



# Rules Change Committee 2020 Semestral Report

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January to June 2020

**JULY 2020**

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



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## I. INTRODUCTION

In compliance with its mandate under the WESM Rules<sup>1</sup> and the WESM Manual on the Procedures for Changes to the WESM Rules (“Rules Change Manual”), the Rules Change Committee (RCC) submits this Report, covering the period January to June 2020. This report sets out the following:

- i. All proposals to amend the Market Rules and Manuals which have been submitted to and deliberated upon by the RCC for the covered period; and
- ii. Status of RCC priorities outlined in the 2020 RCC Work Plan.

## II. ACCOMPLISHMENTS AND WORK PROGRESS

The RCC held six (6) regular meetings and one (1) special meeting during the covered period to discuss and deliberate upon several proposed amendments to the Market Rules and Manuals, which are aimed at enhancing market design, as well as refining processes and operations appropriate for the current market setting.

For the first half of 2020, the RCC completed its review and processing of fourteen (14) proposals for changes in Market Rules and Manuals, which includes four (4) proposals carried over from 2019 and 10 new proposals including one (1) urgent amendment (Table 1). Of these, twelve (12) proposals were deliberated by the RCC within one meeting, while the remaining two (2) proposals took more time to deliberate. In this regard, proposals were processed an average of 62 working days, from the date of publication of the proposal to the submission of the RCC’s resolution to the PEM Board. While the RCC endeavored to work within the prescribed timeline of processing proposals within 60 working days,<sup>2</sup> the general or minor amendments for the period were processed 50 to 78 working days.

**Table 1: Summary of Proposals Completely Processed by RCC in the first half of 2020**

RCC Deliberations	Deliberated within one meeting	Deliberated more than one meeting	Total
<b>Proposals carried over from 2019</b>	3	1	<b>4</b>
<b>Proposals submitted from January to June 2020</b>	9	1	<b>10</b>
<b>Total</b>	<b>12</b>	<b>2</b>	<b>14</b>

The deliberation of one (1) other proposal from 2019 was deferred by the RCC, initially to await clarifications from the Enforcement and Compliance Office (ECO) on penalty implications, and eventually to await the policy on testing and commissioning (T&C) by the Department of Energy (DOE).

<sup>1</sup> WESM Rules, Clause 8.6.5.

<sup>2</sup> Procedures for Changes to the WESM and Retail Rules and Market Manuals, Section 6.1.5 (a).

Proposed changes were initiated by various Market Participants, industry stakeholders, Market Operator, WESM Governance Committees and PEMC itself, as presented below:

**Table 2: Table of Proposals Submitted to and Approved by RCC in the first half of 2020 (by Proponent)**

Proponent	Proposals Submitted (% of Total)	Proposals Approved
<b>Market Operator</b>	5* (50%)	5*
<b>PEMC/WESM Governance Committees</b>	5 (50%)	5
<b>Market Participants/ WESM Stakeholders</b>	-	-
<b>TOTAL</b>	10 (100%)	10

*\*Includes one (1) urgent amendment*

On a per document basis, the RCC completed in the first half of 2020 the deliberation of 24 proposed amendments which includes four (4) amendments carried over from 2019. From July 2005 to June 2020, the RCC has completed the processing of 304 amendments to the Market Rules and Manuals (see Annex A for the number of proposals processed per year beginning 2005 until June 2020).

**Table 3: Number of Proposed Amendments Processed by RCC**

Documents	Jan to Jun 2020	Cumulative Total Jan 2005 to Jun 2020
<b>WESM Rules</b>	5	91
<b>WESM Manuals</b>	18*	188*
<b>Retail Rules</b>	1	10
<b>Retail Manuals</b>	0	15
<b>TOTAL</b>	24	304

*\*Includes one (1) urgent amendment in 2020*

The RCC, as part of its consultation process, publishes all proposals in the PEMC website to solicit comments from interested parties, with commenting period of 30 days. Comments received are discussed during the RCC deliberation of the proposals. Of the 304 proposed amendments deliberated upon since 2005, the RCC disapproved nine (9) or 2.96% of the total. As a result of each deliberation, resolutions are submitted to the PEM Board, for approval.

For the first half of 2020, the RCC issued thirteen (13) Resolutions approving the endorsement of the proposals to the PEM Board. The PEM Board, upon its approval, endorsed the twelve (12) approved resolutions to DOE for promulgation. One (1) resolution was reverted to RCC for further study.

The RCC also issued a resolution adopting changes to its Internal Rules to guide its members on their responsibilities, the conduct of its meetings, the duties of the RCC Secretariat, and on

administrative procedures to efficiently and effectively facilitate the disposition of the RCC's mandate.

A summary of the RCC's deliberations on proposed amendments during the period January to June 2020 are provided in the succeeding sections. All the minutes of the RCC's meetings and Resolutions are published in the PEMC website<sup>3</sup> for public information.

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<sup>3</sup> <https://www.wesm.ph/market-governance/rules-change/rcc-minutes-of-meetings>

## II.A. Summary of Proposals Submitted

The tables below present the status summary of all proposals submitted to the RCC in first half of 2020 and carried over from 2019. Brief discussions on the proposals, both completed and on-going, are further provided in Sections II.B and II.C of this Report.

