

MEETING MINUTES

Subject/Purpose : 201st Rules Change Committee (Regular) Meeting
Date & Time : 16 September 2022, 09:00 AM
Venue : Online via Microsoft Teams
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ATTENDEES

No.	Name	Designation/Position	Department/ Company
1	Concepcion I. Tanglao	Chairperson, Independent	RCC
2	Jesusito G. Morillos	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	Jessie B. Victorio	Member (Alternate), Generation Sector	RCC
9	Mark D. Habana	Member, Generation Sector	RCC
10	Michelle S. Tuazon	Member (Alternate), Generation Sector	RCC
11	Ryan S. Morales	Member, Distribution Sector	RCC
12	Nelson M. Dela Cruz	Member, Distribution Sector	RCC
13	Virgilio C. Fortich, Jr.	Member, Distribution Sector	RCC
14	Ricardo G. Gumalal	Member, Distribution Sector	RCC
15	Lorreto H. Rivera	Member, Supply Sector	RCC
16	Ambrocio R. Rosales	Member, System Operator	RCC
17	Isidro E. Cacho, Jr.	Member, Market Operator	RCC
18	Karen A. Varquez	RCC Secretariat	PEMC
19	Divine Gayle C. Cruz	RCC Secretariat	PEMC
20	Dianne L. De Guzman	RCC Secretariat	PEMC
21	Kathleen R. Estigoy	RCC Secretariat	PEMC
22	Andrea J. Mendiola	OIC – Legal	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	Sheryll M. Dy	Proponent	IEMOP
38	Katrina A. Garcia-Amuyot	Proponent	IEMOP
39	Mary Anne T. Santiago	Proponent	IEMOP
40	Lex Magtalas	Observer	APC

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1) Call to Order	<ul style="list-style-type: none"> The meeting was conducted via Microsoft Teams and was called to order at 09:04 AM. The meeting was presided by Ms. Concepcion I. Tanglao (Chairperson/Independent).
2) Determination of Quorum	There were 15 principal members, and 2 alternate members present.
3) Adoption of Agenda	<p><u>Presenter:</u> Ms. Divine Gayle C. Cruz (Secretariat)</p> <p><u>Action Requested:</u> For approval</p> <p>The Secretariat informed the body that there were additional items in the agenda:</p> <ul style="list-style-type: none"> New Business – IEMOP's letter to DOE on DOE DCs regarding testing and commissioning Other Matters – Schedule of WCO Summit <p><u>Resolution/s:</u> The RCC adopted the agenda, as revised.</p>
4) Approval of Minutes of Previous Meeting <ul style="list-style-type: none"> 199th Regular Meeting, 19 August 2022 	<p><u>Presenter:</u> Ms. Dianne L. De Guzman (Secretariat)</p> <p><u>Action Requested:</u> For approval</p> <p>The Secretariat presented the revised minutes of the 199th RCC meeting incorporating the comments/inputs from Ms. Tanglao.</p> <p>On item 7.1, Technical Committee's (TC) response on RCC's request for Study on Pricing Error Notice, Ms. Tanglao asked for an update. Ms. De Guzman updated that IEMOP requested to formally endorse the letter of TC, for assistance on TC's requests.</p> <p><u>Resolution/s:</u></p> <p>Having no other comments received, the RCC approved the minutes as well as its publication and affixing of their e-signature.</p>
5) Matters Arising from Previous Meeting	
5.1. Draft RCC Resolution No. 2022-11: <i>Proposed Amendments to the WESM Manual on Registration, Suspension and De-</i>	<p><u>Presenter:</u> Ms. Divine Gayle C. Cruz (Secretariat)</p> <p><u>Action Requested:</u> For approval for submission to PEM Board</p> <p><u>Proceedings:</u></p>

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<p><i>registration Criteria and Procedures regarding Penalty Framework on Test and Commissioning</i></p>	<ul style="list-style-type: none"> • Ms. Divine Gayle C. Cruz (Secretariat) initially presented the draft RCC resolution regarding the Penalty Framework on Test and Commissioning. The highlights of RCC's approval are as follows: <ul style="list-style-type: none"> a) harmonize with Department Circular No. DC2022-05-0015, which states that a Generation Company that has been issued with a final Certificate of Approval to Connect may be allowed to continue to operate, to be compensated as price taker in the market, and to declare bilateral contract quantities in the WESM pending the ERC's issuance of the Certificate of Compliance, unless the ERC issues an Order for the Generation Company's immediate disconnection from the grid; b) explicitly state that generation for a generation facility's own station use is allowed beyond its authorized period for test and commissioning; c) align with Section 4.3.3 (b) of DOE DC 2021-06-0013, which states that a generation facility will be charged with any energy withdrawn not only from the grid but also from the distribution network, as applicable; d) exempt embedded generators that do not meet the prescribed regional threshold level or those that do not intend to sell outside its host Distribution Utility from the strict requirement to register in the WESM for Commercial Operations, pursuant to DOE Department Circular No. DC2019-02-0003 (<i>Providing for the Framework Governing the Operations of Embedded Generators</i>); e) specify the responsibility of WESM Members to notify the System Operator of their application to the Market Operator for Commercial Operations with the corresponding target date of commercial operations; and f) specify that the Market Operator shall submit to the Enforcement and Compliance Office a bi-monthly report on the status of generating units on Test and Commissioning for purposes of monitoring compliance and as reference to the investigation process, if necessary, instead of the Market Operator directly

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	<p>coordinating with concerned WESM Members regarding possible non-compliance to their obligations relative to WESM registration</p> <ul style="list-style-type: none"> Ms. Cruz also informed the body that the MSC will be having a consultation with the PEM Board on the proposed revisions to the Penalty Manual prior submission to DOE. In relation to agenda item 6.1 below, the RCC noted that the subject proposal needs to be updated to be consistent with DOE DC2022-05-0015. <p><u>Resolution/s:</u></p> <ul style="list-style-type: none"> Secretariat to incorporate the provisions that needs to be harmonized with the DOE DC, as presented by IEMOP (see item 6.1). There being no other comments received, the RCC provisionally approved the endorsement of the resolution to PEM Board, upon finalization in the next regular RCC meeting.
<p>5.2. Draft RCC Resolution No. 2022-12: <i>Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation</i></p>	<p><u>Presenter:</u> Ms. Dianne L. De Guzman (Secretariat)</p> <p><u>Action Requested:</u> For approval for submission to PEM Board</p> <p><u>Materials:</u> Annex A – Presentation Material Annex B – Matrix of Comments Annex C – IEMOP's Advisory on ERC's Guidelines on Claims for Additional Compensation</p> <p><u>Proceedings:</u></p> <p>Ms. De Guzman initially presented the highlights of the caucus that was conducted last 01 September 2022 to discuss IEMOP's subject proposal:</p>



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	<div data-bbox="639 443 1485 920"> <p>200TH RCC (CAUCUS) MEETING Proceedings</p> <p>A. Initial discussion on the proposal and explanation on Additional Compensation by IEMOP</p> <ul style="list-style-type: none"> Referred to the PEM Board's deliberation (on 31 August 2022) of the proposal on over-riding constraints criteria by the National Power Corporation (NPC) that was earlier endorsed by the RCC. The body also provided inputs on the criteria, processes, and issues on MRU, over-riding constraints, and additional compensation. <p>B. Line-by-line review of the proposal and General Comments</p> <ul style="list-style-type: none"> General comments (from SPC/SIPC) and the comments (from MEI/PEI, Meralco, SPC/SIPC, and PEMC) on Section 10.3 of the proposal was deliberated. For the comments on other provisions, these were not discussed noting that the gist of the proposal was explained thoroughly and the proponent was able to convince the body of its intention on the proposal. <p>5 </p> </div> <div data-bbox="639 1003 1485 1480"> <p>REQUESTED ACTION FROM THE RCC Based on Caucus Agreements</p> <ol style="list-style-type: none"> For Approval: Caucus provisionally approved the proposal, as submitted <ul style="list-style-type: none"> Full line-by-line review? For discussion: Matters that may be considered either for a) integration in the proposal or b) submission as another proposal by the interested parties <table border="1" data-bbox="699 1205 1422 1391"> <thead> <tr> <th>Comments from</th><th>Highlights of Comments</th></tr> </thead> <tbody> <tr> <td>MERALCO</td><td>Specific circumstances when the System Operator has no dispatch instruction to generation facilities during market intervention or market suspension</td></tr> <tr> <td>PEMC</td><td>Enforcement of the SO's responsibility to provide data on dispatch instruction under the Dispatch Protocol.</td></tr> <tr> <td>SPC/SIPC</td><td>Discrepancy between data from the generation facility instructed to be re-dispatched and from the Visayas System Operator's dispatch instruction report Allowable recoverable costs through additional compensation for MRUs on top of fuel and variable operating and maintenance costs</td></tr> </tbody> </table> <p>6 </p> </div> <p>Ms. Tanglao thanked the RCC members and the attendees who participated in the caucus. She noted that while the proponent was able to thoroughly explain the gist and objective of the proposal and the body discussed the related market concepts and the issues raised by the commenters, the line-by-line review has yet to be completed.</p> <p>Ms. Cherry Javier (Generation) and Ms. Loreto Rivera suggested to have a full line-by-line review of the proposal, to which the body agreed. Discussion of the proposals are as follows:</p> <ul style="list-style-type: none"> On SPC/SIPC's general comments, Atty. Jesusito Morillos (Independent) said that the discussion was that the issues raised were not a concern due to the shifting to 5-minute market. 	Comments from	Highlights of Comments	MERALCO	Specific circumstances when the System Operator has no dispatch instruction to generation facilities during market intervention or market suspension	PEMC	Enforcement of the SO's responsibility to provide data on dispatch instruction under the Dispatch Protocol.	SPC/SIPC	Discrepancy between data from the generation facility instructed to be re-dispatched and from the Visayas System Operator's dispatch instruction report Allowable recoverable costs through additional compensation for MRUs on top of fuel and variable operating and maintenance costs
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	<ul style="list-style-type: none"> • On Section 10.3 (Quantity Eligible for Additional Compensation) of the Billing and Settlements Manual (BSM) <ul style="list-style-type: none"> ○ Mr. Ambrocio Rosales (System Operator) emphasized that during extreme scenarios, it was already recognized that the SO may not be able to provide dispatch instructions. He further explained that Section 14.4.4.2 (Dispatch Instruction Report) of the Dispatch Protocol Manual (DPM) applies to normal conditions where the real-time-dispatch (RTD) is still implementable. <p>He further explained that during market intervention when there is no 5-minute dispatch to follow or the RTD is not implementable, the SO can provide dispatch schedules if there is normal system condition. However, during extreme scenarios and when the security of the grid is at stake, the SO may not be able to issue dispatch instructions to each generator.</p> <p>Ms. De Guzman emphasized that it is the SO's responsibility to issue post-dispatch reports as mentioned in the DPM. Mr. Rosales explained that the post-dispatch report mentioned in the DPM is also the actual dispatch, and it is regularly provided by the SO to MO. He added that there is no need to mention the SO's responsibility in the provision as proposed by PEMC.</p> <p>Mr. Edward I. Olmedo (IEMOP) explained that during market intervention, the SO may not issue dispatch instructions for all generators, thus, generators will have to maintain their loading. He said that the SO always provides records on instances wherein they issue dispatch instructions for certain generators that need to increase or decrease their loading. This is strictly monitored also by the MO. Thus, Mr. Olmedo agreed with Mr. Rosales that the additional provision on the non-compliance on SO's responsibilities, as proposed by PEMC, is not needed.</p> ○ Ms. Javier said that the proposed amendments are beneficial to the generators specifically for instances wherein there is no dispatch instruction. She added that they are supportive of the proposal.

