

## MEETING MINUTES

Subject/Purpose : 167<sup>th</sup> Rules Change Committee Meeting (2020-08)  
 Date & Time : 17 July 2020, 09:00  
 Venue : Online via Microsoft Teams  
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### ATTENDEES

	Name	Designation/Position	Department/ Company
1	Maila Lourdes G. de Castro	Chairperson, Independent	RCC
2	Francisco Leodegario R. Castro, Jr.	Member, Independent	RCC
3	Allan C. Nerves	Member, Independent	RCC
4	Concepcion I. Tanglao	Member, Independent	RCC
5	Dixie Anthony R. Banzon	Member, Generation Sector	RCC
6	Mark D. Habana	Member, Generation Sector	RCC
7	Michelle S. Tuazon	Member (Alternate), Generation Sector (Vivant Corporation)	RCC
8	Carlito C. Claudio	Member, Generation Sector	RCC
9	Jessie B. Victorio	Member (Alternate), Generation Sector (Millennium Energy, Inc./Panasia Energy, Inc.)	RCC
10	Cherry A. Javier	Member, Generation Sector	RCC
11	Ryan S. Morales	Member, Distribution Sector	RCC
12	Virgilio C. Fortich, Jr.	Member, Distribution Sector	RCC
13	Ricardo G. Gumalal	Member, Distribution Sector	RCC
14	Nelson M. dela Cruz	Member, Distribution Sector	RCC
15	Lorreto H. Rivera	Member, Supply Sector	RCC
16	Ambrocio R. Rosales	Member, System Operator	RCC
17	Isidro E. Cacho, Jr.	Member, Market Operator	RCC
18	John Mark S. Catriz	OIC - Head, Market Assessment Group	PEMC
19	Karen A. Varquez	Manager, MAG – Rules Review Division	PEMC
20	Divine Gayle C. Cruz	Specialist, MAG – Rules Review Division (RCC Secretariat)	PEMC
21	Dianne L. De Guzman	Specialist, MAG – Rules Review Division (RCC Secretariat)	PEMC
22	Kathleen R. Estigoy	Specialist, MAG – Rules Review Division (RCC Secretariat)	PEMC
23	Ferdinand B. Binondo	Observer	DOE
24	Ryan Jaspher Villadiego	Observer	DOE
25	Lex Magtalas	Observer	DOE
26	Mari Josephine Enriquez	Observer	DOE
27	Edmundo G. Tuazon	Proponent	Pagbilao Energy Corp.

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Agenda	Agreements / Action Taken / Action Required
I. Call to Order / Determination of Quorum	<ul style="list-style-type: none"> <li>The meeting was conducted via Microsoft Teams and was called to order at 09:00.</li> <li>The meeting was chaired by Atty. Maila Lourdes G. de Castro (Chairman/Independent).</li> <li>All 15 RCC principal members were in attendance.</li> </ul>
II. Presentation and Approval of the Proposed Agenda	With no other inputs / comments, the provisional agenda of the meeting was approved by the body.
III. Approval of the Minutes of Previous Meeting	The minutes of the 166 <sup>th</sup> RCC Meeting held on 19 June 2020 was approved as submitted.
IV. Matters Arising from Previous Meeting	
4.1 Approval of RCC Resolution 2020-15: <i>Revision to RCC Resolution No. 2020-07 on the Proposed Amendments to the Guidelines Governing the Constitution of PEM Board Committees, Issue 3 regarding the Composition of the WESM Technical Committee</i>	<p><u>Presenter:</u> Kathleen R. Estigoy (RCC Secretariat)</p> <p><u>Action Requested:</u> For approval for endorsement to the PEM Board</p> <p><u>Proceedings:</u></p> <p>As background of the subject draft Resolution, the PEM Board, through the Board Meeting highlights provided by the Corporate Secretary to the MAG, remanded the matter to the RCC with the directive to reduce the number of independent Technical Committee (TC) members from the proposed five (5) independent members. The RCC re-deliberated the matter during its 166<sup>th</sup> meeting on 19 June 2020 and approved proposing the reduction of TC independent members from five (5) to three (3), while retaining its proposed number of sector representatives — one representative each for the Market Operator, System Operator, Generation and Distribution Utility.</p> <p>The RCC reviewed the draft resolution and approved the same as submitted.</p> <p><u>Resolution:</u></p> <ul style="list-style-type: none"> <li>Approved resolution as submitted.</li> <li>RCC endorsed to the PEM Board the proposed composition of the Technical Committee, as follows:             <ul style="list-style-type: none"> <li>Three (3) independent members; and</li> <li>One (1) representative for each sector: Gen, DU, SO and MO.</li> </ul> </li> </ul>
V. New Business Matters	
5.1 Pagbilao Energy Corp.'s Proposed Amendments to the WESM Manual on Billing and Settlement Issue	<p><u>Presenter:</u> Engr. Edmundo G. Tuazon (Pagbilao Energy Corporation)</p> <p><u>Action Requested:</u> For approval for publication</p> <p><u>Presentation Material:</u> Annex A</p>

