MEETING MINUTES

Subject/Purpose : 199th Rules Change Committee (Regular) Meeting
Date & Time : 19 August 2022, 09:00 AM
Venue : Online via Microsoft Teams
Page : 1 of 81

Philippine Electricity Market Corporation

ATTENDEES

No.	Name	Designation/Position	Department/ Company
1	Concepcion I. Tanglao	Chairperson, Independent	RCC
2	Jesusito G. Morallos	Member, Independent	RCC
3	Fernando Martin Y. Roxas	Member, Independent	RCC
4	Jose Roderick F. Fernando	Member, Independent	RCC
5	Dixie Anthony R. Banzon	Member, Generation Sector	RCC
6	Cherry A. Javier	Member, Generation Sector	RCC
7	Carlito C. Claudio	Member, Generation Sector	RCC
8	Michelle S. Tuazon	Member (Alternate), Generation Sector	RCC
9	Ryan S. Morales	Member, Distribution Sector	RCC
10	Nelson M. Dela Cruz	Member, Distribution Sector	RCC
11	Virgilio C. Fortich, Jr.	Member, Distribution Sector	RCC
12	Ricardo G. Gumalal	Member, Distribution Sector	RCC
13	Lorreto H. Rivera	Member, Supply Sector	RCC
14	Ambrocio R. Rosales	Member, System Operator	RCC
15	Isidro E. Cacho, Jr.	Member, Market Operator	RCC
16	John Mark S. Catriz	RCC Secretariat	PEMC
17	Karen A. Varquez	RCC Secretariat	PEMC
18	Divine Gayle C. Cruz	RCC Secretariat	PEMC
19	Dianne L. De Guzman	RCC Secretariat	PEMC
20	Kathleen R. Estigoy	RCC Secretariat	PEMC
21	Ferdinand P. Villareal	MSC Member	PEMC
22	Aldjon Kenneth M. Yap	MSC Secretariat	PEMC
23	Ira Lee P. Corectico	MSC Secretariat	PEMC
24	Jake Jerald M. Gines	MSC Secretariat	PEMC
25	Ruben L. Sibayan	MSC Secretariat	PEMC
26	Marlo S. Delizo	MSC Secretariat	PEMC
27	Hazel M. Gubaton-Lopez	ECO Head	PEMC
28	Ria Crizette B. Alegre	OCGO Executive Assistant	PEMC
29	Luningning G. Baltazar	Observer	DOE
30	Melanie Papa	Observer	DOE
31	Mari Josephine C. Enriquez	Observer	DOE
32	Marvin Jay A. Masanda	Observer	DOE
33	Jhannelyn D. Marasigan	Observer	DOE
34	Karen Anne H. Siruma	Proponent	IEMOP
35	Arjon B. Valencia	Proponent	IEMOP
36	Edward I. Olmedo	Proponent	IEMOP
37	Lilibeth Grace L. Vetus	Proponent	IEMOP

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Date & Time : 19 August 2022, 09:00 AM
Venue : Online via Microsoft Teams
Page : 2 of 81

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No.	Name	Designation/Position	Department/ Company
38	Katrina A. Garcia-Amuyot	Proponent	IEMOP
39	Gian Karla Gutierrez	Observer	FGen
40	Lex Magtalas	Observer	APC
41	Angelica Diane B. Monteza-Sy	Commenter	Meralco
42	Madelyn C. Delos Santos	Commenter	Meralco
43	Ma. Leticia L. Sapina	Commenter	Meralco
44	Mikaela Victoria Perez	Commenter	NGCP
45	Cruz, Kent Jasper P.	Commenter	NGCP
46	Lozada, Ernesto Jr. H.	Commenter	NGCP
47	Jon Cleofas	Commenter	APC

MEETING MINUTES

Subject/Purpose : 199th Rules Change Committee (Regular) Meeting
Date & Time : 19 August 2022, 09:00 AM
Venue : Online via Microsoft Teams
Page : 3 of 81

Agenda	Agreements / Action Taken / Action Required
I. Call to Order	• The meeting was conducted via Microsoft Teams and was called to order at 09:00 AM. • The meeting was presided by Ms. Concepcion I. Tanglao (Chairperson/Independent).
II. Determination of Quorum	There were 14 principal members and 1 alternate member present.
III. Adoption of Agenda	Secretariat requested to prioritize item 6.1 of the agenda since DOE representatives are on official travel. RCC approved the request of the Secretariat and adopted the agenda, as amended.
IV. Approval of Minutes of Previous Meeting • 198th Regular Meeting, 15 Jul 2022	RCC approved the minutes of the previous meeting, as presented, and agreed to affix their e-signatures.
V. Matters Arising from Previous Meeting	
5.1. Update on RCC Resolution No. 2022-09: *Proposed Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints*	Presenter: Ms. Divine Gayle C. Cruz (Secretariat) Action Requested: For information Material/s: Annex A – RCC letter to PEM Board Proceedings: • Ms. Divine Gayle C. Cruz (Secretariat) presented the letter regarding updates on the RCC Resolution 2022-09, which was submitted to PEM Board on 18 August 2022. Summary of the letter are as follows: 1) NPC is aware that the primary manner to be dispatched is to strategize the offers through proper coordination with dam management, plant operations and trading teams; 2) Certain characteristics and features of some NPC dams make discharging water through spillway gates disadvantageous and life threatening; 3) Weather forecasts are not 100% accurate 4) Request for non-security over-riding constraint is still subject to SO assessment, whether posing a threat to grid security or not, precluding possible abuse. and 5) There is no current documentation that provides basis in SO's granting of non-security over-riding constraint for such specific dam situations.

Agenda	Agreements / Action Taken / Action Required
	The supplemental justifications will be presented to Board Review Committee and PEM Board. Ms. Concepcion I. Tanglao (Chairman) expressed concern that even providing the arguments, the PEM Board may still be firm in their decision to remand the proposal. Ms. Cruz suggested emphasizing items 2 and 3 during the presentation as these were not fully discussed in the RCC resolution. Ms. Tanglao also requested, if possible, for Mr. Ambrocio Rosales (System Operator) to inform the SO Director in the PEM Board that the proposal will also serve as a documentation for SO in granting non-security over-riding constraint for the specific circumstances cited <u>Agreements:</u> • There being no other comments received, the RCC noted the information provided and agreed to present the proposal again to the PEM Board for reconsideration • Presenter for the BRC and PEMB meetings will be discussed offline.
5.2. Update on RCC Resolution No. 2022-06 (Proposed Amendments to the WESM Manual on System Security and Reliability Guidelines): ○ NGCP's Letter on Request for Derogation on its Reference for Issuing Grid Alert Notices	<u>Presenter:</u> Ms. Kathleen R. Estigoy (Secretariat) <u>Action Requested:</u> For information <u>Material/s</u>: Annex B – NGCP's Letter on Request for Derogation on its Reference for Issuing Grid Alert Notices <u>Proceedings:</u> Ms. Kathleen R. Estigoy (Secretariat) presented tNGCP's letter to ERC on request for derogation on its reference for issuing grid alert notices. She refreshed the RCC that this issue emanated from the RCC's decision not to reflect in the WESM manual its current practice of issuing grid alert notices based on the Net Operating Margin. Ms. Tanglao noted that it was understandable that it took long for NGCP to submit the letter to ERC since they provided substantial supporting data and information.

Agenda	Agreements / Action Taken / Action Required
	Mr. Isidro Cacho (Market Operator) recommended to copy-furnish the Technical Committee with NGCP's letter. In addition, Ms. Estigoy suggested to also send copy of letter to DOE, for information, as originally requested by the RCC. <u>Agreements:</u> • The RCC noted the information provided. • The Secretariat to email NGCP on the RCC's recommendation to furnish DOE and TC copies of their letter to ERC.
VI. New Business	
6.1 Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Test and Commissioning Penalty Framework	<u>Presenter:</u> Atty. Hazel M. Gubaton-Lopez (ECO Head) Ms. Divine Gayle C. Cruz (Secretariat) <u>Action Requested:</u> For approval for endorsement to PEM Board <u>Material/s:</u> Annex C – Matrix of comments Annex D – MSC's letter to DOE <u>Proceedings:</u> • Ms. Cruz provided background of the proposal which pertains to the penalty framework for test and commissioning. The commenters of the proposal are: (1) Aboitiz Power Corp., (2) IEMOP, (3) NGCP, (4) MEI/PEI, (5) TC, (6) Meralco, and (7) First Gen. • Atty. Hazel M. Gubaton-Lopez (Proponent/PEMC) initially discussed the comments received. a) General Comments: ○ On APC's comments regarding granting considerations until the SO is able to complete the tests of power plants in their backlog, Mr. Rosales responded that a certification will be provided if there is no issue during the conduct of Grid Compliance Test (GCT). However, if there are failed test results, delay in the issuance of the certification could be expected.

Agenda	Agreements / Action Taken / Action Required
	Atty. Gubaton-Lopez said that this observation was prior to the implementation of DOE DC2021-06-0013, requiring the plant not to generate if the test and commissioning (T&C) status is expired. Ms. Tanglao asked if there are backlogs in NGCP's tests noting APC's comments. Mr. Rosales responded that he is not sure if there are backlogs since the NGCP only tests the maximum capability of generator, ramp rate, and Pmin, which are in accordance with Philippine Grid Code (PGC). Ms. Cherry Javier (Generation) commented that as per PGC there are 25 tests to be done for GCT, while for the renewal of COCs, there should only be 3: Pmin, Pmax, and ramp rate. Ms. Javier reiterated that if the cause of the delay is not due to the generators, then there is no need to penalize them. Atty. Gubaton-Lopez emphasized that the proposal seeks to penalize the non-application for commercial operations after the receipt of the COC. The intention of the proposal is to address the situation where plants remained on T&C status despite completion of T&C activities already and having full requirements for commercial operation. ○ On the query of the TC on how the penalties will be utilized, Atty. Hazel responded that the penalty will be utilized for electricity end-users as provided in the Penalty Manual. The mechanism will be developed by IEMOP per DOE policy. ○ On DOE's comments regarding the penalty for the non-submission of application for commercial operations registration, Atty. Gubaton-Lopez informed the body that a discussion was made with the MSC on 11 August 2022, and the committee already submitted its position to the DOE to further address the agency's comments. Ms. Tanglao requested for confirmation if the secretariat sent the MSC's letter to the RCC, which, Ms. Cruz confirmed that it was emailed to the body. ○ On PEI/MEI's comments, Mr. Carlito Claudio (Generation) clarified that "except for its own use" meant for station

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	house load use. Atty. Gubaton-Lopez inquired on how the capacity will be treated for settlement purposes. Mr. Claudio replied that if it is net metering, it will not be read by the meter since the location will be outside of the station load. In addition, even if the meter reads the gross amount, there is a line meter that will account the plant's generation exported to the grid. Mr. Rosales agreed on the comments of Mr. Claudio. Mr. Cacho said that if there's a meter reading, whether withdrawal or injection, the settlement process will be applied. b) Specific Comments (per provision): ○ On Section 2.5.7.3 (a), the RCC adopted and the proponent concurred with APC's comments with revisions to read as: *"a) The ~~generating unit of the~~ WESM Member shall be allowed to declare bilateral contract quantities **for its generating unit** and be entitled to WESM payments for its generated output only**: (i)** within the test and commissioning period indicated in the valid Provisional Certificate of Approval to Connect issued by the Network Service Provider or ~~upon~~ **until** completion of the conduct of test and commissioning, if completed earlier**; or (ii) when the WESM Member is issued a Final Certificate of Approval to Connect by the Network Service Provider pending the issuance of the Certificate of Compliance by the Energy Regulatory Commission, unless the latter issues an Order for the immediate disconnection of the generating unit from the Grid. In the absence of the requirement or condition set forth in this section, except for its own station use,** ~~G~~generation beyond the authorized ~~test and commissioning~~ period **to operate** shall not be allowed**. Neither shall ~~it to~~ such generation** be declared as a bilateral contract quantity **nor**~~and~~ shall **it** be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized test and commissioning activity **or operation** will be treated in accordance with WESM Rules Clause 3.13.~~16~~**12**. However, the WESM Member shall still be charged for all withdrawals from the grid **or distribution network, as the case may be.** ~~for the conduct of its test and commissioning activities~~"*

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	○ On Section 2.5.7.3 (g), the RCC adopted the proponent's suggested rewording, to read as: *"g) The WESM Member ~~of a generating unit~~ shall submit to the Market Operator an application for Commercial Operations Registration **of its generating unit** within three (3) working days from **date of** receipt of its Certificate of Compliance or Provisional Authority to Operate ~~(PAO)~~ **from the Energy Regulatory Commission, provided that this shall not apply to embedded generation companies that are allowed to register ~~in WESM~~ on a voluntary basis and have opted not to register ~~with~~ in the WESM. Furthermore, the WESM Member shall likewise furnish the System Operator of the said submission. The said notification shall include the date of effectivity of the Certificate of Compliance or the Provisional Authority to Operate, and the estimated or target date of commercial operation of the WESM Member."*** The last sentence was proposed by the MSC to be added in this subsection as part of the responsibilities of the WESM Member in relation to the comments of the NGCP. Atty. Gubaton-Lopez also emphasized that the estimate or target date of commercial operations can be easily determined by the timeline provided in DOE DC2021-06-00013. The RCC agreed that it is the WESM Member's responsibility to submit to the Market Operator (MO) an application during the commercial operations and to furnish the System Operator (SO) copies of its submissions. On the same section, PEI/MEI suggested that the WESM Member shall submit the application for commercial operations within 3 working days from **the date of** receipt of the **hard and original copy** of the COC or PAO. The proponent responded that stating the type of form (hardcopy/original) may restrict the use of acceptable forms. However, the proponent suggested to include "from the ERC" to imply that the COC or PAO must be an original copy. The RCC agreed to this proposed amendment.

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	○ On PEI/MEI's proposed new provision 2.5.7.3 (i), to read, *"The Market Operator shall immediately coordinate with the Transmission Network Provider or the Distribution Utility in case there is a need to disconnect the Generation Company for generation and injection into the grid or distribution system beyond the authorized test and commissioning period."*, the body disapproved the proposal noting Mr. Cacho's advice that notice given15 days prior the expiry of PCATC is enough. Mr. Claudio then inquired who will initiate the disconnection: SO, MO or both. Mr. Cacho clarified that based on the DOE DC2021-06-0013, it will be the Transmission Network Provider (TNP) or the Distribution Utility (DU) who will initiate the disconnection of Generation Company. He added that the MO issues regular reminders to the market participants. Mr. Rosales emphasized that the MO should also call the attention of the participants who are still connected to the grid, in relation to the DOE DC2021-06-0013 Section 4.3.3. He explained that the specific section clarifies when the SO ceases in issuing an over-riding constraint to a generating facility, the RTD schedule will not appear during testing and commissioning. Noting this, the MO has also the responsibility in ensuring that the generating facility will not further inject power to the grid. Mr. Virgilio Fortich (Distribution) asked if the system cannot determine once the provisional permit expired. Mr. Cacho, explained that if there will be no schedule in the market, the generation company can still inject power from the grid. Mr. Rosales said that the MO should coordinate and issue a notice to the participant on the disconnection since this will affect the scheduling and dispatching. Atty. Gubaton-Lopez informed that the MO is mandated to notify the WESM Member on the expiration of its PCATC fifteen (15) calendar days prior to the date of expiry. She added that plants are being monitored when they generate beyond the PCATC period. Ms. Angelica Diane B. Monteza-Sy (Commenter/Meralco) explained that they understood the term "immediately" as

Agenda	Agreements / Action Taken / Action Required
	pertaining to immediate disconnection when the PCATC expires. Atty. Gubaton-Lopez also raised a question on how the disconnection will take place, noting the supplemental provisions of DOE DC2022-05-0015, allowing the participant to operate if FCATC was issued. To further elaborate, how will the disconnection/reconnection take place if a generation facility will be disconnected due to expiration of PCATC and will be reconnected when a FCATC was issued. Mr. Rosales responded that the 15-day notice prior to expiration will be enough notice so that the generation facility will be aware of its expiration. He also raised a question if it will be possible for generation facility to request an extension. Mr. Fortich asked in what form will the penalty be, in which Atty. Gubaton-Lopez responded that it will be financial penalty. The penalty will be applied for instances during (1) non-submission of application for commercial operation and (2) generation beyond authorize period. For the latter, the financial penalty will be determined depending on the actual generated. Ms. Javier asked whose violation is it if a trading participant was not disconnected from the grid. Ms. Luningning Baltazar (DOE Observer) responded that this is something that should be further reviewed. Mr. Ferdinand Villareal (MSC Member) suggested that the one who gave the authority to connect will also be the one to disconnect. Mr. Cacho explained that the PCATC was issued by the TNP or the DU, and the MO will provide a notice to the participants that the PCATC will expire 15-days prior so that all the affected parties will be ready in case the disconnection will proceed. Mr. Rosales explained that the abrupt disconnection from the grid will entail a problem causing an automatic load dropping that may affect the system's security and reliability. Ms. Baltazar explained that the 15-day lead time prior expiration of PCATC may be considered in the scheduling process, to mitigate the abrupt effects in the grid. She also added that there is already an existing policy for the grid disconnection.

