

**MINUTES OF MEETING**

**Rules Change Committee**  
**165<sup>th</sup> Regular Meeting (No. 2020-06)**  
 15 May 2020, 9:09 AM – 01:56 PM  
 Via Microsoft Teams



Philippine Electricity  
Market Corporation

Agenda	Action Required
<b>I. Call to Order</b>	<ul style="list-style-type: none"> <li>The meeting was conducted via Microsoft Teams and was called to order at 09:11 AM.</li> <li>The meeting was concurrently chaired by Mr. Francisco Castro (Independent) and Atty. Maila Lourdes G. de Castro (Chairman/Independent).</li> </ul>
<b>II. Determination of Quorum</b>	<ul style="list-style-type: none"> <li>15 out of 15 RCC principal members and 1 alternate member were in attendance.</li> </ul>
Attendance List	
In-attendance	Not In-attendance
<p><b><u>Rules Change Committee</u></b></p> <p><i>Principal Members:</i></p> <ol style="list-style-type: none"> <li><b>Maila Lourdes G. de Castro, Chairman</b> - Independent</li> <li><b>Francisco Leodegario R. Castro, Jr.</b> – Independent</li> <li><b>Allan C. Nerves</b> – Independent</li> <li><b>Concepcion I. Tanglao</b> – Independent</li> <li><b>Dixie Anthony R. Banzon</b> – Generation (MPPCL)</li> <li><b>Mark D. Habana</b> – Generation (Vivant)</li> <li><b>Carlito C. Claudio</b> – Generation (MEI/Panasia)</li> <li><b>Cherry A. Javier</b> – Generation (APC)</li> <li><b>Ryan S. Morales</b> – Distribution (MERALCO)</li> <li><b>Virgilio C. Fortich, Jr.</b> – Distribution (CEBECO III)</li> <li><b>Ricardo G. Gumalal</b> – Distribution (ILPI)</li> <li><b>Nelson M. dela Cruz</b> – Distribution (NEECO II Area 1)</li> <li><b>Lorreto H. Rivera</b> – Supply (TPEC)</li> <li><b>Ambrocio R. Rosales</b> – System Operator (NGCP)</li> <li><b>Isidro E. Cacho</b> – Market Operator (IEMOP)</li> </ol> <p><i>Alternate Member:</i></p> <ol style="list-style-type: none"> <li><b>Michelle Tuazon</b> – Generation (Vivant)</li> </ol>	

**PEMC – Market Assessment Group**

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

**PEMC – Legal**

Monica M. Martin

**DOE Representatives**

Ferdinand Binondo  
 Ryan Jaspher Villadiego  
 Lex Magtalas  
 Mari Josephine Enriquez

Agenda	Agreements/Action Plans
<b>III. Adoption of the Agenda</b>	The proposed agenda was approved as amended.
<b>IV. Review of the Minutes of the Previous Meeting (164<sup>th</sup> Regular Meeting, 24 April 2020)</b>	The submitted minutes of meeting was approved as amended.
<b>V. Matters Arising from Previous Meeting</b>	
Agenda	Agreements/Action Plans
5.1 Update on the RCC-TC Coordination Meeting - Interpretation on PGC GRM 9.2.3.2 <ul style="list-style-type: none"> <li>Draft RCC-TC Joint Resolution</li> </ul>	<ul style="list-style-type: none"> <li>Approved draft RCC-TC Joint Resolution, as amended, for submission to PEM Board</li> <li>RCC Sub-Committee are confirmed to sign the resolution for the RCC.</li> </ul>

Dr. Allan C. Nerves (Independent), representative of the RCC Sub-Committee who attended the RCC-TC Coordination Meeting on 05 May 2020, discussed some main points of MERALCO's and NGCP's presentations, as follows:

- MERALCO cited examples to support its proposal in using the IEEE and IEC Standards which are still compliant with the accuracy, but the burden was beyond on what was stated in the Philippine Grid Code.
- NGCP's main point is that the PGC puts limit on the burden value. Also, NGCP will not approve any application which is not in compliant with the PGC.

In view of the foregoing, Dr. Nerves informed the body that there was no common agreement from both RCC and TC about specific interpretation of PGC GRM 9.2.3.2. However, any clarifications on the matter should be raised during the DOE Public Consultation.

Mr. Ryan S. Morales (MERALCO), a member of the RCC Sub-Committee, clarified with Dr. Nerves if he had the opportunity to further discuss the matter with the Technical Committee. Dr. Nerves responded that the TC has not changed its position to allow the use of CT with

rated burden higher than 5VA as long as it is within standard and meets required accuracy performance.

Mr. Ambrocio R. Rosales (NGCP), also a member of the RCC Sub-Committee, informed the body that there are qualifiers indicated in the PGC, which are the references of NGCP on the approval of application. If there will be amendments in the future, it should be the PGC to be amended not the WESM Rules.

Atty. Maila Lourdes G. de Castro (Independent) clarified with the Sub-Committee whether the matter is settled on the RCC-TC level. Mr. Carlito C. Claudio (PEI/MEI), another member of the RCC Sub-Committee, answered that based on the hierarchy of rules, WESM Metering must conform with the provisions of PGC. Due to different interpretations on the PGC, it is proper to elevate the matter to the ERC, which can be done in either of two ways, (1) A party will write to ERC concerning the matter, or (2) A party could comment on this matter during the DOE's Public Consultation on the proposed amendments to the WESM Metering Manual.

Mr. Claudio stated his opinion that a Current Transformer (CT) having a rated burden of more than 5VA can comply with the PGC requirement.

The RCC then approved the Joint Resolution as amended, with clerical enhancements, as follows:

**RESOLVED FURTHER** that this matter is hereby endorsed to the PEM Board for consideration.

Agenda	Agreements/Action Plans
<p>5.2 Draft RCC Resolution No. 2020-07: <i>Proposed Amendments to the Guidelines Governing the Constitution of PEM Board Committees, Issue 3.0</i></p>	<ul style="list-style-type: none"> <li>Provisionally approved, pending incorporation of additional changes.</li> <li>Items for inclusion in the resolution:               <ol style="list-style-type: none"> <li>Votes on the membership of the Technical Committee (TC);</li> <li>TC Composition – five (5) independent members, one (1) from System Operator, (1) from Market Operator, one (1) from Generation Sector, and one (1) from Distribution Sector; and</li> <li>Transitory Provision for the implementation of the proposed independence criteria for affected Independent Members to carry-out their remaining terms.</li> </ol> </li> </ul>

Ms. Karen A. Varquez (PEMC) discussed the significant changes from the matrix of the proposal, as listed:

- Deletion of all terms which are already defined in the WESM Rules for consistency;
- Insertion of Clause 5.3 of the WESM Rules, in Section 6.4 item b (iii), which limits the access to confidential information by of the Philippine Competition Commission (PCC), as one of the external agencies to which the MSC shall regularly submit reports; and

- Composition of the Technical Committee (TC).

The RCC approved the first two significant changes and proceeded to discuss the draft RCC position paper on the proposed composition of the TC. Mr. Morales, who prepared draft position paper<sup>1</sup> cited its key points:

- The proposal was to have four (4) independent members and three (3) sectoral members – from the System Operator, Generation Sector and Distribution Sector.
- The representation of Grid Management Committee (GMC) and Distribution Management Committee (DMC) are very valuable in the composition of TC, with having sufficient technical background and experience. Noting that the system grows both in the transmission and distribution, having representatives from these sectors can provide valuable technical discussions of concerns.
- In terms of neutrality, the proposal still preserves by having more independent members than sectoral representatives. Also, the TC will still be chaired by an Independent member.
- To emphasize, the intention of the proposal is for the TC to secure the perspective of all concerned sectors.

Mr. Rosales asked if the proposal will be part of the RCC Resolution. He suggested to adopt the original proposal on the composition of TC but also include Market Operator citing that the current composition of TC are already technical experts on different fields of power industry.

Mr. Virgilio C. Fortich, Jr. (CEBECO III) opined that the matter was previously agreed by the body and a votation was made during the last RCC Meeting. As requested by Atty. De Castro, Ms. Divine Gayle C. Cruz (PEMC) reminded the body that there were five (5) votes adopting the original proposal and eight (8) votes modifying the proposal as per MERALCO's suggestion.

Mr. Rosales then suggested citing the results of voting in the resolution, and including the Market Operator as part of the TC composition. The body adopted both suggestions.

In view of the foregoing discussion, the body adopted the position paper and agreed to attach the same to the resolution. Further, the RCC agreed to propose the TC to have five (5) independent members, which is one (1) member more than sector representatives, to bolster the independent membership of the TC.

On the amended Section 8.1, Atty. de Castro clarified that the proposal was for the TC to have five (5) independent members and four (4) from different sectors. The body posed no other interpretation on the matter.

Ms. Varquez requested clarification if there is a need to identify the representatives of the distribution sector from the private DUs (PDU) and electric cooperative. Mr. Fortich responded that PHILRECA already agreed that the PDU may represent the distribution sector considering it has the biggest distribution utility, i.e. MERALCO.

On the proposed item 6 in Appendix B of the Manual (Undertaking of the Independent Members), Atty. de Castro commented that the wording used is a bit broad and noted that the

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<sup>1</sup> Annex A: RCC's Position Paper on the Composition of Technical Committee

definition of “employment with a company, affiliate, or any other entity related” should be clarified. Ms. Varquez answered that the proposed item is consistent with the qualifications of an independent IMO Board Member under the DOE Department Circular<sup>2</sup>, and added that the Board Selection Committee is responsible for selecting the independent members.

Atty. de Castro inquired how this amended undertaking for independent members will affect the current composition of WESM Governance Committees. Ms. Varquez explained that there will be several current independent members who will be affected. To address this, she cited the suggestion of the PEM Audit Committee (PAC) of adding a transitory provision so that WGC projects will not be inadvertently affected. The RCC agreed to put the transitory provisions in the resolution, wherein affected WGC independent members are able to complete the remaining duration of their terms.