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Agenda	Agreements / Action Taken / Action Required
6.0 regarding Bilateral Contract Declaration	<p><u>Proceedings:</u></p> <p>Engr. Edmundo G. Tuazon from Pagbilao Energy Corporation (PEC) presented the proposal which aims to amend certain procedures in the Billing and Settlement Manual for the enhanced market design regarding bilateral contract quantity (BCQ) declaration in the WESM.</p> <p>Mr. Tuazon explained that in the New Market Management System (NMMS), the BCQ shall be declared by the seller Trading Participants (TP) to the Market Operator via the Central Registration and Settlement System (CRSS) up to one (1) day after the date of transaction ("D+1"). The declared BCQs must then be confirmed by the counter-part buyer TP within the prescribed timeline either by default (i.e., without the need for the daily act of confirmation) or by manual daily confirmation, depending on the preference of the TPs during enrollment of the bilateral contract. Unless the buyer TP nullifies or does not confirm the submitted BCQs, the Market Operator shall consider during settlement the confirmed BCQs.</p> <p>Mr. Tuazon stated that the proposal seeks to cover the following instances:</p> <ol style="list-style-type: none"> <li>1) There is no BCQ declared at all such that there is nothing for the buyer TP to either confirm or nullify; and</li> <li>2) The buyer TP either does not confirm or incessantly nullifies the BCQ submitted by its seller TP.</li> </ol> <p>Both instances above would expose the buyer or seller TPs to the market since their BCQs will not be considered in settlement. If either of these scenarios occur, it was proposed to use in the settlement the contracted capacity committed in the TPs' supply contract as default, instead of being fully exposed in the market.</p> <p>The following points were raised during the RCC's discussions:</p> <ul style="list-style-type: none"> <li>• Mr. Isidro E. Cacho, Jr. (IEMOP-MO) confirmed that in the NMMS, the TPs will have two (2) options on how their BCQs shall be submitted to the MO for accounting during settlement: (1) the BCQs declared by the seller is confirmed by default unless the buyer nullifies it, and (2) the buyer TP shall manually confirm the seller's submission in the CRSS. The TPs would have to choose either one of the options during the enrollment of their supply contract. Mr. Cacho explained that these options were put in place in the CRSS so that the buyer TP would have the opportunity to validate the BCQs being declared for them by the seller. In the current market design, BCQs declared by the seller TP is confirmed by default, similar with option 1.</li> <li>• Mr. Tuazon explained that the proposal of having a default BCQ based on the contract enrolled in the WESM is akin to setting up standing offers which is a procedure already in place in the submission of market offers.</li> </ul>

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	<p>Should a seller TP be remiss in its responsibility to declare BCQ, or the buyer TP fails to confirm or irresponsibly nullifies the BCQ submitted, the proposal is for the CRSS to prompt the TPs before the end of the 'D+1' that the BCQ in their supply contract will be the value accounted during settlement.</p> <ul style="list-style-type: none"> <li>Mr. Francisco L.R. Castro, Jr. (Independent) inquired how often does non-submission or unnecessary nullification of declared BCQ happen, or if the proposal is rather more preventative in nature. To this, Mr. Cacho responded that the MO will provide information on the number of generators not submitting BCQs, but also reminded that the new BCQ declaration procedures are just on trial operations and the low participation level of participants on this is still a current readiness issue for the enhanced market implementation.</li> <li>Ms. Lorreto H. Rivera (TeaM Energy) stated that a wrong declaration of the seller TP would have a direct financial impact to the buyer TP. These scenarios are not currently addressed in the current set-up but are just settled outside the market by the TPs involved. However, these instances could be grounds for disputes and could also pose financial risks to the TPs. Ms. Rivera commented that the set-up in the CRSS are in fact a welcome change on the part of the customer TPs, but there are still loopholes in the new procedures which the proposal is intending to address.</li> </ul> <p>Ms. Rivera opined that the proposal is a way to prevent both the seller and buyer TPs from being fully exposed in the market in cases of non-submission of BCQ, or nullification of BCQ.</p> <ul style="list-style-type: none"> <li>Mr. Ryan Morales (MERALCO) inquired if a BCQ of 0 MW and a non-submission of BCQ could be distinguished by the MO. He clarified that 0 MW BCQ submissions do happen especially for mid-merit and peaking plants who are not contracted at certain intervals unlike base load plants.</li> </ul> <p>Ms. Rivera commented that, from the point of view of the MO, 0 MW will be considered a valid submission if it is what the seller declared and the buyer confirmed. However, the issue being addressed in the proposal is when there is no submission at all or the submission was nullified; in these cases the MO would then have no BCQ to account for during settlement.</p> <ul style="list-style-type: none"> <li>Picking up from Mr. Morales' line of query, Ms. Cherry A. Javier (APC) asked if it is possible to have 0 MW as a TP's default BCQ for peaking plants. Mr. Tuazon stated that it is possible if it is what the seller and buyer TPs have agreed upon or if it would be allowed in the CRSS during contract enrollment. Ms. Rivera also added that the amount of standing</li> </ul>

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	<p>BCQ declared is ultimately the decision of the buyer TP, although in reality it is based on actual metered quantity.</p> <ul style="list-style-type: none"> <li>Mr. Mark D. Habana (Vivant) raised that should the proposal be implemented, then what would be the default BCQ of a generator with a 'load-following' contract which varies from time to time. He opined that if setting a default BCQ is determined to be indeed necessary, then there should be further study to seek a better alternative than setting a default value which could often be wrong. However, he added that consequences from the failure of either the buyer and seller TPs to perform their responsibilities could just be addressed outside the market, especially since procedures were already changed (i.e., options for confirming BCQ declarations in the NMMS) to address most of the current issues.</li> <li>Atty. De Castro (Independent) inquired the MO if the selection of the method upon which to confirm the BCQs declared could only be done once during the contract enrollment, or can be changed eventually. Mr. Cacho stated that the rules do not prohibit changing the method of confirmation, but he will have to validate with the IEMOP.</li> </ul> <p>Atty. De Castro followed-up if the CRSS is actually able to prompt or notify the TPs that the default BCQ will be used in the settlement due to either non-submission of BCQ or the submission was nullified. Mr. Cacho answered that the system may be configured to do that but he will also validate this with IEMOP. He remarked that the CRSS has a monitoring facility able to determine if a TP has not submitted a BCQ but it is currently not configured to make prompts or notifications during those instances.</p> <p>Ms. Rivera commented that during the Parallel Operation Program, the IEMOP notifies the TP near the end of the prescribed timeline (D+1) that the BCQ declared will not be used in settlement. But even if the TPs were notified, there would be no more time for the TPs to make corrections on their part. Ms. Rivera stated that perhaps IEMOP's notifications on these could be made earlier.</p> <ul style="list-style-type: none"> <li>Mr. Cacho clarified that if there is no BCQ submitted, then the entire transaction for a particular trading interval is considered a spot transaction. He added that this is the same treatment for transactions where a 0 MW BCQ is declared.</li> <li>Mr. Virgilio Fortich, Jr. (CEBECO III) asked PEC if there was already an instance where PEC was not able to submit their BCQ or their submission was nullified and how did it affect them in terms of settlement. Mr. Tuazon responded that it has yet to experience either way and as a seller, PEC</li> </ul>

