



RULES CHANGE COMMITTEE

Proposed General Amendments to various WESM Manuals providing the option to use the Final Metered Quantity (MQ) data as the basis for the Final Bilateral Contract Quantity (BCQ) of a Fully-contracted Generation Company

Effective Date : 23 January 2026

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WHEREAS, Jobin-SQM Inc. (JSI) submitted a proposed amendment to the Registration, Suspension and De-Registration Criteria and Procedures (RSDCP) Manual and the Billing and Settlements Manual (BSM) on 07 August 2025;

WHEREAS, the proposed amendment is to allow a Generation Company that is fully contracted to a customer under a “pay as produced” Power Supply Agreement the option to use the final metered quantity (MQ) data as the basis for its final bilateral contract quantity (BCQ) data to address incidental WESM transactions of fully contracted Trading Participants;

WHEREAS, BCQ must be declared within a day after the relevant trading day in accordance with the WESM Rules and Billing and Settlement Manual (BSM) to ensure proper accounting and settlement of bilateral transactions, with such declarations reflecting agreed contractual quantities. It was explained that Generation Companies rely on the daily MQ data as basis for their daily BCQ declarations, but it is the final MQ data issued at the end of the month that is being used in the monthly settlements of WESM transactions;

WHEREAS, there are usually some discrepancies in the daily MQ data being used for BCQ data declaration and the final MQ data being used for monthly settlements, resulting in incidental WESM transactions for Generation Companies that are actually fully contracted to a customer, and that requires them to comply with the invoicing and related taxation requirements pursuant to the ruling of the Bureau of Internal Revenue on WESM transactions;

WHEREAS, during the 249th RCC (Regular) Meeting¹ on 15 August 2025, the RCC approved the publication of the proposed amendment to solicit comments from the stakeholders, subject to the following revisions:

1. Include in the proposal an illustration regarding the financial impact of MQ and BCQ discrepancy, particularly the associated taxation requirements; and
2. Use the correct original provisions for the proposed amendments in Section 9.2.6 of the BSM;

WHEREAS, in view of the foregoing, JSI submitted its revised proposal on 20 August 2025. Subsequently, the proposed amendment was published in the PEMC Website on 26 August 2025 to 07 October 2025, with comments received from ACEN Corporation, Independent Market Operator of the Philippines (IEMOP), Millenium Energy Inc./ Panasia Energy Inc., (MEI/PEI), Philippine Electricity Market Corporation (PEMC), and SN Aboitiz Power (SNAP);

WHEREAS, during the 251st RCC (Regular) Meeting² on 17 October 2025, the RCC discussed the proposed amendments, the comments and the corresponding response, specifically addressing the limited applicability of the proposed amendment to fully-contracted generators, the requisite Central Registration and Settlement System (CRSS) enhancements to automate the use of final MQ as final BCQ, possible adjustments to the billing and settlements timeline to allow for month-end redeclaration of BCQ data should

¹ <https://www.wesm.ph/market-governance/rules-change/rcc-minutes-of-meetings>

² Ibid

the proposal be approved, prevailing and long-standing concerns regarding MQ data availability and accuracy, and the resulting financial implications for WESM billing and settlements;

WHEREAS, during the 252nd RCC (Regular) Meeting³ on 21 November 2025, the RCC further deliberated on the proposed amendments, focusing on the transmission of MQ data from the WESM Metering Service Provider (WMSP) to the Market Operator, the registration and settlement processes, and the clarification of the "final MQ" definition;

WHEREAS, during the 253rd RCC (Regular) Meeting⁴ on 12 December 2025, the RCC deliberated on the proposal's intent to mitigate effects of incidental WESM transactions, particularly on the intent to eliminate the tedious tax invoicing requirements for WESM transactions per the BIR ruling;

WHEREAS, the discussion likewise noted that accurate BCQ declarations will also benefit those with transactions in the Renewable Energy Market (REM) by aligning their BCQ data with Renewable Energy Certificates (RECs) issuances which are based on MQ data; and that there are other Generation Companies that are similarly situated as the proponent, i.e., with "pay as produced" Power Supply Agreement with their customers;

WHEREAS, the RCC observed that the concern raised in the proposal has not been broadly raised by other similarly situated Generation Companies, and that the issue sought to be addressed may be more appropriately resolved through amendments to the parties' respective Power Supply Agreements, rather than through changes to the WESM Rules, which may result in unintended consequences;

WHEREAS, the discussions highlighted that, if approved, the proposed amendment will have the following consequences:

- a) Adjustment on the billing and settlement timeline will be made to allow for redeclaration of BCQ data after the end of the billing month, particularly after the final MQ data is provided. In this regard, the Market Operator raised the concern that it should not be required to automatically substitute BCQ data as this will entail interference with the BCQ declaration process which should be the responsibility of the Generation Companies;
- b) Enhancements to the Market Operator's CRSS is necessary as the system currently is not designed to allow for changes to BCQ data, once already submitted;
- c) The Market Operator will be required to verify whether a Power Supply Agreement is "pay as produced" but it is not privy to Power Supply Agreements and cannot verify "pay-as-produced" status without undue administrative burden;
- d) WESM Customers will bear all spot transactions for the month should they agree to the final BCQ declaration of the Generation Company based on the final MQ data;