Ms. Concepcion I. Tanglao (Independent) inquired whether the phrase “related to or associated with a WESM Member” includes both direct and indirect WESM Members. Atty. de Castro recommended to define the words “employed, associated, and related” in the Manual. Atty. Monica M. Martin (PEMC) noted the query and recommendation and committed to provide a legal commentary on those matters.

Agenda	Agreements/Action Plans
5.3 Draft RCC Resolution No. 2020-08: <i>Proposed Abolition of Relevant WESM Manuals in View of the Implementation of Enhanced WESM Design and Operations</i>	The body approved draft resolution, as submitted for endorsement to PEM Board.

Ms. Cruz presented the draft subject resolution, for approval. There being no comments received, the RCC approved the draft RCC Resolution No. 2020-08 as submitted and provided their consent for the Secretariat to affix their e-signatures in the resolution.

Agenda	Agreements/Action Plans
5.4 Draft RCC Resolution No. 2020-09: <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>	Provisionally approved, subject to revision of resolution and IEMOP’s submission of information.

Ms. Varquez presented the draft subject resolution, for approval.

Mr. Ferdinand B. Binondo (DOE) requested clarification on the effect of this proposal on the Central Registration and Settlement System (CRSS). Mr. Isidro E. Cacho (IEMOP) responded that the CRSS is ready to be reconfigured. Mr. Binondo requested to include the timeline of reconfiguration, if any, in the RCC’s approved proposal for the DOE’s information. Mr. Cacho informed the body that an official communication will be sent by IEMOP to the RCC about Mr. Binondo’s query.

<sup>2</sup> DOE DC No. 2018-01-0002

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131 The body agreed to reflect the DOE's request and IEMOP's submission in the resolution.

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Agenda	Agreements/Action Plans
5.5 Draft RCC Resolution No. 2020-10: <i>Proposed Amendments to Harmonize the WESM Manual on Management of Net Settlement Surplus Issue No. 3 with ERC Resolution No. 07 Series of 2019</i>	The body approved the draft resolution, as submitted for endorsement to PEM Board.

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134 Ms. Dianne L. De Guzman (PEMC) discussed the draft resolution and seek agreement from  
 135 the RCC to also reflect the amendments in the WESM Rules for Enhanced WESM Design.  
 136 She informed the body that the subject resolution provides the RCC's approval of the  
 137 proposals to amend the rules on net settlement surplus (NSS) by PEMC and IEMOP.

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139 Having no further comments, the RCC approved the draft resolution, as submitted for  
 140 endorsement to PEM Board and provided their consent for the Secretariat to affix their e-  
 141 signatures in the resolution.

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Agenda	Agreements/Action Plans
5.6 Draft RCC Resolution No. 2020-11: <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>	The body approved the draft resolution, as submitted for endorsement to PEM Board.

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144 Ms. Cruz discussed the draft resolution and informed the body that it will take effect on the  
 145 commencement of Enhanced WESM Design. She also informed the body that the draft  
 146 resolution was sent to IEMOP for validation of all RCC agreements.

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148 Having no further comments, the RCC approved the draft resolution, as submitted for  
 149 endorsement to PEM Board and provided their consent for the Secretariat to affix their e-  
 150 signatures in the resolution.

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Agenda	Agreements/Action Plans
5.7 Draft RCC Resolution No. 2020-12: <i>Proposed Amendments to the WESM Rules and WESM Manual on Management of Must-Run and Must-Stop Units, Issue 8</i>	The body approved the draft resolution, as submitted for endorsement to PEM Board.

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153 Ms. Cruz discussed the draft resolution and the reasons for the dismissal of Must-Run and  
 154 Must-Stop Units. As requested by Ms. Cruz, Mr. Mark D. Habana (Vivant) clarified that his  
 155 vote during the previous meeting was for the deletion of Section 10 of the Manual.

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Ms. Cruz further discussed the supplemental changes of the matrix, which includes deletion of terms must-stop units and displaced generators.

Having no further comments, the RCC approved the draft resolution, as submitted for endorsement to PEM Board and provided their consent for the Secretariat to affix their e-signatures in the resolution.

Agenda	Agreements/Action Plans
5.8 Deliberation on the <i>Proposed Amendments to the WESM and Retail Rules for the Operation of the Renewable Energy Market</i> <ul style="list-style-type: none"> <li>Draft RCC Resolution No. 2020-13</li> </ul>	The body approved the draft resolution, as submitted for endorsement to PEM Board.

Ms. Romellen C. Salazar (PEMC) discussed the proposal in preparation for the commercial operation of Renewable Energy Market. IEMOP submitted comments on the rewording and the proponent accepted the proposal with minor clerical enhancement.

Listed below are some of the proposed changes:

- Inclusion of RE Registrar to access the metering data for the calculation of RE Certificates;
- Disclosure of registration and settlement information;
- Additional of some terminologies, i.e. REM Rules, REM and others, which are consistent in the RE Act and REM Rules.

The Secretariat then presented the draft resolution on the proposal, for RCC's approval. There being no comments received, the RCC approved the draft resolution, as submitted for endorsement to PEM Board and provided their consent for the Secretariat to affix their e-signatures in the resolution.

Agenda	Agreements/Action Plans
5.9 Deliberation on the <i>Proposed Amendments to the WESM Rules and WESM Manual of Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals, Issue 3.0</i> <ul style="list-style-type: none"> <li>Draft RCC Resolution No. 2020-14</li> </ul>	The body approved the draft resolution, as amended for endorsement to PEM Board.

Ms. Varquez discussed the comments received from the stakeholders and the draft responses, for the RCC's consideration. Salient points of the discussion are as listed below:

- On Section 8.4.1.2, MERALCO proposed to limit the extension of effectivity once for up to 6 months. The body adopted MERALCO's suggestion noting that further extending an urgent amendment disregards the urgency of the proposal and the general amendments process that follows thereafter.



- On Section 7.5, Ms. Cherry Javier (APC) suggested to shorten the three (3) months for the review of the implementation of urgent amendments. The body decided that the review should be provided to the RCC after one (1) billing period and no later than sixty (60) calendar days from the PEM Board's approval and implementation of the urgent amendment.
- Ms. Varquez noted that there are proposed amendments that are required for the development of a market software or implementation of a DOE/ERC policy/issuance. These cases may be considered as urgent amendments, like the urgent proposal on the Protocol for Central Dispatch and Scheduling of Energy and Contracted Reserves, to provide the basis for software development or to ensure readiness of market participants. Ms. Varquez cited, however, that there are no rules indicating the delayed effectivity of such amendments. The body then directed the Secretariat to propose revisions to Section 7.5 to cover such cases.

The RCC approved the proposal, subject to further revision of the Secretariat on proposed provision on effectivity of other (special cases) urgent amendments. The body agreed to review the revised proposal, together with draft resolution, which the Secretariat will be sending to the RCC by email for review/approval.

Agenda	Agreements/Action Plans
<b>VI. New Business</b>	
Development of Rules Change Proposal regarding Administered Price Determination Methodology	RCC will provide inputs on the list of recoverable cost and timeline of filing for additional compensation.

Mr. Aldjon Kenneth M. Yap (PEMC) presented Development of Rules Change Proposal regarding Administered Price Determination Methodology,<sup>3</sup> for discussion and comments.

As a background, the MSC submitted a Position Paper on MMS Failure to the PEM Board and part of the recommendation was to use the seasonal prices for intervals on market intervention/suspension. The PEM Board then directed PEMC to submit corresponding amendments to Market Rules and Manuals to the RCC. The PEM Board likewise directed PEMC to review provisions on additional compensation.

Mr. Yap highlighted the proposed amendment, as shown below:

	Current APDM	Seasonal Pricing Methodology
<b>Methodology</b>	$AP \text{ Price per Generator Node} = \frac{\text{Summation of } EPP * MQ}{\text{Summation of } MQ}$	
<b>Resolution</b>	Based on <b>previous four (4) weeks</b> with same-day same trading interval that have not been administered	Based on <b>previous four (4) years</b> with <b>same-week</b> same-day same trading interval that have not been administered

<sup>3</sup> Annex C: Presentation Material on Administered Price Determination Methodology



	Current APDM	Seasonal Pricing Methodology
<b>Observations</b>	<ul style="list-style-type: none"> <li>• Reflective of recent generators offers and supply-demand conditions</li> <li>• Indifferent with seasonal variations</li> <li>• Price stagnation during prolonged intervention</li> <li>• Arduous process for additional compensation</li> </ul>	<ul style="list-style-type: none"> <li>• May not be reflective of recent generation offer</li> <li>• Seasonality is accounted especially for supply-demand conditions</li> <li>• No accurate data will be available for new trading participants</li> <li>• Dynamic prices even when intervention extends</li> </ul>

Mr. Yap presented results of a simulation conducted to compare prices using the current APDM and seasonal APDM.

In addition, he requested inputs from the RCC, especially the members from the Generation Sector, on the recoverable costs, timeline of filing, complete submission of requirements, and other concerns regarding the additional compensation. As initial input, Ms. Javier shared that other charges, i.e. wheeling charges, are not considered in the additional compensation, which are being paid by the generator. She also suggested that the proposal consider the allowable number of months that a generator can claim additional compensation.

Mr. Yap informed the body that as verified with the Market Operator, even if Generators submit documents for additional compensation, it is not guaranteed that TPs will be compensated. Also, the ERC Resolution only allows recovery of fuel costs and variable costs. He also added that the route of this proposal will require ERC's approval, thus, updating the recoverable costs still needs review and approval from ERC.

Some issues and concerns were raised by the RCC Representatives, as listed:

- Ms. Javier informed that there is pending issue from their end regarding the 14-day timeline due to tagging of MRU. She will also verify if there is still issue regarding Administered Price other than the charges that are not considered.
- Mr. Habana informed that he has not receive any complaints from his team regarding the 14-day timeline period but suggested making it longer.
- Mr. Dixie Anthony R. Banzon said that he needs to verify first with his team if there are issues on the timeline.
- Mr. Claudio raised his team's concern that the 14-day timeline is not sufficient to complete all the documentation needed.

