

MINUTES OF MEETING

Rules Change Committee
164th Regular Meeting (No. 2020-05)
 24 April 2020, 9:00 AM – 4:00 PM
 Via Microsoft Teams



Philippine Electricity
Market Corporation

| Agenda | Action Required |
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| I. Call to Order | The meeting was conducted via Microsoft Teams and was called to order at 9:00 AM. The meeting was chaired by Mr. Francisco L.R. Castro, Jr. (Independent). |
| II. Determination of Quorum | All 15 principal members were in attendance. |
| Attendance List | |
| In-attendance | Not In-attendance |
| <p><u>Rules Change Committee</u></p> <p><i>Principal Members:</i></p> <ol style="list-style-type: none"> 1. Maila Lourdes G. de Castro, Chairperson – Independent 2. Francisco Leodegario R. Castro, Jr. – Independent 3. Allan C. Nerves – Independent 4. Concepcion I. Tanglao – Independent 5. Dixie Anthony R. Banzon – Generation (MPPCL) 6. Mark D. Habana – Generation (Vivant) 7. Carlito C. Claudio – Generation (MEI/Panasia) 8. Cherry A. Javier – Generation (APC) 9. Ryan S. Morales – Distribution (MERALCO) 10. Virgilio C. Fortich, Jr. – Distribution (CEBECO III) 11. Ricardo G. Gumalal – Distribution (ILPI) 12. Nelson M. dela Cruz – Distribution (NEECO II Area 1) 13. Lorreto H. Rivera – Supply (TPEC) 14. Ambrocio R. Rosales – System Operator (NGCP) | |

15. Isidro E. Cacho – Market Operator
(IEMOP)

DOE Observers

Ferdinand B. Binondo
Ryan Jaspher Villadiego
Lex Magtalas
Mari Josephine Enriquez

PEMC

Market Assessment Group:

John Mark S. Catriz
Karen A. Varquez
Divine Gayle C. Cruz
Dianne L. De Guzman

Enforcement and Compliance Office:

Atty. Hazel M. Gubaton-Lopez

Legal:

Atty. Marian Venussa S. dela Fuente
Atty. Monica M. Martin

IEMOP

Jonathan B. dela Viña
Edward I. Olmedo
Valfia U. Gregorio
Raymond Joseph A. Marqueses

| Agenda | Agreements/Action Plans |
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| III. Adoption of the Agenda | The proposed agenda was approved as amended. |
| Agenda | Agreements/Action Plans |
| IV. Review of the Minutes of the Previous Meeting (162nd Meeting, 13 March 2020) | The draft minutes was approved, as submitted. |

| V. Matters Arising from Previous Meeting | |
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| Agenda | Agreements/Action Plans |
| 5.1. Update on the TC-RCC TWG – <i>Interpretation of Philippine Grid Code (PGC) GRM 9.2.3.2</i> | <ul style="list-style-type: none"> • A coordination meeting between the RCC Sub-committee and the Technical Committee shall be arranged. • MERALCO and NGCP will be invited to present their positions in the coordination meeting, for evaluation of the RCC Sub-committee and the TC. • Based on the output of the coordination meeting, a joint resolution will be rendered as response to the PEM Board's directive. |

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2 Atty. Marian Venussa S. dela Fuente (PEMC-Legal) clarified with the RCC the PEM
3 Board's actions as regards the proposed amendments to the WESM Metering Manual,
4 as follows:

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- 6 1) The Board approved the proposed amendments for endorsement to the DOE,
7 as submitted by the RCC.
- 8 2) The Board did not adopt the RCC's recommendation to seek the ERC's
9 clarification on interpreting GRM 9.2.3.2 of the PGC. Instead, it remanded said
10 matter to the RCC and the Technical Committee (TC) so both could come up
11 with a common position on the interpretation given the committees' technical
12 expertise.

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15 Ms. Dianne L. de Guzman (PEMC-MAG) reminded the RCC that it sent a letter to the
16 TC on 03 April 2020 relaying the foregoing directives of the PEM Board. Ms. de
17 Guzman then informed the body of the TC's subsequent response in a letter dated 21
18 April 2020. The gist of the TC's response are as follows:

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- 20 a) Specifying Appendix 2 in the PGC may lead to a strict interpretation of GRM
21 9.2.3.2, setting the minimum requirements consistent with IEC 61869-2 or ANSI
22 C57.13 (or the latest version/s), which should not be the case;
- 23 b) A perusal of the entire GRM 9.2.3.2 including its appendix would show that the
24 minimum requirements for Accuracy Class for Load metering service are those
25 provided under Appendix 2 or "better";
- 26 c) The proposed amendment to the WESM Metering Manual is not in conflict with
27 the subject provision of the PGC and the TC supports the RCC's approved
28 amendments to the said Manual; and

29 d) If some parties perceive any conflict in interpretation, guidance from the ERC
30 should be sought concerning the same.
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33 Dr. Allan Nerves (Independent) agreed with the TC's response that Appendix 2 seems
34 to be more restrictive than the international standards in terms of the required
35 Accuracy Class and the burden rating of current transformers. He stated that the IEC
36 prescribes a range of possible burdens where the required Accuracy Class of 0.3 is
37 still maintained (for Load metering). However, the PGC only specifies a rated burden
38 of 5VA and could be even more restrictive by providing the qualification that the total
39 burden should not exceed 50% of the specified burden (i.e., 2.5 VA). For clarity, Dr.
40 Nerves also reiterated the NGCP's argument that connecting a burden that is way
41 below the required rated burden could result to a reduced accuracy from 0.3 (e.g., 0.6)
42 which would already violate the requirement of the PGC.
43

44 Noting the issues, the RCC agreed to arrange a coordination meeting with the TC to
45 fully discuss the matter and make a joint resolution in response to the directive of the
46 PEM Board. The sub-committee formed, with members representing each sector, to
47 represent the RCC in said coordination meeting are as follows:
48

- 49 1) Allan Nerves (Independent)
 - 50 2) Carlito C. Claudio (Generation)
 - 51 3) Ryan Morales (Distribution)
 - 52 4) Lorreto H. Rivera (Supply)
 - 53 5) Ambrocio R. Rosales (System Operator)
 - 54 6) Isidro E. Cacho (Market Operator)
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57 The body also agreed with Mr. Rosales' suggestion to invite representatives from
58 MERALCO and NGCP-MSP in the coordination meeting so they could present and
59 make their respective cases, for the evaluation of the two committees. DOE
60 representatives shall also be invited.
61

62 As to the proposed amendments to the WESM Metering Manual that the PEM Board
63 already approved for endorsement to the DOE, the RCC agreed that withdrawing the
64 same is not necessary at this point since the wording of the amendments is not in
65 conflict with the relevant provision of the PGC.
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| Agenda | Agreements/Action Plans |
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| 5.2. Update on the Urgent Proposal - <i>Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves Issue 1.0</i> | RCC noted the deferral of the PEM Board's approval of the subject urgent proposal. |

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75 The RCC was informed that the PEM Board, during its Special Board Meeting on 03
 76 April 2020, deferred the approval of the subject urgent proposal until their meeting on
 77 29 April 2020 and upon receipt of the recommendation from the Market Readiness
 78 Steering Committee on the Go-Live Date for the New Market Management System
 79 (per PEM Board Special Resolution No. 2020-02-01).

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| Agenda | Agreements/Action Plans |
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| 5.3. Continuation of deliberation of <i>Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures for General Enhancements to the Application Process of New WESM Members</i> <ul style="list-style-type: none"> • Penalty Implications • Background on the draft DOE DC on <i>“Adopting a General Framework Governing the Test and Commissioning of Generation Facilities”</i> | The RCC agreed to defer the endorsement of the proposal to the PEM Board to await the promulgation of the DOE Department Circular <i>“Adopting a General Framework Governing the Test and Commissioning of Generation Facilities”</i> |

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83 • On Penalty Implications:

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85 As requested by the RCC from the MSC and PEMC's Enforcement and
 86 Compliance Office¹, Atty. Hazel M. Gubaton-Lopez (PEMC-ECO) presented how
 87 the proposed amendments to the registration process to consider generators on
 88 test and commissioning (“T&C”) would affect the monitoring and penalty imposition
 89 process.

90

91 Atty. Lopez explained the obligations of the Market Operator (MO), System
 92 Operator (SO) and the Market Participant in each of the proposed registration
 93 phases, which could be simply described as follows (see Annex A):

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¹ In accordance to the RCC's agreement during the 161st Regular Meeting on 21 February 2020, the request from the MSC/ECO was made through an RCC letter dated 04 March 2020.

- 95 1) During registration
- 96 2) During T&C
- 97 3) Before expiration of T&C period
- 98 4) After expiration of T&C period
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100 Atty. Lopez explained that when a generator is still on T&C, the ECO merely
101 monitors its dispatch output but does not impose penalties for any deviation from
102 their dispatch schedule (or overriding constraints) considering that their output is
103 naturally unreliable at this stage. However, if the generator's T&C period expired
104 and it has neither submitted an application to the MO for commercial operations
105 nor failed to secure from the ERC an extension of its T&C period, it is within the
106 authority of the MO and the SO to automatically make the following actions,
107 including the MO's imposition of appropriate penalties, without PEMC undertaking
108 an investigation:

- 109
- 110 • Market Operator:
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- 112 1) Treat the Market Participant as non-compliant with WESM Membership
113 requirements;
- 114 2) Implement the suspension and de-registration process; and
- 115 3) Not settle payments to for the generated output of that Market
116 Participant, if any, but continue charging its withdrawals from the grid
- 117

- 118 • System Operator:
- 119

- 120 1) Implement suspension and de-registration process (disconnection); and
- 121 2) Not set overriding constraints or not issue dispatch schedules
- 122
- 123

124 Atty. Lopez further added that if, for any reason, the Market Participant was not
125 physically disconnected from the grid but continues to generate despite having a 0
126 MW dispatch schedule, PEMC shall undertake an investigation for non-compliance
127 similar with the current process for monitoring breaches of real-time dispatch
128 schedules.

129

130 As for the MO and the SO, the WESM Rules provides that they may also be
131 investigated for possible breach if a WESM Member files a Request for
132 Investigation against either one.

133

134 Noting the foregoing, Atty. Lopez stated that the processes for investigation and
135 imposition of penalties applied in the current market design and those for the
136 enhanced market design are sufficient should the proposed changes to the
137 registration process is implemented.

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- 140 • Background on the draft DOE DC on “*Adopting a General Framework Governing*
 141 *the Test and Commissioning of Generation Facilities*”
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143 Ms. Karen A. Varquez (PEMC-MAG) relayed to the RCC that the DOE had recently
 144 disseminated the subject draft Department Circular for comments of interested
 145 parties until 30 April 2020. An overview of the draft circular was presented for the
 146 body’s information (see Annex B).
 147

148 Ms. Varquez also presented a couple of provisions in the working draft of the
 149 proposed amendments that may need to be harmonized with the draft circular, as
 150 follows:
 151

| Topic | Draft DOE DC | IEMOP Proposal |
|--|---|---|
| Requirement for T&C | Provisional Authority to Operate (PAO) from the ERC is necessary for T&C. This is provided in the definition of the PAO, as follows: “Provisional Authority to Operate” or “PAO” refers to the certification issued by the ERC, with a specific date of validity, to a Generation Company, <u>allowing the conduct Test and Commissioning with respect to its Generation Facility/ies.</u> | Requires another ERC certification for WESM Registration while on T&C: <u>ERC certification allowing the Applicant to conduct test and commissioning.</u> |
| Requirement for Commercial Operations | Provides that Certificate of Compliance (COC) is a requirement for Commercial Operations: <ul style="list-style-type: none"> • No Generation Company and its Generating Unit/s shall <u>commercially operate and participate in the WESM unless it has secured a Certificate of Compliance from the ERC</u> • <u>No other certification, aside from the COC,</u> shall qualify as license to operate under commercial operations | PAO may be submitted for WESM Registration under Commercial Operations stage: Commercial Operations Registration. Applicant shall submit either a Certificate of Compliance or <u>Provisional Authority to Operate (PAO)</u> or, in the absence thereof, a certification issued by the ERC allowing the Applicant to <u>undergo commercial operations.</u> |

152 For clarity, Ms. Cherry Javier (Aboitiz Power) informed the RCC that the ERC actually
 153 issues a certification, not a PAO, allowing a generator to conduct test and
 154 commissioning. She added that the ERC separately issues a PAO required for a
 155 generator to commercially operate.
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 157

158 The RCC agreed to defer its decision on the proposed amendments to await the
 159 promulgation of the DOE circular and ensure that the proposal will be aligned with the
 160 DOE’s general framework. The body also considered the IEMOP’s statement that
 161 though there are impending issues that could soon be addressed by the proposed

162 enhancements to the registration process, IEMOP is amenable to slightly delay the
163 endorsement of the proposal to consider the DOE circular.

164

165 Mr. Ferdinand B. Binondo (DOE) noted the IEMOP's concern on the consistency of
166 said DOE circular with the ERC's COC Guidelines and informed the body that the DOE
167 is coordinating with the ERC on the matter.

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| Agenda | Agreements/Action Plans |
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| 5.4. Deliberation of <i>Proposed Amendments to the Guidelines Governing the Constitution of PEM Board Committees, Issue 3.0</i> | <ul style="list-style-type: none"> • The RCC approved the proposal, as amended. • Mr. Ryan S. Morales (MERALCO) will draft a position paper justifying the RCC's agreement to add sector representatives in the membership composition of the Technical Committee, for further inputs of the other sector representatives and for approval of the RCC in the next meeting. • The proposal shall be finalized for endorsement to the PEM Board next meeting. |

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171 The RCC gave due course to the comments received from the PEM Audit Committee
172 (PAC), Technical Committee (TC), Manila Electric Company (MERALCO), Aboitiz
173 Power Corporation (APC), and SPC Power Corporation/SPC Island Power
174 Corporation (SPC/SIPC) (see Annex C for matrix of proposed amendments and
175 comments).

176

177 The highlight of the deliberation is on the membership composition of the TC which
178 was proposed by the PEM Board Selection Committee to be at least six (6)
179 independent members and one (1) member from the System Operator. MERALCO
180 suggested including one seat each for the distribution and the generation sectors, four
181 (4) independent members and one (1) member from the System Operator.

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183 Discussions on the matter is summarized as follows:

184

185 • Atty. dela Fuente explained that the PEM Board wished to (1) keep intact the
186 independent character of the TC, and (2) replicate the technical expertise
187 contributed by a TC member representing the Distribution Management
188 Committee (DMC) and the Grid Management Committee (GMC), both of which
189 were dissolved. The Board further deems that the TC needs the knowledge and
190 expertise of an independent member and not necessarily a sectoral
191 perspective. As for the addition in the number of members, the PEM Board

192 considered the present and future volume of work expected from the TC given
193 the plans for developing and improving the market.

194
195 Atty. Dela Fuente likewise explained that independent members can be
196 nominated by any of the sectors. The nominees will undergo the usual
197 evaluation process by the PEM Board Selection Committee². Moreover,
198 incumbent TC members were also consulted by the PEM Board Selection
199 Committee as to the expertise needed within its ranks to aid in its future
200 mandates before the Selection Committee handed down its proposed TC
201 membership.

202
203 • Mr. Ricardo G. Gumalal (ILPI) supported MERALCO's suggestion and pointed
204 out that the original composition of the TC included representatives from the
205 DMC and GMC which had members from the distribution and generation
206 sectors, respectively.

207
208 Mr. Morales also stated that the distribution sector should be represented as
209 they deal with technical issues and complex systems, hence, inputs from a
210 representative from this sector will be valuable.

211
212 This position was further backed by Ms. Javier since it could be deemed that
213 the distribution and generation sectors were previously represented in the TC
214 through the GMC and DMC. Ms. Javier opined that if the PEM Board wanted to
215 retain the independent character of the TC, then the RCC could clarify from the
216 PEM Board why the SO's representation is proposed to be retained.

217
218 • Mr. Carlito C. Claudio (MEI/PanAsia) explained that originally, the intent of the
219 TC is to have members who have expertise in distribution (DMC), transmission
220 (GMC), IT, metering, etc. It just happened at the time when the TC started, the
221 original member for the GMC is also from the SO. There was originally no seat
222 for the SO in the TC but was just added eventually.

223
224 • Mr. Ambrocio R. Rosales (NGCP) stated that allowing sectoral representation
225 in TC might result to their discussions deviating from purely technical standpoint
226 as sectoral interests will already be in the mix during discussions. He opined
227 that technical issues should not be resolved by voting, which would likely
228 happen in a stakeholder committee.

229
230 Mr. Rosales added that the SO still being there should not affect how the TC
231 deliberate on matters as it is only a single seat for the SO against at least six
232 (6) independent members. He added that NGCP has no commercial interests
233 and competitors being the sole Transmission Service Provider. At the end of
234 the day, the TC would view issues based on objective assessment.

² Composed of Chair Aboboto, President Ala, and Directors Cagampan, Laniba and Roxas.

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- Mr. Isidro E. Cacho, Jr. (IEMOP) proposed including one (1) MO representative noting that the TC regularly invites the IEMOP to provide inputs and expertise on WESM technical matters.
- Mr. Francisco R. Castro, Jr. (Independent) stated that the PEM Board's primary intention seems to retain the independence of the TC. He remarked that the reason why the SO's representation was proposed to be retained is because of its role of operating the grid, not to represent its sector. The TC is supposed to take on matters based on neutral technical and scientific evaluation. Should the RCC agree to a different composition, then a new proposal must be made, or a justification be presented to the PEM Board.

The RCC resorted to vote on either adopting the proposal or modifying it. Five (5)³ voted for adopting the proposal while eight (8)⁴ voted for revising the proposed membership. Given the result, Mr. Morales agreed to draft a position paper justifying the RCC's agreement to add sector representatives in the membership composition of the TC, for further inputs of the other sector representatives. This position paper will be for approval of the RCC in the next meeting.

The RCC approved the proposal, as amended, and shall finalize the proposal in the next meeting for endorsement to the PEM Board.

| Agenda | Agreements/Action Plans |
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| 5.5. Deliberation of <i>Proposed Amendments to the WESM Manual on Management of Must-Run and Must-Stop Units, Issue 8</i> | <ul style="list-style-type: none"> • The RCC agreed to delete entire Section 10 (Settlement of Displaced Generators) in the Manual (Issue 8.0). • The proposal was approved, as amended, and shall be finalized in the next meeting for endorsement to the PEM Board. |

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Ms. Divine Gayle C. Cruz (PEMC-MAG) assisted the RCC in deliberating the subject proposal. The RCC considered the comments of IEMOP, Aboitiz Power, SPC Power Corp./SPC Island Power Corp., and Alsons Power in the deliberation (see Annex D for matrix of proposed amendments and comments).

³ Nerves, Cacho, Jr., Claudio, Tanglao and Rosales.
⁴ Habana, Fortich, Javier, Rivera, Morales, Gumalal, Banzon and dela Cruz.

267 The main issue discussed was IEMOP's suggestion to delete the entire Section 10 of
 268 the Manual, which covers the procedures and formula for the settlement of Displaced
 269 Generators, consistent with the ERC Order⁵ dismissing the application to approve said
 270 formula and procedures. Ms. Cruz stated that the primary objective of PEMC
 271 (proponent) in proposing to retain the section is for it to serve as basis for Trading
 272 Participants in claiming for compensation, pending the implementation of the
 273 enhanced market design, if it has reason to believe that it was displaced due to Must-
 274 Stop Unit/s. However, PEMC also recognize that the procedures are operationally
 275 difficult to implement but the Trading Participant may still use Section 10 as basis in
 276 claiming for compensation through avenues outside the WESM settlement mechanism
 277 (e.g., ERC).

278
 279 Nonetheless, the RCC agreed to delete the section, with a vote of 12, due to it being
 280 not implementable. However, the body adopted the proposed amendments to the
 281 version of the WESM Rules for enhanced market design.

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 283 The RCC approved the proposal, as amended, and shall finalize the proposal in the
 284 next meeting for endorsement to the PEM Board.

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| Agenda | Agreements/Action Plans |
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| 5.6. Deliberation of <i>Harmonization of WESM Rules and WESM Manual on Management of Net Settlement Surplus Issue No. 3 with ERC Resolution No. 07 Series of 2019</i> | <ul style="list-style-type: none"> • The RCC approved PEMC's proposal, as submitted, and IEMOP's proposal, as amended, for endorsement to the PEM Board. • The proposals shall be finalized for endorsement to the PEM Board next meeting. |

287
 288 Mr. Jonathan B. dela Viña (IEMOP) assisted the RCC in the deliberation of the subject
 289 proposal, initiated by the IEMOP, which received comments from PEMC, TC and
 290 MERALCO (see Annex E for matrix of proposed amendments and comments).

291
 292 Mr. dela Viña explained that Net Settlement Deficit (NSD) usually occurs when there
 293 is negative price in the market. It is computed per trading interval, so one interval can
 294 yield a Net Settlement Surplus (NSS) while another an NSD.

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 296 Based on the comments, the RCC adopted revisions on the proposal, the most
 297 significant of which are as follows:

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⁵ ERC Order dated 17 April 2018 dismissing ERC Case No. 2016-159RC (filed in 2016) on the proposed settlement mechanism for DGs since it has already become moot due to PEMC's application for a New Price Determination Methodology for enhanced market design filed in 2017.

- 299 a) The Market Operator to include in its monthly summary report on NSS or NSD
 300 a break-down of the computation of line loss and congestion per Trading
 301 Participant;
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- 303 b) Addition of provisions in the Manual lifted from ERC Resolution No. 07 Series
 304 of 2019 regarding responsibilities of the Market Operator, interest of NSS due
 305 to WESM participants and imposition of penalties; and
 306
- 307 c) Deletion of the reportorial requirements of Distribution Utilities (DUs) and Retail
 308 Electricity Suppliers (RES) from the NSS Manual since the ERC did not retain
 309 the requirement in the ERC Resolution No. 7 Series of 2019. The RCC likewise
 310 noted the confirmation of RCC members from the said sectors that they are
 311 continuously submitting reports to the ERC on the NSS amount and metered
 312 quantities, including the corresponding report on NSS re-distributed to their
 313 customers
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315
 316 The RCC likewise deliberated on the PEMC-initiated proposed amendments to the
 317 WESM Rules (versions for current and enhanced market design) regarding the
 318 authority of the ERC to approve the rules in the calculation and flow back mechanism
 319 of NSS/NSD (see Annex F for matrix of proposed amendments). Since no comments
 320 were received and there being no objections, the RCC adopted PEMC's proposal as
 321 submitted.
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323 The RCC approved the proposal of IEMOP, as amended, and PEMC, as submitted.
 324 The body shall finalize the proposals in the next meeting for endorsement the PEM
 325 Board.
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| Agenda | Agreements/Action Plans |
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| 5.7. Deliberation of <i>Proposed Abolition of Relevant WESM Manuals in View of the Implementation of Enhanced WESM Design and Operations</i> | <ul style="list-style-type: none"> • The RCC approved for endorsement to the PEM Board, as submitted. • The proposal shall be finalized next meeting for endorsement to the PEM Board. |

329
 330 Mr. dela Viña clarified that the various Manuals proposed to be abolished were
 331 consolidated under the Dispatch Protocol Manual, Constraint Violation Coefficient and
 332 Pricing Re-run Manual and the Price Determination Methodology Manual for the
 333 enhanced market design. These Manuals for abolition are as follows:
 334

- 335 1) Methodology for Determining Pricing Errors and Price Substitution Due to
 336 Congestion for Energy Transactions in the WESM Issue 4.0

- 337 2) Segregation of Line Rental Trading Amounts Issue 1.0
 338 3) Procedures for Start Up and Shutdown of Generators Issue 1.0
 339 4) Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct
 340 of Market Re-Run Issue 1.0
 341 5) Procedure for Determining Ex-Post Nodal Energy Prices Issue 2.0
 342 6) Management of Net Settlement Surplus Issue 3.0
 343 7) Administered Price Determination Methodology Issue 6.0

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346 It was likewise clarified that the Manuals shall be deemed obsolete and abolished only
 347 upon the implementation of the enhanced market design.

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349 There being no objections, the RCC approved the proposal as submitted and shall be
 350 finalized next meeting for endorsement to the PEM Board.

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| Agenda | Agreements/Action Plans |
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| 5.8. Deliberation of <i>Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures to Clarify Bilateral Contracts Accounted for In Settlements</i> | <ul style="list-style-type: none"> • The RCC approved the proposal, as amended. • The proposal shall be finalized next meeting for endorsement to the PEM Board. |

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354 The subject proposal, which intends to allow new types of contracts to be declared in
 355 the market (i.e., GEN-GEN and RES-CC contracts), received comments from PEMC
 356 and Aboitiz Power, which were given due course during the deliberation (see Annex
 357 G for matrix of proposed amendments and comments).

358

359 Mr. dela Viña made the following clarifications and discussions were raised:

360

361 • The Market Operator would have to re-configure the Central Registration and
 362 Settlement System (CRSS) as it currently restricts some entities to declare
 363 contracts.

364

365 • The enrollment of a supply contract and the subsequent confirmation of the
 366 supply customer of that contract will be via the CRSS and not through any
 367 document or e-mail.

368

369 • The primary objective of the IEMOP in proposing to allow Generator to
 370 Generator transactions to be declared in the market is to allow existing
 371 generators under replacement power arrangements to conveniently execute
 372 their contract in the market. This will then address confidentiality issues in the
 373 current set-up where the 'buyer-generator' is forced to disclose its customers to

374 the 'seller-generator' so the latter will be the one to declare in the WESM that
 375 buyer-generator's contract with its customers. If the proposal is implemented,
 376 the buyer-generator can directly declare in the market its contract with its own
 377 customers.

- 378
- 379 • However, it was noted that there are no additional procedures for the Market
 380 Operator to further validate or trace if all the energy bought by the buyer-
 381 generator will indeed be supplied to its customers. Mr. Binondo stated that the
 382 proposal might pose issues on transparency in the WESM as far as
 383 purely generator-to-generator transactions are concerned since the market
 384 may not be able to account to whom the energy bought in these
 385 transactions will be supplied.

386

387 Considering this, Mr. John Mark S. Catriz (PEMC-MAG) cautioned that this may
 388 inadvertently allow purely generator to generator transactions not under
 389 replacement power arrangements to be settled in the WESM. If there will be no
 390 validation, there could be derivative transactions in the market that are not
 391 envisioned to be part of the WESM and may require policy from the DOE. Mr.
 392 dela Viña responded that in the scenario that a buyer-generator declares for its
 393 customer only a portion of the replacement power it bought from the seller-
 394 generator, it is assumed that buyer-generator will just sell the remaining energy
 395 in the spot market.

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398 The RCC noted the discussions and clarifications and agreed to adopt the proposal,
 399 as amended. The proposal shall be finalized in the next meeting for endorsement to
 400 the PEM Board.

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| Agenda | Agreements/Action Plans |
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| 5.9. Deliberation of <i>Proposed Amendments to the WESM Manual on Load Forecasting Methodology for the Inclusion of the Procedures for Preparation and Updating of Nodal Load Distribution Factors</i> | <ul style="list-style-type: none"> • The RCC approved the proposal, as amended. • The proposal shall be finalized in the next meeting for endorsement to the PEM Board. |

403

404 Mr. dela Viña and Mr. Edward I. Olmedo (IEMOP) assisted the RCC in the deliberation
 405 of the subject proposal which aims to include in the Manual the procedures for the
 406 calculation and updating of the Load Distribution Factor used in the load forecasting
 407 process. The proposal received comments from the PEMC, TC and Aboitiz Power
 408 which were given due consideration in the discussions.

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410 The proponent's clarifications regarding the procedures and formula as well as
411 revisions to the proposal is in Annex H of this minutes.

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413 The RCC noted the clarifications and agreed to adopt the proposal, as amended. The
414 proposal shall be finalized in the next meeting for endorsement to the PEM Board.

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| VI. Other Matters | |
|--|--|
| Agenda | Agreements/Action Plans |
| 6.1. DOE Public Consultation Updates | <ul style="list-style-type: none"> The DOE's public consultations were all cancelled for the time being due to the enhanced community quarantine. All proposals pending the promulgation of the DOE for the implementation of the enhanced market design are in various stages of review and finalization. The DOE targets promulgating certain proposals within April and May 2020. |
| 6.2. Meeting Schedules: <ul style="list-style-type: none"> Board Review Committee – 18 May 2020 (Mon) PEM Board – 27 May 2020 (Wed), tentative | For expediency and to ensure that RCC-approved proposal will be included in the PEM Board meeting agenda, the Secretariat informed the RCC that the proposals for approval will be submitted to the Corporate Secretary, subject to confirmation after the RCC meeting on 15 May. Further, draft resolutions will be provided to the Committee for review prior the RCC meeting. |
| VI. Next Meeting | <ul style="list-style-type: none"> May 15th June 19th July 17th |
| VII. Adjournment | The meeting was adjourned at 4:00 PM |

Prepared by:


Divine Gayle C. Cruz
Specialist

Market Assessment Group – Rules Review Division

Reviewed by:


Karen A. Varquez

Manager

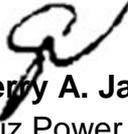
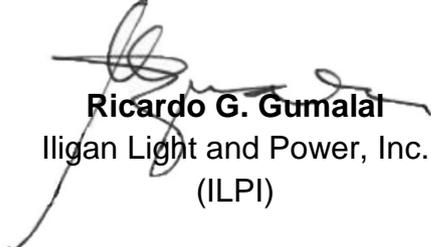
Market Assessment Group – Rules Review Division

Noted by:


John Mark S. Catriz

OIC - Head

Market Assessment Group

| Approved by: THE RULES CHANGE COMMITTEE | |
|---|--|
| Independent Members: | |
|  Maila Lourdes G. de Castro Chairperson |  Francisco L.R. Castro, Jr. |
|  Allan C. Nerves |  Concepcion I. Tanglao |
| Generation Sector Members: | |
|  Dixie Anthony R. Banzon Masinloc Power Partners Co. Ltd. (MPPCL) |  Cherry A. Javier Aboitiz Power Corp. (APC) |
|  Carlito C. Claudio Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI) |  Mark D. Habana Vivant Corporation - Philippines (Vivant) |
| Distribution Sector Members: | |
|  Virgilio C. Fortich, Jr. Cebu III Electric Cooperative, Inc. (CEBECO III) |  Ryan S. Morales Manila Electric Company (MERALCO) |
|  Ricardo G. Gumalal Iligan Light and Power, Inc. (ILPI) |  Nelson M. Dela Cruz Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1) |

Supply Sector Member:



Lorreto H. Rivera

TeaM (Philippines) Energy Corporation
(TPEC)

Market Operator Member:



Isidro E. Cacho, Jr.