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	<p>has always declared their BCQs within the timeline. However, he reiterated the need for the TPs to be notified if there is no confirmed BCQ to be accounted in settlement and that the default BCQ in the contract will instead be used.</p> <p>Mr. Fortich hence commented that changing the rules at this time while the system is being upgraded may not be ideal. He added that at this point, there might still be no data to serve as basis to back-up the proposal.</p> <ul style="list-style-type: none"> <li>Ms. Javier sought clarification on how the proposal could affect the previous proposed amendment that would allow Retail Electricity Suppliers (RES) to directly declare BCQs for their own Customers and no longer through the Generation Company. Mr. Tuazon stated that the proposal should be also be applicable for the RES and their Customers.</li> </ul> <p>The Secretariat confirmed that the previous proposal Ms. Javier was referring to was already endorsed to the DOE and is pending approval.</p> <p>There being no matters left for discussion, the RCC approved the publication of the proposal in the PEMC website, as submitted, to solicit comments from WESM members and stakeholders.</p> <p><u>Resolution:</u></p> <ul style="list-style-type: none"> <li>Approved proposal for publication in the PEMC website as submitted for comment solicitation.</li> <li>Mr. Cacho will provide the RCC the following data:             <ul style="list-style-type: none"> <li>Frequency of occurrence of non-submission of BCQ declaration;</li> <li>Generators who did not submit BCQ declaration; and</li> <li>Confirmation if the CRSS can prompt TPs in case of non-submission of BCQ, and if it can implement the changes to the BCQ declaration in case the proposal is adopted.</li> </ul> </li> </ul>
<p>5.2 Updates on the recently approved amendments by DOE:</p> <p>a) DOE DC 2020-06-0013: Energy Virtual One-Stop Shop (EVOSS) and Registration of New Facility</p> <p>b) DOE DC 2020-06-0014: Initial Prudential Requirement (IPR)</p>	<p><u>Presenter:</u> Kathleen R. Estigoy and Divine Gayle C. Cruz (RCC Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Presentation Material:</u> Annexes B and C</p> <p><u>Proceedings:</u></p> <p>The Secretariat informed that the DOE issued two (2) DOE circulars regarding rules changes, namely:</p>



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	<p>a) DOE DC 2020-06-0013 entitled “<i>Adopting Further Amendments to the WESM Rules and Market Manual on Registration, Suspension and De-registration Criteria and Procedures for Enhancements to WESM Design and Operations (Provisions for Registration of New Facility and Harmonization with R.A. 11234 entitled “An Act Establishing the Energy Virtual One-Stop Shop)”</i> dated 01 June 2020; and</p> <p>b) DOE DC 2020-06-0014 entitled “<i>Adopting Further Amendments to the WESM Rules and Market Manual on Billing and Settlement for the Implementation of Enhancements to WESM Design and Operations (Provisions for Prudential Requirements)”</i> dated 02 June 2020.</p> <p>Both DOE Circulars took effect on 02 July 2020.</p> <p>The Secretariat presented a comparison of the versions of the proposals endorsed by the PEM Board to the DOE and the ones approved by the DOE. In summary, the DOE adopted the proposals as amended.</p> <p>Particularly for DOE DC 2020-06-0013, the Secretariat observed that the DOE may have inadvertently indicated an incorrect Section title in the DC for Section 2.5.4.4, where the DC indicated “Aggregation of Generating Units” while the original was “Generation Registered Capacities”. The Secretariat opted to retain the original title in the revised Manual since the contents pertain to the topic. However, Mr. Ferdinand B. Binondo (DOE) suggested the Secretariat to coordinate the matter with the DOE for re-validation. He also suggested, and the RCC agreed, that going forward, the Secretariat could coordinate with the DOE for any clerical or typographical errors in the DCs so the DOE may correct them accordingly.</p> <p><u>Resolution:</u> N/A (for information only); RCC noted the information and all observations will be validated by the RCC Secretariat with the DOE.</p>
5.3 Review of the RCC Semestral Report for January to June 2020	<p><u>Presenter:</u> Dianne L. de Guzman (RCC Secretariat)</p> <p><u>Action Requested:</u> For approval</p> <p><u>Proceedings:</u></p> <p>The Secretariat presented the draft RCC Semestral Report covering the period January to June 2020. The Report is for submission to the PEM Board on or before 31 July 2020. Ms. Concepcion I. Tanglao (Independent) provided initial comments to the draft Report prior the meeting.</p> <p>For the first half of 2020, the RCC was able to complete the processing of fourteen (14) proposals which includes:</p>