**Table 4: Detailed Summary of Proposals carried over from 2019**

Item	Proponent	Control No.	Proposal <sup>4</sup>	Submitted to RCC	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution <sup>5</sup>	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
1	IEMOP	ORCP-WM-19-17	Proposed Amendments to the WESM Manual on Metering Standards and Procedures to Harmonize with the Site-Specific Loss Adjustment Procedures of the Wholesale MSP	14 Oct 2019	22 Oct 2019	04 Dec 2019	Technical Committee, NGCP, PEMC	Approved	2020-01 (24 Jan 2020)	Approved (25 Mar 2020)	2020-22-03	08 Apr 2020
2	IEMOP	ORCP-WM-19-18	Proposed Amendments to the WESM Dispatch Protocol Manual to Enhance Procedures in Must-Run Unit Accounting	14 Oct 2019	22 Oct 2019	04 Dec 2019	PEMC, NGCP, SPC/SIPC, MEI	Approved	2020-03 (12 Feb 2020)	Approved (25 Mar 2020)	2020-22-05	08 Apr 2020
3	IEMOP	ORCP-WR-WM-19-19	Proposed Amendments to the WESM Rules and WESM Manual on Market Operator Information Disclosure and Confidentiality to Provide Exceptions for Confidentiality Undertaking for Oversight Bodies	14 Oct 2019	22 Oct 2019	04 Dec 2019	PEMC, APC, SPC/SIPC	Approved	2020-02 (24 Jan 2020)	Approved (25 Mar 2020)	2020-22-04	08 Apr 2020
4	IEMOP	ORCP-WM-19-20	Proposed Amendments to the WESM Registration Manual for General Enhancements to the Application Process of New WESM Members	29 Nov 2019	10 Dec 2019	28 Jan 2020	PEMC, MSC, AC Energy, SPC/SIPC	(on-going)	--	--	--	--

<sup>4</sup> <https://www.wesm.ph/market-governance/rules-change/rules-change-proposals>

<sup>5</sup> <https://www.wesm.ph/market-governance/rules-change/rcc-resolutions>

Item	Proponent	Control No.	Proposal <sup>4</sup>	Submitted to RCC	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution <sup>5</sup>	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
5	MERALCO	ORCP-WM-19-21	Proposed Amendments to the WESM Manual on Metering Standards and Procedures (Issues 11.0 and 12.0) regarding Current Transformer Requirements	29 Nov 2019	12 Dec 2019	30 Jan 2020	CEBECO III, TC, Tarlac Electric, Inc., PEMC, CEDC, NGCP	Approved	2020-04 (13 Mar 2020)	Approved (25 Mar 2020)	2020-22-02	08 Apr 2020

**Table 5: Detailed Summary of Proposals Submitted to RCC (January to June 2020)**

Item	Proponent	Control No.	Proposal <sup>6</sup>	Submitted to RCC	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution <sup>7</sup>	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
1	PEMC	ORCP-WM-20-01	Proposal to amend the Guidelines Governing the Constitution of the PEM Board Committees, Issue 3.0	11 Feb 2020	26 Feb 2020	17 Apr 2020	PAC, TC, Meralco, Aboitiz Power Corp., SPC/SIPC	Approved	2020-07 (21 May 2020)	Deferred: For further study on no. of TC independent members (27 May 2020)	-	-
2	IEMOP	ORCP-WM-20-02	Proposed Abolition of Relevant WESM Manuals in View of the Implementation of Enhanced WESM Design and Operations	17 Feb 2020	26 Feb 2020	17 Apr 2020	None	Approved	2020-08 (15 May 2020)	Approved (27 May 2020)	2020-24-06	09 Jun 2020
3	IEMOP	ORCP-WM-20-03	Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures to Clarify Bilateral Contracts Accounted for In Settlements	17 Feb 2020	26 Feb 2020	17 Apr 2020	Aboitiz Power, PEMC	Approved	2020-09 (21 May 2020)	Approved (27 May 2020)	2020-24-07	09 Jun 2020

<sup>6</sup> <https://www.wesm.ph/market-governance/rules-change/rules-change-proposals>

<sup>7</sup> <https://www.wesm.ph/market-governance/rules-change/rcc-resolutions>



