disagree	1
Not Applicable	N/A

No.	Committee Support Practices and Principles	Rating (1-5)	Remarks (Comments are welcome but are mandatory for Ratings of 1, 2, & 5)
1	The Provisional Agenda for Committee meetings is relevant and appropriate.		
2	The frequency and duration of Committee meetings are sufficient to accomplish the Work Plan activities and address matters that require Committee attention.		
3	The quality of the Committee records (e.g., resolutions, correspondences, minutes of the meetings, meeting highlights) is sufficient in form and substance.		
4	The quality of the presentations, reports, and studies is sufficient in form and substance.		
5	The materials were furnished to the Committee Members before the scheduled Committee meeting, giving the members sufficient time to read the materials.		
6	The Committee meetings were efficiently and effectively facilitated.		
7	The other administrative support given to the Committee is sufficient and timely provided. (e.g. request for records and facilitation of travel arrangements)		
8	The provided honoraria is commensurate to the work load, expertise rendered and current economic condition		
9	The platform for the Committee meeting is sufficient for the size and needs of the Committee, and well-equipped with video and teleconferencing facilities.		
10	Overall, I am satisfied with the effectiveness and performance of the Committee Support		

Comments

The support provided to the committee to which I am a member can be improved by instituting the following measures:

Other Comments:

Respondent:

_____
Name and Signature

Date: _____

[redacted]

Philippine Electricity Market Corporation PEMC

ANNUAL WGC PERFORMANCE EVALUATION

GUIDELINES

1 All WGCs are required to submit their Annual WGC Performance Evaluation to the Board Governance Committee or OCGO TWG, or their equivalent.

2 The Board Governance Committee or OCGO TWG, or their equivalent shall facilitate the distribution of the Annual WGC Performance Evaluation forms.

3 The Performance Measures are comprised of an Objective Evaluation and a Subjective Evaluation.

INSTRUCTIONS

1 Considering that the WGC Secretariats manage WGC deliverables (which is reflected in the Corporate, Departmental and Individual Plans), `Timeliness` is the only measurable type of performance indicator for the WGCs.

Type of Performance Indicator	Definition	Example
Timeliness	Promptness in accomplishing outputs or result	e.g. by 3rd quarter of the year, by 3rd week of August

2 The Objective Evaluation comprises 80% of the overall score. This is based on the Work Plan of the WGC aligned with PEMC´s Mission.

The WGCs with assistance from their respective Secretariats shall evaluate their performance using the below rating scale:

Description	Rating	Numerical Rating
Timeline for the attainment of the performance objectives or the completion of Activities were **met**.	Y	100%
Timeline for the attainment of the performance objectives or the completion of activities were **not met**. The reason for the non-attainment of performance objectives or non-completion of activities is **within WGC's control**.	N	0%
Timeline for the attainment of the performance objectives or the completion of activities were not met. The reason for the non-attainment of performance objectives or non-completion of activities is **beyond WGC's control**.	N/A	Excluded from the computation of the overall score

The reason for the non-attainment of performance objectives or non-completion of activities shall be validated by the Board Governance Committee or OCGO TWG, or their equivalent.

3 The Subjective Evaluation comprises 20% of the overall score. This is a tailor-fit survey form based on Board Committee assessment forms of listed companies.

The Committee Members shall individually evaluate the performance of the Committee using the below rating scale:

Adjectival Rating	Rating
Strongly Agree	5
Agree	4
Neither Agree or Disagree	3
Disagree	2
Strongly Disagree	1

4 The resulting overall score from the combined objective and subjective evaluation shall be assessed using the below table:

Adjectival Rating	Numerical Rating
Excellent	100
Very Satisfactory	90-99
Satisfactory	80-89
Unsatisfactory	70-79
Poor	≤60

Annex F – Draft WGC Performance Measures and WGC Support Survey Form

Philippine Electricity Market Corporation PEMC

ANNUAL WGC PERFORMANCE EVALUATION

Name of WESM Governance Committee:	Rules Change Committee
Name of Assessor:	
Position:	
Period Covered:	

A - Performance Objectives/Activities (80%)