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	<ul style="list-style-type: none"> <li>• four (4) proposals carried over from 2019; and</li> <li>• ten (10) new proposals, one of which is an urgent proposed amendment</li> </ul> <p>As of June 2020, two (2) proposals are on-going RCC deliberation contingent with the issuance of relevant DOE circular or PEM Board directive for consistency.</p> <p>Atty. De Castro suggested to provide the number of disapproved proposals that were re-developed and re-submitted to the RCC, and a summary of the duration of time the RCC was able to complete the processing of a proposal. Mr. Carlito C. Claudio (MEI/Panasia) also recommended using a uniform formatting for the dates in the summary tables.</p> <p>The Secretariat shall revise the draft to incorporate the suggestions and re-submit the same to the RCC via email for approval.</p> <p><u>Resolution:</u></p> <ul style="list-style-type: none"> <li>• Provisionally approved as amended.</li> <li>• Secretariat will revise the Report to:             <ul style="list-style-type: none"> <li>○ include number of disapproved proposals that were re-developed and re-submitted to RCC;</li> <li>○ include summary/ statistics of RCC's timeliness in completing the processing of proposals; and</li> <li>○ use uniform date formatting in the summary tables</li> </ul> </li> </ul>
VI. Other Matters	
6.1 DOE Public Consultation Updates	<p><u>Presenter:</u> Ferdinand B. Binondo (DOE)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>Mr. Binondo informed the RCC that the DOE will hold virtual public consultations on July 22<sup>nd</sup> and 29<sup>th</sup> for Luzon, Visayas and Mindanao WESM participants regarding the following proposals:</p> <ol style="list-style-type: none"> <li>1) Adopting Further Amendments to the WESM Rules and New Manual on WESM Compliance Officers Accreditation;</li> <li>2) Adopting Further Amendments to the WESM Manual on Metering Standards and Procedures Issue 12.0 to Harmonize with the Site-Specific Loss Adjustment Procedures of the Wholesale Metering Services and to Align Technical Requirements for Metering Facilities in</li> </ol>



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	<p>accordance with Philippine Grid Code 2016 Edition, Philippine Distribution Code 2017 Edition, and other Applicable References;</p> <ol style="list-style-type: none"> <li>3) Adopting Further Amendments to the WESM Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves;</li> <li>4) Adopting Further Amendments to the WESM Rules and the WESM Manual on Information Disclosure and Confidentiality Issue 5.0 Regarding Exceptions for Confidentiality Undertakings for Oversight Bodies; and</li> <li>5) Adopting Further Amendments to the WESM Manual on Dispatch Protocol (Issue 13.0) to Enhance Procedures in Must-Run Unit (MRU) Accounting.</li> </ol> <p>Mr. Binondo stated that the draft Circulars for the foregoing matters were already published in the DOE website for comments. As for the previous batch of draft Circulars that underwent virtual public consultations in June 2020, those were already finalized by the DOE for final approval and promulgation.</p> <p><u>Resolution:</u> N/A (for information only); RCC noted the DOE's update and the schedule of DOE virtual public consultations: July 22 and 29, 2020 regarding various draft Department Circulars on rules change proposals.</p>
6.2 PEMC Annual General Membership Meeting 2020	<p><u>Presenter:</u> Divine Gayle C. Cruz (RCC Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>The Secretariat informed that PEMC will hold its 2020 Annual General Membership Meeting online on 29 July 2020. Atty. De Castro will present a summary of the RCC's 2019 accomplishments. All WESM Governance Committee members are invited to attend the AGMM.</p> <p><u>Resolution:</u> N/A (for information only)</p>
VII. Next Meeting	<ul style="list-style-type: none"> <li>• 14 August 2020</li> <li>• 18 September 2020</li> <li>• 16 October 2020</li> </ul>
VIII. Adjournment	The meeting was adjourned at 10:40 AM.

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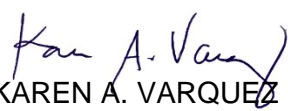
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Prepared by:


  
DIVINE GAYLE C. CRUZ  
Rules Review Specialist, Market Assessment  
Group – Rules Review Division  
Noted by:

Reviewed by:

  
KAREN A. VARQUEZ  
Manager, Market Assessment Group – Rules  
Review Division


  
JOHN MARK S. CATRIZ  
OIC – Head, Market Assessment Group

Approved by:


  
MAILA LOURDES G. DE CASTRO  
Chairperson, Independent


  
FRANCISCO L.R. CASTRO, JR.  
Member, Independent

  
ALLAN C. NERVES  
Member, Independent


  
CONCEPCION I. TANGLAO  
Member, Independent


  
DIXIE ANTHONY R. BANZON  
Member, Generation Sector  
Masinloc Power Partners Co. Ltd. (MPPCL)

  
CHERRY A. JAVIER  
Member, Generation Sector  
Aboitiz Power Corp. (APC)

  
CARLITO C. CLAUDIO  
Member, Generation Sector  
Millennium Energy, Inc./ Panasia Energy, Inc.  
(MEI/PEI)

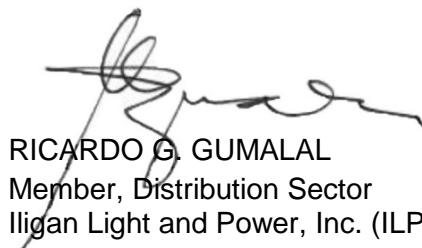
  
MARK D. HABANA  
Member, Generation Sector  
Vivant Corporation – Philippines (Vivant)

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


  
RYAN S. MORALES  
Member, Distribution Sector  
Manila Electric Company (MERALCO)

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RICARDO G. GUMALAL  
Member, Distribution Sector  
Iligan Light and Power, Inc. (ILPI)




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



LORRETO H. RIVERA  
Member, Supply Sector  
TeaM (Philippines) Energy Corporation (TPEC)



ISIDRO E. CACHO, JR.  
Member, Market Operator  
Independent Electricity Market Operator of the  
Philippines (IEMOP)




AMBROCIO R. ROSALES  
Member, System Operator  
National Grid Corporation of the Philippines  
(NGCP)

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## ANNEX A



### Proposed Amendments to to the WESM Manual on Billing and Settlement Issue 6.0

Proponent  
**Engr. Edmundo G. Tuazon**  
Pagbilao Energy Corporation

17 July 2020



## Outline

- Background
- Summary and Rationale of Proposal
- Action Requested

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Philippine Electricity  
Market Corporation