Item	Proponent	Control No.	Proposal <sup>6</sup>	Submitted to RCC	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution <sup>7</sup>	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
4	IEMOP	ORCP-WR-WM-20-04	Proposed Amendments to the (1) WESM Rules and (2) WESM Manual on the Management of Net Settlement Surplus for the Implementation of ERC Resolution No. 07 Series of 2019 entitled "A Resolution Adopting Amendments to the Rules for the Distribution of Net Settlement Surplus (NSS)"	17 Feb 2020	28 Feb 2020	13 Apr 2020	TC, Meralco, PEMC	Approved	2020-10 (15 May 2020)	Approved (27 May 2020)	2020-24-08	09 Jun 2020
5	IEMOP	ORCP-WM-20-05	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	17 Feb 2020	26 Feb 2020	17 Apr 2020	TC, PEMC, Aboitiz Power	Approved	2020-11 (15 May 2020)	Approved (27 May 2020)	2020-24-09	09 Jun 2020
6	PEMC	ORCP-WR-WM-20-06	Proposed Amendments to the WESM Rules and relevant WESM Manual regarding the Effectivity of Settlement of Displaced Generators	18 Feb 2020	26 Feb 2020	17 Apr 2020	IEMOP, Aboitiz Power, SPC/SIPC, Alsons Power	Approved	2020-12 (15 May 2020)	Approved (27 May 2020)	2020-24-10	09 Jun 2020
7	PEMC	ORCP-WR-20-07	Proposed Amendments to the WESM Rules regarding the Authority of ERC to issue Rules on the Distribution of Net Settlement Surplus/Deficit	20 Feb 2020	26 Feb 2020	17-Apr-20	None	Approved	2020-10 (15 May 2020)	Approved (27 May 2020)	combined with ORCP-WR-WM-20-04 (IEMOP's Proposal on NSS)	09 Jun 2020
8	PEMC	ORCP-WR-RR-20-08	Proposed Amendment to WESM and Retail Rules for Operation of REM	03 Mar 2020	11 Mar 2020	24 Apr 2020	IEMOP	Approved	2020-13 (15 May 2020)	Approved (27 May 2020)	2020-24-12	09 Jun 2020

Item	Proponent	Control No.	Proposal <sup>6</sup>	Submitted to RCC	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution <sup>7</sup>	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
9	RCC	ORCP-WR-WM-20-09	Proposed Amendments to the WESM Rules and WESM Manual for Enhancements to the Rules Change Process	13 Mar 2020	13 Mar 2020	28 Apr 2020	Meralco, SPC/SIPC	Approved	2020-14 (15 May 2020)	Approved (27 May 2020)	2020-24-13	09 Jun 2020
10	IEMOP	ORCP-WM-20-10	Proposed Urgent Amendments to the Protocol on Central Scheduling and Dispatch of Energy and Contracted Reserves	30 Mar 2020	NA	NA	NA	Approved	2020-06 (30 Apr 2020)	Approved (29 Apr 2020)	2020-23-01	04 May 2020

**II.B. Proposals Approved by the RCC during the period January to June 2020****1. Proposed Amendments to the WESM Manual on Metering Standards and Procedures to Harmonize with the Site-Specific Loss Adjustment Procedures of the Wholesale Metering Services Provider (ORCP-WM-19-17)**

The proposal was submitted by the Independent Electricity Market Operator of the Philippines (IEMOP) to harmonize the procedure for the calculations of the Site-Specific Loss Adjustment (SSLA) with the procedure of the Wholesale Metering Services Provider (WMSP), which is the NGCP, in its determination of point-to-point losses in cases when the revenue meter of a grid customer is not located at its connection point.

The proposed changes specifically provide that the determination of settled metered quantities in the WESM and by NGCP should be the same, such that if the meter of a trading participant is not at its connection point, loss adjustments to its raw metered quantity using the SSLA procedures provided in the WESM Metering Manual and as performed by NGCP should also be the same.

**2. Proposed Amendments to the WESM Rules and the WESM Manual on Market Operator Information Disclosure and Confidentiality Issue 5.08 Regarding Exceptions for Confidentiality Undertakings for Oversight Bodies (ORCP-WR-WM-19-19)**

The IEMOP submitted the proposed amendments which sought to exempt the DOE and the ERC, as oversight bodies, in executing a non-disclosure agreement with the Market Operator in receiving confidential market data. The proposal would facilitate a more efficient market data provision to the DOE and the ERC.

**3. Proposed Amendments to the WESM Manual on Dispatch Protocol to Enhance Procedures in Must-Run Unit (MRU) Accounting (ORCP-WM-19-18)**

The proposed amendments to the WESM Manual on Dispatch Protocol Issue 13.0 (for enhanced market design) was initiated by IEMOP on 14 October 2019 in order to improve the accounting of energy produced due to a must-run unit dispatch instruction and processing of discrepancy reports. The proposal aims to:

- a) consider a generating unit as a must-run unit in the dispatch intervals succeeding an MRU instruction while it is ramping down; and
- b) prescribe a two-week timeline for the System Operator to provide validation results of discrepancy submissions from trading participants.

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<sup>8</sup> Version of Manual for enhanced market design.

#### **4. Proposed Amendments to the WESM Manual on Metering Standards and Procedures regarding Current Transformer Requirements (ORCP-WM-19-21)**

MERALCO submitted the proposal on 29 November 2019 to align and clarify the rated burden requirement of current transformers to consider the latest international standards and the Philippine Grid Code (PGC) 2016, and also to address varying interpretations on burden requirements of current transformers. The proposed amendments were intended to be applicable on both the current and enhanced market design regime.

The proposal, as amended, was approved by the RCC and endorsed to PEM Board, incorporating provisions relating to RCC Resolution 2020-04. One of RCC's agreements was to seek clarification with ERC on the interpretation of PGC, however, the PEM Board instructed the RCC and Technical Committee (TC) instead to clarify the interpretation and implementation of Section GRM 9.2.3.2 of the 2016 Philippine Grid Code (PGC).

In compliance with the said instruction, the RCC and TC deliberated on the matter on 05 May 2020 and submitted to the PEM Board on 10 June 2020 a Joint Resolution dated 05 May 2020 incorporating the agreements and their recommendations summarized as follows:

- The WESM Metering Manual should be consistent with the PGC;
- Any enhancements to the WESM Metering Manual may be introduced during the public consultation to be conducted by the DOE to ensure consistency with the PGC and to support the interest of the industry; and
- Any clarifications and/or proposed enhancements on the PGC should be raised by the concerned entities, stakeholders and other parties to the ERC.