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	Ms. Baltazar agreed with Mr. Villareal's comment that the one who authorized to connect will be the one who is responsible to disconnect. She also emphasized that the 15-day notice prior expiration of PCATC is enough for a generation facility to request for extension waiting for FCATC. If the TNP did not act on the request of extension, then there should be corresponding disconnection. Mr. Rosales explained that the disconnection notice should be coming from the MO and the SO will just implement the notice. He also suggested that the generation facility that will be disconnected should also compensate other generation facilities that will be constrained-off. In addition, he emphasized that the SO will not initiate the disconnection if there is no notice specifically if the grid is in normal state. He pointed out that it is the SO's responsibility to maintain the security and reliability of the grid. ○ On Section 2.5.7.3 (h), the proponent concurred with IEMOP's proposed wording noting that IEMOP notifies the WESM Member on the expiration of its PCATC fifteen (15) calendar days prior to the date of expiry. Atty. Gubaton-Lopez explained that such notification is sufficient to provide timely advice to the WESM Member. In addition, IEMOP currently prepares a summary report on generating units under test and commissioning which they provide to the ECO on a bi-monthly basis. Thus, the RCC approved the revised provision as follows: ***"(h) ~~The Market Operator shall immediately coordinate with the concerned WESM Member the matters which may affect its obligation and/or a possible non-compliance pertaining to paragraphs (a) (c) and (g) of this Section.~~*** ***~~If the Market Operator has reasonable grounds to believe that a breach has been committed by a WESM Member notwithstanding the coordination and communication with the latter, t~~The Market Operator shall submit a bi-monthly report on the status of generating units on Test and Commissioning ~~of~~ to the Enforcement and Compliance Office indicating information such as, but not limited to: (i) whether a WESM Member has been duly notified of the impending expiration of its Provisional Certificate Of***

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	Authority To Connect; (ii) Whether a WESM Member is given a Final Certificate Of Authority To Connect, Certificate of Compliance, or the Provisional Authority to Operate, including the effectivity date/s, if such is known to Market Operator; and (iii) any ~~possible non-compliance referred to in~~ relevant information affecting the obligations set forth in paragraphs (a) (c) and (g) of this Section for its appropriate enforcement action." ○ On item 14 of Table B under Penalty Manual, Ms. Sy recognized the proponent's response and suggested to include the relevant issuances of in the provision, for MSC's approval. ***"Generation after expiry of authorized test and commissioning period unless otherwise authorized by the relevant Market Rules or Manuals pursuant to xxx"*** • Atty. Gubaton-Lopez also presented the MSC's letter to DOE requesting for further clarification with DOE on their comments. ○ On harmonization with DOE DC2022-05-0015, the MSC concurred with DOE's comments; ○ On penalty for non-submission of application for commercial operations, the MSC wishes to refer to relevant obligation of a Trading Participant (TP) to apply for commercial operations registration, which is also provided in DOE DC2021-06-0013. The foregoing is the MSC's bases for proposing the amendments to the Penalty Manual. In summary, the MSC proposed the following relative to failure to file or apply for commercial operations registration: ○ Within 3 working days[5] from receipt of COC/PAO: Reprimand ○ Exceeding 3 days but not more than 30 days from receipt of COC/PAO: Level 2 (Financial Penalty) ○ Exceeding 30 days but not more than 40 days from receipt of COC/PAO: Level 3 (Escalated Financial Penalty) ○ Exceeding 40 days from receipt of COC/PAO: Suspension and Deregistration

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	The MSC further discussed to modify the proposal by adding "suspension and deregistration" as another sanction. ○ Within 3 working days from receipt of COC/PAO: Reprimand ○ Exceeding 3 days but not more than 30 days from receipt of COC/PAO: Level 2 (Financial Penalty) ○ Exceeding 30 days but not more than 40 days from receipt of COC/PAO: Level 3 (Escalated Financial Penalty) ○ Exceeding 40 days from receipt of COC/PAO: Suspension and Deregistration. This is in consideration that the foregoing penalties apply for non-compliances withstanding that the TP secured an FACTC earlier. MSC also recommended retaining its current proposal with modification for non-submission of application for commercial operations registration: For Non-Submission of Application for Commercial Operation Registration – ○ Within 3 working days from receipt of COC/PAO: Reprimand ○ Exceeding 3 days but not more than 30 days from receipt of COC/PAO: Level 2 (Financial Penalty) ○ Exceeding 30 days but not more than 40 days from receipt of COC/PAO: Level 3 (Escalated Financial Penalty) ○ Exceeding 40 days from receipt of COC/PAO: Suspension and Deregistration. • Atty. Gubaton-Lopez also informed the RCC that PEMC and IEMOP plan to meet for the proposed procedure wherein ERC shall verify the status of TP's COC application and the possible reasons for non-issuance of COC. She added that an existing provision in DOE DC2022-05-0015, stated below, may trigger a recommendation to ERC for disconnection of plant to the grid, if the TP is found at fault for the non-issuance or delay in its COC issuance. "Pending the issuance of the COC by the ERC, a Generation Company that has been issued with a Final CATC may be allowed to continue to operate and be compensated as price taker in the market, unless the ERC issues an Order for the Generation Company's immediate disconnection from the grid." *(Underscoring supplied)*

Agenda	Agreements / Action Taken / Action Required
	The RCC noted the information provided and requested the MSC Secretariat to copy-furnish RCC or RCC Secretariat for any communication or response from DOE pertaining the matter. <u>Agreements:</u> • The RCC approved, as amended, the proposal for endorsement to PEM Board. The proposal will be submitted to the PEM Board together with the MSC's approved amendments to the Penalty Manual, which is still subject to minor edits.
6.2 Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation	<u>Presenter:</u> Ms. Dianne L. De Guzman (Secretariat) <u>Action Requested:</u> For discussion <u>Materials:</u> Annex E – Presentation material <u>Proceedings:</u> • Ms. Tanglao asked if the body wants to proceed with the caucus for the discussion of the proposal. The body agreed to conduct a caucus on the proposal in accordance with the recently approved changes to the RCC's Internal Rules. • Mr. Rosales suggested that questions that need clarifications from SO be emailed to him in advance so that he can provide responses so that he may not need to attend the caucus. He also suggested to identify the comments that need clarifications from different sectors so that it will be addressed during the caucus. • Ms. De Guzman presented the proposed timeline for the caucus:

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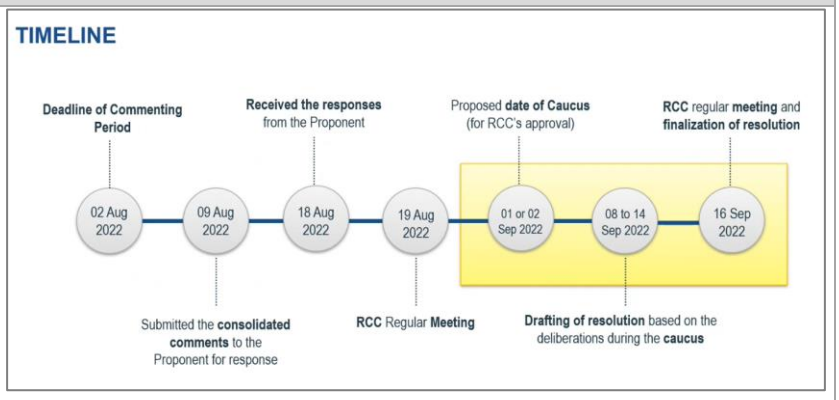
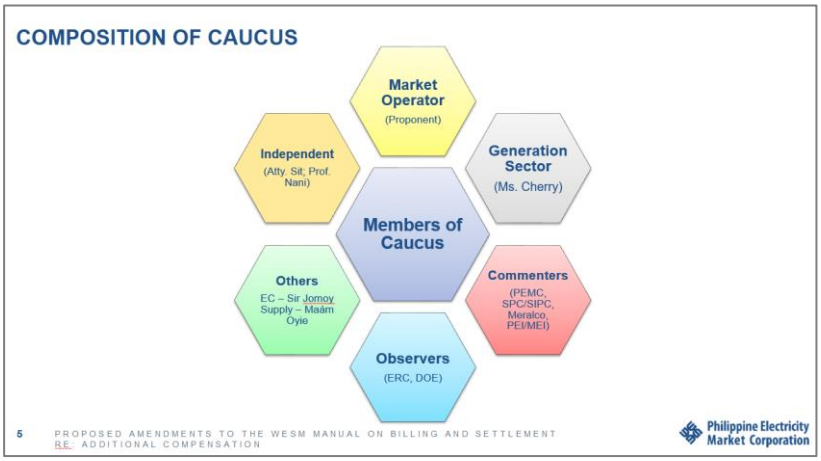
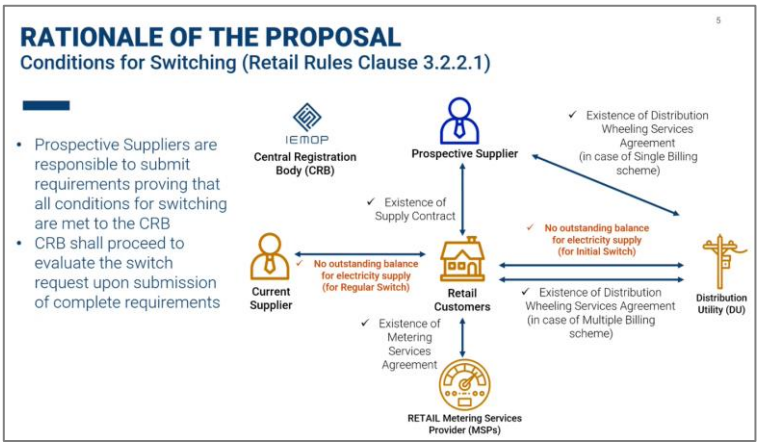
	 The body also agreed on the members of the caucus team:  <u>Agreements:</u> • The RCC approved that a caucus will be conducted to discuss the proposal. • The Secretariat will coordinate the details of the caucus meeting offline. Other RCC members can join the caucus if they are available.
6.3 Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers	<u>Presenter:</u> Ms. Kathleen Estigoy (Secretariat) Ms. Karen Anne H. Siruma (Proponent) <u>Action Requested:</u> For approval for publication to solicit comments <u>Material/s</u>: Annex F – Presentation material <u>Proceedings:</u>

Agenda	Agreements / Action Taken / Action Required

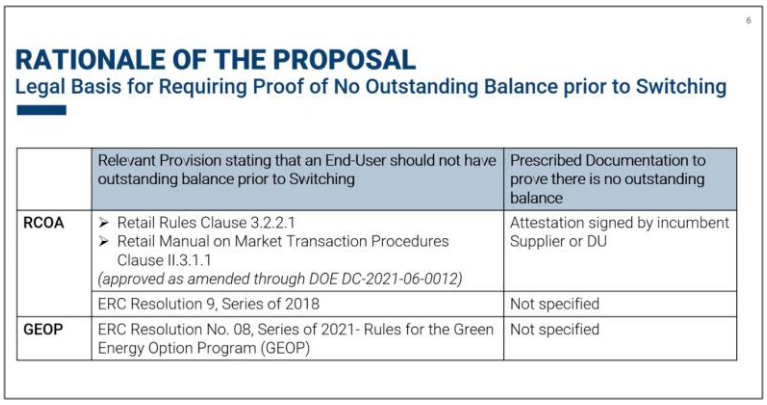
- Ms. Siruma presented the summary of the proposal as follows:
  - Retail Rules Clause 3.2.2.1 provide conditions for switching



If the switch is from the Captive Market under a Distribution Utility (DU) to a Supplier, the DU must confirm the "no outstanding balance". But if the Customer switching is from one supplier to another, it will be the Customer to confirm the "no outstanding balance".

The prospective suppliers are responsible to submit the requirements providing that all conditions are met and the CRB shall evaluate the request upon submission of the complete requirements.

  - The current legal basis for requiring proof of no outstanding balance does not specify prescribe documentation.



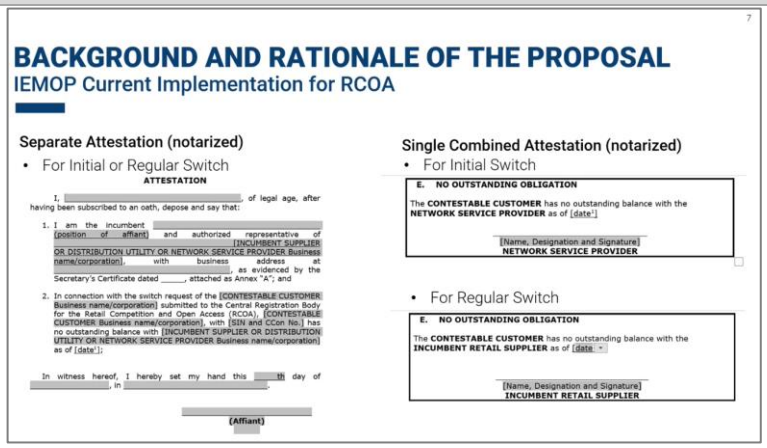
RATIONALE OF THE PROPOSAL
Legal Basis for Requiring Proof of No Outstanding Balance prior to Switching

	Relevant Provision stating that an End-User should not have outstanding balance prior to Switching	Prescribed Documentation to prove there is no outstanding balance
RCOA	➢ Retail Rules Clause 3.2.2.1 ➢ Retail Manual on Market Transaction Procedures Clause II.3.1.1 *(approved as amended through DOE DC-2021-06-0012)*	Attestation signed by incumbent Supplier or DU
	ERC Resolution 9, Series of 2018	Not specified
GEOP	ERC Resolution No. 08, Series of 2021- Rules for the Green Energy Option Program (GEOP)	Not specified

  - IEMOP currently requires the following for RCOA:

MEETING MINUTES

Subject/Purpose : 199th Rules Change Committee (Regular) Meeting
Date & Time : 19 August 2022, 09:00 AM
Venue : Online via Microsoft Teams
Page : 17 of 81

Agenda	Agreements / Action Taken / Action Required
	

7

BACKGROUND AND RATIONALE OF THE PROPOSAL
IEMOP Current Implementation for RCOA

Separate Attestation (notarized)

- For Initial or Regular Switch

ATTESTATION

I, _____, of legal age, after having been subscribed to an oath, depose and say that:

1. I am the incumbent _____ [position of affiant] and authorized representative of _____ [INCUMBENT SUPPLIER OR DISTRIBUTION UTILITY OR NETWORK SERVICE PROVIDER Business name/corporation], with business address at _____, as evidenced by the Secretary's Certificate dated _____, attached as Annex "A"; and
2. In connection with the switch request of the [CONTESTABLE CUSTOMER Business name/corporation] submitted to the Central Registration Body for the Retail Competition and Open Access (RCOA), [CONTESTABLE CUSTOMER Business name/corporation], with [SIN and CCon No.] has no outstanding balance with [INCUMBENT SUPPLIER OR DISTRIBUTION UTILITY OR NETWORK SERVICE PROVIDER Business name/corporation] as of [date'];

In witness hereof, I hereby set my hand this ____th day of _____, in _____.