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	<ul style="list-style-type: none"> ○ Atty. Morillos explained his analysis on the proposed formulaic gist, basically that whichever is the lowest among the three (3): actual power quantity delivered; dispatch instruction quantity; and last RTD quantity. ○ Mr. Olmedo explained that the current formula (area of trapezoid) computes for the sum of previous loading and the target loading. On the other hand, the proposed formula (strips) is directed at the most recent dispatch instruction. ○ Mr. Ricardo Gumalal (Distribution) asked if there will be difference on the application of comments from Panasia Energy, Inc./Millennium Energy, Inc. (PEI/MEI), which suggests that the following order of priority should be followed in determining what quantities to use in calculating the scheduled generation: <ol style="list-style-type: none"> 1. Most recent specific SO dispatch instruction 2. Latest accurate and/or implementable RTD schedule 3. Gross energy settlement quantity <p>Mr. Olmedo explained that item 1 is being considered while item 2 creates more complexity since the RTD schedule during MI/MS is not accurate or implementable.</p> <p>Mr. Carlito Claudio (Generation) agreed that RTD is not implementable during system emergency but noted that not all MI/MS are due to system emergency. One possible cause of MI/MS is MMS failure. During this scenario, the RTD is still implementable.</p> <p>Mr. Olmedo said that the proposal, nonetheless, simplifies the process.</p> ○ In reference to the suggestion of Mr. Morales for RCC to request simulations from proponents, Mr. Rosales requested for simulation on the proposed amendments of the formula in Section 10.3.3 to be presented in the next RCC meeting. In addition, Ms. Rivera also requested if IEMOP can recalibrate/update the estimate for additional claim if actual data is already available given that other

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	<p>technologies are now able to claim additional compensation¹.</p> <p>On the simulation, Ms. Karen A. Varquez explained that the simulations are part of the presentation to the PEM Board and can be attached to the RCC resolution.</p> <p>Mr. Olmedo explained that the generators cannot easily ramp up or down during 5-minute period, thus, IEMOP did not consider initial loading on the formula. If the request is to differentiate the current (trapezoid) and proposed formula (strips), they can provide assessment on previous loading vs target.</p> <p>Atty. Morillos explained that the current formula (trapezoidal) yields to the proposed formula (strips) in the 5-minute market. He suggested that the simulation focus on the price.</p> <p>Ms. Javier explained that the proposed amendment was merely to correct the process that generators may claim additional compensation on intervals that they were asked to be dispatched. It is more on the impact to the generators, not on the end-consumers. Atty. Morillos agreed that the proposed formula has no adverse impact to the consumers.</p> <p>Ms. Rivera agreed that generators should be compensated, however, she pointed out that there will be impact on the consumers since the additional compensation will ultimately be charged to the consumers.</p> <p>Mr. Morales then rephrased his request, for IEMOP to provide an analysis on the differences in using the formulas using dispatch quantity vs metered quantity.</p> <ul style="list-style-type: none"> • On Section 10.4 (Billing and Settlement of Additional Compensation)

¹ IEMOP's Advisory on ERC's Guidelines on Claims for Additional Compensation: <https://www.iemop.ph/market-reports/iemop-additional-compensation-guidelines-and-form/>

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	<ul style="list-style-type: none"> ○ Ms. Lorreto Rivera (Supply) requested clarification if the additional compensation is insufficient, will there be a process to request for reconsideration. Atty. Sheryll Dy (IEMOP) explained that the approved Price Determination Methodology (PDM) does not specify process for motion for reconsideration in case the additional compensation, which is based on the final energy dispatch price (FEDP) is insufficient. She also said that there is no specific process specified in the rules and manuals apart from the dispute resolution. <p>Ms. Rivera asked if it will be possible to incorporate such amendments in the provision. Atty. Dy responded that IEMOP needs guidance on what will be the process if there is a motion for consideration or if an appeal was filed.</p> <p>Atty. Morillos requested for clarification on FEDP and how the approved rates are being derived. Ms. Rivera clarified that the FEDP is not equal to offer price. There are specific FEDPs per generation per node.</p> <ul style="list-style-type: none"> ○ Mr. Ryan Morales (Distribution) asked if the proposed changes is currently being implemented but not reflected in the rules/manuals. He suggested that the RCC should look into the impacts whenever there are proposed changes in formulas, specifically on the rates, which would greatly affect the consumers. He added that whenever there is a proposal on rates, the RCC should request the proponent to provide a simulation and cost impact analysis. ○ Mr. Virgilio Fortich (Distribution) asked if there are documents that need to be submitted for claim of additional compensation. Atty. Dy responded that the PDM provides the process for filing of additional compensation, which includes the documents needed to be submitted. <p>Atty. Dy noted that there are comments from the claimants or TPs on the insufficiency of approved rates. Claimants provide additional documents to support their claims, however, the procedure only specifies the documents to be submitted for verification. She suggested that TPs may</p>

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	<p>submit a proposal for the process of filing a motion for reconsideration or appeal to consider other additional documents to support the claim in filing for additional compensation.</p> <p>Mr. Fortich asked if there are prescribed timelines on filing for additional compensation. Atty. Dy responded that the manual provides timeline, and the only difference is the timeline for MRU which is a year from when the generator was called to run. For other conditions, it is 14 working days from the issuance of WESM final statement bill and settlement data. In addition, IEMOP is also time-bounded in evaluating the claim, thus, IEMOP has no reason to delay the claim.</p> <ul style="list-style-type: none"> ○ On Section 10.4.2, Mr. Morales asked if the fully contracted distribution utility (DU) will share payment for the claim of additional compensation even if it does not buy from the market, or it is pro-rated to DU's exposure. Ms. Siruma responded that based on what is written in the PDM, it is based on the GESQ of the customers. Mr. Arjon Valencia (IEMOP) confirmed that as long as a trading participant withdraws from the grid, regardless if it is spot quantity or bilateral contract quantity, such TP will be pay a portion of the additional compensation. ● On Meralco's comments to publish information on additional compensation, IEMOP was amenable but subject to rules on disclosure and confidentiality. Ms. Tanglao suggested if it will be possible to add provision subject to disclosure and confidentiality on the following items proposed by MERALCO: <ol style="list-style-type: none"> 1. Approved cost for recovery 2. Cost assumptions and parameters used in calculation of the approved cost 3. Spot sales 4. Approved additional compensation per generating unit ○ Atty. Dy said that IEMOP can not publish information pertaining to specific participants. She suggested that IEMOP may publish information but not specific to a trading participant, i.e., summary but not specific. Mr.

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	<p>Morales agreed to the suggestion of publishing information on an aggregate perspective.</p> <p>Ms. Tanglao requested IEMOP to craft the wordings for the specific provision, which will be included for finalization in the resolution.</p> <ul style="list-style-type: none"> Mr. Valencia further explained the application of formula wherein the allocation of additional compensation will be based on pro-rating, for the body's information. The result will be allocated to all customers who withdrew power from the grid at specific a dispatch interval. <p><u>Agreement/s:</u></p> <ul style="list-style-type: none"> ✓ On Section 10.3.3 (calculation of scheduled generation of a generating unit that filed a claim for additional compensation), IEMOP to provide sample computation showing the difference between the current (trapezoid) and proposed (strip) formula, for RCC's information. ✓ On Section 10.4.2 (calculation of rate impact to each WESM Customer), IEMOP to propose revised wording considering Meralco's comments on publication of data for customers to validate the amount of additional compensation being charged, taking into consideration disclosure and confidentiality provisions under WESM Rules. ✓ The RCC noted Mr. Morales' suggestion, as a general practice, to request sample calculations or computations from proponents in cases wherein there are proposed changes to certain formulas. ✓ Secretariat to incorporate the discussion to the draft RCC resolution. ✓ RCC agreed to finalize the resolution on its next scheduled meeting.
5.3. Update on PEM Board Directive on the Proposed	<p><u>Presenter:</u> Ms. Divine Gayle C. Cruz (Secretariat) Ms. Karen A. Varquez (Secretariat)</p>

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<p>Amendments regarding Non-Security Overriding Constraints</p>	<p><u>Action Requested:</u> For discussion</p> <p><u>Material:</u> Annex D – Highlights of the PEM Board Meeting Annex E – Presentation Material</p> <p><u>Proceedings:</u></p> <p>Ms. Cruz discussed the highlights of the 51st PEM Board Meeting specifically pertaining to the NPC proposal, and the instruction of the PEM Board for RCC to take another look at the proposal's effects to the generators.</p> <p>Ms. Karen A. Varquez (Secretariat) presented a simulation based on the PEM Board's request, noting that there may be a decrease in prices since higher priced generators will be bumped off during extreme weather conditions and hydroelectric plants will be included as non-security limit over-riding constraints (as per NPC's proposal).</p> <div data-bbox="635 1211 1485 1693" style="border: 1px solid #ccc; padding: 10px; margin: 10px 0;"> <p>BACKGROUND</p> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>31 Aug 2022 – 51st PEM Board Meeting</p> </div> <div style="width: 65%;"> <p>On behalf of the RCC, Atty. Sit Morallos presented the (NPC) proposal regarding non-security limit over-riding constraints, for the Board's approval and submission to the DOE for final approval</p> </div> </div> <hr/> <p>Dir. Ellen Go (Generation) suggested that the RCC take another look at the proposal's effect to the generators.</p> <p>This is noting that there may be a decrease in prices since higher priced generators will be bumped off during extreme weather conditions and hydroelectric plants will be included as non-security limit over-riding constraints (as per NPC's proposal).</p> </div> <p>When an over-riding constraint was inserted in the Merit Order Table (MOT), the marginal plants or higher price plants will be bumped off.</p> <p>As an overview, the following were considered on the simulation:</p>

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	<div data-bbox="667 461 920 488">SIMULATION OVERVIEW</div> <ul data-bbox="667 510 1321 748" style="list-style-type: none"> Plants at NPC dams – Angat, Caliraya, and San Roque Intervals with weather disturbances and heavy rainfall affecting the dams Decrease in market prices <ul style="list-style-type: none"> Offers submitted Maximum stable load Line constraints Generators on outage and/or forced to shut-down due to over-generation <div data-bbox="667 882 673 896">3</div> <div data-bbox="1337 871 1469 902">Philippine Electricity Market Corporation</div> <p data-bbox="624 987 1485 1059">She added that SO provides instructions to hydro power plants during extreme weather condition to avoid over-generation.</p> <div data-bbox="667 1133 762 1160">RESULTS</div> <div data-bbox="667 1182 1050 1384"> </div> <div data-bbox="667 1406 1050 1473"> <p>■ Baseline ■ With offers not dispatched of plants at NPC dams ■ With Pmax of plants at NPC dams</p> </div> <div data-bbox="1086 1182 1453 1368"> <p>With NPC's proposal, decrease in market price during extreme weather disturbance causing threatening increase in dam levels -</p> <ul style="list-style-type: none"> Negligible to minimal, if PSALM-Caliraya will be fully dispatched Minimal, if offered capacities by hydro plants will be fully dispatched Reach as low as PhP/MWh 0 if the Pmax of hydro plants will be dispatched </div> <div data-bbox="1086 1391 1453 1473"> <p>Market prices during these intervals already have lower market prices. Generators with higher priced offers will not be scheduled but may be dispatched as MRU by the SO.</p> </div> <div data-bbox="1086 1496 1406 1541"> <p>Market intervention/suspension may also be declared by the SO/ERC.</p> </div> <div data-bbox="667 1554 673 1568">4</div> <div data-bbox="1337 1543 1469 1574">Philippine Electricity Market Corporation</div> <ul data-bbox="655 1621 1485 1928" style="list-style-type: none"> Blue line – baseline merit-order for demand at around 8,300 Orange Line – scenario where all the offers of plants at NPC dams in the baseline were cleared and dispatched; there is negligible or minimal decrease in market price Gray Line – extreme and unlikely scenario wherein SO will allow the maximum available capacity of plants at NPC dams in the baseline to be dispatched; there is extreme impact on the prices reaching PhP/MWh 0 <p data-bbox="624 1973 815 2000">To summarize:</p> <ul style="list-style-type: none"> The proposal will have impact on market prices, and it will depend on SO's dispatch instructions.