### Background

- As part of the activities of the Enhanced WESM Design and Operation – Parallel Operations Program (POP), Bilateral Contract Quantities (BCQ) declarations are done by the seller Trading Participant (TP) thru the Central Registration and Settlement System (CRSS)
- BCQ declarations submitted by the seller TP must also be confirmed by their corresponding buyer TP thru the CRSS following the same timeline of D+1
- Depending on the enrollment of the TPs, the buyer TP may choose to require daily confirmation or declarations are deemed approved unless nullified
- During the course of POP, it was observed that confirmation and nullification will only transpire if the seller TP submits its BCQ declaration no later than end of D+1. If no submission is received, there is nothing to neither confirm nor nullify on the side of buyer TP
- Similarly, if the buyer TP does not confirm or nullifies the BCQ declarations, such will not be used in settlement if no action is made by end of D+1
- These actions (and inactions) have financial impact to TPs



### Background

- As part of the activities of the Enhanced WESM Design and Operation – Parallel Operations Program (POP), Bilateral Contract Quantities (BCQ) declarations are done by the seller Trading Participant (TP) thru the Central Registration and Settlement System (CRSS)
- BCQ declarations submitted by the seller TP must also be confirmed by their corresponding buyer TP thru the CRSS following the same timeline of D+1
- Depending on the enrollment of the TPs, the buyer TP may choose to require daily confirmation or declarations are deemed approved unless nullified
- During the course of POP, it was observed that confirmation and nullification will only transpire if the seller TP submits its BCQ declaration no later than end of D+1. If no submission is received, there is nothing to neither confirm nor nullify on the side of buyer TP
- Similarly, if the buyer TP does not confirm or nullifies the BCQ declarations, such will not be used in settlement if no action is made by end of D+1
- These actions (and inactions) have financial impact to TPs

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Philippine Electricity  
Market Corporation



### Summary of Proposal

Current	Proposed	Rationale
9.2.5 At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to require confirmation and whose valid bilateral contract declarations was not confirmed, that their bilateral contract declarations shall not be accounted for during settlements.	At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to require confirmation and whose valid bilateral contract declarations was not confirmed, that <u>the contracted capacity declared under the supply contract shall be used in lieu and shall</u> be accounted for during settlements.	Non-confirmation of bilateral contract declaration will expose the Genco to unnecessary market exposure. There should be a default bilateral contract declaration if the buyer Trading Participant, deliberately or otherwise, overlooks its confirmation



### Summary of Proposal

Current	Proposed	Rationale
Insertion of New Provision under 9.2 Confirmation and Nullification for Energy Transactions	9.2.7 (New) At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to not require confirmation and whose valid bilateral contract declarations was nullified in relation to Section 9.2.2 of this Manual, that the contracted capacity declared under the supply contract shall be used in lieu and shall be accounted for during settlements.	Incessant nullification of buyer Trading Participant will result to unnecessary market exposure to both seller and buyer. There should be a default bilateral contract declaration if the Trading Participants, deliberately or otherwise, overlook its accurate submission of bilateral contract declaration and/or nullification of the same



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### Action Requested

For consideration and approval of the Proposed  
Amendments to the Billing and Settlement  
Manual



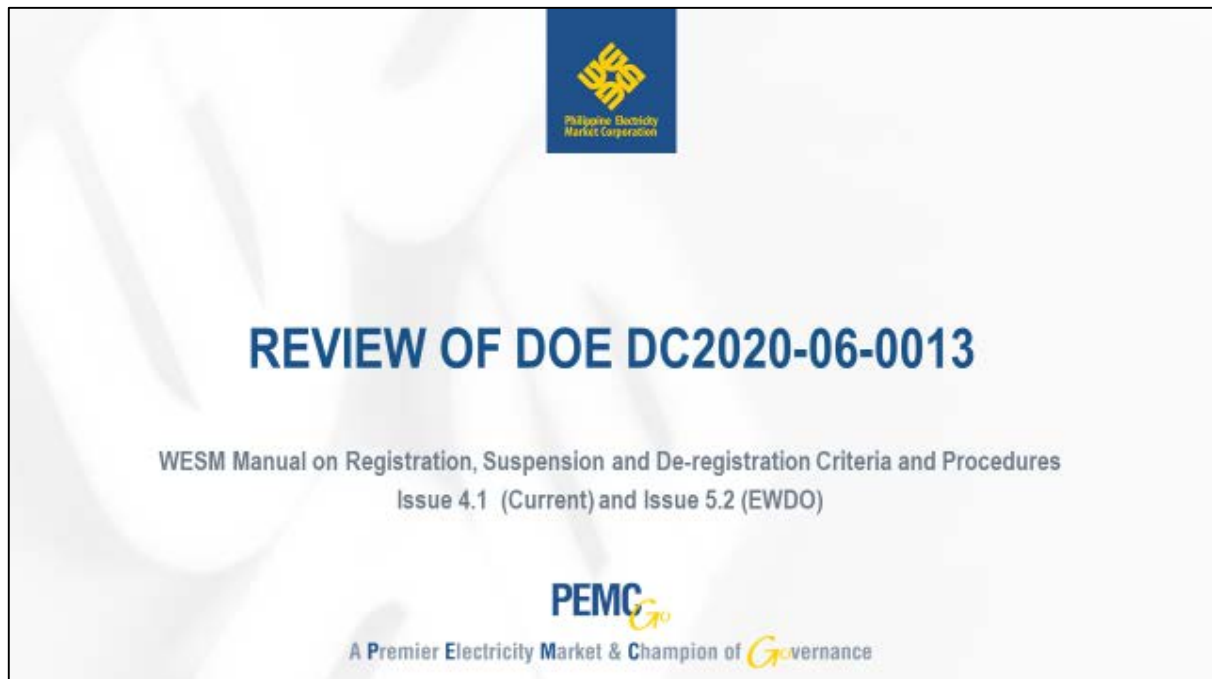
Thank You

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## ANNEX B



### SUMMARY OF OBSERVATIONS

- a) 23 out of 25 provisions in the proposal were adopted by the DOE;
  - 2 proposed amendments to the provisions were not considered in the DC
- b) Provided the wrong Section title "Aggregation of Generating Units";
- c) The proposals were adopted in accordance with the EVOSS law. But, where applicable, deleted the provisions stating:
 

"The failure of the Market Operator to act on the application within this period shall not be deemed an approval of the application."
- d) ASPP as the basis of compliance for Ancillary Service Providers was not considered; and
- e) Simplified the basis of the change of registered capacities and/or ramp rates to latest COC alone.