Independent Electricity Market Operator of the Philippines
(IEMOP)

System Operator Member:



Ambrocio R. Rosales

National Grid Corporation of the Philippines
(NGCP)



Enforcement and Penalty Implications of the Rules Change On Test & Commissioning

RCC Meeting, 24 April 2020



Test and Commissioning

HOW WILL THEY BE MONITORED UNDER THE EXISTING RULES



Under the Proposed Rules Change

What are the Obligations of the Parties?

UNDER THE PROPOSED RULES CHANGE



WESM PARTICIPANT (ON T&C)



MARKET OPERATOR



SYSTEM OPERATOR



PEMCO

| 3

Obligations Under the Rules Change

During Registration



Are the registration requirements met?

YES

NO

IEMOP

- Register the Plant
- Model the plant in the MNM
- Execute MPA
- Install Digital Cert (Read Only)

No Registration in WESM

During Test & Commissioning



- may nominate to SO their loading levels/ projected outputs
- may view the dispatch schedules in the MPI

NGCP

BRIDGING POWER & PROGRESS

set overriding constraints

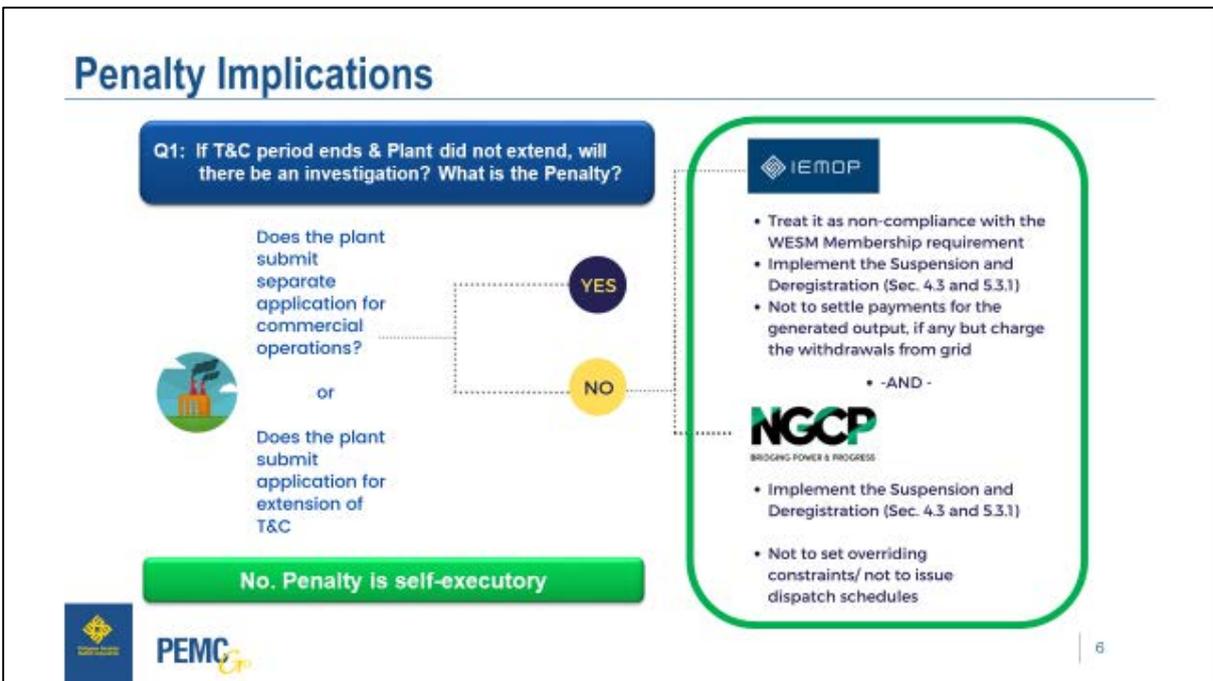
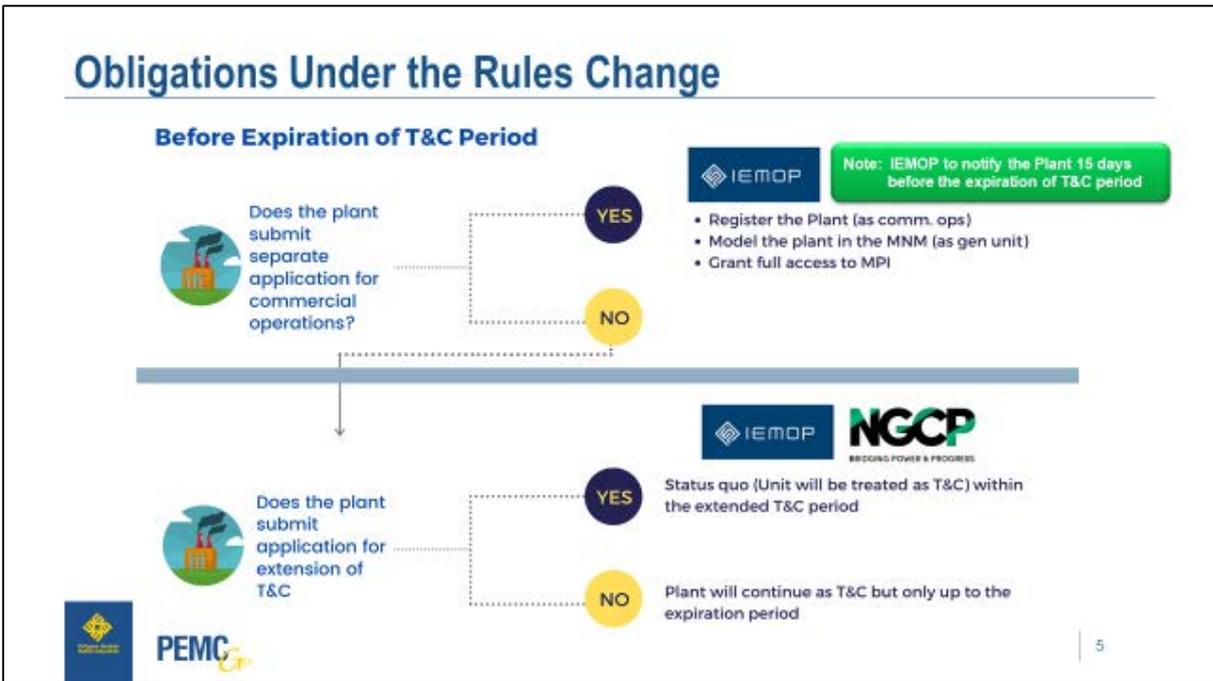
IEMOP

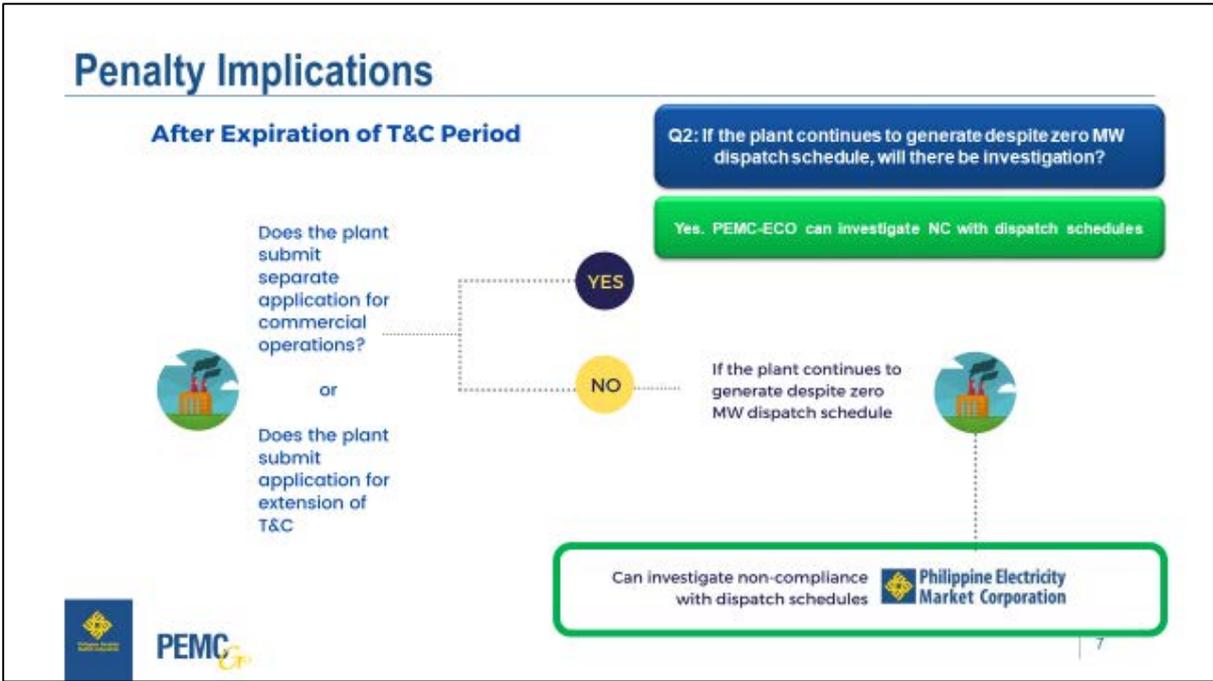
settle payments for the generated output



PEMCO

| 4





Penalty Implications

Q.3: What is the Penalty for the Violating WESM Member?

It depends.

| Current Penalty System (Financial Penalty Manual 1.0 & MSCEMM) | NMMS Regime (Proposed Penalty Manual 2.0*) |
|---|--|
| <ul style="list-style-type: none"> • Non-Compliance Letter/ Reprimand • P100,000 per breach (per interval/trading hour) | Absolute Value [Nodal price, PhP x (Deviation, MW – Dispatch Threshold, MW)] |

*Penalty Manual 2.0 – Pending with DOE for final review/ promulgation

Penalty Implications

Q.4: What about the Market Operator and System Operator in case of violation of this Manual? Can they also be investigated?

Q.5: What is the Penalty for the Market Operator or System Operator?


| 9

Penalty Implications



Initiation of Investigation
If a WESM member has reasonable grounds to believe that the MO/SO is in breach of the WESM Rules, the WESM member shall notify in writing the PEM Board of the breach.



Investigation
ECO to investigate in accordance with the prescribed procedures



Board to Direct Investigation
If the PEM Board considers that the MO or the SO has committed a breach of the WESM Rules, the PEM Board shall direct the ECO to investigate the alleged breach as soon as possible.



MO/ SO to Explain
The Market Operator or the System operator to explain in writing the alleged breach within a reasonable period of time



Rectification
If a breach is not rectified within a reasonable time from the time the notice issued or is incapable of rectification, the PEM Board may file a formal complaint to the ERC

Reference: WESM Clause 7.2.3.1 to 7.2.3.7



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Adopting a General Framework Governing the Test and Commissioning of Generation Facilities

(Draft DOE Department Circular)

For Information | Update to the Rules Change Committee



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OUTLINE



BACKGROUND



SALIENT POINTS OF
THE DRAFT DOE DC



Background

Issue

- MSC and IEMOP reported several plants exceeded the two (2) - month Test and Commissioning (T&C) period

Impact

- Material effect to WESM outcomes by displacing scheduled generators while not being required to comply with requirements for submission of offers or projected outputs

Initiatives

- DOE review policies/guidelines
- DOE FGDs in November 2019 (LVM)
- Draft DOE DC for comments until 30 April 2020



PEMCO

3



SALIENT POINTS OF THE DRAFT DOE DEPARTMENT CIRCULAR



PEMCO

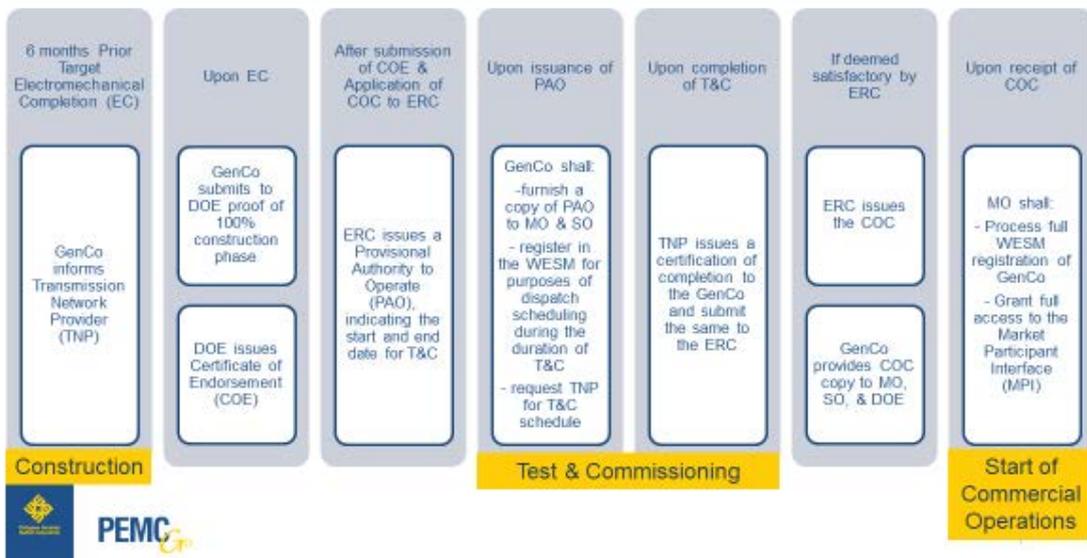
4

General Principles

- 1. No GenCo shall commercially operate and participate in the WESM unless it has secured a Certificate of Compliance (COC) from the ERC
- 2. No other certification, aside from the COC, shall qualify as license to operate under commercial operations
- 3. All GenCo intending to conduct T&C shall comply with the requirements of the DC and the applicable ERC guidelines for the issuance of the COC
- 4. The conduct of T&C shall not adversely affect the security and reliability of grid operations as well as the competitiveness of market outcomes



Application Process of COC



Test & Commissioning

The MO, in coordination with the SO, shall impose over-riding constraints

T&C GenCos considered as price takers in the WESM for any injected energy, provided that it has a valid PAO

MO shall notify in writing the GenCo the date of expiry of the PAO fifteen (15) days prior



Test & Commissioning Upon Expiry of PAO

MO shall consider the WESM registration of the Facility on hold until completion of all registration requirements including submission of COC

The MO in coordination with the SO shall cease the imposition of over-constraints

GenCo shall not be entitled to any FIT and WESM payments

In the event that no COC is issued and submitted to the MO and SO, after fifteen (15) days from the PAO expiry, the Facility shall be subject to disconnection



Test & Commissioning

Extension of PAO

- GenCo may apply for an extension of PAO from the ERC for a period not more than one (1) month
- Grounds limited to:
 1. Resource limitations for VRE & hydro
 2. Grid conditions
 3. Force majeure
- Technical issues internal to the Facility are not considered as ground for extension; COC application shall be deemed withdrawn and the GenCo must again attest to achievement of EC



Other Directives

| MO | MO & SO | TNP |
|---|--|--|
| <ul style="list-style-type: none"> • To submit to the RCC proposed changes to the WESM Rules and relevant Market Manuals in accordance with the DOE DC | <ul style="list-style-type: none"> • In consultation with the ERC, review the maximum allowable period (currently 2 months) for T&C • Recommend to the DOE revision on the same as necessary with consideration on the varying T&C procedures per technology | <ul style="list-style-type: none"> • Develop T&C Guidelines for Grid connected Facilities • In coordination with DUs, develop T&C Guidelines for Embedded Generators |



Notable Differences

Draft DOE DC & IEMOP Proposal on T&C

| Topic | Draft DOE DC | IEMOP Proposal |
|--|--|--|
| Requirement for T&C | <p>Provisional Authority to Operate (PAO) from the ERC is necessary for T&C.</p> <p>This is provided in the definition of the PAO, as follows:</p> <p>"Provisional Authority to Operate" or "PAO" refers to the certification issued by the ERC, with a specific date of validity, to a Generation Company, <u>allowing the conduct Test and Commissioning</u> with respect to its Generation Facility/ies.</p> | <p>Requires another ERC certification for WESM Registration while on T&C:</p> <p><u>ERC certification allowing the Applicant to conduct test and commissioning.</u></p> |
| Requirement for Commercial Operations | <p>Provides that Certificate of Compliance (COC) is a requirement for Commercial Operations:</p> <ul style="list-style-type: none"> No Generation Company and its Generating Unit/s shall <u>commercially operate and participate in the WESM unless it has secured a Certificate of Compliance from the ERC</u> No other certification, aside from the COC, shall qualify as license to operate under commercial operations | <p>PAO may be submitted for WESM Registration under Commercial Operations stage:</p> <p>Commercial Operations Registration, Applicant shall submit either a Certificate of Compliance or <u>Provisional Authority to Operate (PAO)</u> or, in the absence thereof, a certification issued by the ERC allowing the Applicant to <u>undergo commercial operations.</u></p> |



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Proposed Amendments to the Guidelines Governing the Constitution of the PEM Board Committees, Issue 3.0

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|--------------|---------|---|--|---|----------|------------------------------------|----------------------|-----------------|
| Manual Title | | Guidelines Governing the Constitution of PEM Board Committees | Guidelines Governing the Constitution of PEM Board <u>WESM Governance</u> Committees | <ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • Use of "WESM Governance Committee" is consistent with Sections 7.2.9.2 (c) & (d) of the WESM Rules used the term "WESM Governance Committee" instead of the "PEM Committee" per the DOE DC NO. 2010-007-0008 dated 30 June 2010. • This is consistent with the previous amendments of the MSC approved by the RCC (Resolution 18-06) and PEM Board (Resolution 2018-03-05), which are currently for DOE approval. | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---------------------|---------|--|--|---|----------|------------------------------------|----------------------|-----------------|
| Recitals | | Recitals xxx | Recitals xxx | For consistency with the format of Market Manuals | | | | Adopt proposal. |
| Definition of Terms | 1 | Article I. Definition of Terms | Article I. Section 1 Definition of Terms | For consistency with the format of Market Manuals | | | | Adopt proposal. |
| | | (new) | 1.1 Unless otherwise defined in this section or the context provides otherwise, the terms used in this Market Manual shall bear the same meaning as defined in the WESM Rules. | For consistency with the format of Market Manuals | | | | Adopt proposal. |
| Definition of Terms | 1.02 | Section 1.02 The following terms and expressions shall have the meanings set forth below: | Section 1.02 1.2 The following terms and expressions shall have the meanings set forth below: | For consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 1.02 | (a) "Act" or "EPIRA" refers to Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001." (b) "Applicable Laws and Rules" shall include the EPIRA and its Implementing Rules, the WESM Rules, the Philippine Grid Code, Philippine Distribution Code and all other laws, | (a) a. "Act" or "EPIRA", Refers to Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001." (b) b. "Applicable Laws and Rules" shall include, Include the EPIRA and its Implementing Rules, the WESM Rules, the Philippine Grid Code, Philippine Distribution Code and all other laws, | For consistency with the format of Market Manuals | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---------------------|---------|--|--|---|----------|--|--------------------------------|------------------------|
| | | rules and regulations relating to or affecting the WESM. | rules and regulations relating to or affecting the WESM. | | | | | |
| Definition of Terms | 1.02 | (c) "Dispute Resolution Administrator" or "DRA" refers to the Chairperson of the Dispute Resolution Group tasked to facilitate the mediation of the dispute between the parties to reach resolution in accordance with the dispute resolution process. | (c) "Dispute Resolution Administrator" or "DRA" refers to the Chairperson of the Dispute Resolution Group The person tasked to facilitate the mediation and arbitration of the dispute between the parties to reach resolution in accordance with the WESM dispute resolution process. | <ul style="list-style-type: none"> Harmonize with DOE DC No. DC2018-05-0016 For consistency with the format of Market Manuals | | Technical Committee (TC): (c) "Dispute Resolution Administrator" or "DRA" refers to the Chairperson of the Dispute Resolution Group The person tasked to facilitate the mediation and arbitration of the any dispute between the parties to reach resolution in accordance with the WESM dispute resolution process. | OK with TC's proposed wording. | Adopt revised wording. |
| | | (d) "Dispute Resolution Group" or "DRG" xxx (e) "Dispute Resolution Panel" or "DRP" xxx | (d) "Dispute Resolution Group" or "DRG" xxx (e) "Dispute Resolution Panel" or "DRP" xxx | To reflect amendments as per DOE DC2018-05-0016 (DRA) | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---------------------|---------|--|---|---|----------|------------------------------------|----------------------|-----------------|
| | | <p>(f) "Distribution Code" or the "Philippine Distribution Code" xxx</p> <p>(g) "Department of Energy" is a government agency created pursuant to Republic Act No. 7638 with functions as expanded by the EPIRA.</p> <p>(h) "Energy Regulatory Commission" is an independent quasi-judicial regulatory body created pursuant to the EPIRA.</p> | <p>(f) "Distribution Code" or the "Philippine Distribution Code" xxx</p> <p>(g) (d) "Department of Energy" is a The government agency created pursuant to Republic Act No. 7638 with functions as expanded by the EPIRA</p> <p>(h) (e) "Energy Regulatory Commission" is an An independent quasi-judicial regulatory body created pursuant to the EPIRA.</p> | <ul style="list-style-type: none"> Item (f) moved to (r), as amended Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Definition of Terms | 1.02 | (new) | <p><u>(f) Enforcement and Compliance Office or ECO. The organic unit in PEMC created to investigate alleged breaches and enforce sanctions against the Market Operator, System Operator and WESM Members.</u></p> | <ul style="list-style-type: none"> Provide definition of the Enforcement and Compliance Office as used in Section 6.04 (c). Consistent with the proposal by the MSC on updating governance provisions, which was approved by the RCC (Resolution 18-06) and PEM Board | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---------------------|---------|--|---|---|---|--|---|---|
| | | | | (Resolution 2018-03-05); and currently for DOE approval | | | | |
| | | (i) "Government" refers to the Government of the Republic of the Philippines. | (i) (g) (g) "Government" refers to the The Government of the Republic of the Philippines. | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | | (j) "Grid Code" or "Philippine Grid Code" xxx | (j) "Grid Code" or "Philippine Grid Code" xxx | Item (j) moved to (r), as amended | SPC/SIPC: Item (j) moved to (t) , as amended | | OK with SPC/SPIC's revised rationale. | Adopt revised wording for rationale. |
| | | (k) "Grid Management Committee" or "GMC" xxx | (k) "Grid Management Committee" or "GMC" xxx | Reflect changes due to the dissolution of the GMC Office. | | | | Adopt proposal. |
| | | (l) "Guidelines" refer to this document otherwise called: "Guidelines Governing the Constitution of the PEM Board Committees." (m) "Market Information Website" xxx | (l) (h) (h) "Guidelines. This " refer to this document otherwise called: "Guidelines Governing the Constitution of the PEM Board WESM Governance Committees." (m) "Market Information Website" xxx | <ul style="list-style-type: none"> Reflect that this Manual refers solely to WESM Governance Committees. Item (m) moved to item (o), as amended | | | | Adopt proposal. |
| Definition of Terms | 1.02 | (n) "Market Manuals" refers to the manuals of procedure or operating manuals formulated by the Committees and promulgated by the PEM Board. | (n) (i) (i) "Market Manuals" refers to the The manuals of procedure or operating manuals formulated by the Committees and promulgated approved by | <ul style="list-style-type: none"> Harmonize with DOE DC No. DC2015-07-0013 Enhancement and re-numbering for consistency with the | SPC/SIPC: Since the RCC usually invites all WESM Members and Interested | SPC/SIPC: (n) (i) "Market Manuals" refers to the The manuals of procedure or | Alternatively, Market Manuals is defined under the WESM Rules as follows: | Definition of terms to harmonize with WESM Rules |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|-----------|---|--|--|--|---|-------------------------------|
| | | | the PEM Board <u>and promulgated by the DOE.</u> | format of Market Manuals | Parties to submits comments to WESM Rules/WESM Manual revisions, thus the WESM Members and Interested Parties encompassed the formulation of the WESM Rules/WESM Manual revisions. | operating manuals formulated by <u>the WESM Members, Interested Parties and</u> the Committees and promulgated <u>approved</u> by the PEM Board <u>and promulgated by the DOE.</u> | Market Manual. Refers to specific procedures, systems or protocols for the implementation of the WESM Rules and Retails Rules. (As amended by DOE DC No. 2018-07-0018 dated 02 July 2018) On the other hand, all terms defined under the WESM Rules may be deleted from this Manual. | |
| | | (new) | <u>(j) Market Operator or MO. The entity responsible for the operation of the spot market.</u> | Harmonize with DOE DC No. DC2018-01-0002, reflect separation of MO functions from PEMC | MERALCO: The definition of the Market Operator should be harmonized with relevant provisions from both DOE Circular No. DC 2018-01-0002 and DOE Circular No. | MERALCO: <u>Market Operator or MO. The independent entity, formed separate from PEMC, and incorporated as a private corporation under the Corporation</u> | We note that the added provisions are consistent with Section 5 of DC2018-01-0002. On the other hand, we confirmed with DOE-EPIMB that the said DC2018-08-0023 was not published and not made effective. | Adopt PEMC's revised wording. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements | |
|-------|---------|-----------|--------------------|-----------|-----------------|--|--|--|--|
| | | | | | DC2018-08-0023. | <p><u>Code of the Philippines, responsible for the operation of the spot market. The independent market operator shall perform its functions as outlined under EPIRA and its IRR, the WESM Rules and its Market Manuals, rules and regulations duly promulgated by the DOE and ERC, and the PEMC-IMO Protocol to be executed by the PEMC and the IMO, which shall be consistent with existing laws, rules and other issuances. The independent market operator shall</u></p> | <p>Noting that this section provides definitions only, and not obligations, we suggest to partly adopt MERALCO's proposed wording, as follows:</p> | <p>Market Operator or MO. The independent entity, formed separate from PEMC, and incorporated as a private corporation under the Corporation Code of the Philippines, responsible for the operation of the spot market.</p> | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|--|---|---|--|--|---|-------------------------------|
| | | | | | | <u>remain under the monitoring and supervision of the PEM Board.</u> | | |
| | | <p>(o) "Market Surveillance Committee" or "MSC" refers to one of the PEM Committees tasked to monitor and report on activities in the spot market in accordance with the WESM Rules.</p> <p>(p) "PEM Auditor" xxx</p> <p>(q) "PEM Audit Committee" xxx</p> <p>(r) "PEM Board" means the Board of Directors of the Philippine Electricity Market Corporation.</p> | <p>(o) (k) "Market Surveillance Committee" or "MSC" refers to one. One of the PEM WESM Governance Committees tasked to monitor and report on activities in the spot market in accordance with the WESM Rules.</p> <p>(p) "PEM Auditor" xxx</p> <p>(q) (l) PEM Audit Committee or PAC. One of the PEM WESM Governance Committees and headed by the PEM Auditor tasked to perform duties in accordance with the WESM Rules undertake the functions as set out in Section 5.04 of this Guidelines.</p> <p>(r) (m) "PEM Board" means the. The Board of Directors of the Philippine Electricity Market Corporation.</p> | <ul style="list-style-type: none"> • Reflect that this Manual refers solely to WESM Governance Committees. • Consistent with the previous amendments of the MSC approved by the RCC (Resolution 18-06) and PEM Board (Resolution 2018-03-05), which are currently for DOE approval. • Deletion of "PEM Auditor" has been previously approved by the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). This is now for final approval of the DOE. • Revisions to the definition of "PAC" | <p>MERALCO:</p> <p>Typographical error</p> | <p>MERALCO:</p> <p>***WESM Governance***</p> | <p>OK with MERALCO's proposed revision.</p> | <p>Adopt revised wording.</p> |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---------------------|---------|---|--|--|----------|------------------------------------|----------------------|-----------------|
| | | | | <p>are consistent with said RCC/PEM Board resolutions.</p> <ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals | | | | |
| Definition of Terms | 1.02 | <p>(s) "PEM Board Committees" or "PEM Committees" xxx</p> <p>(t) "Other PEM Board Committees" or "Other Board Committees" or "Other Board Committees" xxx</p> | <p>(s) "PEM Board Committees" or "PEM Committees" xxx</p> <p>(t) "Other PEM Board Committees" or "Other Board Committees" or "Other Board Committees" xxx</p> | <p>Reflect that this Manual refers solely to WESM Governance Committees. The definition for 'WESM Governance Committees' is provided in item (x), as amended.</p> | | | | Adopt proposal. |
| | | <p>(u) "Philippine Electricity Market Corporation" (PEMC) OR "Market Operator" (MO) xxx</p> | <p>(u) "Philippine Electricity Market Corporation" (PEMC) OR "Market Operator" (MO) xxx</p> | <p>Item (u) moved to item (s), as amended</p> | | | | Adopt proposal. |
| | | <p>(v) "PEMC Charter" refers to the Articles of Incorporation and By-laws of the Philippine Electricity Market Corporation that was approved by the Securities and Exchange Commission on 18 November 2003.</p> | <p>(v) (n) "PEMC Charter Articles of Incorporation and By-laws." refers to the Articles of Incorporation and By-laws The legal documents establishing the creation of the Philippine Electricity Market Corporation that was approved by the Securities and Exchange</p> | <ul style="list-style-type: none"> To use the appropriate term for the legal documents establishing the creation of PEMC. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---------------------|---------|---|---|--|----------|------------------------------------|----------------------|-----------------|
| | | | Commission on 18 November 2003. | | | | | |
| Definition of Terms | 1.02 | "Market Information Website" refers to the facility established by the Market Operator on the electronic communication system on which it may publish information which is then available to and may be accessed by WESM Members. | (o) "Market Information Website," refers to the The facility established by the Market Operator on the electronic communication system on which it may to publish information, which is then available to and may be accessed by WESM Members and the public . | <ul style="list-style-type: none"> Moved from item (m) To clarify that the public can also access information from the PEMC website. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | | (w) "Person" refers to a natural person. | (w) (p) "Person" refers to a A natural person. | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | | (new) | (g) Philippine Competition Commission or PCC. An independent quasi-judicial body mandated to implement the national competition policy, and enforce the Philippine Competition Act or R.A.10667, which serves as the primary competition law in the Philippines for promoting | Add the definition of the Philippine Competition Commission (PCC) as used in Sections 2.2 and 6.4. | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---------------------|---------|---|---|---|----------|--|--------------------------------|--|
| | | | <u>and protecting market competition.</u> | | | | | |
| Definition of Terms | 1.02 | "Distribution Code" or the "Philippine Distribution Code" refers to the set of rules, requirements, procedures and standards promulgated by the ERC governing distribution utilities and users in the operation, maintenance and development of their distribution systems. | (r) "Distribution Code" or the "Philippine Distribution Code" <u>or Distribution Code.</u> The refers to the set of rules, requirements, procedures and standards promulgated by the ERC governing distribution utilities and users in the operation, maintenance and development of their distribution systems. | <ul style="list-style-type: none"> Moved from item (f) Enhancement and re-numbering for consistency with the format of Market Manuals | | Technical Committee (TC): (r) "Distribution Code" or the "Philippine Distribution Code" <u>or Distribution Code.</u> The refers to the set of rules, requirements, procedures and standards promulgated by the ERC governing distribution utilities and users in the operation, maintenance and development of their distribution systems. | OK with TC's proposed wording. | Definition of terms to harmonize with WESM Rules |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|--|---|--|----------|------------------------------------|----------------------|-----------------|
| | | <p>“Philippine Electricity Market Corporation” (PEMC) OR “Market Operator” (MO) refers to the Autonomous Group Market Operator (AGMO), governed by the PEM Board, which is responsible for the operation of the spot market prior to the establishment of an Independent Market Operator (IMO).</p> | <p><u>(s)</u> “Philippine Electricity Market Corporation” <u>or</u> (PEMC) <u>OR</u> “Market Operator” (MO) refers to the Autonomous Group Market Operator (AGMO), governed by the PEM Board, which is responsible for the operation of the spot market prior to the establishment of an Independent Market Operator (IMO). <u>The corporation, which serves as the governance arm of the WESM, composed of WESM Members and whose Board of Directors is the PEM Board.</u></p> | <ul style="list-style-type: none"> • Moved from item (u) • To reflect the changes in the governance and operations of the WESM • Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | | <p>“Grid Code” or the “Philippine Grid Code” refers to the set of rules, requirements, procedures, and standards promulgated by the ERC to ensure the safe, reliable, secured and efficient operation, maintenance and development of the high voltage backbone transmission systems and their related facilities.</p> | <p><u>(t)</u> “Grid Code” or the “Philippine Grid Code” <u>refers to the. The</u> set of rules, requirements, procedures, and standards promulgated by the ERC to ensure the safe, reliable, secured and efficient operation, maintenance and development of the high voltage backbone transmission systems and their related facilities.</p> | <ul style="list-style-type: none"> • Moved from item (j) • Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |