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	<ul style="list-style-type: none"> ○ During these intervals, market prices are generally lower or generators with higher offer price will not be scheduled although they may be dispatched by SO due to grid security. ○ Situations like these are not likely to happen often. <p>Ms. Tanglao asked what will happen to the generators that are bumped-off. Ms. Varquez answered that the constrained-off plants do not have compensation. She added that NPC's proposal will give SO basis for calling or tagging facilities as constrained-off. Ms. Tanglao asked if there is a plan to compensate constrained-off plants. Ms. Varquez responded that it was one of the directives of PEMB or ERC but deferred due to the introduction of 5-minute market, which would ideally lessen constrained-off due generators due to shorter time intervals.</p> <p>Ms. Tanglao asked what the next steps will, citing that NPC was actually able to manage the situation for the past 8 years. She asked if the simulation answers the concerns raised during the PEM Board which is what is the impact to generators. Ms. Cruz responded that it will be up to the PEM Board if they will be satisfied on the simulation. She also suggested to invite representatives from NPC during the PEM Board meeting to further explain the situation of the plants.</p> <p>Atty. Morillos, narrated that during the PEM Board meeting, he explained that the priority of the proposal is not on the commercial operation but on the risk and the impact to the safety of communities downstream. Dir. Aboitiz however raised a question if NPC is willing to waive its additional compensation, wherein Mr. John Mark S. Catriz clarified that only must-run units are eligible for additional compensation. Atty. Morillos then realized that the concern of Dir. Aboitiz may be valid. Since the occurrence is locally mitigated, during MI/MS administered price will be used. But if no MI/MS but NPC will be tagged as over-riding constraint, then it will be price-taker.</p> <p>Mr. Rosales explained that there two (2) scenarios to consider in NPC's proposal: (1) when there is normal operation in the market and (2) when there's MI/MS. During normal operation, over-riding constraint is allowed. The concern of Dir. Aboitiz is that when an over-riding constraint is allowed, some generators will be bumped-off. However, during MI/MS, over-riding constraints are not applicable since there is no RTD and the SO will focus on the</p>

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Agenda	Agreements / Action Taken / Action Required
	<p>security of the grid. For SO's side, whether the proposal will be approved or disapproved, operationally it will not have an impact.</p> <p>Ms. Varquez then requested the RCC members to apprise their respective principal members in the PEM Board should the RCC decide to bring it up again for the Board's consideration.</p> <p>Ms. Tanglao added that if the proposal will be presented in PEM Board without sufficiently addressing the concerns raised, it will rather be difficult to convince them. Mr. Rosales thinks the RCC has already done its part in providing justifications. He also added that NPC should gradually spill the water for it not to over-generate. Ms. Varquez agreed with the comments of Mr. Rosales and suggested to improve the simulation taking into account to consider the Kalayaan in relation to Caliraya's capacity.</p> <p>Mr. Claudio asked on what is the proper term to address these plants: if bumped off or constrained off. If a generator is constrained off, there is a schedule given but the it cannot be followed, or there is an event with the system that SO asks the generator to ramp down. However, in this scenario, the generator was not given schedule because the over-riding constraint was included in the scheduling process. Thus, it was not bumped off or constrained off, but was not scheduled. He does not think that the proposal will have an impact on the generators.</p> <p>Mr. Rosales added that constrained-off means that there is already an RTD, and the offers submitted were cleared, thus over-riding constraints are not considered. He clarified that on his interpretation, bumped-off happens when a marginal plant was bumped-off due to over-riding constraint plant. He added that there is nothing to be constrained-off. He thinks that this was the strategy of NPC in the past years.</p> <p>Ms. Varquez agreed with the clarification made that the affected generators are not bumped-off but are rather not scheduled.</p> <p>In view of the foregoing discussion, the RCC voted whether to present the additional justification to PEM Board or to set aside the proposal.</p> <p>Resolution/s:</p>

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Agenda	Agreements / Action Taken / Action Required
	Having an affirmative vote of 9 ² , the RCC decided to set aside the proposal.
VI. New Business	
<p>6.1 IEMOP Letter to DOE regarding implementation of DOE DC2022-06-0022 (<i>General Enhancements to the Application Process of New WESM Members</i>)</p>	<p>Presenter: Ms. Karen Anne H. Siruma (IEMOP)</p> <p>Action Requested: For information</p> <p>Material/s: Annex F – Letter of IEMOP to DOE Annex G – Presentation Material</p> <p>Proceedings:</p> <ul style="list-style-type: none"> Ms. Siruma presented a briefer of its letter to DOE to regarding Implementation of DOE DC 2022-06-0022. <div data-bbox="655 1077 1495 1547"> <p>The flowchart titled 'SUMMARY OF THE AMENDMENTS (DC2022-06-0022)' compares the 'Previous (One Process)' with the 'Approved (Three Phases)'. The 'Previous' process is a linear flow: Applicant → Documentary Requirements → Technical Requirements → Commercial Operations → Full market participation. The 'Approved' process is divided into three phases: 1. Documentary Requirements (COC application), 2. Technical Requirements (modeling of load resource), and 3. Backfeed Operations (Grid withdrawal for construction). A second path shows: Applicant → Documentary Requirements (COC application and scheduled date of test & commissioning, Provisional Certificate of Approval to Connect (PCATC) with additional Clearance to Energize from the DNP for embedded gen) → Technical Requirements (modeling of generator resource) → Test & Commissioning → Full market participation. A third path shows: Applicant → Documentary Requirements → Technical Requirements → Commercial Operations → Full market participation.</p> </div> <p>The following were the issues raised:</p> <ul style="list-style-type: none"> Whether the DC2022-06-0022 repeals earlier DC2022-05-0015;

² Mr. Rosales, Mr. Roxas, Mr. Habana, Ms. Javier, Mr. Claudio, Atty. Morillos, Mr. Banzon, Mr. Morales, and Atty. Fernando

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	<p>SUMMARY OF DC2022-05-0015</p> <p>The effectivity of FCATC has been relevant to the process. If a trading participant has a FCATC, they are on a limited commercial operation phase. However, the recently approved DOE DC2022-06-0022 does not provide relevant process for Trading Participants with FCATC but with no Certificate of Compliance (COC).</p> <p>SUMMARY OF DC2022-06-0022 <i>(In line with provisions of DC2021-06-0013)</i></p> <ul style="list-style-type: none"> ○ If DC2022-05-0015 still applies, other provisions of the WESM Registration, Suspension, and Deregistration Procedure and Criteria (RSDPC) Manual not covered by PEMC's proposal also need to be harmonized;

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Philippine Electricity
Market Corporation

Agenda	Agreements / Action Taken / Action Required				
	<div data-bbox="663 439 1489 887"> <p style="text-align: right;">TOPIC TITLE 11</p> <p>Provisions in the WESM-RSDCP Manual covered by PEMC Proposal on Penalty Framework for Test and Commissioning (already updated in line with DC2022-05-0015)</p> <ul style="list-style-type: none"> • Clause 2.5.7.3 (a) • Clause 2.5.7.3 (g) • Clause 2.5.7.3 (h) <p>Other provisions for updating in line with DC2022-05-0015</p> <ul style="list-style-type: none"> • Clause 2.5.6.1 (h) • Clause 2.5.7.3 (f) </div> <p>○ Definition of “Supply Customer” provided in DC2022-06-0022 is different from its current provision</p> <div data-bbox="663 1043 1489 1480"> <p style="text-align: right;">TOPIC TITLE 12</p> <p>DEFINITION OF SUPPLY CUSTOMER</p> <table border="1"> <tr> <td>DC2022-06-0022</td><td>WESM RSDCP Issue 11.1 (previously amended through DC2022-03-001))</td></tr> <tr> <td>Supply Customer - Customers connected to the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators under any power supply agreement or contract.</td><td>Supply Customer - Customers or Generation Companies that purchase electricity under any power supply agreement replacement power arrangement or contract with a Generation Company or Retail Electricity Supplier</td></tr> </table> </div> <p>IEMOP suggested to harmonize with the ongoing rules change proposals based on DOE clarification and consider inclusion of additional amendments based on the foregoing observations.</p> <ul style="list-style-type: none"> • Ms. Luningning G. Baltazar (DOE) said that they defer to RCC the other issues raised noting that these are mostly for harmonization with the DC. She also suggested for RCC to discuss the matter and DOE will provide supplemental inputs, as necessary. • Ms. Tanglao requested the Secretariat to take note of the items that are for harmonization, and to coordinate with IEMOP on the additional changes. She also suggested to await DOE’s official response to IEMOP’s letter. 	DC2022-06-0022	WESM RSDCP Issue 11.1 (previously amended through DC2022-03-001))	Supply Customer - Customers connected to the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators under any power supply agreement or contract.	Supply Customer - Customers or Generation Companies that purchase electricity under any power supply agreement replacement power arrangement or contract with a Generation Company or Retail Electricity Supplier
DC2022-06-0022	WESM RSDCP Issue 11.1 (previously amended through DC2022-03-001))				
Supply Customer - Customers connected to the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators under any power supply agreement or contract.	Supply Customer - Customers or Generation Companies that purchase electricity under any power supply agreement replacement power arrangement or contract with a Generation Company or Retail Electricity Supplier				

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Agenda	Agreements / Action Taken / Action Required
	<p><u>Agreements:</u></p> <ul style="list-style-type: none"> ✓ The RCC noted the information provided and agreed to await DOE's official response to IEMOP's letter. ✓ Secretariat to coordinate with IEMOP on the additional changes to the WESM RSDPC Manual. ✓ IEMOP to provide copy of their presentation material to the Secretariat, for reference.
VII. Other Matters	
7.1 DOE Updates	<p><u>Presenter:</u> DOE Representatives</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>There were no upcoming schedule of public consultation and proposals for promulgation.</p>
7.2 Schedule of Activities	<p><u>Presenter:</u> Ms. Divine Gayle C. Cruz (Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>The Secretariat informed the RCC that the strategic planning will be held face-to-face at PEMC Office, and noted the following schedules:</p> <ul style="list-style-type: none"> • RCC Meetings <ul style="list-style-type: none"> ○ 21 Oct 2022 (in person, for Strategic Planning) ○ 18 Nov 2022 ○ 16 Dec 2022 (tentative) • BRC Meeting <ul style="list-style-type: none"> ○ 19 Sep 2022 • PEM Board Meeting <ul style="list-style-type: none"> ○ 28 Sep 2022

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	<ul style="list-style-type: none"> WESM Compliance Officer Summit <ul style="list-style-type: none"> 13-14 Oct 2022 <p>Ms. Tanglao requested to have a two-part meeting on October: (1) regular RCC meeting and (2) strategic planning.</p> <p>There will no RCC items for endorsement to PEM Board.</p>
VIII. Adjournment	The meeting was adjourned at 12:39PM.