_____
(Affiant)

Single Combined Attestation (notarized)

- For Initial Switch

E. NO OUTSTANDING OBLIGATION

The **CONTESTABLE CUSTOMER** has no outstanding balance with the **NETWORK SERVICE PROVIDER** as of [date[1]]

[Name, Designation and Signature]
NETWORK SERVICE PROVIDER

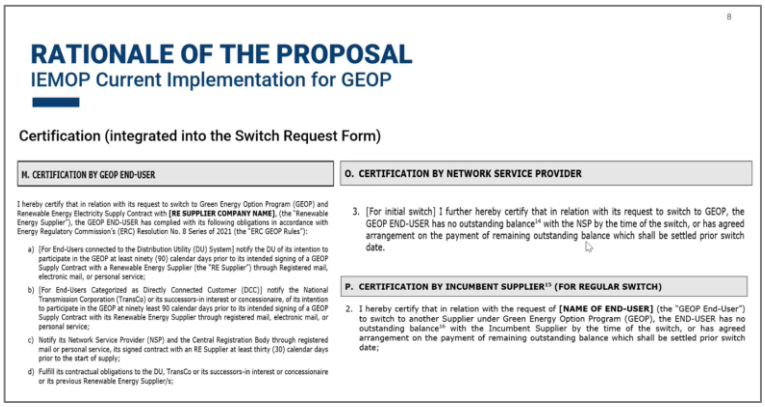
- For Regular Switch

E. NO OUTSTANDING OBLIGATION

The **CONTESTABLE CUSTOMER** has no outstanding balance with the **INCUMBENT RETAIL SUPPLIER** as of [date]

[Name, Designation and Signature]
INCUMBENT RETAIL SUPPLIER

For GEOP End-users, IEMOP developed a GEOP request form where it states that the GEOP End-user fulfilled its contractual obligation to the DU, TransCo or its successor of interest or concessionaire or previous Renewable Energy Supplier/s:



8

RATIONALE OF THE PROPOSAL
IEMOP Current Implementation for GEOP

Certification (integrated into the Switch Request Form)

M. CERTIFICATION BY GEOP END-USER

I hereby certify that in relation with its request to switch to Green Energy Option Program (GEOP) and Renewable Energy Electricity Supply Contract with **[RE SUPPLIER COMPANY NAME]**, (the "Renewable Energy Supplier[7]), the GEOP END-USER has complied with its following obligations in accordance with Energy Regulatory Commission's (ERC) Resolution No. 8 Series of 2021 (the "ERC GEOP Rules"):

a) [For End-Users connected to the Distribution Utility (DU) System] notify the DU of its intention to participate in the GEOP at least ninety (90) calendar days prior to its intended signing of a GEOP Supply Contract with a Renewable Energy Supplier (the "RE Supplier") through Registered mail, electronic mail, or personal service;

b) [For End-Users Categorized as Directly Connected Customer (DCC)] notify the National Transmission Corporation (TransCo) or its successors-in interest or concessionaire, of its intention to participate in the GEOP at ninety least 90 calendar days prior to its intended signing of a GEOP Supply Contract with its Renewable Energy Supplier through registered mail, electronic mail, or personal service;

c) Notify its Network Service Provider (NSP) and the Central Registration Body through registered mail or personal service, its signed contract with an RE Supplier at least thirty (30) calendar days prior to the start of supply;

d) Fulfill its contractual obligations to the DU, TransCo or its successors-in interest or concessionaire or its previous Renewable Energy Supplier/s;

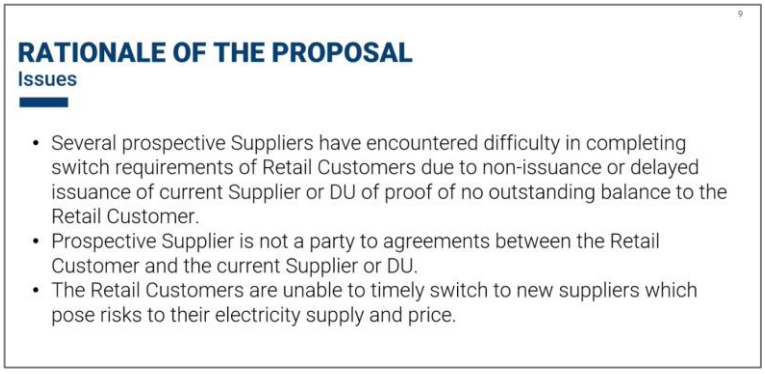
O. CERTIFICATION BY NETWORK SERVICE PROVIDER

3. [For initial switch] I further hereby certify that in relation with its request to switch to GEOP, the GEOP END-USER has no outstanding balance[14] with the NSP by the time of the switch, or has agreed arrangement on the payment of remaining outstanding balance which shall be settled prior switch date.

P. CERTIFICATION BY INCUMBENT SUPPLIER[15] (FOR REGULAR SWITCH)

2. I hereby certify that in relation with the request of **[NAME OF END-USER]** (the "GEOP End-User") to switch to another Supplier under Green Energy Option Program (GEOP), the END-USER has no outstanding balance[16] with the Incumbent Supplier by the time of the switch, or has agreed arrangement on the payment of remaining outstanding balance which shall be settled prior switch date;

- IEMOP identified some current issues with the process.



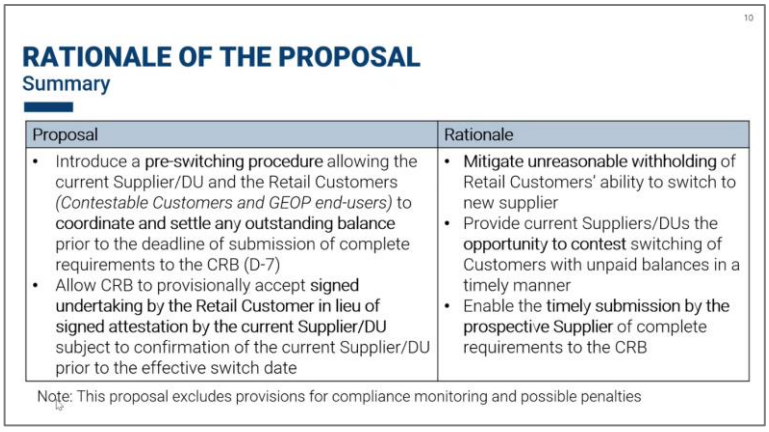
9

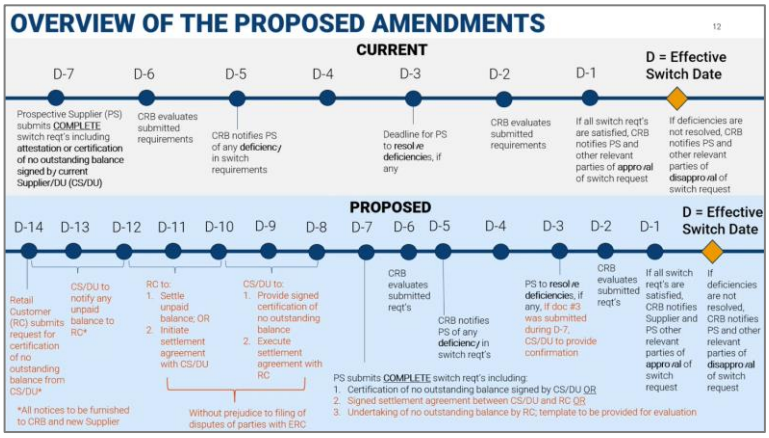
RATIONALE OF THE PROPOSAL
Issues

- Several prospective Suppliers have encountered difficulty in completing switch requirements of Retail Customers due to non-issuance or delayed issuance of current Supplier or DU of proof of no outstanding balance to the Retail Customer.
- Prospective Supplier is not a party to agreements between the Retail Customer and the current Supplier or DU.
- The Retail Customers are unable to timely switch to new suppliers which pose risks to their electricity supply and price.

Agenda	Agreements / Action Taken / Action Required

- With these, IEMOP proposed amendments to address the issues.





- Ms. Estigoy presented the preliminary assessment of the proposal. Highlights are as follows:
  - Confirmed that the GEOP Rules is silent on the specific transactions outside of CRB switching process regarding settlement of obligations;
  - The proposal satisfied the criteria for general amendments, and found complete;
  - The RCC has no guidelines yet amending market rules/manual that is currently for approval of DOE, which was noted by IEMOP;

Ms. Estigoy also presented IEMOP's response to the general comments/clarifications on the preliminary assessment:

	Comment/Inquiry	IEMOP Response
1	The RCC has previously considered but has no guidelines	Noted.

Agenda	Agreements / Action Taken / Action Required			
			yet in amending a market rules or manual version that is currently for approval. It may be, however, considered by the RCC as supplemental amendment since it seeks to clarify procedures in the previous proposal, and it stemmed from the same proponent.	
		2	Can the issue of delay in confirmation be mitigated by not including the Network Service Provider (NSP) as the confirming party whether the Retail Customer has an outstanding balance since NSP is not among the parties to the contract? Is the inclusion of the NSP as the confirming party due to the instance that the NSP and the Retail Electricity Supplier (RES) are affiliated?	The exclusion of NSP from being a confirming party will address delay but will result to non-compliance to Retail Rules Clause 3.2.2.1 which requires NSP to confirm no outstanding balance for Retail Customers undergoing *initial switch.* No, NSP is designated as confirming party for *initial switch* requests because it is the incumbent provider of supply to the captive customer.
		3	While the related DOE and ERC issuances are silent on the specific document to be submitted to prove payment, the parties should have the freedom to resolve their payment issues outside the CRB and within the framework for dispute provided by the ERC. Thus, the CRB should only accept undisputed switch requests for purposes of order in its process and in recognition of ERC's jurisdiction in case of payment dispute. The right to access competitive electricity supply and prices must also be balanced with the reality and intricacies involving payment (e.g. instance where the retail customer intentionally switched to other supplier due to ballooning bill with the previous supplier).	Noted. As an additional info, the CRB submits that it must only accept switch requests that are compliant with the requirements of the rules, or amendments if the proposal is approved and the need to balance the application of the requirements with the right of contestable customers/ GEOP end-users to access competitive electricity supply. Thus, the proposed amendments suggest alternatives to address the concerns encountered by contestable customers in relation to the requirement on no outstanding balance and recognizes ERC's jurisdiction over dispute

Agenda	Agreements / Action Taken / Action Required

		on the same. We recommend the ERC and DOE representatives' presence during deliberations of this proposal for policy and regulatory guidance.
4	How many retail customers encountered the problem of being withheld from switching due to unsettled financial obligation?	Five (5) registered contestable customers have encountered difficulties in complying with the no outstanding balance attestation requirement before being successfully switched. Meanwhile, At least three (3) suppliers have inquired about possible alternatives to the requirement.
5	What will be the next process if it is ascertained that the retail customer did not actually settle its financial obligation while its switch request has already been approved? While the GEOP Rules is silent on the document to prove that there is no outstanding balance, allowing the retail customer to execute an undertaking that it has settled its financial obligation with the previous Retail Electricity Supplier might be self-serving and may further complicate the process.	The retail customer will not be switched if the CRB has not received a confirmation by the NSP or Supplier of the undertaking submitted by the Retail Customer three (3) working days prior the proposed switch date.
6	Why is there a need for submission of settlement agreement when the NSP or the RES has already confirmed that the retail customer no longer has an outstanding balance? There might be duplication of requirement when the only purpose is to prove payment.	The settlement agreement is a proposed alternative to the attestation of no outstanding balance. CRB will not require confirmation from NSP or RES if this is the document submitted on Day 1 of the switch timeline.

- During the presentation of the proposal, IEMOP confirmed that:
  - Both separate and single-combined attestations are acceptable; and

Agenda	Agreements / Action Taken / Action Required
	○ E-signatures are accepted on attestations, subject to the advisories on e-signatures released by IEMOP. IEMOP recommended the presence of DOE and ERC representatives during the deliberation of the proposal. • Ms. Tanglao asked for the Secretariat's evaluation on the proposal if it will undergo caucus. Ms. Estigoy responded that the Secretariat recommends the proposal to undergo caucus. However, it will depend on the comments that will be received. <u>Agreements:</u> The RCC approved for publication to solicit comments from the stakeholders, and the conduct of caucus will be decided depending on the comments that will be received.
VII. Other Matters	
7.1 Technical Committee's (TC) Response on RCC's Request for Study regarding Pricing Error Notice	<u>Presenter:</u> Ms. Dianne L. De Guzman (Secretariat) <u>Action Requested:</u> For information <u>Material/s</u>: Annex G – TC's letter to RCC dated 04 August 2022 <u>Proceedings:</u> Ms. De Guzman presented the TC's response letter on the RCC's request for study on Pricing Error Notice (PEN). She explained that the TC would like to see the following information to have a more thorough analysis: ○ Trading intervals when PEN was issued including date and time; ○ Root cause for PEN with detailed explanation and participants who triggered the event; ○ Impact of PEN to the market or the participants financially and technically; ○ Operational tolerances on frequency and impacts of PEN events Ms. Tanglao asked Mr. Cacho if IEMOP can provide the information requested by the TC. Mr. Valencia responded that they would need to discuss first internally within IEMOP the TC's request.

Agenda	Agreements / Action Taken / Action Required
	Agreements: The Secretariat to coordinate with IEMOP on the TC's requested information and to formally endorse the letter for IEMOP's consideration and appropriate action.
7.2. DOE Updates	Presenter: DOE Representatives Action Requested: For information Proceedings: RCC noted the following information/schedules provided: a) Schedules of Public Consultation • No schedules yet b) Promulgated Proposals i. DC2022-06-0021 - Adopting Further Amendments to the WESM Rules and Market Manuals on Dispute Resolution Administration (DRA); ii. DC2022-06-0022 - Adopting Further Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria & Procedures (RSDCP) (General Enhancements to the Application Process of New WESM Members); iii. DC2022-06-0023 - Adopting General Amendments to the WESM Rules and Various Market Manuals on the Enhancement to the Market Operator and System Operator Procedures; iv. DC2022-06-0024 - Adopting Further Amendments to the WESM Rules and Market Manual on CVC and PR (Harmonization with the ERC Decision in ERC Case No. 2017-042 RC); and v. DC2022-06-0025 - Adopting further Amendments to the WESM Market Manual on Billing & Settlement (Provisions on Additional Compensation Process). The abovementioned DCs were approved and signed by Secretary Alfonso G. Cusi on 20 June 2022. The same were published in Business World and Daily Tribune on 12 August 2022. Further, all the above DCs will become effective fifteen days following its publication or on 27 August 2022.

MEETING MINUTES

Subject/Purpose : 199th Rules Change Committee (Regular) Meeting
Date & Time : 19 August 2022, 09:00 AM
Venue : Online via Microsoft Teams
Page : 23 of 81

Agenda	Agreements / Action Taken / Action Required
VIII. Schedule of Next Meetings	Presenter: Ms. Kathleen R. Estigoy (Secretariat) Action Requested: For information The RCC noted the following schedules: • RCC Meetings ○ 16 Sep 2022 ○ 21 Oct 2022 ○ 18 Nov 2022 • BRC Meeting ○ 22 Aug 2022 • PEM Board Meeting ○ 31 Jul 2022 RCC presenter for the Board Meeting will be designated offline.
IX. Adjournment	The meeting was adjourned at 12:23 PM.