#### **5. Proposed Abolition of Relevant WESM Manuals in View of the Implementation of the Enhanced WESM Design and Operations (ORCP-WM-20-02)**

The proposal was submitted by the IEMOP to abolish seven (7) WESM Manuals that will either be no longer applicable or considered redundant upon commencement of the implementation of the enhanced WESM design and operations, namely:

- 1) Methodology for Determining Pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM Issue 4.0
- 2) Segregation of Line Rental Trading Amounts Issue 1.0
- 3) Procedures for Start Up and Shutdown of Generators Issue 1.0
- 4) Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run Issue 1.0
- 5) Procedure for Determining Ex-Post Nodal Energy Prices Issue 2.0
- 6) Management of Net Settlement Surplus Issue 3.0
- 7) Administered Price Determination Methodology Issue 6.0

These Manuals were consolidated and updated under the enhanced market design versions of the following WESM Manuals:

- Dispatch Protocol
- Constraint Violation Coefficient and Pricing Re-run, and
- Price Determination Methodology

**6. Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures to Clarify Bilateral Contracts Accounted for in Settlements (ORCP-WM-20-03)**

The subject proposal was submitted by IEMOP intended to allow other types of bilateral contract transactions to be accounted for in settlements in the WESM. It intends to address the issues raised by the Retail Electricity Suppliers Association (RESA) during the IEMOP Kapihan meetings last October 2019 by accounting for other contracts as follows:

- a) Between a Retail Electricity Supplier (RES) and a Direct WESM Contestable Customer (CC), i.e. RES-CC contract, to eliminate the involuntary sharing of commercially sensitive information between said RES and its corresponding Generation Company supplier; and
- b) Between two (2) Generation Companies (GEN) for replacement or additional power, i.e. GEN1-GEN2 contract, to eliminate the involuntary sharing of commercially sensitive information between GEN1 and the corresponding Customer of GEN2

In consideration of comments received, the RCC noted salient points summarized as follows:

- IEMOP confirmed that the Central Registration and Settlement System (CRSS) will have to be reconfigured to implement the proposed amendments as the CRSS currently restricts some entities to declare contracts;
- No additional procedures for the Market Operator to further validate or trace if all the energy bought by the buyer-generator (GEN2) will indeed be supplied to its Customer, IEMOP confirmed that it will assume that GEN2 is selling its energy quantities, that are not declared for a Customer, in the spot market.

In addition, IEMOP informed the RCC through a letter dated 20 May 2020 that the necessary software development will require some three (3) months to allow new bilateral contract roles to RES and generators.

**7. Proposed Amendments to the (1) WESM Rules and (2) WESM Manual on the Management of Net Settlement Surplus for the Implementation of ERC Resolution No. 07 Series of 2019 entitled “A Resolution Adopting Amendments to the Rules for the Distribution of Net Settlement Surplus (NSS)” (ORCP-WR-WM-20-04)**

The proposed amendments was submitted by IEMOP to harmonize the ERC issued Resolution No. 7, Series of 2019 entitled “A Resolution Adopting Amendments to the Rules for the Distribution of Net Settlement Surplus (NSS)”, revising the NSS rules in view of

promoting transparency and ensuring the correct implementation of flow back calculations and NSS settlements.

**8. 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 (ORCP-WM-20-05)**

In Section 2 of DOE issued Department Circular No. 2018-04-0008 on 28 March 2018, the Market Operator was tasked to develop the procedures for the preparation of load distribution factor (LDF) and include said procedures in the LFM Manual for consistency and transparency.

With this directive, the IEMOP submitted proposal to RCC on 12 February 2020, detailing the procedures for preparing and updating LDFs.

**9. Proposed Amendments to the WESM Rules and relevant WESM Manual regarding the Effectivity of Settlement of Displaced Generators (ORCP-WR-WM-20-06)**

PEMC submitted to the RCC on 18 February 2020 proposed revisions to the MRU-MSU Manual Issue 8.0 (version for current market design) and the WESM Rules (version for enhanced market design) which sought to amend:

- 1) MRU-MSU Manual Issue 8.0, to clarify that the settlement methodology for Displaced Generators, as stated in Section 10 in the current version of the WESM Manual on Management of Must-Run and Must-Stop Units, shall be effective only until commercial operations of the enhanced market design; and
- 2) WESM Rules, to remove the terms 'must-stop unit' and 'displaced generators' and all references thereto in the version of the WESM Rules for enhanced market design

During the RCC's deliberation on the proposal, IEMOP suggested to delete the entire Section of the MRU-MSU Manual. The RCC noted PEMC's justification on retaining the said Section but adopted IEMOP's suggestion on the removal of the entire Section.

**10. Proposed Amendments to the WESM Rules regarding the Authority of ERC to issue Rules on the Distribution of Net Settlement Surplus/Deficit (ORCP-WR-20-07)**

With ERC's Resolution No. 07 Series of 2019 entitled "A Resolution Adopting Amendments to the Rules for the Distribution of Net Settlement Surplus (NSS)", PEMC submitted proposal to update the WESM Rules to clarify the ERC's authority to issue, motu proprio, rules on the distribution of net settlement surplus/deficit (NSS/NSD). The proposed amendment is in line with ERC in promoting transparency and ensuring the correct implementation of flow back calculations and NSS settlements.