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

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Approved by:

CONCEPCION I. TANGLAO
 Chairman, Independent

JESUSITO G. MORALLOS
 Member, Independent

JOSE RODERICK F. FERNANDO
 Member, Independent

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

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

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

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

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

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

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

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

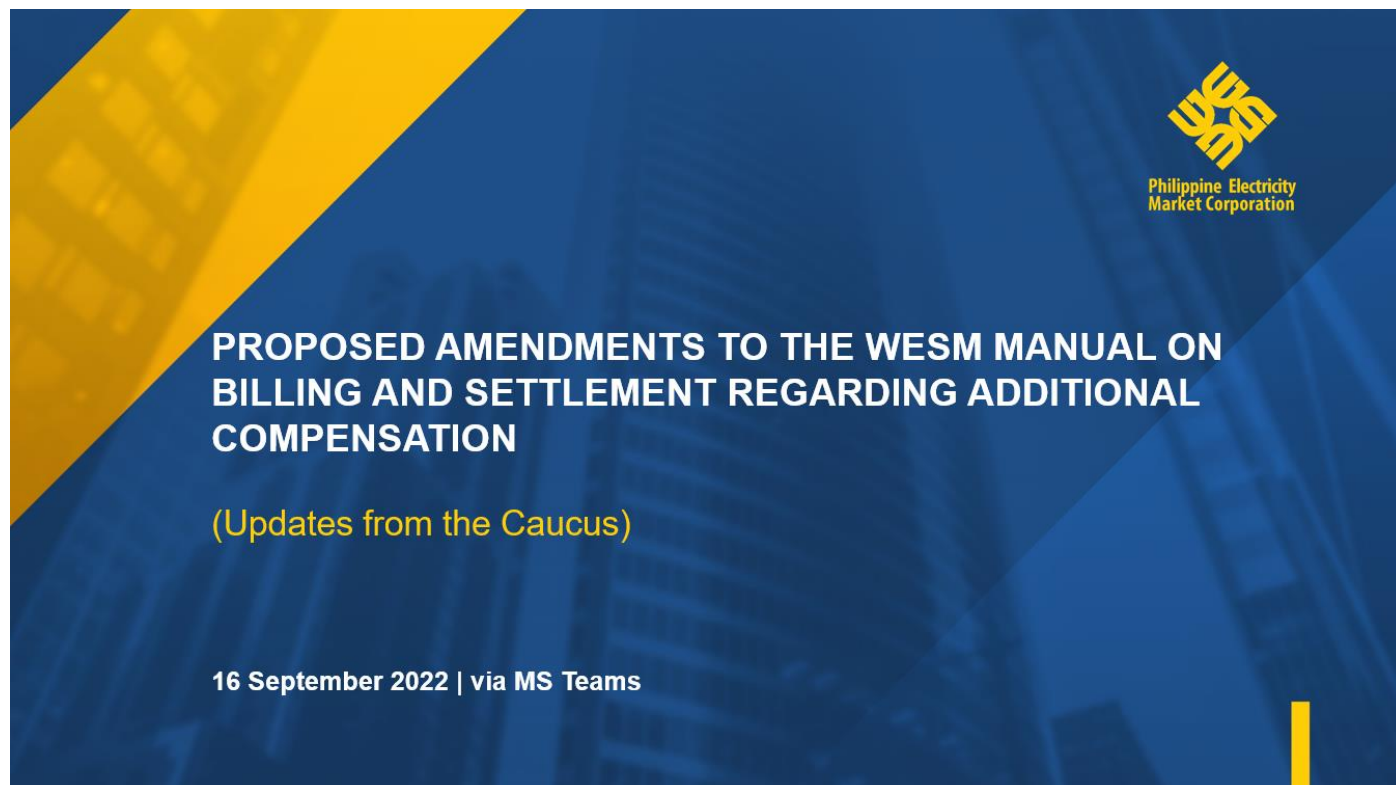
LORRETO H. RIVERA
 Member, Supply Sector
 Team (Philippines) Energy Corporation (TPEC)

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

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

MEETING MINUTES

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BACKGROUND

Rationale of the Proposal

Proposed amendments to the WESM Manual on Billing and Settlement are proposed to:

- (i) reflect the formula for the calculation of additional compensation amount and specify the recovery process for additional compensation across all claim categories based on the External Auditor's recommendations from the (Supplemental) Audit of PDM-related Enhancements to NMMS and CRSS; and
- (ii) simplify the process in determining SO dispatch instructions during market intervention/suspension and include further condition on the calculation of quantity eligible for additional compensation during administered pricing.



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Annex A : Presentation Material – Highlights of 200th RCC Caucus
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BACKGROUND

Summary of the Proposal

WESM Manual	Proposed Amendment	Rationale
Billing and Settlement Issue 9.1	<ul style="list-style-type: none"> Reflect the formula for additional compensation claim amount included in the Business Requirements Document (BRD) Specify the recovery process of additional compensation for claim categories other than MRU 	Reflect Audit Recommendations from Intelligent Energy Systems' (IES) Supplemental Audit of PDM-related Enhancements on CRSS
	If there is no SO Dispatch Instruction for claims due to market intervention and/or market suspension, use the metered quantity in the calculation of additional compensation quantity	To simplify the process in determining SO dispatch instructions during market intervention/suspension.

3 PRESENTATION TITLE

BACKGROUND

199th RCC (Regular) Meeting

- The RCC decided to conduct a caucus on the proposal in accordance with the recently approved changes to the RCC's Internal Rules.

Sector	RCC-Caucus Members
Independent/s	Atty. Jesusito Morillos (Chairman of the caucus) Mr. Fernando Roxas
Generation	Ms. Cherry Javier
Distribution	Mr. Virgilio Fortich
Supply	Ms. Loretto Rivera

4 PRESENTATION TITLE

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200TH RCC (CAUCUS) MEETING

Proceedings

A. Initial discussion on the proposal and explanation on Additional Compensation by IEMOP

- Referred to the PEM Board's deliberation (on 31 August 2022) of the proposal on over-riding constraints criteria by the National Power Corporation (NPC) that was earlier endorsed by the RCC.
- The body also provided inputs on the criteria, processes, and issues on MRU, over-riding constraints, and additional compensation.

B. Line-by-line review of the proposal and General Comments

- General comments (from SPC/SIPC) and the comments (from MEI/PEI, Meralco, SPC/SIPC, and PEMC) on Section 10.3 of the proposal was deliberated.
- For the comments on other provisions, these were not discussed noting that the gist of the proposal was explained thoroughly and the proponent was able to convince the body of its intention on the proposal.

5 PRESENTATION TITLE



REQUESTED ACTION FROM THE RCC

Based on Caucus Agreements

1. For Approval: Caucus provisionally approved the proposal, as submitted
 - Full line-by-line review?
2. For discussion: Matters that may be considered either for a) integration in the proposal or b) submission as another proposal by the interested parties

Comments from	Highlights of Comments
MERALCO	Specific circumstances when the System Operator has no dispatch instruction to generation facilities during market intervention or market suspension
PEMC	Enforcement of the SO's responsibility to provide data on dispatch instruction under the Dispatch Protocol.
SPC/SIPC	Discrepancy between data from the generation facility instructed to be re-dispatched and from the Visayas System Operator's dispatch instruction report
	Allowable recoverable costs through additional compensation for MRUs on top of fuel and variable operating and maintenance costs

6 PRESENTATION TITLE



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Annex A : Presentation Material – Highlights of 200th RCC Caucus
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NEXT STEPS



PRESENTATION TITLE

Connect with PEMC

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Ortigas Center, Pasig City 1600, Philippines

[pemcinfo](#)

[pemcinfo](#)

[PEMC_Info](#)

[PEMC Info](#)

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A. WESM Manual on Billing and Settlement Issue 10.1

WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent’s Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
					<p><u>SPC/SIPC:</u></p> <p>Our general comments/issues in which we hope that IEMOP, PEMC, NGCP, ERC, DOE, etc. can address:</p> <p>1. Getting dispatched anytime within the interval where we offered at WESM but wasn't originally dispatched. Upon dispatch, we tend to understand that our price was considered but then, we're told the prevailing WESM price was actually lower but plant that should have been dispatch cannot address the problem (i.e. problem in Visayas but Luzon plant cannot solve the problem, hence SPC/SIPC plants was called).</p> <p>2. Can the MRU compensation be given additional compensation on top of fuel and variable O&M costs?</p>		<p>Item 1: All generator re-dispatch by the System Operator (i.e., MOT or MRU) is expected to be allowed for additional compensation. We think this issue was relevant before in the hourly WESM and not in the 5-minute WESM. Also, there is a process for generators to raise discrepancies in SO reports for them to be appropriately identified as being qualified for additional compensation.</p> <p>Item 2 requires an amendment to the PDM since the authorized costs are provided therein.</p> <p><u>Response from System Operator:</u></p> <p>1. The comments of SPC/SIPC presumes that the system is in normal condition. For a certain generating unit with offers but not dispatch –</p>		

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
							meaning it should not be dispatched during the implementation of RTD over the interval. However, if it was constrained ON by System Operations based on the Merit Order Table, then I think MO should be in the right position to answer this query whether there would be an adjustment on the Market Clearing Price. However, it the constrained ON generating unit resulted in an Out-of Merit Dispatch – then it should be proper to tag the generating unit as MRU as long as it satisfy the MRU criteria. Although there is only one (1) market system, however, MO provides separate RTD with MOT for Luzon and Visayas. The two (2) regions are treated independently		

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
							from SO's point of view. During market intervention/suspension regardless if it is MO or SO initiated, the RTD with its corresponding Merit Order Table would no longer be in effect and if ever there would be dispatch instruction from SO to constrain OFF/ON or call to synchronize or to shutdown any generating unit/s, this would now be at the discretion of the System Operations since to address system security-related matters. 2. c/o IEMOP		
Quantity Eligible for Additional Compensation	10.3	10.3.3 The scheduled generation of a <i>generating unit</i> that filed a claim for additional compensation shall be calculated using the following formulas: a) If due to declaration of	10.3.3 The scheduled generation of a <i>generating unit</i> that filed a claim for additional compensation shall be calculated using the following formulas: a) If due to declaration of <i>market suspension</i> or <i>market intervention</i> , $SG_{gt} = \frac{DT_{gt-1} + DT_{gt}}{2} \times \frac{1}{12}$	To simplify the process in determining SO dispatch instructions during market intervention/ suspension and include further condition on the calculation of quantity eligible for additional compensation during administered pricing in light of recent observations in market	PEMC: 1. For RCC's information, requesting IEMOP to illustrate the proposed formula. We note that the current formula computes the area of a trapezoid.	PEMC: 10.3.3 The scheduled generation of a generating unit that filed a claim for additional compensation shall be calculated using the following formulas: a) If due to declaration of market suspension or market intervention,	We do not agree with PEMC's recommendation since it defeats the objective of IEMOP's original proposal of reducing processing of data that further delays the additional compensation processing.	Adopt IEMOP's proposal (Provisionally approved in the caucus level)	Sir Ryan: request for an analysis on using the formula for the quantity Maám Oyie: request for IEMOP - recalibrate/update the estimate for addl claim if actual data is already available-impact to

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
		<p><i>market suspension or market intervention,</i></p> $SG_{g,i} = \frac{DT_{g,i-1} + DT_{g,i}}{2} \times \frac{1}{12}$ <p>xxxx Where: xxxx <i>DI_{g,i}</i> refers to the most recent <i>dispatch instruction</i> from the <i>System Operator</i> received by <i>generating unit g</i> for <i>dispatch interval i</i>.</p> <p><u>In cases where there is no System Operator dispatch instruction issued for generating unit g at dispatch interval i during market intervention or market suspension, then its gross energy settlement quantity at dispatch interval i shall be used.</u></p>	$SG_{g,i} = \frac{DI_{g,i}}{12}$ <p>xxxx Where: xxxx <i>DI_{g,i}</i> refers to the most recent <i>dispatch instruction</i> from the <i>System Operator</i> received by <i>generating unit g</i> for <i>dispatch interval i</i>.</p> <p><u>In cases where there is no System Operator dispatch instruction issued for generating unit g at dispatch interval i during market intervention or market suspension, then its gross energy settlement quantity at dispatch interval i shall be used.</u></p>	suspension during Typhoon Odette.	<p>2. Propose to retain the current formula for cases that there is SO dispatch instruction and add the proposed formula for extreme cases where there is no SO dispatch instruction.</p> <p>3. We note that the SO and MO are required to prepare/submit reports for purposes of settlements, audit, surveillance, and enforcement actions under Section 14.4 of the Dispatch Protocol Manual (DPM). In particular, the SO is required to provide data/information on their dispatch/redispatch instructions to the MO under DPM Section 14.4.2 (Dispatch Instruction Report).</p> <p>Further, DPM Section 14.4.9 provides that the Dispatch Instruction Report is a reference for claims of additional compensation.</p> <p>In this regard, we propose to include provision for non-compliance to said</p>	$SG_{g,i} = \frac{DT_{g,i-1} + DT_{g,i}}{2} \times \frac{1}{12}$ <p><u>In extreme cases when there is no System Operator dispatch instruction issued for generating unit g at dispatch interval i during market intervention or market suspension, the Market Operator shall request the System Operator to submit within two (2) working days an updated Dispatch Instruction Report where the requirements pursuant to Sections 14.4.2 of Dispatch Protocol Manual are complete.</u></p> <p><u>If there is no updated Dispatch Instruction Report received within the said timeline, then its gross energy settlement quantity at dispatch interval i shall be used.</u></p> $SG_{g,i} = \frac{DI_{g,i}}{12}$ <p><u>Non-compliance on the requirements pursuant to Sections 14.4.2 and 14.4.3 of Dispatch Protocol Manual and in this provision shall be reported by the Market Operator to the Governance</u></p>			<p>consumers - given that other technologies (not limited to diesel/oil plants) are now able to claim addl compensation?</p> <p>Adopted IEMOP's proposed amendments</p>

