



REM GOVERNANCE COMMITTEE 2024 ANNUAL REPORT

January 2024 to December 2024

JANUARY 2025

This Report is prepared by the
Philippine Electricity Market Corporation –
Market Assessment Department for the
REM Governance Committee

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1.0 INTRODUCTION

Pursuant to Clauses 1.3.1.2 and 1.3.4 of the Renewable Energy Market (REM) Rules, the REM Governance Committee (RGC) performs its functions over the REM under the supervision of the PEM Board.

In adherence to its duties, the RGC hereby submits this Annual Report, covering the activities undertaken and accomplishments for 2024. This report likewise outlines the 2025 Work Plan of the RGC.

2.0 RGC RESPONSIBILITIES, COMPOSITION, AND MEMBERSHIP

2.1 Responsibilities

The REM Rules Clause 1.3.1.2 provides that *“The ultimate governance of the REM is the responsibility of the PEM Board. The majority of governance functions will be carried out by the REM Governance Committee (“RGC”) under the oversight of the PEM Board.”*

The activities and responsibilities of the RGC as set out in the REM Rules Clause 1.3.4.1, are as follows:

- i. Oversee and monitor the activities of the Registrar in relation to REM processes to ensure that it fulfills its responsibilities under the REM Rules,
- ii. Oversee and monitor the activities of REM Members to ascertain and determine their compliance or non-compliance with the REM Rules,
- iii. Impose penalties or exempt the imposition of the same for breaches of the REM Rules or REM Manuals based on the investigation findings of the Enforcement and Compliance Officer in accordance with Clause 6.1,
- iv. Approve or disapprove Rule Change Proposals and refer approved Rule Change Proposals to the PEM Board for endorsement to the DOE for final approval and promulgation in accordance with Chapter 7,
- v. Approve or disapprove Manual Change Proposals and refer approved REM Manual changes to the PEM Board for endorsement to the DOE for final approval and promulgation in accordance with Chapter 7, and

- vi. Issue resolutions or advisories on any matter related to the REM.

The RGC may likewise seek the assistance of the WESM Governance Committees¹ to:

- i. Monitor activities conducted by REM Members in the REM;
- ii. Monitor technical matters relating to the operation of the REM;
- iii. Report to the RGC on the activities of REM Members in the REM, and matters concerning the operation of the REM generally;
- iv. Report to the RGC on any matter of a technical nature which causes or appears to cause unintended or distortionary effects to the operation of the REM; and
- v. Propose, assess and prepare for DOE approval any changes to these REM Rules in accordance with Chapter 7.

Finally, the RGC shall propose performance standards to be endorsed by the PEM Board to the DOE for approval. The performance standard shall monitor and provide an indication of the Registrar's performance with respect to:

- i. The Registrar's responsibilities under the REM Rules in relation to relevant provisions of the Act, its Implementing Rules and Regulations, the WESM Rules and Manuals, DOE Circular DC 2017-12-0015 other applicable laws, rules and regulations; and
- ii. The achievements of the objectives of the Act

2.2 Composition and Membership

Pursuant to REM Rules Clause 1.3.2, as amended by DOE DC No. 2022-06-0026 dated 20 June 2022, the RGC shall be made up of 7 members with the following composition, the member of which shall be appointed by the PEM Board²:

Composition under the REM Rules	PEM Board-Appointed Member/Representative	Date of Appointment
1. One Independent member who shall be	Dir. Antero Jose M. Caganda	July 2024 to Present