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|---------------------|---------|--|--|---|---|--|---|---|
| Definition of Terms | 1.02 | <p>(x) "Rules Change Committee" refers to one of the PEM Committees to assist the PEM Board and the Department of Energy in relation to the revision and amendment of the WESM Rules and in formulation, revision and amendment of market manuals, procedures and guidelines.</p> <p>(y) "Sector" refers to the Generation, Distribution, Transmission or Supply Sector.</p> <p>(z) "Technical Committee" refers to one of the PEM Committees tasked to monitor and review technical matters under and in relation to the WESM Rules, the Grid Code and Distribution Code.</p> | <p>(x) (u) "Rules Change Committee" or "RCC" refers to one of the One of the PEM WESM Governance Committees tasked to assist the PEM Board and the Department of Energy DOE in relation to the revision and amendment of the WESM Rules and in formulation, revision and amendment of market manuals, procedures and guidelines.</p> <p>(y) (v) "Sector" refers to Refers to the Generation, Distribution, Transmission or Supply Sector.</p> <p>(z) (w) "Technical Committee" refers to one of the One of the PEM WESM Governance Committees tasked to monitor and review technical matters under and in relation to the WESM Rules, the Grid Code and Distribution Code.</p> | <ul style="list-style-type: none"> • Reflect that this Manual refers solely to WESM Governance Committees. • This is consistent with the previous amendments of the MSC approved by the RCC (Resolution 18-06) and PEM Board (Resolution 2018-03-05), which are currently for DOE approval. • Enhancement and re-numbering for consistency with the format of Market Manuals | <p>Technical Committee (TC):</p> <p>Kindly remove "One of". It should read: The WESM Governance Committee tasked to assist the PEM Board and the DOE in relation to revision...</p> <p>Technical Committee. The WESM Governance Committee tasked to monitor and review technical matters under and in relation to the WESM Rules, the Grid Code and the Distribution Code.</p> | <p>Technical Committee (TC):</p> <p>(x) (u) "Rules Change Committee" or "RCC" refers to one of the The PEM WESM Governance Committees tasked to assist the PEM Board and the Department of Energy DOE in relation to the revision and amendment of the WESM Rules and in formulation, revision and amendment of market manuals, procedures and guidelines.</p> <p>(z) (w) "Technical Committee" refers to one of</p> | <p>OK with TC's proposed wording on item (u), as revised.</p> <p>OK with TC's and MERALCO's proposed revisions on item (w), as amended.</p> | <p>Definition of terms to harmonize with WESM Rules</p> |

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| | | | | | <p>MERALCO: For consistency in Definition of terms</p> | <p>the. The <u>PEM WESM Governance</u> Committees tasked to monitor and review technical matters under and in relation to the WESM Rules, the Grid Code and Distribution Code.</p> <p>(z) <u>(w)</u> "Technical Committee" refers to one, <u>One</u> of the <u>PEM WESM Governance</u> Committees tasked to monitor and review technical matters under and in relation to the WESM Rules, the *<u>Philippine</u> Grid Code and <u>Philippine</u></p> | | |

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| | | | | | | Distribution Code.xxx | | |
| Definition of Terms | 1.02 | (new) | <u>(x) WESM Governance Committees. The working groups created by the PEM Board to perform particular functions as well as to assist the Board in the discharge of its duties.</u> | Provide definition for WESM Governance Committees. PEMC will promulgate a separate Manual on Corporate Governance, which shall provide the functions of non-governance PEM Board Committees. | | | | Adopt proposal. |
| | | <p>(aa) "Wholesale Electricity Spot Market" or "WESM" refers to the Wholesale Electricity Spot Market established by the DOE in accordance with Section 30 of the EPIRA.</p> <p>(bb) "WESM Member" shall mean a person or an entity that satisfies the requirements for being a member of PEMC and is registered with the Market Operator to participate in the WESM.</p> <p>(cc) "WESM Rules" refers to the detailed rules that govern the administration and operation of the WESM.</p> | <p>(bb) <u>(y)</u> "WESM Member" shall mean a person or an <u>An</u> entity that satisfies the requirements for being a member of PEMC and is registered with the Market Operator to participate in the WESM.</p> <p>(ee) <u>(z)</u> "WESM Rules" refers to the <u>The</u> detailed rules that govern the administration and operation of the WESM.</p> <p>(aa) "Wholesale Electricity Spot Market" or "WESM" refers to the <u>The</u> Wholesale Electricity Spot Market established by the DOE in accordance with Section 30 of the EPIRA.</p> | <ul style="list-style-type: none"> • Reordered (bb) and (cc) accordingly • On item (bb), for consistency with the definition of "WESM Member" in the WESM Rules. • Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |

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| Definition of Terms | 1.03 | Section 1.03 Independent of Philippine electric power industry. xxx | Section 1.03 Independent of Philippine electric power industry. xxx | Provisions on Criteria for Independence, which are consistent with the DOE DC No. 2018-01-0002, are inserted as proposed new Section 4.3 | | | | Adopt proposal. |
| | 1.04 | Section 1.04 Rules of Construction. xxx | Section 1.04 1.3 Rules of Construction. xxx | Re-numbering | | | | Adopt proposal. |
| Formation of the Committees | 2 | Article II. Formation of the Committees | Article II. Section 2 Formation of the Committees | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 2.01 | Section 2.01 PEM Board Committees. The PEM Board shall form working groups and appoint qualified personnel who shall act as the following: (a) A PEM Audit Committee, headed by the PEM Auditor; (b) A Market Surveillance Committee; (c) A Technical Committee; (d) A Rules Change Committee; and | Section 2.04 2.1. WESM Governance Board Committees. The PEM Board shall form working groups and appoint qualified personnel who shall act as the following: (a) A PEM Audit Committee, headed by the PEM Auditor; (b) A-Market Surveillance Committee; (c) A-Technical Committee; | <ul style="list-style-type: none"> Harmonize with DOE DC No. DC2018-05-0016. Revision to (a) is consistent with the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). On deletion of item (f): Reflect that this Manual refers solely to WESM Governance Committees. PEMC | | Technical Committee (TC): Section 2.04 2.1. WESM Governance Board Committees. The PEM Board shall form working groups and appoint qualified personnel members who | OK with TC's proposed wording. | Adopt revised wording. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| | | <p>(e) A Dispute Resolution Group, headed by the Dispute Resolution Administrator.</p> <p>(f) Board Committees as deemed necessary by the Board to assist in the performance of its functions, such as:</p> <p>(i) Board Review Committee (BRC) – refers to a committee to assist the PEM Board in the review of items for Board agenda discussion and other matters as may be assigned by the Board.</p> <p>The BRC shall be composed of three (3) Members, one Director must be the representative</p> | <p>(d) A Rules Change Committee; and</p> <p>(e) A Dispute Resolution Group, headed by the Dispute Resolution Administrator.</p> <p>(f) Board Committees as deemed necessary by the Board to assist in the performance of its functions, such as:</p> <p>(i) Board Review Committee (BRC) – refers to a committee to assist the PEM Board in the review of items for Board agenda discussion and other matters as may be assigned by the Board.</p> <p>The BRC shall be composed of three (3) Members, one Director must be the representative of</p> | <p>will promulgate a separate Manual on Corporate Governance which shall provide the functions of non-governance PEM Board Committees (i.e. BRC, BSC).</p> <ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals | | <p>shall act as the following:</p> | | |

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| | | <p>of PEMC, another from DOE and chaired by an Independent Director.</p> | <p>PEMC, another from DOE and chaired by an Independent Director.</p> | | | | | |
| | | <p>(ii) Board Selection Committee (BSC) – refers to a committee to assist the PEM Board in the selection of qualified members of the WESM Governance Committees and Board Committees.</p> | <p>(ii) Board Selection Committee (BSC) – refers to a committee to assist the PEM Board in the selection of qualified members of the WESM Governance Committees and Board Committees.</p> | | | | | |
| | | <p>The BSC shall be composed of three (3) Members, one Director must be the representative of PEMC, another from the DOE and chaired by an</p> | <p>The BSC shall be composed of three (3) Members, one Director must be the representative of PEMC, another from the DOE and chaired by an Independent Director.</p> | | | | | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| | | Independent Director. | | | | | | |
| Formation of the Committees | | (new) | <u>2.2 The PEM Board shall approve an annual budget allocation for the WESM Governance Committees, in support of their duties and functions.</u> | Provide basis for the allocation of budget for WGCs to support them in carrying out their activities | | | | Adopt proposal. |
| | 2.02 | Section 2.02 The PEM Board Committees shall primarily assist the PEM Board and/or the DOE in the formulation of polices that will help in the achievement of the WESM objectives of establishing a sustainable, competitive, efficient, transparent and reliable market for electricity where: xxx | Section 2.02 <u>2.3.</u> The PEM Board <u>WESM Governance</u> Committees shall primarily assist the PEM Board, and/or the DOE, <u>the ERC,</u> <u>and/or the PCC</u> in the formulation of polices that will help in the achievement of the WESM objectives of establishing a sustainable, competitive, efficient, transparent and reliable market for electricity where: xxx | <ul style="list-style-type: none"> Clarify that this Market Manual solely pertains to WESM Governance Committees. Include the ERC and PCC among agencies to which WESM Governance Committees may also provide assistance. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Formation of the Committees | 2.03 | Section 2.03 Observance of the EPIRA and its IRR, the WESM Rules and PEMC Charter. All Committees, in the performance of its functions, shall be guided | Section 2.03 <u>2.4.</u> Observance of the EPIRA and its IRR, the WESM Rules and PEMC Charter. All Committees, in the performance of its functions, shall be guided | <ul style="list-style-type: none"> Reflect the appropriate term for the legal document establishing the creation of PEMC. | | | | Adopt proposal. |

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| | | <p>by the provisions of and principles under the EPIRA and its implementing rules, the WESM Rules and the PEMC Charter and applicable laws. Each Committee shall establish and promulgate manuals to govern their respective operations and geared towards achieving the purpose for which said Committees have been created. The said manual, upon approval of the PEM Board, shall have the force and effect of the rules and regulations of the WESM as Market Manual.</p> | <p>by the provisions of and principles under the EPIRA and its implementing rules, the WESM Rules and the PEMC Charter Articles of Incorporation and By-laws and applicable laws. Each Committee shall establish and promulgate manuals Market Manuals to govern their respective operations and geared towards achieving the purpose for which said Committees have been created. The said manual, upon approval of the PEM Board and promulgation by the DOE, shall have the force and effect of the rules and regulations of the WESM as Market Manual.</p> | <ul style="list-style-type: none"> • Harmonize with DOE DC No. DC2015-07-0013 • Enhancement and re-numbering for consistency with the format of Market Manuals | | | | |
| | 2.04 | <p>Section 2.04 DOE Representation in the Committees. The Department of Energy as the agency primarily responsible to implement the EPIRA and its implementing rules and the WESM Rules shall be represented in all PEM Committees and other</p> | <p>Section 2.04 2.5. DOE Representation in the Committees. The Department of Energy as the agency primarily responsible to implement the EPIRA and its implementing rules and the WESM Rules shall be represented in all PEM WESM Governance</p> | <ul style="list-style-type: none"> • Clarify that this Market Manual solely pertains to WESM Governance Committees. • Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |

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| | | Board Committees created and to be created for the purpose of facilitating and providing policy support and guidance for the development of the WESM. | Committees and other Board Committees created and to be created for the purpose of facilitating and providing policy support and guidance for the development of the WESM. | | | | | |
| Formation of the Committees | 2.05 | Section 2.05 Other Resolutions. Except as may otherwise be provided in the WESM Rules, in any Market Manual or in the PEMC Charter, the PEM Board may prescribe, among others: xxx | Section 2.05 2.6. Other Resolutions. Except as may otherwise be provided in the WESM Rules, in any Market Manual or in the PEMC Charter Articles of Incorporation and By-laws , the PEM Board may prescribe, among others: xxx | <ul style="list-style-type: none"> • Reflect the appropriate term for the legal document establishing the creation of PEMC. • Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Vacancy, Nomination, Selection and Appointment of PEM Committee Members | 3 | Article III. Vacancy, Nomination, Selection and Appointment of PEM Committee Members | Article III. Section 3 Vacancy, Nomination, Selection and Appointment of PEM WESM Governance Committee Members | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Vacancy | 3.01 | Section 3.01 Vacancy. A position in the Committee is rendered vacant due to any of the following circumstances: xxx | Section 3.01 3.1. Vacancy 3.1.1. A position in the Committee is rendered vacant due to any of the following circumstances: xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | Technical Committee (TC): For clarification: Is item (iv) conduct unbecoming | | Item (iv) is subject to the 2/3 vote of the PEM Board based on the Sections 4.2 (Disqualification) and 10 (Standards of | Adopt proposal. |

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| | | <p>(d) Removal from office, upon two third (2/3) votes of the Board of Directors constituting a quorum due to:</p> <p>xxx</p> <p>(ii) illness which require recovery for more than 3 months or similar circumstance;</p> <p>xxx</p> <p>(iv) Conduct unbecoming of a Member of the Committee in accordance with Article X of these Guidelines.</p> | <p>(d) Removal from office, upon two third (2/3) votes of the Board of Directors constituting a quorum due to:</p> <p>xxx</p> <p>(ii) illness which require recovery for more than three (3) months or similar circumstance;</p> <p>xxx</p> <p>(iv) Conduct unbecoming of a Member of the Committee in accordance with Article X Section 10 of these Guidelines.</p> | | <p>of... subject to 2/3 vote of the Board? Who decides on conduct unbecoming?</p> | | <p>Conduct for Members of the Committees) of the Manual.</p> | |
| Vacancy | | (new) | <p><u>3.2.2. Any vacancy shall be filled by an appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof.</u></p> | <p>Provide a blanket provision applicable to all WESM Governance Committees regarding filling-up of vacancies.</p> | | | | <p>Adopt proposal.</p> |
| Nomination | 3.02 | <p>Section 3.02 Nomination</p> <p>(a) In case of a vacancy, the Committee Chairperson, any member</p> | <p>Section 3.02 <u>3.2.</u> Nomination</p> <p>(a) <u>3.2.1</u> In case of a vacancy, the Committee</p> | <ul style="list-style-type: none"> References to non-Governance Committees of the PEM Board are removed as this | | | | <p>Adopt proposal.</p> |

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| | | <p>thereof or the Market Assessment Group shall give notice to the Board Selection Committee immediately upon occurrence of the vacancy or within one month prior to the effectivity of the expiration of term of office of the concerned member</p> <p>(b) Selection Committee shall then cause the publication of notice of such vacancy or solicit nomination for the position.</p> <p>(c) Nomination shall be submitted to the Selection Committee or to any person designated by the Selection Committee.</p> <p>(d) All nominations shall be in a form (Appendix [A]) and manner as may be prescribed by the Selection Committee.</p> <p>(e) xxx</p> <p>(f) xxx</p> <p>(g) xxx</p> | <p>Chairperson, any member thereof, or the Market Assessment Group PEMC shall give notice to the Board Selection Committee PEM Board immediately upon occurrence of the vacancy or within one month prior to the effectivity of the expiration of term of office of the concerned member</p> <p>(b) 3.2.2 Selection Committee The PEM Board shall then cause the publication of notice of such vacancy or solicit nomination for the position.</p> <p>(c) 3.2.3 Nomination shall be submitted to the Selection Committee PEM Board or to any person designated by the Selection Committee PEM Board.</p> <p>(d) 3.2.4 All nominations shall be in a form (Appendix [A]) and manner as may be prescribed by the Selection Committee PEM Board.</p> | <p>Manual is intended to pertain only to WESM Governance Committees.</p> <ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals | | | | |

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| | | | (e) 3.2.5 xxx (f) 3.2.6 xxx (g) 3.2.7 xxx | | | | | |
| Selection | 3.03 | <p>Section 3.03 Selection</p> <p>(a) The Selection Committee shall pre-screen and shortlist all candidates nominated to become a member of the relevant Committee in accordance with the qualifications and disqualifications set forth in these Guidelines and applicable laws and rules.</p> <p>(b) In the determination of the list of candidates, the Selection Committee shall consider foreign professionals, if and only if during the pre-screening and evaluation process, they have proven that such professional is known to be an outstanding expert or specialist in the particular field and that the services of such foreigner is urgently necessary either for lack of local experts or if</p> | <p>Section 3.03 3.3. Selection</p> <p>(a) 3.3.1 The Selection Committee PEM Board shall pre-screen and shortlist all candidates nominated to become a member of the relevant Committee in accordance with the qualifications and disqualifications set forth in these Guidelines and applicable laws and rules.</p> <p>(b) 3.3.2 In the determination of the list of candidates, the Selection Committee PEM Board shall consider foreign professionals, if and only if during the pre-screening and evaluation process, they have proven that such professional is known to be an outstanding expert or specialist in the particular field and that the services of such foreigner is urgently necessary either</p> | <ul style="list-style-type: none"> References to non-Governance Committees of the PEM Board are removed as this Manual is intended to pertain only to WESM Governance Committees. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |

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| | | his or her service will promote the advancement of the Spot Market. | for lack of local experts or if his or her service will promote the advancement of the Spot Market. | | | | | |
| Publication of Nominees | 3.04 | Section 3.04 Publication of Nominees. Upon screening of the nominees submitted within allowable time as prescribed by the Selection Committee, the latter shall cause the publication of the list of the qualified nominees in the PEMC web site. | Section 3.04 3.4. Publication of Nominees. Upon screening of the nominees submitted within allowable time as prescribed by the Selection Committee PEM Board , the latter shall cause the publication of the list of the qualified nominees in the PEMC web site website . | <ul style="list-style-type: none"> References to non-Governance Committees of the PEM Board are removed as this Manual is intended to pertain only to WESM Governance Committees. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Interview of the Nominees | 3.05 | Section 3.05 Interview of the Nominees. After the publication of the shortlisted nominees and upon verification and resolution of opposition thereof, if any, the Selection Committee may opt to conduct further assessment of the shortlisted nominees through personal interview or any other means as the Selection Committee may consider appropriate. The | Section 3.05 3.5. Interview of the Nominees. After the publication of the shortlisted nominees and upon verification and resolution of opposition thereof, if any, the Selection Committee PEM Board may opt to conduct further assessment of the shortlisted nominees through personal interview or any other means as the Selection Committee PEM Board may consider | <ul style="list-style-type: none"> References to non-Governance Committees of the PEM Board are removed as this Manual is intended to pertain only to WESM Governance Committees. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |

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| | | Board Selection Committee shall rate them in accordance with a scoring system provided for this purpose. | appropriate. The Board Selection Committee PEM Board shall rate them in accordance with a scoring system provided for this purpose. | | | | | |
| Appointment of PEM Committee Members and Chairpersons | 3.06 | Section 3.06 Appointment of PEM Committee Members and Chairpersons. The PEM Board appoints the members and the Chairpersons of the PEM Committees from among the list of qualified nominees, screened and duly endorsed by the Selection Committee. | Section 3.06 3.6. Appointment of PEM Committee WESM Governance Members and Chairpersons. The PEM Board appoints the members and the Chairpersons of the PEM WESM Governance Committees from among the list of qualified nominees, screened and duly endorsed by the Selection Committee. | <ul style="list-style-type: none"> To clarify that this Guidelines solely pertains to WESM Governance Committees. Enhancement and re-numbering for consistency with the format of Market Manuals | <p>MERALCO:</p> <p>For consistency.</p> | <p>MERALCO:</p> <p>Section 3.06 3.6. Appointment of PEM Committee WESM Governance <u>Committee</u> Members and Chairpersons. The PEM Board appoints the members and the Chairpersons of the PEM WESM Governance Committees from among the list of qualified nominees, screened and duly endorsed by the Selection Committee.</p> | OK with MERALCO's proposed wording. | Adopt revised wording. |

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| | 3.07 3.08 3.09 | Section 3.07 Declaration/Undertaking. xxx Section 3.08 Periodic evaluation of qualification and performance. xxx Section 3.09 Hold Over Provision. xxx | Section 3.07 3.7 Declaration/Undertaking. xxx Section 3.08 3.8 Periodic evaluation of qualification and performance. xxx Section 3.09 3.9 Hold Over Provision. xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Qualifications and Disqualifications of WESM Governance Committee Members | 4 | Article IV. Qualifications and Disqualifications of WESM Governance Committee Members | Article IV. Section 4 Qualifications, AND Disqualifications, and Criteria for OF WESM Governance Committee Members | <ul style="list-style-type: none"> To cover the additional sub-section on the criteria for independence Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Common Qualifications | 4.01 | Section 4.01 Common Qualifications. In addition to the specific requirements provided under this Guidelines and pertinent laws and rules, each member of a PEM Committee shall possess the following qualifications: xxx | Section 4.01 4.1. Common Qualifications. In addition to the specific requirements provided under this Guidelines and pertinent laws and rules, each member of a WESM Governance PEM Committee shall possess the following qualifications: xxx | <ul style="list-style-type: none"> To clarify that this Guidelines solely pertains to WESM Governance Committees. To clarify the minimum level of education and relevant experience of committee members | Technical Committee (TC): Consider the Republic Act No. 10968 once the Philippine Qualifications Framework is finalized by the PRC, CHED and TESDA to | The Philippine Qualifications Framework (PQF) may be used to describe the necessary Level for someone to be qualified as a WESM Governance Committee member, in this | | Since the PQF is still not finalized, RCC adopted the proposal. |

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| | | (d) Must be at least a college graduate, or with at least ten (10) years of relevant experience in their field of expertise. | (d) Must be at least a college graduate, or <u>and</u> with at least ten (10) years of relevant experience in their field of expertise. | <ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals | recognize the knowledge, skills and values acquired in different ways and methods by learners and workers of the country. | <p>case, Level VI (Baccalaureate Degree).</p> <p>The "Level" referred in the PQF is the formal certification that a person has successfully achieved specific learning outcomes relevant to the identified academic, industry or community requirements. (https://pqf.gov.ph)</p> <p>We note that the PQF aims, among others, to enhance the employability of the labor force.</p> <p>Further, WGC members are not employees of PEMC.</p> | | |

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|------------------|---------|--|--|--|--|------------------------------------|---|---|
| Disqualification | 4.02 | Section 4.02 Disqualification. The following persons are disqualified from being appointed as a member of any of the PEM Committees and Other Board Committees: xxx | Section 4.02 4.2 Disqualification. The following persons are disqualified from being appointed as a member of any of the PEM WESM Governance Committees and Other Board Committees: xxx | <ul style="list-style-type: none"> To clarify that this Guidelines solely pertains to WESM Governance Committees. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | | (new) | <p>4.3 Criteria for Independence. A person shall be deemed independent if that person:</p> <p>(a) is not a director, officer, employee, contractor, consultant, agent, adviser, legal counsel, manager, or shareholder of a WESM Member or System Operator;</p> <p>(b) is not a spouse or relative of a person within the fourth civil degree of consanguinity or affinity, of a director, officer, manager, or</p> | To provide for the criteria for independence as provided in the DOE DC No. 2018-01-0002 | <p>PEM Audit Committee:</p> <p>Will the new rule 4.3 b regarding Independence of members of governance committees apply retroactively to existing members of the PEM Audit Committee (PAC)? If yes, some members of PAC may no longer be considered independent as they are</p> | | The effectivity of this proposed revision will only be after the DOE's approval and publication. We recommend the Transitory Provision as proposed by the PAC be included in the RCC's resolution on this proposal, with the outgoing members completing the duration of their current terms. | <p>It was observed that item (f) is not really a qualification compared with the other criteria, but instead seems to be a prospective condition. Thus, the RCC agreed to transfer item (f) in the Committee Member's Undertaking which is an Annex of this Manual.</p> <p>Adopt proposal, as amended, and the inclusion of a</p> |

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| | | | <p><u>shareholder of a WESM Member or System Operator or an official or employee of Philippine government, its agencies or instrumentalities;</u></p> <p><u>(c) is not an officer, manager, director, shareholder, agent, employee, consultant, adviser, legal counsel, or contractor of, or is not a person directly or indirectly through one or more intermediary controls, is controlled by a company, affiliate, or any other entity related to or associated with a WESM Member or System Operator where:</u></p> <p><u>i. a related company or body is a parent, holding company,</u></p> | | <p>Philippine government employees.</p> <p>If not retroactive, shouldn't there be a transitory provision?</p> | | | <p>transitory provision to consider current PAC members who are completing their terms.</p> |

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| | | | <p><u>subsidiary or affiliate of the WESM Member or System Operator; and</u></p> <p>ii. <u>an associate is a person who is a director, officer, manager or shareholder of that related company or entity or a relative of such a person within the fourth civil degree of affinity or consanguinity; and</u></p> <p>iii. <u>an affiliate is any person that, alone or together with any other person, directly or indirectly through one or more intermediaries controls or is controlled by, or is under the common control with another person; The term</u></p> | | | | | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| | | | <p><u>shareholder shall exclude a member of an electric cooperative who is not involved in its operation and management and an end-user required to subscribe to or purchase a share in a distribution utility as an incident to the provision of service by the same distribution utility, and provided the interest of the end-user is not more than the minimum required to avail of the distribution utility's service;</u></p> <p><u>(d) is not an official or employee of the Philippine government, or its agencies or instrumentalities, but this will not apply to members of the</u></p> | | | | | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| | | | <p><u>academe in public schools and universities;</u></p> <p><u>(e) has not been employed as an officer, or in a supervisory or managerial capacity, by any electric power industry participant, or a company within one (1) year prior to the nomination date; and</u></p> <p><u>(f) agrees not to be employed and does not accept any employment with a company, affiliate, or any other entity related to or associated with a WESM Member or the System Operator within one (1) year after the person ceases to be a member of the WESM Governance Committee.</u></p> | | | | | |
| PEM Audit Committee | 5 | Article V. PEM Audit Committee | Article V. Section 5 PEM Audit Committee | Enhancement and re-numbering for | | | | Adopt proposal |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| | | | | consistency with the format of Market Manuals | | | | |
| | 5.01 | Section 5.01 Composition. The PAC shall consist of three (3) members, headed by the PEM Auditor who is an Independent Member as defined herein, with qualifications as prescribed under these Guidelines and pertinent rules. | Section 5.01 5.1. Composition. The PAC shall consist of at least three (3) members, headed by the PEM Auditor Chairperson who is an Independent Member as defined herein, with qualifications as prescribed under these Guidelines and pertinent rules. | <ul style="list-style-type: none"> To ensure that the number of PAC members is adequate to support the volume of work assigned to them Replacement of "PEM Auditor" with "Chairperson" is consistent with the proposed changes previously approved by the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). Enhancement and re-numbering for consistency with the format of Market Manuals | Technical Committee (TC): For clarification: Are not all three members independent? | | All PAC members should be Independent. For clarity, we propose to reword as follows: Section 5.01 5.1. Composition. The PAC shall consist of at least three (3) members, headed by the PEM Auditor Chairperson who is an Independent Member as defined herein, with qualifications as prescribed under these Guidelines and pertinent rules. All members of the PAC shall be Independent as defined in this Manual. | Adopt PEMC's revised wording |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| PEM Audit Committee | 5.02 | Section 5.02 Appointment. The PEM Board appoints the members and the PEM Auditor as the chairperson of the Audit Committee. xxx | 5.02. 5.2. Appointment. The PEM Board appoints the members and the PEM Auditor as the chairperson Chairperson of the PEM Audit Committee. xxx | <ul style="list-style-type: none"> For clarity Consistent with the proposed changes previously approved by the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal |
| | 5.03 5.04 | Section 5.03 Qualifications xxx Section 5.04 Responsibilities xxx | Section 5.03 5.3 Qualifications xxx Section 5.04 5.4 Responsibilities xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal |
| | 5.05 | Section 5.05 Term of Office. The term of office of each member of the PAC shall be for three (3) years; provided that the initial members of the Audit Committee shall be appointed for the following terms: The PEM Auditor for three (3) years; one member for two (2) years and the other member for one (1) year. The members of the PAC may be eligible | Section 5.05 5.5. Term of Office. The term of office of each member of the PAC shall be for three (3) years; provided that the initial members of the Audit Committee shall be appointed for the following terms: The PEM Auditor Chairman for three (3) years; one member for two (2) years and the other member for one (1) year. The members of the PAC | <ul style="list-style-type: none"> For clarity since there is no separate 'PEM Auditor' office or position. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal |

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| | | <p>for reappointment but in no case shall his reappointment be made for more than two consecutive terms.</p> <p>Service by a member for less than one year shall not be considered one term.</p> | <p>may be eligible for reappointment but in no case shall his reappointment be made for more than two consecutive terms.</p> <p>Service by a member for less than one year shall not be considered one term.</p> | | | | | |
| PEM Audit Committee | 5.06 5.07 | <p>Section 5.06 Vacancy. xxx</p> <p>Section 5.07 Conduct of Business, Voting and Procedures xxx</p> | <p>Section 5.06 Vacancy. xxx</p> <p>Section 5.07 5.6 Conduct of Business, Voting and Procedures xxx</p> | <ul style="list-style-type: none"> A general provision on filling-up vacancies is added as Section 3.1.2. Enhancement and re-numbering due to deletion of Section 5.06 and for consistency with the format of Market Manuals | | | | Adopt proposal |
| Market Surveillance Committee | 6 | Article VI. Market Surveillance Committee | <p>Article VI. Section 6 Market Surveillance Committee</p> | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal |
| | 6.01 | Section 6.01 Composition. The Market Surveillance Committee shall consist of five (5) members. | <p>Section 6.01 6.1. Composition. The Market Surveillance Committee shall consist of at least five (5) members.</p> | <ul style="list-style-type: none"> To ensure that the number of MSC members is adequate to support | | | | Adopt proposal |

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| | | | | <p>the volume of work assigned to them</p> <ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals | | | | |
| | 6.02 6.03 | Section 6.02 Appointment. xxx Section 6.03 Qualifications. xxx | Section 6.02 Appointment. xxx Section 6.03 Qualifications. xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal |
| | 6.04 | <p>Section 6.04 Responsibilities. The Market Surveillance Committee tasked to monitor and report on activities in the spot market in accordance with the WESM Rules shall have the following specific duties and functions:</p> <p>xxx</p> <p>(b) Prepare periodic reports, which outline:</p> <p>xxx</p> <p>(iii) Matters concerning the operation of the Spot Market generally, which reports shall be submitted</p> | <p>Section 6.04 6.4 Responsibilities. The Market Surveillance Committee tasked to monitor and report on activities in the spot market in accordance with the WESM Rules shall have the following specific duties and functions:</p> <p>xxx</p> <p>(b) Prepare periodic reports, which outline:</p> <p>xxx</p> <p>(iii) Matters concerning the operation of the Spot Market generally, which reports shall be submitted to the PEM Board, the</p> | <ul style="list-style-type: none"> To include the Philippine Competition Commission among external agencies to which the MSC shall regularly submit reports in item (b.iii) To indicate the proper name of the PEMC unit tasked to conduct investigations. To reflect the correct WESM Rules Clause for Intervention Reports in item (g) Enhancement and re-numbering for consistency with the | | <p>Technical Committee (TC):</p> <p>(g) Upon the concurrency occurrence of one or more of the events described in clause 6.8.4.1 6.9.4.1 of the WESM Rules, investigate the circumstances of that event and prepare a report to assess:</p> <p>APC:</p> <p>Are there any established data</p> | <p>Technical Committee (TC):</p> <p>We suggest retaining the original wording for consistency with the wordings of WESM Rule Clause 6.9.4.1. We note that "concurrency" is also defined as "the simultaneous occurrence of events or circumstances".</p> <p>APC:</p> <p>The WESM's objective of</p> | Ms. Javier sought clarification if all WESM data will be provided to the PCC. Ms. Varquez responded that only specific data have been provided to the PCC in the past, like market monitoring indices, plant outages and other general data. There have been no confidential data that was provided to the PCC. |

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| | | <p>to the PEM Board, the DOE and ERC upon completion.</p> <p>(c) Assist the PEM Board or the Enforcement and Compliance Officer to investigate and gather evidence of:</p> <p>xxx</p> <p>(g) Upon the concurrence of one or more of the events described in clause 6.8.4.1 of the WESM Rules, investigate the circumstances of that event and prepare a report to assess:</p> <p>xxx</p> <p>(i) Investigate, upon request of Enforcement and Compliance Officer, a failure of a WESM Member to comply with a directive or request to provide information under clause 7.2.4.1 of the WESM Rules.</p> | <p>DOE, and ERC, and PCC upon completion.</p> <p>(c) Assist the PEM Board or the Enforcement and Compliance Officer Office to investigate and gather evidence of:</p> <p>xxx</p> <p>(g) Upon the concurrence of one or more of the events described in clause 6.8.4.1 6.9.4.1 of the WESM Rules, investigate the circumstances of that event and prepare a report to assess:</p> <p>xxx</p> <p>(i) Investigate, upon request of Enforcement and Compliance Officer Office, a failure of a WESM Member to comply with a directive or request to provide information under clause 7.2.4.1 of the WESM Rules.</p> <p>xxx</p> | <p>format of Market Manuals</p> | | <p>parameters that PCC would be monitoring in the report done by Market Surveillance Committee?</p> <p>May we be clarified as if there's any legal basis (DOE circular or PCC issuances) as to the inclusion of PCC in the reportorial recipient of the MSC?</p> | <p>creating a level playing field among WESM participants is consistent with PCC's mandate under the Competition Act to prevent economic concentration that will unduly stifle competition. There is an ongoing effort between PEMC and PCC to institutionalize coordination. One of the ways to keep PCC informed of the WESM is through MSC reports. In addition, the PCC has been requesting market data, e.g. market monitoring indices and plant outages, in its analysis of mergers and acquisitions in</p> | <p>Considering such concerns, the RCC agreed to cite in this provision Clause 5.3 of the WESM Rules which does not include the PCC among entities to which PEMC and MO can provide confidential information.</p> |

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| | | xxx | | | | | the electricity industry. | |
| Market Surveillance Committee | 6.05 | Section 6.05 Term of Office xxx | Section 6.05 6.5 Term of Office xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 6.06 6.07 | Section 6.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. Section 6.07 Conduct of Business, Voting and Procedure. xxx | Section 6.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. 6.07 6.6 Conduct of Business, Voting and Procedure. xxx | <ul style="list-style-type: none"> A general provision on filling-up vacancies is added as Section 3.1.2. Enhancement and re-numbering due to the deletion of Section 6.06 and for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Rules Change Committee | 7 | Article VII. Rules Change Committee | Article VII. Section 7 Rules Change Committee | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 7.01 7.02 7.03 7.04 7.05 | Section 7.01 Composition xxx Section 7.02 Appointment xxx Section 7.03 Qualifications xxx | Section 7.01 Composition xxx Section 7.02 Appointment xxx Section 7.03 Qualifications xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |

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| | | Section 7.04 Responsibilities xxx Section 7.05 Term of Office xxx | Section 7.04 Responsibilities xxx Section 7.05 Term of Office xxx | | | | | |
| | 7.06 | Section 7.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. In filling up the vacancy, the PEM Board shall appoint a person belonging to the same Sector or membership category under Section 7.01, following the nomination and selection process as provided under these Guidelines. | Section 7.06 7.6 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. <u>In addition to the requirements in Section 3.1.2 in</u> in filling up the vacancy, the PEM Board shall appoint a person belonging to the same Sector or membership category under Section 7.04 <u>7.1</u> , following the nomination and selection process as provided under these Guidelines. | <ul style="list-style-type: none"> A general provision on filling-up vacancies is added as Section 3.1.2. Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Rules Change Committee | 7.07 7.08 | Section 7.07 Conduct of Business, Voting and Procedure xxx Section 7.08 Additional Ground for Termination xxx | Section 7.07 <u>7.7</u> Conduct of Business, Voting and Procedure xxx Section 7.08 <u>7.8</u> Additional Ground for Termination xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 7.09 | Section 7.09 Nomination. (a) All nominees to the Rules Change Committee | Section 7.09 <u>7.9</u> Nomination. | <ul style="list-style-type: none"> References to non-Governance Committees of the PEM Board are | | | | Adopt proposal. |

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| | | <p>shall be submitted to the Selection Committee by the respective Sector which is intended to be represented therein.</p> <p>(b) If a person is nominated in more than one Sector, the Selection Committee shall have the discretion to require additional documentary evidence or other requirements to ensure that such nominee represents the best interest of, and to recommend to the PEM Board which Sector the nominee is most qualified.</p> <p>xxx</p> | <p>(a) All nominees to the Rules Change Committee shall be submitted to the Selection Committee PEM Board by the respective Sector which is intended to be represented therein.</p> <p>(b) If a person is nominated in more than one Sector, the Selection Committee PEM Board shall have the discretion to require additional documentary evidence or other requirements to ensure that such nominee represents the best interest of the Sectors, and to recommend to the PEM Board decide which Sector the nominee is most qualified.</p> <p>xxx</p> | <p>removed as this Manual is intended to pertain only to WESM Governance Committees.</p> <ul style="list-style-type: none"> • For clarity • Enhancement and re-numbering for consistency with the format of Market Manuals | | | | |
| Technical Committee | 8 | Article VIII. Technical Committee | Article VIII. Section 8 Technical Committee | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 8.01 | Section 8.01 Composition. The Technical Committee shall consist of at least five | Section 8.01 8.1. Composition. The Technical Committee shall | <ul style="list-style-type: none"> • Revised composition is per PEM Board | MERALCO: | MERALCO: | We propose to retain the current membership of | The RCC agreed to amend the TC's |

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| | | <p>(5) members with a representative from the following:</p> <p>(a) one (1) member from the Grid Management Committee;</p> <p>(b) one (1) member from the Distribution Management Committee;</p> <p>(c) one (1) member from the System Operator; and</p> <p>(d) two (2) independent members.</p> <p>The Grid Management Committee and Distribution Management Committee, each has a seat in the Technical Committee and, as far as practicable, shall be represented by their respective Chairpersons and provided further that the Grid Management Committee or the Distribution Management Committee representative is not from System Operator.</p> | <p>consist of at least five (5) six (6) <u>Independent members and one (1) member representing the System Operator.</u> with a representative from the following:</p> <p>(a) one (1) member from the Grid Management Committee;</p> <p>(b) one (1) member from the Distribution Management Committee;</p> <p>(c) one (1) member from the System Operator; and</p> <p>(d) two (2) independent members.</p> <p>The Grid Management Committee and Distribution Management Committee, each has a seat in the Technical Committee and, as far as practicable, shall be represented by their respective Chairpersons and provided further that the Grid Management Committee or the Distribution Management Committee representative</p> | <p>directive during their meeting held on 29 January 2020</p> <ul style="list-style-type: none"> To ensure that the number of TC members is adequate to support the volume of work assigned to them To reflect changes due to the dissolution of the DMC and GMC offices. Enhancement and re-numbering for consistency with the format of Market Manuals | <p>The matters discussed in the TC impact the trading participants and service providers whose participation in and provision of service to the market involves physical assets that are affected by the decisions made by the TC. That is why we specifically include the representatives from the generation and distribution sector. The independence of the Committee is ensured by (1) having more independent members than sectoral members, and (2) assigning an independent member to chair the committee.</p> | <p>8.1. Composition. The Technical Committee shall consist of at least six (6) four (4) <u>Independent members, one (1) member representing the generation sector, one (1) member representing the distribution sector,</u> and one (1) member representing the System Operator. <u>The Chairperson of the Technical Committee shall be an independent member.</u></p> | <p>the Technical Committee, which is an expertise-driven WGC.</p> <p>We deem that the equitable representation of each sector of the Philippines electricity industry is already achieved in the composition of the PEM Board and WESM Rules Change Committee (RCC), which likewise discuss and deliberate on matters that affect market participants. Independence of the Technical Committee membership will ensure objective studies and recommendations, which are for consideration of</p> | <p>membership composition to include representatives from the distribution and generation sectors. Mr. Morales will prepare an initial draft position paper justifying the modification, for further inputs of other sector representatives. This shall then be approved by the RCC next meeting.</p> |

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| | | | is not from System Operator. | | | | the WGCs and PEM Board, as applicable. | |
| Technical Committee | 8.02 | Section 8.02 Appointment xxx | Section 8.02 8.02 Appointment xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 8.03 | Section 8.03 Qualifications. In addition to the qualification requirements under other provisions of these Guidelines and pertinent laws and rules, a member of the Technical Committee must have sufficient relevant experience in one or more of the following areas: (a) Power system operations; (b) Information Technology and Information System; and/or (c) In such other fields as may be relevant to and required in the performance of the responsibilities of the Technical Committee. | Section 8.03 8.3 Qualifications. In addition to the qualification requirements under other provisions of these Guidelines and pertinent laws and rules, a the Independent members member of the Technical Committee must shall have sufficient relevant experience in one (1) or more of the following areas fields : (a) Power system operations; (b) Information Technology and Information System; and/or (c) Generation ; (d) Distribution ; (e) Metering ; and/or (f) In such In such Such other fields as may be relevant to and required in the performance of the responsibilities of the Technical Committee. | <ul style="list-style-type: none"> Revised qualification is per PEM Board directive during their meeting held on 29 January 2020 Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |

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| Technical Committee | 8.04 8.05 | Section 8.04 Responsibilities xxx Section 8.05 Term of Office xxx | Section 8.04 8.4 Responsibilities xxx Section 8.05 8.5 Term of Office xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 8.06 | Section 8.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. | Section 8.06 — Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. | A general provision on filling-up vacancies is added as Section 3.1.2. | | | | Adopt proposal. |
| Technical Committee | 8.07 | Section 8.07 Conduct of Business, Voting and Procedures xxx | Section 8.07 8.6 Conduct of Business, Voting and Procedures xxx | Enhancement and re-numbering due to deletion of Section 8.06 and for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Dispute Resolution Group | 9 | Article IX. Dispute Resolution Group | Article IX. Section 9 Dispute Resolution Group Administrator | <ul style="list-style-type: none"> To reflect amendments as per DOE DC No. 2018-05-0016 Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 9.01 | Section 9.01 Composition. The Dispute Resolution Group shall consist of | Section 9.01 Composition. The Dispute Resolution Group shall consist of | To reflect amendments as per DOE DC No. 2018-05-0016 | | | | Adopt proposal. |

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| | | seven (7) members and a Dispute Resolution Administrator as chairperson. | seven (7) members and a Dispute Resolution Administrator as chairperson. | | | | | |
| | 9.02 | <p>Section 9.02 Appointment. The PEM Board appoints the members and the chairperson of the DRG.</p> <p>Consistent with the WESM Rules, the DRA, together with the Selection Committee, shall select the members of the DRG following the qualifications provided below. Thereafter, the DRA shall present the shortlisted nominees for the appointment of the PEM Board.</p> <p>The PEM Board shall endeavor to appoint persons with expertise necessary to ensure that combined expertise of the members of the DRG covers the areas of their concerned functions and responsibilities.</p> | <p>Section 9.02 9.1 Appointment. The PEM Board shall appoints the members and the chairperson of the DRG.</p> <p>Consistent with the WESM Rules, the DRA, together with the Selection Committee, shall select the members of the DRG following the qualifications provided below. Thereafter, the DRA shall present the shortlisted nominees for the appointment of the PEM Board.</p> <p>The PEM Board shall endeavor to appoint persons with expertise necessary to ensure that combined expertise of the members of the DRG covers the areas of their concerned functions and responsibilities. a person to act as the Dispute Resolution Administrator.</p> | <ul style="list-style-type: none"> To reflect amendments as per DOE DC No. 2018-05-0016 Enhancement and re-numbering due to deletion of Section 9.01 and for consistency with the format of Market Manuals | | | | Adopt proposal. |

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| Dispute Resolution Group | 9.03 | Section 9.03 Qualifications. In addition to the qualification requirements under other provisions of these Guidelines and pertinent laws and rules, Dispute Resolution Group and Dispute Resolution Administrator must: xxx | Section 9.03 9.2 Qualifications. In addition to the qualification requirements under other provisions of these Guidelines and pertinent laws and rules, the Dispute Resolution Group and Dispute Resolution Administrator must: xxx | <ul style="list-style-type: none"> To reflect amendments as per DOE DC No. 2018-05-0016 Enhancement and re-numbering due to deletion of Section 9.01 and for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 9.04 | Section 9.04 Responsibilities. The Dispute Resolution Administrator and Dispute Resolution Group tasked to facilitate the mediation of the dispute between the parties to reach resolution in accordance with the dispute resolution process and in addition to the responsibilities under applicable rules, shall have the following specific duties and functions: (a) To mediate, arbitrate and resolve disputes as described in the | Section 9.04 9.3 Responsibilities. The Dispute Resolution Administrator and Dispute Resolution Group is tasked to facilitate the mediation amicable resolution of the disputes between the parties to reach resolution in accordance with the WESM dispute resolution process and, in addition to the responsibilities under applicable rules, shall have the following specific duties and functions: (a) To facilitate the mediate, arbitrate and resolve mediation and arbitration of | <ul style="list-style-type: none"> To reflect amendments as per DOE DC No. 2018-05-0016 Enhancement and re-numbering due to deletion of Section 9.01 and for consistency with the format of Market Manuals | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| | | <p>WESM Rules between any of the following:</p> <ul style="list-style-type: none"> (i) The Market Operator; (ii) The System Operator; (iii) The PEM Board and its Working Groups, except the Dispute Resolution Administrator; (iv) WESM Members; (v) Intending WESM Members; and (vi) Persons notified by the Market Operator that their application for registration as WESM Member has been unsuccessful as to: | <p>disputes as described in the WESM Rules between any of the following:</p> <ul style="list-style-type: none"> (i) The Market Operator; (ii) The System Operator; (iii) The PEM Board and its Working Groups WESM Governance Committees, except the Dispute Resolution Administrator; (iv) WESM Members; and (v) Intending WESM Members; and (vi) Persons notified by the Market Operator that their application for registration as WESM Member has been unsuccessful as to: | | | | | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|---|---|-----------|----------|------------------------------------|----------------------|----------------|
| | | <p>1. The application or interpretation of the WESM Rules; or</p> <p>2. A dispute under or in relation to a contract between two or more persons or entities referred to above where that contract provides that the dispute resolution procedures under the WESM Rules are to apply to any dispute under or in relation to that contract with respect to the application of the WESM Rules; or</p> <p>3. A dispute under or in relation to other rules and regulations issued by the DOE and ERC under the Act, where such rules and regulations</p> | <p>(b) <u>To facilitate the mediation and arbitration of disputes arising from or in connection with or in relation to one or more of the following:</u></p> <p>1--(i) The application or interpretation of the WESM Rules; or</p> <p>2--(ii) A dispute under or in relation to a contract between two or more persons or entities referred to above where that contract provides that the dispute resolution procedures under the WESM Rules are to apply to any dispute under or in relation to that contract with respect to the application of the WESM Rules; or</p> <p>3--(iii) A dispute under or in relation to other</p> | | | | | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|--|--|-----------|----------|------------------------------------|----------------------|----------------|
| | | <p>provide that the dispute resolution procedures under the WESM Rules are to apply to any dispute under or in relation to those rules and regulations; or</p> <p>4. The failure of an entity or entities to act or behave in a manner consistent with the WESM Rules;</p> <p>5. An obligation to settle payment under the WESM Rules; or</p> <p>6. The failure of a person to become registered as a WESM Member.</p> <p>(b) The DRG shall perform all other functions and duties referred to in the WESM Rules and in accordance with applicable laws and rules.</p> | <p>rules and regulations issued by the DOE and ERC under the Act, where such rules and regulations provide that the dispute resolution procedures under the WESM Rules are to apply to any dispute under or in relation to those rules and regulations; or</p> <p>4. (iv) The failure of an entity or entities to act or behave in a manner consistent with the WESM Rules; <u>or</u></p> <p>5. (v) An obligation to settle payment under the WESM Rules; <u>or</u></p> <p>6. The failure of a person to become registered as a WESM Member.</p> <p>(b) The DRG shall perform all other functions and duties referred to in the WESM Rules and in accordance with applicable laws and rules.</p> | | | | | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| Dispute Resolution Group | 9.05 | <p>Section 9.05 Term of Office. The term of office of the members of the DRG shall be appointed for three (3) years. Members of the DRG may be eligible for reappointment but in no case shall his reappointment be made for more than two consecutive terms.</p> <p>Any member whose term of office expires while he is a member of a Dispute Resolution Panel involved in the arbitration or other resolution of an ongoing dispute, shall continue to hold the position and shall be obliged to complete his or her functions as a member of such panel with respect to such dispute only, when highly necessary, for the immediate resolution of the dispute and upon reasonable determination of the DRA.</p> | <p>Section 9.05 9.4 Term of Office. The term of office of the members of the DRG shall be appointed for three (3) years. Members of the DRG may be eligible for reappointment but in no case shall his reappointment be made for more than two consecutive terms.</p> <p>Any member whose term of office expires while he is a member of a Dispute Resolution Panel involved in the arbitration or other resolution of an ongoing dispute, shall continue to hold the position and shall be obliged to complete his or her functions as a member of such panel with respect to such dispute only, when highly necessary, for the immediate resolution of the dispute and upon reasonable determination of the DRA.</p> | <ul style="list-style-type: none"> To reflect amendments as per DOE DC No. 2018-05-0016 Enhancement and re-numbering due to deletion of Section 9.01 and for consistency with the format of Market Manuals | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|--------------------------|---------|--|---|--|---|---|---|--|
| | | Service of a member for not more than one year shall not be considered one term. | <p>Service of a member for not more than one year shall not be considered one term.</p> <p><u>The DRA shall be appointed for a fixed term of five (5) years and shall be eligible for re-appointment for one additional fixed term.</u></p> | | | | | |
| Dispute Resolution Group | 9.06 | Section 9.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. | <p>Section 9.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof.</p> | A general provision on filling-up vacancies is added as Section 3.1.2. | | | | Adopt proposal. |
| | 9.07 | Section 9.07 Conduct of Business, Voting and Procedure. The Dispute Resolution Group may promulgate its own rules of procedure in accordance with the purpose for which each PEM Committee is created and always consistent with the EPIRA, the WESM Rules, the PEMC Charter and these Guidelines. The dispute resolution process shall be guided by the following rules and/or by a process as may be applicable based on | <p>Section 9.07 9.7 Conduct of Business, Voting and Procedure. The Dispute Resolution Group Administrator may promulgate its own rules of procedure in accordance with the purpose for which each PEM WESM Governance Committee is created and always consistent with the EPIRA, the WESM Rules, the PEMC Charter Articles of Incorporation its By-Laws and these Guidelines. The dispute resolution process</p> | <ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • To reflect amendments as per DOE DC No. 2018-05-0016 • Consistent with the previous amendments of the MSC approved by the RCC (Resolution 18-06) and PEM Board (Resolution 2018- | <p>MERALCO:</p> <p>For consistency of re-numbering; the previous item was 9.4</p> | <p>MERALCO:</p> <p>Section 9.07 9.75 Conduct of Business, Voting and Procedure. xxx</p> | OK with MERALCO's proposed renumbering. | Adopt proposal and MERALCO's revision. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|--|---|--|----------|------------------------------------|----------------------|----------------|
| | | <p>generally accepted procedure in dispute resolution:</p> <p>(a) The presence of majority of all members of the Dispute Resolution Panel shall constitute a quorum for the transaction of business.</p> <p>(b) The majority vote of all members of the Dispute Resolution Panel is required to constitute a valid Dispute Resolution Panel decision. In case of disagreement, absence of a member or a vacancy, no decision shall be valid except made by a unanimous vote of the majority of all members of the Dispute Resolution Panel.</p> <p>(c) In case of a vacancy or absence of a member of the Dispute Resolution Panel, the remaining members shall continue to perform its functions and duties provided that there is a quorum. Otherwise, the</p> | <p>shall be guided by the following <u>applicable</u> rules and/or by a process <u>and processes</u> as may be applicable based on <u>the Dispute Resolution Manual</u>. <u>generally accepted procedure in dispute resolution:</u></p> <p>(a) The presence of majority of all members of the Dispute Resolution Panel shall constitute a quorum for the transaction of business.</p> <p>(b) The majority vote of all members of the Dispute Resolution Panel is required to constitute a valid Dispute Resolution Panel decision. In case of disagreement, absence of a member or a vacancy, no decision shall be valid except made by a unanimous vote of the majority of all members of the Dispute Resolution Panel.</p> <p>(c) In case of a vacancy or absence of a member of the Dispute</p> | <p>03-05), which are currently for DOE approval.</p> <ul style="list-style-type: none"> Enhancement and re-numbering due to deletion of Sections 9.01 and 9.06, and for consistency with the format of Market Manuals | | | | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|---|---|-----------|----------|------------------------------------|----------------------|----------------|
| | | <p>Dispute Resolution Administrator must appoint replacement of such member in the Dispute Resolution Panel to be selected from among the members of the Dispute Resolution Group.</p> <p>(d) In the absence of a Dispute Resolution Panel head / chair for a particular meeting, a temporary head/chair shall be elected by the majority of the members present constituting a quorum subject to the approval of the Dispute Resolution Administrator.</p> <p>(e) The Acting Dispute Resolution Panel chair/head shall serve until a new one is appointed by the Dispute Resolution Administrator.</p> | <p>Resolution Panel, the remaining members shall continue to perform its functions and duties provided that there is a quorum. Otherwise, the Dispute Resolution Administrator must appoint replacement of such member in the Dispute Resolution Panel to be selected from among the members of the Dispute Resolution Group.</p> <p>(d) In the absence of a Dispute Resolution Panel head / chair for a particular meeting, a temporary head/chair shall be elected by the majority of the members present constituting a quorum subject to the approval of the Dispute Resolution Administrator.</p> <p>(e) The Acting Dispute Resolution Panel chair/head shall serve until a new one is appointed by the Dispute Resolution Administrator.</p> | | | | | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|--|----------------|---|--|---|----------|------------------------------------|---|--|
| Standards of Conduct for Members of the Committees | 10 | Article X. Standards of Conduct for Members of the Committees | Article X. Section 10 Standards of Conduct for Members of the Committees | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| | 10.01 | Section 10.01 To enable the PEM Committees to discharge their collective responsibilities under the WESM Rules, each member shall: xxx (g) Avoid actual or potential conflicts of interest by refraining from participating in any activity that could: xxx (iii) Take advantage of his position as member of a PEM Committee in the conduct of an outside business; xxx | Section 10.04 10.1 To enable the PEM WESM Governance Committees to discharge their collective responsibilities under the WESM Rules, each member shall: xxx (g) Avoid actual or potential conflicts of interest by refraining from participating in any activity that could: xxx (iii) Take advantage of his position as member of a PEM WESM Governance Committee in the conduct of an outside business; xxx | <ul style="list-style-type: none"> Reflect that this Market Manual refers solely to WESM Governance Committees Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Standards of Conduct for Members of the Committees | 10.02 10.03 | Section 10.02 A breach of any of the foregoing standards of conduct shall be a ground for termination under Section 4.03 of these Guidelines. | Section 10.02 10.2 A breach of any of the foregoing standards of conduct shall be a ground for termination under Section 4.03 of these Guidelines. | <ul style="list-style-type: none"> To reflect the appropriate parties tasked to evaluate the performance of WESM Governance Committees. | | | Further amendments, for consideration: Section 10.02 10.2 A breach of any of the | Adopt proposal and PEMC's further revisions. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|--|--|---|----------|------------------------------------|--|-----------------|
| | | Section 10.01 Performance Evaluation. The Board, through the PEMC President and with the assistance of the Market Assessment Group, shall regularly evaluate the performance of the Committee in accordance with a standard duly set for this purpose. | 40.03 10.3 Performance Evaluation. The PEM Board, through the PEMC President and with the assistance of the Market Assessment Group , shall regularly evaluate the performance of the WESM Governance Committee in accordance with a standard duly set for this purpose. | <ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • Enhancement and re-numbering for consistency with the format of Market Manuals | | | <p>foregoing standards of conduct shall be a ground for termination disqualification under Section 4.03 4.2 of these Guidelines.</p> <p>Rationale: The Manual currently does not have a Section 4.03. In this regard, the grounds for disqualification under Section 4.2 are suggested to be applied.</p> | |
| | 10.04 | Section 10.04 Committee Honoraria. The President of PEMC has the authority to formulate company policy and guidelines for the grant of privileges, per diems and other benefits for the Committee members and subject to the availability of fund. | Section 10.04 10.4 Committee Honoraria. The President of PEMC PEM Board has the authority to formulate company policy and guidelines for the grant of privileges, per diems and other benefits for the WESM Governance Committee members and subject to the availability of fund. | <ul style="list-style-type: none"> • To reflect the appropriate authority who approves the granting of honoraria and other privileges for WESM Governance Committee members. • Reflect that this Market Manual refers solely to | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|--|---------|--|---|---|----------|------------------------------------|----------------------|-----------------|
| | | | | WESM Governance Committees <ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals | | | | |
| Limitations of Liabilities and Indemnification | 11 | Article XI. Limitations of Liabilities and Indemnification Section 11.01 xxx Section 11.02 xxx | Article XI. Section 11 Limitations of Liabilities and Indemnification Section 11.01 11.1 xxx Section 11.02 11.2 xxx | Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Amendments | 12 | Article XII. Amendments Section 12.01 Any amendments to this Manual on Guidelines Governing the Constitution of the PEM Board Committees shall be approved by the DOE, following the procedures for changes to Market Manual set out in the WESM Rules and in the relevant Market Manual. | Article XII. Section 12 Amendments Section 12.01 Any amendments to this Manual on Guidelines Governing the Constitution of the PEM Board WESM Governance Committees shall be approved by the DOE, following the procedures for changes to Market Manual set out in the WESM Rules and in the relevant Market Manual. | <ul style="list-style-type: none"> Reflect that this Market Manual refers solely to WESM Governance Committees Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Separability Clause | 13 | Article XIII. Separability Clause | Article XIII. Section 13 Separability Clause | <ul style="list-style-type: none"> Reflect that this Market Manual refers solely to | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-----------------------------|------------|---|--|---|----------|------------------------------------|----------------------|-----------------|
| | | <p>Section 13.01 Should any provision or section of this Manual on Guidelines Governing the Constitution of the PEM Board Committees be declared unconstitutional or contrary to law, the parts not so declared shall remain in full force and effect.</p> | <p>Section 13.01 Should any provision or section of this Manual on Guidelines Governing the Constitution of the PEM Board WESM Governance Committees be declared unconstitutional or contrary to law, the parts not so declared shall remain in full force and effect.</p> | <p>WESM Governance Committees</p> <ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals | | | | |
| Publication and Effectivity | 14 | <p>Article XIV. Publication and Effectivity</p> <p>Section 14.01 This Market Manual, as it may be amended from time to time, shall be published in the market information website maintained by the Market Operator.</p> <p>This Market Manual or any amendments thereto shall become effective upon approval of the DOE in accordance with the WESM Rules Clause 8.6.4. The date of effectivity shall be indicated in this document.</p> | <p>Article XIV. Section 14 Publication and Effectivity</p> <p>Section 14.01 This Market Manual, as it may be amended from time to time, shall be published in the PEMC Website market information website maintained by the Market Operator.</p> <p>This Market Manual or any amendments thereto shall become effective upon approval of the DOE in accordance with the WESM Rules Clause 8.6.4. The date of effectivity shall be indicated in this document.</p> | <ul style="list-style-type: none"> To differentiate the market information website from the PEMC website, wherein all Market Rules and Manuals are published by PEMC as the governing body of WESM Enhancement and re-numbering for consistency with the format of Market Manuals | | | | Adopt proposal. |
| Nomination Form | APPENDIX A | Nomination to: Dispute Resolution Group | [Change logo to most recent WESM Logo] | <ul style="list-style-type: none"> To reflect amendments as per | | | | Adopt proposal. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|----------------------------|---|---|----------|------------------------------------|----------------------|----------------|
| | | Audit Committee xxx | Nomination to: Dispute Resolution Group <u>Administrator</u> <u>PEM</u> Audit Committee xxx | DOE DC No. 2018-05-0016 <ul style="list-style-type: none"> Consistent with the previously approved by the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). | | | | |

