



Rules Change Committee 2026 Semestral Report

January to June 2026

July 2026

This Report is prepared by the
Philippine Electricity Market Corporation –
Market Assessment Group for the
Rules Change Committee

Contents

1.0	INTRODUCTION	1
2.0	ACCOMPLISHMENTS AND WORK PROGRESS.....	1
2.1	Summary of Proposals	3
2.2	Summary of Processed Proposals by RCC (January to June 2026)	5
A.	Proposed General Amendments to various WESM Manuals on 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 (ORCP-WM-25-04).....	5
B.	Proposed General Amendments Relating to Enforcement Proceedings and Clarifying Compliance Guidelines (ORCP-WM-26-01)	7
C.	Proposed Amendments to WESM Manual on Ancillary Services Monitoring on Additional Condition for Qualifying a Frequency Driven Event (FDE) (ORCP-WM-26-02 and ORCP-WM-26-03)....	8
2.3	Deferred Proposals and Discussions.....	9
A.	Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol Manual regarding Must-Offer Rule (ORCP-WR-WM-24-02).....	9
B.	Proposed Amendments to the WESM Rules and Various WESM Manuals regarding Energy Storage Systems (ORCP-WM-24-03)	10
C.	Proposed General Amendments on the Harmonization of the WESM and Retail Rules and Market Manuals with ERC Resolution No.13 Series of 2024 (“A Resolution Adopting the Omnibus Rules for Customer Choice Programs”) (ORCP-WR-RR-WM-RM-25-03)	10
2.4	Summary of Proposals Approved by the PEM Board and Submitted to the DOE	13
2.5	Ongoing Implementation of Urgent Amendments as Approved by the PEM Board	14
2.6	General Amendments Promulgated by the DOE (January to June 2026)	14
3.0	STATUS of 2026 RCC WORK PLAN	15
ANNEX A: Members of the RCC as of June 2026		18
ANNEX B: DOE and ERC Observers as of June 2026		19
ANNEX C: Status of the Rules Change Committee Work Plan for 2026		20

1.0 INTRODUCTION

In compliance with its mandate under the WESM Rules ¹ and the WESM Manual on the Procedures for Changes to the WESM Rules (“Rules Change Manual”), the Rules Change Committee (RCC) submits this Report, covering the period January to June 2026. This report sets out the following:

- i. All proposals to amend the Market Rules and Manuals which have been submitted or remanded to and deliberated upon by the RCC for the covered period; and
- ii. Status of RCC priorities outlined in the 2026 RCC Work Plan.

2.0 ACCOMPLISHMENTS AND WORK PROGRESS

The RCC held six (6) regular meetings to discuss and deliberate proposed amendments to the Market Rules and Manuals, focusing on possible option to use the final metered quantity data as the basis for final bilateral contract quantity of a fully-contracted Generation Company, strengthening oversight, aligning market rules with ERC Omnibus Rules on Retail Market, enhancement of procedural clarity and integrate enforcement practices that reflect operational realities and define the termination of a Frequency Driven Event.

For the first half of 2026, the RCC resolved three (3) of the six (6) proposals processed within the period as shown in the table below, which also shows the tally of the received and resolved proposals per proponent. ²

Table 1: Proposals Received and Resolved by RCC per Proponent (January to June 2026)

Proponent	Proposals carried over from Previous Periods	Proposals Received	Proposals Resolved
Market Participants / WESM Stakeholders	2 ³	1 ⁴	2 ⁵
Market Operator	2 ⁶	-	-
System Operator	-	-	-
PEMC / WESM Governance Committees (WGCs)	-	1	1
TOTAL	4	2	3

The details of the received and resolved proposals are described in sections 2.1 *Summary of Proposals*, 2.2 *Summary of Processed Proposals by RCC (January to June 2026)*, and 2.3 *Deferred Proposals and Discussions (January to June 2026)*.

In line with the established consultation framework, general amendment proposals are posted on the PEMC website for a 30-working-day comment period. Representatives of the organizations who submit comments

¹ WESM Rules, Clause 8.6.5.

² Proposals that are not yet approved are undergoing review as of this writing.

³ (1) Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding Must-Offer Rule by GNPk, and (2) Proposed General Amendments to various WESM Manuals specifically on 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 by JSI

⁴ Proposed Urgent Amendments to Ancillary Services Monitoring Manual Issue No. 1.6 on Additional Condition for Qualifying a Frequency Driven Event (FDE) by SNAP Group

⁵ (1) Re-classified as General Amendment: Proposed Urgent Amendments to Ancillary Services Monitoring Manual Issue No. 1.6 on Additional Condition for Qualifying a Frequency Driven Event (FDE) by SNAP Group, and (2) Disapproval of Proposed General Amendments to various WESM Manuals specifically on 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 by JSI

⁶ (1) Proposed Amendments to the WESM Rules and Various WESM Manuals regarding Energy Storage Systems and (2) Proposed General Amendments on the Harmonization of the WESM and Retail Rules and Market Manuals with ERC Resolution No. 13 Series of 2024 (“A Resolution Adopting the Omnibus Rules for Customer Choice Programs”) by IEMOP

as well as resource persons are invited to participate in RCC deliberations on the proposals. The agreements reached by the RCC are then endorsed to the PEM Board for approval.

As of June 2026, three (3) General Amendments are currently pending DOE promulgation. Further details regarding the proposals endorsed by the PEM Board are presented in *2.4 Summary of Proposals Approved by the PEM Board and Submitted to the DOE*.

The RCC also resolved to extend the implementation of the Proposed Urgent Amendments to the WESM Manual on Ancillary Services Monitoring regarding Reserve Conformance Standards and Related Enforcement Actions. Further details of this Urgent Amendment are provided in section *2.5 Ongoing Implementation of Urgent Amendments as Approved by the PEM Board*.