**11. Proposed Amendment to WESM and Retail Rules for Operation of Renewable Energy Market (ORCP-WR-RR-20-08)**

In relation to the implementation of Renewable Energy Market (REM), the DOE promulgated the Renewable Energy Act of 2008 (RA 9513) and the Renewable Energy Market (REM) Rules under DOE Department Circular No. DC2019-12-0016. With this, PEMC submitted proposed amendments to harmonize the WESM Rules and the Retail Rules with the policies stipulated in Section 8.

Proposed amendments to the WESM and Retail Rules shall provide for the Renewable Energy Registrar's (RER) rights of access to registration, metering and settlement data, and other confidential information that are vital to the operation of the REM and its corresponding reporting mechanism in compliance with the Renewable Portfolio Standards Rules (RPS Rules).

**12. Proposed Amendments to the WESM Rules and WESM Manual for Enhancements to the Rules Change Process (ORCP-WR-WM-20-09)**

Consistent with the WESM Rules in providing requirements on the efficient, transparent and fair process for amending the WESM Rules, the RCC proposed amendments to the WESM Rules and Procedures for Changes to the WESM and Retail Rules and Market Manuals (RCM), Issue 3. This is to enhance the rules change process based on the experience of the RCC.

**13. Proposed Urgent Amendments to the Protocol on Central Scheduling and Dispatch of Energy and Contracted Reserves (ORCP-WM-20-10)**

The DOE released DC2015-10-0015 providing policies for further enhancement of the WESM design and operations (EWDO) including the implementation of a shorter dispatch interval of five (5)-minute.

As part of market readiness for EWDO, IEMOP proposed changes to be reflected in this Central Scheduling Protocol concerning with how the existing contracted hourly A/S schedules shall fit in the 5-minute dispatch interval of the EWDO.

Also, the proposal submitted by IEMOP aimed to address observed operational issues on:

1. submission of energy and reserve offers for dispatchable reserve to mitigate issues on WESM compliance to the must offer rule, and A/S compliance; and
2. additional data exchanges between the Market Operator and System Operator to improve reconciliation of settlement data for A/S providers.

Given that the changes to the Protocol are proposed for the upcoming transition to the 5-minute dispatch interval of the Enhanced WESM Design and Operations, then scheduled on 26 June 2020, the proposal was classified as an urgent proposal.

The RCC deliberated and evaluated the proposal and its urgency during its Special Meeting on 01 April 2020. In the same meeting, the RCC certified the same as urgent and approved, as amended, for endorsement to PEM Board.



The PEM Board, likewise, conducted a Special Board Meeting on 03 April 2020 to deliberate the proposal. However, the PEM Board deferred the approval of the matter to its Regular Meeting, subject to the EWDO updates of the Market Readiness Steering Committee (MRSC).

The matter was then discussed and approved for endorsement to DOE by the PEM Board during its Regular Meeting on 29 April 2020. The DOE received the proposal on 04 May 2020.

## **II.C. On-Going Proposal and Discussions**

During the period covered of this Report, the RCC likewise discussed the following:

### **1. Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures for General Enhancements to the Application Process of New WESM Members (ORCP-WM-19-20)**

The IEMOP submitted the proposal to the RCC on 29 November 2019 in order to enhance the WESM member application process. The proposed amendments are summarized as follows:

- introduce phases for registration of generating units corresponding to the development progress of the generating unit (i.e., backfeed registration, test and commissioning registration, commercial operation registration);
- define the requirements, timelines, and guidelines for each registration phase;
- require the execution of the market participation agreement prior to the issuance of the notice of WESM approval;
- oblige the completion of payment of the registration fee, installation of digital certificate and submission of Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) prior to the issuance of the notice of WESM Membership approval for the complete preparation, authorization and establishment of the market interfaces; and
- establish additional guidelines for the registration and conduct of test and commissioning activity

The RCC initially deferred approval of the proposal to request clarification from the ECO regarding the penalty implications of the revised registration requirements. Said clarification was provided by ECO during the 164<sup>th</sup> RCC Meeting on 24 April 2020. During said meeting, the RCC agreed to further defer approval of the proposal to await the final DOE policy on the test and commissioning of generation facilities.

### **2. Proposal to amend the Guidelines Governing the Constitution of the PEM Board Committees, Issue 3.0 (ORCP-WM-20-01)**

The proposal was submitted by the PEMC to incorporate the following:



- 1) Policies under the DOE Circulars issued on WESM Governance;
- 2) Changes to relevant parties involved in WESM Governance;
- 3) Targeted scope of the Guidelines, which is solely the WESM Governance Committees; and
- 4) Updated document structure for Market Manuals.

The proposed changes are specifically on the qualifications and disqualification of members of the WESM Governance Committees and the process of their selection and appointment.

Inputs received during the commenting period and the proponent's response were considered by the RCC in the deliberation of the proposal during the 164<sup>th</sup> and 165<sup>th</sup> RCC Meeting held on 24 April 2020 and 15 May 2020, respectively. One of the comments received was a suggestion to include representation from the generation and distribution in the Technical Committee (TC), which the RCC adopted.