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

Proposed Amendments to the WESM Rules and WESM Manual on Management on Must-Run and Must-Stop Units regarding the Effectivity of DOE-Approved Settlement of Displaced Generators

A. WESM Manual on Must-Run and Must-Stop Units Issue 8.0 (for current market design)

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---|---------|---|--|--|---|------------------------------------|--|--|
| Settlement of Displaced Generators | 10.0 | Generating plants that do not follow the instructions of the System Operator to reduce their target loading for a particular trading interval and continue to generate shall be tagged as MSUs and shall pay the displaced Generators, if any during the said interval. A list of displaced plants shall be generated by the Market Operator from the Dispatch Deviation Report provided by the System Operator. Displaced plants will be identified using the WMOT in the interval where an MSU was tagged by the System Operator. The Market Operator will facilitate the | <p><u>This section shall be effective only until the commencement of the enhanced market design to be determined by the DOE.</u></p> <p>Generating plants that do not follow the instructions of the System Operator to reduce their target loading for a particular trading interval and continue to generate shall be tagged as MSUs and shall pay the displaced Generators, if any during the said interval. xxx</p> | To align with ERC Order on the disapproval of the settlement for Displaced Generators. | <p>IEMOP:</p> <p>With the deletion of MSU from the manual, and ERC Order dismissing the settlement of DGs, it is suggested to delete the whole section which context implies that MSUs shall pay displaced generators.</p> <p>APC:</p> <p>Kindly clarify the applicability of this section to Must Dispatch Units</p> | | <p>For IEMOP:</p> <p>Retaining Section 10 gives basis for Trading Participants identified as Displaced Generators for claiming compensation under the current market regime, which may or may not be through the WESM's settlement mechanism.</p> <p>For APC:</p> <p>This section pertains only to situations when some generators</p> | Delete entire Section 10 and make numbering adjustments in the Manual. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|--|--------------------|-----------|--|--|--|----------------|
| | | <p>process of payment to the Displaced Generators by the corresponding MSUs in accordance with the formula stated in this Manual. Any adjustment in the settlement shall be included in the final billing statement.</p> | | | <p>which are intermittent in nature. Hence, there might be intervals that it could displace a generator.</p> <p><i>(To include decision criteria for Must Dispatch Units to be excluded in the determination of displaced generators.)</i></p> <p>SPC:</p> <p>Our Power Plant Facilities usual experience in the Visayas Grid is that the NGCP-VSO advised our Power Plant to delay our synchronization or reduce our target loading (Real Time</p> | <p>SPC:</p> <p><u>This section shall be effective only until the commencement of the enhanced market design to be determined by the DOE.</u></p> <p>Generating plants that do not follow</p> | <p>are displaced caused by MSUs who, by definition, are <u>non-compliant</u> with their RTD schedules and SO instructions during a dispatch interval (intra-hour).</p> <p>Only when Must-Dispatch Generating Units are non-compliant could they be likewise impacted by this section.</p> <p>For SPC:</p> <p>Suggest to retain original proposed revision since this section is only specific to compensation of DGs caused by MSUs.</p> <p>A generator who was instructed to</p> | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|-----------|--------------------|-----------|---|--|---|----------------|
| | | | | | <p>Dispatch-RTD) due to the Panay-Negros submarine cable overloading. As we followed the NGCP-VSO dispatch instructions to delay our synchronization or reduce our target loading, we could experience losses specially if our RTD is intended for our Bilateral Contract Quantities. With the above situation, our position is that, NGCP-VSO should tag our Power Plant Facilities as Displaced Generators so that the Market Operator can easily facilitate the process for payment to us as</p> | <p>the instructions of the System Operator to reduce their target loading for a particular trading interval and continue to generate shall be tagged as MSUs and shall pay the displaced Generators, if any during the said interval. <u>Consequently, the Generating plants that follow the instructions of the System Operator to delay their synchronization or reduce their target loading for a particular trading interval will be tagged as Displaced Generators.</u> xxx</p> | <p>reduce its target loading due to transmission line limitations may only claim for compensation (as far as this section is concerned) if it was established that an MSU caused such overloading resulting to that generator being displaced. Otherwise, this section cannot be applied.</p> | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|-----------|--------------------|-----------|--|------------------------------------|---|----------------|
| | | | | | <p>"Displaced Generators".</p> <p>Alsons:</p> <p>How should a DG will be paid? Is it the energy difference that it should be generated based on its schedule or the MW difference of its schedule before and after the instructions received from the System operator?</p> <p>The price to be used for the compensation of DGs.</p> | | <p>For Alsons:</p> <p>Per Section 10.1 of this Manual, a DG's compensation will be equivalent to the difference between the Ex-Ante Quantity and the Metered Quantity of that DG, multiplied by the ex-post price, provided that the ex-post price is positive.</p> <p>Further, there will be no payment to the DG if the difference between the Ex-Ante Quantity and the adjusted Metered Quantity is less than the</p> | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
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| | | | | | | | approved dispatch tolerance. | |

B. WESM Rules (as amended per DOE DC2019-12-0017 dated 04 December 2019)

| Title | Clause | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|---------------------------------------|---------|--|--|--|--|------------------------------------|---|-----------------|
| Dispatch Conformance Standards | 3.8.5.6 | In cases when a <i>generating unit</i> was identified as a <i>Must-Stop Unit</i> , the <i>System Operator</i> shall include such in the Dispatch Deviation Report. | In cases when a <i>generating unit</i> was identified as a <i>Must-Stop Unit</i> <u>does not comply with its dispatch schedule</u> , the <i>System Operator</i> shall include such in the Dispatch Deviation Report. | <ul style="list-style-type: none"> To align with ERC Order on the Disapproval of payment mechanism for Displaced Generators. This is consistent with Section 14.4.2 of the Dispatch Protocol Issue 13. To ensure that the System | <p>Alsons:</p> <p>The phrase “<u>does not comply with its dispatch schedule</u>” must be clarified that a generating unit generated more than its dispatch schedule.</p> | | <p>For Alsons:</p> <p>Non-compliance with dispatch schedule also encompass those generators who fall short of their target loading level.</p> <p>Suggest to retain original proposed revision.</p> | Adopt proposal. |

| Title | Clause | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|----------|--------|---|--|---|----------|------------------------------------|----------------------|-----------------|
| | | | | Operator shall still document non-compliant generating units in its regular Report. | | | | |
| Glossary | | Must-Stop Unit (MSU). A generating unit identified and instructed by the <i>System Operator</i> to reduce the provision of energy due to its non compliance of the <i>Dispatch Schedule</i> to address or prevent possible threat to the System Security requirements of the Grid. | Must-Stop Unit (MSU). A generating unit identified and instructed by the <i>System Operator</i> to reduce the provision of energy due to its non compliance of the <i>Dispatch Schedule</i> to address or prevent possible threat to the System Security requirements of the Grid. | To align with ERC Order on the Disapproval of payment mechanism for Displaced Generators. | | | | Adopt proposal. |

Proposed Amendments to the WESM Rules on the Management of Net Settlement Surplus for the Implementation of ERC Resolution No. 07 Series of 2019 entitled “A Resolution Adopting Amendments to the Rules for the Distribution of Net Settlement Surplus (NSS)”

| WESM Rules | | | | | | | | |
|--------------------------------|-----------|---|--|---|----------|------------------------------------|----------------------|-----------------|
| Title | Clause | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| Treatment of Remaining Surplus | 3.13.16.1 | If the transactions required by clauses 3.13.14.2 (a), (b) and (d), in aggregate, result in a surplus or deficit remaining, this will be known as the <i>net settlement surplus</i> . | If the transactions required by clauses 3.13.14.2 (a), (b) and (d), in aggregate, result in a surplus or deficit remaining, this will be known as the <i>net settlement surplus</i> <u>or net settlement deficit.</u> | For harmonization with the definition of NSS and NSD of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| Treatment of Remaining Surplus | 3.13.16.2 | The net settlement surplus: | The <i>net settlement surplus</i> or <u>net settlement deficit.</u> | For harmonization with the definition of NSS and NSD of ERC Resolution No. 7 Series of 2019 Provisions for the retention of NSS was removed in previous version of Amended Rules for the Distribution of Net Settlement Surplus (ERC Resolution No. 1 Series of 2018). | | | | Adopt proposal. |

| WESM Rules | | | | | | | | |
|------------|--------|--|--|-----------|----------|------------------------------------|----------------------|----------------|
| Title | Clause | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| | | <p>(a) May be retained by the Market Operator, to fund deficit as a result of transactions required in clauses 3.13.14, or may be flowed back to the Market Participants in accordance with the procedures to be developed under 3.13.16.3, or may be used by the Market Operator to establish and support the market for Financial Transmission Rights subject to the approval of the PEM Board; and,</p> <p>(b) Shall be clearly accounted for and taken into account when setting the allowable charges under any regulatory instruments applying to the <i>Market Operator</i> and the <i>System operator</i>.</p> | <p>(a) May be retained by the Market Operator, to fund deficit as a result of transactions required in clauses 3.13.14, or May be flowed back to the Market Participants in accordance with the procedures to be developed under 3.13.16.3, or may be used by the Market Operator to establish and support the market for Financial Transmission Rights subject to the approval of the PEM Board; and,</p> <p>(b) Shall be clearly accounted for and taken into account when setting the allowable charges under any regulatory instruments applying to the <i>Market Operator</i> and the <i>System operator</i>.</p> | | | | | |

| WESM Rules | | | | | | | | |
|-------------------|----------|---|--|---|---|---|--|-----------------------------|
| Title | Clause | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| Definition of NSS | Glossary | Net Settlement Surplus. The settlement surplus remaining after all market transactions have been accounted for, including the assignment of transmission line rentals to Network Service Providers. This remainder is assumed to be attributable to economic rentals arising from other binding constraints, and accounted for in accordance with clause 3.13.16. | Net Settlement Surplus or Deficit . The settlement surplus or deficit remaining after all market transactions have been accounted for, including the assignment of transmission line rentals to Network Service Providers. This remainder is assumed to be attributable to economic rentals arising from other binding constraints, and accounted for in accordance with clause 3.13.16. | For harmonization with the definition of NSS and NSD of ERC Resolution No. 7 Series of 2019 | Technical Committee: Kindly use NSS and NSD are consistently used in this document. | Technical Committee: Net Settlement Surplus or Net Settlement Deficit . The settlement surplus or settlement deficit remaining after all market transactions have been accounted for, including the assignment of transmission line rentals to Network Service Providers. This remainder is assumed to be attributable to economic rentals arising from other binding constraints, and accounted for in accordance with clause 3.13.16. | Technical Committee: We agree with TC's proposed revision. | Adopt TC's revised wording. |

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|------------------|---------|---|--|---|--|---|--|------------------------|
| References | 2.2 | This document should be read together with the – XXX e) <i>Energy Regulatory Commission Resolution No. 6, Series of 2009, A Resolution Adopting the Rules for the Distribution of Net Settlement Surplus.</i> | This document should be read together with the – XXX e) <i>Energy Regulatory Commission Resolution No. 6⁷, Series of 2009²⁰¹⁹, A Resolution Adopting Amendments to the Rules for the Distribution of <i>Net Settlement Surplus (NSS)</i>.</i> | To refer to the latest ERC issuance amending the NSS Rules | | | | Adopt proposal. |
| Responsibilities | 3.1.1 | In accordance with WESM Rules Clause 3.13.12.3, the Market Operator shall: XXX | In accordance with WESM Rules Clause 3.13.12 16 .3, the Market Operator shall: XXX | To reflect the appropriate clause number of the WESM Rules providing the responsibilities of the Market Operator on the NSS | PEMC: To harmonize with Article VIII of ERC Resolution No. 07 Series of 2019 insert 3.1.2 | PEMC: <u>3.1.2 In accordance with ERC Resolution No. 07, Series of 2019, the Market Operator shall:</u> <u>a). Ensure the accurate implementation of the Rules including the corresponding NSS/NSD re-distribution pursuant to Articles III, IV, V and VI of</u> | PEMC: We agree with PEMC's proposed insertion. | Adopt PEMC's addition. |

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| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| | | | | | | <p><u>this resolution;</u> <u>and</u></p> <p><u>b) Liable for any erroneous implementation of the formula as contained in this resolution.</u></p> | | |
| Ownership of Net Settlement Surplus | 4.2 | OWNERSHIP OF NET SETTLEMENT SURPLUS | OWNERSHIP OF NET SETTLEMENT SURPLUS <u>RE-DISTRIBUTION OF NET SETTLEMENT SURPLUS/DEFICIT</u> | To adopt the wording of Article IV of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| Ownership of Net Settlement Surplus | 4.2 | 4.2.1 WESM Participants that paid for the loss and congestion charge shall receive a share in the net settlement surplus. Pursuant to ERC Resolution No. 01 Series of 2018, the net settlement surplus (NSS) shall be allocated to Direct WESM Members as follows: a) Distribution Utilities (DUs); b) Retail Energy Suppliers (RES), including Local RES and Supplier | <u>4.2.1 Pursuant to Article IV Section 1 of ERC Resolution No. 7 Series of 2019, the Net Settlement Surplus (NSS) or Net Settlement Deficit (NSD) shall be billed to Direct WESM Members including, but not limited to, the following entities:</u> a) <u>Distribution Utilities (DUs);</u> b) <u>Retail Electricity Suppliers (RES), including Local RES and the Supplier of Last Resort (SoLR), and other electricity suppliers;</u> | For harmonization with Article IV of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |

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| | | <p>of Last Resort (SoLR) and other electricity suppliers;</p> <p>c) Generation Companies that acted as end-users or made withdrawal from the grid;</p> <p>d) Independent Power Producer (IPP) Administrators who will be assigned Contracts for the Supply of Electric Energy (CSEE) and assume the default wholesale supply functions for the assigned TSC Customers; and</p> <p>e) Other parties which have acted as end-users and paid line loss and congestion charges.</p> <p>4.2.2 Any NSS allocated to the DUs shall be subject to immediate re-distribution to the</p> | <p><u>c) <i>Generation Companies;</i></u> <u>d) <i>IPP Administrators;</i></u> <u>and</u> <u>e) <i>Other parties registered as <i>Direct WESM Members</i></i></u></p> <p><u>4.2.2 The total of the hourly NSS and/or NSD allocation for every billing period shall be reflected immediately as a deduction to or an adjustment to the total settlement amount of the <i>Direct WESM Member</i>, whether for its own <i>WESM</i> transactions or on behalf of its <i>Indirect WESM Member</i>. This shall be correspondingly re-distributed to the <i>end-users</i> at the retail level as part of the monthly generation rate pursuant to their corresponding power supply agreements approved by the <i>Energy Regulatory Commission</i>.</u></p> <p><u>4.2.3 NSS/NSD allocation corresponding to adjustments for transactions prior to the switching of an <i>Indirect WESM Member</i> to another <i>Direct Member</i> shall</u></p> | | | | | |

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| | | <p>corresponding End-users at the retail level.</p> <p>4.2.3 Any NSS allocated to the RES shall be subject to immediate re-distribution to the corresponding End-users in the retail electricity market.</p> <p>4.2.4 Any NSS allocated to a <i>Direct WESM Member</i> on behalf of its <i>Indirect WESM Member</i> shall be subject to immediate re-distribution to the corresponding <i>Indirect WESM Member</i>.</p> <p>4.2.5 When prices in the <i>WESM</i> are administered <i>i.e.</i>, upon the occurrence of Market Intervention, Market Suspension, or implementation of Secondary Price Cap, there shall be no NSS allocation and re-distribution for the affected trading intervals.</p> | <p><u>be billed to the current <i>Direct WESM Member</i>.</u></p> <p><u>4.2.4 Any NSS/NSD allocation billed to the RES shall be subject to re-distribution to its <i>Contestable Customers</i> pursuant to their <i>Retail Supply Contract</i>.</u></p> <p>WESM Participants that paid for the loss and congestion charge shall receive a share in the net settlement surplus. Pursuant to ERC Resolution No. 01 Series of 2018, the net settlement surplus (NSS) shall be allocated to Direct WESM Members as follows:</p> <ul style="list-style-type: none"> a) Distribution Utilities (DUs); b) Retail Energy Suppliers (RES), including Local RES and Supplier of Last Resort (SoLR) and other electricity suppliers; c) Generation Companies that acted as end-users or made withdrawal from the grid; d) Independent Power Producer (IPP) Administrators who will be assigned Contracts for the Supply of Electric Energy (CSEE) and | | | | | |

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| | | | <p>assume the default wholesale supply functions for the assigned TSC Customers; and</p> <p>e) Other parties which have acted as end-users and paid line loss and congestion charges.</p> <p>4.2.2 Any NSS allocated to the DUs shall be subject to immediate re-distribution to the corresponding End-users at the retail level.</p> <p>4.2.3 Any NSS allocated to the RES shall be subject to immediate re-distribution to the corresponding End-users in the retail electricity market.</p> <p>4.2.4 Any NSS allocated to a <i>Direct WESM Member</i> on behalf of its <i>Indirect WESM Member</i> shall be subject to immediate re-distribution to the corresponding <i>Indirect WESM Member</i>.</p> <p>4.2.5 When prices in the <i>WESM</i> are administered <i>i.e.</i>,</p> | | | | | |

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| | | | upon the occurrence of Market Intervention, Market Suspension, or implementation of Secondary Price Cap, there shall be no NSS allocation and re-distribution for the affected trading intervals. | | | | | |
| Methodology and Procedure | 5.1 | CALCULATION OF NET SETTLEMENT SURPLUS | CALCULATION OF NET SETTLEMENT SURPLUS <u>AND NET SETTLEMENT DEFICIT</u> | For harmonization with ERC Resolution No. 7 Series of 2019, which also includes separate provisions for the calculation of Net Settlement Deficit | | | | Adopt proposal. |
| Methodology and Procedure | 5.1.1 | The adoption of locational marginal pricing for the WESM under different market trading nodes accounts for congestion and losses in the transmission system. As a result, the price differences occur between generator nodes and customer nodes due to the losses and congestion. The surplus resulting from the aggregate WESM settlement transactions in the Net Settlement Surplus. This may also result in a settlement deficit. | The adoption of locational marginal pricing for the WESM under different market trading nodes accounts for congestion and losses in the transmission system. As a result, the price differences occur between generator nodes and customer nodes due to the losses and congestion. The surplus resulting from the aggregate WESM settlement transactions in the Net Settlement Surplus. This may also result in a settlement deficit. <u>The aggregate WESM settlement amount may result in: 1) Net Settlement Surplus which is also known as NSS; or 2) Net</u> | For harmonization with Article II Section 1 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |

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| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| | | | <u>Settlement Deficit which is also known as NSD.</u> | | | | | |
| Methodology and Procedure | 5.1.1.1 (new) | (new) | <u>The Net Settlement Surplus or Net Settlement Deficit amount shall be calculated based on the total trading amount for every trading interval.</u> | For harmonization with Article II of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| Methodology and Procedure | 5.1.1.2 (new) | (new) | <u>The Net Settlement Surplus occurs when the total collectibles exceed the total payables.</u> | For harmonization with Article II of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| Methodology and Procedure | 5.1.1.3 (new) | (new) | <u>The Net Settlement Deficit occurs when the total payables exceed the total collectibles.</u> | For harmonization with Article II of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| Methodology and Procedure | 5.2 | Pursuant to Article II Section 2 of the ERC Resolution No. 01 Series of 2018, the net settlement surplus amount shall be calculated based on the total trading amount for every trading interval as follows: $NSS_k = Collectibles_k - Payables_k$ Where: | Pursuant to Article II Section 2 of the ERC Resolution No. 01 Series of 2018 <u>Article III Section 1 of ERC Resolution No. 07 Series of 2019</u> , the net settlement surplus amount NSS_{Total}/NSD_{Total} shall be <u>determined by getting the difference of the total collectibles ($TA_{Collectibles}$) and the total payables ($TA_{Payables}$):</u> calculated based on the total trading amount for every trading interval as follows $NSS_k = Collectibles_k - Payables_k$ | For harmonization with Article III Section 1 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |

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| | | <p>$NSS_k =$ <i>Net Settlement Surplus for trading interval k</i></p> <p>Collectibles = total amount to be collected by the <i>Market Operator</i> from the <i>Trading Participants</i> for <i>energy</i> transactions in the market (including loss and congestion charges for both spot and bilateral quantities) for all <i>nodes</i> at <i>trading interval k</i></p> <p>Payables = total amount to be paid by the <i>Market Operator</i> to the <i>Trading Participants</i> for <i>energy</i> transactions in the market (including loss and congestion charges) for all nodes at <i>trading interval k</i></p> <p>$k =$ hourly <i>trading interval</i></p> | <p><u>$NSS_{Total,i}/NSD_{Total,i} = TA_{Collectibles,i} - TA_{Payables,i}$</u></p> <p>Where:</p> <p>$NSS_k =$ <i>Net Settlement Surplus for trading interval k</i></p> <p>Collectibles = total amount to be collected by the <i>Market Operator</i> from the <i>Trading Participants</i> for <i>energy</i> transactions in the market (including loss and congestion charges for both spot and bilateral quantities) for all <i>nodes</i> at <i>trading interval k</i></p> <p>Payables = total amount to be paid by the <i>Market Operator</i> to the <i>Trading Participants</i> for <i>energy</i> transactions in the market (including loss and congestion charges) for all nodes at <i>trading interval k</i></p> <p>$k =$ hourly <i>trading interval</i></p> <p><u>$NSS_{Total,i}/NSD_{Total,i} =$ Total Net Settlement Surplus/Deficit, in PhP, for trading interval i</u></p> <p><u>$TA_{Collectibles,i} =$ Total trading amount, in PhP, to be collected by the <i>Market</i></u></p> | | | | | |

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| | | | <u>Operator from the Trading Participants for trading interval i</u> <u>TA_{Payables} = Total trading amount, in PhP, to be paid by the Market Operator to the Trading Participants for trading interval i</u> <u>i = trading interval</u> | | | | | |
| <u>DERIVATION OF NET SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT</u> | 5.2 | NET SETTLEMENT DEFICIT | <u>NET SETTLEMENT DEFICIT DERIVATION OF NET SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT</u> | For harmonization with Article III of ERC Resolution No. 7 Series of 2019. The original Section 5.2 is suggested to be replaced by the proposed revisions and the proposed new provisions of section 5.2 of this manual. | <u>Technical Committee:</u> It turns out, the left-hand side (which looks like a ratio) is a single variable. Better use the word "or" than "/". Do this to other formulae to avoid confusion. | <u>Technical Committee:</u> <u>NSS_{Total,i} or NSD_{Total,i} = TA_{Collectibles,i} - TA_{Payables,i}</u> | <u>Technical Committee:</u> We agree with TC's proposed revisions. | Adopt TC's revision. |
| <u>DERIVATION OF NET SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT</u> | 5.2.1 | The net settlement surplus may be retained by the Market Operator to fund deficit settlement, pursuant to WESM Rules Clause 3.13.16.2(a). Since the issuance of the settlement statements are on monthly basis, the formula for calculation of the net settlement surplus presented in Section 5.1 | <u>Pursuant to Article III Section 2 of ERC Resolution No. 07 Series of 2019, allocation of the NSS/NSD shall be based on the cause of the surplus (e.g., surplus transmission loss payment, surplus congestion payment, among others). As such, the NSS/NSD calculation is disaggregated into NSS/NSD due to losses (NSS_{Loss}) and</u> | For harmonization with Article III of ERC Resolution No. 7 Series of 2019 | | <u>Technical Committee:</u> <u>NSS_{Total,D,i} or NSD_{Total,D,i} = NSS/NSD_{Loss,i} + NSS/NSD_{Congestion,i}</u> | <u>Technical Committee:</u> We agree with TC's proposed revisions. | Adopt TC's revision. |

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| | | <p>of this document automatically takes the deficit into account. Thus, the resulting calculation presented in the statements already netted out the deficit.</p> | <p><u>the NSS/NSD due to congestion ($NSS_{Congestion,i}$), which are allocated separately. The following formula illustrates the components of the disaggregated NSS/NSD:</u></p> <p>$\frac{NSS_{Total,D,i}}{NSD_{Total,D,i}} = \frac{NSS}{NSD_{Loss,i} + NSS/NSD_{Congestion,i}}$</p> <p><u>$\frac{NSS_{Total,D,i}}{NSD_{Total,D,i}} = \text{Sum of disaggregated Net Settlement Surplus/Deficit due to transmission loss and congestion, in PhP, for trading interval } i$</u></p> <p><u>$\frac{NSS_{Loss,i}}{NSD_{Loss,i}} = \text{Net Settlement Surplus/Deficit due to transmission loss payments, in PhP, for trading interval } i$</u></p> <p><u>$\frac{NSS_{Congestion,i}}{NSD_{Congestion,i}} = \text{Net Settlement Surplus/Deficit due to congestion payments, in PhP, for trading interval } i$</u></p> <p>The net settlement surplus may be retained by the Market Operator to fund deficit settlement, pursuant to WESM Rules Clause 3.13.16.2(a). Since the issuance of the</p> | | | | | |

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| | | | <p>settlement statements are on monthly basis, the formula for calculation of the net settlement surplus presented in Section 5.1 of this document automatically takes the deficit into account. Thus, the resulting calculation presented in the statements already netted out the deficit.</p> | | | | | |
| <p><u>DERIVATION OF NET SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT</u></p> | <p>5.2.2</p> | <p>It is possible that a net settlement deficit rather than a surplus will occur. That is, for certain trading intervals the sum of the trading amounts at the generator nodes (i.e., payments) is greater than the trading amounts at the load or Customer nodes (i.e., collections). This deficit may occur because of differences between the ex-ante and ex-post energy trading amounts, which are due, in turn, to un-realized schedules and resulting price differences during real time (i.e., ex-post). These occurrences are beyond the control of the Market Operator and are brought about by offer and bid structures</p> | <p><u>In order to determine NSS_{Loss}/NSD_{Loss} and $NSS_{Congestion}/NSD_{Congestion}$ the trading amounts shall also be disaggregated among its components. Based on the components of the locational marginal prices (LMP), the trading amounts collected and paid by the Market Operator for each trading participant shall be disaggregated as follows:</u></p> $TA_{Payable,P,i}/TA_{Collectible,P,i} = TA_{Energy,P,i} + TA_{Loss,P,i} + TA_{Congestion,P,i}$ <p><u>Where:</u></p> | <p>For harmonization with Article III of ERC Resolution No. 7 Series of 2019</p> | <p><u>Technical Committee:</u></p> <p>It turns out, the left-hand side (which looks like a ratio) is a single variable. Better use the word "or" than "/". Do this to other formulae to avoid confusion.</p> | | <p><u>Technical Committee:</u></p> <p>We agree with TC's proposed revisions.</p> | <p>Adopt TC's revision.</p> |

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| | | submitted to the market by the Trading Participants. | <p>$TA_{Payable,P,i}/TA_{Collectible,P,i} =$ <u>Trading amount of Trading Participant P, in PhP, for trading interval i</u></p> <p>$TA_{Energy,P,i} =$ <u>Trading amount for energy of Trading Participant P, in PhP, for trading interval i</u></p> <p>$TA_{Loss,P,i} =$ <u>Trading amount for transmission loss of Trading Participant P, in PhP, for trading interval i</u></p> <p>$TA_{Congestion,P,i} =$ <u>Trading amount for congestion of Trading Participant P, in PhP, for trading interval i</u></p> <p>It is possible that a net settlement deficit rather than a surplus will occur. That is, for certain trading intervals the sum of the trading amounts at the generator nodes (i.e., payments) is greater than the trading amounts at the load or Customer nodes (i.e., collections). This deficit may occur because of differences between the ex-ante and ex-post energy trading amounts,</p> | | | | | |