Additionally, the DOE promulgated Department Circular Nos. DC2026-01-0003, titled “*Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Market Manual on Dispatch Protocol concerning the Issuance and Coverage of Dispatch Schedules Below Minimum Stable Load (Pmin)*” and DC2026-03-0009, titled “*Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Manual on Dispatch Protocol Relative to the Validation Process of Reported Discrepancies in the Dispatch Instruction Report (DIR)*”. The revised market documents were posted on the PEMC website on 13 February 2026 and 01 April 2026, respectively. Further details are provided in section *2.6 General Amendments promulgated by the DOE (January to June 2026)*.

All the proposals, minutes of the RCC’s deliberations, and resolutions can be found in the PEMC website.⁷

⁷ [Rules Change | Philippine Electricity Market Corporation \(wesm.ph\)](https://www.wesm.ph)

2.1 Summary of Proposals

The tables below present the status of rules change proposals submitted to RCC. Brief discussions on the proposals, both completed and on-going, are further provided in Sections 2.2 and 2.3 of this Report.

Table 2: Summary of Proposals Resolved by RCC (January to June 2026)

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	End of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution
1	JSI	ORCP-WM-25-04	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	07-Aug-2025	15-Aug-2025	26-Aug-2025	07-Oct-2025	ACEN, IEMOP, MEI/PEI, PEMC and SNAP	Disapproved	2026-01 (23 January 2026)
2	PEMC	ORCP-WR-WM-26-01	Proposed General Amendments on Enforcement Proceedings and Clarifying Compliance Guidelines	06-Jan-2026	16-Jan-2026	19-Jan-2026	03-Mar-2026	APC, ACEN, PSALM, SNAP and MERALCO	Approved	2026-04 (15 May 2026)
3	SNAP Group	ORCP-WM-26-02	Proposed Urgent Amendment to the WESM Ancillary Services Monitoring Manual Issue 1.2 regarding Additional Condition for Qualifying a Frequency Driven Event (FDE)	24-Mar-2026	N/A	N/A	N/A	N/A	Re-classified as General Amendment	2026-03 (23 April 2026)

Table 3: Summary of On-going Proposals with RCC

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	Remarks
1	SNAP Group	ORCP-WM-26-03	Proposed General Amendment to the WESM Ancillary Services Monitoring Manual Issue 1.2 regarding Additional Condition for Qualifying a Frequency Driven Event (FDE)	N/A ⁸	29-Apr-2026 ⁹	04-May-2026	17-Jun-2026	ACEN, Cleanergy, DOE, GNPk, NGCP, PEI/SEDI, PEMC, SMGP, & TC	For discussion and deliberation	First discussion and deliberation on 17 July 2026
2	IEMOP	ORCP-WR-WM-RR-RM-25-03	Proposed General Amendments on the Harmonization of the WESM and Retail Rules and Market Manuals with ERC Resolution No. 13 Series of 2024 ("A Resolution Adopting the Omnibus Rules for Customer Choice Programs")	5-Aug-2025	5-Sep-2025	8-Sep-2025	20-Oct-2025	ACEN, APC, MERALCO, RESA, PEMC	As of 16 January 2026: Deferred	Deferment requested by proponent pending ERC's revision on the Omnibus Rules
3	IEMOP	ORCP-WR-WM-24-03	Proposed Amendments to the WESM Rules and Various WESM Manuals regarding Energy Storage Systems	19-July-2024	16-Aug-2024	22-Aug-2024	07-Oct-2024	MERALCO, MEI/PEI, SPC/SIPC, MGEN, SNAP, APC, NGCP, ACEN, PEMC, TC	As of 13 December 2024: Deferred	Deferment requested by proponent pending the issuance of ERC Rules on ESS
4	GNPower Kauswagan Ltd. Co.	ORCP-WR-WM-24-02	Proposed Amendments to the WESM Rules regarding Must-Offer Rule	05-Apr-2024	21-Jun-2024	26-Jun-2024	06-Aug-2024	PEMC, IEMOP, WGC-TC, WGC-MSC, MEI-PEI, SNAP, APC, NGCP	As of 16 October 2024: Deferred	Deferment requested by proponent pending the outcome of their consultation with DOE.

⁸ Originally submitted as an Urgent Amendment, the proposal was subsequently reclassified as a General Amendment pursuant to RCC Resolution No. 2026-03.

⁹ PEM Board concurrence with RCC's decision on the proposal.

2.2 Summary of Processed Proposals by RCC (January to June 2026)

A. Proposed General Amendments to various WESM Manuals on 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 (ORCP-WM-25-04)

The proposal was initiated by the Jobin-SQM, Inc., to address the incidental WESM transactions (and corresponding tax-related transactions) and Renewable Energy Certificate (REC) issuance of a fully-contracted Generation Company arising from discrepancies between daily MQ and final MQ.

The proposal was endorsed to the RCC on 12 August 2025. During its 249th RCC Meeting on 15 August 2025, the RCC initially discussed the proposal and approved its publication in the PEMC website to solicit comments from stakeholders. It was published on the PEMC website on 26 August 2025 until 07 October 2025. The proposal received comments from five (5) parties.

The proponent discussed its proposal and response to the comments received during the 251st RCC Meeting on 17 October 2025. To aid the RCC in deliberating the proposal, the following presentations were requested:

1. IEMOP/Market Operator – the affected processes of the proposal: from registration to settlements.
2. NGCP/System Operator – the process of providing the market metering data to the MO.
3. JSI/Proponent – clarification on the definition of the final metered quantity and the wording of the provisions.