MEETING MINUTES

Subject/Purpose	:	199th Rules Change Committee (Regular) Meeting
Date & Time	:	19 August 2022, 09:00 AM
Venue	:	Online via Microsoft Teams
Page	:	24 of 81

Prepared by:

DIANNE L. DE GUZMAN
Specialist, Rules Review Division
Market Assessment Group

Reviewed by:

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

Noted by:

JOHN MARK S. CATRIZ
Head, Market Assessment Group

MEETING MINUTES

Subject/Purpose : 199th Rules Change Committee (Regular) Meeting
Date & Time : 19 August 2022, 09:00 AM
Venue : Online via Microsoft Teams
Page : 25 of 81

Approved by:

CONCEPCION I. TANGLAO
Chairman, Independent

JESUSITO G. MORALLOS
Member, Independent

FERNANDO MARTIN Y. ROXAS
Member, Independent

JOSE RODERICK F. FERNANDO
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)

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

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

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 I)

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)

MEETING MINUTES

Subject/Purpose	:	199th Rules Change Committee (Regular) Meeting
Date & Time	:	19 August 2022, 09:00 AM
Venue	:	Online via Microsoft Teams
Page	:	26 of 81

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

MEETING MINUTES

Annex A : RCC's Letter to PEM Board re: Updates on Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints

REF NO.: COR-INT-RCC-22-18

18 August 2022

MEMORANDUM

FOR : THE PEM BOARD

THRU : MARIAN VENUSSA S. DELA FUENTE, Corporate Secretary

CC : LEONIDO J. PULIDO III, President
ELVIN HAYES E. NIDEA, Chief Governance Officer

SUBJECT : Update on the Proposal regarding Non-Security Overriding Constraints

---

We write in reference to the agreement of the PEM Board during its 49th Meeting on 29 June 2022 to defer its decision on the Proposed Amendments to the Dispatch Protocol Manual regarding Non-security Overriding Constraints for the Rules Change Committee's (RCC) further study.

In summary, the proposal seeks to include "Dam Operations during Local Calamities" as an additional criterion for the imposition of Non-security Overriding Constraints to minimize discharge of excess water through dam spillway gates. In its directive, the PEM Board considered the comment from one of the Board directors, stating that *"the hydroelectric power plants can simply adjust their trading strategy and that the current manual on dispatch protocol is still working and need not be amended"*[1].

The RCC discussed the proposal again during its 198th meeting on 15 July 2022, which was likewise attended by the proponent, NPC's Dams Management Department (NPC-DMD). Based on the discussions, the RCC voted[2] in favor of pursuing the endorsement of the proposal to the PEM Board, without modification, in consideration of the following:

1) As mentioned in RCC Resolution No. 2022-09 covering the subject proposal, the proponent is fully cognizant that the primary manner to increase the likelihood of its partner hydropower plants being dispatched, and by extension allowing its dams to pre-emptively release water through turbines instead of spillway gates, is by strategizing offers through proper coordination among the dam management, plant operations, and trading teams.

2) Some of the dams under NPC's management have characteristics that make discharging water through the spillway gates to decrease reservoir elevation during local calamities disadvantageous, even life-threatening, to the surrounding communities:
   - Caliraya Dam has a short river channel which makes water discharged through the spillway gates reach the heavily populated communities near the reservoir in a short amount of time.
   - San Roque and Angat Dams have large capacities and water releases during calamities, and likewise have heavily populated areas downstream near the dams.

---

[1] PEMC Office of the Corporate Secretary. "PEM Board Directive re RCC Proposed Amendments presented last 49th PEM Board Meeting." Received by MAG Rules Review Division, 30 June 2022.
[2] YES – 10 votes; NO – 2 votes

Status of Proposed Amendments Under Processing by the Rules Change Committee (June 2022)

MEETING MINUTES

Annex A : RCC's Letter to PEM Board re: Updates on Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints

3) While NPC-DMD does monitor weather forecasts for managing reservoir elevation, these forecasts are not 100% accurate in reality, as changes in weather conditions at times occur unexpectedly.

4) As in the current practice for existing Non-security Overriding Constraints categories, the imposition of Non-security Overriding Constraints due to "Dam Operations during Local Calamities" shall still be subject to the System Operator's assessment whether granting such requests could threaten the security of the grid or not. If grid security will be compromised, these requests, whether from NPC or other generators shall be accordingly denied.

5) There is currently no documentation that the System Operator could use as basis to consider granting imposition of non-security overriding constraints for these specific situations. The subject proposal will thus provide such official basis for the System Operator, when the circumstances call for it.

Based on the foregoing, the RCC respectfully maintains its endorsement of the proposal to the PEM Board, for your kind consideration.

Thank you.

For the Rules Change Committee,

CONCEPCION I. TANGLAO
Chairman

Encl: RCC Resolution No. 2022-09 (submitted to PEM Board on 22 June 2022), 8 pages

Update on the Proposal regarding Non-Security Overriding Constraints

MEETING MINUTES

Annex A : NGCP's Letter to ERC re Proposed Amendments to SSRG and DPM

NGCP

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+632.981.2118
TIPNGCP@ngcp.ph
www.ngcp.ph

RDS-RRDSD-RegMD-RRA-2022-208
11 August 2022

MS. CONCEPCION I. TANGLAO
Chairperson, Rules Change Committee (RCC)
Philippine Electricity Market Corporation (PEMC)
18/F Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

ATTENTION: MR. JOHN MARK S. CATRIZ
RCC Secretariat and Head of Market Assessment Group

SUBJECT: PEMC-RCC's DIRECTIVE ON NGCP's PROPOSED AMENDMENTS TO THE WESM RULES AND MANUALS ON THE SYSTEM SECURITY AND RELIABILITY GUIDELINES AND DISPATCH PROTOCOL

Dear Chairperson Tanglao:

This is in reference to the discussions/agreements made during the PEMC-RCC deliberations on the National Grid Corporation of the Philippines' (NGCP) proposed amendments to the Wholesale Electricity Spot Market Manuals on System Security and Reliability Guidelines and Dispatch Protocol, specifically, on the System Operator's use of Net Operating Margin as basis for issuing Grid alert notices.

Relative thereto, NGCP would like to furnish the PEMC-RCC with the attached copy of its correspondence to the Energy Regulatory Commission, requesting for guidance on the operationalization of the System Operator's practices in view of differing provisions between the issued policies[1] of the Department of Energy and the implementation of Philippine Grid Code 2016 Edition.

Thank you and we hope for the Committee's consideration on this submission.

Sincerely,

MA. CYNTHIA Y. MANRIQUE
VP and Head, Revenue and Regulatory Affairs

Encl: *as stated*

[1] Department Circular Nos. DC2019-12-0018 and DC2021-03-0009, entitled, *"Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid,"* and *"Adopting a General Framework Governing the Operationalization of the Reserve Market in the Wholesale Electricity Spot Market and Providing Further Policies to Supplement DC2019-12-0018,"* respectively

MEETING MINUTES

Annex A : NGCP's Letter to ERC re Proposed Amendments to SSRG and DPM

NGCP

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RO-RPO-RegMD-RRA-2022-140
09 August 2022

ATTY. MONALISA C. DIMALANTA
Chairperson and CEO
Energy Regulation Commission (ERC)
Pacific Center Building, San Miguel Avenue
Ortigas Center 1600, Pasig City

ATTENTION: ENGR. LEGARIO L. GALANG, JR.
OIC-Director, Regulatory Operations Service (ROS)

Subject: **REQUEST FOR GUIDANCE ON PEMC RULES CHANGE COMMITTEE DIRECTIVES CONCERNING NGCP'S PROPOSED AMENDMENTS TO THE WESM MANUAL ON SYSTEM SECURITY AND RELIABILITY GUIDELINES**

Dear **Chairperson Dimalanta**:

This refers to the recommendations of the Philippine Electricity Market Corporation (PEMC) Rules Change Committee (RCC) during the deliberations[1] of NGCP's proposed amendments concerning the Wholesale Electricity Spot Market (WESM) Manual on System Security and Reliability Guidelines (SSRG).

As part of NGCP's proposed amendments to the WESM Manual on SSRG, it was proposed to retain the current System Operator's (SO) practice of using the "Net Operating Margin" in determining normal and alert states. The PEMC-RCC recommendation is for NGCP to clarify this with the Commission, as this may result to non-compliance with the provisions of the Philippine Grid Code 2016 (PGC 2016) Edition.

The PGC 2016 Edition provided changes to the classification of reserves (primary, secondary and tertiary reserves), grid operating states and operating criteria. Specifically for the consideration of normal or alert state, the PGC 2016 Edition provided that the criteria shall be based on the scheduled primary and secondary reserves.

However, in its issued Department Circular Nos. DC2019-12-0018[2] and DC2021-03-0009[3], the Department of Energy (DOE) has reverted to the use of old reserve classifications (regulating, contingency and dispatchable reserves) pending the harmonization of the Ancillary Services (AS) related issuances and review of PGC 2016 Edition provisions. While the old reserve classifications may have similarities to the PGC 2016 Edition reserve classifications in terms of definitions, it cannot be construed as to having the same utilization, mode of operation, and levels. Therefore, the use of the technical requirements related to the old reserve classifications must be considered. Moreover, the DOE Department Circulars did not provide any provisions to cover the criteria for consideration of normal and alert states.

---

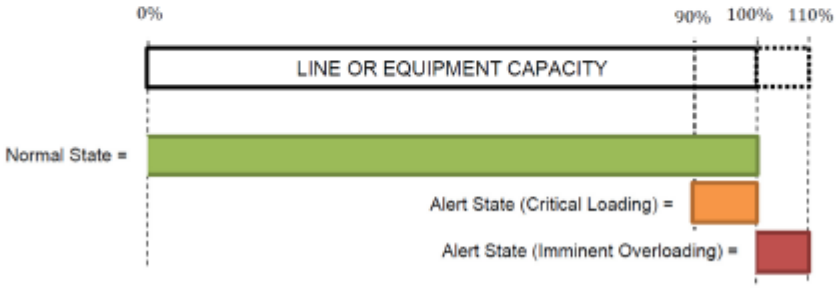
[1] *192nd, 195th, and 196th PEMC-RCC Regular Meetings held on 18 March 2021, 22 April 2022, and 13 May 2022, respectively*
[2] *Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid issued in December 2019*
[3] *Adopting A General Framework Governing the Operationalization of the Reserve Market in the Wholesale Electricity Spot Market and Providing further Policies to Supplement DC2019-12-008 issued in March 2021*

MEETING MINUTES

Annex A : NGCP's Letter to ERC re Proposed Amendments to SSRG and DPM

In the instance that there is an insufficient AS Providers, the scheduled primary and secondary reserves (*reverted to contingency and regulating reserves by the DOE Department Circulars)* cannot be used as the basis of SO for the issuance of Alert Notices as it will result to frequent issuance of red and yellow alert notices per 5-minute interval of their market price offers. For reference of the Commission, attached is the inventory of reserves vs requirement for CYs 2022-2027, showing the contracted firm capacities and the need to be contracted for the Luzon and Visayas by CYs 2024-2025.

Additionally, if the Operational Thermal Limit Capacity is the same with continuous rating, there will be an overlapping criteria for the consideration of normal state and alert state, as described in the following illustration:



When the loading levels of all transmission lines and substation equipment are below 100% of the Operational Thermal Limit Capacity of phase conductors and transformers, as certified and submitted by the Transmission Network Provider, the Grid shall be considered in normal state. The Grid shall be considered in an alert state when a red alert notice is issued due to critical loading (loading of transmission lines or substation Equipment is between 90 percent and 100 percent of the continuous rating) or imminent overloading (loading of transmission lines or substation Equipment is above 100 percent up to the continuous rating of transmission lines and equipment).

As such, there is a clear overlap between the considerations of normal state and alert state should the Operational Thermal Limit Capacity and continuous rating be described as the same. Further, red alert notices may be issued when there is a critical loading which is conflicting with the loading level considered in normal state.

Furthermore, the current SO practice considers the criteria on the issuance of Alert Notices based on NGCP proposal[4] to the PEMC-RCC to include the definition of "Net Operating Margin" to the SSRG which looks at all available capacity in the Grid and not on the scheduled primary and secondary reserves. However, its continued application may need to introduce a new term and criteria not currently stipulated in the provisions of PGC 2016 Edition.

As a sample scenenario, the following are the values observed for Luzon at 1400H of 10 June 2022:

AS TYPE	AVAILABLE (MW)	REQUIRED (MW)
Regulating Reserve	455	455
Contingency Reserve	170	668
Dispatchable Reserve	340	600

[4] *The available generating capacity in excess of the sum of the system demand plus losses and regulating reserve requirement within a specified period of time based on the 1200H day-ahead projection of the Market Operator*

MEETING MINUTES

Annex A : NGCP's Letter to ERC re Proposed Amendments to SSRG and DPM

AS TYPE	AVAILABLE (MW)	REQUIRED (MW)
Available Capacity (MW)	12,643	
Demand (MW)	11,383	
Net Operating Margin (MW) (Available Capacity – Demand – Losses – Regulating Reserve)	805	

With the above values, if we follow the provision[5] of PGC 2016 for the issuance of yellow alert notice, wherein the Primary Reserve or Secondary Reserve (assuming Primary Reserve = Contingency Reserve and Secondary Reserve = Regulating Reserve) is less than the requirement[6], yellow alert notice should have been issued as the Contingency Reserve requirement is 668MW, is clearly above the available Contingency Reserve = 170MW. Further, for all the intervals of 10 June 2022, it can be observed that the available Contingency Reserve does not meet the requirement and would have resulted to issuance of yellow alert notice for the whole day. Under the SO's current practice, the Net Operating Margin which is at 805MW was considered as the basis and is clearly above the 668MW requirement therby avoided the issuance of yellow alert notice.

Based on the foregoing, NGCP is of the viewpoint that the current SO practice of using the old classification of reserves and that the issuance of Alert Notices based on the proposed definition of "Net Operating Margin" must be retained and must be included in AS Rules. Nevertheless, we defer to the Commission's review and direction on how these current SO practices can be operationalized considering the differing provisions of the issued DOE Department Circulars and full implementation of PGC 2016 Edition.

Thank you and we look forward to the Commission's guidance on the matter.