Mr. Yap noted the issues and concerns raised and would further study the timeline. Also, he requested the RCC Representatives if they can provide substantial rationale on amending the timeline.

Mr. Claudio clarified if the proposal will also be implemented on the NMMS, thus, modification in the formula is needed. Mr. Yap replied that the proposal is intended for both current and enhanced. He also added that a parallel review is currently conducted for both APDM and PDM.

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260 Ms. Oye Rivera (Team Energy) clarified if the proposed changes to additional compensation  
 261 will be used only for intervals under market intervention. Mr. Yap answered that the formula  
 262 will be applied to all applicable pricing mechanisms, i.e. SEC and MRU.

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264 Atty. de Castro inquired if this was the first time that the TPs were consulted. Mr. Yap replied  
 265 that there was a study previously conducted by the RCC on how many Trading Participants  
 266 filed for additional compensation, including those who are approved and disapproved.

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268 In closing, Mr. Yap thanked the RCC for their inputs and requested the RCC to submit their  
 269 proposed list of recoverable cost and corresponding justification, for possible inclusion in the  
 270 proposal, until 22 May 2020.

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Agenda	Agreements/Action Plans
<b>VIII. Others</b>	
6.1 DOE Public Consultation Updates	Mr. Binondo informed the body that the DOE will conduct virtual public consultations. He also added that DOE DCs on amendments to the WESM Enhanced Design are still for finalization, including IPR.
6.2 Meeting Schedules: A. Board Review Committee – 18 May 2020 (Mon) B. PEM Board – 27 May 2020 (Wed), tentative	Independent members will confirm their availability as Presenters with the Secretariat.
<b>VII. Next Meeting</b>	<ul style="list-style-type: none"> <li>• June 19<sup>th</sup></li> <li>• July 17<sup>th</sup></li> <li>• August 14<sup>th</sup></li> </ul>
<b>VIII. Adjournment</b>	The meeting was adjourned at 01:56 PM.



**Prepared by:**



**Dianne L. De Guzman**

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

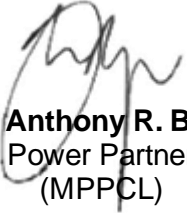





Approved by:  
**THE RULES CHANGE COMMITTEE**



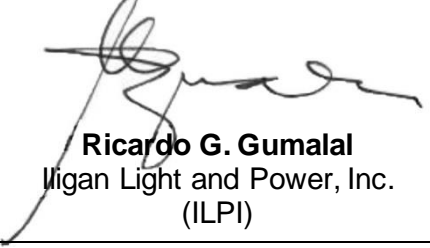

Independent Members:

 <b>Maila Lourdes G. de Castro</b> Chairperson	 <b>Francisco L.R. Castro, Jr.</b>
 <b>Allan C. Nerves</b>	 <b>Concepcion I. Tanglao</b>

Generation Sector Members:

 <b>Dixie Anthony R. Banzon</b> Masinloc Power Partners Co. Ltd. (MPPCL)	 <b>Cherry A. Javier</b> Aboitiz Power Corp. (APC)
 <b>Carlito C. Claudio</b> Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	 <b>Mark D. Habana</b> Vivant Corporation - Philippines (Vivant)

Distribution Sector Members:

 <b>Virgilio C. Fortich, Jr.</b> Cebu III Electric Cooperative, Inc. (CEBECO III)	 <b>Ryan S. Morales</b> Manila Electric Company (MERALCO)
 <b>Ricardo G. Gumalal</b> Iligan Light and Power, Inc. (ILPI)	 <b>Nelson M. Dela Cruz</b> 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)





The composition of the Technical Committee (TC) is currently under review. This comes after the Distribution Management Committee (DMC) and Grid Management Committee (GMC) that had representatives in the TC, were dissolved. There is also a recognition of the need to increase the capacity of the TC because of the increased workload with the implementation of various programs including the New Wholesale Electricity Spot Market (WESM) design, Reserves Market, and Mindanao market integration, among others.

*We recommend that the TC be composed of seven (7) members, four (4) of whom are independent, three (3) are sector representatives (including the System Operator), and the chairman selected from among the independent members. This ensures independence of the committee while allowing for a greater level of participation from stakeholders.*

The above proposal is being submitted in response to the proposed amendments to the **Guidelines Governing the Constitution of the PEM Board Committees, Issue 3.0** submitted by the Philippine Electricity Market Corporation:

*8.1. Composition. The Technical Committee shall consist of at least ~~six (6)~~ **four (4)** Independent members, **one (1) member representing the generation sector, one (1) member representing the distribution sector,** and one (1) member representing the System Operator. **The Chairperson of the Technical Committee shall be an independent member.***

### ***Background: Effects of the Dissolution of the Grid Management Committee and Distribution Management Committee***

There is a need to fill the vacancies in the Technical Committee (TC) following the dissolution of the Grid Management Committee (GMC) and Distribution Management Committee (DMC), both of which had representatives in the TC. Both DMC and GMC were composed of industry experts and practitioners, including those currently working in the industry. In addition to a purely technical perspective, the DMC and GMC representatives brought to the TC actual experiences and insights drawn from actual operations and current practices. Thus, there is a need to restore the TC's access to real-time industry expertise that will allow it to provide the PEM Board with recommendations that are both technically sound and practicable.

The presence of representatives from the Distribution Management Committee (DMC) and the Grid Management Committee (GMC) helped ensure this as they are currently immersed in the operations of their organizations and they are aware of current issues

and the corresponding potential solutions. The 2016 Philippine Grid Code<sup>1</sup> provides the following qualifications for GMC members:

*GM 2.2.2.5 The members of the GMC shall have sufficient technical background and experience to fully understand and evaluate the technical aspects of Grid operation, planning, and development.*

On the other hand, the 2017 Philippine Distribution Code<sup>2</sup> provides the following qualifications for DMC members:

*2.2.2.5 The members of the DMC shall be a registered electrical engineer and shall have sufficient technical background and experience of at least 10 years in the Electric Power Industry to fully understand and evaluate the technical aspects of distribution system operation, planning, and development.*

In the past, representatives of the DMC and GMC brought to the TC inputs that were developed and discussed among independent experts and industry practitioners. This is no longer possible with the dissolution of both committees. Thus, it is imperative to restore the capacity of the TC to engage and draw forth the perspectives of both experts and practitioners.

While the need for expertise can be addressed by strengthening the qualifications of independent members, relevant knowledge and experience from practitioners can only come from current members of industry. Hence, we recommend that the positions previously held by DMC and GMC representatives be filled by representatives from the distribution and generation sectors. These two sector representatives will be in addition to the representative from the System Operator (SO) who is already part of the TC.

***The Technical Committee should have access to the necessary expertise as well as knowledge of current industry practice and conditions.***

The dissolution of both committees presents the current dilemma of filling the seats left by the DMC and GMC representatives. PEMC recommended to have six (6) independent members who are deemed to be experts in anyone (or more) of the following field: power systems, information technology, generation, distribution, metering and other related fields. However, it was not explained how the candidate's expertise would be established. Would it be enough to have a bachelor's degree in electrical engineering? How many years of related work experience should the candidate possess? We believe that **the level of expertise of potential Technical Committee members should at least be somewhat equal to that of a DMC or GMC representative.**

The matters discussed in the Technical Committee impact the trading participants and service providers. Market participants (i.e. the system operator, distribution utilities and generation companies) will eventually implement the recommendation of the Committee. Thus, sectoral members would be in the best position to provide insights

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<sup>1</sup> ERC Resolution No. 22, Series of 2016

<sup>2</sup> ERC Resolution No. 2, Series of 2018



and explain the potential effects of proposed policies on operations and ensure that such policies will not compromise the operation of any element in the system. They can provide much needed real-world insights from actual experience and current practices. It is important that the Committee has timely access to these professional insights from the on-the-ground operators as a check for any potential recommendations.

***The independence of the Technical Committee shall be maintained by having majority independent members.***

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. The four (4) independent members, one of whom will chair of the committee, will mean that the number of independent votes is always greater than the combined votes of the sectoral representatives.

More importantly, the independent members would clearly benefit from the perspectives from stakeholders: generation, distribution, and the system operator. Without the inclusion of the representatives from the distribution and generation, the SO is the only stakeholder represented in the Technical Committee. If allowed to continue, this would severely limit the viewpoints that would be heard in the committee. **In the interest of fairness and increasing the scope of participation, the generation and distribution sectors, who are also market participants and service providers, should also be represented and allowed to share their perspectives.**

Furthermore, this inclusion of representation from SO, distribution and generation should help ensure balance of inputs in the committee. The presence of multiple viewpoints that is a consequence of broader participation serves as a check to possible imbalance in the committee.