During the 252nd RCC Meeting, the MO, SO and JSI presented the above-mentioned presentations with the following highlights:

- BCQ is declared in 5-minute intervals and must be submitted by D+1. Based on market rules, the Central Registration and Settlement System (CRSS) enforces a strict daily confirmation requirement. If the submission setup is not confirmed by default, then failure to confirm will result in a zero BCQ for settlement.
- In the CRSS, BCQ declarations do not require metered quantities and may be submitted independently.
- The proposal under discussion seeks to allow the gross energy settlement quantity (GESQ) to serve as the final BCQ, provided it is submitted before the settlement processing run.
- The proposal will cause all WESM exposure to be for the account of the Fully Contracted Generator's counterparty.

The proponent also presented their responses to RCC's request which were raised during the 251st RCC Meeting highlighting the following:

1. The proposed definition of final metered quantity is the GESQ of a trading participant used for the computation and issuance of final settlement statement and subsequent adjustments, and used for the re-calculation of bilateral contract
2. The proposed amendments allow participants to elect whether the final MQ will be used as the final BCQ for fully contracted facilities, subject to customer confirmation; MQ-related issues will follow existing WESM rules.
3. The proposal shall also apply to any metered quantity adjustment on the fully contracted generator, reflecting the correct value of the contracted MQ which shall be settled outside the market.

During the 253rd RCC Meeting, the committee finally deliberated on the proposal in consideration of the following points raised:

For the proposal:

- The current billing and settlement timeline may accommodate redeclaration at the end of the month.
- The proposal may have larger-scale benefits, such as having more accurate BCQs that would improve the accuracy of REC allocation.

For retaining of current rules:

- The proposal will cause disruption in the settlements of Distribution Utilities. While confirmation by the counterparty will still be necessary, there is no way for the counterparty to know for certain that there is metering error or there are resource constraints (e.g. no sunlight).
- Consider appropriateness in changing the WESM Rules to fit a specific situation of a Trading Participant (TP). The proposal is specific to JSI's concerns and may have unintended consequences.

On JSI's issues due to unintended WESM transactions (while being fully contracted):

- There is a need to find solutions to metering error as part of the solution for JSI's concern. Metering review could be part of the solution.
- JSI may address their concerns through its contract with its counterparty. While the financial aspect of the contract can be addressed through negotiations, the invoicing of unintended WESM transactions will remain. This is a tedious process that is currently experienced by all TPs.
- Power supply agreements/contracts are not submitted to the MO. Thus, the type of contract, e.g. pay-as-bid, is not considered in WESM settlements.
- Allowing BCQ re-declaration option to specific TPs may cause other TPs to request for it also.

Given the salient points raised during the deliberation, the RCC proceeded to a vote, resulting in the proposal being disapproved by majority.

During the 254th RCC Meeting, the committee discussed the draft resolution of the proposal, which was finalized to consider additional comments and feedback on 23 January 2026. Subsequently, on 28 January 2026, the PEM Board approved the RCC's decision on the

RCC Resolution No. RCC-RESO-26-01 through PEM Board Resolution No. 2026-92-04, which was endorsed to the DOE and ERC for information on 23 February 2026.

B. Proposed General Amendments Relating to Enforcement Proceedings and Clarifying Compliance Guidelines (ORCP-WM-26-01)

The proposal was initiated by Philippine Electricity Market Corporation (PEMC) to enhance procedural clarity, ensure alignment of rule references with current regulatory frameworks, and integrate enforcement and compliance practices consistent with operational realities.

The RCC received the proposal endorsement on 13 January 2026 and subsequently discussed during its 254th RCC Meeting on 16 January 2026. During the meeting, the RCC approved the publication of the proposal in the PEMC website to solicit stakeholder comments.

Following this approval, the proposal was published on the PEMC website on 19 January 2026. The public consultation period remained open until 03 March 2026, during which comments were received from five (5) parties.

During the 256th RCC Meeting on 13 March 2026, the RCC, together with PEMC (Proponent) and commenters, discussed the PEMC's responses to the comments received from the stakeholders. The discussion focused on the following:

- Clarification regarding the flowback of financial penalties;
- Confidentiality protocols for investigations involving the Market Operator and System Operator;
- Prescribed response periods for notices of non-compliance;
- Criteria and scope for the implementation of remedial measures, including those involving third parties;
- Jurisdiction authority over former WESM members;
- Investigation timelines, including possible extensions up to 45 additional business days
- Compliance Committee resolution deadlines from 90 to 30 business days; and
- Processes, timelines, and grounds for filing requests for reconsideration and appeals, including the Compliance Committee's jurisdiction.

During the same meeting, the RCC requested that PEMC submit a revised proposal for the April 2026 meeting. This revision must include clearer standards for remedial actions, a defined two-year prescriptive period for both current and former WESM members, and the Compliance Committee's position on the shortened resolution timeline. Additionally, PEMC must define "abuse of discretion" and revisit grounds for appeal to include technical errors or new evidence, with discussions to resume upon receipt of these updates.

During the 257th RCC Meeting on 10 April 2026, the committee provisionally approved the proposed amendments to the WESM Rules and WESM Manual on Enforcement and Compliance, as revised, and directed the Secretariat to review the renumbering and flowcharts in the relative manual. During the 258th RCC Meeting on 15 May 2026, the RCC finally approved the proposal through RCC Resolution No. RCC-RESO-26-04.

On 27 May 2026, the PEM Board approved the RCC resolution through PEM Board Resolution No. 2026-96-01. The approved resolution was endorsed to the DOE on 03 June 2026 for approval and furnished to the ERC for its information.

C. Proposed Amendments to WESM Manual on Ancillary Services Monitoring on Additional Condition for Qualifying a Frequency Driven Event (FDE) (ORCP-WM-26-02 and ORCP-WM-26-03)

The proposal was initiated by SN Aboitiz Power – Magat, Inc. and SN Aboitiz Power – Benguet, Inc. (collectively, SNAP Group). The proposal was initially submitted as an Urgent Amendment (ORCP-WM-26-02) to amend Section 5.6.2 of the WESM Manual on Ancillary Services Monitoring Issue No. 1.6 by introducing an additional condition to determine the termination of a Frequency Driven Event (FDE), in view of the following:

- Give ample time for the Reserve Facility to normalize its loading near the Unit setpoint, which is the initial reference of the Unit governor in computing the desired response.
- Variances from the Reserve Facility's Frequency Reference compared to the System Frequency.
- Reduction of multiple Frequency Driven Events occurrences.