Sincerely,

MA. CYNTHIA Y. MANRIQUE
VP and Head of Revenue and Regulatory Affairs

Encl ***Inventory of Reserves vs Requirement for CYs 2022-2027***
Day Ahead Ancillary Services Schedule for 10 June 2022

[5] *Philippine Grid Code 2016 Edition GO 6.4.1.1 (a)*
[6] *Per DOE Department Circular No. DC2021-03-009, Regulating Reserve = 4% of the total demand for each dispatch interval, Contingency Reserve = largest online generating unit for each dispatch interval, Dispatchable Reserve = second largest online unit for each dispatch interval*

MEETING MINUTES

Annex C : Matrix of Comments to the Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Test and Commissioning Penalty Framework

A. Registration, Suspension and De-Registration Criteria and Procedures

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures			
General Comments	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
<u>APC:</u> (1) Consideration should be given until the SO (NGCP) is able to complete the tests of power plants in their backlog (i.e. those whose COCs/PAOs are expiring soon). It's unfair to existing WESM Members that their COCs/PAOs will be delayed because of the conduct of GCTs (2) The proposal has yet to consider the recently signed DOE Department Circular No. DC2022-05-0015, entitled "*Supplementing Department Circular No. DC2021-06-0013 on the Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network"* Given the foregoing, we kindly recommend revisiting and revising the proposal, accordingly.		[On APC Comments] (1) For NGCP <u>*From RCC-SO:*</u> If no issues on the test results during the conduct of GCT, the certification from NGCP will be provided. However, if there are failed test results then this might cause delay on the issuance of Certification until a certain period of time that the Generator should comply. Also, I think there are no instances that the power plant was put on shutdown due to expired COC. This issue might be considered by ERC. (2) Concur. Proposal submitted on May 20, DOE DC2022-05-0015 was thereafter published (16 June 2022): The DOE DC2022-05-0015- Supplemental Circular on T&C allowing companies with FCATC to continue to operate and be compensated as price taker is noted. For further amendment of the pertinent rules change proposal – to align with the DOE Circular.	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures			
General Comments	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
<u>TC:</u> (1) How could penalties encourage Testing and Commissioning implementation? (2) How are the collected penalties going to be utilized?		[On TC Comments] (1) This is intended to address the situation where plants remained on T&C status despite completion of T&C activities already and having full requirements for commercial operation. (2) Penalty utilization – for electricity end-users, as provided in the Penalty Manual	
<u>IEMOP:</u> This proposal and IEMOP's proposal on general enhancements to the application process of new WESM Members (approved through RCC Resolution No. 2021-18 and currently pending approval of the DOE) needs to be revisited in view of recent issuance of DOE DC2022-05-0015 which allows generating units to operate even without the COC or PAO issued by the ERC provided that they were issued Final Certificate Approval to Connect.		[On IEMOP's Comments]: Concur. To align the proposal with the DOE Circular DC2022-05-0015. See below revisions.	
<u>DOE:</u> *1. Harmonization with the provisions of the DOE Department Circular (DC) No. DC2022-05-0015…, in particular:* a. Distinct treatment between TPs: a) whose Provisional Certificate of Approval to Connect (PCATC) have expired; and b) who have already secured the Final Certificate of Approval to Connect (FCATC) from the Transmission Network		[On DOE's Comments] a) Revised the wordings of the proposed Section 2.5.7.3 (a) to harmonize with DOE DC-2022-05-0015. (See revision below).	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures			
General Comments	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
Provider/Distribution Utility but still awaiting issuance of the Certificate of Compliance (COC) or Provisional Authority to Operate (PAO) by the Energy Regulatory Commission (ERC). b. Clear process on the penalty mechanism for TPs issued with FCATC should also be provided considering that DC2022-05-0015 allows these TPs to nominate or offer their capacities in the WESM and will be treated as under Commercial Operations phase whose injected energy can be subject to declaration of bilateral contract quantity and/or payment of spot quantity. c. Possible further amendments to the WESM Rules, Dispatch Protocol Manual, and other Market Manuals may also be warranted given the foregoing. *2. Penalty for the Non-Submission of Application for Commercial Operations Registration* a. For the penalty of WESM members who failed to submit its application of Commercial Operations Registration, the DOE suggests reckoning the non-compliance to register after 75 calendar days from the submission of the TP's FCATC to the Market Operator, on the presumption that they submitted the same to the ERC on the same date. This recommendation is made in view of sixty (60) calendar days prescribed maximum period for the ERC to issue the COC. As such, adequate allowance can already be given to the		a) Covered in the proposed penalty framework (see below) b) Noted For 2 (a) and (b): DOE's recommendations Noted – for further discussion with MSC and for consultation with the IEMOP for consistency with the timeline and procedure for registration – to be covered in the Penalty Manual	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures			
General Comments	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
TP to be furnished by the ERC with its decision on the application of the COC. b. If the TP still fails to comply within the suggested period of reckoning the non-compliance, then, violation on the application for Commercial Operations Registration after receipt of COC or PAO should already recourse to Suspension of Registration.			

MEETING MINUTES

Annex C : Matrix of Comments to the Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Test and Commissioning Penalty Framework

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
Other Requirements for Approved Applications	2.5.7.3 Guidelines for Test and Commissioning Registration	[None]	a) The generating unit of the WESM Member shall be allowed to declare bilateral contract quantities and be entitled to WESM payments for its generated output only within the test and commissioning period indicated in the valid Provisional Certificate of Approval to Connect issued by the Network Service Provider or upon completion of the conduct of test and commissioning, if completed earlier. Generation beyond the authorized test and commissioning period shall not be allowed to be declared as a bilateral contract quantity and shall not be entitled to WESM payments. Any net surplus as a result of	a) The generating unit of the WESM *Member* shall be allowed to declare bilateral contract quantities and be entitled to WESM payments for its generated output only within the test and commissioning period indicated in the valid Provisional Certificate of Approval to Connect issued by the *Network Service Provider* or upon completion of the conduct of test and commissioning, if completed earlier. Generation beyond the authorized test and commissioning period shall not be allowed**. Neither shall it** ~~to~~ be declared as a bilateral contract	Slight modification; To have a clear subject of enforcement. To make it a statement of obligation or a clear prohibition first. i.e., "Generation beyond the authorized T&C period is not allowed"; followed by a consequence, i.e., no BCQ declaration and no WESM settlement. Deletion of the last phrase: to cover instances where the	APC: (1) We would like to be clarified on what issue of RSDCP is this from? (2) Department Circular No. DC2022-05-0015 provides that a Genco that has been issued with FCATC, even pending the ERC's issuance of a COC/PAO, may be allowed to continue to operate and be compensated as price-taker. Consequently, such GenCo is allowed to inject into the grid even beyond the Test and	APC: (2) a) The generating unit of the WESM *Member* shall be allowed to declare bilateral contract quantities and be entitled to WESM payments for its generated output only**: (i)** within the test and commissioning period indicated in the valid Provisional Certificate of Approval to Connect issued by	[On APC Comments] (1) The one pending with DOE for final review (RCC Reso No. 2021-18) (2) Concur – to align with DOE DC2022-05-0015, with slight modification in the wordings/format: a) The ~~generating unit of the~~ WESM *Member* shall be allowed to declare bilateral contract quantities **for its generating unit** and be entitled to WESM payments for its generated output only**: (i)**	a) The ~~generating unit of the~~ WESM *Member* shall be allowed to declare bilateral contract quantities **for its generating unit** and be entitled to WESM payments for its generated output only**: (i)** within the test and commissioning period indicated in the valid Provisional Certificate of Approval to Connect issued by the *Network Service Provider* or ~~upon~~ **until** completion of the conduct of test and commissioning, if completed earlier**; or (ii) when the**

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
			injected energy from unauthorized test and commissioning activity will be treated in accordance with WESM Rules Clause 3.13.16. However, the WESM Member shall still be charged for all withdrawals from the grid for the conduct of its test and commissioning activities.	quantity **nor**~~and~~ shall be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized test and commissioning activity will be treated in accordance with *WESM Rules* Clause 3.13.16. However, the *WESM Member* shall still be charged for all withdrawals from the grid ~~for the conduct of its test and commissioning activities~~.	injection of energy happens **after** the test and commissioning activities or while awaiting the requirements for commercial operations	Commissioning Status. To wit: *"Pending the issuance of the COC the ERC, a Generation Company that has been issued with a final CATC may be allowed to continue to operate and be compensated as price taker in the market unless the ERC issues an Order for the Generation Company's immediate disconnect from the grid." (Sec. 4.4.5, as amended)*	the *Network Service Provider* or upon completion of the conduct of test and commissioning, if completed earlier~~.;~~ **or (ii) pending issuance of the COC by the ERC, for Generation Companies that have been issued with Final Certificate Approval to Connect by the *Network Service Provider, unless the ERC issues an order for the Generation Company's immediate disconnection from the Grid.*** Generation ~~**beyond the authorized test and commissioning period**~~ **that does not satisfy items (i) or (ii)** shall not	within the test and commissioning period indicated in the valid Provisional Certificate of Approval to Connect issued by the *Network Service Provider* or ~~upon~~ **until** completion of the conduct of test and commissioning, if completed earlier**; or (ii) when the *WESM Member* is issued a Final Certificate of Approval to Connect by the *Network Service Provider* pending the issuance of the Certificate of Compliance by the Energy Regulatory Commission, unless the latter issues an Order**	***WESM Member* is issued a Final Certificate of Approval to Connect by the *Network Service Provider* pending the issuance of the Certificate of Compliance by the Energy Regulatory Commission, unless the latter issues an Order for the immediate disconnection of the generating unit from the Grid. In the absence of the requirement or condition set forth in this section, except for its own station use,** ~~G~~generation beyond the authorized ~~test and~~

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
							be allowed**. Neither shall it** ~~to~~ be declared as a bilateral contract quantity **nor**~~and~~ shall be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized test and commissioning activity will be treated in accordance with *WESM Rules* Clause 3.13.16. However, the *WESM Member* shall still be charged for all withdrawals from the grid ~~for the conduct of its test and commissioning activities~~.	**for the immediate disconnection of the generating unit from the Grid. In the absence of the requirement or condition set forth in this section,** ~~G~~generation beyond the authorized ~~test and commissioning~~ period **to operate** shall not be allowed**. Neither shall** ~~it to~~ **such generation** be declared as a bilateral contract quantity **nor**~~and~~ shall **it** be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized test and commissioning	~~commissioning~~ period **to operate** shall not be allowed**. Neither shall** ~~it to~~ **such generation** be declared as a bilateral contract quantity **nor**~~and~~ shall **it** be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized test and commissioning activity **or operation** will be treated in accordance with *WESM Rules* Clause 3.13.~~16~~**12**. However, the *WESM Member* shall still be charged for all withdrawals from the grid **or distribution network, as the case may be.** ~~for~~

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
								activity **or operation** will be treated in accordance with *WESM Rules* Clause 3.13.~~16~~**12**. However, the *WESM Member* shall still be charged for all withdrawals from the grid **or distribution network, as the case may be.** ~~for the conduct of its test and commissioning activities~~	~~the conduct of its test and commissioning activities~~
						MEI/PEI: The prohibition for generation beyond the authorized T&C period should not be absolute. The generation company should be allowed to generate for its own station use if it is capable of house-	MEI/PEI: a) The generating unit of the WESM *Member* shall be allowed to declare bilateral contract quantities and be entitled to WESM payments for its generated output only within the test	[On MEI/PEI Comments]: "Except for its own use" – Withdrawal of energy of energy is covered already but the WESM Member shall be charged for it.	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						load operation. What should be expressly prohibited is the injection of power into the grid or distribution system.	and commissioning period indicated in the valid Provisional Certificate of Approval to Connect issued by the *Network Service Provider* or upon completion of the conduct of test and commissioning, if completed earlier. **Except for its own station use,** ~~G~~eneration beyond the authorized test and commissioning period shall not be allowed**.** **Neither shall it** ~~to~~ be declared as a bilateral contract quantity **nor**~~and~~ shall be entitled to WESM payments. Any net surplus as a result of injected energy from unauthorized test and commissioning activity will be		

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
							treated in accordance with *WESM Rules* Clause 3.13.16. However, the *WESM Member* shall still be charged for all withdrawals from the grid ~~for the conduct of its test and commissioning activities~~.		
						MERALCO: The provision was further revised to reflect refinement of language. Section 4.3.3 of DC 2021-06-0013 recognizes injection not only from the grid but also the distribution network, thus: "4.3.3 xxx b) xxx and shall not be charged	MERALCO: a) The generating unit of the WESM *Member* shall be allowed to declare bilateral contract quantities and be entitled to WESM payments for its generated output only within the test and commissioning period**,** indicated in the valid Provisional Certificate of	[On Meralco Comments]	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						for any energy withdrawn from the grid **or distribution network**. xxx." Given this, it is proposed that this be reflected in the proposed amendment.	Approval to Connect issued by the *Network Service Provider,* or ~~upon~~ **until** completion of the conduct of test and commissioning, if completed earlier. Generation beyond the authorized test and commissioning period **or completion of the conduct of test and commissioning** shall not be allowed. Neither shall **such generation** be declared as a bilateral contract quantity nor shall **it** be entitled to WESM Payments. xxx However, the *WESM Member* shall still be charged for all withdrawals from the grid **or**	Revised (see above revision) Revised with modification– See related proposed further revisions above. Revised (see above revision) Revised (see above revision)	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						First Gen: Based on the latest WESM Rules (effective 06 May 2022) downloaded from the WESM website, Clause 3.13.16 is missing.	**distribution network."**	[On First Gen Comments]: Concur – to correct WESM Rules reference: Revised – changed to **3.13.12** (see above revision)	
	2.5.7.3 Guidelines for Test and Commissioning Registration		2.5.7.3 Guidelines for Test and Commissioning Registration X X X g) The WESM Member of a generating unit shall submit to the Market Operator an application for Commercial Operations Registration within three (3) working days from receipt of its	[NEW] g) The WESM Member of a generating unit shall submit to the Market Operator an application for Commercial Operations Registration within three (3) working days	To set a trigger for investigation wherein: a. The concerned WESM Member is timely advised of its obligation	APC (1) We note that pursuant to Section 6.2 of the DOE Department Circular No. DC2019-02-0003 (Providing for the Framework Governing the Operations of Embedded	APC: (1) g) The WESM Member of a generating unit shall submit to the Market Operator an application for Commercial Operations Registration within three (3) working	[On APC Comments]: 1 g) –Revised with modifications g) The WESM Member ~~of a generating unit~~ shall submit to the Market Operator an application for Commercial	Adopt re-wording with PEMC modifications for item (g) and (h) MEI/PEI's proposed item (l) was not adopted. The MO's advice 15 days the expiry of PCATC is enough.