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### UNCONSIDERED PROPOSALS



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### UNCONSIDERED PROPOSALS

Title	Section	Original Provision	RCC Proposed Amendment	Rationale
Non-Approval of Applications/ Remedies	2.5.7(b)	The ERC shall be given a copy of the written notice within five (5) business days after its issuance to the Applicant.	The ERC shall be given a copy of the written notice within five (5) <u>business working days</u> after its issuance to the Applicant.	To harmonize with the EVOSS Law
REGISTRATION OF SERVICES PROVIDERS - Metering Services Provider	2.7.2.4(b)	A Trading Participant registered as a Customer as well as a Network Services Provider may not be registered as a Metering Services Provider in respect to any connection points that it owns.	A Trading Participant registered as a Customer as well as a Network Services Provider may not be registered as a Metering Services Provider in respect to any connection points that it owns. <u>If such Trading Participant is also a Metering Services Provider and there is only one Metering Services Provider serving Trading Participants connected to the transmission system registered with the Market Operator, then it shall be allowed to provide metering services on an interim basis for a market trading node assigned to it or a connection point that it owns. The Trading Participant shall be allowed to provide metering services until another Metering Services Provider becomes authorized by the ERC and is registered with the Market Operator upon which the metering services shall be transferred to another Metering Services Provider following the applicable procedure.</u>	Proposal was intended to reflect WESM Rules Clause 4.4.3 amendment under DOE DC2013-07-0016.

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### OTHER OBSERVATIONS



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### OTHER OBSERVATIONS

Title	Section	RCC Proposed Amendment	DOE-Approved Amendment	Remarks
Generation Registered Capacities	2.5.4.4	A Generation Company shall include in its application the maximum stable load (Pmax), the minimum stable load (Pmin), the ramp up rate, and the ramp down rate of each generation unit or aggregated generation units that are included in its application. The information provided to the Market Operator must be consistent with the information contained in the Certificate of Compliance <u>or, in the absence thereof, a certification indicating the registered capacities and/or ramp rates of the generating unit</u> issued by the ERC as well as submissions made to the ERC in relation to the issuance of its Certificate of Compliance. <u>The Generation Company shall also include information on the location of the real-time monitoring facility where the Pmin, Pmax, and ramp up/down rates were certified against (i.e., gross generation, or net of station use). Should the location represent the gross generation output of the generating system, the Generation Company shall comply with the procedures provided for under Clause 2.5.4.5 of this Market Manual.</u>	A Generation Company shall include in its application the maximum stable load (Pmax), the minimum stable load (Pmin), the ramp up rate, and the ramp down rate of each generating unit or aggregated generating units that are included in its application. The information provided to the Market Operator must be consistent with the information contained in the Certificate of Compliance <u>or, in the absence thereof, a certification indicating the registered capacities and/or ramp rates of the generating unit</u> issued by the ERC as well as submissions made to the ERC in relation to the issuance of its Certificate of Compliance. <u>If the generating unit is a battery energy storage system, the Generation Company shall include the generating unit's energy storage efficiency and maximum storage capacity in its Application. If the generating unit is a pumped-storage unit, the Generation Company shall include the generating unit's maximum pump load.</u>  The Generation Company shall also <u>include provide</u> information on the location of the real-time monitoring facility where the Pmin, Pmax and ramp up/down rates were certified against (i.e., gross generation, or net of station use). Should the location represent the gross generation output of the generating system, the Generation Company shall comply with the procedures provided for under Section 2.5.4.5 of this Market Manual.	Proposal adopted and included the generating unit with battery energy storage system's compliance.  DOE DC 2020-06-0013 may have inadvertently provided the wrong Section title "Aggregation of Generating Units". RRD retained the current section title.



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### OTHER OBSERVATIONS

Title	Section	RCC Proposed Amendment	DOE-Approved Amendment	Remarks
Approval of Applications - Notice of Approval	2.5.6.2(a)	For approved applications, the Market Operator shall send a notice of approval to the Applicant within fifteen (15) <u>calendar</u> days from completed submission by the applicant of the required application forms and supporting documents and information. The failure of the Market Operator to act on the application within this period shall not be deemed an approval of the application.	For approved applications, the Market Operator shall send a notice of approval to the Applicant within fifteen (15) calendar days from complete submission by the applicant of the required application forms and supporting documents and information. <del>The failure of the Market Operator to act on the application within this period shall not be deemed an approval of the application.</del>	Proposal adopted in accordance with the EVOSS Law. Deleted the provision stating:  "The failure of the Market Operator to act on the application within this period shall not be deemed an approval of the application."
REGISTRATION OF ANCILLARY SERVICES PROVIDERS - Qualifications and Requirements	2.6.1.1(d) (new)	2.6.1.1 Persons or entities wishing to register as WESM member under this category must – xxx <u>d) Comply with the technical requirements for Ancillary Service Providers set forth in the Philippine Grid Code, in the ASPP or in any other relevant documents that the ERC or DOE will promulgate.</u>	Comply with the technical requirements for Ancillary Service Providers set forth in the Philippine Grid Code, <u>in the ASPP or in</u> and any other relevant documents that the ERC or DOE will promulgate on the provision of Ancillary Services.	Proposal adopted but did not include ASPP as the basis of compliance.