The RCC deliberated the submitted proposal during the 257th RCC Meeting on 10 April 2026. During the meeting, the RCC resolved by unanimous vote not to certify the proposal as an Urgent Amendment and re-classified it instead as a General Amendment Proposal, in consideration of the following:

1. The proposal does not address an immediate grid reliability or operational risk and primarily refines compliance monitoring.
2. The proposed additional condition requires a broader technical evaluation given that the Contingency Reserve and Regulating Reserve behave differently, and generation units with inertia and fast-responding or low-inertia technologies may require differentiated treatment.
3. While the FDE determination may be improved, consultation with WESM stakeholders, especially the System Operator, who is the sole customer of reserves traded in the WESM and the ASPA counterparty of ASPs, may provide further insights especially on the technical parameters being proposed.

The RCC endorsed its decision on the proposal, through RCC Resolution No. RCC-RESO-26-03, on 28 April 2026 and subsequently presented to the PEM Board meeting on 29 April 2026. During the meeting, the PEM Board concurred with the RCC's reclassification of the proposal as a General Amendment (ORCP-WM-26-03) and approved posting of the proposal in the PEMC website to solicit comments from stakeholders through PEM Board Resolution No. 2026-95-03.

The General Amendment was published on the PEMC website on 04 May 2026, with the stakeholders comment period open until 17 June 2026. The proposal received comments from nine (9) parties and is scheduled for discussion on 17 July 2026.

2.3 Deferred Proposals and Discussions

The RCC likewise discussed the following proposals which were deferred awaiting further developments:

A. Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol Manual regarding Must-Offer Rule (ORCP-WR-WM-24-02)

The proposal was initiated by the GN Power Kauswagan Ltd. Co (GNPK) to amend the guidelines on submission of bids and offers in the market and to incorporate the technical conditions of the coal-fired and thermal generating unit.

The proposal was endorsed to the RCC on 11 April 2024. During the 230th RCC Meeting on 19 April 2024, the proposal was presented to the RCC for the approval of its publication in the PEMC Website to solicit comments from the WESM Members and stakeholders. The RCC determined that the proposal is not yet refined therefore suggesting GNPK to further review and revise the proposed amendment and the corresponding technical discussion. The RCC likewise deferred the approval of the publication. The RCC re-deliberated the submitted revised proposal during its 231st Meeting on 17 May 2024. Upon deliberation, RCC still deferred the approval of the proposal's publication due to the pending submission of a revised technical write-up, requesting further to update assumptions that are no longer applicable or are outdated.

Considering the comments from previous discussions, GNPK submitted the revised proposal and technical write-up on 13 June 2024 and presented the revised proposal during the 232nd RCC Meeting held on 21 June 2024. In the same meeting, the RCC approved the publication of the proposal in PEMC's website to solicit comments from the stakeholders and WESM Members. During the 30-day commenting period from 26 June 2024 to 06 August 2024, the proposal received comments from seven (7) parties.

The RCC deliberated the proposal along with the comments received and the corresponding response of the proponents during the 234th RCC Meeting on 16 August 2024. During the meeting, the RCC agreed that the conditions or mechanics of flame loss and steam bypass in coal plants need more elaborate discussion. As a result, the RCC decided to hold a caucus to further discuss the proposal.

During the 235th RCC (Caucus) Meeting on 03 September 2024, the RCC further deliberated the proposal, with key points of the discussion as follows:

1. The classification as "reserve shutdown" of generating units scheduled below their minimum stable load was clarified, indicating that shutting down under these circumstances cannot be labeled as such if the unit is already scheduled;
2. GNPK expressed the need for the proposed amendments to the WESM Rules to prevent penalties for shutdowns, specifically the proposed additional criteria for the Enforcement and Compliance Office's consideration;
3. Adherence to the Must-Offer Rule remains crucial, as it requires generators to submit offers that reflect their available capacity to ensure compliance; and

4. The solution to GNPk's issue could be addressed in the operational level.

In view of the discussions, the RCC suggested GNPk to consider either (1) writing a letter to the DOE to conduct visitation for better appreciation of GNPk's concern, or (2) discussing with the IEMOP on the MDOM's scheduling of generating plants below the minimum stable load.

On 16 October 2024, the RCC received an email update from GNPk, expressing its intention to meet with the DOE to discuss issues and concerns related to their proposal. Additionally, GNPk requested to defer the inclusion of the proposal in the following RCC meeting agenda until after they receive feedback from the DOE. The RCC acknowledged this update and approved GNPk's request during the 238th RCC Meeting held on 18 October 2024.

During the 250th RCC Meeting held on 19 September 2025, the letter submitted by GNPk on 16 September 2025 was presented, providing an update on GNPk's consultation with the DOE and included a request for the RCC to archive the proposal pending the outcome of said consultation. The RCC approved the request and agreed to archive the proposal accordingly.

B. Proposed Amendments to the WESM Rules and Various WESM Manuals regarding Energy Storage Systems (ORCP-WM-24-03)

The proposal was initiated by IEMOP to provide implementing procedures and guidelines related to the participation of Energy Storage Systems (ESS) in the WESM in view of the DOE Department Circular DC2023-04-0008.

The proposal was endorsed to the RCC on 26 July 2024. During the 234th RCC Meeting on 16 August 2024, the RCC agreed to publish the proposal for solicitation of comments, as submitted.