***Multiple robust markets and jurisdictions have established that inclusion of market participants in their committees is beneficial.***

The Electric Reliability Council of Texas (ERCOT), the first independent system operator and one of nine ISOs in North America, encourages the participation of market participants and other stakeholders in various committees and advisory groups. They meet regularly to develop protocols and procedures that govern the ERCOT system and electricity markets. Stakeholders are involved in multiple levels: working groups, task forces, subcommittees, the Technical Advisory Committee and the ERCOT Board of Directors. ERCOT's Technical Advisory Committee is comprised of stakeholders, which makes recommendations to the Board of Directors. The involvement of stakeholders helps ensure the reliability and equitable access to the system.<sup>3</sup>

The Reliability Panel of the Australian Electricity Market Commission (AEMC) determines standards and requirements to ensure the security, reliability and safety of

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<sup>3</sup> <http://www.ercot.com/committees>

power systems. The panel is composed of stakeholders, including consumer groups, generators, network businesses, retailers and the market operator. The presence of multiple stakeholders in the panel helped ensure the reliability and continued operation of the electric system and the continuity of supply.<sup>4</sup>

Nord Pool, the leading power market in Europe, has an Advisory Board consisting of power traders and industry representatives, which provides the highest level of advisory for all activities related to their operations. The composition of the Advisory Board reflects the differences in terms of customer type and geography. The Advisory Board directly reports to the Nord Pool Board.<sup>5</sup>

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<sup>4</sup> <https://www.aemc.gov.au/about-us/reliability-panel>

<sup>5</sup> <https://www.nordpoolgroup.com/About-us/Advisory-board/>

# I. Proposed Amendment to WESM and Retail Rules for Operation of REM

## A. WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Agreements
Rights of Access to Metering Data	4.8.3	The only entities entitled to have either direct or remote access to <i>metering data</i> on a read only basis from the <i>metering database</i> or the <i>metering register</i> in relation to a <i>metering point</i> are:  xxx  (f) The <i>Market Surveillance Committee</i> ; and  (g) The <i>ERC</i> .	The only entities entitled to have either direct or remote access to <i>metering data</i> on a read only basis from the <i>metering database</i> or the <i>metering register</i> in relation to a <i>metering point</i> are:  xxx  (f) The <i>Market Surveillance Committee</i> ; <del>and</del>  (g) The <i>ERC</i> ; <b><u>and</u></b> <b><u>(f) The Renewable Energy Registrar (RER).</u></b>	This provision needs to be amended to include the RE Registrar as a party who is allowed access to WESM Metering Data.				Adopt proposal.
Exceptions	5.3.2	Exceptions  Subject to clause 5.3.3.1, this clause 5.3 does not prevent:  (a) The disclosure of information (confidential or	Exceptions  Subject to clause 5.3.3.1, this clause 5.3 does not prevent:  (a) The disclosure of information (confidential or	This provision will be amended to include an additional permitted disclosure that enables the Market Operator to disclose the	<b><u>IEMOP:</u></b>  Re-formatted for clarity	<b><u>IEMOP:</u></b>  <b><u>(l) The disclosure of registration and settlement information to the RE Registrar, as pursuant to the</u></b>	<b><u>IEMOP:</u></b>  Agreed to adopt with the proposed construction but with minor revision for consideration.	Adopt IEMOP and PEMC's revision.



Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Agreements
		<p>otherwise) between anyone or more of the following:</p> <p>(1) The <i>ERC</i> and the <i>DOE</i>;</p> <p>(2) The <i>System operator</i>,</p> <p>xxx</p> <p>(j) The disclosure of (i) settlement amounts unpaid by the end of the month, and (ii) the specific <i>WESM member</i> that failed to pay the settlement amounts</p> <p>(k) The disclosure of settlement information of FIT-Eligible generating units to TRANSCO pursuant to the FIT-All Guidelines.</p>	<p>otherwise) between anyone or more of the following:</p> <p>(1) The <i>ERC</i> and the <i>DOE</i>;</p> <p>(2) The <i>System operator</i>,</p> <p>xxx</p> <p>(j) The disclosure of (i) settlement amounts unpaid by the end of the month, and (ii) the specific <i>WESM member</i> that failed to pay the settlement amounts;</p> <p>(k) The disclosure of settlement information of FIT-Eligible generating units to TRANSCO pursuant to the FIT-All Guidelines.</p> <p><b><u>(l) The disclosure of registration and settlement</u></b></p>	<p>registration and settlement information to the RE Registrar to facilitate the participation and transacting with the RE Market of the WESM members, for their compliance to the RPS, pursuant to the RE Act.</p>		<p><b><u>REM Rules, of the following:</u></b></p> <p><b><u>i. WESM members participating in the REM; and</u></b></p> <p><b><u>ii. directly-connected customers who have contracts with Generator Companies.</u></b></p>	<p><b><u>(l) The disclosure of registration and settlement information to the RE Registrar, as pursuant to the REM Rules, of the following:</u></b></p> <p><b><u>i. WESM members participating in the REM; and</u></b></p> <p><b><u>ii. directly-connected customers who have contracts with Generator Companies.</u></b></p>	

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Agreements
			<u>information to the RE Registrar of WESM members participating in the REM and the directly-connected customers who have contracts with Generator Companies, pursuant to the REM Rules.</u>					
Glossary	Chapter 11	(Blank)	<u>Renewable Energy Market or REM. The market developed and implemented by PEMC where the trading of Renewable Energy Certificates (RECs) is made.</u>	New definition that is consistent with the RE Act and the RE Market Rules (REM Rules).				Adopt proposal.
Glossary	Chapter 11	(Blank)	<u>REM Rules. The REM Rules refers to the rules established by the DOE for the operation of the RE Market and to govern the conduct of the RE Registrar for the purpose of implementing the RPS</u>	New definition that is consistent with the RE Act and the RE Market Rules (REM Rules).				Adopt proposal.

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Agreements
			<u>Rules for both the On-Grid and Off-grid Areas:</u>					
Glossary	Chapter 11	(Blank)	<u>Renewable Energy Registrar or the RE Registrar. The unit established in accordance with Republic Act No. 9513 to issue, keep and verify RECs corresponding to energy generated from eligible RE facilities.</u>	New definition that is consistent with the RE Act and the RE Market Rules (REM Rules).				Adopt proposal.

**B. Retail Rules**

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Agreements
Rights of Access to Metering Data	4.5.3	The only entities entitled to have either direct or remote access to metering data on a read only basis from the metering database or the metering register in relation to a metering point are:	The only entities entitled to have either direct or remote access to metering data on a read only basis from the metering database or the metering register in relation to a metering point are:  4.5.3.1 Each Supplier whose settlement amounts are determined by	This provision will include the RE Registrar as a party who is allowed access to Retail Metering Data.  Please note that Retail Rules Clause 4.5.4				Adopt proposal.

Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Agreements
		<p>4.5.3.1 Each Supplier whose settlement amounts are determined by reference to quantities of energy flowing through that metering point,</p> <p>xxx</p> <p>4.5.3.11 The DOE; and</p> <p>4.5.3.12 the ERC.</p>	<p>reference to quantities of energy flowing through that metering point,</p> <p>xxx</p> <p>4.5.3.11 The DOE; and</p> <p>4.5.3.12 the ERC-, and</p> <p><b><u>4.5.3.13 The RE Registrar.</u></b></p>	<p>states that the treatment of metering data as confidential information is already subject to Chapter 5 of the WESM Rules. Thus, there is no need to amend the Retail Manual on Disclosure and Confidentiality.</p>				
Glossary	Chapter 6	(Blank)	<p><b><u>Renewable Energy Registrar or the RE Registrar. The unit established in accordance with Republic Act No. 9513 to issue, keep and verify RECs corresponding to energy generated from eligible RE facilities.</u></b></p>	<p>New definition that is consistent with the RE Act and the RE Market Rules (REM Rules).</p>				Adopt proposal.

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





A. WESM Rules (current and enhanced market design)								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Rules Change Classification Procedures	8.4.1.2	xxx  In cases of changes to the WESM Rules, Market Manuals or the adoption of new Market Manuals, implemented pursuant to WESM Rules Clause 8.4.1.1 (a) prior to DOE's approval, shall be processed and submitted to the DOE for final approval; otherwise, the effectivity of such WESM Rules changes shall be no more than six (6) months from the PEM Board approval.	xxx  In cases of changes to the WESM Rules, Market Manuals or the adoption of new Market Manuals, implemented pursuant to WESM Rules Clause 8.4.1.1 (a) prior to DOE's approval, shall be processed and submitted to the DOE for final approval; otherwise, the effectivity of such WESM Rules changes shall be no more than six (6) months from the PEM Board approval. <b><u>The PEM Board may extend the effectivity for six (6) months and shall inform the DOE of such extension.</u></b>	<ul style="list-style-type: none"><li>There are instances when the PEM Board needs to extend the effectivity of Urgent Amendments while awaiting for the DOE's approval of the corresponding General Amendments, e.g. Initial Prudential Requirements (IPR) proposal in 2019.</li></ul>	<b>MERALCO:</b>  To encourage the resolution of proposed Urgent Amendments, the extension should only be given once and the provision should provide for the option to extend for a period shorter than six (6) months.	<b>MERALCO:</b>  xxx  ...The PEM Board may extend the effectivity <b><u>once for up to</u></b> six (6) months and shall inform the DOE of such extension.	<b>MERALCO:</b>  Okay with MERALCO's proposed wording. However, we note that this will also be subject to the DOE's approval of general amendment corresponding an urgent amendment. For instance, the urgent amendment on Initial Prudential Requirement (IPR) were extended twice, while awaiting the DOE's approval of corresponding general amendment.	Adopt MERALCO's suggestion.



A. WESM Rules (current and enhanced market design)								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Notification following satisfying criteria	8.4.5	<p>If the Rules Change Committee concludes that a proposal satisfies the criteria as set out in WESM Rules Clause 8.4.2, the Rules Change Committee shall:</p> <p>(a) Notify the PEM Board, all WESM members and all other interested parties of the proposal; and</p> <p>(b) Invite such parties to make written submissions regarding the proposal within the next 30 working days after publication of the proposed change to the WESM Rules or Market Manual, or new Market Manual</p>	<p>If the Rules Change Committee concludes that a proposal satisfies the criteria as set out in WESM Rules Clause 8.4.2, the Rules Change Committee shall:</p> <p>(a) Notify the PEM Board, all WESM members and all other interested parties of the proposal; and</p> <p>(b) Invite such parties to <del>make written submissions</del> <b>submit comments</b> regarding the proposal within the next 30 working days after publication of the proposed change to the WESM Rules or Market Manual, or new Market Manual</p>	<ul style="list-style-type: none"><li>To minimize paper use, comments may be submitted in electronic format, subject to the submission of a letter on the validity of such submission.</li></ul>	<p><b>MERALCO:</b></p> <p>The allowed format and channel for the submission of the "letter" mentioned in the rationale should also be specified.</p>	<p><b>MERALCO:</b></p> <p>If the Rules Change Committee concludes that a proposal satisfies the criteria as set out in WESM Rules Clause 8.4.2, the Rules Change Committee shall:</p> <p>(a) Notify the PEM Board, all WESM members and all other interested parties of the proposal; and</p> <p>(b) Invite such parties to <del>make written submissions</del> <b>submit comments</b> regarding the proposal within the next 30 working days after publication of the proposed change to the WESM Rules or Market Manual, or new Market Manual in</p>	<p><b>MERALCO:</b></p> <p>Adopt MERALCO's proposal, with revision requiring submission of comments electronically:</p> <p>If the Rules Change Committee concludes that a proposal satisfies the criteria as set out in WESM Rules Clause 8.4.2, the Rules Change Committee shall:</p> <p>(a) Notify the PEM Board, all WESM members and all other interested parties of the proposal; and</p> <p>(b) Invite such parties to <del>make written submissions</del> <b>submit comments</b> regarding the proposal within the next 30 working days</p>	Adopt MERALCO's comments and PEMC's revision.