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
			Certificate of Compliance or Provisional Authority to Operate (PAO).	from receipt of its Certificate of Compliance or Provisional Authority to Operate (PAO). **h) The *Market Operator* shall immediately coordinate with the concerned *WESM Member* the matters which may affect its obligation and/or a possible non-compliance pertaining to paragraphs (a) (c) and (g) of this Section.** **If the *Market Operator* has reasonable grounds to believe that a breach has been committed by a *WESM Member* notwithstanding the coordination and communication with the latter, the *Market Operator* shall submit a report of to**	to comply with the Manual b. Despite the said notification, reminder, or advice, the WESM Member failed to comply with relevant rules/Manuals The intention of this provision is to exhaust the possible actions before one is investigated and/or penalized, considering that the entity involved is not in full commercial operation yet (although a registered WESM Member already).	Generators), Embedded Generators that fall below the threshold level set under Sec. 6.1.1 and those that do not intend to sell outside its host DU shall register only on a voluntary basis. Consistent with the Circular, we highlight that Embedded Generators below the threshold levels should also not be required to submit an application for Commercial Operations Registration nor be subjected to the penalty herein.	days from receipt of its Certificate of Compliance or Provisional Authority to Operate (PAO)**, *provided* that this shall not apply to embedded generation companies that are allowed to register in WESM on a voluntary basis and have opted not to register with the WESM**. **h) The *Market Operator* shall immediately coordinate with the concerned *WESM Member* the matters which may affect its obligation and/or a possible non-compliance pertaining to paragraphs (a) (c)**	Operations Registration **of its generating unit** within three (3) working days from **date of** receipt of its Certificate of Compliance or Provisional Authority to Operate ~~(PAO)~~ **from the Energy Regulatory Commission, *provided* that this shall not apply to embedded generation companies that are allowed to register ~~in WESM~~ on a voluntary basis and have opted not to register ~~with~~ in the WESM**. **Furthermore, the WESM Member shall likewise furnish the System Operator**	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
				the *Enforcement and Compliance Office* any possible non-compliance referred to in paragraphs (a) (c) and (g) of this Section for its appropriate enforcement action. **An investigation may likewise be initiated *motu proprio* by the *Enforcement and Compliance Office* as may be authorized under Section 7.2.1 of the Enforcement and Compliance Manual.**	For those information that are made known or readily available to PEMC/ECO, the ECO may investigate *motu proprio*, as allowed under the EC Manual.		**and (g) of this Section.** **If the *Market Operator* has reasonable grounds to believe that a breach has been committed by a *WESM Member* notwithstanding the coordination and communication with the latter, the *Market Operator* shall submit a report of to the *Enforcement and Compliance Office* any possible non-compliance referred to in paragraphs (a) (c) and (g) of this Section for its appropriate enforcement action.** **An investigation may likewise be**	**of the said submission. The said notification shall include the date of effectivity of the Certificate of Compliance or the Provisional Authority to Operate, and the estimated or target date of commercial operation of the WESM Member.** *Note: The last sentence was proposed by MSC to be added in this subsection as part of the responsibilities of the WESM Member in relation to the comments of the NGCP. (See related comments below)*	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
							initiated *motu proprio* by the *Enforcement and Compliance Office* as may be authorized under Section 7.2.1 of the Enforcement and Compliance Manual.		
						(2) *h)The Market Operator shall immediately coordinate with the concerned WESM Member the matters which may affect its obligation and/or a possible non-compliance pertaining to paragraphs (a) (c) and (g) of this Section.* -We would like to request for a specific time period as to when the MO will coordinate with the concerned WESM Member regarding its obligation.		2) h) – see revision below	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						NGCP: We would like to suggest to include a provision wherein the WESM Member and/or MO will notify the SO of the submission of COC/PAO, validity of the COC/PAO and date of commencement of commercial operations, for monitoring/reference purposes.	NGCP: **h. Upon WESM Member's submission of the Certificate of Compliance or Provisional Authority to Operate to the Market Operator, the Market Operator shall notify the System Operator of such submission. The said notification shall include the date of effectivity of the Certificate of Compliance or Provisional Authority to Operate, and the target date of commercial operation of the WESM Member.**	[On NGCP's Comments] MSC suggests including this in subsection (g) as part of the responsibilities of the WESM Member instead of the Market Operator. *(see proposed wordings above).* If this will be retained here as a separate section – suggest renumbering (h) to (i); also, suggests including a time/period within which to submit the copy of COC	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						MEI/PEI: (1) For the avoidance of doubt, PEI respectfully suggests that the reckoning period should be three (3) working days from receipt of the hard and original copy of its Certificate of Compliance (COC) or Provisional Authority to Operate (PAO).	MEI/PEI: (1) g) The WESM Member of a generating unit shall submit to the Market Operator an application for Commercial Operations Registration within three (3) working days from **the date of** receipt of the **hard and original copy** of the COC or PAO.	[On MEI/PEI Comments] Revised with slight modification: g) x x x within three (3) working days from **the date of** receipt of its Certificate of Compliance or Provisional Authority to Operate **from the Energy Regulatory Commission.** - Stating a type of form (e.g. hardcopy/original) may restrict the use of *acceptable* forms esp. under the new	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
								normal setup (e-copy, etc.) - Add instead, "from the ERC" to imply that it must be an official copy (regardless of the mode of transmission by ERC).	
						(2) The Market Operator should also immediately coordinate with the Transmission Network Provide or the Distribution Utility in case there is a need to disconnect the Generation Company to prevent further injection of energy into the grid or distribution system, in line with Section 4.3.3 (b) of DOE Circular 2021-06-0013.	(2) NEW **i) The Market Operator shall immediately coordinate with the Transmission Network Provider or the Distribution Utility in case there is a need to disconnect the Generation Company for generation and injection into the grid or distribution system beyond the authorized test and**	[New] - For IEMOP Comment.	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
							commissioning period.		
						IEMOP: Paragraphs a) and c) of Section 2.5.7.3 of the RCC & PEM-Board Approved WESM Manual on Registration, Suspension and De-registration Criteria and Procedures need to be revisited in view of recent issuance of DC2022-05-0015. On the non-compliance of WESM Members with paragraphs (a) and (C) or the unauthorized generation beyond the allowed period, we note that IEMOP is already mandated under DOE DC2021-06-0013 to notify the WESM Member the	IEMOP: g) The WESM Member of a generating unit shall submit to the Market Operator an application for Commercial Operations Registration within three (3) working days from receipt of its Certificate of Compliance or Provisional Authority to Operate (PAO). **h)** ~~***The Market Operator*** **shall immediately coordinate with the concerned** ***WESM***~~	[On IEMOP Comments]: Concur with modification: **h)** ~~***The Market Operator*** **shall immediately coordinate with the concerned** ***WESM Member***~~	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						expiration of its PCATC fifteen (15) calendar days prior to the date of expiry. We believe that such notification is sufficient to provide timely advise to the WESM Member. On the non-compliance of WESM Members with paragraph (g) or the non-submission of COC or PAO to the MO three (3) working days upon receipt from the ERC, IEMOP does not have any reference to determine non-compliance since information on the date of issuance of the COC is not readily available to it, unless the ERC provides it with a copy of the COC or PAO or information as to such issuance is published in the	~~***Member*** **the matters which may affect its obligation and/or a possible non-compliance pertaining to paragraphs (a) (c) and (g) of this Section.***~~ ~~**If the *Market Operator* has reasonable grounds to believe that a breach has been committed by a *WESM Member* notwithstanding the coordination and communication with the latter, t**~~**The *Market Operator* shall submit a bi-monthly report**	~~**the matters which may affect its obligation and/or a possible non-compliance pertaining to paragraphs (a) (c) and (g) of this Section.**~~ ~~**If the *Market Operator* has reasonable grounds to believe that a breach has been committed by a *WESM Member* notwithstanding the coordination and communication with the latter, t**~~**The *Market Operator* shall submit a bi-monthly report on the status of generating units on Test and Commissioning ~~of~~ to the**	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						ERC website. While DOE DC2021-06-0013 enjoins ERC to furnish MO copies of issued COCs and to publish a list in its website, we have not received such information to date. IEMOP currently prepares a summary report on generating units under test and commissioning which we provide to the ECO on a bi-monthly basis.	**on the status of generating units on Test and Commissioning ~~of~~ to the *Enforcement and Compliance Office* indicating any possible non-compliance referred to in paragraphs (a) (c) and (g) of this Section for its appropriate enforcement action.** **An investigation may likewise be initiated *motu proprio* by the *Enforcement and Compliance Office* as may be authorized**	***Enforcement and Compliance Office* indicating information such as, but not limited to: (i) whether a *WESM Member* has been duly notified of the impending expiration of its Provisional Certificate Of Authority To Connect; (ii) Whether a *WESM Member* is given a Final Certificate Of Authority To Connect, Certificate of Compliance, or the Provisional Authority to Operate, including the effectivity date/s, if such is known to Market Operator; and (iii) any ~~possible~~**	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
							under Section 7.2.1 of the Enforcement and Compliance Manual.	~~**non-compliance referred to in**~~ **relevant information affecting the obligations set forth in paragraphs (a) (c) and (g) of this Section for its appropriate enforcement action.**	
						MERALCO: As stated in the rationale, the intention of the proposed amendment is to ensure that possible actions have been exhausted before a WESM Member is investigated and/or penalized. As provided in Section 4.4.6 of DC 2021-06-0013, the GenCo "shall, within three (3) working	MERALCO: h) The *Market Operator* shall immediately coordinate **before Level 1 Penalty is triggered** with the concerned *WESM Member* the matters which may affect its obligation and/or a possible non-compliance pertaining to paragraphs (a)**,** (c) and (g) of this Section.	[On Meralco Comments]: This proposed rule is intended to be preliminary, *i.e.,* before any investigation is commenced; thus, no penalty yet to speak of.	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						days, immediately submit the COC issued by the ERC to the MO and submit its WESM registration application for Commercial Operations". It is recommended that for obligation and/or possible non-compliance to paragraph (g), the MO coordinate with the WESM Member, upon receipt by the former of a copy of the COC or PAO. For obligation and/or possible non-compliance to paragraph (a) and (c), it is recommended that MO coordinate with the WESM Member prior to the expiry of the Provisional CATC, or upon completion of the	If the *Market Operator* has reasonable grounds to believe that a breach has been committed by a *WESM Member* notwithstanding the coordination and communication with the latter, the *Market Operator* shall submit a report ~~of~~ to the *Enforcement and Compliance Office*, **of** any possible non-compliance referred to in paragraphs (a) (c) and (g) of this Section, for its appropriate enforcement action.	On clerical correction: Revised See revised provision above.	

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures									
Title	**Section**	**Original Provision**	**RCC & PEM Board-approved Amendments (RCC Reso No. 2021-18)**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	**RCC Agreement**
						conduct of test and commissioning, if completed earlier. Typographical correction. <u>First Gen:</u> Previous Provisional Certificate of Approval to Connect (PCATC) did not contain T&C periods. Will PCATC state T&C periods?		[On First Gen Comments]: Sec. 4.2.4 of the DOE DC2021-06-0013 requires that PCATC should indicate the start and end date of the T&C.	

MEETING MINUTES

Annex C : Matrix of Comments to the Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Test and Commissioning Penalty Framework

B. WESM Penalty Manual

WESM Penalty Manual, Issue 3.0								
Title	**Section**	**Provision**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	
					[Please write general comments here, if any.]			
4.5. Qualifying Circumstances	4.5.2 Table 1-Frequency of Occurrence Matrix	[NEW] See **Table A** below	[NEW] See **Table A** below Consideration: No. of delay/default in the registration for Commercial Operation With table for Level 1 – 3 Working Days Delay Level 2 – 4 to 30 Workings Delay Level 3 – 31 Working Days Delay or More	To include in the frequency of occurrence matrix the *"One-time requirement,"* such as the application for Commercial Operations Registration after receiving the Certificate of Compliance (COC) or the Provisional Authority to Operate (PAO) The inclusion in the frequency of occurrence table is necessary to determine the level of penalty.				

WESM Penalty Manual, Issue 3.0								
Title	**Section**	**Provision**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	
Section 5 – Schedule of Breach and Penalties	Item 13	[NEW] See **Table A** below	[NEW] See **Table B** below A pre-set amount is provided for a simpler computation and consideration	To include the type of breach concerning the obligation of the plant on test and commissioning to register as commercial operation once all the registration documents are complete. To be covered by the enforcement action.	<u>APC:</u> In Table B Item No. 13 the Level 2 Financial penalty is P10,000 for the first day of default/delay however on the sample computation below the amount used is P5,000.		[On APC Comments] Typo error in the sample computation. It should P10,000. To be corrected	
Section 5 – Schedule of Breach and Penalties	Item 14	[NEW] See **Table A** below	[NEW] See **Table C** below A pre-set amount is provided for a simpler computation and consideration	To include the type of breach concerning the prohibition on the part of plant on test and commissioning to generate output if the T&C period has expired. To be covered by the enforcement action.				

WESM Penalty Manual, Issue 3.0								
Title	**Section**	**Provision**	**Proposed Amendment**	**Rationale**	**Comments**	**Proposed Wording based on Comments**	**Proponent's Response**	
Section 5 – Schedule of Breach and Penalties	Item 15	13. Failure to comply with express mandatory provisions of the Market Rules, that are not otherwise covered in other identified breach but which expressly provide for imposition of penalties.	1~~3~~5. Failure to comply with express mandatory provisions of the Market Rules, that are not otherwise covered in other identified breach but which expressly provide for imposition of penalties.	Renumbering (from 13 to 15) as a result of the proposed inserted provisions above				

TABLE A

Frequency	Isolated Occurrence	Repetitive or Recurring Occurrence		Comment	Proposed Wording based on Comment	Proponent's Response	
	Level 1	Level 2	Level 3				
By dispatch interval (i.e., 5-minute interval)	24x or less over the billing month	25x to 50x over the billing month	51x or more over the billing month				
Hourly (i.e., settlement interval)	2x or less over the billing month	3x to 5x over the billing month	6x or more over the billing month				
Daily	3x over the previous 30-day period	More than 2x over the previous 7-day period 2x or less over the previous 7-day period and more than 3x over the previous 30-day period	More than 2x over the previous 7-day period and more than 3x over the previous 30-day period				
Weekly	1x over the previous 12-month period	1x over a 4-week period and more than 1x over the previous 12-month period	More than 1x over a 4-week period				
Annual, semestral, quarterly, or monthly	First time occurrence	Every occurrence after the first time (since registration of the WESM Member or effectivity of the new Market Rule or Market Manual)	Breach occurs for more than two (2) successive periods. Level 3 penalty applies starting from the third consecutive occurrence.				
Occasional (no prescribed period)	6x or less over the previous 12-month period	More than 6x over the previous 12-month period	N/A				
One-time requirement with timeline set for compliance	**3 working days delay/default**	**Exceeding 3 working days but not more than 30 days**	**Exceeding 30 working days**				

TABLE B

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty	Comments	Proposed Wording based on Comments	Proponent's Response	
13	Failure of the registered WESM Member to apply for Commercial Operations Registration after receiving the Certificate of Compliance (COC) or the Provisional Authority to Operate (PAO). The failure to apply for Commercial Operations Registration is considered without just cause when the inaction, deferment, or delay on the part the WESM Member has no basis in fact or in law, or the cause/s for such failure is/are not established to have been beyond its control.	Section 2.5.7.3 (g) and (h) of the Registration Manual	• Level 1- Reprimand • Level 2 - Financial Penalties • Level 3 – Escalated Financial Penalties	P10,000 for the first day of default/ delay plus P1,000 for each day of continuing breach/violation	Additional P2,000 for each day of continuing breach/violation but not to exceed P100,000	APC: Here, Level 2 Financial penalty is P10,000 for the first day of default/delay however on the sample computation below the amount used is P5,000. MEI/PEI: For Level 2 and Level 3, the financial penalty for the first day of default/delay stated here is P10,000, but in the sample computation for Breach No. 13, it is P5,000. Which one is correct? For Level 2 and Level 3, can the financial penalty start on Day 4 since a three-day violation incurs only		On APC Comments] Typo error in the sample computation. It should P10,000. To be corrected On MEI/PEI Comments] Typo error in the sample computation. It should P10,000. To be corrected	For MSC: Retain original proposal

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty	Comments	Proposed Wording based on Comments	Proponent's Response	
						a reprimand/non-compliance letter? MERALCO: It is observed that the breach pertained to is the failure to apply, *without just cause*, for Commercial Operations Registration after receiving COC or PAO. For clarity, it is proposed to insert "*without just cause*" in the heading.	MERALCO: Failure of the registered WESM Member, **without just cause,** to apply for Commercial Operations Registration after receiving the Certificate of Compliance (COC) or the Provisional Authority to Operate (PAO)**.**		
14	Generation after expiry of authorized test and commissioning period unless otherwise authorized by the relevant Market Rules or Manuals.	Section 2.5.7.3 (a) (c) and (h) of the Registration Manual	• Level 1- Reprimand • Level 2 - Financial Penalties • Level 3 – Escalated Financial Penalties	For each count of breach: P100 x Generated Capacity, MW P100 – pre-set penalty amount	For each breach: P200 x Generated Capacity, MW -	MERALCO: Clarification is sought as to what instances generation is authorized by the relevant Market Rules or Manuals even after expiry of authorized test and		On Meralco Comments] • *"unless otherwise authorized by the relevant Market Rules or Manuals"* – refers to situation when T&C	For MSC: Generation after expiry of authorized test and commissioning period unless otherwise authorized by

No.	Breach	Market Rule Breached & Associated Market Manual	Applicable Penalty	Level 2 - Financial Penalty	Level 3 - Escalated Financial Penalty	Comments	Proposed Wording based on Comments	Proponent's Response	
				Generated Capacity – the actual generation in MW for each dispatch interval		commissioning period.		has already been completed, but the plant is still allowed to generate pending issuance of COC/PAO • DOE DC 2022-05-0015 allowing companies with FCATC to continue to operate as price taker is covered by this situation.	**the relevant Market Rules or Manuals pursuant to xxx**

SAMPLE COMPUTATION FOR BREACH NO. 13

A. **A. 3-Day Violation**: Non-Compliance Letter/Reprimand (Level 1)

B. **30-Day Violation**: Financial Penalty

Count	Penalty Level	Penalty	Amount (PhP)
Day 1 (1 count)	Level 2	~~5~~10,000 x 1	~~5~~10,000
Day 2-30 (28 counts)		1,000 x 29	29,000
Total			**~~34,~~39,000**