The proposal was published on the PEMC website on 22 August 2024 and was opened to receive comments until 07 October 2024. Within the 30-day commenting period, the proposal received comments from ten (10) parties.

The proponent requested the RCC to defer the deliberation of the proposal, initially during the 238th RCC Meeting on 18 October 2024 and again during the 239th RCC Meeting on 15 November 2024, to allow additional time to review and address stakeholders' comments and likewise reflect further revisions. During the 241st RCC Meeting on 13 December 2024, the RCC approved the IEMOP's request to defer the deliberation of the proposal, formalized through a letter sent to the RCC, which cited the impending issuance by the ERC of its Rules on Energy Storage Systems.

C. Proposed General Amendments on the Harmonization of the WESM and Retail Rules and Market Manuals with ERC Resolution No.13 Series of 2024 ("A Resolution Adopting the Omnibus Rules for Customer Choice Programs") (ORCP-WR-RR-WM-RM-25-03)

The proposal was initiated by the IEMOP to reflect and harmonize the WESM and Retail Rules and Market Manuals with ERC Resolution No. 13, S. of 2024, entitled “A Resolution Adopting the Omnibus Rules for Customer Choice Programs” (the “Omnibus Rules”) and institutionalize the procedures adopted by the Central Registration Body for the Customer Choice Programs. With this proposal, IEMOP retracts its earlier submitted proposals on 1) Retail Competition and Open Access, and 2) No Outstanding Balance.

The proposal was endorsed to the RCC on 12 August 2025. During its 249th RCC Meeting on 15 August 2025, the RCC initially discussed the proposal and approved its publication in the PEMC website to solicit comments from stakeholders, noting that the proper formatting, clerical corrections, and transfer of deleted provisions of Retail Manual on GEOP Procedures shall be addressed prior the publication of the proposal.

Following the commenting period from 08 September 2025 to 20 October 2025, the proposal received comments from five (5) parties. During the 252nd RCC Meeting, the proponent facilitated the line-by-line discussion of the proposed amendments, comments and the corresponding response of IEMOP highlighting the following:

1. IEMOP agrees with the comment to align provisions and defined terms with the Omnibus Rules.
2. Issuance of Certificate of Contestability (CCON) should be in accordance with the Omnibus Rules and in consideration of previously issued CCON by the ERC.
3. The WESM Rules and Market Manuals already provide timelines for issuing adjustment bills in cases of Must-Run Unit (MRU), Administered Price (AP), and Secondary (SEC) Price Cap adjustments. To address residual billing concerns, IEMOP recommends establishing a protocol for adjustment billing between RES and customers.
4. Refinement of definitions to ensure flexibility for future threshold changes in line with the Omnibus Rules.
5. Clarification on which party is responsible for providing the information for the monthly report on retail customers to the ERC and DOE.
6. Timeline of the notification of Eligible End-Users to NSP of their intention to switch and intended switch date.

During the 253rd RCC Meeting, the proponent continued to discuss and present the comments received and IEMOP’s responses to the proposal, while the following were raised during the deliberation:

1. In relation to Section 3.2.1.3 of the Retail Rules, MERALCO requested the removal of the waiver of the NSP’s notification requirement and the issuance of switching documents to the Retail Customer. The ERC noted the ERC Resolution No. 22, Series of 2025 on lowering the retail market threshold to 100 kW that prescribes a target switch date of not less than 90-day period for RCOA and RAP from the receipt of the notice by the NSP.
2. ERC is currently revising the Omnibus Rules with 2Q 2026 as their target date to finish;
3. RESA suggested IEMOP reinstate the breakdown of the WESM charges that were being provided prior the 5-minute market; and

4. IEMOP to check what virtual meter is and how separate it is with DU's Grid Off-take Metering Point

While further deliberations were initially set for the 16 and 23 January 2026 meetings, the RCC deferred the proposal during its 254th RCC Meeting on 16 January 2026. This deferment was requested by IEMOP to await the ERC's finalized revisions to the Omnibus Rules.

2.4 Summary of Proposals Approved by the PEM Board and Submitted to the DOE

The table below presents the status of rules change proposals approved by the PEM Board and submitted to the DOE for approval.

Table 4: Proposals for DOE's Approval (As of June 2026)

Item	Proponent	Control No.	Proposal	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE	DOE Approval
1	PEMC	ORCP-WR-WM-24-06B	Proposed Revision to the Urgent Amendment to the Ancillary Services Monitoring Manual regarding the Reserve Conformance Standards and Related Enforcement Actions	16-Dec-2024	03-Feb-2025	APC, ACEN, MEI/PEI, MERALCO, MSC, NGCP, SMGCP, SNAP, and SPC/SIPC	Approved	2025-02 (08-May-2025)	Approved	2025-85-02 (28-May 2025)	11-Jun-2025	Ongoing
2	MSC	ORCP-WR-WM-25-03	Proposed General Amendments to the WESM Rules and Various WESM Manuals on the Market Surveillance Committee Processes	25-Jun-2025	05-Aug-2025	APC, MEI/PEI, and NGCP	Approved	2025-06 (12-Dec-2025)	Approved	2026-92-03 (28-Jan-2026)	23-Feb-2026	Ongoing
3	PEMC	ORCP-WR-WM-26-01	Proposed General Amendments Relating to Enforcement Proceedings and Clarifying Compliance Guidelines	19-Jan-2026	03-Mar-2026	APC, PSALM, SNAP and MERALCO	Approved	2026-04	Approved	2026-96-01 (27-May-2026)	03-Jun-2026	Ongoing

2.5 Ongoing Implementation of Urgent Amendments as Approved by the PEM Board

From January to June 2026, the PEM Board approved the continuing implementation of an urgent amendment to ensure continuing implementation of compliance monitoring and enforcement on the Ancillary Services Providers.