During PEM Board's deliberation of the proposal on 27 May 2020, the RCC was instructed to further study the reduction of the proposed 5 independent members to 3 while maintaining the proposed 1 sectoral representation each from the SO, MO, Generation Sector and Distribution Sector in the TC. With this instruction, the RCC revisited the subject proposal during its 166<sup>th</sup> RCC Meeting on 19 June 2020 and concurred with the 3 independent members.

#### II.D. Status of Proposals Submitted to the DOE (2018 to 2020)

Beginning 2020, the RCC issued fourteen (14) resolutions, twelve (12) of which were received by the DOE to undergo series of public consultations.

**Table 6: Status of Proposals Submitted to the DOE (2018-2020)**

	RCC Resolution	Proposals	DOE Approval
1	<u>RCC Resolution No. 2018-02</u>	Proposed Amendments to the WESM Rules to Implement the Approved Plan for Transition to the Independent Market Operator of the WESM	On-going
2	<u>RCC Resolution No. 2018-05</u>	Proposed Amendments to the WESM Rules and Various WESM Manuals related to Market Surveillance, Enforcement and Compliance	On-going <i>(completed series of public consultations in 2019)</i>
3	RCC Resolution No. 2019-01	Proposed <u>Urgent Amendments</u> to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements	<i>Not applicable</i> <i>(see update on counterpart proposed <u>General Amendments</u> in item 11 in this Table)</i>

	RCC Resolution	Proposals	DOE Approval
4	RCC Resolution No. 2019-02	Proposed Amendments to the WESM and Retail Rules and Various Manuals to Reduce Barriers to Entry and Participation in Retail Competition	Ongoing <i>(completed series of public consultations on 07 and 10 October 2019)</i>
5	RCC Resolution No. 2019-03	Proposed Amendments to the WESM Rules and Manual on Guidelines on Significant Variations in and Between Trading Intervals to Refine Publication Procedures	Approved DOE Department Circular No. 2019-12-0017 dated 04 December 2019
6	RCC Resolution No. 2019-04	Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules, Retail Rules, PEM Audit Manual, and Guidelines Governing the Constitution of the PEM Board	On-going <i>(completed series of public consultations on 15, 17 and 19 June 2020)</i>
7	RCC Resolution No. 2019-05	Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures	Approved DOE Department Circular No. 2020-06-0013 dated 01 June 2020
8	RCC Resolution No. 2019-06	Proposed Amendments to the WESM Rules and WESM Manual on Metering Standards and Procedures on MSP Performance Monitoring	On-going <i>(public consultation held on 07 and 10 October 2019)</i>
9	RCC Resolution No. 2019-10	Proposed Amendments to the WESM Manual on Metering Standards and Procedures (to align with PGC, PDC and DOE and ERC issuances)	On-going <i>(public consultation held on 07 and 10 October 2019)</i>
10	RCC Resolution No. 2019-11	Proposed Amendments to the WESM Manual on Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units	On-going <i>(completed public consultations on Nov 12, 14 and 20-21, 2019)</i>
11	RCC Resolution No. 2019-12	Proposed General Amendments to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements	Approved DOE Department Circular No. 2020-06-0014 dated 02 June 2020

	RCC Resolution	Proposals	DOE Approval
12	RCC Resolution No. 2019-13	Proposed Amendments to the WESM Manual on Constraint Violation Coefficients (CVC) and Pricing Re-Runs to Include Additional CVCs to Reflect the Dispatch Hierarchy of Self-Scheduled Generation	On-going <i>(completed series of public consultations on 15, 17 and 19 June 2020)</i>
13	RCC Resolution No. 2019-14	Proposed Amendments for the Implementation of DOE Framework Governing the Operations of Embedded Generators	On-going <i>(completed public consultations on 12, 14 and 20-21 Nov 2019)</i>
14	RCC Resolution No. 2019-15	Proposed Amendments to the WESM Rules and WESM Registration Manual to Harmonize Market Operator Timelines with R.A. 11234 ("Energy Virtual On-Stop Shop Act")	Approved  DOE Department Circular No. 2020-06-0013 dated 01 June 2020
15	RCC Resolution No. 2019-16	Proposed Amendments to the WESM Manual on Dispatch Protocol for the Optimal Timing of Market Runs	On-going <i>(completed series of public consultations on 15, 17 and 19 June 2020)</i>
16	RCC Resolution No. 2019-17	Proposed Amendments to WESM Manuals to Clarify Procedures for the Registration of a New Load Facility	On-going <i>(completed series of public consultations on 15, 17 and 19 June 2020)</i>
17	RCC Resolution No. 2019-18	Proposed Amendments to the Retail Rules and Various Retail Manuals to Harmonize with ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers	On-going <i>(completed series of public consultations on 15, 17 and 19 June 2020)</i>
18	RCC Resolution No. 2020-01	Proposed Abolition of Relevant WESM Manuals in View of the Implementation of Enhanced WESM Design and Operations	Ongoing <i>(received by DOE on 09 June 2020)</i>
19	RCC Resolution No. 2020-02	Proposed Amendments to the WESM Metering Manual to Harmonize with the Site-Specific Loss Adjustment Procedures of the Wholesale MSP	Ongoing <i>(received by DOE on 09 June 2020)</i>

