

REQUEST FOR MARKET RULES AND MANUALS AMENDMENTS

Proposals made only under this prescribed form shall be accepted and considered as submitted.

This request for amendments should be submitted to:

Rules Change Committee

Attention: WESM Governance Committee Secretariat

Philippine Electricity Market Corporation

18/F Robinsons Equitable Tower

ADB Avenue, Ortigas Center

Pasig City, 1605 Philippines

Email address: maq_rrd@wesm.ph

[In accomplishing and submitting this form, you give your consent for PEMC to collect, record, organize, and update your personal data as herein provided as part of your information for purposes of rules change process.]

I. Proponent's Information

Name	[REDACTED]
Designation	[REDACTED]
Company	[REDACTED]
Company Address	[REDACTED]
Telephone No.	[REDACTED]
Email Address	[REDACTED]

III. SUMMARY OF THE PROPOSED RULES CHANGE

The amendments to the WESM Manuals are proposed to allow an option to use the final meter quantity (MQ) data as the basis for a Generation Company's (GenCo) final bilateral contract quantity (BCQ) data, if a GenCo's capacity is fully contracted to a customer. This shall address the incidental WESM transactions of fully contracted Trading Participants.

IV. BACKGROUND

Many newly operational Renewable Energy (RE) projects are fully contracted under long-term Power Supply Agreements (PSAs) to meet the requirements of their investors and/or project financing agreements. As such, the generation capacity of these projects is not intended for merchant trading.

In an ideal scenario—where the daily Metered Quantity (MQ) is immediately available, accurate, and consistent with the Final MQ used for settlement—the daily MQs declared as Bilateral Contract Quantities (BCQs) would be accurately and be fully accounted for in the monthly settlement process, and no incidental WESM transactions would occur therefrom.

However, this not the typical case in the WESM. More often, the daily MQs would either be unavailable or sometimes inaccurate, and inconsistent with the Final MQ used in the settlement process. It may be noted that these may be usually due to the following reasons:

- **Non-availability of daily MQ**, often due to meter data errors, which leads trading participants to use the immediately available data from their own plant meters, or by estimation of the daily MQ;
- **Meter errors or malfunctions**, which are later corrected and reconciled in the Final MQ.

On days when these issues occur, generating facilities resort to using SCADA or statistical plant data to estimate daily MQs ("Estimate MQ"). This leads to discrepancies between the MQ used for daily BCQ submissions and the Final MQ used for settlement.

These discrepancies result in incidental WESM transactions, as follows:

Scenario	Implication on Fully-Contracted Plants ¹
Estimate MQ > Final MQ	Declared BCQ is greater than Final MQ, resulting in incidental WESM Purchase
Estimate MQ < Final MQ	Declared BCQ is less than Final MQ, resulting in incidental WESM Sales

Additionally, incidental WESM transactions involving fully contracted generating facilities give rise to the following issues:

- **Unintended allocation of Renewable Energy Certificates (RECs)** to the GenCo, requiring additional REC transactions to transfer the certificates to the customer.
- **Unintended and unnecessary Bureau of Internal Revenue (BIR)-related transactions** in the WESM, which are often complex and widespread among

¹ Fully Contracted – 100% of actual production is allocated to a Customer
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market participants, and lead market participants to produce the required BIR Forms (BIR Form 2307) and sales invoices for each incidental WESM transactions.

- **Additional adjustment calculations between trading participants** to reconcile the WESM exposure of both parties.

V. THE PROPOSED RULES CHANGE

The Proposed Rules Changes are shown in the table below:

WESM Process	Market Operator	Genco	Customer
Customer Enrolment	<i>Allow in the CRSS/WCEF, the option to use Final MQ Data as the basis for the BCQ, if a GenCo is fully contracted to a Customer.</i>	<ul style="list-style-type: none"> • Declare that it is fully-contracted to a Customer • Indicate if it will avail of the said BCQ option 	<i>Confirm GenCo's enrolment and availment of the BCQ option</i>
Daily BCQ Declaration	<i>Process BCQ declaration, as usual</i>	<ul style="list-style-type: none"> • Allocate its MQ to its Customer's MTN • If no specified allocation, no need to submit daily BCQ 	<i>Confirm allocation, if needed</i>
Prelim and Final Settlement Calculation	<i>If monthly MQ is different from the daily MQ, use monthly MQ as the final BCQ declared by the GenCo to the Customer, allocated to Customer MTNs using the Daily BCQ declaration as basis</i>		

VI. BACKGROUND AND DESCRIPTION OF THE PROPONENT

The proponent is Jobin-SQM Inc. (JSI). JSI is a Renewable Energy Company with existing solar power plant resources located in Mt. Sta. Rita, Subic Bay Freeport Zone.