¹ Pursuant to REM Rules Clause 1.3.4.4

² Pursuant to REM Rules Clause 1.3.2.2

Composition under the REM Rules	PEM Board-Appointed Member/Representative	Date of Appointment
selected from the independent members of the PEM Board and who shall also act as the Chairperson	Dir. Jesus L. Arranza	November 2023 to June 2024
	Dir. Fortunato C. Leynes	July 2021 to October 2023
2. One representative from the RE Registrar	Atty. Elvin Hayes E. Nidea	November 2022 to 25 December 2024
3. One representative from the Private DU	Mr. Lawrence S. Fernandez <i>Principal Member</i>	April 2020 to present
	Mr. Dennis S. Verallo <i>Alternate Member</i>	July 2023 to present
4. One representative from the Electric Cooperative	Mr. Rene M. Fajilagutan <i>Principal Member</i>	April 2020 to present
	Mr. Cristopher A. Dulfo <i>Alternate Member</i>	November 2023 to present
5. One representative from the Generator and Retail Electricity Supplier	Atty. Anne E. Montelibano <i>Principal Member</i>	June 2020 to present
	Mr. Christopher Kenneth S. Balabbo <i>Alternate Member</i>	September 2023 to present
6. One representative from REM Generators with capacity less than 5MW	Ms. Ma. Theresa C. Capellan <i>Principal Member</i>	January 2023 to present
	Atty. Jose M. Layug <i>Alternate Member</i>	January 2023 to present
	Mr. Jose Rommel C. Orillaza <i>Principal Member</i>	September 2022 to present

Composition under the REM Rules	PEM Board-Appointed Member/Representative	Date of Appointment
7. One representative from the Retail Electricity Suppliers	Atty. Rio Inocencio <i>Alternate Member</i>	September 2022 to present

The DOE likewise sits as non-voting observers in the RGC pursuant to REM Rules Clause 1.3.3.4. Currently, the appointed DOE observers are as follows:

DOE Representation	Name of Appointee	Position/Bureau
Main Observer	Mr. Edward V. Neri	Division Chief/ REMB- Technical Services Management Division (TSMD)
Alternate Observer	Mr. Jonathan B. Teodosio	Senior Science Research Specialist/ REMB- TSMD

3.0 2024 ACCOMPLISHMENTS

3.1 Monitoring of REM Interim Commercial Operations (ICOP)

Following Section 3 of the DOE Department Circular No. 2022-06-0019 entitled “Declaring the Renewable Energy Market Interim Commercial Operations”, the RGC has regularly discussed and provided inputs to the updates and status of the REM Implementation as reported by the RE Registrar. The specific tasks which the RGC monitored are detailed below:

3.1.1 Compliance Monitoring of RPS Mandated Participants

Due to the low rate of submission of Net Electricity Sales (NES) data by the Renewable Portfolio Standards (RPS) - Mandated Participants, the RGC issued letters to REM Participants who have not submitted their NES data for the year 2020 to 2022. The timely submission of the requested data is critical to ensure accurate RPS annual obligation of each RPS MP for the covered compliance period.

3.1.2 Report on the Implementation of REM Rules 3.1.3.8

During the RGC meeting on 30 July 2024, PEMC reported the delay or non-submission of Metered Quantity (MQ) data by some Host Distribution Utilities (DUs) within the timeline prescribed in the REM Rules, which is 20 days after the end of the relevant quarter. This will effectively result in the forfeiture of Renewable Energy Certificates (RECs) generated by voluntary facilities of Host Distribution Utilities, and possible non-compliance to their annual Renewable Portfolio Standards (RPS) obligation.

Since the REM is still in its interim stage, the RGC believes that relaxing REM Rules Clause 3.1.3.8 would give the RE Registrar and host DUs the necessary time to address compliance backlogs. This would also ensure that upon the full market commercialization, all aspects including compliance, REC issuance, and dataset submission, are managed efficiently.

Hence, on 11 September 2024, the RGC submitted a report to the DOE for evaluation and approval regarding the implementation of REM Rules Clause 3.1.3.8, along with the following recommendations:

1. Allow the host DUs to submit their MQ data in quarterly resolution instead of monthly from previous years until 3Q 2024 due for REC issuance. A proposed timetable is shown below:

Activity	Subject Quarter/ Period	Responsible Party	Proposed Deadline
1. Submission of Quarterly MQ data of voluntary facility through PREMS	Unsubmitted Past MQ data until 3 rd Quarter 2024	Host DU	Within 60 working days upon receipt of DOE's approval of this request
2. Verification and confirmation of submitted MQ data from host DU		RE Registrar	Within 15 working days after the deadline of submission of MQ data
3. REC Issuance		RE Registrar	Within 15 working days after Step 2.