No.	PERFORMANCE OBJECTIVES/ACTIVITIES	Timeliness	Completed? (Y/N)	Conditions/ Assumptions	Actual Accomplishments
POWER					
1	Review and approve minutes of meetings, resolutions, Semestral Reports and proposals prior publication	As scheduled			
EFFICIENCY					
2	Submit to the PEM Board the Proposed Amendments to the WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals Issue 3.0	2Q 2020			
3	Update RCC Internal Rules	2Q 2020			
MARKET					
	None				
COMPETITION					
	None				
GOVERNANCE					
4	Submit Semestral Reports to the PEM Board	January and July 2020			
5	Submit 2020 RCC Work Plan to the PEM Board	Mar-20			
	Assess market rules and manuals and propose amendments, as necessary				
6	Approved Proposed Amendments to the Guidelines Governing the Constitution of the PEM Board Committees	2Q 2020			
7	Approved Proposed Amendments to relevant Market Rules and Manuals related to Must-Stop Units and Settlement of Displaced Generators	2Q 2020			
8	Approved Proposed Amendments regarding Net Settlement Surplus to reflect ERC Resolution No. 7 Series 2019	2Q 2020			
9	Approved Proposed Amendments to relevant Market Rules and Manual to Address Extended Testing and Commissioning	3Q 2020			
10	Approved Proposed Amendments to the relevant Market Rules and Manuals on the Settlement for MustRun Units and Administered Price	4Q 2020			
11	Approved proposed amendments as submitted by WESM Members, or as directed by the PEM Board, DOE or ERC	As scheduled			
12	Submit comments/inputs to DOE policies and ERC issuances (including participation in public consultations)				
13	Approved methodology in reviewing impact of a rules change	4Q 2020			
14	Approved methodology in assessing effectiveness of rules and manuals provisions	4Q 2020			

	Score
A - PERFORMANCE OBJECTIVES/ACTIVITIES	#N/A

Assessor:

Name and Signature

Annex F – Draft WGC Performance Measures and WGC Support Survey Form

Philippine Electricity Market Corporation PEMC

ANNUAL WGC PERFORMANCE EVALUATION

Name of WESM Governance Committee: PEM Audit Committee

Name of Assessor:

Position:

Period Covered:

B - Good Corporate Governance Practices and Principles (20%)

Please evaluate how the Committee has performed for each criterion and indicate the rating at the appropriate box using the following rating scale:

Adjectival Rating	Rating
Strongly Agree	5
Agree	4
Neither Agree or Disagree	3
Disagree	2
Strongly Disagree	1

No.	Good Corporate Governance Practices and Principles	Rating (1 - 5)	Remarks
Committee Responsibilities			
1	The members of the Committee, collective and individually, are fully cognizant of their functions.	5	
2	The members ensure faithful execution of their duties and responsibilities.	5	
3	The members of the Committee dedicate sufficient time and effort to review meeting materials, best practices, and industry trends to enable them to have sufficient insight during discussion at meetings.	5	
4	The Committee clearly demonstrates a commitment to achieve the objectives of the spot market which is to establish a competitive, efficient, transparent and reliable market for electricity.	5	
Committee Meetings and Facilities			
5	The Committee meets and deliberates on a regular basis, with special meetings held whenever required.	5	
Overall			
6	Overall, I am satisfied with the effectiveness and performance of the Committee.	5	

	Score	Equivalent Weighted Score
A - PERFORMANCE OBJECTIVES/ACTIVITIES (80%)	#N/A	#N/A
B - GOOD CORPORATE GOVERNANCE PRACTICES AND PRINCIPLES (20%)	100.00	20.00
Overall Score		**#N/A**

The committee to which I am a member can be improved by instituting the following measures:

Comments

Assessor:

Name and Signature

Annex G – Presentation on the Possible Compensation of Displaced Generators

POSSIBLE COMPENSATION OF DISPLACED GENERATORS

19 March 2021

175th RCC Meeting, MS Teams

PEMC

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ACTION REQUESTED

- For Discussion

OUTLINE



BACKGROUND



OPTIONS & CONSIDERATIONS



RECOMMENDATIONS

Annex G – Presentation on the Possible Compensation of Displaced Generators



ERC DIRECTIVE*

- PEMC to submit a proposal for the possible compensation of displaced generators (DGs) by the participants that did not comply with the WESM Rules

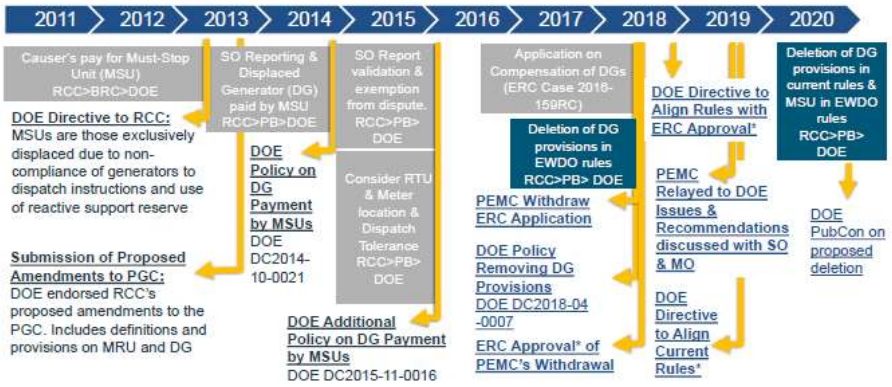
**29 December 2020, ERC, Decision dated 20 August 2020 on the WESM Price Determination Methodology (ERC Case No. 2017-042RC)*