WHEREAS, pursuant to WESM Rules Clause 8.4.2, the RCC shall assess whether the proposed amendment is consistent with the WESM objectives, feasible, and not unreasonably costly to implement;

WHEREAS, after due deliberation, the RCC agreed through a vote⁵ to disapprove the proposal in consideration of the following:

- 1) The proposal addresses a unique scenario. If approved, it will be applicable only to Generation Companies that are fully contracted to a customer and cannot be applied to other Generation Companies. To maintain a level playing field among WESM Participants per WESM Rules Clause 1.2.5 (a), any proposed changes to the market rules should provide benefits to the entire market, not just certain participants;

³ Ibid

⁴ Ibid

⁵ Disapproved (9): Alabado, Banzon, Dela Cruz, Fortich, Morales, Morillos, Ng, Orillaza, and Ortiz.
In Favor (4): Andal, Claudio, Francisco, and Gutierrez

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- 2) The impact of incidental WESM transactions may be managed and resolved through revisions to the parties' Power Supply Agreement rather than rule amendments that could cause unintended consequences;
- 3) The concerns regarding MQ data availability and accuracy may be addressed by the Review of Metering Installations and Arrangements;
- 4) The tedious invoicing and taxation-related requirements under the BIR Ruling on WESM transactions which the proposed amendment primarily sought to address are requirements that apply to all Trading Participants with WESM transactions, regardless of their contractual status;

NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve, as follows:

RESOLVED, that the RCC disapproves the Proposed General Amendments to various WESM Manuals providing the option to use the Final Metered Quantity (MQ) data as the basis for the Final Bilateral Contract Quantity (BCQ) of a Fully-contracted Generation Company (attached as Annex A);

RESOLVED, that the said RCC decision is hereby endorsed to the PEM Board for approval and submission to DOE and ERC for information;

Done this 23rd day of January 2026, Pasig City.

Approved by:
THE RULES CHANGE COMMITTEE

Independent Members:



RACHEL ANGELA P. ANOSAN
Chairperson



JESUSITO G. MORALLOS



JORDAN REL C. ORILLAZA


EMMANUEL GENESIS T. ANDAL

Generation Sector Members:


DIXIE ANTHONY R. BANZON
Masinloc Power Partners Co. Ltd.
(MPPCL)


Aboitiz Power Corp.
(APC)



CARLITO C. CLAUDIO
Millenium Energy, Inc./Panasia Energy, Inc.
(MEI/PEI)



MARK D. HABANA
Vivant Corporation – Philippines
(Vivant)

Distribution Sector Members:


RYAN S. MORALES
Manila Electric Company
(MERALCO)


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


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


RUSSEL S. ALABADO
Angeles Electric Corporation
(AEC)



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Supply Sector Member:
 GIAN KARLA C. GUTIERREZ First Gen Corporation (FGC)
Market Operator Member:
 KRISTOFFER MONICO S. NG Independent Electricity Market Operator of the Philippines (IEMOP)
System Operator Member:
 DARRYL LON A. ORTIZ National Grid Corporation of the Philippines (NGCP)



Annex A

WESM 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 likewise be subject to compliance by the contract parties with relevant billing and settlement	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. <u>Should the Trading Participant elect of the option to use</u>	This provision ensures that the 100% bilateral contract is duly enrolled and recognized by the Market Operator.

Annex A

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures, Issue No. 18.0

Title	Section	Provision	Proposed Amendment	Rationale
		procedures in the WESM, particularly the relevant protocols on bilateral contract quantity declarations (the "BCQ").	<u>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").	

WESM 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.
	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</u>	This provision aims to clarify that fully contracted Trading Participants who opt to use the final Metered Quantity

Annex A

WESM Manual on Billing and Settlement, Issue No. 15.0

Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>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></p>	<p>(MQ) as their final Bilateral Contract Quantity (BCQ) may no longer submit daily BCQs if their submissions do not identify Market Trading Nodes (MTNs).</p>
	Declarations for Energy Transactions	NEW	<p><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></p>	<p>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.</p>
9.2	Confirmation and Nullification for Energy Transactions	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 to require confirmation and whose valid bilateral	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 to require confirmation and whose valid bilateral	The Market Operator shall no longer be required to issue daily notifications to fully contracted Trading Participants who opt to use

Annex A

WESM Manual on Billing and Settlement, Issue No. 15.0

Title	Section	Provision	Proposed Amendment	Rationale
		contract declarations was not confirmed, that their bilateral contract declarations shall not be accounted for during settlements.	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>	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 Energy Transactions	NEW	<u>9.3.7 The Line Rental calculation for Trading Participants under Section 9.1.13 shall utilize the monthly final metered quantity submitted by the</u>	This aims to clarify that line rental calculation shall use the monthly MQ from the MSP as the bilateral contract quantity

Annex A

WESM Manual on Billing and Settlement, Issue No. 15.0

Title	Section	Provision	Proposed Amendment	Rationale
			<u>Metering Service Provider, which shall be deemed the final Bilateral Contract Quantity for each trading interval.</u>	of fully bilaterally contracted Trading Participants who availed the option to use final MQ as final BCQ.

FOR REFERENCE ONLY