Top Officers:

Roy Joseph S. Fernandez – President and CEO
 Jasmin Josefa P.G. Agbon – SVP – Special projects
 April Ann B. Nerva – VP for Project Development
 Edward M. De Leon – Chief Finance Officer
 Maricar D. Magadia – Data Protection Officer

VII. CONCLUSIONS AND RECOMMENDATIONS

The amendments to the WESM Manuals are proposed to allow an option to use the final meter quantity (MQ) data as the basis for a GenCo's final bilateral contract quantity (BCQ) data, if a GenCo's capacity is fully contracted to a customer. This shall address the incidental WESM transactions of fully contracted Trading Participants, reduce, and will unburden GenCos with limited manpower from additional documentations and processes resulting from such incidental WESM transactions with each spot market customer.

VIII. REFERENCES

- WESM Rules
- WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures Issue 18.0
- WESM Manual on Billing and Settlement Issue 15.0

Proposed Amendments to the WESM Manuals for the Option to Use the Final Metered Quantity (MQ) Data as the Basis for the Final Bilateral Contract Quantity data of a Fully-Contracted Generation Company.

[Market Manual on Registration, Suspension and De-Registration Criteria and Procedures, Issue No. 18.0]				
Title	Section	Provision	Proposed Amendment	Rationale
3.5.1	Enrolment	3.5.1.2 The notice to the Market Operator shall include the following: XXX	3.5.1.2 The notice to the Market Operator shall include the following: XXX <u>e) An indication of whether the generation output of the generating facility is fully contracted to a Customer;</u> <u>f) If the generation is fully contracted as indicated in item (e), a declaration of whether the Generation Company elects to avail of the option to use the final metered quantity data as the basis for its final bilateral contract quantity data;</u> <u>e) g) re-numbering</u> <u>f) h) re-numbering</u> <u>g) i) re-numbering</u>	This provision ensures that the 100% bilateral contract is duly enrolled and recognized by the Market Operator. Such enrollment shall constitute the Participant's formal declaration of its full Bilateral Contract Quantity.
		3.5.1.3 The Market Operator shall confirm by notice to the Trading Participant that the enrolled bilateral contract transactions shall be accounted for in the WESM settlements starting on the date stated on the notice submitted by the Trading Participant or on such other date as the Market Operator shall determine. The effectivity shall	3.5.1.3 The Market Operator shall confirm by notice to the Trading Participant that the enrolled bilateral contract transactions, shall be accounted for in the WESM settlements starting on the date stated on the notice submitted by the Trading Participant or on such other date as the Market Operator shall	This provision ensures that the 100% bilateral contract is duly enrolled and recognized by the Market Operator.

[Market Manual on Registration, Suspension and De-Registration Criteria and Procedures, Issue No. 18.0]

Title	Section	Provision	Proposed Amendment	Rationale
		likewise be subject to compliance by the contract parties with relevant billing and settlement procedures in the WESM, particularly the relevant protocols on bilateral contract quantity declarations (the “BCQ”).	determine. <u>Should the Trading Participant elect of the option to use the final metered quantity data as basis for its final bilateral quantities, the same shall likewise be accounted for in the WESM settlements of such Trading Participant.</u> The effectivity shall likewise be subject to compliance by the contract parties with relevant billing and settlement procedures in the WESM, particularly the relevant protocols on bilateral contract quantity declarations (the “BCQ”).	

Note: For convenience, please underline and put in bold letters the proposed additions and strikethrough the proposed deletions.

[Market Manual on Billing and Settlement, Issue No. 15.0]

Title	Section	Provision	Proposed Amendment	Rationale
9.1	Declarations for Energy Transactions	9.1.1 Trading Participants who will sell electricity pursuant to bilateral contracts during a dispatch interval and wish those bilateral contracts to be accounted for in settlements may declare to the Market Operator bilateral contract data up to the end of the following trading day.	9.1.1 Trading Participants who will sell electricity pursuant to bilateral contracts during a dispatch interval and wish those bilateral contracts to be accounted for in settlements may declare to the Market Operator bilateral contract data up to the end of the following trading day, <u>except to those Trading Participants with bilateral contract covering their full generation but no daily BCQ allocation submission.</u>	This aims that the 100% bilateral contracts with no MTN allocations will be excluded to the submission of daily BCQ declaration to the Market.