CONTENTS

- BACKGROUND
  - Initiatives on the Compensation to Displaced Generators in the Current One-Hour Trading Interval Market
  - Initiatives on the Compensation to Displaced Generators in consideration of the Enhanced WESM Design and Operations (EWDO)
  - Displacing Generators to Ensure System Security
  - Non-compliance to RTD Schedule, Linear Ramping, or Dispatch Instructions
- DISPLACED GENERATOR SETTLEMENT CONSIDERATIONS AND OPTIONS
  - Review of 2016 Settlement for Displaced Generators
  - Settlement Considerations and Options
- SUMMARY OF RECOMMENDATIONS
- APPENDIX - Chronology of Initiatives on the Compensation of Displaced Generators

Annex G – Presentation on the Possible Compensation of Displaced Generators

INITIATIVES



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STATUS OF MARKET RULES

Item	Current/Prevailing Market Rules (1-hour Trading Interval Market)	EWDO Market Rules (5-minute Dispatch Interval Market)
Provisions on Displaced Generators and MSUs • WESM Rules	Still contains the provisions for the identification and settlement of Displaced Generators and MSUs under: • Clause 3.5.13.1 (Overriding Constraints) • Clause 3.13.14.3 (Settlement Amounts for Trading Participants) • Glossary	Provides the term "must-stop unit" as a way of identifying generators that continue injecting in the grid despite the SO's instructions, which shall be reported by the SO in its Dispatch Deviation Report under: • Clause 3.8.5.6 (Dispatch Conformance Standards) • Glossary
• Market Manuals	WESM Manual on Management of Must-Run and Must-Stop Units (MRU-MSU Manual) Issue 8.0, with Section 10 providing the Settlement of Displaced Generators	None (deleted)
Pending Proposals amending the Provisions on Displaced Generators and MSUs Highlights	Addition of transitory provision in Section 10 to clarify that the settlement for Displaced Generators and the corresponding methodology shall be effective, although not implementable, only until the commencement of the enhanced market design.	Deletion of term "Must-Stop Unit" since it is used in tandem with "Displaced Generator", which will be significantly minimized with more frequent RTD schedules under the five-minute dispatch interval market. The SO shall still document non-compliant generating units in its in its Dispatch Deviation Report.
• Status	For DOE approval, with public consultations on its draft policy on the matter on 27 and 29 October 2020	

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DEFINITIONS (2016)

Displaced Generator/s (DG)

- Generating unit/s identified and instructed by the SO in an out of merit dispatch to reduce the provision of energy specified in its RTD instruction exclusively caused by excess generation due to non-compliance of generators to dispatch instructions and use of reactive support reserve

Must-Stop Units (MSU)

- Trading Participants that are not compliant to the dispatch schedule or linear ramping assumptions that have been identified by the SO to cause the constraining-off of other generating units, shall compensate Displaced Generators

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Annex G – Presentation on the Possible Compensation of Displaced Generators



GUIDING PRINCIPLES

WESM Customers and end-users do not pay for quantities that have not been generated and delivered. Stated by the ERC in the PDM Decision.

Generation Companies are obligated to properly maintain and operate their generating facilities in compliance with RTD and SO dispatch instructions, among others. Proven non-compliance is deemed breach of the WESM Rules, for imposition of appropriate penalty.

If deemed eligible, Displaced Generators are provided with fair compensation for such service that is not covered by A/S. The settlement calculations are replicable by the concerned Trading Participants and the process is transparent.

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ENHANCED WESM DESIGN AND OPERATIONS (EWDO)

5-Minute Dispatch Interval

The mechanism proposed in 2016 can no longer be applied since the calculation relies on ex-post prices for the determination of imbalance

Shorter trading/dispatch interval aims to improve the management of intra-hour deviations, including the constraining-on/constraining-off and operation of MRU in the WESM.