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent’s Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
					<p>sections to address the reason why the MO is proposing these rules changes.</p> <p>4. Will it be possible to compensate generators not complying with the SO instruction? How is this checked by the MO?</p> <p>5. What is the threshold (e.g. dispatch instruction given within the last hour) of the “most recent dispatch instruction from SO” ?</p>	<p><u>Arm or Enforcement and Compliance Office, as may be authorized by the relevant Market Manuals, subject to the established rules on enforcement proceedings and sanctions.</u></p>			
					<p><u>MERALCO:</u></p> <p>We would like to know and understand the specific circumstances when it is not possible for the SO to provide dispatch instruction during market intervention/suspension.</p> <p>SO dispatch instructions are essential in ensuring system security. In addition, the absence of specific instructions from the SO may have an impact on system supply costs.</p> <p>The provision should specify the circumstances when SO instructions are not available and the use of “gross energy settlement quantity” is</p>	<p><u>MERALCO:</u></p> <p>... <u>The gross energy settlement quantity of a generating unit at dispatch interval i shall be used in the following cases where there is no System Operator dispatch instruction issued for generating unit q at dispatch interval i during market intervention or market suspension:</u></p> <p><u>1. [case #1]</u></p> <p><u>2. [case #2]</u></p> <p>...</p>	<p>This would be best addressed by the System Operator but overall, the concern is that, in cases of a prolonged MI/MS, it is very tedious to note/write down all dispatch instructions every 5 minutes.</p> <p><u>Response from System Operator:</u></p> <p>For the first statement where the inquiry pertains to specific circumstances when it is not possible for the SO to provide dispatch instruction during market intervention/suspension – There are no</p>	<p>Adopt IEMOP’s proposal</p> <p>(Provisionally approved in the caucus level)</p>	

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent’s Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
					allowed. It should not apply at all times when instructions are not available, e.g., due to negligence.		circumstances that SO cannot issued dispatch instructions during market intervention/suspension. What is difficult to provide is for SO to come up with a dispatch schedule if the grid is already operating in the emergency state (i.e. passage of typhoon, calamities, multiple tripping of generators and loss of large loads). During emergency conditions, the SO shall issue dispatch instructions (without dispatch schedule) either to constrain ON/OFF or call to synchronize or call to shutdown any generating unit/s in order to address constraints in system security. SO may opted to maintain the loading of a certain generator regardless of its cost as long as it can address the system security requirements. All dispatch instructions are properly logged during market intervention/suspension. Once system security issues already addressed, then SO in		

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
							coordination with MO shall lift thru System Advisory the Market Intervention/Suspension. If for instances where SO failed to log the dispatch instructions, the MO can still get real time date from SO's scada system or the metered quantity would suffice.		
						<p><u>SPC/SIPC:</u></p> <p>10.3.3 The scheduled generation of a <i>generating unit</i> that filed a claim for additional compensation <u>[i.e. a. Market Suspension / Intervention (Administered Price, AP; b. Must-Run Unit, MRU; c. Constraint-on Unit (re-dispatch based on Merit Order Table, MOT; d. Constrained-on Unit (Price Substitution Methodology, PSM); e. Price Mitigation Measure (Secondary Price Cap, SEC)]</u> shall be calculated using the following formulas:</p> <p><u>Additional Compensation Volume, kWh = GESQ – BCQ – ASIE</u></p> <p>a) If due to declaration of market suspension or market intervention,</p> $SC_{gt} = \frac{DT_{gt-1} + DT_{gt}}{2} \times \frac{1}{12}$	The original IEMOP proposal relating to scheduled generation applies to additional compensation claims under MI/MS	Adopt IEMOP's proposal (Provisionally approved in the caucus level)	

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Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
						<div>$SG_{g,i} = \frac{DI_{g,i}}{12}$<p>xxxx Where: xxxx</p><p><u>GESQ refers to the gross energy settlement quantity at dispatch interval i.</u></p><p><u>BCQ refers to the bilateral contract quantities declared to the Market Operator at dispatch interval i.</u></p><p><u>ASIE refers to the ancillary service incidental energy reconciled by the System Operator and the Ancillary Service Provider at dispatch interval i.</u></p><p><i>DI_{g,i} refers to the most recent dispatch instruction from the System Operator received by generating unit g for dispatch interval i</i></p></div>			
					<p><u>MEI/PEI:</u></p> <p>The proposed formula for scheduled generation assumes outright that the latest RTD schedule is inaccurate and unimplementable. Hence, only the most recent SO dispatch instruction, when available, or the gross energy settlement quantity is used in the computation. However, there may be times during certain market</p>		<p>Same as our response to PEMC comment earlier, this defeats the objective of IEMOP's original proposal of reducing processing of data that further delays the additional compensation processing</p> <p>MEI/PEI's comment/proposal would additionally require a determination of</p>	<p>Adopt IEMOP's proposal</p> <p>(Provisionally approved in the caucus level)</p>	

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
					<p>intervention events lasting for a short time that the latest RTD schedule generated by the WESM is still implementable.</p> <p>MEI and PEI suggest that the following order of priority should be followed in determining what quantities to use in calculating the scheduled generation:</p> <ol style="list-style-type: none">1. Most recent specific SO dispatch instruction2. Latest accurate and/or implementable RTD schedule3. Gross energy settlement quantity <p>We believe this is keeping in line with the ERC-approved methodology.</p>		whether or not the RTD is viable.		
Billing and Settlement of Additional Compensation	10.4	(new)	<p><u>10.4.1. Using the formula below, the <i>Market Operator</i> shall determine the additional compensation claim amount in accordance with the claim category conditions on quantity eligible for additional compensation as set out in Section 10.3 of this Manual</u></p> <p>$ACA_{gi} = ACO_{gi} \times [Approved Rate_{gi} - FEDP_{gi}]$</p> <p><u>Where:</u></p>	To reflect in the WESM Manual the formula for the calculation of the additional compensation claim amount in line with the general principle stated in Section 8.3.1 of the WESM Manual on Price Determination Methodology and as stated in the Business Requirement Document of the CRSS. This forms part of IES' recommendation in their audit report.	<p>PEMC:</p> <ol style="list-style-type: none">1. For RCC's information:<ol style="list-style-type: none">a) Requesting to illustrate the derivation of <u>Approved Rate_{gi}</u> and the use of proposed formula.b) Requesting for confirmation from MO that the formula has been used for the claim of		<p>Item 1a): This formula for Additional Compensation Amount involving Approved Rate is a generic formula.</p> <p>The Approved Rate expressed in Php/kWh refers to the total Fuel Cost Rate (FCR) and the plant's Variable Operating & Maintenance Cost Rate (VOMCR)</p>	Adopt IEMOP's proposal (Provisionally approved in the caucus level)	Adopt IEMOP's proposal

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
			<p><u>ACA_{g,i} refers to the additional compensation amount of generating unit g for dispatch interval i</u></p> <p><u>ACQ_{g,i} refers to the additional compensation quantity or volume of generating unit g for dispatch interval i</u></p> <p><u>Approved Rate_{g,i} refers to the approved rate of generating unit g at dispatch interval i based on the evaluation of the claim</u></p> <p><u>FEDP_i refers to the final energy dispatch price of generating unit g at certain dispatch interval i</u></p>		<p>additional compensation since one-hour interval market.</p> <p>2. Suggest to clarify if there are considerations in case FEDP > Approved Rate</p>		<p>item 1b): Almost similar formula except that MRU in hourly market uses GPI as additional compensation price and there is no SG (scheduled generation) variable in additional compensation quantity calculation</p> <p>item 2: There are no specific considerations though PDM Sec 8.3.1 implies that a plant may be entitled to additional compensation when the costs incurred in complying with <i>dispatch</i> instructions are not sufficiently covered by the <i>trading amounts</i>.</p> <p>This means that approved rate (plant cost) should be higher than FEDP or market price.</p>		
					<p>SPC/SIPC:</p> <p>If the FEDP per dispatch interval is greater than the Approved Rate, then the ACA is automatically set to zero, so that the generator filing additional compensation in that particular dispatch</p>	<p>SPC/SIPC:</p> <p><u>10.4.1. Using the formula below, the Market Operator shall determine the additional compensation claim amount in accordance with the claim category conditions on quantity eligible for</u></p>	<p>This is no longer necessary since PDM Manual Sec 8.3.1 states that a <i>Trading Participant</i> may be entitled to additional compensation when the costs incurred in complying with</p>	<p>Adopt IEMOP's proposal</p> <p>(Provisionally approved in the caucus level)</p>	

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Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
					interval is compensated will the prevailing FEDP on their respective market trading node on that particular dispatch interval.	<u>additional compensation as set out in Section 10.3 of this Manual</u> $ACA_{g,i} = ACQ_{g,i} \times [Approved Rate_{g,i} - FEDP_{g,i}]$ <u>Where:</u> <u>ACA_{g,i} refers to the additional compensation amount of generating unit g for dispatch interval i.</u> <u>The ACA_{g,i} will only be given/computed whenever that the Approved Rate_{g,i} is greater than the –FEDP_{g,i}.</u> <u>ACQ_{g,i} refers to the additional compensation quantity or volume of generating unit g for dispatch interval i</u> <u>Approved Rate_{g,i} refers to the approved rate of generating unit g at dispatch interval i based on the evaluation of the claim</u> <u>FEDP_i refers to the final energy dispatch price of generating unit g at certain dispatch interval i</u>	dispatch instructions are not sufficiently covered by the trading amounts related to settlement intervals with dispatch intervals. This implies that the approved rate (plant cost) should be higher than the FEDP or market price.		
Billing and Settlement of Additional Compensation	10.4	10.4.1	The <i>Market Operator</i> shall determine the share in the additional compensation amount of each <i>Trading Participant</i> in accordance	10.4.1– <u>10.4.2</u> The <i>Market Operator</i> shall determine the share in the additional compensation amount of each <i>Trading Participant</i> in accordance with the provisions under Section 8.3 of the Price Determination Methodology Manual. <u>For each claim category, the additional compensation amount shall be</u>	To specify the process of recovery of additional compensation for claims other than MRU as recommended by IES.	<u>PEMC:</u> For RCC's information, requesting to illustrate the use of formula.	Refer to attached illustrative sample <i>SAMPLE ADDITIONAL COMPENSATION.xls</i>		
					Renumbering due to insertion of new clause.	<u>MERALCO:</u> Customers should be able to validate the	Ok to publish so long as there's no violation of the Information	Adopt IEMOP's proposal (Provisionally	RCC adopted IEMOP's proposed amendment and will