### OTHER OBSERVATIONS

Title	Section	RCC Proposed Amendment	DOE-Approved Amendment	Remarks
FACILITY-RELATED CHANGES – Registered Capacities	3.3.1.1	FACILITY-RELATED CHANGES – Registered Capacities <u>and Ramp Rates</u>  The <i>Trading Participant</i> wishing to change the registered capacities <u>and/or ramp rates</u> of its generating unit/s shall make a request in writing to the Market Operator. Such changes shall be in accordance with either the latest Certificate of Compliance (COC) or, a certification of generator capability test to be issued jointly by the DOE, ERC and SO. The conduct of testing shall be based on the internationally-accepted testing procedures as required in the COC, and the cost of testing shall be the responsibility of the applicant. <u>In the absence thereof, a certification issued by the ERC indicating the new registered capacities and/or ramp rates of the generating unit in the WESM.</u>	The Trading Participant wishing to change the registered capacities and/or ramp rates of its generating unit/s shall make a request in writing to the Market Operator. Such changes shall be in accordance with the latest Certificate of Compliance (COC) <u>or in the absence thereof, a certification issued by the ERC indicating the new registered capacities and/or ramp rates of the generating unit in the WESM.</u>	Proposal to delete other basis for the changes was adopted, but simplified the basis of the change to the latest COC alone.

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### OTHER OBSERVATIONS

Title	Section	RCC Proposed Amendment	DOE-Approved Amendment	Remarks
FACILITY-RELATED CHANGES – Registered Capacities	3.3.1.2	<del>Changes submitted by the Trading Participant in the registered capacities and/or ramp rates of its generating units shall be approved accepted by the Market Operator and confirmed by the PEM Board, based on the Certificate of Compliance (COC) or, in the absence thereof, a certification issued by the ERC indicating the new registered capacities and/or ramp rates of the generating unit</del>	<del>Request for</del> changes submitted by the Trading Participant, in <del>connection with</del> the registered capacities and/or ramp rates of this generating units shall be <del>accepted approved</del> by the Market Operator on the basis of the latest Certificate of Compliance <del>or, in the absence thereof, a certification issued by the ERC indicating the new registered capacities and/or ramp rates of the generating unit</del>	Proposal that changes will be approved based on COC was adopted, but not the other certification indicating new registered capacities and/or ramp rates.



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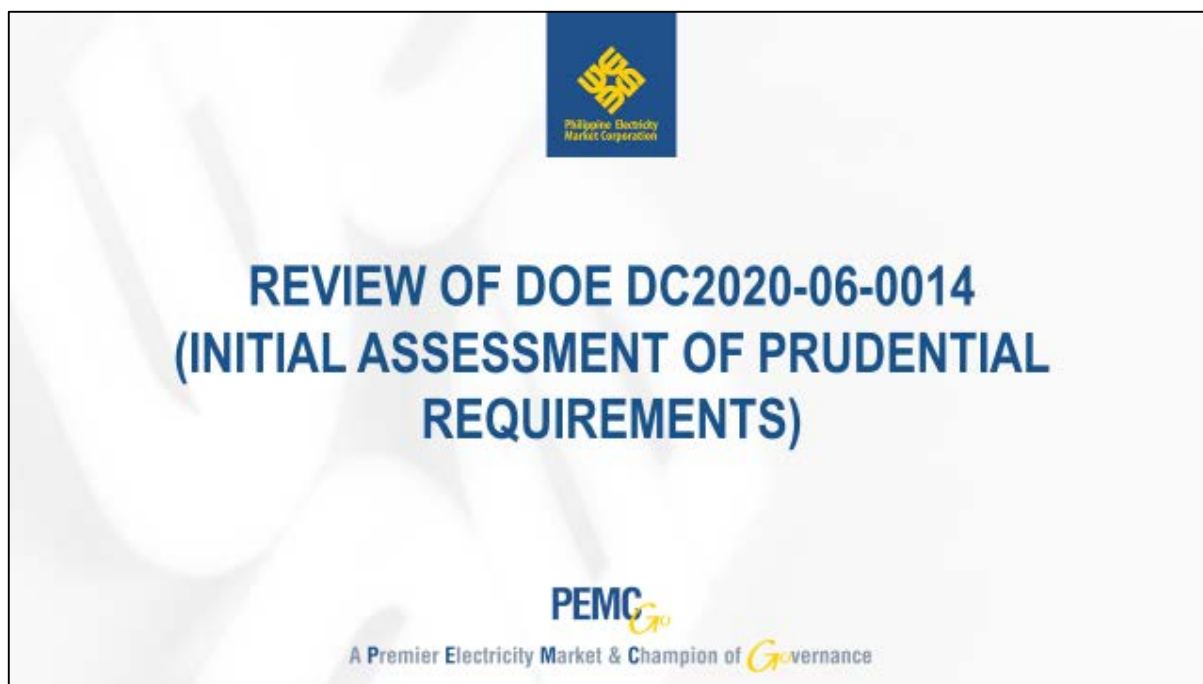


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## ANNEX C



BACKGROUND	
OLD METHODOLOGY	NEW METHODOLOGY
Initial PR of new customers is calculated from projected exposure based on:	Initial PR of new customers is calculated from projected exposure based on:
<ul style="list-style-type: none"> <li>10% of projected consumption</li> <li>System average price</li> </ul>	<ul style="list-style-type: none"> <li>Projected spot purchase (MWh)</li> <li>Locational prices (load and contract)</li> </ul>