More frequent schedules will allow SO instructions covering multiple dispatch intervals to be included in the succeeding RTD runs

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SOURCES OF DATA

$$DG_{TA_i} = \begin{cases} \left[\left(EAQ_i - b_i * MQ_i\right) - t * \left(EAQ_i\right)\right] * EPP_i, & if\ EAQ_i - b_i * MQ_i > t * EAQ_i \\ 0, & if\ EAQ_i - b_i * MQ_i \leq t * EAQ_i \end{cases}$$

Data	Current*	EWDO
EAQ	MO, generated by the MMS	MO, computed as $\frac{1}{2}$ (*Initial Loading + RTD schedule*)
EPP	MO, generated by the MMS	MO, may be replaced by the ex-ante price, which is the final energy dispatch price (FEDP), as generated by the NMMS.
MQ	MO-validated data from MSP (15-minute MQ)	Same, but 5-minute MQ or 15-minute MQ by divided by 3
b, factor multiplied to the MQ to account the location of RTU and meter	SO, RTU reading MO-validated data from MSP	Same
t, dispatch tolerance	-3% lower dispatch tolerance	May not be considered for DG to fully receive payment had it been allowed to reach RTD schedule

** As proposed in 2016*

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WMOT CONSTRAINED-OFF GENERATORS

Based on SO Dispatch Discrepancy Monitoring Report, 2019 and 2020

WESM Merit Order Table - Constrain-off	LUZON		VISAYAS	
	2019	2020	2019	2020
# of Instances	923	1,758	1,816	1,981
# of Intervals	386	765	746	767
Total Intervals	8,760	8,784	8,760	8,784
% of Total Intervals	4.41%	8.71%	8.52%	8.73%
Max MW Displaced	195	130	195	130
Min MW Displaced	1	1	1	1
Ave MW Displaced	14.3	16.7	14.3	16.7

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IDENTIFICATION OF MSUS & DGS

Application of the settlement formula is heavily contingent to the identification of MSUs and DGs

SO Report includes instruction to generating units and tagging of MSUs

- Final and no longer subject of dispute if Trading Participants fail to validate the report 2 weeks after publication by the MO
- With EWDO, the hourly resolution of the DDMR should consider 5-minute dispatch intervals, uniform tagging of events/incidents, and standardized descriptions and remarks between the Luzon SO (LSO) and Visayas SO (VSO).
- Alternatively, tagged MSUs undergo validation and investigation by the ECO, subject to the Dispatch Conformance Standards. MSU payments to DGs as penalty for breach.

MO identifies the DGs using the WMOT in the interval where an MSU was tagged by the SO.

- Intervals with multiple events that may contribute to need for DGs

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EVENTS OF WMOT-CONSTRAINED-OFF GENERATORS

Based on SO Dispatch Discrepancy Monitoring Report, 2019 and 2020

EVENTS / REASONS	LUZON				VISAYAS			
	2020		2019		2020		2019	
Low System Demand / Intra-hour Variation in System Demand	1,375	78.21%	706	76.49%	83	4.19%	55	3.03%
HVDC variance	388	22.07%	114	12.35%	5	0.25%	74	4.07%
Kalayaan Pump Operations	125	7.11%	40	4.33%	-	-	-	-
High output of renewable energy resource (RER)	97	5.52%	21	1.19%	-	-	19	1.05%
Non-compliance to RTD or Linear Ramping / Affected by other Generators	66	3.75%	61	6.61%	-	-	6	0.33%
Forecast Error	60	3.41%	26	2.82%	-	-	-	-
Line/Equipment Tripping	28	1.59%	50	5.42%	-	-	1	0.06%
Milling Operations	5	0.28%	-	-	-	-	-	-
Frequency / Real Power Balancing	2	0.11%	5	0.54%	445	22.46%	286	15.75%
Line Limitation	-	-	9	0.98%	1,443	72.84%	1,410	77.64%
No reason indicated					9	0.45%	27	1.49%

NON-COMPLIANCE WITH RTD SCHEDULE / SO INSTRUCTIONS

Description	2019	2020
Total Generator-Trading Intervals	6,659	2,220
Pending with ECO	5,684	2,199
With Investigation Reports approved by the PEM Board* (A)	975	21
Found with Breach (B)	1	2
% (B/A)	0.10%	9.52%

RESERVES MARKET IMPLEMENTATION

In a 2013 letter providing directives on MRU/MSU, the DOE proposed that the DG costs should not be allocated or added-on to the WESM price but should rather be accounted under the A/S of the SO as a specific type of reserve.

This may be considered in the study of the possible introduction of lower services for reserve categories within the next three (3) years that is being recommended in the draft DOE policy on reserves market.

Reserve market will encourage more A/S providers (both contracted and un-contracted, so long as they are accredited)

Annex G – Presentation on the Possible Compensation of Displaced Generators



RECOMMENDATIONS

During the Closed Loop Interface Testing (2 months prior EWDO) up to 6 months from EWDO implementation	• Conduct study on the occurrence of constraining-off of generating units as Displaced Generators and related issues. This may form part of a larger study assessing the implementation of the EWDO, especially the shorter dispatch interval. • Implement enhancements to the tagging of events/incidents and standardize descriptions and remarks between the LSO and VSO
Interim Compensation after 6 months from EWDO	• Consider the settlements for Displaced Generator in 2016, as updated for EWDO from penalty payments of MSUs with proven non-compliances.

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