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Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
		with the provisions under Section 8.3 of the Price Determination Methodology Manual.	<p><u>pro-rated among the customers in the same region based on gross energy settlement quantities in accordance with the following formula</u></p> $\text{Allocation}_{c,i} = \frac{\text{ACR}_{R,i} \times \text{GESQ}_{c,i}}{\sum_{c \in R} \text{GESQ}_{c,i}}$ <p><u>Where:</u> <u>Allocation_{c,i} refers to the amount recovered for customer c at dispatch interval i</u></p> <p><u>ACR_{R,i} refers to the Additional Compensation Claim for region R at dispatch interval i</u></p> <p><u>GESQ_{c,i} refers to the gross energy settlement quantity for customer c at dispatch interval i</u></p> <p><u>∑_{c ∈ R} GESQ_{c,i} refers to the total gross energy settlement quantity in region R at dispatch interval i</u></p>		<p>charges for additional compensation adjustment in their bill using information provided by the Market. Like other costs being charged to market participants, these amount for additional compensation and their supporting calculations should be transparent to all market participants.</p> <p>Considering that any additional compensation will increase the generation cost being passed on to end-users, we propose that these be published together with their supporting calculations to allow customers and the regulator to validate the additional charges.</p>	<p><u>The Market Operator shall publish the following data to enable the customer to validate the amount of additional compensation that has been charged to it.</u></p> <ol style="list-style-type: none"><u>Approved cost for recovery</u><u>Cost assumptions and parameters used in calculation of the approved cost</u><u>Spot sales</u><u>Approved additional compensation per generating unit</u> <p><u>The Market Operator shall likewise submit the said data to the Energy Regulatory Commission.</u></p>	<p>Disclosure and Confidentiality. We can publish the total and/or average figures but not indicate the specific claimant.</p> <p>As to cost assumption, these are borne out by the supporting documents submitted by the claimants while the parameters are already provided in the PDM.</p> <p>Does the last paragraph refer to the item 2 of the ERC's directive to submit to the Commission a monthly report on the approved additional compensation and the relevant intervals? If yes, maybe the last paragraph can specify/reflect that the submission to the ERC is monthly to be consistent with the item 2 in the directive?</p>	<p>approved in the caucus level)</p>	<p>add the provision re: publication.</p> <p><u>IEMOP to craft the wordings</u></p> <p><u>The Market Operator shall publish the following data to enable the customer to validate the amount of additional compensation that has been charged to it.</u></p> <ol style="list-style-type: none"><u>Approved cost for recovery</u><u>Cost assumptions and parameters used in calculation of the approved cost</u><u>Spot sales</u><u>Approved additional compensation per generating unit</u> <p><u>The Market Operator shall likewise submit the said data to the Energy Regulatory Commission.</u></p>
					<p><u>SPC/SIPC:</u></p> <p>The Market Operator process on the allocation of additional</p>	<p><u>SPC/SIPC:</u></p> <p>10.4.1– <u>10.4.2</u> The <i>Market Operator</i> shall determine the share in the additional</p>	<p>Only regional application is currently implemented in CRSS per PDM.</p>	<p>Adopt IEMOP's proposal (Provisionally</p>	

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Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
					<p>compensation amount among all the customers should be dynamic on the physical flow/exchanges of power in which it can have an exception specially during Islanding conditions. Thus, region wide pro-rated allocation of additional compensation amount among all the customers in that region is not rational/sensible since customers in an islanding situation did not use power from the generators outside islanding situation. A clear scenario of the Islanding situation is the Bohol islanding specially during the Typhoon Odette.</p>	<p>compensation amount of each <i>Trading Participant</i> in accordance with the provisions under Section 8.3 of the Price Determination Methodology Manual. <u>For each claim category, the additional compensation amount shall be pro-rated among the customers in the same region based on gross energy settlement quantities in accordance with the following formula</u></p> <p><u>However, during islanding situation, the customers from that islanding situation is excluded in the recovery of additional compensation amount and in the pro-rated among the customers in the same region</u></p> <p><u>$Allocation_{c,i} = \frac{ACR_{R,i} \times GESQ_{c,i}}{\sum_{c \in R} GESQ_{c,i}}$</u></p> <p><u>Where:</u> <u>Allocation_{c,i} refers to the amount recovered for customer c at dispatch interval i</u></p> <p><u>ACR_{R,i} refers to the Additional Compensation Claim for region R at dispatch interval i</u></p> <p><u>GESQ_{c,i} refers to the gross energy settlement quantity for customer c at dispatch interval i</u></p>	<p>This comment/proposal of SPC/SIPC will require approval of ERC since it's not in the current PDM</p>	<p>approved in the caucus level)</p>	

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Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
						<u>$\sum_{C \in R} GESQ_{C,i}$ refers to the total gross energy settlement quantity in region R at dispatch interval i</u>			
Billing and Settlement of Additional Compensation	10.4	10.4.2 The <i>Market Operator</i> shall calculate the possible rate impact to each <i>WESM Customer</i> of each approved claim in accordance with the following formula: xxxx	10.4.2 10.4.3 The <i>Market Operator</i> shall calculate the possible rate impact to each <i>WESM Customer</i> of each approved claim in accordance with the following formula: xxxx	Renumbering due to insertion of new clause.				Adopt IEMOP's proposal (Provisionally approved in the caucus level)	
Billing and Settlement of Additional Compensation	10.4	10.4.3 The approved claim of each <i>Trading Participant</i> covering each <i>billing period</i> and for each claim category shall be billed on the <i>billing period</i> immediately following the approval of the claim and payments shall be collected as follows: xxxx	10.4.3 10.4.4 The approved claim of each <i>Trading Participant</i> covering each <i>billing period</i> and for each claim category shall be billed on the <i>billing period</i> immediately following the approval of the claim and payments shall be collected as follows: xxxx	Renumbering due to insertion of new clause.				Adopt IEMOP's proposal (Provisionally approved in the caucus level)	
Billing and Settlement of Additional Compensation	10.4	10.4.4 The <i>Market Operator</i> shall collect payments for the approved claim within the following timeframe – xxxx	10.4.4 10.4.5 The <i>Market Operator</i> shall collect payments for the approved claim within the following timeframe – xxxx	Renumbering due to insertion of new clause.				Adopt IEMOP's proposal (Provisionally approved in the caucus level)	
Billing and Settlement of Additional Compensation	10.4	10.4.5 The collected amounts from staggered payments shall be pro-rated to the <i>Trading Participants</i> which the payment is due.	10.4.5 10.4.6 The collected amounts from staggered payments shall be pro-rated to the <i>Trading Participants</i> which the payment is due.	Renumbering due to insertion of new clause.				Adopt IEMOP's proposal (Provisionally approved in the caucus level)	

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WESM Manual on Billing and Settlement Issue 10.1									
Title	Sec	Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Proponent's Response	RCC Caucus Decision (01 Sep 2022)	RCC Decision (16 Sep 2022)
Billing and Settlement of Additional Compensation	10.4	10.4.6 The payment for additional compensation of customers that have switched to a different <i>Direct WESM Member</i> shall be billed to the current <i>Direct WESM Member</i> provided that the bill shall reflect the period of consumption and the corresponding <i>Direct WESM Member</i> during the period of the additional compensation event under claim.	10.4.6 10.4.7 The payment for additional compensation of customers that have switched to a different <i>Direct WESM Member</i> shall be billed to the current <i>Direct WESM Member</i> provided that the bill shall reflect the period of consumption and the corresponding <i>Direct WESM Member</i> during the period of the additional compensation event under claim.	Renumbering due to insertion of new clause.				Adopt IEMOP's proposal (Provisionally approved in the caucus level)	

Note: Please underline and put in bold letters the proposed changes to the Market Rules or Manual.

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Annex C : IEMOP's Advisory on ERC's Guidelines on Claims for Additional Compensation
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[24 August 2022 Advisory on Energy Regulatory Commission's Guidelines on Claims for Additional Compensation]

Dear Market Participants:

This is to inform you that in its Letter dated 18 July 2022, the Energy Regulatory Commission (ERC) issued further guidelines on the filing of additional compensation which allows oil-based, natural gas, coal and geothermal plants to file applications to recover additional compensation for the trading intervals where the cumulative price threshold (CPT) has been breached and the price cap is in effect.

The claims for additional compensation shall be filed in accordance with the requirements, processes, timelines, and other provisions of the ERC Decision in ERC Case No. 2017-042 RC on the Price Determination Methodology and the WESM Manual on Billing and Settlement.

For natural gas, coal and geothermal power plants, please be reminded to observe the following timelines for filing of claims arising from imposition of secondary price cap:

Covered Period	Deadline for Filing of Claim
18 July 2022 to 23 August 2022	13 September 2022
24 August 2022 onwards	within fourteen (14) working days after the imposition of the secondary price cap has been lifted

Oil-based plants are expected to have filed their claims for secondary price cap imposition on 18 July 2022 onwards following the prescribed schedule. Thus, the extension of the deadline stated above shall not apply.

For the filing of your claims, please fill-out the attached Notice of Claims template and submit the same on or before the deadline via the following modes:

Electronic filing : accounts.management@iemop.ph.

Personal/Courier : Independent Electricity Market Operator of the Philippines Inc.
 9th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center,
 Pasig City, Philippines 1600

Please note that for purposes of evaluating the timeliness of your filing, IEMOP shall refer to the actual date of its receipt of notice of claim.

For your reference, a copy of the ERC Letter dated 18 July 2022 is herein attached and is also available in IEMOP's Website and may be downloaded via: [insert link upon upload].

Should you have request for clarification or concern regarding this matter, you may contact us at 5318-9376 local nos. 272, 353 and 320 or send us an email at accounts.management@iemop.ph.

Thank you.

IEMOP

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REF. No. OCS-BMH-22-08



18/F Robinsons Equitable Tower,
 ADB Avenue, Ortigas Center,
 Pasig City, Philippines 1600
 Tel: (632) 8631-8734 Fax: (632) 8636-0602
www.wesm.ph

51st REGULAR PEM BOARD MEETING HIGHLIGHTS (31 August 2022; Hybrid: In person at the PEMC Board Room and via Video Conferencing on Zoom)

MATTERS ARISING FROM PREVIOUS MINUTES	
AGENDA ITEM	BOARD ACTION/UPDATE
2 Updates on the Proposal Regarding Non-Security Limit Overriding Constraints (For approval)	<p>On behalf of the Rules Change Committee (RCC), Atty. Jesusito G. Morillos presented the Proposal Regarding Non-Security Limit Overriding Constraints, for the Board's approval and submission to the DOE for final approval.</p> <p>Atty. Morillos said that the RCC is reverting on a recommendation that the proposal be remanded for further study. He then proceeded to explain the rationale of the proposal: first, to facilitate requests to the System Operator (SO) for priority dispatch of hydropower plants through the imposition of Non-Security Limit Overriding Constraints when immediate pre-emptive lowering of the reservoir elevation is necessary in anticipation of calamities; second, to optimize utilization of reservoir-stored water through power generating turbines instead of spilling excess water through dam spillway.</p> <p>Atty. Morillos explained that the proposal is to add "Dam Operations during Local Calamities" as additional category of Non-Security Limit Overriding Constraints. He added that there will be no change on the price-taking and that generating units requesting imposition of Non-Security Limit Overriding Constraints shall submit MW profile to the SO two (2) business days prior to the spilling operations. He likewise noted that the NPC as dam operator is cognizant that strategizing offers is still the primary manner by which its trading participant could increase the likelihood of being dispatched, and in so doing, facilitate the pre-emptive release of stored water from the dams, and NPC also may need to change its coordination protocols with the plant operator. However, Atty. Morillos explained that some dams under the NPC's management have characteristics making the discharge of water through spillway gates to decrease reservoir elevation during local calamities disadvantageous and even life-threatening to the surrounding communities.</p> <p>By way of example, Atty. Morillos said that in the case of the Caliraya dam, it has a short river channel making water discharged through the spillway gates reach the heavily populated communities near the reservoir in a short amount of time and, in the case of San Roque and Angat dams, they have large capacities and water releases during calamities with heavily populated areas downstream. He added that the situation on the ground is that weather forecasts are not 100% accurate and managing the risk is difficult and challenging as changes in weather conditions occur unexpectedly. He then</p>



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noted that the imposition is still subject to the SO's assessment such that if grid security will be compromised, the request shall be denied. Chair Aboboto asked whether there are practically five (5) new amendments that the RCC is introducing, which Atty. Morillos confirmed.