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### OBSERVATIONS

	PROPOSED	ADOPTED
<b>FORMULA/ METHODOLOGY</b>	<p>Initial PR of new customers is calculated from projected exposure based on:</p> <ul style="list-style-type: none"> <li>Projected spot purchase (MWh)</li> <li>Locational prices (load and contract)</li> </ul> $PSA = \sum_{i \in I} (PGESQ_i \times PFEDP_i) - \sum_{i \in I} \sum_{c \in C} (PBCQ_{ci} \times PFEDP_{ci})$ <p>Where:</p> <p>PSA projected settlement amount in PhP</p> <p>PGESQ<sub>i</sub> projected gross energy settlement quantity, in MWh, for dispatch interval i</p> <p>PFEDP<sub>i</sub> projected final energy dispatch price, in PhP/MWh, for dispatch interval i</p> <p>PBCQ<sub>ci</sub> projected bilateral contract quantity, in MWh, from counterparty c for dispatch interval i</p> <p>PFEDP<sub>ci</sub> projected final energy dispatch price, in PhP/MWh, associated with the bilateral contract with counterparty c for dispatch interval i</p> <p>I set of dispatch intervals within the billing period</p> <p>C set of counterparties</p>	<p><b>SAME</b></p> <p>Initial PR of new customers is calculated from projected exposure based on:</p> <ul style="list-style-type: none"> <li>Projected spot purchase (MWh)</li> <li>Locational prices (load and contract)</li> </ul> $PSA = \sum_{i \in I} (PGESQ_i \times PFEDP_i) - \sum_{i \in I} \sum_{c \in C} (PBCQ_{ci} \times PFEDP_{ci})$ <p>Where:</p> <p>PSA projected settlement amount in PhP</p> <p>PGESQ<sub>i</sub> projected gross energy settlement quantity, in MWh, for dispatch interval i</p> <p>PFEDP<sub>i</sub> projected final energy dispatch price, in PhP/MWh, for dispatch interval i</p> <p>PBCQ<sub>ci</sub> projected bilateral contract quantity, in MWh, from counterparty c for dispatch interval i</p> <p>PFEDP<sub>ci</sub> projected final energy dispatch price, in PhP/MWh, associated with the bilateral contract with counterparty c for dispatch interval i</p> <p>I set of dispatch intervals within the billing period</p> <p>C set of counterparties</p>

### OBSERVATIONS

	PROPOSED	ADOPTED
<b>SCOPE AND EFFECTIVITY</b>	<p>For immediate implementation:</p> <p>Current and enhanced WESM design and operations (EWDO):</p> <ul style="list-style-type: none"> <li>Luzon-Visayas WESM</li> <li>WESM Mindanao</li> </ul>	<p><b>SAME</b></p> <p>For immediate implementation:</p> <p>Current and enhanced WESM design and operations (EWDO):</p> <ul style="list-style-type: none"> <li>Luzon-Visayas WESM</li> <li>WESM Mindanao</li> </ul>

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### OBSERVATIONS

IMPLEMENTATION	PROPOSED	ADOPTED
	For Luzon-Visayas WESM:	SAME For Luzon-Visayas WESM:
	<ul style="list-style-type: none"> <li>New methodology using following considerations shall be immediately implemented up to <u>one (1) year</u> after commencement of EWDO:               <ol style="list-style-type: none"> <li>projections shall be performed per trading interval instead of per dispatch interval;</li> <li>gross ex-post energy settlement quantities shall be projected instead of gross energy settlement quantities;</li> <li>ex-post energy settlement prices shall be projected instead of final energy dispatch prices; and</li> <li>the market trading node associated with bilateral contract quantities shall be a market trading node of the trading participant responsible for the payment of line rental trading amounts specified by the WESM member during the enrollment of its bilateral contract.</li> </ol> </li> <li>After lapse of 1-yr transition period, new methodology shall be implemented as specified in Manual</li> </ul>	<ul style="list-style-type: none"> <li>New methodology using following considerations shall be immediately implemented up to <u>one (1) year</u> after commencement of EWDO:               <ol style="list-style-type: none"> <li>projections shall be performed per trading interval instead of per dispatch interval;</li> <li>gross ex-post energy settlement quantities shall be projected instead of gross energy settlement quantities;</li> <li>ex-post energy settlement prices shall be projected instead of final energy dispatch prices; and</li> <li>the market trading node associated with bilateral contract quantities shall be a market trading node of the trading participant responsible for the payment of line rental trading amounts specified by the WESM member during the enrollment of its bilateral contract.</li> </ol> </li> <li>After lapse of 1-yr transition period, new methodology shall be implemented as specified in Manual</li> </ul>

### OBSERVATIONS

IMPLEMENTATION	PROPOSED	ADOPTED
	For WESM Mindanao:	For WESM Mindanao:
	<ul style="list-style-type: none"> <li>New methodology using following parameters shall be immediately implemented up to <u>one (1) year</u> after commencement of EWDO:</li> </ul> <p>xxx</p> <p>"1) For new regions integrated to the WESM, the Market Operator shall simulate and publish projected final energy dispatch prices for reference nodes in the new region. The Market Operator shall publish the assumptions used in determining the projected final energy dispatch prices, subject to approval of the PEM Board.</p> <p>The reference prices shall be applied to Trading Participants that are registered prior to the commercial operations of the WESM in that region; for new Trading Participants in the new region applying for registration one (1) year after the commercial operations of the WESM in that region, Section 7.4.1(g) and Section 7.4.1(h) shall apply."</p> <ul style="list-style-type: none"> <li>After lapse of 1-yr transition period, new methodology shall be implemented as specified in Manual</li> </ul>	<ul style="list-style-type: none"> <li>New methodology using following parameters shall be immediately implemented up to <u>one (1) year</u> after commencement of EWDO:</li> </ul> <p><b>"For the implementation of WESM in Mindanao, the Market Operator shall determine the projected final energy dispatch prices based on the following parameters:..."</b></p> <ul style="list-style-type: none"> <li>Interval</li> <li>Regional demand profile</li> <li>Nodal load profile</li> <li>Offered capacity</li> <li>Contracted capacity</li> <li>Offer prices</li> <li>Transmission constraints</li> <li>Transmission losses</li> </ul> <ul style="list-style-type: none"> <li>After lapse of 1-yr transition period, new methodology shall be implemented as specified in Manual</li> </ul>

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### DOCUMENTATION

Documents amended:

- WESM Rules
- WESM Manual on Billing and Settlement

For Current Market Design	For Enhanced Market Design
<a href="#">WESM Rules</a> (footnote only)	<a href="#">WESM Rules</a>
<a href="#">Billing and Settlement Manual Issue 5.1</a> (footnote only)	<a href="#">Billing and Settlement Manual Issue 6.1</a>



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