	RCC Resolution	Proposals	DOE Approval
20	RCC Resolution No. 2020-03	Proposed Amendments to the WESM Rules and WESM Manual on MO Information Disclosure and Confidentiality to Provide Exceptions for Confidentiality Undertaking for Oversight Bodies	Ongoing <i>(received by DOE on 09 June 2020)</i>
21	RCC Resolution No. 2020-04	Proposed Amendments to the WESM Dispatch Protocol Manual to Enhance Procedures in MRU Accounting	Ongoing <i>(received by DOE on 09 June 2020)</i>
22	RCC Resolution No. 2020-06	Proposed Amendments to the WESM Manual on Metering Standards and Procedures	Ongoing <i>(received by DOE on 09 June 2020)</i>
23	RCC Resolution No. 2020-08	Proposed Urgent Amendments to the WESM Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves	Ongoing <i>(received by DOE on 04 May 2020)</i>
24	RCC Resolution No. 2020-09	Proposed Abolition of Relevant WESM Manuals in View of the Implementation of Enhanced WESM Design and Operations	Ongoing <i>(received by DOE on 09 June 2020)</i>
25	RCC Resolution No. 2020-10	Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures to Clarify Bilateral Contracts Accounted for in Settlements	Ongoing <i>(received by DOE on 09 June 2020)</i>
26	RCC Resolution No. 2020-11	Proposed Amendments to the WESM Rules and WESM Manual on the Management of Net Settlement Surplus for the Implementation of ERC Resolution No. 07 Series of 2019	Ongoing <i>(received by DOE on 09 June 2020)</i>
27	RCC Resolution No. 2020-12	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	Ongoing <i>(received by DOE on 09 June 2020)</i>

	RCC Resolution	Proposals	DOE Approval
28	RCC Resolution No. 2020-13	Proposed Amendments to the WESM Rules and WESM Manual on Management of Must-Run and Must-Stop Units regarding Settlement of Displaced Generators	Ongoing <i>(received by DOE on 09 June 2020)</i>
29	RCC Resolution No. 2020-14	Proposed Amendment to WESM and Retail Rules for Operation of Renewable Energy Market	Ongoing <i>(received by DOE on 09 June 2020)</i>

## II.E. Status of Proposals Submitted to the ERC

The RCC also approved proposals, which were submitted to the ERC for final approval, with status as listed below:

**Table 7: Status of Proposals Submitted to the ERC**

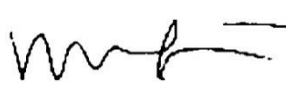


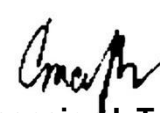
	RCC Resolution	Proposals	ERC Decision
1	RCC Resolution Nos. 2016-13, 2017-07 & 2018-01	Proposed Price Determination Methodology for the enhanced WESM design and operations	Ongoing <i>(received by ERC on 16 May 2017)</i>
2	RCC Resolution No. 2019-07	Proposed Urgent Amendment to the WESM Rules and Proposed New Market Manual on Market Intervention due to Prolonged Market System Failure (PMSF)	Denied ERC Order dated 02 April 2020 denied the approval of the PMSF. ERC ordered PEMC/MO to submit proposed methodology, as part of the contingency plan, for a prolonged market intervention, incorporating similarity of conditions (i.e. supply/ demand levels and supply margins) in determining administered price

### **III. WAY FORWARD**

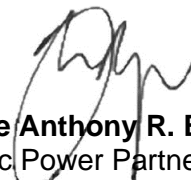



The RCC 2020 Work Plan (Annex C) was developed to align with PEMC's corporate vision, mission and desired outcomes towards 2022. The RCC strives to attain a timely resolution of all proposed amendments it receives and shall continuously direct its efforts to work on PEMC's priority activities as reflected in its Corporate Plan (which includes continuing review of the Market Rules and Manuals for further enhancements and inputs from sectoral representatives of the RCC), and pertinent DOE directives.

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./ Pansia 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)



**ANNEX A: Number of Proposed Amendments**

**Table8: Number of Proposed Amendments Processed from 2005 to 2020  
(Approved and Disapproved)**

Year	New Manuals	WESM Rules	WESM Manuals	Retail Rules	Retail Manuals	Total
2005	6	7	0	-	-	13
2006	12	9	20	-	-	41
2007	0	0	3	-	-	3
2008	1	3	1	-	-	5
2009	0	0	1	-	-	1
2010	0	6	9	-	-	15
2011	1	3	2	-	-	6
2012	1	6	4	-	-	11
2013	0	8	6	-	-	14
2014	1	8	19	0	3	31
2015	0	6	10	1	0	17
2016	2	7	21	0	0	30
2017	0	4	15	2	2	23
2018	1	9	12	3	4	29
2019	2	10	20	3	6	41
2020	0	5	18	1	0	24
<b>Overall Total</b>						<b>304</b>