2. Require the RER to send correspondences to host DUs enjoining them to submit the MQ data following the DOE's approval. For due diligence and documentation purposes, the RER will require the DU to submit a written formal request for the submission of past data. Failure of the DU to submit a formal letter will disallow issuance of RECs. In coordination with the Independent Electricity Market Operator of the Philippines (IEMOP), the RE Registrar will issue a concluding advisory 15 working days prior the end of the deadline for submission of MQ data for the past data until Q3 2024.
3. The RER to develop the process and criteria for the approval/ disapproval of MQ data submitted beyond the timeline required in the REM Rules
4. Review and enhance the maximum capacity of the Philippine Renewable Energy Market System (PREMS) in terms of the number of facilities per file submission, in preparation for the increasing number of voluntary facilities.
5. To further promote compliance and possibly address behavioral issue among host DUs, develop a process where the performance of Host DUs relative to their compliance with their obligations in the REM, including the MQ data submission, is measured and publicly reported on a regular basis.
6. Given the increasing number of voluntary RE facilities, the RER should propose amendments to the REM Rules to include the following:
 - a) Deadline for the submission of facility registration (i.e. one month after the end of the quarter)
 - b) Extend the timeline for the MQ data submission (i.e. two months after the end of the quarter)
 - c) Extend REC issuance under voluntary RE Facilities (i.e. from within 30 days from the end of the quarter to 3 months from the end of the subject quarter). This would give the RER and host DU enough time to process facility registration and MQ data submission; and
 - d) Revisit the rules for REC issuance under Voluntary RE Generators to require the submission of quarterly instead of monthly MQ data per registered RE facility. This may also require changes to the PREMS.

Furthermore, the RGC will assist the RE Registrar in disseminating information through its sectoral representative from the Private Distribution Utility and Electric Cooperative, ensuring effective communication with all stakeholders

3.1.3 1st RER Operations Audit

In the July 2024 RGC meeting, the RGC noted the updates provided by the PEM Audit Committee (PAC) Secretariat regarding the 1st RE Registrar Operations Audit, covering the period from 05 February 2020 to 31 May 2024. The audit, conducted by the PEMC Internal Audit Department, commenced in June 2024. The RGC also reviewed the proposed audit schedules and deliverables, noting that the results would be reported to the PAC, PEM Board, DOE, and ERC. Hence, the RGC requested the PAC Secretariat to include them in the reporting of the audit results.

In the November 2024 meeting, the PEMC Internal Audit Department presented the results of the of the 1st RE Registrar Operations Audit, including the auditor's recommendations and action plans from the auditee.

3.2 Discussions on RE-Related Policies and Concerns

3.2.1 REM Related Activities for Off-Grid Areas

During its April 2024 meeting, the RGC discussed the DOE's activities on the Information and Education Campaign and Focus Group Discussions with the RPS-mandated participants in the Off-Grid Areas. The RGC noted PEMC's request to disseminate the schedule of activities to their sectoral members to ensure full participation of intended participants. The RGC, on the other hand, observed that the chosen locations (i.e. Mindoro, Legazpi and Palawan) are not strategically located which poses a significant barrier to achieving full attendance. Consequently, the committee formally wrote a letter to the DOE recommending that future off-grid events be held in Manila to minimize logistical expense and ensure complete attendance of off-grid participants.

3.2.2 Discussion on Voluntary REC Market

On 16 May 2024, the RGC held a meeting with the DOE – Renewable Energy Management Bureau (REMB) to discuss the DOE Advisory on the Issuance and Trading of Renewable Energy Certificates (RECs) in the international voluntary markets. During the meeting, the committee provided their suggestions to the DOE to provide clarity and improve the subject advisory. The RGC's suggestions include- considering the three-year lifespan for RECs from the issuance date in the policy for

trading RECs outside REM, comparing REC prices in other jurisdictions, and giving merchant RPS-eligible RE facilities the discretion on how to use their RECs (i.e. selling in the REM or in international market). As a result of these discussions, the DOE, committed to review the issued advisory and issue a supplemental advisory, as may be required.