A. WESM Rules (current and enhanced market design)								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		in the market information website.	in the market information website.			the market information website.  (c) Comments may be submitted in electronic format, subject to the submission of a letter on the validity of such submission.	after publication of the proposed change to the WESM Rules or Market Manual, or new Market Manual in the market information website.  (c) Comments shall <del>may</del> be submitted in electronic format, subject to the submission of a letter on the validity of such submission.	
Submissions regarding proposed Rules change	8.4.6	To be validly considered, a written submission made in response to a proposed change to the WESM Rules, Market Manual, or proposal for the adoption of a new Market Manual, as	To be validly considered, <del>a written submission</del> <b>comments</b> made in response to a proposed change to the WESM Rules, Market Manual, or proposal for the adoption of a new	Same as 8.4.5	<b>MERALCO:</b>  Same as 8.4.5		<b>MERALCO:</b>	Adopt proposal

A. WESM Rules (current and enhanced market design)								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		provided under clause 8.4.5 (b), must be received by the Rules Change Committee no later than 30 working days after the notice and invitation referred to in WESM Rules Clauses 8.4.5 (a) and (b) are issued.	Market Manual, as provided under clause 8.4.5 (b), must be received by the Rules Change Committee no later than 30 working days after the notice and invitation referred to in WESM Rules Clauses 8.4.5 (a) and (b) are issued.					
PEM Board discretions when assessing a proposal for a change in the WESM Rules or Market Manuals, or for the adoption of new Market Manuals	8.5.2	In considering whether a proposal for a change in the WESM Rules or Market Manuals, or adoption of new Market Manuals satisfies the criteria which are set out in WESM Rules Clause 8.4.2, the PEM Board may:  (a) Take into account any information and	In considering whether a proposal for a change in the WESM Rules or Market Manuals, or adoption of new Market Manuals satisfies the criteria which are set out in WESM Rules Clause 8.4.2, the PEM Board may:  (a) Take into account any	<ul style="list-style-type: none"><li>There are instances that the PEM Board remands proposals to the RCC for further study.</li></ul>				<a href="#">Adopt proposal</a>



A. WESM Rules (current and enhanced market design)								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		documents, which the PEM Board reasonably considers to be relevant to its consideration of the proposal;  (b) Consult with such persons as the PEM Board reasonably considers will likely be affected by the proposal; and  (c) Seek such information and views from any person whom the PEM Board considers relevant or as may be practicable in the circumstances.	information and documents, which the PEM Board reasonably considers to be relevant to its consideration of the proposal;  (b) Consult with such persons as the PEM Board reasonably considers will likely be affected by the proposal; and  (c) Seek such information and views from any person whom the PEM Board considers relevant or as may be practicable in the circumstances; <u>and</u>  <u>(d) Remand a proposal to the Rules Change</u>					

A. WESM Rules (current and enhanced market design)								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
			<b><u>Committee for further study. As necessary, the Rules Change Committee may subject a proposal to consultation as set out in WESM Rules Clause 8.4.5 (b).</u></b>					
Notification following unsuccessful proposal	8.5.3.1	If the PEM Board concludes that a proposed change to the WESM Rules or a Market Manual, or proposal for a new Market Manual does not satisfy the criteria set out in Clause 8.4.2, the PEM Board shall notify:  (a) The Rules Change Committee;  (b) Proponent(s);	If the PEM Board concludes that a proposed change to the WESM Rules or a Market Manual, or proposal for a new Market Manual does not satisfy the criteria set out in Clause 8.4.2, the PEM Board shall notify:  (a) The Rules Change Committee;  (b) Proponent(s);	<ul style="list-style-type: none"><li>• For consistency with the proposed amendments to Clause 8.4.5</li><li>• Relevant information to the ERC are related to pricing and settlement rules changes</li></ul>	<b>MERALCO:</b>  May we request clarification on the rationale for limiting the notification to ERC to pricing and settlement rules change?		<b>MERALCO:</b>  The ERC is the final approving authority for rules on pricing and settlements.	<a href="#">Adopt proposal</a>

A. WESM Rules (current and enhanced market design)								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		(c) Any party who made written submissions to the Rules Change Committee under WESM Rules Clause 8.4.5; and  (d) The DOE and the ERC,  within 10 working days after reaching that conclusion, and shall provide reasons for its decision.	(c) Any party who made written <del>submissions</del> <b><u>submitted comments</u></b> to the Rules Change Committee under WESM Rules Clause 8.4.5; and  (d) The DOE and, <b><u>as necessary,</u></b> the ERC,  within 10 working days after reaching that conclusion, and shall provide reasons for its decision.					
Approval of a proposal	8.6.4	If the DOE concludes that a proposal is consistent with the Act and the public interest and satisfies the criteria, which are set out in WESM Rules Clause 8.4.2,	If the DOE concludes that a proposal is consistent with the Act and the public interest and satisfies the criteria, which are set out in WESM Rules Clause 8.4.2,	To ensure the efficient updating of Market Rules and Manuals by the RCC Secretariat and publication of the revised Market Rules and Manuals				<a href="#">Adopt proposal</a>



A. WESM Rules (current and enhanced market design)								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		it shall approve the proposal and cause its publication. The proposal approved by the DOE will take effect within fifteen (15) working days from its publication or on such later date as the DOE, determines or upon such time that the amendment may be implemented.	it shall approve the proposal, and cause its publication, <b><u>and inform the Rules Change Committee to incorporate approved amendments to the relevant Market Rules/Manuals for publication in the PEMC website.</u></b> The proposal approved by the DOE will take effect within fifteen (15) working days from its publication or on such later date as the DOE, determines or upon such time that the amendment may be implemented.	for information of WESM Members.				



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Purpose	1.1	Describes the responsibilities and undertakings required of the DOE, the PEM Board, the Rules Change Committee, the other PEM Board Committees, any WESM Member and of any interested parties in the initiation, evaluation, and approval or disapproval of any amendment, review or interpretation of the WESM Rules, Retail Rules and Market Manuals, guidelines and issuances governing the WESM. The procedures described in this Market Manual shall be read and construed consistent	Describes the responsibilities and undertakings required of the DOE, the PEM Board, the Rules Change Committee, the other <del>PEM Board</del> <b><u>WESM Governance</u></b> Committees, any WESM Member and of any interested parties in the initiation, evaluation, and approval or disapproval of any amendment, review or interpretation of the WESM Rules, Retail Rules and Market Manuals, guidelines and issuances governing the WESM. The procedures described in this Market Manual shall be read and construed consistent with Chapter 8 of the WESM Rules.	For consistency with DOE DC No. 2010-007-0008				<a href="#">Adopt proposal</a>

B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		with Chapter 8 of the WESM Rules.						
Definitions	2.1	PEM Board Committees refers to the Committees created by the PEM Board pursuant to the WESM Rules, and may interchangeably be referred to as PEMC Committees	<del>PEM Board</del> <b>WESM Governance</b> Committees refers to the Committees created by the PEM Board pursuant to the WESM Rules, <del>and may interchangeably be referred to as PEMC Committees</del>	Same above				<a href="#">Adopt proposal</a>
		PEM Committee Secretariat refers to the support group tasked to handle administrative matters of the PEM Board Committees	<del>PEM Committee Secretariat refers to the support group tasked to handle administrative matters of the PEM Board</del> <b>WESM Governance</b> Committees	Same above				<a href="#">Adopt proposal</a>
		Publish means to make information available through the market information or WESM website or, as may be deemed necessary by the PEM Board,	Publish means to make information available through the market information <b>website</b> or <del>WESM</del> <b>PEMC</b> website or, as may be deemed necessary by the PEM Board, publication in at	To ensure wider dissemination of information on Urgent Amendments				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		publication in at least two (2) newspapers of general circulation	least two (2) newspapers of general circulation					
To whom submitted	5.3	a) The proposals shall be submitted to the Rules Change Committee through the PEM Committee Secretariat which shall check for the completeness of the proposal and its compliance with the formal requirements set forth in Section 5.2 of this Manual. Only proposals which are made in the prescribed form shall be accepted and considered as submitted.	a) The proposals shall be submitted to the Rules Change Committee through the <del>PEM</del> Committee Secretariat which shall check for the completeness of the proposal and its compliance with the formal requirements set forth in Section 5.2 of this Manual. Only proposals which are made in the prescribed form shall be accepted and considered as submitted.	For consistency with the proposed amendments to Section 2.1				<a href="#">Adopt proposal</a>
		b) Complete proposals shall be given due course and shall be forwarded to the Rules Change Committee for	b) Complete proposals shall be given due course and shall be forwarded to the Rules Change Committee for consideration.	To provide more time for the RCC Secretariat to initially review proposals				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		consideration. Proposals for general and minor amendments shall be forwarded to the Rules Change Committee within five (5) business days from receipt of complete proposal. Proposals for urgent amendments will be forwarded immediately upon receipt as provide for in Section 7.2(a).	Proposals for general and minor amendments shall be forwarded to the Rules Change Committee within five (5) <del>business</del> <b>working</b> days from receipt of complete proposal. Proposals for urgent amendments will be forwarded immediately upon receipt as provide for in Section 7.2(a).					
		c) Incomplete proposals or those which do not comply with the formal requirements shall be denied due course, and the PEM Committee Secretariat shall notify the proponent of the denial citing the grounds therefor. The proponent may	c) Incomplete proposals or those which do not comply with the formal requirements shall be denied due course, and the <del>PEM</del> Committee Secretariat shall notify the proponent of the denial citing the grounds therefor. The proponent may re-submit the proposal	For consistency with the proposed amendments to Section 2.1				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		re-submit the proposal and comply with the formal requirements.	and comply with the formal requirements.					
Assessment of Proposal	6.1.1	a) Upon endorsement of the PEM Committee Secretariat, the Rules Change Committee shall give due course to the proposal in the next Rules Change Committee meeting. xxx	a) Upon endorsement of the <del>PEM</del> Committee Secretariat, the Rules Change Committee shall give due course to the proposal in the next Rules Change Committee meeting. xxx	For consistency with the proposed amendments to Section 2.1				<a href="#">Adopt proposal</a>
		d) If the Rules Change Committee determines that the proposal satisfies the criteria, it shall proceed to evaluate the proposal in the manner set forth in this Manual.	d) If the Rules Change Committee determines that the proposal satisfies the criteria, it shall <b><u>notify the PEM Board of the proposal</u></b> and proceed to evaluate the proposal in the manner set forth in this Manual.	For consistency with WESM Rules Clause 8.4.5				<a href="#">Adopt proposal</a>
Consultation and referral to Other	6.1.2	a) If the proposal is given due course pursuant to Section 6.1.1(d), the Rules	a) If the proposal is given due course pursuant to Section 6.1.1(d), the Rules	For consistency with the proposed amendments to				<a href="#">Adopt proposal</a>

