



Rules Change Committee 2019 Semestral Report

July to December 2019

JANUARY 2020

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

PEMC
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Table of Contents

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| I. INTRODUCTION | 1 |
| II. ACCOMPLISHMENTS AND WORK PROGRESS..... | 1 |
| II.A. Summary of Proposed Amendments | 3 |
| II.B. Proposals Approved by the RCC..... | 7 |
| 1. Proposed Amendments to the WESM Manual on Metering Standards and Procedures Issue 12.0 (ORCP-WM-19-07) | 7 |
| 2. Proposed Amendments to the WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units (ORCP-WM-19-08) . | 7 |
| 3. Proposed Amendments to the WESM Rules regarding the WESM Compliance Officers Accreditation Program (ORCP-WR-19-09 and 09B)..... | 8 |
| 4. Proposed Amendments to the WESM Rules and Various Market Manuals for the Implementation of the DOE Circular Providing the Framework Governing the Operations of Embedded Generators (ORCP-WR-WM-19-10)..... | 9 |
| 5. Proposed Amendments to the WESM Rules and WESM Registration Manual to Harmonize with Republic Act 11234 and Additional Requirements for De-registration and Cessation (ORCP-WR-WM-19-11)..... | 10 |
| 6. Proposed General Amendments to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements (ORCP-WR-WM-19-12) | 10 |
| 7. Proposed Amendments to Include Additional Constraint Violation Coefficients to Reflect the Dispatch Hierarchy of Self-Scheduled Generation (ORCP-WM-19-13) | 11 |
| 8. Proposed Amendments to the WESM Manual on Dispatch Protocol for the Optimal Timing of Market Runs (ORCP-WM-19-14)..... | 12 |
| 9. Proposed Amendments to WESM Manuals to Clarify Procedures for the Registration of a New Load Facility (ORCP-WM-19-15)..... | 12 |
| 10. Proposed Amendments to the Retail Rules and Various Retail Manuals to Harmonize with ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers (ORCP-RR-RM-19-16).... | 13 |
| II.C. On-Going Proposals and Discussions | 13 |
| II.D. Status Update of Proposals Approved by the Rules Change Committee and the PEM Board from 2018 to December 2019 | 16 |
| III. WAY FORWARD | 18 |
| ANNEX A: Number of Proposed Amendments | 21 |
| ANNEX B: Members of the RCC as of December 2019..... | 22 |
| ANNEX C: Status of the Rules Change Committee Work Plan for 2019..... | 23 |

I. INTRODUCTION

In compliance with its mandate under the WESM Rules¹ and the WESM Manual on the Procedures for Changes to the WESM Rules (“Rules Change Manual”), the Rules Change Committee (RCC) submits this Report, covering the period July to December 2019. This report sets out the following:

- i. All proposals to amend the Market Rules and Manuals which have been submitted to and deliberated upon by the RCC for the covered period; and
- ii. Status of RCC priorities outlined in the 2019 RCC Work Plan.

II. ACCOMPLISHMENTS AND WORK PROGRESS

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

For the second half of 2019, the RCC has completed its review and processing of eighteen (18) proposals for changes in Market Rules and Manuals, which includes the adoption of one (1) new Market Manual. In total, the RCC completed the deliberation of forty-one (41) proposed changes in 2019.

From July 2005 to December 2019, the RCC has completed the processing of 280 amendments to the Market Rules and Manuals (see Annex A for the number of proposals processed per year beginning 2005 until 2019).

Table 1: Number of Proposed Amendments Processed by RCC

| Documents | Jan to Jun 2019 | Jul to Dec 2019 | Total 2019 | Cumulative Total 2005 to 2019 |
|-----------------------|--------------------|--------------------|---------------|----------------------------------|
| WESM Rules | 6 | 4 | 10 | 86 |
| WESM Manuals | 11 | 11 | 22* | 170 |
| Retail Rules | 2 | 1 | 3 | 9 |
| Retail Manuals | 4 | 2 | 6 | 15 |
| TOTAL | 23 | 18 | 41 | 280 |

*Includes two (2) new Market Manuals adopted in 2019

¹WESM Rules, Clause 8.6.5.

Of the 280 proposals deliberated upon since 2005, the RCC disapproved nine (9) proposals or 3.2% of the total. Some of these were re-developed and re-submitted by the proponent/s to the RCC as new proposals.

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

Table 2: Table of Proposed Amendments Submitted to and Approved by RCC in 2019 (by Proponent)

| Proponent | Proposals Submitted (% of Total) | Proposals Approved |
|-----------------------------------------------|-------------------------------------|--------------------|
| Market Operator | 36 (77%) | 31 |
| PEMC/WESM Governance Committees | 9 (19%) | 9 |
| Market Participants/ WESM Stakeholders | 2 (4%) | 1 |
| TOTAL | 47* (100%) | 41** |

**Includes fourteen (14) proposals carried over from 2018*

*** Remaining six (6) proposals are carried over to 2020*

The RCC, as part of its consultation process, published all proposals in the PEMC website to solicit comments from interested parties, with commenting period of 30 days. Comments received were discussed during the RCC deliberation of the proposals. For the second half of 2019, the RCC issued ten (10) Resolutions approving the endorsement of the proposals to the PEM Board. All of these, were endorsed to the DOE.