Furthermore, the RGC discussed the PEMC's proposal to be the local issuer of the voluntary REC market under I-Track Foundation, which was submitted to the DOE on 25 June 2024. Said proposal highlighted the significance of having PEMC as the local issuer to address issues on REC double counting by properly delineating the REC issuer for the compliance and voluntary markets and provide future opportunities for cooperation and learning in the REC market operations and governance.

On the July 30 meeting, the I-TRACK representative attended the RGC's meeting to explain its operations and provide clarity on the role of I-TRACK in the Voluntary REC Market space. The meeting results then highlighted the need to establish clear policies and rules to clearly delineate who is eligible to participate in the Philippine REM and in the voluntary REC market such as the I-TRACK, and ensure that the existence of a voluntary REC Market does not conflict with the compliance market.

3.3 Review of RE Technologies with Extended Testing and Commissioning

As directed by the PEM Board, the Market Surveillance Committee requested the RGC's review and inputs on the extended testing and commissioning of generation facilities, particularly RE.

In response, the RGC, requested explanations from RE companies that underwent extended testing and commissioning activity. The RGC then submitted their recommendations based on the explanations received from RE companies that have received multiple Provisional Certificate of Authority to Connect (PCATC) extensions, as follows:

1. Review the definition of Test and Commissioning to consider the size, technology, resources needed of the facility and the period of evaluation of the results of the tests conducted until such time that the Final CATC (FCATC) is issued by the Transmission Network Provider or Distribution Utility. This is to address the concern of the Generation Companies to have continuous operation of the facilities so long as it will not pose any threat to the grid; and
2. Review the provisions in the Section 4.3.3 to allow the continuous operation of the generation facility so long as it will not pose any threat to the grid pending the issuance of the FCATC and the Provisional Authority to Operate (PAO) or Certificate of Compliance (COC)

3.4 RGC Meetings

In accordance with the REM Rules Clause 1.3.3 pertaining to voting rights and meetings, the RGC has held a total of 12 meetings in 2024. These include ten (10) virtual and two (2) face-to-face meetings conducted on a regular monthly basis. With its existing members, the RGC consistently adheres to the determination of the quorum in every meeting, ensuring the effectiveness and productivity of each session.

4.0 RGC 2025 Work Plan

Annex A provides details of the RGC's proposed activities for 2025.

Submitted by:

REM GOVERNANCE COMMITTEE

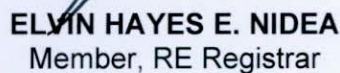

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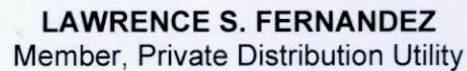

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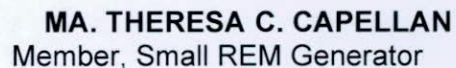

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REM GOVERNANCE COMMITTEE 2025 WORK PLAN

Legend: Submission / Completion of Report
 Regular Activity

ACTIVITY		OUTPUT	Remarks	2025			
				Q1	Q2	Q3	Q4
1	Govern the REM Operations	Inputs / suggestions on the regular REM Implementation Status Report by the RE Registrar					
2	Finalize the Proposed RER Performance Standards	RGC Resolution Approving the Proposed RER Performance Standards					
3	Conduct of regular and urgent / special meetings	Approved Minutes of Meetings; resolutions Resolution, as required					
4	Submit 2024 RGC Annual Report and 2025 Work Plan to the PEM Board	2024 RGC Annual Report and 2025 RGC Work Plan submitted to the PEM Board by March 2025					

ACTIVITY		OUTPUT	Remarks	2025			
				Q1	Q2	Q3	Q4
5	Amendment of RGC By-Laws/Internal Rules in view of DOE DC No. 2024-12-0031 ³	Amended RGC By-Laws/Internal Rules					
6	Review of RGC By-Laws/ Internal Rules	Updated RGC By-Laws	as deemed necessary				
7	Continuing Market Development Initiatives: Undertake Initiatives for the Development of the Voluntary REM (VREM)	Inputs / suggestions on the ETP's Study on Voluntary Renewable Energy Certificate Market in the Philippines, as scheduled	Contingent on ETP's Schedule and work plan				

³ Department Circular No. 2024-12-0031, titled "Declaration of the Full Commercial Operations of the Renewable Energy Market"