B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Committees and Persons		Change Committee shall notify all the WESM participants, as well as other interested parties of the proposal through publication, inviting them to give written submissions regarding the proposal.	Change Committee shall notify all the WESM participants, as well as other interested parties of the proposal through publication, inviting them to <del>give written submissions</del> <b>submit comments</b> regarding the proposal.	WESM Rules Clause 8.4.5				
Consultation and referral to Other Committees and Persons	6.1.2	b) The following committees or persons shall likewise be notified of the proposal and invited to make their written submissions within the period stated in Section 6.1.3(a) of this Manual: xxx iii) the PEM Auditor, where the proposal affects any matter falling under the competence of the	b) The following committees or persons shall likewise be notified of the proposal and invited to <del>make</del> <b>submit</b> their <del>written submissions</del> <b>comments</b> within the period stated in Section 6.1.3(a) of this Manual: xxx iii) the PEM Auditor <b>Audit Committee</b> , where the proposal affects any matter falling under <del>the</del> <b>its</b> competence <del>of the</del>	<ul style="list-style-type: none"><li>For consistency with the proposed amendments to WESM Rules Clause 8.4.5</li><li>Deletion of "PEM Auditor" has been previously approved by the RCC (Resolution No. 19-04)</li></ul>	<b>MERALCO:</b>  ERC should be notified of the proposal and be invited to submit comments and send their representatives to the deliberation to ensure that the proposal is not in conflict with ERC issuances.	<b>MERALCO:</b>  xxx vi) the <del>Chairpersons of the Grid Management Committee and Distribution Management Committee</del> Energy Regulatory Commission, where the proposal affects any provision of the Philippine Grid Code, <del>or</del> Philippine Distribution Code <b>and other ERC</b>	<b>MERALCO:</b>  Adopt MERALCO's additional proposed amendments.	Adopt MERALCO's suggestion.

B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		PEM Auditor or the Audit Committee; xxx vi) the Chairpersons of the Grid Management Committee and Distribution Management Committee, where the proposal affects any provision of the Philippine Grid Code or Philippine Distribution Code, for the purpose, among other things, of determining the effect of the proposal and the need to harmonize such proposal with the provisions of these Codes.	<del>PEM Auditor or the Audit Committee; xxx</del> vi) the <del>Chairpersons of the Grid Management Committee and Distribution Management Committee</del> <u>Energy Regulatory Commission</u> , where the proposal affects any provision of the Philippine Grid Code or Philippine Distribution Code, for the purpose, among other things, of determining the effect of the proposal and the need to harmonize such proposal with the provisions of these Codes.	and the PEM Board (Resolution 2019-10-10). This is now for final approval of the DOE. <ul style="list-style-type: none"><li>To reflect changes due to the dissolution of the DMC and GMC offices.</li></ul>		<u>issuances</u> , for the purpose, among other things, of determining the effect of the proposal and the need to harmonize such proposal with the provisions of these <del>Codes</del> <u>issuances</u> .		
Consultation and referral to Other	6.1.2	d) Where the proposal involves a minor amendment, the Rules Change Committee may, at	d) Where the proposal involves a minor amendment, the Rules Change Committee may, at its discretion,	For consistency with the proposed amendments to				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Committees and Persons		its discretion, no longer hold public consultations, refer to various committees or persons, or require written submissions.	no longer hold public consultations, refer to various committees or persons, or require <del>written submissions</del> <b><u>submission of comments.</u></b>	WESM Rules Clause 8.4.5				
Written Submissions	6.1.3	Written Submissions	<del>Written Submissions</del> <b><u>Submission of Comments</u></b>	For consistency with the proposed amendments to WESM Rules Clause 8.4.5				<a href="#">Adopt proposal</a>
		a) The written submissions requested pursuant to Sections 6.1.2 (a) and (b) shall be given within thirty (30) working days from the date of publication of the notice made pursuant to Section 6.1.2 (a) of this Manual. The proponent shall be invited to respond	a) The <del>written submissions</del> <b><u>submission of comments as</u></b> requested pursuant to Sections 6.1.2 (a) and (b) shall be within thirty (30) working days from the date of publication of the notice made pursuant to Section 6.1.2 (a) of this Manual. The proponent shall be invited to respond	For consistency with the proposed amendments to WESM Rules Clause 8.4.5				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		during deliberation of the comments submitted.	during deliberation of the comments submitted.					
Written Submissions	6.1.3	b) Only written submissions submitted and actually received by the PEM Committee Secretariat within the prescribed period shall be validly considered by the Rules Change Committee.	b) Only <del>written submissions</del> <b>comments</b> submitted and actually received by the <del>PEM</del> Committee Secretariat within the prescribed period shall be validly considered by the Rules Change Committee. <b><u>Comments received beyond the prescribed period shall be considered by the Rules Change Committee upon approval of the Chairperson.</u></b>	<ul style="list-style-type: none"><li>For consistency with the proposed amendments to WESM Rules Clause 8.4.5 and Section 2.1 of the Manual.</li><li>If necessary and deemed crucial to the deliberation of the proposal, late comments may be considered subject to the approval of the RCC Chairperson.</li></ul>	<b>SIPC/SPC:</b>  Whenever that the interested parties foresee that the allotted 30 workings days to submit comments is not enough to complete their submission, a formal written communication should be done by the interested parties to RCC Chairperson requesting extension of days to submit their comments and citing reason(s) and justification(s). The approval of the request for extension to submit comments is subject to the discretion of the RCC	<b>SIPC/SPC:</b>  <del>b) Only written submissions</del> <b>comments</b> submitted and actually received by the <del>PEM</del> Committee Secretariat within the prescribed period shall be validly considered by the Rules Change Committee. <b><u>Comments received beyond the prescribed period shall be considered by the Rules Change Committee</u></b> <b><u>provided that the Interested Party that submitted the comments beyond the prescribed</u></b>	<b>SIPC/SPC:</b>  Retain original proposal.  The RCC currently considers requests for extension submitted by email or letter, while approvals of extensions are relayed to the requesting party by email. There is no added value for the RCC to deviate from this practice.	Adopt original proposal.



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
					Chairperson. The RCC Chairperson will formally write/response to the Interested Parties requesting extension of days to submit their comments. The formal letter from the RRC Chairperson will indicate his/her approval/disapproval to the request. The maximum extension to be given to the requesting parties is another 15 workings days after the original deadline.	<u>period received an approval letter from the RCC Chairperson.</u>		
		c) All written submissions shall contain the name and address of the person making the submission and shall be made using the Rules Change Submission form.	c) All <del>written submissions</del> <b>comments</b> shall contain the name and address of the person making the submission and shall be made using the <del>Rules Change Submission</del>	For consistency with the proposed amendments to WESM Rules Clause 8.4.5				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		Documents and other materials supporting the comments made may also be attached to the written submission.	form <b><u>prescribed by the Rules Change Committee.</u></b> Documents and other materials supporting the comments made may also be <del>attached to the written submission</del> <b><u>submitted.</u></b>					
		d) The written submissions may be provided through printed document, by electronic means or by facsimile, and directed to the Rules Change Committee through the PEM Committee Secretariat.	d) The <del>written submissions</del> <b><u>comments</u></b> may <del>may</del> <b><u>shall</u></b> be provided <del>through printed document,</del> by electronic means <del>or by facsimile,</del> and directed to the Rules Change Committee through the <del>PEM</del> Committee Secretariat.	For consistency with the proposed amendments to WESM Rules Clause 8.4.5 and Section 2.1 of the Manual.				<a href="#">Adopt proposal</a>
Written Submissions	6.1.3	(new)	<b><u>e) The party submitting comments shall inform the Rules Change Committee, in writing using a format prescribed by the Rules Change</u></b>	To ensure validity of the comments emailed. This is similar to the process of data submission by	<b>SIPC/SPC:</b>  Whenever that the Committee Secretariat received comments through electronic means without proper		<b>SIPC/SPC:</b>  Retain proposed wording. The pro forma letter of the RCC is published in the PEMC website	Adopt original proposal.