**ANNEX B: Members of the RCC as of June 2020**

Sector	Representative Organization	Members	
		Principal	Alternate
Independent		Maila Lourdes G. de Castro (Chairperson)	-
		Francisco L.R. Castro, Jr.	-
		Concepcion I. Tanglao	-
		Dr. Allan C. Nerves	-
Market Operations	Independent Market Operator of the Philippines (IEMOP)	Isidro E. Cacho, Jr.	Edwin N. Mosa
System Operations	National Grid Corporation of the Philippines (NGCP)	Ambrocio R. Rosales	Henry V. Dela Cruz
Generation	Aboitiz Power Corporation (APC)	Cherry A. Javier	Angeli Abad-Parcia
	Masinloc Power Partners Co. Ltd. (MPPCL)	Dixie Anthony R. Banzon	Rose Ann O. Alfaro
	Millennium Energy, Inc./ Pansia Energy, Inc. (MEI/PEI)	Carlito C. Claudio	Jessie B. Victorio
	Vivant Corporation – Philippines (Vivant)	Mark D. Habana	Michelle S. Tuazon
Distribution	PDU – Manila Electric Company (MERALCO)	Ryan S. Morales	Manuel Luis N. Zagala
	PDU – Iligan Light and Power, Inc. (ILPI)	Ricardo G. Gumalal	Keenan M. Erigbuagas
	EC – Cebu III Electric Cooperative, Inc. (CEBECO III)	Virgilio C. Fortich, Jr	Getulio Zamoras Crodua
	EC – Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)	Nelson M. Dela Cruz	Jeffrey C. Cudapas
Supply	TeaM (Philippines) Energy Corporation (TPEC)	Lorreto H. Rivera	Dennis Paragas
Observers	Department of Energy (DOE)	Dir. Mario C. Marasigan	Ferdinand B. Binondo Ryan Jaspher M. Villadiego Lex J. Magtalas Mari Josephine C. Enriquez

### ANNEX C: Status of the Rules Change Committee Work Plan for 2020

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

**Legend:**  Submission/Completion of Report  
 Regular Activity

ACTIVITIES		OUTPUTS	2020				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
POWER							
1	Publish updated and accurate reports and information on time	Published minutes of meetings, resolutions, Semestral Reports and proposals in accordance with timelines					Published the following: <ul style="list-style-type: none"><li>• RCC Semestral Report (Jul-Dec 2019)</li><li>• RCC 2020 Work Plan</li><li>• 4 Minutes of Meetings</li><li>• 14 RCC Resolutions</li><li>• 9 Proposals for Comments</li></ul>
EFFICIENCY							
2	Enhance rules change process based on best global practices	Approved Amendments to the WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals Issue 3.0					<ul style="list-style-type: none"><li>• Completed within timeline</li><li>• Approved by PEM Board on 27 May 2020</li><li>• <i>Status:</i> received by DOE on 09 Jun 2020</li></ul>
3		Updated RCC Internal Rules					
EMPOWERED GOVERNANCE							

ACTIVITIES		OUTPUTS	2020				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
4	Timely provision of technical support to the PEM Board relevant to their decision-making functions	Conduct of monthly meetings					Conducted 6 meetings
5		Provision of minutes of meetings and resolutions					Approved and published: <ul style="list-style-type: none"> <li>6 minutes of meetings</li> <li>15 Resolutions</li> </ul>
6		Semestral Reports submitted to the PEM Board in January and July 2020					Semestral Report (July-December 2019) submitted within timeline (31 January 2020)
7	Approved Annual Committee Work Plan	2020 RCC Work Plan submitted to the PEM Board by March 2020					RCC 2020 Work Plan submitted within timeline (17 March 2020)
8	Assess market rules and manuals and propose amendments, as necessary	Approved Proposed Amendments to the Guidelines Governing the Constitution of the PEM Board Committees					<ul style="list-style-type: none"> <li>On-going</li> <li>Deliberated by the PEM Board on 27 May 2020 and remanded to RCC for further study</li> </ul>
9		Approved Proposed Amendments to relevant Market Rules and Manuals related to Must-Stop Units and Settlement of Displaced Generators					<ul style="list-style-type: none"> <li>Completed within timeline</li> <li>Approved by PEM Board on 27 May 2020</li> <li>Status: received by DOE on 09 Jun 2020</li> </ul>
10		Approved Proposed Amendments regarding Net Settlement Surplus to reflect ERC Resolution No. 7 Series 2019					<ul style="list-style-type: none"> <li>Completed within timeline</li> <li>Approved by PEM Board on 27 May 2020</li> <li>Status: received by DOE on 09 Jun 2020</li> </ul>
11		Approved Proposed Amendments to relevant Market Rules and Manual to Address Extended Testing and Commissioning					<ul style="list-style-type: none"> <li>On-going</li> <li>Awaiting DOE's promulgation of General Framework for Test and Commissioning to ensure consistency</li> </ul>
12		Approved Proposed Amendments to the relevant Market Rules and Manuals on the Settlement for Must-Run Units and Administered Price					On-going development of proposal

ACTIVITIES		OUTPUTS	2020				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
13		Approved proposed amendments as submitted by WESM Members, or as directed by the PEM Board, DOE or ERC					<i>Please refer to Table 3 and 4 of this report</i>
14		Submit comments/inputs to DOE policies and ERC issuances (including participation in public consultations)					
15	Ensure responsive and effective market rules	Approved methodology in reviewing impact of a rules change					
16		Approved methodology in assessing effectiveness of rules and manuals provisions					