[Market Manual on Billing and Settlement, Issue No. 15.0]

Title	Section	Provision	Proposed Amendment	Rationale
	Declarations for Energy Transactions	NEW	<u>9.1.13 If the enrollment of the supply contract covering the bilateral contract declaration pertains to the full generation output of the generating facility, and the Generation Company elects to use the final Metered Quantity as the basis for its final Bilateral Contract Quantity, then the monthly final Metered Quantity submitted by the Metering Service Provider for said generating facility shall be deemed settled outside of the Market and shall be excluded from Spot Market settlement calculations.</u>	This provision aims to clarify that fully contracted Trading Participants who opt to use the final Metered Quantity (MQ) as their final Bilateral Contract Quantity (BCQ) may no longer submit daily BCQs if their submissions do not identify Market Trading Nodes (MTNs).
	Declarations for Energy Transactions	NEW	<u>9.1.14 If the Generation Company referred to under Section 9.1.13 submits daily Bilateral Contract Quantities with identified Market Trading Nodes (MTNs), and the final Metered Quantity (MQ) differs from the daily MQ, the Market Operator shall consider the final monthly MQ as the final BCQ declared by the Generation Company to the Customer. This final BCQ shall be allocated to the Customer's MTNs based on the proportions reflected in the daily BCQ submissions.</u>	This aims to ensure that fully contracted Trading Participants who opt to use the final Metered Quantity (MQ) as their final Bilateral Contract Quantity (BCQ), and who have submitted daily BCQs with allocated MTNs, will use their final MQs as their final BCQs. For intervals where the daily MQ differs from the final MQ, the allocated MTNs in the daily BCQ shall be proportionally applied to the final BCQ using the final monthly MQ.
9.2	Confirmation and Nullification	9.2.5 At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled	9.2.5 At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply	The Market Operator shall no longer be required to issue daily notifications to fully contracted

[Market Manual on Billing and Settlement, Issue No. 15.0]

Title	Section	Provision	Proposed Amendment	Rationale
	for Energy Transactions	to require confirmation and whose valid bilateral contract declarations was not confirmed, that their bilateral contract declarations shall not be accounted for during settlements.	contract was enrolled to require confirmation and whose valid bilateral contract declarations was not confirmed, that their bilateral contract declarations shall not be accounted for during settlements. <u>This notification shall not apply to Trading Participants whose bilateral contracts cover their full generation capacity, who elects to use the final Metered Quantity as the basis for their final Bilateral Contract Quantity, and who did not submit daily Bilateral Contract Quantities.</u>	Trading Participants who opt to use the final Metered Quantity (MQ) as their final Bilateral Contract Quantity (BCQ) and have not submitted any daily BCQ declarations.
	Confirmation and Nullification for Energy Transactions	9.2.6 At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to not require confirmation and whose valid bilateral contract declarations was not nullified, that their bilateral contract declarations shall not be accounted for during settlements.	9.2.6 At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to not require confirmation and whose valid bilateral contract declarations was not nullified, that their bilateral contract declarations shall not be accounted for during settlements. <u>This notification shall not apply to Trading Participants whose bilateral contracts cover their full generation capacity, who elects to use the final Metered Quantity as the basis for their final Bilateral Contract Quantity, and who did not submit daily Bilateral Contract Quantities.</u>	The Market Operator shall no longer be required to issue daily notifications to fully contracted Trading Participants who opt to use the final Metered Quantity (MQ) as their final Bilateral Contract Quantity (BCQ) and have not submitted any daily BCQ declarations.
9.3	Line Rental Calculation for	NEW	<u>9.3.7 The Line Rental calculation for Trading Participants under Section 9.1.13</u>	This aims to clarify that line rental calculation shall use the monthly

[Market Manual on Billing and Settlement, Issue No. 15.0]

Title	Section	Provision	Proposed Amendment	Rationale
	Energy Transactions		<u>shall utilize the monthly final metered quantity submitted by the Metering Service Provider, which shall be deemed the final Bilateral Contract Quantity for each trading interval.</u>	MQ from the MSP as the bilateral contract quantity of fully bilaterally contracted Trading Participants who availed the option to use final MQ as final BCQ.