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
			<u>Committee, of their submission.</u>	the ECO for generators.	<p>writing, the Committee Secretariat should respond and remind the Party to likewise submit the needed proper writing to make their submission valid.</p> <p><b>MERALCO:</b></p> <p>A pro forma letter, i.e., <u>format prescribed by the Rules Change Committee</u>, should be provided and made readily available.</p>	<p><b>MERALCO:</b></p> <p>e) The party submitting comments shall inform the Rules Change Committee, in writing using a format prescribed by the Rules Change Committee, of their submission. <u>A pro forma letter for this purpose is included in this manual as Annex x.</u></p>	and is approved as part of the RCC Internal Rules.	

B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Submission to the PEM Board	6.1.6	a) The Rules Change Committee shall immediately submit its resolution or status report to the PEM Board within the period stated in Section 6.1.5 of this Manual. The PEM Board may, at its discretion, require that it be furnished with copies of the written submissions received by the Rules Change Committee.	a) The Rules Change Committee shall immediately submit its resolution or status report to the PEM Board within the period stated in Section 6.1.5 of this Manual. The PEM Board may, at its discretion, require that it be furnished with copies of the <del>written submissions</del> <b>comments</b> received by the Rules Change Committee.	For consistency with the proposed amendments to WESM Rules Clause 8.4.5				<a href="#">Adopt proposal</a>
		b) The resolution or status report shall be in writing and shall contain:  xxx v) procedures implemented by the Committee in considering the proposal, including but not limited to the	b) The resolution or status report shall be in writing and shall contain:  xxx v) procedures implemented by the Committee in considering the proposal, including but not limited to the giving	For consistency with the proposed amendments to WESM Rules Clause 8.4.5				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		giving of notices, conduct of consultations and receipt and consideration of written submissions.	of notices, conduct of consultations and receipt and consideration of <del>written submissions</del> <b><u>comments.</u></b>					
PEM BOARD	6.2.2	<p>The PEM Board shall render its decision:</p> <p>a) whether or not the proposal satisfies the criteria set forth in Section 4 of this Manual and in the WESM Rules and it may, as may be practicable under the circumstances:</p> <p>i) take into account any information and document which it reasonably considers to be relevant for its</p>	<p>The PEM Board shall render its decision:</p> <p>a) whether or not the proposal satisfies the criteria set forth in Section 4 of this Manual and in the WESM Rules and it may, as may be practicable under the circumstances:</p> <p>i) take into account any information and document which it reasonably considers to be relevant for its consideration of the proposal;</p>	For consistency with the proposed amendments to WESM Rules Clause 8.5.2				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		consideration of the proposal; ii) consult with persons who are likely to be affected by the proposal; and iii) seek such information and views from any person with expertise on the subject matter of the proposal.	ii) consult with persons who are likely to be affected by the proposal; <del>and</del> iii) seek such information and views from any person with expertise on the subject matter of the proposal; <u>and</u> <b><u>iv) Remand the proposal to the Rules Change Committee for further study. As necessary, the Rules Change Committee may subject the proposal to consultation as set out in WESM Rules Clause 8.4.5 (b).</u></b>					
Rejection of Rules	6.2.4	If the PEM Board concludes that the	If the PEM Board concludes that the	For consistency with the				<a href="#">Adopt proposal</a>





B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Change Proposal		proposal does not satisfy the prescribed criteria, it shall notify the Rules Change Committee, the proponent, the parties who made written submissions, the DOE and the Energy Regulatory Commission (the "ERC") of its decision and the reasons for rejection, within ten (10) working days from the date of the decision.	proposal does not satisfy the prescribed criteria, it shall notify the Rules Change Committee, the proponent, the parties who <del>submitted written</del> <b>submitted</b> <del>submissions</del> <b>comments</b> , the DOE and the Energy Regulatory Commission (the "ERC") of its decision and the reasons for rejection, within ten (10) working days from the date of the decision.	proposed amendments to WESM Rules Clause 8.4.5				
Action by the PEM Board	7.3	c) If the PEM Board determines that the approval of the urgent amendment is not warranted, it shall notify the Rules Change Committee, the proponent, the parties who made written submissions,	c) If the PEM Board determines that the approval of the urgent amendment is not warranted, it shall notify the Rules Change Committee, the proponent, <del>the parties who made written</del> <del>submissions</del> , the DOE	There is no requesting of comments prior the RCC's approval of urgent amendments.				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
		the DOE and the Energy Regulatory Commission (the "ERC") of its decision and the reasons for rejection, within ten (10) working days from the date of the decision in which case, the approval of the Rules Change Committee shall be deemed vacated within twenty-four (24) hours from such reversal. In its discretion, the PEM Board may return the proposal to the Rules Change Committee for consideration as a general amendment and in accordance with the procedure for such amendments.	and the Energy Regulatory Commission (the "ERC") of its decision and the reasons for rejection, within ten (10) working days from the date of the decision in which case, the approval of the Rules Change Committee shall be deemed vacated within twenty-four (24) hours from such reversal. In its discretion, the PEM Board may return the proposal to the Rules Change Committee for consideration as a general amendment and in accordance with the procedure for such amendments.					



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Effectivity of Urgent Amendment	7.4	a) The approved urgent amendment shall become effective within twenty-four (24) hours upon publication of the relevant Rules and/or Market Manual(s) in the market information website. PEMC shall issue an advisory to the participants of the date of its effectivity. PEMC shall publish the amendments within twenty-four (24) hours from its approval and advisories shall be made through the MMS website informing participants of such amendment.	a) The approved urgent amendment shall become effective within twenty-four (24) hours upon publication of the relevant Rules and/or Market Manual(s) in the market information website. PEMC shall issue an advisory to the participants of the date of its effectivity. PEMC shall publish the amendments within twenty-four (24) hours from its approval and advisories shall be made through <b>email and the MMS market information website and the PEMC website</b> <a href="#">informing to solicit comments from</a> participants of such amendment <a href="#">within thirty (30) working days</a> .	For clarity in the information dissemination of urgent amendments.				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Effectivity of Urgent Amendment	7.5	Within ten (10) days from ratification by the PEM Board of the urgent amendment or upon approval by the PEM board, the Rules Change Committee shall notify and invite all WESM Members and all other interested parties of the amendment to make written submissions and shall thereafter proceed to consider the amendment as a general amendment in accordance with Section 6 hereof.	<del>Within ten (10) days from ratification by the PEM Board of the urgent amendment or upon approval by the PEM board, the Rules Change Committee shall notify and invite all WESM Members and all other interested parties of the amendment to make written submissions and shall thereafter proceed to consider the amendment as a general amendment in accordance with Section 6 hereof.</del>  <u>Three (3) months after the PEM Board's approval, the Rules Change Committee shall require the proponent for an update on the implementation of the Urgent Amendments</u>	To ensure that the effectivity of urgent amendments are reviewed. If deemed effective, Urgent amendments shall be incorporated in the Market Rules and Manuals through the General Amendments process.	<b>MERALCO:</b>  While we understand that urgent amendments must be implemented expeditiously, stakeholders should be given the opportunity to submit comments, especially if the urgent amendment has adverse effects on their operations. This consultation process should be retained together with the requirement for the proponent to update the RCC on the implementation of the urgent amendment.	<b>MERALCO:</b>  <u>Within ten (10) days from ratification by the PEM Board of the urgent amendment or upon approval by the PEM board, the Rules Change Committee shall notify and invite all WESM Members and all other interested parties of the amendment to make written submissions and shall thereafter proceed to consider the amendment as a general amendment in accordance with Section 6 hereof.</u>  Three (3) months after the PEM Board's approval, the Rules Change Committee shall require the proponent for an	<b>MERALCO:</b>  Retain proposal. The opportunity for stakeholders to comment on the proposal is provided as proposed. Also, the RCC and PEM Board are composed of stakeholder members that generally reflect and uphold the interests of stakeholders.	<del>Three (3) months after the</del> <u>After one (1) billing period from and no later than sixty (60) calendar days from the PEM Board's approval, the Rules Change Committee shall require the proponent for an update on the implementation of the Urgent Amendments and the resulting impact to the performance of the market. The Rules Change Committee shall submit its recommendation on whether or not to approve the amendments as general amendment to the PEM Board.</u>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
			<u>and the resulting impact to the performance of the market. The Rules Change Committee shall submit its recommendation on whether or not to approve the amendments as general amendment to the PEM Board.</u>			update on the implementation of the Urgent Amendments and the resulting impact to the performance of the market. The Rules Change Committee shall submit its recommendation on whether or not to approve the amendments as general amendment to the PEM Board.		<a href="#">Note: insert provision for urgent amendments that needs escalation to DOE</a>
Effectivity of Urgent Amendment	7.6	(new)	<u>The PEM Board may extend the effectivity of Urgent Amendments for a maximum of six (6) months and shall inform the DOE of such extension. Such extension is only allowed while awaiting approval of the corresponding</u>	There are instances when the PEM Board needs to extend the effectivity of Urgent Amendments while awaiting for the DOE's approval of the corresponding General	<b>MERALCO:</b>  The extension should only be provided once. This will encourage the timely resolution of the proposal.	<b>MERALCO:</b>  The PEM Board may extend the effectivity of Urgent Amendments <u>once</u> for a maximum of six (6) months and shall inform the DOE of such extension. Such extension is only allowed while awaiting	<b>MERALCO:</b>	<a href="#">Adopt MERALCO's suggestion.</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
			<b><u>General Amendments by the DOE.</u></b>	Amendments, e.g. Initial Prudential Requirements (IPR) proposal in 2019.		approval of the corresponding General Amendments by the DOE.		
Custodian of Records	9.2	The Head of the Rules Change Committee Secretariat shall have official custody and charge of the records prepared for or in connection with the rules change process, including but not limited to the journal and minutes of deliberations of the Rules Change Committee or the PEM Board. The Chairperson shall keep and maintain the official version of all the amendments made pursuant to this Manual.	The Head of the Rules Change Committee Secretariat shall have official custody and charge of the records prepared for or in connection with the rules change process, including but not limited to the journal, <del>and</del> minutes of deliberations of the Rules Change Committee, <del>or the</del> <b><u>decision of the</u></b> PEM Board <del>and the</del> . The Chairperson shall keep and maintain the official version of all the amendments made pursuant to this Manual.	To reflect current practice				<a href="#">Adopt proposal</a>