A summary of the RCC's deliberations on proposed amendments during the period January to December 2019 are provided in the succeeding sections. All the minutes of the RCC's meetings and Resolutions are published in the PEMC website² for public information.

² http://www.wesm.ph/inner.php/downloads/rcc_meeting_minutes

II.A. Summary of Proposed Amendments

The table below presents a status summary of all proposals submitted to the RCC in 2019. Brief discussions on the proposals, both completed and on-going, are further provided following Table 3 and in Sections II.B and II.C of this Report.

Table 3: Summary of Proposals Submitted to RCC (2019)

| Item | Proponent | Control No. | Proposal | Submitted to RCC | Date Published | Deadline of Commenting Period | Comments Received | Action Taken by RCC | RCC Resolution | Action Taken by PEM Board | PEM Board Resolution | Date Submitted to DOE |
|------|-----------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|-------------------------------|-----------------------------------------|---------------------|---------------------|---------------------------|--------------------------|-----------------------|
| 1 | IEMOP | ORCP-WM-19-01 | Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures to Include Additional Modelling Requirements and Procedures | 12-Feb-19 | 26-Feb-19 | 10-Apr-19 | DOE, Technical Committee | APPROVED | 19-05 (12 Apr 2019) | APPROVED | 2019-12-04 (29 May 2019) | 06-Jun-19 |
| 2 | IEMOP | ORCP-WM-19-02 | Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures to Harmonize with WESM Rules Changes | 12-Feb-19 | 26-Feb-19 | 10-Apr-19 | DOE, Technical Committee, NGCP, MERALCO | APPROVED | 19-05 (12 Apr 2019) | APPROVED | 2019-12-04 (29 May 2019) | 06-Jun-19 |
| 3 | IEMOP | ORCP-WM-19-03 | Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures to Clarify Basis for Registered Capacities of Generating Units in the WESM | 12-Feb-19 | 26-Feb-19 | 10-Apr-19 | DOE, NGCP, MERALCO, SPC | APPROVED | 19-05 (12 Apr 2019) | APPROVED | 2019-12-04 (29 May 2019) | 06-Jun-19 |
| 4 | IEMOP | ORCP-WR-WM-19-04 | Proposed Amendments to the WESM Rules and Manual on Metering Standards and Procedures to Clarify the Entity Monitoring Wholesale Metering Services Provider Performance | 12-Feb-19 | 26-Feb-19 | 10-Apr-19 | DOE, Technical Committee, NGCP, MERALCO | APPROVED | 19-06 (12 Apr 2019) | APPROVED | 2019-12-04 (29 May 2019) | 06-Jun-19 |

| Item | Proponent | Control No. | Proposal | Submitted to RCC | Date Published | Deadline of Commenting Period | Comments Received | Action Taken by RCC | RCC Resolution | Action Taken by PEM Board | PEM Board Resolution | Date Submitted to DOE |
|------|-----------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|-------------------------------|-----------------------------------------------------|---------------------|------------------------|---------------------------|-----------------------------|-----------------------|
| 5 | IEMOP | ORCP-WR-WM-19-05 | Proposed Urgent Amendments to the (1) WESM Rules and (2) WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements | 12-Feb-19 | n/a | n/a | n/a | APPROVED | 19-01 (22 Feb 2019) | APPROVED | 2019-10-07 (23 Apr 2019) | 14-May-19 |
| 6 | PEMC | ORCP-WR-WM-19-06 | Proposed Urgent Amendments to the WESM Rules and New Market Manual on the Contingency Plan during Prolonged Market Systems Failure | 15-Mar-19 | n/a | n/a | n/a | APPROVED | 19-07 (17 May 2019) | APPROVED | 2019-12-04 (29 May 2019) | 06-Jun-19 |
| 7 | NGCP | ORCP-WM-19-07 | Proposed Amendments to the WESM Manual on Metering Standards and Procedures | 03-Apr-19 | 15-Apr-19 | 30-May-19 | DOE, IEMOP, Technical Committee, PEMC, MERALCO, SPC | APPROVED | 19-10 (19 Jul 2019) | APPROVED | 2019-14-07 (31 Jul 2019) | 19-Aug-19 |
| 8 | PEMC | ORCP-WM-19-08 | Proposed Amendments to the WESM Manual on Procedures for Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units | 11-Apr-19 | 15-Apr-19 | 30-May-19 | IEMOP, DOE, NGCP, WEDAP, SPC, APC | APPROVED | 19-11 (19 Jul 2019) | APPROVED | 2019-14-08 (31 Jul 2019) | 19-Aug-19 |
| 9 | PEMC | ORCP-WR-19-09 | Proposed Amendments to the WESM Rules regarding WESM Compliance Officers' Accreditation Program | 10-May-19 | 20-May-19 | 02-Jul-19 | TPEC, SPC/SIPC, APC | APPROVED | 19-19 (06 Dec 19) | APPROVED | 2019-19-03 (11 Dec 2019) | 20-Jan-20 |
| 10 | PEMC | ORCP-WM-19-09B | Proposed New WESM Manual regarding WESM Compliance Officers' Accreditation Program | 11-Sep-19 | 24-Sep-19 | 06-Nov-19 | SNAP, SPC/SIPC, APC | APPROVED | 19-19 (06 Dec 19) | APPROVED | 2019-19-03 (11 Dec 2019) | 20-Jan-20 |
| 11 | IEMOP | ORCP-WR-WM-19-10 | Proposed Amendments to the WESM Rules and Various Market Manuals for the Implementation of the DOE DC2019-02-0003 Providing for the Framework | 10-Jun-19 | 25-Jun-19 | 06-Aug-19 | PEMC, Technical Committee, NGCP, | APPROVED | 19-14 (20 Sep 2019) | APPROVED | 2019-16-03 (25 Sep 2019) | 02-Oct-19 |