Dir. Aboitiz stated that he continues to advocate on the same position he advocated for during the last meeting, which is to be very circumspect about making any changes that will distort the operations of the market. He noted that his question remains unanswered and posed another question relating to the statement that there will be no change in compensation. He noted that when one is a must-run, it is allowed to file for additional compensation. He then asked if must-run entities are waiving their right to additional compensation. Chair Aboboto confirmed that there is really a way to claim additional compensation. Atty. Morillos answered that the priority is not on the commercial side but on the safe side, noting the short river channel and the risk that is impacted on the population downstream.

Dir. Aboitiz further asked if the rationale can be achieved by simply adjusting bids and offers to the WESM. Atty. Morillos answered that the proposal involves a price-taker and explained that the situation on the ground is difficult to manage considering the short river channel and added that forecasts are not very accurate. Dir. Aboitiz noted that his question was not addressed and that he is very familiar with Caliraya, the river channel being referred to, which he described to be deep and protected. Atty. Morillos commented that the report which reached the RCC mentioned Angat and Caliraya as they have huge volumes, which is the premise considered in making the proposal.

Chair Aboboto clarified if the concern is more of a technical question rather than a commercial issue. Dir. Aboitiz noted that it is a matter that can be resolved commercially, that is, instead of putting the plant on security limit, the bid can be changed, there will be dispatch, and the longest possible time to wait is five (5) minutes. Chair Aboboto then asked Atty. Morillos if the RCC can consider the suggestion. Atty. Morillos answered that the RCC had a long interpellation on the point and thereafter took a vote considering matters that are more visible to people who are on the ground, and the turnout was 10:2 with more votes in favor. Chair Aboboto then stated that the RCC should study the matter again to figure out how the suggestion could be accommodated.

Dir. Laniba asked how the proposal will affect the rates for end-users, which Dir. Aboitiz recognized as an excellent question. Atty. Morillos said that if the question poses a constraint such that the proposed amendment will require the NPC to waive additional compensation, then the RCC can look at the proposal again.

Dir. Aboitiz raised that the SO, during an emergency, has the right to declare suspension of the market, take over, and dispatch all the units in consideration of system security and dam levels, thus having control. Thus, he expressed his hesitation on approving the proposal. Dir. Concepcion commented that the matter involves a fundamental question, such that there must be a deeper analysis so that there is no changing the rules only to suit a particular situation. He also recognized Dir. Aboitiz's point that the SO still has the control over the dispatch, thus, he cannot also see the rationale for the proposal. Atty. Morillos stated that the objective is to minimize the risk



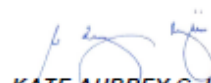
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	<p>downstream, which Dir. Concepcion noted to be an ongoing matter that the SO is doing. Thus, Dir. Concepcion asked, assuming that NPC agrees to a waiver, whether all the other generators would agree. Chair Aboboto then recalled that pricing is also Dir. Laniba's concern.</p> <p>Atty. Morillos stated that the proposed item is very limited to dam operations during local calamities so it may not impact on the other power concessionaires. Ms. Karen Varquez clarified that the request is not for an MRU category but as non-security limit overriding constraint, such that there may be a marginal decrease in prices since higher priced generators will be bumped off during extreme weather conditions. Mr. John Mark Catriz added that the key difference is that MRUs are entitled to additional compensation request or claim, while power plants that are on security limits or even non-security limit overriding constraints are not entitled to claim for additional compensation. Dir. Aboitiz recognized the point as to pricing and noted that other points remain unanswered.</p> <p>Dir. Go suggested that the RCC take another look at the proposal's effect to the generators. Chair Aboboto recognized the concern of the generators since the concern of the DUs has been addressed.</p> <p>Pres. Pulido followed up on the point raised by Dir. Concepcion as to leaving the matter with the able hands of the SO if the rules are already in place. Atty. Morillos noted that there is no documentary basis for the SO to act on a request as a Non-Security Limit Overriding Constraint. Pres. Pulido, Dir. Concepcion, and Dir. Agdigos recognized a catch-all provision that authorizes the SO to deal with the matter in case of emergencies. Chair Aboboto then requested that the proposal be remanded to the RCC to reconcile the concerns.</p> <p>Upon motion duly seconded, the Board remanded to the Rules Change Committee the Proposal Regarding Non-Security Overriding Constraints for further discussion.</p> <p>(PEM Board Resolution No. 2022-51-01)</p>
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Prepared by:


KATE AUBREY G. HOJILLA
 Corporate Secretary

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SIMULATION RESULTS

NPC Proposal on Over-riding Constraints Criteria

16 September 2022 | MS Teams

BACKGROUND

31 Aug 2022 –
51st PEM
Board Meeting

On behalf of the RCC, Atty. Sit Morallos presented the (NPC) proposal regarding non-security limit over-riding constraints, for the Board's approval and submission to the DOE for final approval

Dir. Ellen Go (Generation) suggested that the RCC take another look at the proposal's effect to the generators.

This is noting that there may be a decrease in prices since higher priced generators will be bumped off during extreme weather conditions and hydroelectric plants will be included as non-security limit over-riding constraints (as per NPC's proposal).

PRESENTATION TITLE



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SIMULATION OVERVIEW

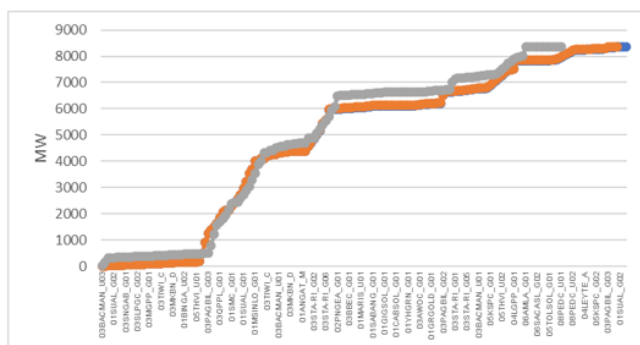
- Plants at NPC dams – Angat, Caliraya, and San Roque
- Intervals with weather disturbances and heavy rainfall affecting the dams
- Decrease in market prices
 - Offers submitted
 - Maximum stable load
 - Line constraints
 - Generators on outage and/or forced to shut-down due to over-generation

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PRESENTATION TITLE



RESULTS



- Baseline
- With offers not dispatched of plants at NPC dams
- With Pmax of plants at NPC dams

With NPC's proposal, decrease in market price during extreme weather disturbance causing threatening increase in dam levels -

- Negligible to minimal, if PSALM-Caliraya will be fully dispatched
- Minimal, if offered capacities by hydro plants will be fully dispatched
- Reach as low as PhP/MWh 0 if the Pmax of hydro plants will be dispatched

Market prices during these intervals already have lower market prices. Generators with higher priced offers will not be scheduled but may be dispatched as MRU by the SO.

Market intervention/suspension may also be declared by the SO/ERC.

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PRESENTATION TITLE



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**Philippine Electricity
Market Corporation**

Connect with PEMC

 pemc.info@wesm.ph  +63 2 8631 8734  18F Robinsons Equitable Tower, ADB Avenue
Ortigas Center, Pasig City 1600, Philippines

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12 September 2022
OP-RJN-2022-0091

THE HONORABLE
RAPHAEL PERPETUO M. LOTILLA
Secretary
Department of Energy (DOE)
Energy Center, Rizal Drive
Taguig City

SUBJECT: Implementation of Department Circular No. DC2022-06-0022

Dear **Secretary Lotilla**:

This is to request guidance on the implementation of the newly promulgated Department Circular No. DC2022-06-0022 entitled "Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Manual on Registration, Suspension and De-Registration Criteria and Procedures (RSDCP) – General Enhancements to the Application Process of New WESM Members" ("Circular"). The Circular was published on 12 August 2022 and became effective on 27 August 2022. We received the copy of the Circular transmitted by the DOE on 25 August 2022.

Particularly, we would like to seek clarification whether the implementation of the Circular repeals Department Circular No. DC2022-05-0015 which recently took effect last 01 July 2022. The Circular, which is based on provisions of Department Circular No. DC2021-06-0013, mandates that generators without a Certificate of Compliance (COC) issued by the Energy Regulatory Commission (ERC) regardless of completion of test and commissioning activities shall not be authorized to inject power and shall not be entitled to any WESM payments. However, DC2022-05-0015, which is a supplemental policy to Department Circular No. DC2021-06-0013, allowed generators which have already secured a Final Certificate of Approval to Connect (FCATC), even if not yet issued with a COC by the ERC, to inject power to the grid and to be entitled to WESM payments.

Pending clarification from the DOE, we shall continue to implement processes as set forth in DC2022-05-0015. We also understand that in its letter dated 14 July 2022, the DOE has already instructed the Rules Change Committee to harmonize provisions of DC2022-05-0015 with PEMC's ongoing rules change proposal regarding the penalty framework for test and commissioning. In this regard, we support the harmonization of the relevant rules and manuals prior to implementation of the Circular to achieve a smooth transition to the prescribed new process.

Rest assured that IEMOP shall endeavor to implement the prescribed procedures under the Circular despite the existing system limitations. To address these limitations, we have included the required budget for system enhancements to enable efficient implementation of the updated registration procedures into the 9F Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City, Philippines 1600
Tel. (+632) 318-9376 | www.iemop.ph



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proposed supplemental market fee, which application will be filed with the Energy Regulatory Commission (ERC) for approval.

We shall await DOE's guidance on the foregoing matters. We shall be glad to address any questions or clarifications you may have on the foregoing. For this purpose, you may contact us through Atty. Lilibeth Grace L. Vetus at grace.vetus@iemop.ph.

Thank you.

Sincerely yours,



Richard J. Nethercott
President

cc: OIC Asec. Mario C. Marasigan, CESO III, DOE
Rules Change Committee



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IMPLEMENTATION OF DC2022-06-0022 AND HARMONIZATION OF RULES AND MANUALS RE: TEST AND COMMISSIONING



BACKGROUND

02

- On 17 April 2019, IEMOP received DOE letter regarding the prolonged test and commissioning of VRE plants, and directed the same to spearhead amendments to address the issue.
- 21 February 2021- RCC Deliberation of proposed amendments submitted by IEMOP
- 02 July 2021 - DOE issuance, DOE DC2021-06-0013, on general framework governing the Test and Commissioning of Generation Facilities requires harmonization to the WESM Manual on Registration and Deregistration
- August – October 2021: Updating of IEMOP's proposed amendments to harmonize with DC2021-06-0013 → RCC deliberation → PEM Board approval → Endorsement to DOE
- March 2022: DOE Public Consultations on the proposed amendments
- April 2022: IEMOP sent letter to DOE requesting to consider timeline of system enhancements in setting effectivity of proposed amendments related to test and commissioning
- May 2022: PEMC submitted Rules Change Proposal re: Penalty Framework for Test and Commissioning
- June 2022: DOE issued DC2022-05-0015 which amended provisions of DC2021-06-0013
- July 2022: DOE issued DC2022-06-0022 which approved the IEMOP's proposed amendments on Test and Commissioning (no changes were made to the version initially endorsed to DOE)