C. **60-Day Violation**: Financial Penalty

Count	Penalty Level	Penalty	Amount (PhP)
Day 1 (1 count)	Level 2	~~5~~10,000 x 1	~~5~~10,000
Day 2-30 (29 counts)		1,000 x 29	29,000
Day 31-60 (30 counts)	Level 3	2,000 x 30	60,000
Total Penalty			**~~94~~,99000**

D. **100-Day Violation: Financial Penalty**

Count	Penalty Level	Penalty	Amount (PhP)
Day 1 (1 count)	Level 2	~~5~~10,000 x 1	~~5~~10,000
Day 2-30 (29 counts)		1,000 x 29	29,000
Day 31-100 (70 counts)	Level 3	2,000 x 70	140,000
Total			**~~174~~,179,000**
Penalty Cap			**100,000**

SAMPLE COMPUTATION FOR BREACH NO. 14

EXAMPLE: Generated beyond the T&C period

Assumptions:

- For Small size power plant
- Not authorized to operate / no specific instruction from SO
- Duration of Violation: 3 Hours
- Generation (MW): Varies every 5 minute

Count	Interval	Generation (MW)	Penalty	Penalty Level	Penalty Amount
1	8:00	10	100	Level 1	1,000.00
2	8:05	13	100	Level 1	1,300.00
3	8:10	10	100	Level 1	1,000.00
4	8:15	15	100	Level 1	1,500.00
5	8:20	10	100	Level 1	1,000.00
6	8:25	8	100	Level 1	800.00
7	8:30	5	100	Level 1	500.00
8	8:35	10	100	Level 1	1,000.00
9	8:40	15	100	Level 1	1,500.00
10	8:45	10	100	Level 1	1,000.00
11	8:50	6	100	Level 1	600.00
12	8:55	4	100	Level 1	400.00
13	9:00	12	100	Level 1	1,200.00
14	9:05	18	100	Level 1	1,800.00
15	9:10	16	100	Level 1	1,600.00
16	9:15	17	100	Level 1	1,700.00
17	9:20	15	100	Level 1	1,500.00
18	9:25	14	100	Level 1	1,400.00
19	9:30	19	100	Level 1	1,900.00
20	9:35	20	100	Level 1	2,000.00
21	9:40	12	100	Level 1	1,200.00
22	9:45	8	100	Level 1	800.00
23	9:50	5	100	Level 1	500.00
24	9:55	10	100	Level 1	1,000.00
25	10:00	12	200	Level 2	2,400.00
26	10:05	18	200	Level 2	3,600.00
27	10:10	16	200	Level 2	3,200.00
28	10:15	17	200	Level 2	3,400.00
29	10:20	15	200	Level 2	3,000.00
30	10:25	14	200	Level 2	2,800.00
31	10:30	19	200	Level 2	3,800.00
32	10:35	20	200	Level 2	4,000.00

Count	Interval	Generation (MW)	Penalty	Penalty Level	Penalty Amount
33	10:40	12	200	**Level 2**	2,400.00
34	10:45	8	200	**Level 2**	1,600.00
35	10:50	5	200	**Level 2**	1,000.00
36	10:55	10	200	**Level 2**	2,000.00
Total					**61,400.00**

Note: The Penalty Amount would vary depending on extent of violation measured in terms of capacity generated, i.e., the actual generation (MW) (Column C)

MEETING MINUTES

Annex D : MSC's letter to DOE dated 15 August 2022 re: DOE's Comments on Penalty Framework on Test and Commissioning

Philippine Electricity Market Corporation

COR-EXT-MSC-22-062

15 August 2022

MARIO C. MARASIGAN
Director
Electric Power Industry Management Bureau
Department of Energy
Energy Center, 34th St., Rizal Drive, Bonifacio Global City,
Taguig City, Philippines 1632

SUBJECT: Response to DOE's Comments on Penalty Framework on Test and Commissioning Matters

Dear Director Marasigan:

Good day to you and the rest of your colleagues in the Department of Energy (DOE).

This in reference to your letter dated 14 July 2022 addressed to the Rules Change Committee (RCC) providing comments and recommendations on the penalty mechanism for the acts or omissions of a Trading Participant (TP) with generating facility or power plant whose 2-month test and commissioning period (T&C) had expired. We were furnished a copy of this letter as the proposed amendments to the Penalty Manual relating to this matter are also being reviewed by the Market Surveillance Committee (MSC) pursuant to Clause 7.2.5.5 of the WESM Rules.[1]

1. **On Harmonization with the Provisions of the DOE Department Circular (DC) No. DC2022-05-0015**

   We concur with the DOE on the need to harmonize the pending proposed rules changes to the: (a) Registration, Suspension and De-Registration Criteria and Procedures Manual (Registration Manual) and (b) Penalty Manual with the provisions of the DOE DC2022-05-0015[2].

   As discussed with PEMC representatives (ECO and MAG) during its 14 July 2022 regular meeting, MSC agreed to propose certain revisions for the purpose of aligning them with the relevant provisions of DC2022-05-0015 that allow generating plant with a Final Certificate of Approval to Connect (FCATC), to operate in the WESM as price taker pending issuance by the Energy Regulatory Commission (ERC) of the Certificate of Compliance (COC) or the Provisional Authority to Operate (PAO). This proposal was

[1] "The Market Surveillance *Committee* shall review the *WESM Penalty Manual* from time to time as may be necessary, and in consultation with the *Rules Change Committee, Compliance Committee* and the *PEM Board*, recommend changes thereto, provided, that changes on the same shall be subject to the approval of the DOE." Clause 7.2.5.5, last par. WESM Rules

[2] "Supplementing Department Circular No. 2021-06-0013 on the Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or the Distribution Network." Dated 20 May 2022, Published on 19 June 2022

Annex D : MSC's letter to DOE dated 15 August 2022 re: DOE's Comments on Penalty Framework on Test and Commissioning

incorporated as part of PEMC's responses/ comments were already submitted to the RCC for its deliberation.

2. On Penalty for the Non-Submission of Application for Commercial Operations

The DOE proposed the following:

"a. For the penalty of WESM Members who failed to submit its application of Commercial Operations Registration, the DOE suggests reckoning the non-compliance to register after 75 calendar days from the submission of the TP's FCATC to the Market Operator, on the presumption that they submitted the same to the ERC on the same date. The recommendation is made in view of sixty (60) calendar days prescribed maximum period for the ERC to issue the COC. As such, adequate allowance can already be given to the TP to be furnished by the ERC with its decision on the application of the COC.

"b. If the TP still fails to comply within the suggested period of reckoning the non-compliance, then, violation on the application for Commercial Operations Registration after receipt of COC or PAO should already recourse to Suspension or Deregistration." *(Underscoring supplied)*

MSC wishes to refer to relevant obligation of a TP to apply for commercial operations registration. This is provided in Section 4.4.6 of the DOE DC2021-06-0013, which states:

"The Generation Company shall, within three (3) working days, immediately submit the COC issued by the ERC to the MO and submit its WESM registration application for Commercial Operations." *(Underscoring supplied)*

We understand that this is reason why IEMOP had proposed a rules change on the Registration Manual, specifically on Section 2.5.6.1[3], which proposal reads:

(f) An *Applicant* as a *Generation Company* shall comply with the authorization requirement under Section 2.5.3.1[4] based on its registration phase as follows:

x x x

3. **Commercial Operations Registration**. *Applicant* shall submit either a Certificate of Compliance or Provisional Authority to Operate (PAO).

We also understand that this proposal is pending consideration by the DOE.

The foregoing were, in turn, MSC's bases for proposing corresponding amendments to the Penalty Manual. In summary, below is MSC's proposal relative to a TP's failure to file or submit an Application for Commercial Operation Registration –

[3] Proposed Rules Change on Registration Manual (Ref: RCC-RESO-21-18) (subjected to Public Consultation already but still pending with the DOE)

[4] "2.5.3.1. **Authorization**. The *Applicant* must have a valid and unexpired license, **certificate** or franchise to undertake the activities for which it is applying for WESM membership."

MEETING MINUTES

Annex D : MSC's letter to DOE dated 15 August 2022 re: DOE's Comments on Penalty Framework on Test and Commissioning

- Within 3 working days[5] from receipt of COC/PAO: Reprimand
- Exceeding 3 days but not more than 30 days from receipt of COC/PAO: Level 2 (Financial Penalty)
- Exceeding 30 days but not more than 40 days from receipt of COC/PAO: Level 3 (Escalated Financial Penalty)
- Exceeding 40 days from receipt of COC/PAO: Suspension and Deregistration

After further discussion, MSC had agreed to modify the above proposal by adding "suspension and deregistration" as additional sanctions to an erring TP, as follows:

- Within 3 working days from receipt of COC/PAO: Reprimand
- Exceeding 3 days but not more than 30 days from receipt of COC/PAO: Level 2 (Financial Penalty)
- Exceeding 30 days but not more than 40 days from receipt of COC/PAO: Level 3 (Escalated Financial Penalty)
- Exceeding 40 days from receipt of COC/PAO: Suspension and Deregistration.

Please note that MSC proposes and envisions that the foregoing penalties apply for non-compliances notwithstanding the fact that the TP had earlier secured a FCATC.

We further submit the view that reckoning determination of the aforesaid non-compliance after 75 days from issuance of FCATC but pending issuance of a COC/PAO would be inequitable on the part of the TP considering that the obligation to apply for commercial operation *arises only upon receipt of the COC/PAO.*

It was also confirmed by IEMOP during the PEMC-IEMOP Coordination Meeting on 04 August 2022 that under its registration procedure, IEMOP does not require a TP to file an application commercial operation upon receipt of FCATC.

With the foregoing, MSC respectfully recommends retaining its current proposal but *with modification* –

For Non-Submission of Application for Commercial Operation Registration –

- Within 3 working days from receipt of COC/PAO: Reprimand
- Exceeding 3 days but not more than 30 days from receipt of COC/PAO: Level 2 (Financial Penalty)
- Exceeding 30 days but not more than 40 days from receipt of COC/PAO: Level 3 (Escalated Financial Penalty)
- Exceeding 40 days from receipt of COC/PAO: Suspension and Deregistration.

Lastly, please be advised that representatives of PMEC and IEMOP plan to meet on a proposed "procedure" wherein verification shall be made with ERC (after the lapse of the 60-day period) as to the status of the TP's COC application and the reason/s for the non-issuance the COC. If verification shows that the TP is *at fault* for the non-issuance of the

[5] In reference to Section 4.4.6 of the DOE DC2021-06-0013

MEETING MINUTES

Annex D : MSC's letter to DOE dated 15 August 2022 re: DOE's Comments on Penalty Framework on Test and Commissioning

COC or the delay in its issuance, this may trigger a recommendation to the ERC to disconnect the concerned plant/facility from the grid. This is based Section 4.4.5 of the DOE DC2022-05-0015, which states:

> "Pending the issuance of the COC by the ERC, a Generation Company that has been issued with a Final CATC may be allowed to continue to operate and be compensated as price taker in the market, unless the ERC issues an Order for the Generation Company's immediate disconnection from the grid."
> *(Underscoring supplied)*

We hope that the DOE would consider the MSC's position and recommendations on the matter.

Thank you very much and best regards.

Very truly yours,

DOROTEO B. AGUILA
Chairman, Market Surveillance Committee

cc: Concepcion I. Tanglao, Chairperson, Rules Change Committee
Richard J. Nethercott, President, IEMOP
Leonido J. Pulido III, President, PEMC
Elvin Hayes E. Nidea, Chief Governance Officer, PEMC
John Mark S. Catriz, Head-Market Assessment Group, PEMC
Ma. Hazel M. Gubaton-Lopez, Head-Enforcement and Compliance Office, PEMC

MEETING MINUTES

Annex E : Presentation material

Philippine Electricity Market Corporation

PROPOSED AMENDMENTS TO THE WESM MANUAL ON BILLING AND SETTLEMENT RE: ADDITIONAL COMPENSATION

(Timeline for Caucus)

19 August 2022 | via MS Teams

RATIONALE

- To reflect the formula for the calculation of additional compensation amount and specify the recovery process

2 PROPOSED AMENDMENTS TO THE WESM MANUAL ON BILLING AND SETTLEMENT RE: ADDITIONAL COMPENSATION

Philippine Electricity Market Corporation

MEETING MINUTES

Annex E : Presentation material

CAUCUS CRITERIA

Complexity
- May not be considered as complex, since the proposal's objective is to only document the current process in the manual

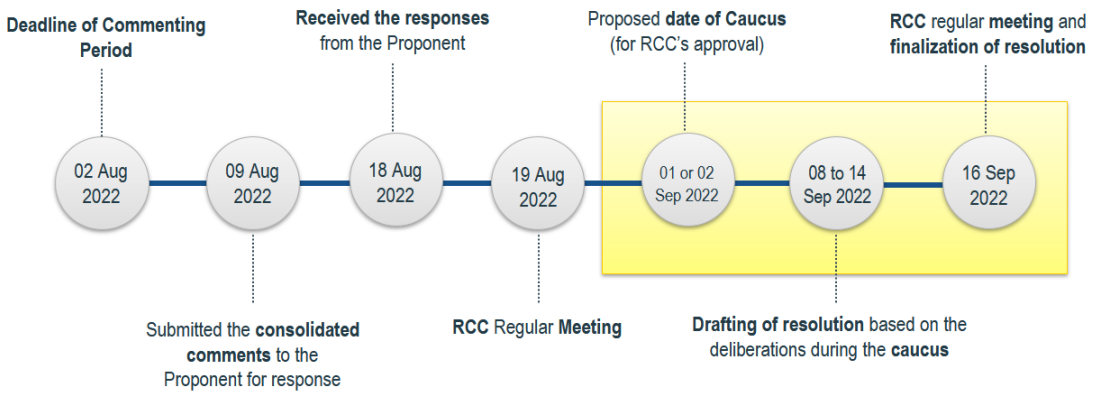
Length
- The proposal is not long since it only contains the formula for the calculation of additional compensation amount and specify the recovery process

Urgency
- Critical but not urgent. The process is currently implemented but not documented in the Market Rules and Manuals

3 PROPOSED AMENDMENTS TO THE WESM MANUAL ON BILLING AND SETTLEMENT
RE: ADDITIONAL COMPENSATION

Philippine Electricity Market Corporation

TIMELINE

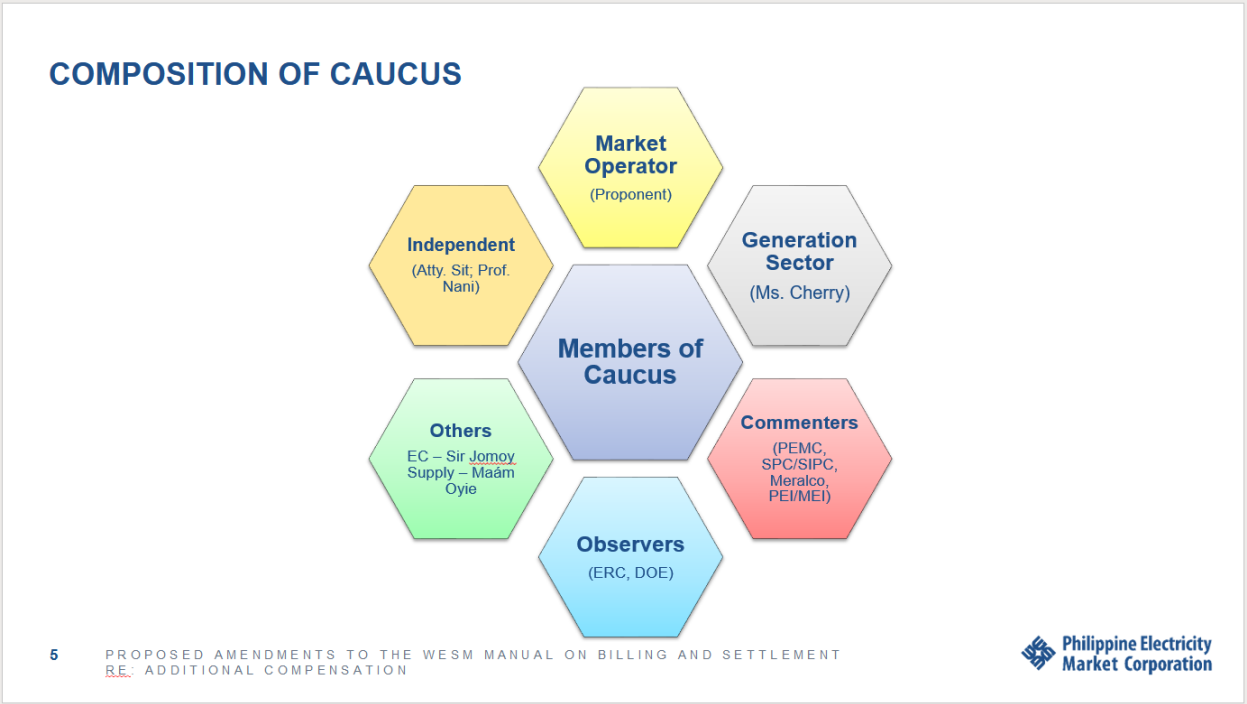


4 PROPOSED AMENDMENTS TO THE WESM MANUAL ON BILLING AND SETTLEMENT
RE: ADDITIONAL COMPENSATION

Philippine Electricity Market Corporation

MEETING MINUTES

Annex E : Presentation material



MEETING MINUTES

Annex F : Presentation material of Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers

PROPOSED GENERAL AMENDMENTS TO THE RETAIL RULES AND MANUALS ON SWITCHING REQUIREMENT RELATED TO THE CERTIFICATION OF NO OUTSTANDING BALANCE

FOR THE RULES CHANGE COMMITTEE

19 AUGUST 2022

IEMOP
We Run Markets

2

THE PROPONENT

- The proponent is the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP)
- IEMOP is the Market Operator of the WESM and the Central Registration Body for RCOA and GEOP.