The proposed amendment enhanced the monitoring and enforcement of Reserve Conformance Standards (RCS), specifically the issuance of Non-Compliance Notices, the response timelines for Ancillary Services Providers, and the collection of settlement adjustments, while harmonizing deadband settings for reserve facilities. Its extension was approved under RCC Resolution No. RCC-RESO-2026-02, titled “*Extension of Effectivity of Urgent Amendments to the WESM Manual on Ancillary Services Monitoring regarding Reserve Conformance Standards and Related Enforcement Actions*” on 10 April 2026 and PEM Board Resolution No. 2026-95-02 on 29 April 2026 and submitted to the DOE on 11 May 2026.

As discussed during the 257th RCC Meeting, implementation of this proposal from 12 December 2024 showed fairer compliance assessments and penalty enforcement (with collections temporarily paused pending ASM Manual amendments), improved compliance through proactive engagement by service providers, and successful stakeholder education campaigns. This proposal has significantly enhanced Reserve Market compliance and operational efficiency and is currently awaiting approval of the corresponding general amendments.

2.6 General Amendments Promulgated by the DOE (January to June 2026)

During the period, the DOE issued two Department Circular introducing amendments to the Wholesale Electricity Spot Market (WESM) Market Manual on Dispatch Protocol.

The first circular, DOE Department Circular No. DC2026-01-0003, provides guidelines for trading participants and plant operators on managing the dispatch of their generating units if they receive dispatch schedules falling below their minimum stable load (P_{min}). This circular became effective on 21 February 2026, and the revised market document, i.e. Dispatch Protocol Issue 24, was posted 13 February 2026.

Meanwhile, DOE Department Circular No. DC2026-03-0009 establishes a clearer, more streamlined workflow for verifying and validating discrepancies identified in the Dispatch Instruction Report (DIR). It addresses how the System Operator, Market Operator, and Trading Participants cross-check errors or inconsistencies in dispatched instructions versus actual market logs. This Circular became effective on 11 April 2026, and the revised market document, i.e. Dispatch Protocol Issue 25, was posted 01 April 2026.

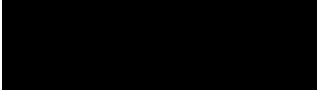
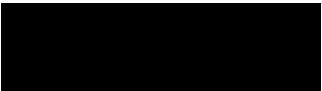
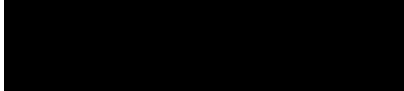
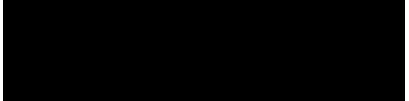
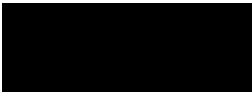
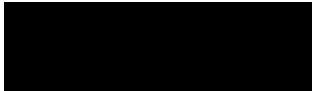
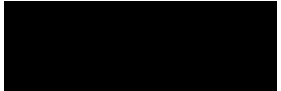
3.0 STATUS of 2026 RCC WORK PLAN

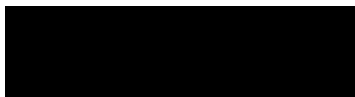
The 2026 RCC Work Plan (Annex C) was developed to align with PEMC's corporate vision, mission, and desired outcomes under its CSP for 2024-2026.

For the first half of the year, the RCC has convened six (6) times ¹⁰ to discuss the aforementioned proposals and issued four (4) rules change-related resolutions.

The Committee consistently directs its efforts and resources to realize PEMC's priority activities as reflected in pertinent DOE and ERC directives and PEMC's Corporate Plan, which necessitates continuing review of the Market Rules and Manuals and crafting of new market documents, if necessary.

¹⁰ Six (6) regular RCC meetings,

Approved by: THE RULES CHANGE COMMITTEE	
Independent Members:	
 Rachel Angela P. Anosan	 Jesusito G. Morillos
 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 Panasia Energy, Inc./Strategic Energy Development Inc. (PEI/SEDI)	 Jose Ildebrando B. Ambrosio ACEN Corporation (ACEN)
Distribution Sector Members:	
 Virgilio C. Fortich, Jr. Cebu III Electric Cooperative, Inc. (CEBECO III)	 Ryan S. Morales Manila Electric Company (MERALCO)
 Nelson M. Dela Cruz Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)	 Russel S. Alabado Angeles Electric Corporation (AEC)

Supply Sector Member:

Gian Karla C. Gutierrez
First Gen Corporation/First Gen Energy Solutions, Inc.
(FGEN)

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: Members of the RCC as of June 2026