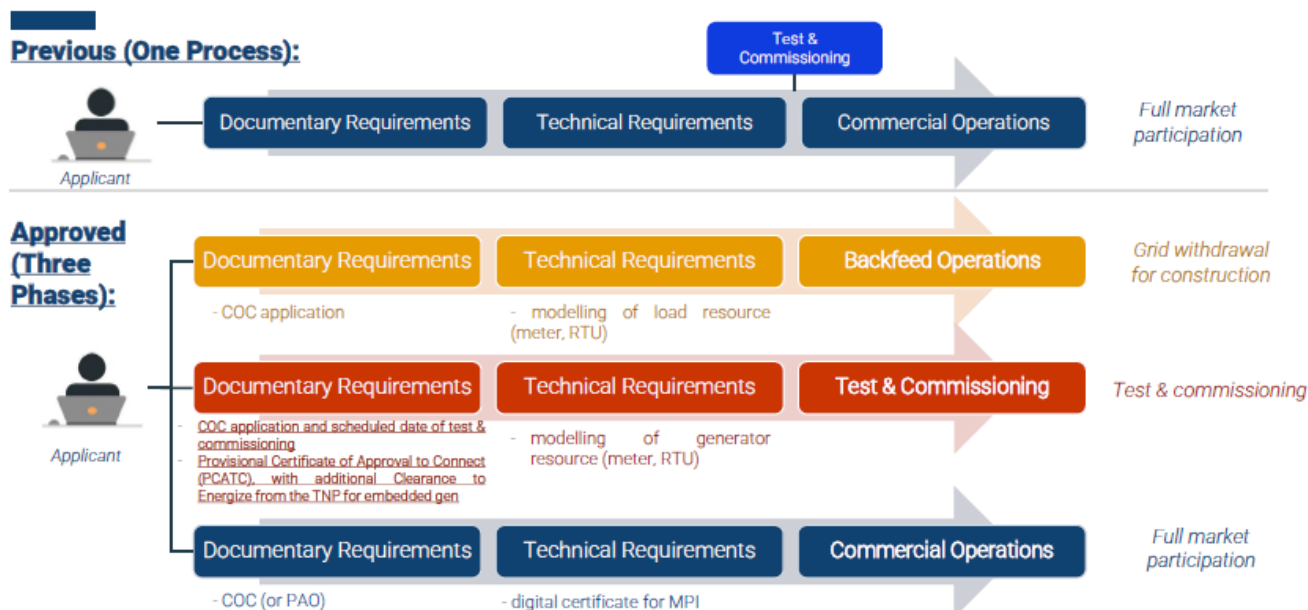


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SUMMARY OF THE AMENDMENTS (DC2022-06-0022)



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SUMMARY OF DC2022-06-0022

(In line with provisions of DC2021-06-0013)

	Start of T&C based on PCATC	Expiration of PCATC**	Start of Commercial Operations
MPI Access	Read-Only	Read-Only	Full Access for Offers/Nominations
Scheduling	Day-Ahead Nominations through SO	No scheduling	Based on Offers/Nominations submitted to MPI
Dispatch	Based on T&C req't considering day-ahead nominations	There should be no generator dispatch	Based on MW schedules
Settlement	Allowed to declare BCQ	Not Allowed to declare BCQ	Allowed to declare BCQ
	Entitled to WESM payments due to injections	Not entitled to WESM payments due to injections*	Entitled to WESM payments due to injections
	Liable for WESM charges due to withdrawals		

*MO flows back payments received from withdrawing TPs corresponding to unauthorized injection

**IEMOP to engage TP for WESM Operations orientation

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DISCUSSION POINTS

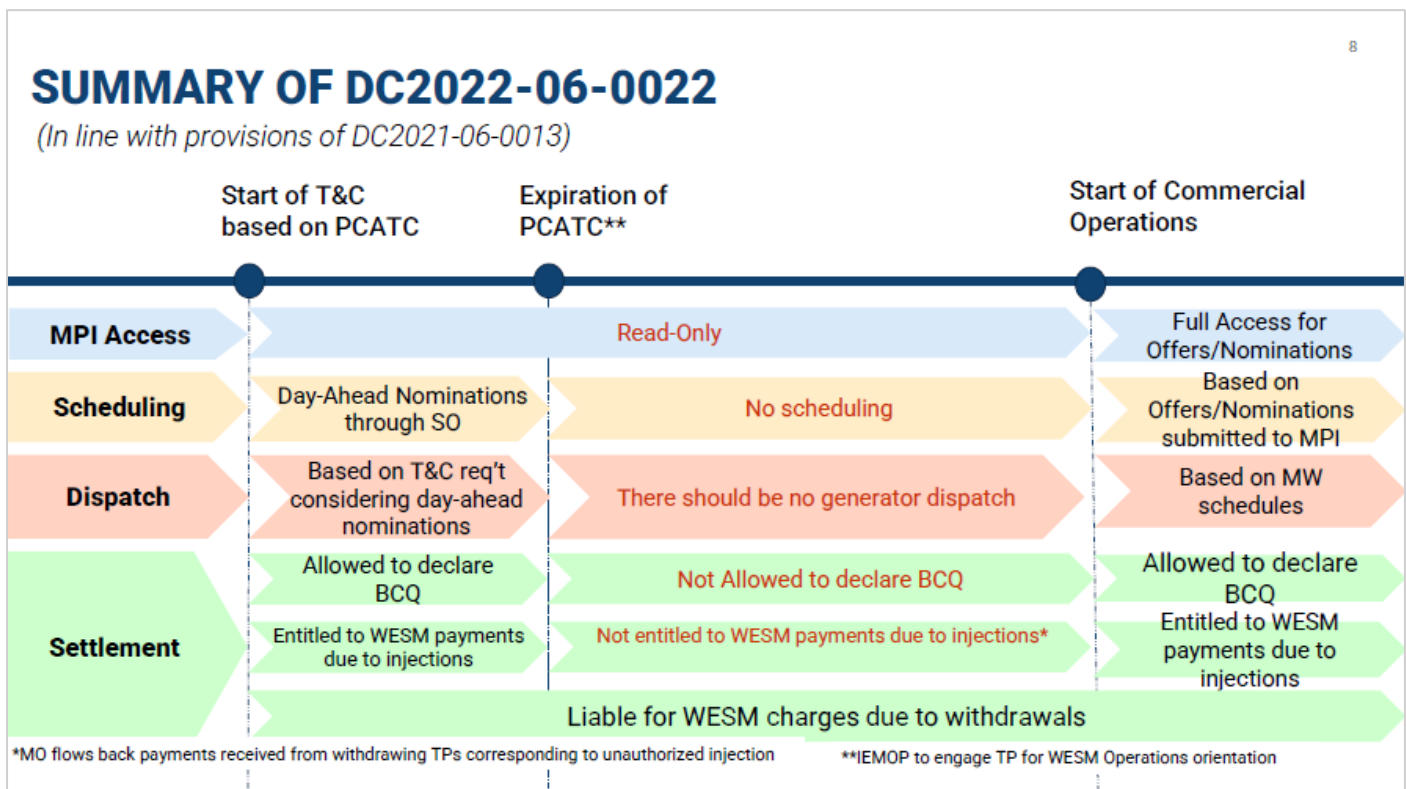
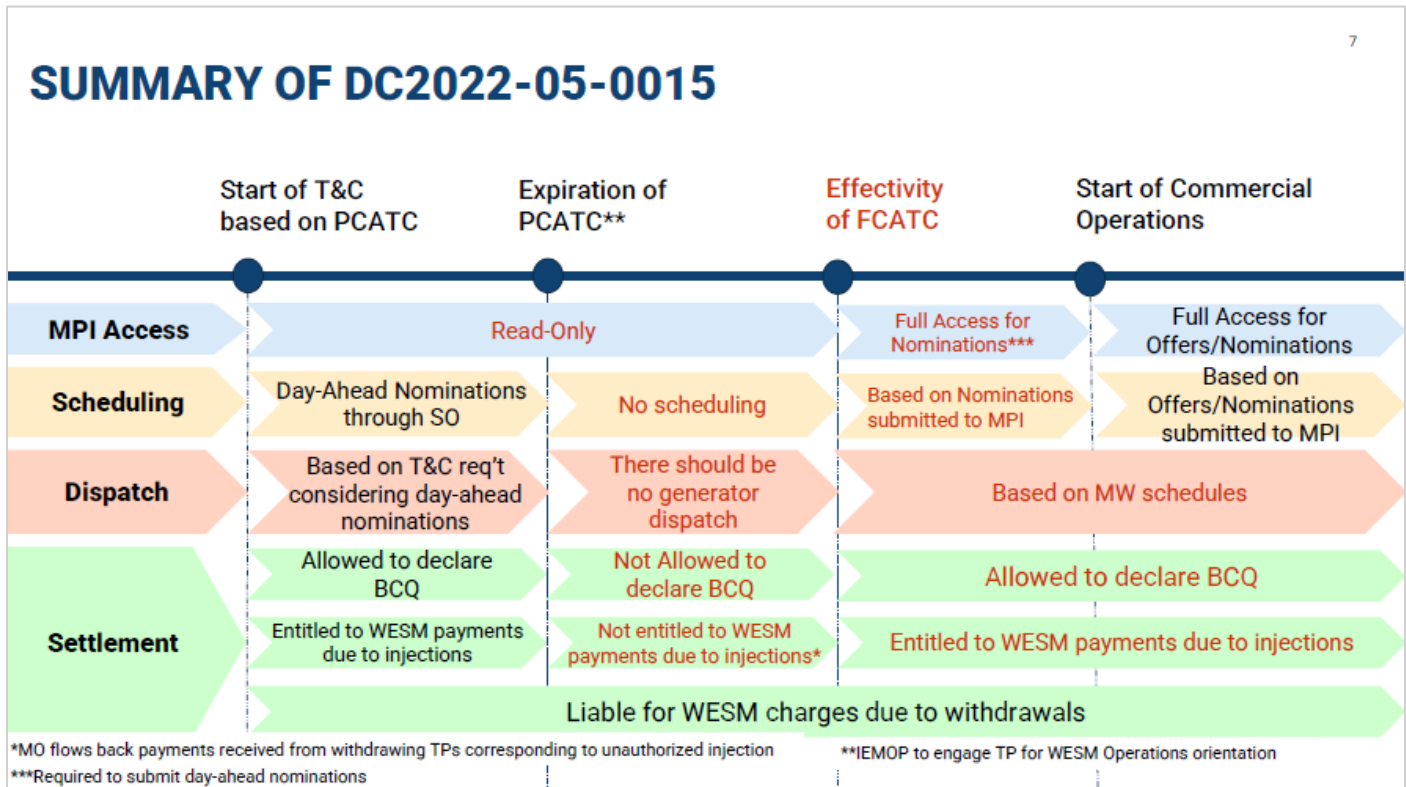
1. Whether DC2022-06-0022 repeals earlier issued DC2022-05-0015
2. If DC2022-05-0015 still applies, other provisions of the WESM RSDCP Manual not covered by PEMC's proposal also need to be harmonized
3. Definition of "Supply Customer" provided in DC2022-06-0022 is different from the definition in WESM RSDCP Issue 11.1 (previously amended through DC2022-03-0010)

#1: Whether DC2022-06-0022 repeals earlier issued DC2022-05-0015



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#2: If DC2022-05-0015 still applies, other provisions of the WESM RSDCP Manual not covered by PEMC's proposal also need to be harmonized



TOPIC TITLE 10

Provisions in the WESM-RSDCP Manual covered by PEMC Proposal on Penalty Framework for Test and Commissioning (already updated in line with DC2022-05-0015)

- Clause 2.5.7.3 (a)
- Clause 2.5.7.3 (g)
- Clause 2.5.7.3 (h)

Other provisions for updating in line with DC2022-05-0015

- Clause 2.5.6.1 (h)
- Clause 2.5.7.3 (f)



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#3: Definition of "Supply Customer" provided in DC2022-06-0022 is different from the definition in WESM RSDCP Issue 11.1 (previously amended through DC2022-03-0010)



TOPIC TITLE 12

DEFINITION OF SUPPLY CUSTOMER

DC2022-06-0022	WESM RSDCP Issue 11.1 (previously amended through DC2022-03-0010)
Supply Customer - Customers connected to the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators under any power supply agreement or contract.	Supply Customer - Customers or Generation Companies that purchase electricity under any power supply agreement replacement power arrangement or contract with a Generation Company or Retail Electricity Supplier

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RECOMMENDATIONS

Harmonize ongoing rules change proposal based on DOE clarification and consider inclusion of additional amendments based on foregoing observations