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| | | | <p>which are due, in turn, to unrealized schedules and resulting price differences during real time (i.e., ex-post). These occurrences are beyond the control of the Market Operator and are brought about by offer and bid structures submitted to the market by the Trading Participants.</p> | | | | | |
| <p><u>DERIVATION OF NET SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT</u></p> | <p><u>5.2.2.1</u> (new)</p> | <p>(new)</p> | <p><u>Trading amount for energy (TA_{Energy}) shall be computed as follows:</u></p> $TA_{Energy,p,i} = \left(EAQ_{p,i} - \sum_{c \in C} BCQ_{p,c,i} \right) * \lambda_{RTD,p,i} + (MQ_{p,i} - EAQ_{p,i}) * \lambda_{RTX,p,i} + \sum_{c \in C} BCQ_{p,c,i} * (\lambda_{RTD,p,i} - \lambda_{RTD,s,i})$ <p><u>Where:</u></p> | <p>For harmonization with Article III of ERC Resolution No. 7 Series of 2019</p> | | | | <p>Adopt proposal.</p> |

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| | | | <p><u>$\lambda_{RTD/RTX,p,i}$ = Applicable ex-ante (RTD) or ex-post (RTX) system marginal price (SMP) of resource p for trading interval i</u></p> <p><u>$\lambda_{RTD,s,i}$ = Ex-ante (RTD) system marginal price (SMP) of selling counterparty resource s (on the bilateral contract between resource p and counterparty c) for trading interval i</u></p> <p><u>$EAQ_{p,i}$ = Ex-ante quantity, in MWh, of resource p for trading interval i</u></p> <p><u>$BCQ_{p,c,i}$ = Bilateral contract quantity, in MWh, of the bilateral contract between resource p and counterparty c for trading interval i</u></p> <p><u>$MQ_{p,i}$ = Metered quantity, in MWh, of between resource p trading interval i</u></p> <p><u>c = Counterparty of resource p</u></p> <p><u>C = Set of all counterparties of resource p</u></p> | | | | | |

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| | | | <p><i>p</i> = Any resource of <i>Trading Participant P</i></p> <p><i>i</i> = <i>trading interval</i></p> | | | | | |
| <p><u>DERIVATION OF NET SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT</u></p> | <p>5.2.2.2 (new)</p> | <p>(new)</p> | <p><i>Trading amount for transmission loss (TA_{Loss}) shall be computed as follows:</i></p> $TA_{Loss,p,i} = \left(EAQ_{p,i} - \sum_{c \in C} BCQ_{p,c,i} \right) * MTLP_{RTD,p,i} \pm (MQ_{p,i} - EAQ_{p,i}) * MTLP_{RTX,p,i} + \sum_{c \in C} BCQ_{p,c,i} * (MTLP_{RTD,p,i} - MTLP_{RTD,s,i})$ <p><u>Where:</u></p> <p>$MTLP_{RTD/RTX,p,i}$ = Applicable ex-ante (RTD) or ex-post (RTX) marginal transmission loss price (MTLP) of resource <i>p</i> for trading interval <i>i</i></p> | | | | | <p>Adopt proposal.</p> |

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| | | | <p><u>$M_{RTD,s,i}$</u> = Ex-ante (RTD) marginal transmission loss price (MTLP) of selling counterparty resource s (on the <i>bilateral contract</i> between resource p and counterparty c) for trading interval i</p> <p><u>$EAQ_{p,i}$</u> = Ex-ante quantity, in MWh, of resource p for trading interval i</p> <p><u>$BCQ_{p,c,i}$</u> = Bilateral contract quantity, in MWh, of the <i>bilateral contract</i> between resource p and counterparty c for trading interval i</p> <p><u>$MQ_{p,i}$</u> = Metered quantity, in MWh, of between resource p trading interval i</p> <p>c = Counterparty of resource p</p> <p>C = Set of all counterparties of resource p</p> <p>p = Any resource of Trading Participant P</p> <p>i = trading interval</p> | | | | | |
| <u>DERIVATION OF NET SETTLEMEN</u> | <u>5.2.2.3</u> | (new) | <u>Trading amount for congestion ($TA_{Congestion}$)</u> | For harmonization with Article III of ERC | | | | Adopt proposal. |

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| <p>T SURPLUS AND NET SETTLEMENT DEFICIT</p> | <p>(new)</p> | | <p>shall be computed as follows:</p> $TA_{Congestion,p,i} = \left(EAQ_{p,i} - \sum_{c \in C} BCQ_{p,c,i} \right) * MCP_{RTD,p,i} + (MQ_{p,i} - EAQ_{p,i}) * MCP_{RTX,p,i} + \sum_{c \in C} BCQ_{p,c,i} * (MCP_{RTD,p,i} - MCP_{RTD,s,i})$ <p>Where:</p> <p>$MCP_{RTD/RTX,p,i}$ = Applicable ex-ante (RTD) or ex-post (RTX) marginal congestion price (MCP) of resource p for trading interval i</p> <p>$MCP_{RTD,s,i}$ = Ex-ante (RTD) marginal congestion price (MCP) of selling counterparty resource s (on the bilateral contract between resource p</p> | <p>Resolution No. 7 Series of 2019</p> | | | | |

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| | | | <p><u>and counterparty c) for trading interval i</u></p> <p><u>$EAQ_{p,i}$ = Ex-ante quantity, in MWh, of resource p for trading interval i</u></p> <p><u>$BCQ_{p,c,i}$ = Bilateral contract quantity of the bilateral contract between resource p and counterparty c for trading interval i</u></p> <p><u>$MQ_{p,i}$ = Metered quantity, in MWh, of between resource p trading interval i</u></p> <p><u>c = Counterparty of resource p</u></p> <p><u>C = Set of all counterparties of resource p</u></p> <p><u>p = Any resource of Trading Participant P</u></p> <p><u>i = trading interval</u></p> | | | | | |
| <p><u>DERIVATION OF NET SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT</u></p> | <p><u>5.2.3</u> (new)</p> | <p>(new)</p> | <p><u>Net Settlement Surplus/Deficit due to line loss payment (NSS_{Loss}/NSD_{Loss}) shall be determined as the difference of the collectibles and the payables for energy and</u></p> | <p>For harmonization with Article III of ERC Resolution No. 7 Series of 2019</p> | | | | <p>Adopt proposal.</p> |

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| | | | <p>transmission loss as shown be the equation below:</p> $\frac{NSS_{Loss,i}}{NSD_{Loss,i}} = \frac{\sum_{cp \in CP} (TA_{Energy,cp,i} + TA_{Loss,cp,i})}{\sum_{pp \in PP} (TA_{Energy,pp,i} + TA_{Loss,pp,i})}$ <p>Where: <u>$NSS_{Loss,i}/NSD_{Loss,i}$ = Net Settlement Surplus/Deficit due to line loss payments, in PhP, for trading interval i</u> <u>TA_{Energy} = Total trading amount of a trading participant for energy, in PhP, for trading interval i</u> <u>TA_{Loss} = Total trading amount of a Trading Participant for transmission loss, in PhP, for trading interval i</u> <u>CP = Set of Trading Participants with collectible trading amounts</u> <u>cp = Trading Participant with collectible trading amount</u> <u>PP = Set of Trading Participants with payable trading amounts</u> <u>pp = Trading Participant with payable trading amount</u> <u>i = trading interval</u></p> | | | | | |
| DERIVATION OF NET | 5.2.4 | (new) | <u>Net Settlement Surplus/Deficit due to</u> | For harmonization with Article III of ERC | | | | Adopt proposal. |

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| SETTLEMENT SURPLUS AND NET SETTLEMENT DEFICIT | (new) | | <p>congestion <i>($NSS_{Congestion,i} / NSD_{Congestion,i}$)</i> shall be calculated as the difference of the collectibles and the payables for congestion as shown below:</p> $\frac{NSS_{Congestion,i}}{NSD_{Congestion,i}} = \frac{\sum_{cp \in CP} TA_{Congestion,cp,i}}{\sum_{pp \in PP} TA_{Congestion,pp,i}}$ <p>Where: $NSS_{Congestion,i} / NSD_{Congestion,i} =$ Net Settlement Surplus/Deficit due to congestion payments, in PhP, for trading interval i $TA_{Congestion} =$ Total trading amount of a trading participant for congestion, in PhP, for trading interval i $CP =$ Set of Trading Participants with collectible trading amounts $cp =$ Trading Participant with collectible trading amount $PP =$ Set of Trading Participants with payable trading amounts $pp =$ Trading Participant with payable trading amount $i =$ trading interval</p> | Resolution No. 7 Series of 2019 | | | | |
| DERIVATION OF NET SETTLEMENT | 5.2.5 (new) | (new) | During trading intervals when there is no computed transmission loss and | For harmonization with Article III of ERC | | | | Adopt proposal. |

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| <p><u>T SURPLUS AND NET SETTLEMENT DEFICIT</u></p> | | | <p><u>congestion, the <i>NSS/NSD</i> shall be computed as follows:</u></p> $\frac{NSS_{NoTLCp,i}}{NSD_{Total,i}} = \frac{TA_{collectibles,i} - TA_{payables,i}}{NSD_{Total,i}}$ <p><u>Where:</u></p> <p><u>$NSS_{NoTLCp,i}/NSD_{NoTLCp,i}$ = Total Net Settlement Surplus/Deficit when there is no calculated transmission loss and congestion payments, in PhP, for trading interval <i>i</i></u></p> <p><u>$TA_{collectibles,i}$ = Total trading amount, in PhP, to be collected by the Market Operator from the Trading Participants for trading interval <i>i</i></u></p> <p><u>$TA_{payables,i}$ = Total trading amount, in PhP, to be paid by the Market Operator to the Trading Participants for trading interval <i>i</i></u></p> <p><u><i>i</i> = trading interval</u></p> | <p>Resolution No. 7 Series of 2019</p> | | | | |
| <p><u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u></p> | <p>5.3</p> | <p>FLOW BACK TO THE PARTICIPANTS</p> | <p><u>FLOW BACK TO THE PARTICIPANTS DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u></p> | <p>To adopt the calculations provided under Article V of ERC Resolution No. 7 Series of 2019.</p> | | | | <p>Adopt proposal.</p> |

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| <p><u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u></p> | <p>5.3.1</p> | <p>The net settlement surplus after funding the deficit settlement will be returned to the WESM Participants. The allocation shall be on a pro-rata basis depending on each recipient's contribution to the total NSS. The monthly amount to be allocated to each recipient shall be equal to the sum of the recipient's NSS allocation amounts computed for all trading intervals in a billing month. A recipient's NSS allocation amount per interval is equal to the total net settlement surplus amount per trading interval multiplied by the ratio of the recipient's line loss and congestion charges payments for the trading interval to the total line loss and congestion charges payments for the trading interval of all recipients. This rule shall apply regardless of the allocation method, whether outright deduction or otherwise.</p> | <p><u>The Market Operator shall allocate the NSS to the Trading Participants that paid for the surplus loss and congestion charges. The allocation shall be determined based on each recipient's contribution to the total NSS_{Loss} and NSS_{Congestion}.</u></p> <p>The net settlement surplus after funding the deficit settlement will be returned to the WESM Participants. The allocation shall be on a pro-rata basis depending on each recipient's contribution to the total NSS. The monthly amount to be allocated to each recipient shall be equal to the sum of the recipient's NSS allocation amounts computed for all trading intervals in a billing month. A recipient's NSS allocation amount per interval is equal to the total net settlement surplus amount per trading interval multiplied by the ratio of the recipient's line loss and congestion charges payments for the trading interval to the total line loss and congestion charges payments for the trading interval of all recipients. This rule shall apply regardless</p> | <p>For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019.</p> | | | | <p>Adopt proposal.</p> |

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| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | 5.3.2 | <p>This is represented by the following formula:</p> $RJ_k = NSS_k \times (\sum LLCC_{j,k} / \sum LLCC_k)$ <p>Where:</p> <p>RJ_k = rebate amount or NSS allocation for <i>Participant J</i> for <i>trading interval k</i></p> <p>NSS_k = <i>Net Settlement Surplus</i> for the <i>trading interval k</i></p> <p>$\sum LLCC_{j,k}$ = sum of the line loss and congestion charges payments of <i>Participant J</i>'s resources for the <i>trading interval k</i></p> <p>$\sum LLCC_k$ = sum of line loss and congestion charges payments of all eligible resources for the <i>trading interval k</i></p> <p>J = any WESM Participant paying line loss congestion charges for which a pro-rated</p> | <p>of the allocation method, whether outright deduction or otherwise.</p> <p><u>The allocation of NSS_{Loss} shall be calculated as follows:</u></p> $\frac{NSS_{Loss,p,i}}{LL_{Spot,p,i} + LL_{LR,p,i}} = \frac{LL_{Spot,p,i} + LL_{LR,p,i}}{\sum (LL_{Spot,i} + LL_{LR,i})} \times NSS_{Loss,i}$ <p><u>Where:</u></p> <p>$NSS_{Loss,p,i}$ = <u>NSS allocation due to line loss payments, in PhP, of resource p for trading interval i</u></p> <p>$LL_{Spot,p,i}$ = <u>Surplus line loss payment for spot transaction, in PhP, of resource p for trading interval i</u></p> <p>$LL_{LR,p,i}$ = <u>Surplus line loss payment for line rental, in PhP, of resource p for trading interval i</u></p> <p>$NSS_{Loss,i}$ = <u>Net Settlement Surplus due to line loss payments, in PhP, for trading interval i</u></p> <p><u>p = Any resource of Trading Participant P</u></p> <p><u>i = trading interval</u></p> | <p>For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019.</p> | | | | <p>Adopt proposal.</p> |

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| | | <p>amount of NSS will be returned or allocated</p> <p><i>j</i> = any resource of <i>Participant J</i> paying line loss and congestion charges for which a line loss and congestion charge payment will be computed</p> <p><i>k</i> = trading interval</p> | <p>This is represented by the following formula:</p> $R_{J,k} = NSS_k \times (\sum LLCC_{j,k} / \sum LLCC_k)$ <p>Where:</p> <p><i>R_{J,k}</i> = rebate amount or NSS allocation for <i>Participant J</i> for trading interval <i>k</i></p> <p><i>NSS_k</i> = Net Settlement Surplus for the trading interval <i>k</i></p> <p>$\sum LLCC_{j,k}$ = sum of the line loss and congestion charges payments of <i>Participant J</i>'s resources for the trading interval <i>k</i></p> <p>$\sum LLCC_k$ = sum of line loss and congestion charges payments of all eligible resources for the trading interval <i>k</i></p> <p><i>J</i> = any WESM Participant paying line loss congestion charges for which a pro-rated amount of NSS will be returned or allocated</p> <p><i>j</i> = any resource of <i>Participant J</i> paying line loss and congestion charges for which a line loss</p> | | | | | |

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| | | | and congestion charge payment will be computed $k = \text{trading interval}$ | | | | | |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | <u>5.3.2.1</u> (new) | (new) | <u>5.3.2.1 LL_{spot} and LL_{LR} shall be determined using the following equations:</u> a) $LL_{spot,p,i} = \frac{[MAX(EAQ_{p,i}, \sum_{c \in C} BCQ_{p,c,i}) \times (MTLP_{RTD,p,i} - GWAMTLP_{RTD,i}) + (MQ_{p,i} - EAQ_{p,i}) \times (MTLP_{RTX,p,i} - GWAMTLP_{RTX,i})]}{\sum_{c \in C} \{BCQ_{p,c,i} \times [MTLP_{RTD,p,i} - MAX(GWAMTLP_{RTD,i}, MTLP_{RTD,p,i})]}$ b) $LL_{LR,p,i} =$ $\sum_{c \in C} \{BCQ_{p,c,i} \times [MTLP_{RTD,p,i} - MAX(GWAMTLP_{RTD,i}, MTLP_{RTD,p,i})]}$ Where: $LL_{spot,p,i}$ = Surplus line loss payment for spot transaction, in PhP, of resource p for trading interval i $LL_{LR,p,i}$ = Surplus line loss payment for line rental, in PhP, of resource p for trading interval i $EAQ_{p,i}$ = Ex-ante quantity, in MWh, of resource p for trading interval i | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |

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| | | | <p><u>$BCQ_{p,c,i}$</u> = <u>Bilateral contract quantity, in MWh, of the bilateral contract between resource p and counterparty c for trading interval i</u></p> <p><u>$MTLP_{RTD,p,i}$</u> = <u>Ex-ante marginal transmission loss price, in PhP/MWh, of resource p for trading interval i</u></p> <p><u>$GWAMTLP_{RTD,i}$</u> = <u>Ex-ante generator-weighted average marginal transmission loss price, in PhP/MWh, for trading interval i</u></p> <p><u>$MQ_{p,i}$</u> = <u>Metered quantity, in MWh, of resource p for trading interval i</u></p> <p><u>$MTLP_{RTY,p,i}$</u> = <u>Ex-post marginal transmission loss price, in PhP/MWh, of resource p for trading interval i</u></p> <p><u>$GWAMTLP_{RTY,i}$</u> = <u>Ex-post generator-weighted average marginal transmission loss price,</u></p> | | | | | |

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| | | | <p><u>in PhP/MWh, for trading interval i</u></p> <p><u>$MTLP_{RTD,s,i}$ = Ex-ante marginal transmission loss price, in PhP/MWh, of selling counterpart s (on the bilateral contract of resource p and counterparty c) for trading interval i</u></p> <p><u>c) $GWAMTLP_i = \frac{\sum_{g \in G} MTLP_{g,i} \times Gen. Schedule_{g,i}}{\sum_{g \in G} Gen. Schedule_{g,i}}$</u></p> <p><u>Where:</u></p> <p><u>$GWAMTLP_i$ = Ex-ante (RTD) or ex-post (RTX) generator-weighted average marginal transmission loss price, in PhP/MWh, for trading interval i</u></p> <p><u>$MTLP_{g,i}$ = Marginal transmission loss price, in PhP/MWh, of generator resource g for trading interval i</u></p> | | | | | |

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| | | | <p><u>Gen. Schedule</u>_{<i>g,i</i>}= <u>Scheduled injection, in MW, of generator resource <i>g</i> for trading interval <i>i</i></u></p> <p><u><i>g</i> = Generator resource</u></p> <p><u><i>G</i> = Set of all generator resources</u></p> <p><u><i>i</i> = trading interval</u></p> | | | | | |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | <u>5.3.2.2</u> (new) | (new) | <u>5.3.2.2 LL_{Spot} shall only be calculated if the Trading Participant had a withdrawal of energy from the grid. The Trading Participant is deemed to have a withdrawal from the grid if its metered quantity (MQ) or ex-ante quantity (EAQ) is less than zero (0).</u> | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | <u>5.3.2.3</u> (new) | (new) | <u>5.3.2.3 LL_{LR} shall only be calculated if the Trading Participant is the assigned counterparty for the line rental.</u> | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | <u>5.3.2.4</u> (new) | (new) | <u>5.3.2.4 If the calculated LL_{Spot} and/or LL_{LR} does not reflect surplus payment (i.e., LL_{Spot} / LL_{LR} is greater than zero (0)), the corresponding LL_{Spot} / LL_{LR} shall be set to zero (0).</u> | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |

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| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | 5.3.3 | The value of the total net settlement surplus, ΣNSS_k , is derived from the hourly settlement runs. | <p><u>The allocation of $NSS_{Congestion}$ shall be calculated as follows:</u></p> $\frac{NSS_{Congestion,p,i}}{CC_{Spot,p,i} + CC_{LR,p,i}} = \frac{CC_{Spot,i} + CC_{LR,i}}{\Sigma(CC_{Spot,i} + CC_{LR,i})} \times NSS_{Congestion,i}$ <p><u>Where:</u></p> <p><u>$NSS_{Congestion,p,i}$ = NSS allocation due to congestion charge payments, in PhP, of resource p for trading interval i</u></p> <p><u>$CC_{Spot,p,i}$ = Surplus congestion charge payment for spot transaction, in PhP, of resource p for trading interval i</u></p> <p><u>$CC_{LR,p,i}$ = Congestion charge payment for line rental, in PhP, of resource p for trading interval i</u></p> <p><u>$NSS_{Congestion,i}$ = Net Settlement Surplus due to congestion payments, in PhP, for trading interval i</u></p> <p><u>p = Any resource of Trading Participant P</u></p> <p><u>i = trading interval</u></p> | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |

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| | | | The value of the total net settlement surplus, ΣNSS_k , is derived from the hourly settlement runs. | | | | | |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | 5.3.3.1 (new) | (new) | <p><u>CC_{spot} and CC_{LR} shall be determined using the following equations:</u></p> <p>a) $CC_{spot,p,i} =$ $\frac{[MAX(EAQ_{p,i}, \sum_{c \in C} BCO_{p,c,i}) \times \sum_{c \in C} BCO_{p,c,i}] \times (MCP_{RTD,p,i} - GWAMCP_{RTD,i}) + (MQ_{p,i} - EAQ_{p,i}) \times (MCP_{RTX,p,i} - GWAMCP_{RTX,i})}{\sum_{c \in C} \{BCO_{p,c,i} \times [MCP_{RTD,p,i} - MAX(GWAMCP_{RTD,i}, MCP_{RTD,s})]}$</p> <p>b) $CC_{LR,p,i} =$</p> <p>Where: $CC_{spot,p,i}$ = Surplus congestion charge payment for spot transaction, in PhP, of resource p for trading interval i $CC_{LR,p,i}$ = Congestion charge payment for line rental, in PhP, of resource p for trading interval i</p> | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |

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| | | | <p><u>$EAQ_{p,i}$</u> = <u>Ex-ante quantity, in MWh, of resource p for trading interval i</u></p> <p><u>$BCQ_{p,c,i}$</u> = <u>Bilateral contract quantity, in MWh, of the bilateral contract between resource p and counterparty c for trading interval i</u></p> <p><u>$MCP_{RTD,p,i}$</u> = <u>Ex-ante marginal congestion price, in PhP/MWh, of resource p for trading interval i</u></p> <p><u>$GWAMCP_{RTD,i}$</u> = <u>Ex-ante generator-weighted average marginal congestion price, in PhP/MWh, for trading interval i</u></p> <p><u>$MQ_{p,i}$</u> = <u>Metered quantity, in MWh, of resource p for trading interval i</u></p> <p><u>$MCP_{RTY,p,i}$</u> = <u>Ex-post marginal congestion price, in PhP/MWh, of resource p for trading interval i</u></p> <p><u>$GWAMCP_{RTY,i}$</u> = <u>Ex-post generator-weighted</u></p> | | | | | |

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| | | | <p><u>average marginal congestion price, in PhP/MWh, for trading interval i</u></p> <p><u>$MCP_{RTD,s,i}$ = Ex-ante marginal congestion price, in PhP/MWh, of selling counterpart s (on the bilateral contract of resource p and counterparty c) for trading interval i</u></p> <p><u>c) $GWAMCP_i = \frac{\sum_{g \in G} MCP_{g,i} \times Gen. Schedule_{g,i}}{\sum_{g \in G} Gen. Schedule_{g,i}}$</u></p> <p><u>Where:</u></p> <p><u>$GWAMCP_i$ = Ex-ante (RTD) or ex-post (RTX) generator-weighted average marginal congestion price, in PhP/MWh, for trading interval i</u></p> <p><u>$MCP_{g,i}$ = Marginal congestion price, in PhP/MWh, of generator</u></p> | | | | | |

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| | | | <p><u>resource g for trading interval i</u></p> <p><u>Gen. Schedule_{g,t}=</u> <u>Scheduled injection, in MW, of generator resource g for trading interval i</u></p> <p><u>g = Generator resource</u></p> <p><u>G = Set of all generator resources</u></p> <p><u>i = trading interval</u></p> | | | | | |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | <u>5.3.3.2</u> (new) | (new) | <u>CC_{spot} shall only be calculated if the Trading Participant had a withdrawal of energy from the grid. The Trading Participant is deemed to have a withdrawal from the grid if its metered quantity (MQ) or ex-ante quantity (EAQ) is less than zero (0).</u> | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | <u>5.3.3.3</u> (new) | | <u>CC_{LR} shall only be calculated if the Trading Participant is the assigned counterparty for the line rental.</u> | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | <u>5.3.3.4</u> (new) | (new) | <u>If the calculated CC_{spot} and/or CC_{LR} does not reflect surplus payment (i.e. CC_{spot} / CC_{LR} is greater than zero (0)), the</u> | For harmonization with Article V Section 1 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |

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| <u>T SURPLUS ALLOCATION</u> | | | <u>corresponding CC_{spot} / CC_{LR} shall be set to zero (0).</u> | | | | | |
| <u>DETERMINATION OF NET SETTLEMENT SURPLUS ALLOCATION</u> | 5.3.4 | <p>The line loss and congestion charges payments of each <i>Trading Participant</i> shall be calculated as follows:</p> $LLCC_{j,k} = LLCPRTD_{j,k} \times (EAQ_{j,k} - BCQ_{j,c,k}) + LLCPRTX_{j,k} \times (MQ_{j,k} - EAQ_{j,k}) + \text{Line Rental}_{j,k}$ <p>The line loss and congestion price of each trading participants for the ex-ante or ex-post run shall be calculated as follows:</p> $LLCPRTD/X_{j,k} = LMPRTD/X_{j,k} - MCPLowest,k$ <p>Where:</p> <p>$LLCC_{j,k}$ = line loss and congestion charges payments of <i>resource j</i> for the <i>trading interval k</i></p> <p>$LLCPRTD/X_{j,k}$ = line loss and congestion price of <i>resource j</i> during ex-ante</p> | <p><u>In trading intervals when there are no calculated transmission loss and congestion payments the NSS shall be allocated to all trading participants with withdrawal from the grid. The allocation shall be proportionate to the actual withdrawal from the grid of the Trading Participant relative to the total actual withdrawals during the trading interval as shown by the equation below:</u></p> $NSS_{NoTLCP,p,i} = \frac{MQ_{Withdrawal,p,i}}{\sum_{ww \in WW} MQ_{Withdrawal,ww,i}} \times NSS_{NoTLCP,i}$ <p><u>Where:</u></p> <p>$NSS_{NoTLCP,p,i}$ = NSS allocation when there is no calculated transmission loss and congestion payments, in PhP, of resource <i>p</i> for trading interval <i>i</i></p> <p>$MQ_{Withdrawal,p,i}$ = Actual withdrawal from the grid, in</p> | For harmonization with Article V Section 2 of ERC Resolution No. 7 Series of 2019. | | | | Adopt proposal. |

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| | | <p>or ex-post run for trading interval k</p> <p>LMPRTD/X,j,k = locational marginal price of resource j during ex-ante or ex-post run for trading interval k</p> <p>MCPLowest,k = lowest marginal clearing price for trading interval k</p> <p>EAQj,k = ex-ante quantity of resource j for trading interval k</p> <p>BCQj,c,k = bilateral contract quantity of the bilateral contract between resource j and counterparty c for trading interval k</p> <p>MQj,k = metered quantity of resource j for trading interval k</p> <p>Line Rentalj,c,k = line rental trading amount associated with the bilateral contract between resource j and counterparty c for trading interval k (this amount may be zero if the</p> | <p><u>MWh, of resource p for trading interval i</u></p> <p><u>$NSS_{NetLCP,i}$ = Net Settlement Surplus when there is no calculated transmission loss and congestion payments, in PhP, for trading interval i</u></p> <p><u>p = Any resource of Trading Participant P</u></p> <p><u>ww = Trading Participant with actual withdrawal from the grid</u></p> <p><u>WW = Set of all Trading Participants with actual withdrawal from the grid</u></p> <p><u>i = trading interval</u></p> <p>The line loss and congestion charges payments of each Trading Participant shall be calculated as follows:</p> <p>$LLCC_{j,k} = LLCPRTD_{j,k} \times (EAQ_{j,k} - BCQ_{j,c,k}) + LLCPRTX_{j,k} \times (MQ_{j,k} - EAQ_{j,k}) + \text{Line Rental}_{j,k}$</p> <p>The line loss and congestion price of each trading participants for the ex-ante or ex-post run shall be calculated as follows:</p> <p>$LLCPRTD/X_{j,k} = LMPRTD/X_{j,k} - MCPLowest,k$</p> | | | | | |

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| | | <p>resource is not the assigned payer of the line rental trading amount)</p> <p>j = any resource of Participant J paying line loss and congestion charges for which a line loss and congestion charge payment will be computed</p> <p>k = trading interval</p> | <p>Where:</p> <p>LLCC_{j,k} = line loss and congestion charges payments of resource j for the trading interval k</p> <p>LLCPRTD/X_{j,k} = line loss and congestion price of resource j during ex-ante or ex-post run for trading interval k</p> <p>LMPRTD/X_{j,k} = locational marginal price of resource j during ex-ante or ex-post run for trading interval k</p> <p>MCPlowest,k = lowest marginal clearing price for trading interval k</p> <p>EAQ_{j,k} = ex-ante quantity of resource j for trading interval k</p> <p>BCQ_{j,c,k} = bilateral contract quantity of the bilateral contract between resource j and counterparty c for trading interval k</p> <p>MQ_{j,k} = metered quantity of resource j for trading interval k</p> <p>Line Rental_{j,c,k} = line rental trading amount associated with the bilateral contract between</p> | | | | | |

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| | | | <p>resource j and counterparty c for trading interval k (this amount may be zero if the resource is not the assigned payer of the line rental trading amount)</p> <p>j = any resource of Participant J paying line loss and congestion charges for which a line loss and congestion charge payment will be computed</p> <p>k = trading interval</p> | | | | | |
| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | <u>5.4</u> (new) | (new) | <u>5.4 DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | To adopt the calculations provided under Article VI of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | <u>5.4.1</u> (new) | (new) | <u>5.4.1 The Market Operator shall allocate the NSS to 1) Customers who caused the deficit; and /or 2) Customers who received excess payment. The allocation shall be determined based on each recipient's contribution to the total NSD_{Loss} and $NSD_{Congestion}$.</u> | For harmonization with Article VI Section 1 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | <u>5.4.2</u> (new) | (new) | <u>5.4.2 The allocation of NSD_{Loss} shall be calculated as follows:</u> | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |

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| | | | $\frac{NSD_{Loss,p,i} \times (LL_{Spot,p,i} + LL_{LR,p,i})}{\sum (LL_{Spot,i} + LL_{LR,i})} \times NSD_{Loss,i}$ <p>Where:</p> <p><i>NSD_{Loss,p,i}</i> = NSD allocation due to line loss payments, in PhP, of resource <i>p</i> for trading interval <i>i</i></p> <p><i>LL_{Spot,p,i}</i> = Surplus line loss payment for spot transaction, in PhP, of resource <i>p</i> for trading interval <i>i</i></p> <p><i>LL_{LR,p,i}</i> = Surplus line loss payment for line rental, in PhP, of resource <i>p</i> for trading interval <i>i</i></p> <p><i>NSD_{Loss,i}</i> = Net Settlement Deficit due to line loss payments, in PhP, for trading interval <i>i</i></p> <p><i>p</i> = Any resource of Trading Participant <i>P</i></p> <p><i>i</i> = trading interval</p> | | | | | |
| DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION | 5.4.2.1 (new) | (new) | 5.4.2.1 The computation for <i>LL_{Spot,p,i}</i> and <i>LL_{LR,p,i}</i> shall follow the formulas provided in Section 5.3.2.1 of this <u>Market Manual</u>. | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |

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| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | <u>5.4.2.2</u> (new) | (new) | <u>5.4.2.2 LL_{Spot} shall only be calculated if the Trading Participant had a withdrawal of energy from the grid. The Trading Participant is deemed to have a withdrawal from the grid if its metered quantity (MQ) or ex-ante quantity (EAQ) is less than zero (0).</u> | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | <u>5.4.2.3</u> (new) | (new) | <u>5.4.2.3 LL_{LR} shall only be calculated if the Trading Participant is the assigned counterparty for the line rental.</u> | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | <u>5.4.2.4</u> (new) | (new) | <u>5.4.2.4 If the calculated LL_{Spot} and/or LL_{LR} did not contribute to the deficit (i.e., LL_{Spot} / LL_{LR} is less than zero (0)), the corresponding LL_{Spot} / LL_{LR} shall be set to zero (0).</u> | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | <u>5.4.3</u> (new) | (new) | <u>5.4.3 The allocation of $NSD_{Congestion}$ shall be calculated as follows:</u> $\frac{CC_{Spot,p,i} + CC_{LR,p,i}}{\sum (CC_{Spot,i} + CC_{LR,i})} \times NSD_{Congestion,i}$ <p><u>Where:</u></p> | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |

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| | | | <p><u>$NSD_{Congestion,p,i}$ = NSD allocation due to congestion charge payments, in PhP, of resource p for trading interval i</u> <u>$CC_{spot,p,i}$ = Surplus congestion charge payment for spot transaction, in PhP, of resource p for trading interval i</u> <u>$CC_{LR,p,i}$ = Congestion charge payment for line rental, in PhP, of resource p for trading interval i</u> <u>$NSD_{Congestion,i}$ = Net Settlement Deficit due to congestion payments, in PhP, for trading interval i</u> <u>p = Any resource of Trading Participant P</u> <u>i = trading interval</u></p> | | | | | |
| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | 5.4.3.1 (new) | (new) | 5.4.3.1 The computation for <u>$CC_{spot,p,i}$ and $CC_{LR,p,i}$ shall follow the formulas provided in Section 5.3.3.1 of this Market Manual.</u> | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| <u>DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION</u> | 5.4.3.2 (new) | (new) | 5.4.3.2 <u>CC_{spot} shall only be calculated if the Trading Participant had a withdrawal of energy from the grid. The Trading Participant is deemed to have a withdrawal from the grid if its metered quantity (MQ) or ex-ante</u> | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |

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| | | | quantity (EAQ) is less than zero (0). | | | | | |
| DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION | 5.4.3.3 (new) | (new) | 5.4.3.3 CC_{LR} shall only be calculated if the <i>Trading Participant</i> is the assigned counterparty for the <i>line rental</i>. | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION | 5.4.3.4 (new) | (new) | 5.4.3.4 If the calculated CC_{spot} and/or CC_{LR} did not contribute to the deficit (i.e. CC_{spot} / CC_{LR} is less than zero (0)), the corresponding CC_{spot} / CC_{LR} shall be set to zero (0). | For harmonization with Article VI Section 2 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |
| DETERMINATION OF NET SETTLEMENT DEFICIT ALLOCATION | 5.4.4 (new) | (new) | 5.4.4 In <i>trading intervals</i> when there are no calculated transmission loss and congestion payments (e.g. administered pricing, price substitution methodology and secondary price cap, among others) the NSD shall be allocated to all <i>trading participants</i> with actual withdrawal from the <i>grid</i>. The allocation shall be proportionate to the actual withdrawal from the <i>grid</i> of the <i>Trading Participant</i> relative to the total actual withdrawals during the interval as shown by the equation below: | For harmonization with Article VI Section 3 of ERC Resolution No. 7 Series of 2019 | | | | Adopt proposal. |

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| | | | $\frac{NSD_{NoTLCp,p,i} \times MQ_{Withdrawal,p,i}}{\sum_{ww \in WW} MQ_{Withdrawal,ww,i}}$ <p>Where:</p> <p><u>$NSD_{NoTLCp,p,i}$ = NSD allocation when there is no calculated transmission loss and congestion payments, in PhP, of resource p for trading interval i</u></p> <p><u>$MQ_{Withdrawal,p,i}$ = Actual withdrawal from the $grid$, in MWh, of resource p for trading interval i</u></p> <p><u>$NSD_{NoTLCp,i}$ = Net Settlement Deficit when there is no calculated transmission loss and congestion payments, in PhP, for trading interval i</u></p> <p><u>p = Any resource of Trading Participant P</u></p> <p><u>ww = Trading Participant with actual withdrawal from the $grid$</u></p> <p><u>WW = Set of all Trading Participants with actual withdrawal from the $grid$</u></p> <p><u>i = trading interval</u></p> | | | | | |
| LIMITATION OF FLOW | 5.4 5.5 | 5.4 LIMITATION OF FLOW BACK MECHANISM | 5.4 5 LIMITATION OF FLOW BACK MECHANISM | Update numbering of sections | | | | Adopt proposal. |

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| <u>BACK MECHANISM</u> | | | | | | | | |
| <u>SCHEDULE OF PAYMENTS TO THE PARTICIPANTS</u> | 5.5 <u>5.6</u> | 5.5 SCHEDULE OF PAYMENTS TO THE PARTICIPANTS | 5.5 SCHEDULE OF PAYMENTS TO THE PARTICIPANTS | Update numbering of sections | | | | Adopt proposal. |
| NET SETTLEMENT SURPLUS RETENTION | 6 | NET SETTLEMENT SURPLUS RETENTION 6.1 XXX 6.2 XXX | NET SETTLEMENT SURPLUS RETENTION 6.1 XXX 6.2 XXX | Provisions for the retention of NSS was removed in previous version of Amended Rules for the Distribution of Net Settlement Surplus (ERC Resolution No. 1 Series of 2018). | | | | Adopt proposal. |
| FUND MANAGEMENT AND TAXATION | 7 | FUND MANAGEMENT AND TAXATION 7.1 XXX 7.2 XXX | FUND MANAGEMENT AND TAXATION 7.1 XXX 7.2 XXX | Likewise, provisions for the fund management of retained NSS was removed in previous version of Amended Rules for the Distribution of Net Settlement Surplus (ERC Resolution No. 1 Series of 2018). | | | | Adopt proposal. |
| REPORTORIAL REQUIREMENTS | 8.1 | 8.1.1 The <i>Market Operator</i> shall prepare the following: a) Regular monthly summary reports on the | 8.1.1 The <i>Market Operator</i> shall prepare the following: a) Regular monthly summary reports on the amount of NSS or NSD deficit being generated and distributed to each | For harmonization with Article VII Section 1 of ERC Resolution No. 7 Series of 2019 | <u>Meralco:</u> In accordance with ERC Resolution No. 7, Series of 2019, | <u>Meralco:</u> 8.1.1 The <i>Market Operator</i> shall prepare the following: | <u>Meralco:</u> We are amenable to Meralco's | Adopt proposal and MERALCO's revisions. |

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| | | <p>amount of NSS or deficit being generated and distributed and the corresponding final metered quantities, Marginal Line Loss and Marginal Congestion Cost. The corresponding value added tax (VAT) and interest amounts, as well as the date when the interests were earned or credited to <i>the market operator</i>, if any. This report shall be made available to all <i>WESM Participants</i> and shall be <i>published</i> in the <i>market information website</i>. A verified copy of the report shall likewise be submitted to the <i>ERC</i> on a monthly basis including contributors to and reasons for the deficit or surplus; and</p> <p>b) Annual report comparing the subject year and the preceding year's <i>NSS</i> levels and allocations, analysis of the factors and constraints giving rise to any <i>NSS</i> or deficit. This report shall be made</p> | <p><i>Trading Participant</i>, and the corresponding final metered quantities, Marginal Line Loss and Marginal Congestion Cost. The corresponding value added tax (VAT) and interest amounts, as well as the date when the interests were earned or credited to <i>the market operator</i>, if any. This report shall be made available to all <i>WESM Participants</i> and shall be <i>published</i> in the <i>market information website</i>. A verified copy of the report shall likewise be submitted to the <i>ERC</i> on a monthly basis including contributors to and reasons for the surplus or deficit or surplus, no later than ninety (90) business days from the last day of the billing period covered by the monthly summary report. The corresponding Value Added Tax (VAT) and interest amounts, as well as the date when the interests were earned or credited to <i>the market operator</i>, if any, shall similarly be included in the subject monthly summary report; and</p> <p><u>b) The pertinent data covered by the subject monthly</u></p> | | <p>which provided the methodology for segregating the <i>NSS/NSD</i> into <i>NSS/NSD</i> due to line loss and congestion, the report should include the breakdown of the computation of line loss and congestion per <i>Trading Participant</i> and other pertinent details to support the calculations. It is also proposed that the <i>Market Operator</i> shall provide these details to the <i>Trading Participant</i> on a monthly basis.</p> <p>This will also provide a price signal for transmission</p> | <p>a) Regular monthly summary reports on the amount of <i>NSS</i> or <i>NSD</i> distributed to each <i>Trading Participant</i> <u>which shall include the breakdown of the computation of line loss and congestion per Trading Participant and other pertinent details to support the calculations.</u> This report shall be made available to all <i>WESM Participants</i> and shall be <i>published</i> in the <i>market information website</i>. A verified copy of the report shall likewise be submitted to the <i>ERC</i> on a monthly basis including contributors to and reasons for the surplus or deficit, no later than ninety (90) <i>business days</i> from the last day of</p> | <p>proposed revisions.</p> | <p>The <i>IEMOP</i> added that the systems are currently being designed to provide a break-down of line loss and congestion.</p> |

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| | | available to the <i>WESM Participants</i> and will be submitted to the <i>PEM Board Directors</i> and the <i>ERC</i> . | <p><u>summary report shall also be submitted in MS Excel format; and</u></p> <p>bc) Annual report comparing the subject year and the preceding year's <i>NSS</i> levels and allocations, analysis of the factors and constraints giving rise to any <i>NSS</i> or deficit. This report shall be made available to the <i>WESM Participants</i> and will be submitted to the <i>PEM Board Directors</i> and the <i>ERC</i>. <u>The annual report on the <i>NSS/NSD</i> calculation and allocation shall be submitted no later than the 30th day of May immediately following the year in review, comparing the subject year and the preceding year's <i>NSS</i> levels and allocations, and analysis of the factors and constraints giving rise to any <i>NSS</i> or <i>NSD</i>. This report shall also be submitted to the market participants and to the <i>PEM Board</i>.</u></p> | | network improvements. | <p>the <i>billing period</i> covered by the monthly summary report. The corresponding Value Added Tax (VAT) and interest amounts, as well as the date when the interests were earned or credited to <i>the market operator</i>, if any, shall similarly be included in the subject monthly summary report; and</p> <p>b) The pertinent data covered by the subject monthly summary report shall also be submitted in MS Excel format; and</p> <p>c) The annual report on the <i>NSS/NSD</i> calculation and allocation shall be submitted no later than the 30th day of May immediately following the year</p> | | |

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| | | | | | | in review, comparing the subject year and the preceding year's NSS levels and allocations, and analysis of the factors and constraints giving rise to any NSS or NSD. This report shall also be submitted to the market participants and to the <i>PEM Board</i> . | | |
| REPORTORIAL REQUIREMENTS | 8.1.2 | The <i>Market Operator</i> shall contract a qualified external auditor who shall conduct an annual audit of the <i>NSS</i> or deficit, the corresponding value added tax (VAT) and interest amounts as well as the procedure used by the <i>Market Operator</i> , and submit to the <i>ERC</i> the audit report immediately upon its completion but no later than three (3) months after the calendar year end. | The <i>Market Operator</i> shall contract a qualified external auditor who shall conduct an annual audit of the <i>NSS</i> or deficit, the corresponding value added tax (VAT) and interest amounts as well as the procedure used by the <i>Market Operator</i>, and submit to the <i>ERC</i> the audit report immediately upon its completion but no later than three (3) months after the calendar year end. <u>The <i>Market Operator</i> shall comply with Clause 5.2.6 of the <i>WESM Rules</i> which</u> | For harmonization with Article VII Sections 2 and 3 of ERC Resolution No. 7 Series of 2019 | <u>Meralco:</u> The audit should also cover the breakdown of the NSS/NSD into NSS or NSD due to loss and congestion. | <u>Meralco:</u> The <i>Market Operator</i> shall comply with Clause 5.2.6 of the <i>WESM Rules</i> which requires, among others, the conduct of a <i>spot market</i> audit covering such items as enumerated under Clauses 5.2.6.1 to 5.2.6.4 of the <i>WESM Rules</i> . The audit shall also include the actual | <u>Meralco:</u> We are amenable to Meralco's proposed revisions. | Adopt proposal and MERALCO's revision. |

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| | | | <p><u>requires, among others, the conduct of a <i>spot market</i> audit covering such items as enumerated under Clauses 5.2.6.1 to 5.2.6.4 of the <i>WESM Rules</i>. The audit shall also include the actual calculation of <i>NSS</i> or <i>NSD</i> and its allocation, corresponding VAT and interest amounts, as well as the actual billing and collection.</u></p> <p><u>Such audit shall be conducted by a qualified third party auditor, and a quarterly report resulting therefrom shall be submitted to the <i>ERC</i> no later than ninety (90) business days after the <i>billing period</i> in review.</u></p> | | | <p>calculation of <i>NSS</i> or <i>NSD</i>, <u><i>its breakdown into <i>NSS</i> or <i>NSD</i> due to loss and congestion</i></u>, and its allocation, corresponding VAT and interest amounts, as well as the actual billing and collection.</p> <p>Such audit shall be conducted by a qualified third party auditor, and a quarterly report resulting therefrom shall be submitted to the <i>ERC</i> no later than ninety (90) business days after the <i>billing period</i> in review.</p> | | |
| REPORTORIAL REQUIREMENTS | 8.1.3 | DUs and RES, which are eligible recipients of any <i>NSS</i> amount shall also submit monthly report to the <i>ERC</i> of said amount and metered quantities including the corresponding report on <i>NSS</i> re-distributed to customers. For <i>Indirect</i> | <p>DUs and RES, which are eligible recipients of any <i>NSS</i> amount shall also submit monthly report to the <i>ERC</i> of said amount and metered quantities including the corresponding report on <i>NSS</i> re-distributed to customers. For <i>Indirect WESM Members</i>, the responsibility of submitting</p> | This requirement is no longer provided in the ERC Resolution No. 7 Series of 2019 | <p>PEMC:</p> <p>This requirement is still provided in ERC Resolution No. 1 Series of 2018, and not contrary to ERC Reso 07, Series</p> | <p>PEMC:</p> <p>Suggest to retain the original provision.</p> | <p>PEMC:</p> <p>Since ERC did not reproduce the requirement in the ERC Resolution No. 7 Series of</p> | <p>Adopt original proposal.</p> <p>The RCC acknowledged the IEMOP's response and also that this provision</p> |

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| | | <p>WESM Members, the responsibility of submitting report shall be borne by the corresponding <i>Direct WESM Members</i> representing the former.</p> | <p>report shall be borne by the corresponding <i>Direct WESM Members</i> representing the former.</p> | | <p>of 2019, thus no need to remove.</p> | | <p>2019, we believe that is already superseded.</p> | <p>pertains to the regulatory obligation of the DUs and RESs</p> |
| | | | | | <p><u>PEMC:</u> To harmonize with Article IX of ERC Resolution No. 07 Series of 2019, insert new section.</p> | <p><u>PEMC:</u> <u>SECTION 9</u> <u>INTERESTS</u> <u>9.1 Should the Market Operator be unable to return the amount of the NSS due to be flowed back to appropriate WESM participants under these Rules during the period specified, the retained amount shall be imposed an interest at the rate of the prevailing 91-day Treasury</u></p> | <p><u>PEMC:</u> We are amenable to PEMC's proposed revisions.</p> | <p>Adopt PEMC's additions.</p> |

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| | | | | | | <p><u>Bill rate as published by the Bangko Sentral ng Pilipinas (BSP) plus 300 basis points, the return of which shall be in accordance with Article 4 of ERC Resolution No. 07 Series of 2019. Such interest shall not be passed on to the market participants.</u></p> <p><u>9.2 The DUs and RES, which are recipients of RES but are not complied with the re-distribution process under these rules during the period</u></p> | | |

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| | | | | | | <p><u>specified shall be subject to the interest at the rate of the prevailing 91-day Treasury Bill rate as published by the BSP plus 300 basis points, the return of which shall be in accordance with Article 4 of ERC Resolution No. 07 Series of 2019. The subject interest shall be on account of DUs and RES and shall not be passed on their respective customers.</u></p> | | |

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| | | | | | <p>PEMC: To harmonize with Article X of ERC Resolution No. 07 Series of 2019, insert new section.</p> | <p>PEMC: <u>SECTION 10</u> <u>PENALTIES</u> <u>10.1 A penalty ranging from One Hundred Thousand Pesos (PhP100,000.00) to a maximum of Fifty Million Pesos (PhP50,000,000.00) shall be imposed on the following acts:</u> <u>1.1 Failure to correctly implement NSS Rules, as amended, including the NSS/NSD formula;</u></p> | <p>PEMC: We are amenable to PEMC's proposed revisions.</p> | <p>Adopt PEMC's additions.</p> |

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| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|-----------|--------------------|-----------|----------|---|----------------------|----------------|
| | | | | | | <p>1.2 <u>Failure to submit document ary requirements as required under these rules;</u></p> <p>1.3 <u>Failure to conduct audits of the Market Operations and the settlement systems and the other procedure s, persons, systems or other matters relevant to the spot market as required under Section</u></p> | | |

WESM Manual on the Management of Net Settlement Surplus

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| | | | | | | <p><u>1.5.2 of the WESM Rules and Section, Article VII of ERC Resolution No. 07 Series of 2019.</u></p> <p>1.4 <u>Non-submission or failure to submit on a timely basis, the required reports as provided in Article VII of ERC Resolution No. 07 Series of 2019;</u></p> <p>1.5 <u>Failure to act on and resolve adverse findings of NSS audit</u></p> | | |

WESM Manual on the Management of Net Settlement Surplus

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| | | | | | | <p><u>within ninety (90) days upon receipt by the ERC of the subject Quarterly Audit Report;</u></p> <p>1.6 <u>Submission of inaccurate NSS and other related data;</u></p> <p>1.7 <u>Unauthorized disclosure of NSS data; and</u></p> <p>1.8 <u>Failure to comply with the directives of the Commission pertinent to the implementation of the NSS Rules,</u></p> | | |

WESM Manual on the Management of Net Settlement Surplus

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| | | | | | | <p><u>as amended.</u></p> <p><u>10.2 The penalties stated in the preceding section shall be without prejudice to any civil, administrative, and criminal action that may be filed against the violation/s of these Rules.</u></p> | | |
| | | | | | <p><u>PEMC:</u> Re-numbering</p> | <p><u>PEMC:</u> SECTION 9 <u>11</u></p> <p>AMENDMENT, PUBLICATION AND EFFECTIVITY</p> <p><u>9 11.1</u> AMENDMENTS TO THIS MANUAL</p> <p>xxx</p> | <p><u>PEMC:</u> We are amenable to PEMC's proposed revisions.</p> | <p>Adopt PEMC's revisions.</p> |

| WESM Manual on the Management of Net Settlement Surplus | | | | | | | | |
|---|---------|-----------|--------------------|-----------|----------|--|----------------------|----------------|
| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| | | | | | | <p>9 11.2 PUBLICATION AND EFFECTIVITY</p> <p>xxx</p> | | |

Proposed Amendment to the WESM Rules on Net Settlement Surplus or Deficit (NSS or NSD)

| WESM Rules (current market design) | | | | | | | | |
|---|---------|-----------|--|---|----------|------------------------------------|----------------------|-----------------|
| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| Treatment of Remaining Settlement Surplus | | (new) | <u>3.13.16.4 The calculation and flow back mechanism of net settlement surplus or deficit shall be approved by the Energy Regulatory Commission (ERC) as prescribed in its Rules for the Distribution of Net Settlement Surplus.</u> | <ul style="list-style-type: none"> Reflect the ERC's authority to approve the rules for calculation and flow back mechanism of NSS/NSD. | | | | Adopt proposal. |
| | | (new) | <u>3.13.16.5 The ERC may issue changes to the flow back of the net settlement surplus or deficit to Market Participants. Such changes shall be reflected in the procedures referred to in Clause 3.13.16.3 by the Market Operator in accordance with the Rules change process in chapter 8.</u> | <ul style="list-style-type: none"> Reflect the ERC's authority to amend, motu proprio. Ensure that the amended NSS Rules are reflected in the NSS Manual. | | | | Adopt proposal. |

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

| WESM Rules (enhanced market design) | | | | | | | | |
|---|---------|-----------|--|---|----------|------------------------------------|----------------------|-----------------|
| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| Treatment of Remaining Settlement Surplus | | (new) | <u>3.13.12.4 The calculation and flow back mechanism of net settlement surplus or deficit shall be approved by the Energy Regulatory Commission (ERC) as prescribed in its Rules for the Distribution of Net Settlement Surplus.</u> | <ul style="list-style-type: none"> Reflect the ERC's authority to approve the rules for calculation and flow back mechanism of NSS/NSD. | | | | Adopt proposal. |
| | | (new) | <u>3.13.12.5 The ERC may issue changes to the flow back of the net settlement surplus or deficit to Market Participants. Such changes shall be reflected in the procedures referred to in Clause 3.13.12.3 by the Market Operator in accordance with the Rules change process in chapter 8.</u> | <ul style="list-style-type: none"> Reflect the ERC's authority to amend, motu proprio. Ensure that the amended NSS Rules are reflected in the NSS Manual. | | | | Adopt proposal. |

Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures to Clarify Bilateral Contracts Accounted for In Settlements

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|-----------|--------------------|-----------|--|------------------------------------|--|----------------|
| | | | | | <p>PEMC:</p> <p><i>General comment: We request clarification regarding the required enhancements to the market settlement system, as mentioned in the Discussion Paper.</i></p> <p><i>Further, we recommend that the IEMOP clarify the process of BCQ declaration for RES-CC and GEN-GEN. In particular:</i></p> <ul style="list-style-type: none"> • <i>The identification of MTNs as reference for the final energy dispatch price for BCQs.</i> • <i>The accounting of BCQ declared for GEN-RES and subsequently of the same RES with its CC. Will there be double-counting of BCQs since portion of the GEN-RES BCQ will also be accounted in the RES-CC BCQ?</i> | | <p>PEMC:</p> <p>On the general comment, the market settlement system will have to be re-configured to remove restrictions on entities allowed to be contract suppliers and buyers.</p> <p>On the process, please find below clarifications: - The MTN as reference for the FEDP may be any node. In general, the selling TP will be responsible for the loss and congestion payments up to the reference trading node from its injection point while the buying TP is responsible</p> | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|-------|---------|-----------|--------------------|-----------|----------|------------------------------------|--|----------------|
| | | | | | | | <p>for the loss and congestion payments from the reference trading node to its withdrawal point.</p> <p>- Contract declarations are pairs of positive and negative BCQs. To illustrate, a 100 MWh BCQ declaration from a GEN to a RES would be a -100 MWh to the GEN and a +100 to the RES. When the RES declares to the CC a 100 MWh BCQ, the RES gets a -100 while the CC gets a +100. In total, the GEN gets a -100, the RES gets a +100 + (-100) = 0 and the CC gets a +100. Hence, the 100 MWh is only accounted once when all quantities are netted out.</p> | |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|--|---------|---|---|---|---|---|--|---|
| ENROLMENT AND DE-LISTING OF SUPPLY CUSTOMERS - Enrolment | 3.5.1.2 | <p>The notice to the <i>Market Operator</i> shall include the following -</p> <p>a) details on the duration of the supply contract,</p> <p>b) desired effective date on which the bilateral contract transactions are to be accounted for in the WESM settlements. To the extent practicable, the effective date shall coincide with the start of a WESM billing month.</p> <p>c) identification of the <i>Trading Participant</i> that shall be responsible for the payment of line rental trading amounts and for the net settlement surplus/deficit allocations,</p> <p>d) copy of the supply contract; and</p> <p>e) written confirmation by the supply customer of the notice and the foregoing information.</p> | <p>The notice to the <i>Market Operator</i> shall include the following -</p> <p>a) details on the duration of the supply contract,</p> <p>b) desired effective date on which the bilateral contract transactions are to be accounted for in the WESM settlements. To the extent practicable, the effective date shall coincide with the start of a WESM billing month.</p> <p>c) identification of the <u>market trading node or nodes associated with the supply contract whose final energy dispatch price will be used as reference for the supply contract during settlements</u> Trading Participant that shall be responsible for the payment of line rental trading amounts and for the net settlement surplus/deficit allocations,</p> | <p>To harmonize with the WESM Manual on Billing & Settlement Issue 6.0 where the market trading node/s that serve/s as the delivery point of the contract are enrolled with the Market Operator, and the trading participants are provided the option whether or not to perform daily confirmation.</p> <p>It is also proposed that a copy of the supply contract not be required anymore since validation is achieved by the confirmation of the customer.</p> | <p>PEMC:</p> <p><i>The deletion of “bilateral power” is to allow the declaration of retail supply contract quantities (RES-CC) as well.</i></p> <p><i>Furthermore, please note that “supply” is defined under the WESM Rules as:</i></p> <p><i>Supply. The sale of electricity by a party other than a Generation Company or a Distribution Utility in the franchise area of a Distribution Utility using the wires of such Distribution Utility.</i></p> <p><i>This definition implies a retail transaction and may cause confusion to the “supply contract”, which is the subject of this proposal that also includes GEN-DU, GEN-RES, GEN-GEN contacts.</i></p> | <p>PEMC:</p> <p><i>Section 3.5.1.1 of the Manual may need to be amended as follows:</i></p> <p><i>Trading Participants that wish their transactions with their bilateral power supply contract customers (the “supply customers”) to be accounted for in the WESM settlements shall notify and enroll such supply customers with the Market Operator.</i></p> | <p>PEMC:</p> <p>We are amenable with PEMC's proposed revision.</p> <p>We also propose to revise the definition of “Supply Customer” in Appendix A of this Manual as follows:</p> <p>“Customers connected to the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators under any power supply agreement or contract.”</p> | <p>Mr. dela Viña clarified that the enrollment of a supply contract and the subsequent confirmation of the supply customer will be via the CRSS and not through any document or e-mail, hence the deletion of the word “written” in item (e).</p> <p>The RCC adopted the original proposal, PEMC's revision to Section 3.5.1.1 and IEMOP's revision to the definition of “Supply Customer” in Appendix A.</p> |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|--|-------------------------|-----------|---|---|---|--|--|-----------------------|
| | | | <p>d) <u>indication whether the <i>bilateral contract quantities</i> submitted by the selling participant would require confirmation by the buying participant in accordance with the billing and settlement timetable copy of the supply contract; and</u></p> <p>e) written-confirmation by the supply customer of the notice and the foregoing information.</p> | | | | | |
| ENROLMENT AND DE-LISTING OF SUPPLY CUSTOMERS - Enrolment | 3.5.1.4 (new) | (new) | <u>Subject to section 3.5.1.5 and 3.5.1.6 of this manual, only <i>Trading Participants</i> that are <i>Generation Companies</i> or <i>Suppliers</i> may enroll supply customers with the <i>Market Operator</i>.</u> | To clarify that only entities licensed to sell to WESM Members may enroll supply contracts in the market. | | | | Adopt proposal. |
| ENROLMENT AND DE-LISTING OF SUPPLY CUSTOMERS - Enrolment | 3.5.1.5 (new) | (new) | <u><i>Generation Companies</i> may only enroll supply customers that are not <i>Contestable Customers</i>.</u> | For consistency with Section 4.1 of DOE DC2012-05-0005 that contestable customers shall only deal with suppliers. | APC: Page 3 of Discussion Paper. Under Part III. | APC: <i>Generation companies may register other generation companies or customer trading participants, except for contestable</i> | APC: We are amenable with APC's proposed revision. | Adopt APC's revision. |

| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
|--|--------------------------------|-----------|--|---|--|---|--|-----------------|
| | | | | | <p>One of the proposed clarification, particularly on the 2nd bullet states that, to wit:</p> <p>“generation companies may register other generation companies or customer trading participants, except for contestable customers, as supply customers.”</p> <p><i>For clarification.</i></p> <p><i>This pertains to Gen to Gen transactions like replacement power. Assuming 2 Generators A & B, A as Supplier, B as Customer -- does this mean that Generator A can now declare to the node of Generator B and be recognized as a valid WESM transaction?</i></p> | <u>customers, as supply customers.</u> | On the clarification, yes, the proposal will allow Generator A to declare to Generator B and the declaration will be recognized as a valid WESM transaction. | |
| ENROLMENT AND DE-LISTING OF SUPPLY CUSTOMERS - Enrolment | <u>3.5.1.6</u> (new) | (new) | <u>Suppliers may only enroll supply customers that are Contestable Customers.</u> | For consistency with Section 4.1 of DOE DC2012-05-0005 that contestable customers shall only deal with suppliers. | | | | Adopt proposal. |