Sector	Representative Organization	Name	Membership
Independent	-	Atty. Rachel Angela P. Anosan (Chairperson, 01 Nov 2024 to present)	-
	-	Atty. Jesusito G. Morillos	-
	-	Engr. Jordan Rel C. Orillaza	-
	-	Prof. Emmanuel Genesis T. Andal	-
Market Operations	Independent Market Operator of the Philippines (IEMOP)	Atty. Kristoffer Monico S. Ng ¹¹	Principal
		Atty. Lilibeth Grace L. Vetus-Magtalas	Alternate
System Operations	National Grid Corporation of the Philippines (NGCP)	Engr. Darryl Lon A. Ortiz ¹²	Principal
		Engr. Clark N. Agustin	Alternate
Generation	Aboitiz Power Corporation (APC)	Atty. Jayson A. Francisco	Principal
		Atty. Charm Krizia L. Medina	Alternate
	Masinloc Power Partners Co. Ltd. (MPPCL)	Engr. Dixie Anthony R. Banzon	Principal
	San Miguel Global Power Holdings Corp. (SMCGP)	Mr. Michael Valer G. Mariano	Alternate
	Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	Engr. Carlito C. Claudio ¹³	Principal
		Engr. Jessie B. Victorio	Alternate
	ACEN Corporation (ACEN)	Atty. Jose Ildebrando B. Ambrosio ¹⁴	Principal
		Mr. Ignacio Francisco K. Gonzalez	Alternate
Distribution	Manila Electric Company (MERALCO) – Private Distribution Utility	Engr. Ryan S. Morales ¹³	Principal
		Mr. Manuel Luis N. Zagala	Alternate
	Angeles Electric Corporation (AEC) – Private Distribution Utility	Atty. Russel S. Alabado	Principal
	Cagayan Electric Power and Light Co., Inc. (CEPALCO) – Private Distribution Utility	Engr. Alfredo C. Sanaga, Jr.	Alternate
	Cebu III Electric Cooperative, Inc. (CEBECO III) – Electric Cooperative	Mr. Virgilio C. Fortich, Jr.	Principal
	Cebu I Electric Cooperative, Inc. (CEBECO I) – Electric Cooperative	Mr. Getulio Z. Crodua	Alternate
	Nueva Ecija II Area 1 Electric Cooperative, Inc.	Engr. Nelson M. Dela Cruz	Principal
	Agusan del Norte Electric Cooperative, Inc.,	Engr. Darwin T. Daymiel	Alternate
Supply	First Gen Corporation/First Gen Energy Solutions, Inc. (FGEN)	Ms. Gian Karla C. Gutierrez ¹⁵	Principal
	TeaM (Philippines) Energy Corporation (TPEC)	Engr. Bryan Alvin A. Calasanz	Alternate

¹¹ Atty. Kristoffer Monico S. Ng was reappointed effective on 01 February 2026 to 31 January 2029.

¹² Engr. Darryl Lon A. Ortiz was reappointed effective on 20 May 2026 to 19 May 2029.

¹³ Engr. Carlito C. Claudio and Engr. Ryan S. Morales were reappointed effective on 29 March 2026 to 28 March 2029.

¹⁴ Atty. Jose Ildebrando B. Ambrosio was appointed effective 29 March 2026 to 28 March 2029, while Mr. Ignacio Francisco K. Gonzalez was appointed as his Alternate effective 29 March 2026 to 28 March 2029. They were preceded by Engr. Mark S. Habana and Engr. Michelle Tuazon, respectively, whose terms ended on 28 March 2026.

¹⁵ Ms. Gian Karla C. Gutierrez was reappointed effective on 29 March 2026 to 28 March 2029.

ANNEX B: DOE and ERC Observers as of June 2026

Organization	Observers
DOE ¹⁶	1) Antonio S. Barcelona 2) Jhannelyn D. Marasigan 3) John Paulo O. Castro 4) Jane May M. Mea 5) Chrismah Joy D. Quinones 6) Dan Michael A. Lontok
ERC ¹⁷	1) Sharon O. Montañer 2) Antoinette M. Badillo

¹⁶ Designation of DOE observers per DOE letter to PEMC dated 19 January 2026¹⁷ Designation of ERC observers per ERC letter to PEMC dated 06 December 2022.

ANNEX C: Status of the Rules Change Committee Work Plan for 2026

The Rules Change Committee strives to attain a timely resolution of all rules change proposals it receives and shall continuously direct its efforts to work on priority activities for further enhancements to the Market Rules and Manuals. The activities in the Work Plan are aligned with PEMC's 2024-2026 Corporate Strategic Plan and shall be updated as necessary as more contributions are received from industry sectors and stakeholders or as directed by the DOE or ERC.

Legend:  Submission/Completion of Report/Inputs/Comments
 Regular Activity

ACTIVITIES		OUTPUTS	2026				Remarks
			Q1	Q2	Q3	Q4	
GOAL 1: Provide a Reliable and Transparent WESM and REM through Effective and Efficient Governance							
Objective 3: Market design, review, and implementation of mechanisms for the WESM							
1	Participate in consultation meetings and submit comments on PEMC’s Assessment on the Implementation of Enhanced WESM Design Operations (EWDO) including Reserve Market	Attendance during events Response to requests for inputs/comments					No update as of the covered period.
Objective 4: Availability of Adequate Support to the PEM Board, WESM Governance Committees, and REM Governance Committee and other assigned committee							
2	Participate in monthly, special, and caucus meetings. Schedule of Monthly RCC Meetings: 16 January 2026 (Regular) 20 February 2026 (Regular) 13 March 2026 (Regular) (in person/hybrid) 17 April 2026 (Regular) 15 May 2026 (Regular) 19 June 2026 (Regular) 17 July 2026 (Regular) 14 August 2026 (Regular) 18 September 2026 (Regular) 16 October 2026 (Regular) (in person/hybrid)	Minutes of meetings					Completed for the covered period. The RCC convened the following: 1. 254 th (2026-01) 2. 255 th (2026-02) 3. 256 th (2026-03) 4. 257 th (2026-04) 5. 258 th (2026-05) 6. 259 th (2026-06) RCC-approved minutes and published in PEMC Website, as follows: 1. 254 th (2026-01)

ACTIVITIES		OUTPUTS	2026				Remarks
			Q1	Q2	Q3	Q4	
	20 November 2026 (Regular) 11 December 2026 (Regular) (in person/hybrid):						2. 255 th (2026-02) 3. 256 th (2026-03) 4. 257 th (2026-04) 5. 258 th (2026-05)
Objective 5: Availability of Accurate and Updated Market Reports, Rules, Manuals, and Other Relevant Public Information About the WESM and REM							
3	Approve Annual Committee Work Plan aligned with PEMC Corporate Strategic Plan	2026 RCC Work Plan					<i>Completed</i> The 2026 RCC Work Plan was endorsed to PEM Board and published in PEMC Website on 17 March 2026.
4	Approve Semestral Reports	RCC Semestral Reports submitted to the PEM Board					<i>Completed</i> The 2025 RCC Semestral Report (July to December) was endorsed to PEM Board on 26 January 2026 and published in PEMC Website on 27 January 2026.
Objective 6: Provision of Continuing Stakeholder Support and Engagement and Enhanced Market Awareness							
5	Provide information pertaining to rules changes and other activities of the Committee to sector organizations	Sectoral Certifications submitted to the RCC/PEM Board as proof of such activities in the previous calendar year					<i>Completed</i> 2025 Sectoral Certifications were reported to the PEM Board on 29 April 2026. These certifications were received from the following: 1. Transmission – NGCP 2. Distribution – PEPOA, PHILRECA, MERALCO