MEETING MINUTES

Annex F : Presentation material of Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers

3

OUTLINE

01 ACTION REQUESTED

02 RATIONALE OF THE PROPOSAL

03 SUMMARY OF THE PROPOSAL

04 OTHER RELEVANT MATTERS

4

ACTION REQUESTED

- For approval to publish for comments

MEETING MINUTES

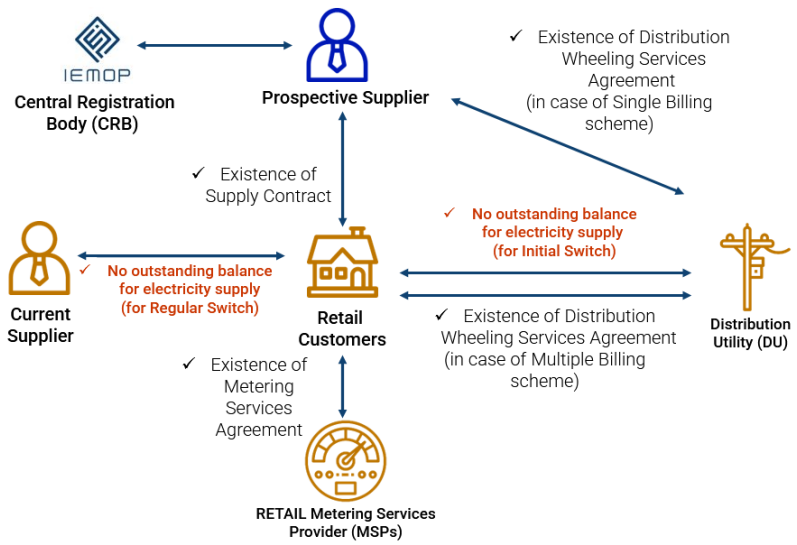
Annex F : Presentation material of Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers

5

RATIONALE OF THE PROPOSAL

Conditions for Switching (Retail Rules Clause 3.2.2.1)

- Prospective Suppliers are responsible to submit requirements proving that all conditions for switching are met to the CRB
- CRB shall proceed to evaluate the switch request upon submission of complete requirements



6

RATIONALE OF THE PROPOSAL

Legal Basis for Requiring Proof of No Outstanding Balance prior to Switching

	Relevant Provision stating that an End-User should not ha outstanding balance prior to Switching	Prescribed Documentation to prove there is no outstanding balance
RCOA	➢ Retail Rules Clause 3.2.2.1 ➢ Retail Manual on Market Transaction Procedures Clause II.3.1.1 *(approved as amended through DOE DC-2021-06-0012)*	Attestation signed by incumbent Supplier or DU
	ERC Resolution 9, Series of 2018	Not specified
GEOP	ERC Resolution No. 08, Series of 2021- Rules for the Green Energy Option Program (GEOP)	Not specified

MEETING MINUTES

Annex F : Presentation material of Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers

7

BACKGROUND AND RATIONALE OF THE PROPOSAL

IEMOP Current Implementation for RCOA

Separate Attestation (notarized)

- For Initial or Regular Switch

ATTESTATION

I, _____, of legal age, after having been subscribed to an oath, depose and say that:

1. I am the incumbent _____ (position of affiant) and authorized representative of _____ [INCUMBENT SUPPLIER OR DISTRIBUTION UTILITY OR NETWORK SERVICE PROVIDER Business name/corporation], with business address at _____, as evidenced by the Secretary's Certificate dated _____, attached as Annex "A"; and

2. In connection with the switch request of the [CONTESTABLE CUSTOMER Business name/corporation] submitted to the Central Registration Body for the Retail Competition and Open Access (RCOA), [CONTESTABLE CUSTOMER Business name/corporation], with [SIN and CCon No.] has no outstanding balance with [INCUMBENT SUPPLIER OR DISTRIBUTION UTILITY OR NETWORK SERVICE PROVIDER Business name/corporation] as of [date[1]];

In witness hereof, I hereby set my hand this ____th day of _____, in _____.

_____
(Affiant)

Single Combined Attestation (notarized)

- For Initial Switch

E. NO OUTSTANDING OBLIGATION

The **CONTESTABLE CUSTOMER** has no outstanding balance with the **NETWORK SERVICE PROVIDER** as of [date[1]]

_____
[Name, Designation and Signature]
NETWORK SERVICE PROVIDER

- For Regular Switch

E. NO OUTSTANDING OBLIGATION

The **CONTESTABLE CUSTOMER** has no outstanding balance with the **INCUMBENT RETAIL SUPPLIER** as of [date

_____
[Name, Designation and Signature]
INCUMBENT RETAIL SUPPLIER

8

RATIONALE OF THE PROPOSAL

IEMOP Current Implementation for GEOP

Certification (integrated into the Switch Request Form)

M. CERTIFICATION BY GEOP END-USER

I hereby certify that in relation with its request to switch to Green Energy Option Program (GEOP) and Renewable Energy Electricity Supply Contract with **[RE SUPPLIER COMPANY NAME]**, (the "Renewable Energy Supplier"), the GEOP END-USER has complied with its following obligations in accordance with Energy Regulatory Commission's (ERC) Resolution No. 8 Series of 2021 (the "ERC GEOP Rules"):

a) [For End-Users connected to the Distribution Utility (DU) System] notify the DU of its intention to participate in the GEOP at least ninety (90) calendar days prior to its intended signing of a GEOP Supply Contract with a Renewable Energy Supplier (the "RE Supplier") through Registered mail, electronic mail, or personal service;

b) [For End-Users Categorized as Directly Connected Customer (DCC)] notify the National Transmission Corporation (TransCo) or its successors-in interest or concessionaire, of its intention to participate in the GEOP at ninety least 90 calendar days prior to its intended signing of a GEOP Supply Contract with its Renewable Energy Supplier through registered mail, electronic mail, or personal service;

c) Notify its Network Service Provider (NSP) and the Central Registration Body through registered mail or personal service, its signed contract with an RE Supplier at least thirty (30) calendar days prior to the start of supply;

d) Fulfill its contractual obligations to the DU, TransCo or its successors-in interest or concessionaire or its previous Renewable Energy Supplier/s;

O. CERTIFICATION BY NETWORK SERVICE PROVIDER

3. [For initial switch] I further hereby certify that in relation with its request to switch to GEOP, the GEOP END-USER has no outstanding balance[14] with the NSP by the time of the switch, or has agreed arrangement on the payment of remaining outstanding balance which shall be settled prior switch date.

P. CERTIFICATION BY INCUMBENT SUPPLIER[15] (FOR REGULAR SWITCH)

2. I hereby certify that in relation with the request of **[NAME OF END-USER]** (the "GEOP End-User") to switch to another Supplier under Green Energy Option Program (GEOP), the END-USER has no outstanding balance[16] with the Incumbent Supplier by the time of the switch, or has agreed arrangement on the payment of remaining outstanding balance which shall be settled prior switch date;

MEETING MINUTES

Annex F : Presentation material of Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers

9

RATIONALE OF THE PROPOSAL
Issues

- Several prospective Suppliers have encountered difficulty in completing switch requirements of Retail Customers due to non-issuance or delayed issuance of current Supplier or DU of proof of no outstanding balance to the Retail Customer.
- Prospective Supplier is not a party to agreements between the Retail Customer and the current Supplier or DU.
- The Retail Customers are unable to timely switch to new suppliers which pose risks to their electricity supply and price.

10

RATIONALE OF THE PROPOSAL
Summary

Proposal	Rationale
• Introduce a **pre-switching procedure** allowing the current Supplier/DU and the Retail Customers *(Contestable Customers and GEOP end-users)* to **coordinate and settle any outstanding balance** prior to the deadline of submission of complete requirements to the CRB (D-7) • Allow CRB to provisionally accept **signed undertaking by the Retail Customer in lieu of signed attestation by the current Supplier/DU** subject to confirmation of the current Supplier/DU prior to the effective switch date	• **Mitigate unreasonable withholding** of Retail Customers' ability to switch to new supplier • Provide current Suppliers/DUs the **opportunity to contest** switching of Customers with unpaid balances in a timely manner • Enable the **timely submission by the prospective Supplier** of complete requirements to the CRB

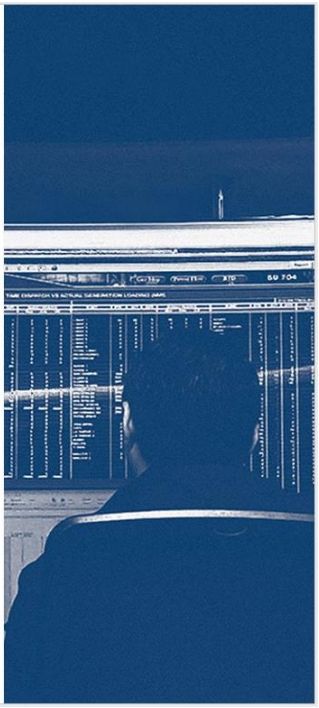
Note: This proposal excludes provisions for compliance monitoring and possible penalties

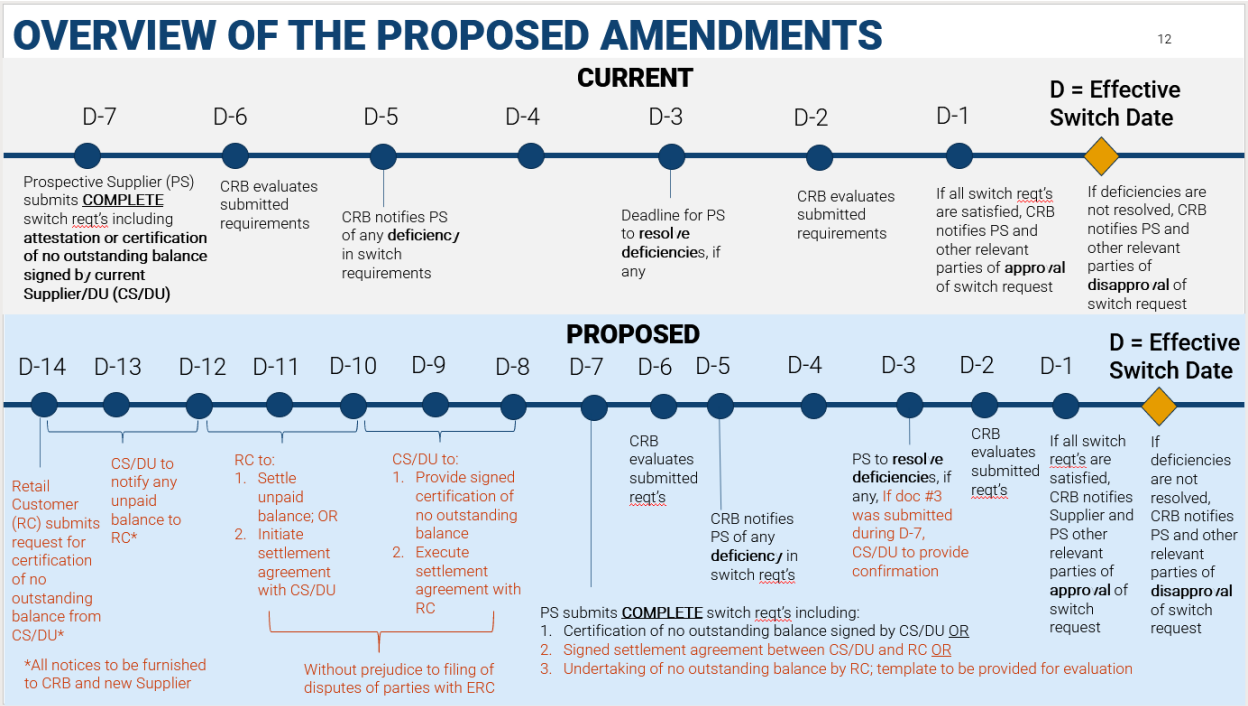
MEETING MINUTES

Annex F : Presentation material of Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers

OVERVIEW OF THE PROPOSED AMENDMENTS

INPUT SUBTEXT IF NECESSARY.
DELETE IF NOT NEEDED.





MEETING MINUTES

Annex F : Presentation material of Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers

14

ACTION REQUESTED

- For approval to publish for comments

MEETING MINUTES

Annex G : TC's letter to RCC dated 04 August 2022

REF NO.: PEMC/TC-2022-12

04 August 2022

MEMORANDUM

Philippine Electricity Market Corporation

TO	:	THE RULES CHANGE COMMITTEE (RCC)
THRU	:	ELVIN HAYES E. NIDEA, Chief Governance Officer (CGO)
CC	:	LEONIDO J. PULIDO III, President
SUBJECT	:	Request to Conduct a Study on Pricing Error Notices (PEN)

This is in reference to the Rules Change Committee's (RCC) letter sent to the Technical Committee (TC) on 04 July 2022 requesting the following:

1. Review/assessment of conditions and sources of erroneous, inconsistent, and inappropriate input data that requires the Market Operator to issue Pricing Error Notices (PEN); and
2. Recommendation on how to reduce such erroneous, inconsistent, and inappropriate input data.

To enable the TC to review/assess PENs in the market and make appropriate recommendations, we need reports/records of such events occurring in the past twelve months, at least. Particularly, we would like to see the following information:

- Trading intervals when PEN was issued including date and time
- Root cause for PEN with detailed explanation and the participants who triggered the event
- Impact of PEN to the market or the participants financially or technically
- Operational tolerances on frequency and impacts of PEN events

The TC would like to understand the concerns of the RCC with a more thorough analysis of these information instead of relying only on recent events. In this way, we could comply with your request correctly.

For the RCC's consideration.

Thank you very much.

Very truly yours,

MARIO R. PANGILINAN
Chairperson, Technical Committee