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

Proposed Amendments to the WESM Manual on Load Forecasting Methodology for the Inclusion of the Procedures for Preparation and Updating of Nodal Load Distribution Factors

| WESM Manual on Load Forecasting Methodology | | | | | | | | |
|---|-----------------------------------|--|---|---|---|------------------------------------|---|---|
| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| | | | | | <p><i>General Comments:</i></p> <p>APC:</p> <p>We respectfully suggest for IEMOP to provide sample forecast error reports following the application of this load forecasting methodology so that WESM Participants are fully guided of the proposed changes.</p> | | <p>APC:</p> <p>IEMOP provides MO forecast performance through the publication of the results of the MOPS (Market Operator Performance Standards). However, this is published quarterly and annually. IEMOP can endeavor to publish such results at near real-time. We can immediately publish such reports also even before the publication of this LFM as requested..</p> | The RCC noted that the IEMOP, moving forward, will publish immediately the MO's forecast performance, as available. |
| NET LOAD FORECASTS | 6.2.3 | The <i>Market Operator</i> shall develop relevant procedures in the preparation of the LDFs. | The <i>Market Operator</i> shall develop relevant procedures in the preparation of prepare and update the LDFs of each customer market trading node in accordance with Appendix F. | Provide reference to the procedures for determining the load distribution factors that would be proposed for inclusion in this manual | | | | Adopt proposal. |
| <u>Procedures for the Preparation and Updating</u> | <u>Appendix F</u> (new) | (new) | <i>See attached document</i> | Provide details on the procedure that will be used by the Market Operator to | TC: comments in Appendix F | | | Adopt proposal. |

| WESM Manual on Load Forecasting Methodology | | | | | | | | |
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| Title | Section | Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Agreements |
| <u>of Nodal Load Distribution Factors</u> | | | | determine the load distribution factors | PEMC: comments in Appendix F | | | |

WESM Manual on Load Forecasting Methodology – APPENDIX F

| Title | Provisions | Comments | Proposed Revised Wording based on Comments | Proponent’s Response | RCC Agreement | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|---|----------|--|----------------------|---------------|---|---------|---|-----------|---|----------|---|--------|---|----------|---|--------|---|---------------|---|---------------|---|--|---|------------------------|
| <p>LDF Day Types and Hour</p> | <p>1. There are nine (9) day types available, namely:</p> <p>Table 2. LDF Day Types</p> <table border="1" data-bbox="381 461 908 850"> <thead> <tr> <th>Day Type</th> <th>Day Type Description</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Monday</td> </tr> <tr> <td>2</td> <td>Tuesday</td> </tr> <tr> <td>3</td> <td>Wednesday</td> </tr> <tr> <td>4</td> <td>Thursday</td> </tr> <tr> <td>5</td> <td>Friday</td> </tr> <tr> <td>6</td> <td>Saturday</td> </tr> <tr> <td>7</td> <td>Sunday</td> </tr> <tr> <td>8</td> <td>Special Day 1</td> </tr> <tr> <td>9</td> <td>Special Day 2</td> </tr> </tbody> </table> | Day Type | Day Type Description | 1 | Monday | 2 | Tuesday | 3 | Wednesday | 4 | Thursday | 5 | Friday | 6 | Saturday | 7 | Sunday | 8 | Special Day 1 | 9 | Special Day 2 | <p>TC:</p> <p>Two special day types. Is that fixed? What is/are the reason/s for limiting the special days to only 2?</p> <p>PEMC:</p> <p>Why are there only 2 day types for Special Days? How do these 2 day types cover all holidays and those with <i>force majeure</i> events (e.g., typhoon days)?</p> | | <p>TC:</p> <p>Based on current practice, we define two special days as two separate types of holidays. A holiday that occurs right alongside the weekend (e.g. a holiday that falls on Monday or a Friday) has an entirely different profile than a holiday that occurs at the middle of the week (e.g. Monday is a regular day, then Tuesday falls on a holiday). To group and distinguish these two type of holidays, we created two special day profiles so that they will be correlated with the same profiles in the future, and so that they are not picked up as regular days by future days (e.g. 1/1/2020 falls on a Wednesday, thus, we should define it as a special day so that it would not be used by future</p> | <p>Adopt proposal.</p> |
| Day Type | Day Type Description | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Monday | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Tuesday | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Wednesday | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Thursday | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Friday | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Saturday | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Sunday | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Special Day 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Special Day 2 | | | | | | | | | | | | | | | | | | | | | | | | |

| WESM Manual on Load Forecasting Methodology – APPENDIX F | | | | | |
|--|------------|----------|--|---|---------------|
| Title | Provisions | Comments | Proposed Revised Wording based on Comments | Proponent’s Response | RCC Agreement |
| | | | | regular Wednesdays (e.g. 1/8/2020). <u>PEMC:</u> Based on experience, we only isolate force majeure days as they are significantly different and are deemed outliers or data disturbances. Thus, we only isolate them and do not profile them. At this stage, each force majeure event cannot be correlated with each other. As mentioned in our TC comment, we only added two for the meantime based on what we have studied. IEMOP continues to study load profiles and should we observe a need to improve it, we will propose another change in the LFM Manual. We foresee none at the short term. | |

| WESM Manual on Load Forecasting Methodology – APPENDIX F | | | | | |
|--|--|-------------------------------------|--|--------------------------------------|-----------------|
| Title | Provisions | Comments | Proposed Revised Wording based on Comments | Proponent’s Response | RCC Agreement |
| | 2. By default, a certain day shall have a day type corresponding to its day of the week. For example, 12/19/2019 falls on a Thursday, hence, it shall have a day type of 4 as prescribed in Table 2. LDF Day Types . | | | | Adopt proposal. |
| | 3. The Market Operator may choose to update a certain day type that is different from its default type. For example, 12/25/2019 has a default day type of 3 (Wednesday). However, the Market Operator may instead define it as belonging to day type 8 (Special Day 1). | | | | |
| | 4. Day Type 8 and 9 are Special Days that the Market Operator may choose in grouping days that represent holidays, or days with significant events. The Market Operator shall first evaluate the load profile of candidate days (holidays or days with significant events), then eventually establish which day type the relevant day shall belong to. | TC: Same comment as above | | TC: Same response as above | Adopt proposal. |
| | 5. For this procedure, an hour covers the twelve (12) dispatch intervals from the start of that hour (i.e., hour 14 covers the dispatch interval ending at 14:05 until the dispatch interval ending at 15:00). | | | | Adopt proposal. |
| <u>Defining Data Source Type of Nodal Loads</u> | 1. Each nodal load, except those defined in Section 7.1.6, shall have load distribution factors (LDFs) for each hour of each day type. | | | | Adopt proposal. |
| | 2. Each nodal load, except those defined in Section 7.1.6, shall have their respective LDFs updated every five (5) minutes based on either the (a) latest real-time data or (b) from an estimated value. | | | | Adopt proposal. |
| | 3. The LDF of a nodal load shall be updated based on latest real-time data if the Market Operator assesses that the real-time data for that nodal load is updated regularly; otherwise, the LDF of the nodal load shall be updated based from an estimated value. | | | | Adopt proposal. |

| WESM Manual on Load Forecasting Methodology – APPENDIX F | | | | | |
|--|--|--|--|---|---------------------------------|
| Title | Provisions | Comments | Proposed Revised Wording based on Comments | Proponent’s Response | RCC Agreement |
| <p><u>Procedure in Updating the Load Distribution Factor</u></p> | <p>1. Get the day type and hour of the timestamp of the latest available real-time snapshot</p> <p>For example, if the timestamp of the latest available real-time snapshot is “2019-12-17 14:25”, then its day type is 2 by default (12/17/2019 is on a Tuesday), while its hour is 14. The day type and hour obtained here shall be considered as the reference day type and reference hour.</p> | <p>TC:</p> <p>Is “reference” the correct adjective for the real-time day type and hour? Where will the reference be used?</p> | | <p>TC:</p> <p>The reference day type and reference hour are used to determine the values of variables that are designed to be dynamic on an hourly basis that will be used for calculating the nodal load forecasts.</p> <p>The actual detailed process involves that we get the date/time of the latest real-time data, then determine which day type it belongs to, as well as the hour. The day type and hour retrieved will be our “reference” across the system on which LDF profile to update in our internal system, and eventually update the NMMS’ LDF profile for that said day type and hour.</p> <p>We are open to re-naming of the variables.</p> | <p>Adopt original proposal.</p> |

| WESM Manual on Load Forecasting Methodology – APPENDIX F | | | | | |
|--|---|--|--|---|--|
| Title | Provisions | Comments | Proposed Revised Wording based on Comments | Proponent's Response | RCC Agreement |
| | <p>2. Obtain base MW values for each nodal load</p> <p>2.1. For nodal loads with a data source type based on real-time data, the base MW value shall be the latest real-time MW value measured at that nodal load</p> $\text{Base_MW}_{b,D,H,FA} = \text{Nodal_Actual_MW}_{t,FA}$ <p>Where: $\text{Base_MW}_{b,D,H,FA}$ refers to the base MW for nodal load b in Forecast Area FA at reference day type D and reference hour H</p> | <p>TC:</p> <p>Why do we call it Base Load? Can we not simply call it Nodal Load</p> <p>Please define Nodal_Actual_MW including subscripts</p> | <p>TC:</p> <p>Where: $\text{Base_MW}_{b,D,H,FA}$</p> <p>refers to the base MW for nodal load b in Forecast Area FA at reference day type D and reference hour H in Forecast Area FA <i>(For consistency of the definition with the sequence of the subscript)</i></p> | <p>TC:</p> <p>Base Load will be the basis for the nodal load forecast. Base Load is defined separately from $\text{Nodal_Actual_MW}_{t,FA}$ because it has a different determination if the node has no real-time MW value (see Section 2.2).</p> <p>We agree with TC's proposed revision. In addition, we propose to revise the subscripts of $\text{Nodal_Actual_MW}_{t,FA}$ and add its definition as follows:</p> $\text{Base_MW}_{b,D,H,FA} = \text{Nodal_Actual_MW}_{b,t,FA}$ <p>XXX</p> <p><u>Nodal Actual MW_{b,t,FA}</u> <u>refers to the MW value measured at nodal load b based on the latest actual system snapshot</u></p> | <p>Adopt proposal and IEMOP's revisions.</p> |

| WESM Manual on Load Forecasting Methodology – APPENDIX F | | | | | |
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| Title | Provisions | Comments | Proposed Revised Wording based on Comments | Proponent's Response | RCC Agreement |
| | | | | <u>at time t in Forecast Area FA</u> | |
| | <p>2.2. For nodal loads with a data source type based on an estimated value, the base MW value shall be obtained using the following steps:</p> <p>2.2.1. Get the actual demand of the <i>Forecast Area</i> considering any import/export from its adjacent <i>Forecast Area</i></p> $\text{Actual_Demand}_{t,FA} = \sum_{i=1}^n P_{i,t,FA} + \sum_{a=1}^p \text{import}_{t,a} - \sum_{a=1}^p \text{export}_{t,a}$ <p>Where:</p> <p>$P_{i,t,FA}$ refers to the real power (MW) output of generator i in Forecast Area FA based on the latest actual system snapshot at time t</p> <p>import_a refers to the MW imported from Forecast Area a onto Forecast Area FA based on the latest actual system snapshot at time t</p> <p>export_a refers to the MW exported from Forecast Area FA to Forecast Area a based on the latest actual system snapshot at time t</p> | <p>TC:</p> <p>Also define the variable (including subscripts) $\text{Actual_Demand}_{\{t,FA\}}$</p> <p>Formally, we need to define all variables used in every equation (throughout this document). We cannot be selective in defining variables (including subscripts). Otherwise, we should include a glossary of variables at the start of the document</p> <p>how about: $\text{import}_{\{a,FA,t\}}$? $\text{export}_{\{a,FA,t\}}$?</p> | <p>TC:</p> <p>Where: $P_{i,t,FA}$ refers to the real power (MW) output of generator i in Forecast Area FA based on the latest actual system snapshot at time t in Forecast Area FA (For consistency of the definition with the sequence of the subscript)</p> <p>$\text{import}_{a,FA,t}$ refers to the MW imported from Forecast Area a onto Forecast Area FA based on the latest actual system snapshot at time t</p> <p>$\text{export}_{a,FA,t}$ refers to the MW exported from to Forecast Area a from Forecast Area FA to</p> | <p>TC:</p> <p>We agree with TC's proposed revisions.</p> | <p>Adopt proposal and TC's revisions.</p> |

| WESM Manual on Load Forecasting Methodology – APPENDIX F | | | | | |
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| | | | Forecast Area a based on the latest actual system snapshot at time t | | |
| | <p>2.2.2. Obtain the pre-defined estimated loss percentage for the <i>reference day type</i> and <i>reference hour</i> for the relevant <i>Forecast Area</i>. The pre-defined estimated loss percentage is based on historical power flow losses in the real-time dispatch (RTD) solution and is updated regularly by the Market Operator. Then, compute for the estimated actual net load as follows:</p> $\text{Est_Actual_Net_Load}_{t,FA} = (1 - \text{Est_Loss}_{D,H,FA}) \times \text{Actual_Demand}_{t,FA}$ <p>Where: $\text{Est_Loss}_{D,H,FA}$ refers to the loss percentage estimated for Forecast Area <i>FA</i> at day type <i>D</i> and hour <i>H</i></p> | <p>TC: Estimate Actual Net Load is too verbose and confusing. “Estimate” and “Actual” do not go together.</p> | <p>TC: $\text{Est_Actual_Net_Load}_{t,FA} = (1 - \text{Est_Loss}_{D,FA,D,H}) \times \text{Actual_Demand}_{t,FA}$ Where: $\text{Est_Loss}_{D,FA,D,H}$ refers to the loss percentage estimated for Forecast Area <i>FA</i> at day type <i>D</i> and hour <i>H</i> <i>(For consistency of the sequence of the subscript with the definition)</i></p> | <p>TC: We are amenable to TC’s proposed revisions.</p> | <p>Adopt proposal and TC’s revisions.</p> |
| | <p>2.2.3. The base MW for nodal loads with a data source type based on an estimated value shall be obtained by multiplying its pre-defined/current load distribution factor at the <i>reference day type</i> and <i>reference hour</i> to the aforementioned estimated actual net load. The pre-defined/current load distribution factor for nodal loads having an estimated value is based on historical metered quantities and is updated regularly by the Market Operator.</p> | <p>TC: Suggestion to avoid slash: pre-defined/current load distribution factor. In fact it is simpler to say that the Base Load is equal to the product between the</p> | <p>TC: Where: $\text{LDF}_{b,D,H,FA}$ refers to the load distribution factor of nodal load <i>b</i> at Forecast Area <i>FA</i> at day type <i>D</i> and hour <i>H</i> <u>at</u></p> | <p>TC: We agree with TC’s proposed revisions and suggest to further revise the provision as follows based on its comment:</p> | <p>Adopt proposal and IEMOP’s revisions.</p> |

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| | $\text{Base_MW}_{b,D,H,FA} = \text{LDF}_{b,D,H,FA} \times \text{Est_Actual_Net_Load}_{t,FA}$ <p>Where: $\text{LDF}_{b,D,H,FA}$ refers to the load distribution factor of nodal load b at Forecast Area FA at day type D and hour H</p> | LDF and the estimated net load. | Forecast Area FA (<i>For consistency of the definition with the sequence of the subscript</i>) | The base MW for nodal loads with a data source type based on an estimated value shall be obtained by multiplying its pre-defined/ current load distribution factor at the <i>reference day type</i> and <i>reference hour</i> to the aforementioned estimated actual net load. The pre-defined/ current load distribution factor for nodal loads having an estimated value is based on historical metered quantities and is updated regularly by the Market Operator. XXX | |
| | <p>3. Once all base MW values are obtained for each nodal load b, compute for the new LDFs using the following formula</p> $\text{LDF_new}_{b,D,H,FA} = \left[\left(\frac{\text{Base_MW}_{b,D,H,FA}}{\sum_{k=1}^n \text{Base_MW}_{k,D,H,FA}} \right) \times \alpha \right] \left[\left(\text{LDF_old}_{b,D,H,FA} \right) \times (1 - \alpha) \right]$ <p>Where:</p> | <p>TC:</p> <p>What is the range for k, k for all nodal loads for a Forecasting Area?</p> <p>What is the purpose for the smoothing factor? What's</p> | <p>TC:</p> <p>Where: $\text{LDF_new}_{b,D,H,FA}$ refers to the new load distribution factor of nodal load b at Forecast Area FA for day type D and hour H at Forecast Area FA</p> | <p>TC:</p> <p>Yes, n is the total number of nodal loads for a forecasting area. It is proposed that n be included in the definition as follows:</p> | <p>RCC tasked the Secretariat to incorporate the '+' sign between the terms in the formula</p> <p>Adopt proposal, TC's revisions and</p> |

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| | <p>LDF_new_{b,D,H,FA} refers to the new load distribution factor of nodal load <i>b</i> at Forecast Area <i>FA</i> for day type <i>D</i> and hour <i>H</i></p> <p>Base_MW_{b,D,H,FA} refers to the base MW of nodal load <i>b</i> at Forecast Area <i>FA</i> for day type <i>D</i> and hour <i>H</i></p> <p>Base_MW_{k,D,H,FA} refers to the base MW of nodal load <i>k</i> at Forecast Area <i>FA</i> for day type <i>D</i> and hour <i>H</i></p> <p>α refers to the smoothing factor (from 0 to 1, is initially set 1, and shall be updated by the Market Operator based on a regular assessment to improve forecast accuracy)</p> <p>LDF_old_{b,D,H,FA} refers to the old/current load distribution factor of nodal load <i>b</i> at Forecast Area <i>FA</i> for day type <i>D</i> and hour <i>H</i></p> | <p>the implication if we set this initially to 1.0?</p> | <p>Base_MW_{b,D,H,FA} refers to the base MW of nodal load <i>b</i> at Forecast Area <i>FA</i> for day type <i>D</i> and hour <i>H</i> at Forecast Area <i>FA</i></p> <p>Base_MW_{k,D,H,FA} refers to the base MW of nodal load <i>k</i> at Forecast Area <i>FA</i> for day type <i>D</i> and hour <i>H</i> at Forecast Area <i>FA</i></p> <p>xxx</p> <p>LDF_old_{b,D,H,FA} refers to the old/current load distribution factor of nodal load <i>b</i> at Forecast Area <i>FA</i> for day type <i>D</i> and hour <i>H</i> at Forecast Area <i>FA</i> <i>(For consistency of the definition with the sequence of the subscript)</i></p> | <p>n refers to the total number of nodal loads for forecasting area FA</p> <p>Nodal load forecasts have been observed to be more accurate when recent results are taken into consideration. The smoothing factor lessens the volatility of the LDFs by considering the previous LDF in its determination (hence, smoothing the LDF curve). If the smoothing factor is set to 1.0, the LDFs will solely be based on latest real-time readings. Again, the use of the smoothing factor has been observed to result in more accurate forecasts.</p> <p>We agree with TC’s proposed revisions.</p> | <p>IEMOP’s additional definition</p> |

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| | <p>4. The new LDFs shall also be applied for the next hour $H+1$</p> $\text{LDF_new}_{b,D,H+1,FA} = \text{LDF_new}_{b,D,H,FA}$ <p>Where: $\text{LDF_new}_{b,D,H+1,FA}$ refers to the load distribution factor of nodal load b at Forecast Area FA for day type D and hour $H+1$</p> <p>For example, if the timestamp of the latest available real-time snapshot is “2019-12-17 14:25”, then its <i>reference day type</i> is 2 by default (12/17/2019 is on a Tuesday), while its <i>reference hour</i> is 14. The next immediate hour belongs to day type 2 and hour 15.</p> <p>For example, if the timestamp of the latest available real-time snapshot is “2019-12-19 00:45”, then its <i>reference day type</i> is 3 and reference hour is 24. The next immediate hour belongs to day type 4 and hour 1. The latest snapshot in this example has Hour 0 of 12/19/2019. This is translated as Hour 24 of 12/18/2019. 12/18/2019 falls on a Wednesday, hence, its default day type is 3.</p> | | <p>TC:</p> <p>LDF_new_{b,D,H+1,FA} refers to the load distribution factor of nodal load b at Forecast Area FA for day type D and hour $H+1$ at Forecast Area FA (For consistency of the definition with the sequence of the subscript)</p> | <p>TC:</p> <p>We agree with TC’s proposed revisions.</p> | <p>Adopt TC’s revisions.</p> |
| <p><u>Sample Updating of the Load Distribution Factor</u></p> | <p>In order to better understand the aforementioned processes in updating the load distribution factors of each nodal load, let us use the following example.</p> <p>1. Let us assume that the latest time stamp t is 14:25 of 12/19/2019</p> <ol style="list-style-type: none"> The reference day type is 4 The reference hour is 14 | | | | <p>Adopt proposal.</p> |

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|------------|--|--------------------|--|----------------------|---------------|--------|-----------|-----|--------|--------|-----------|------|--------|--------|-----------|------|--------|--------|-----------|----|--------|---|--|--|------------------------|
| | <p>2. Let us also assume that the following loads reside in Forecast Area <i>FA</i>, each having a defined data source type, along with their MW load at timestamp <i>t</i> and their most recent LDF values for day type 4 and hour 14.</p> <p>Table 3. Sample Nodal Load Profile and MW values at Timestamp <i>t</i></p> <table border="1" data-bbox="381 532 1231 834"> <thead> <tr> <th>Nodal Load</th> <th>Data Source Type</th> <th>MW Load @ <i>t</i></th> <th>Current LDF</th> </tr> </thead> <tbody> <tr> <td>Load_A</td> <td>Real-Time</td> <td>950</td> <td>0.2000</td> </tr> <tr> <td>Load_B</td> <td>Real-Time</td> <td>1425</td> <td>0.3000</td> </tr> <tr> <td>Load_C</td> <td>Real-Time</td> <td>1900</td> <td>0.4000</td> </tr> <tr> <td>Load_D</td> <td>Estimated</td> <td>--</td> <td>0.1000</td> </tr> </tbody> </table> <p>Note: The assumption here is that Load_D’s base MW is being estimated since its snapshot data is persistently non-updating.</p> | Nodal Load | Data Source Type | MW Load @ <i>t</i> | Current LDF | Load_A | Real-Time | 950 | 0.2000 | Load_B | Real-Time | 1425 | 0.3000 | Load_C | Real-Time | 1900 | 0.4000 | Load_D | Estimated | -- | 0.1000 | <p>TC:</p> <p>Is it correct that the sum of LDFs across the entire Forecast Area is always equal to one? Do we use that as a constraint equation?</p> <p>How will the use of LDFs perform with step changes in the load?</p> | | <p>TC:</p> <p>Yes, the sum of the LDFs will always be normalized to 1.0. The dynamism of nodal load forecasts is provided for on how Base MWs are defined with the use of smoothing factors.</p> <p>Recent results in the NMMS audit showed that such approach produces a high forecast accuracy (audit results show low risk rating). The approach used is also more fit for the near real-time forecasts (10-minute horizon). IEMOP still thinks there can be areas that can be improved on. There is a possibility of high nodal error should loads with high step changes manifest, but this is immediately corrected upon in the next 5-minute interval, thus reducing its effect for a longer duration,</p> | <p>Adopt proposal.</p> |
| Nodal Load | Data Source Type | MW Load @ <i>t</i> | Current LDF | | | | | | | | | | | | | | | | | | | | | | |
| Load_A | Real-Time | 950 | 0.2000 | | | | | | | | | | | | | | | | | | | | | | |
| Load_B | Real-Time | 1425 | 0.3000 | | | | | | | | | | | | | | | | | | | | | | |
| Load_C | Real-Time | 1900 | 0.4000 | | | | | | | | | | | | | | | | | | | | | | |
| Load_D | Estimated | -- | 0.1000 | | | | | | | | | | | | | | | | | | | | | | |

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| | | | | unlike in the current WESM having a longer dispatch interval. | |
| | 3. The Base MW of Load_A, Load_B, and Load_C shall be equal to their respective MW Load at timestamp <i>t</i> . | | | | Adopt proposal. |
| | <p>4. The Base MW of Load_D shall be obtained as follows.</p> <p>a. If the actual demand of the latest snapshot at 14:25 of 12/19/2019 at Forecast Area <i>FA</i> is 5000 MW, whereas the estimated loss percentage is 0.02 at day type 4 and hour 14, then:</p> $\text{Est_Actual_Net_Load}_{t,FA} = (1 - \text{Est_Loss}_{D,H,FA}) \times \text{Actual_Demand}_{t,FA}$ $\text{Est_Actual_Net_Load}_{t,FA} = (1 - 0.02) \times 5000 = 4900$ <p>b. With this, we can now derive the Base MW of Load_D</p> $\text{Base_MW}_{\text{Load_D},4,14,FA} = 0.1000 \times 4900 = 490 \text{ MW}$ | <p>TC:</p> <p>How do we obtain the actual demand for the entire Forecast Area? Where do we get 5000 MW, is that a metered quantity?</p> <p>This time the sum of loads A to D (including estimated D) is not equal to 5000 MW. Will that be a problem?</p> | | <p>TC:</p> <p>Actual demand for the entire forecast area is based on the sum of the “instantaneous” real-time MW output of the generators plus/minus the import/export in that region (applicable for Luzon and Visayas). These instantaneous real-time data is provided by NGCP’s EMS/SCADA through an ICCP link. We note that demand is the sum of load and losses, and is equal to total generation, plus/minus the import/export.</p> <p>5000 MW is the total generation or demand.</p> | Adopt proposal. |

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| | | | | Total load is less than the demand due to losses Mathematically, this is how it is represented: Total Demand = Total Load + Total_Losses Where Total Demand = Total Generation | |
| | 5. Let us then assume that the smoothing factor is 0.8. With this, we can now derive the new LDFs using the established formula. $LDF_{new_{b,D,H,FA}} = \left[\left(\frac{Base_MW_{b,D,H,FA}}{\sum_{k=1}^n Base_MW_{k,D,H,FA}} \right) \times \alpha \right] \left[(LDF_{old_{b,D,H,FA}}) \times (1 - \alpha) \right]$ For example, on Load_A: $LDF_{new_{Load_A,4,14,FA}} = \left[\left(\frac{950}{4765} \right) \times 0.8 \right] [(0.2000) \times (1 - 0.2)] = 0.19950$ The following new LDFs shall be obtained for all nodal loads defined in Forecast Area FA | | | | Adopt proposal. |

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|--|--|-------------|---------|--|---|--|--|-----------------|--------|-----------|--------|---------|--------|-----------|--------|---------|--------|-----------|--------|---------|--------|-----------|--------|---------|--|--|--|--|
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| | <p>Table 4. Sample Updated LDF Values for Day Type D and Hour H</p> <table border="1"> <thead> <tr> <th>Nodal Load</th> <th>Data Source</th> <th>Current LDF</th> <th>New LDF</th> </tr> </thead> <tbody> <tr> <td>Load_A</td> <td>Real-Time</td> <td>0.2000</td> <td>0.19950</td> </tr> <tr> <td>Load_B</td> <td>Real-Time</td> <td>0.3000</td> <td>0.29924</td> </tr> <tr> <td>Load_C</td> <td>Real-Time</td> <td>0.4000</td> <td>0.39899</td> </tr> <tr> <td>Load_D</td> <td>Estimated</td> <td>0.1000</td> <td>0.10227</td> </tr> </tbody> </table> | | | | Nodal Load | Data Source | Current LDF | New LDF | Load_A | Real-Time | 0.2000 | 0.19950 | Load_B | Real-Time | 0.3000 | 0.29924 | Load_C | Real-Time | 0.4000 | 0.39899 | Load_D | Estimated | 0.1000 | 0.10227 | | | | |
| Nodal Load | Data Source | Current LDF | New LDF | | | | | | | | | | | | | | | | | | | | | | | | | |
| Load_A | Real-Time | 0.2000 | 0.19950 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Load_B | Real-Time | 0.3000 | 0.29924 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Load_C | Real-Time | 0.4000 | 0.39899 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Load_D | Estimated | 0.1000 | 0.10227 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 6. The same LDFs shall be updated for the next immediate hour | | | | | | | Adopt proposal. | | | | | | | | | | | | | | | | | | | | |
| <u>Manual Override</u> | <p>The Market Operator may provide overriding LDFs to specific nodal loads for a specific day and hour.</p> <p>Should an overriding LDF value be defined for a specific day and hour, it shall be used regardless of the calculations used in the processes above.</p> | | | | <p>TC:</p> <p>When the MO provide overriding LDF, how do we ensure that that sum of LDFs is still equal to 1?</p> <p>What’s the procedure (how to do it, when and why do we do it) for overriding LDF?</p> | | <p>TC:</p> <p>IEMOP expects that this should be done in cases of: (a) significant non-updating data, and (b) for day-ahead or week-ahead nodal forecasts that are expected to be different from any day types due to “special events” that transpire in certain locations. This also provides IEMOP flexibility to override data coming</p> | Adopt proposal. | | | | | | | | | | | | | | | | | | | | |

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| | | | | <p>from future external forecasting systems.</p> <p>It is possible that overriding LDFs may result to a factor > 1.0. However, IEMOP’s NMMS normalizes all LDF values back to 1.0 all the time. For example, if there are two loads having an LDF of 0.5 and 0.7, then they will be normalized by the NMMS to 0.42 and 0.58, respectively.</p> | |
| <u>Use of LDF in Nodal Forecast</u> | <p>The LDFs to be used in Section 6.2.6 of this Manual shall be based on the latest updated LDF at the day type and hour representing the projected dispatch interval. Note that the day type and hour shall be based on the start time of the projected dispatch interval.</p> <p>For example, if the dispatch interval covers a start time of 19:55 and an end time of 20:00 of 12/04/2019, then its reference day type and reference hour shall be based on 19:55 of 12/04/2019. Thus, the day type shall be 3 (12/04/2019 is Wednesday), while the hour is 19. As such, in this example, the LDFs of day type 3 and hour 19 shall be used to project the nodal loads for dispatch interval 19:55-20:00 of 12/04/2019.</p> | | | | Adopt proposal. |