ACTIVITIES		OUTPUTS	2026				Remarks
			Q1	Q2	Q3	Q4	
							3. Generation – PIPPA 4. Supply – RESA
6	Participate in WESM-related events, as requested or scheduled	Attendance to the WESM events					<i>Completed for the covered period.</i> The RCC participated in the following WESM Events: 1. Philippine Electric Power Industry Forum 2026 (11-12 March 2026) 2. Annual General Membership Meeting (17 June 2026)
Objective 8: Responsive market rules and manuals							
7	Assess market rules and manuals and propose amendments ¹⁸	RCC Resolutions on rules change proposals submitted to the PEM Board					<i>Completed for the covered period.</i> The RCC approved and submitted the following resolutions to the PEM Board: 1. RCC Resolution No. 2026-01 – Final Metered Quantity (FMQ) data as the basis for the Final Bilateral Contract Quantity (BCQ) (published on 04 Feb 2026) 2. RCC Resolution No. 2026-02 – Request for Extension of Effectivity of Urgent Amendments to the WESM Manual on Ancillary Services Monitoring regarding Reserve Conformance Standards and Related

¹⁸ See Lists A and B for the lists of possible rules change proposals

ACTIVITIES		OUTPUTS	2026				Remarks																			
			Q1	Q2	Q3	Q4																				
							Enforcement Actions (published on 16 Apr 2026) 3. RCC Resolution No. 2026-03 - Re-classification of the "Proposed Urgent Amendments to the WESM Ancillary Services Manual Issue 1.2 on Additional Condition for Qualifying a Frequency Driven Event (FDE)" as General Amendment (published on 04 May 2026) 4. RCC Resolution No. 2026-04 – Enforcement Proceedings and Clarifying Compliance Guidelines (published on 21 May 2026)																			
8		Presentation during the Board Review Committee (BRC) and PEM Board meetings					<i>Completed for the covered period.</i> The RCC presented various rules change proposals in the following meetings: <table><tr><th>RCC Resolution</th><th>BRC Meeting</th><th>PEM Board</th><th>Status</th></tr><tr><td>2026-01</td><td>19 Jan 2026</td><td>28 Jan 2026</td><td>Approved</td></tr><tr><td>2026-02</td><td>20 Apr 2026</td><td>29 Apr 2026</td><td>Approved</td></tr><tr><td>2026-03</td><td>20 Apr 2026</td><td>29 Apr 2026</td><td>Approved</td></tr><tr><td>2026-04</td><td>18 May 2026</td><td>27 May 2026</td><td>Approved</td></tr></table>	RCC Resolution	BRC Meeting	PEM Board	Status	2026-01	19 Jan 2026	28 Jan 2026	Approved	2026-02	20 Apr 2026	29 Apr 2026	Approved	2026-03	20 Apr 2026	29 Apr 2026	Approved	2026-04	18 May 2026	27 May 2026
RCC Resolution	BRC Meeting	PEM Board	Status																							
2026-01	19 Jan 2026	28 Jan 2026	Approved																							
2026-02	20 Apr 2026	29 Apr 2026	Approved																							
2026-03	20 Apr 2026	29 Apr 2026	Approved																							
2026-04	18 May 2026	27 May 2026	Approved																							

ACTIVITIES		OUTPUTS	2026				Remarks
			Q1	Q2	Q3	Q4	
9	Participate in DOE/ERC public consultations on market rules and manuals and propose amendments	Attendance to the DOE/ERC public consultations					<i>No activity attended for the covered period.</i> The Department of Energy (DOE) conducted public consultations for various draft Department Circulars, including the draft Circular entitled “<i>Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Manual on Dispatch Protocol Relative to the Validation Process of Reported Discrepancies in the Dispatch Instruction Report (DIR).</i>” These consultations were held on: • 27 January 2026 (Visayas) • 29 January 2026 (Mindanao) • 03 February 2026 (Luzon)
10	Enhance rules change process	Updated RCC Internal Rules and, as necessary, proposed amendments to the Rules Change Manual					<i>Ongoing Activity</i>
GOAL 3: Achieve Organizational Excellence and Operational Efficiency							
Objective 4: Clear Corporate Targets and Performance Measures							
11	Participate in activities related to PEMC's strategic planning, e.g. ISO 37000:2021 - Governance of Organizations Training and planning sessions	Attendance to activities and provide inputs, as requested by PEMC					<i>Completed.</i> Participated in the following: 1. ISO 3700:2021 – Governance of Organizations Training on 05 March 2026 2. 2026 PEMC Strategic Planning Session on 19 May 2026
Objective 5: Continuing Improvement in the Delivery of Service to Internal and External Clients							

ACTIVITIES		OUTPUTS	2026				Remarks
			Q1	Q2	Q3	Q4	
12	Provide feedback on the provision of technical and administrative support to the RCC	Response to survey on WESM Governance Committee (WGC) Support by PEMC					<i>Completed by July 2026.</i> Approved and submitted to OP-WGO on 02 June 2026 the Performance Monitoring and Evaluation of Governance Committee (January to December 2025) The Governance Committee Support Survey (January to December 2025) was circulated to the RCC on 10 April 2026 with the deadline for submission set for 10 June 2026 and further extended to 10 July 2026.