B. Procedures for Changes to the WESM and Retail Rules and Market Manuals, Issue 3								
Title	Section	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Agreement
Publication and Effectivity	11.2	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. xxx	<div>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 <b>PEMC</b>.</div> <div>xxx</div>	For clarity				<a href="#">Adopt proposal</a>





Philippine Electricity  
Market Corporation



## ADMINISTERED PRICE DETERMINATION METHODOLOGY (SEASONAL)

15 May 2020

**PEMC**  
A Premier Electricity Market & Champion of Governance

### ACTION REQUESTED

- For information of the RCC
- To request inputs on the matter on Additional Compensation



**PEMC**

Administered Price Determination Methodology (Seasonal) | 2

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## BACKGROUND

- **MSC Position Paper on MMS Failure**
  - Approved by the PEM Board on 29 April 2020
  - Recommended the use of **seasonal prices** for Intervals on Market Intervention/Suspension (MI/MS)
- **PEM Board Approval**
  - For the RCC to **reflect the amendments** to the Market Rules and Manuals
  - Review the provisions on **additional compensation**



Administered Price Determination Methodology (Seasonal) | 3

## PROPOSED AMENDMENTS

MC4

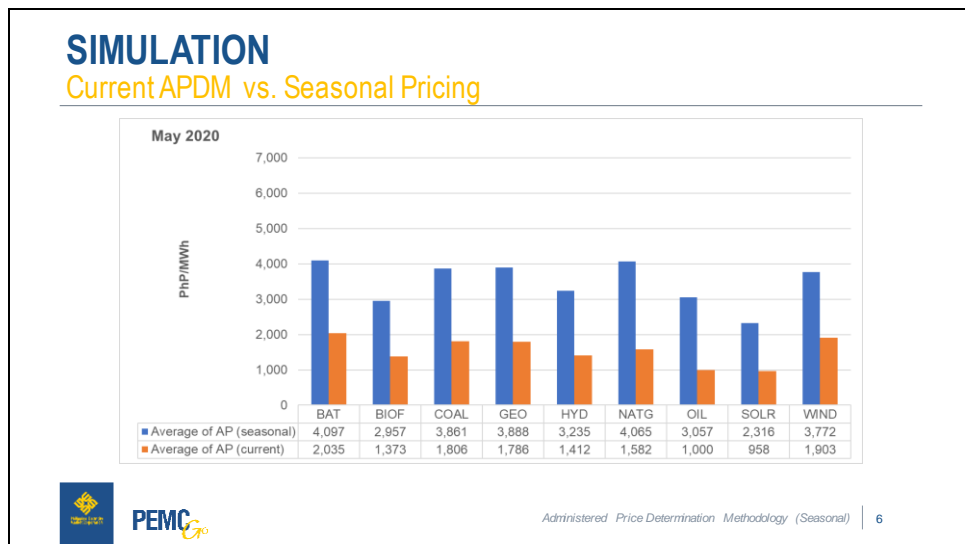
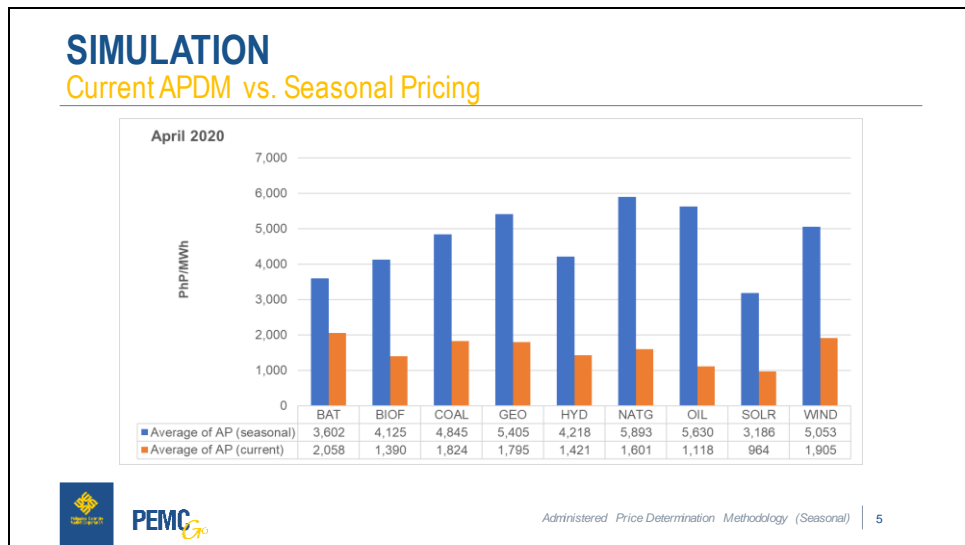
### Current APDM vs. Seasonal Pricing

Methodology	Current APDM	Seasonal Pricing Methodology
	$AP \text{ Price per Generator Node} = \frac{\text{Summation of } EPP + MQ}{\text{Summation of } MQ}$	
Resolution	Based on <b>previous four (4) weeks</b> with same-day same trading interval that have not been administered	Based on <b>previous four (4) years</b> with <b>same-week</b> same-day same trading interval that have not been administered
Observations	<ul style="list-style-type: none"> <li>• Reflective of recent generators offers and supply-demand conditions</li> <li>• Indifferent with seasonal variations</li> <li>• Price stagnation during prolonged intervention</li> <li>• Arduous process for additional compensation</li> </ul>	<ul style="list-style-type: none"> <li>• May not be reflective of recent generation offer</li> <li>• Seasonality is accounted especially for supply-demand conditions</li> <li>• No accurate data will be available for new trading participants</li> <li>• Dynamic prices even when intervention extends</li> </ul>



Administered Price Determination Methodology (Seasonal) | 4

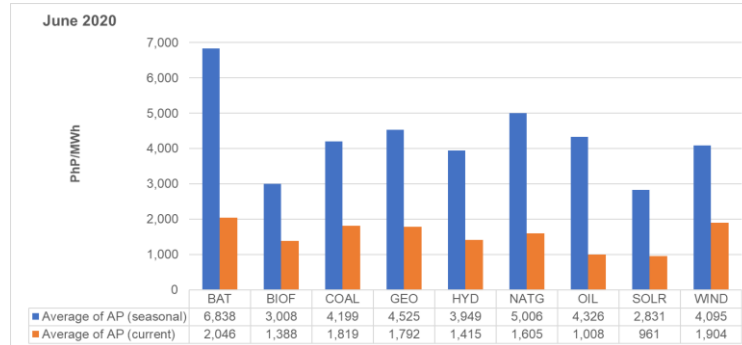
## Annex D – Presentation Material on Administered Price Methodology (Seasonal)



## Annex D – Presentation Material on Administered Price Methodology (Seasonal)

**SIMULATION**

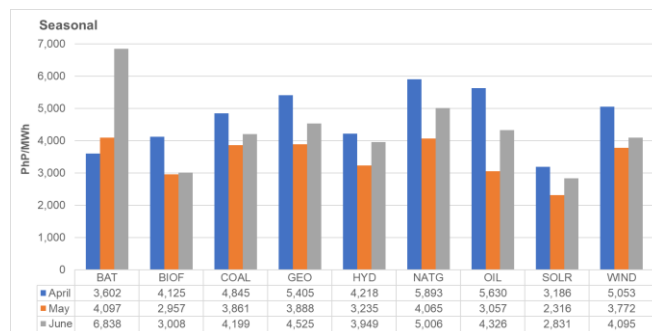
## Current APDM vs. Seasonal Pricing


**PEMC**  
Go

Administered Price Determination Methodology (Seasonal) | 7

**SIMULATION**

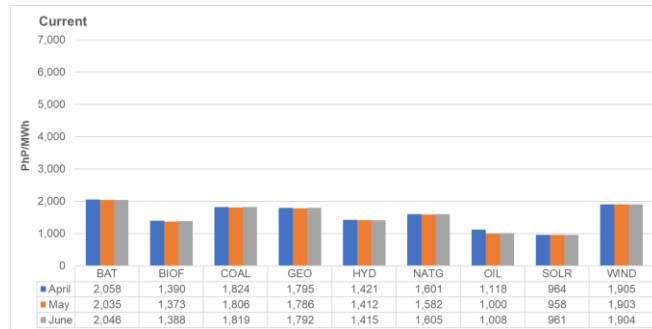
## Seasonal Pricing


**PEMC**  
Go

Administered Price Determination Methodology (Seasonal) | 8

## SIMULATION

### Current APDM



PEMC

Administered Price Determination Methodology (Seasonal) | 9

## ADDITIONAL COMPENSATION

### Section 4.2.3 of the APDM Manual

- Shall be requested not later than **14 working days** for the end of the billing period through submission of:
  - Certified correct Fuel Consumption and Inventory Report
  - Purchases Invoices, Official Receipts and other documents
  - ERC approved rate of List of Variable Operation and Maintenance Costs
- Claims not filed within the timeframe shall be deemed **waived**



PEMC

Recommendations on the Issue of MMS Obsolescence | 10

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## ADDITIONAL COMPENSATION

### For Discussion/Inputs

- Recoverable Costs
- Timeline of Filing
- Completion of Submission
- Other concerns on Additional Compensation



PEMC

Recommendations on the Issue of MMS Obsolescence | 11

## ACTION REQUESTED

- For information of the RCC
- To request inputs on the matter on Additional Compensation



PEMC

Administered Price Determination Methodology (Seasonal) | 12