| Item | Proponent | Control No. | Proposal | Submitted to RCC | Date Published | Deadline of Commenting Period | Comments Received | Action Taken by RCC | RCC Resolution | Action Taken by PEM Board | PEM Board Resolution | Date Submitted to DOE |
|------|-----------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|-------------------------------|------------------------------|---------------------|------------------------|---------------------------|-----------------------------|-----------------------|
| | | | Governing the Operations of Embedded Generators | | | | Panasia/MEI, MERALCO | | | | | |
| 12 | IEMOP | ORCP-WR-WM-19-11 | Proposed Amendments to the WESM Rules and WESM Registration Manual to Harmonize with R.A. 11234 and Additional Requirements for De-registration and Cessation | 10-Jun-19 | 25-Jun-19 | 06-Aug-19 | none | APPROVED | 19-15 (20 Sep 2019) | APPROVED | 2019-16-04 (25 Sep 2019) | 02-Oct-19 |
| 13 | IEMOP | ORCP-WR-WM-19-12 | Proposed General Amendments to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements | 10-Jun-19 | 25-Jun-19 | 06-Aug-19 | HEDCOR, MERALCO | APPROVED | 19-12 (16 Aug 2019) | APPROVED | 2019-15-03 (28 Aug 2019) | 05-Sep-19 |
| 14 | IEMOP | ORCP-WM-19-13 | Proposed Amendments to the WESM Manual on CVC-PR to Include Additional CVCs to Reflect the Dispatch Hierarchy of Self-Scheduled Generation | 10-Jun-19 | 25-Jun-19 | 06-Aug-19 | SPC/SIPC | APPROVED | 19-13 (16 Aug 2019) | APPROVED | 2019-15-04 (28 Aug 2019) | 05-Sep-19 |
| 15 | IEMOP | ORCP-WM-19-14 | Proposed Amendments to the WESM Manual on Dispatch Protocol for the Optimal Timing of Market Runs | 14-Aug-19 | 20-Aug-19 | 03-Oct-19 | PEMC, SNAP-Benguet, GBP, APC | APPROVED | 19-16 (08 Nov 19) | APPROVED | 2019-18-08 (11 Dec 2019) | 19-Dec-19 |
| 16 | IEMOP | ORCP-WM-19-15 | Proposed Amendments to WESM Manuals to Clarify Procedures for the Registration of a New Load Facility | 14-Aug-19 | 20-Aug-19 | 03-Oct-19 | PEMC, SNAP, GBP, APC | APPROVED | 19-17 (15 Nov 19) | APPROVED | 2019-18-09 (11 Dec 2019) | 19-Dec-19 |
| 17 | IEMOP | ORCP-RR-RM-19-16 | Proposed Amendments to the Retail Rules and Various Retail Manuals to Harmonize with ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers | 14-Aug-19 | 20-Aug-19 | 03-Oct-19 | PEMC, SPC, APC, MERALCO | APPROVED | 19-18 (08 Nov 19) | APPROVED | 2019-18-10 (11 Dec 2019) | 19-Dec-19 |

| Item | Proponent | Control No. | Proposal | Submitted to RCC | Date Published | Deadline of Commenting Period | Comments Received | Action Taken by RCC | RCC Resolution | Action Taken by PEM Board | PEM Board Resolution | Date Submitted to DOE |
|------|-----------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|-------------------------------|---------------------------------|---------------------|------------------------------------------------------------|---------------------------|----------------------|-----------------------|
| 18 | IEMOP | ORCP-WM-19-17 | Proposed Amendments to the WESM Manual on Metering Standards and Procedures to Harmonize with the Site Specific Loss Adjustment Procedures of the Wholesale MSP | 14-Oct-19 | 22-Oct-19 | 04-Dec-19 | Technical Committee, NGCP, PEMC | APPROVED | 20-01 (24 Jan 20) <i>For submission to PEM Board</i> | -- | -- | -- |
| 19 | IEMOP | ORCP-WM-19-18 | Proposed Amendments to the WESM Dispatch Protocol Manual to Enhance Procedures in Must-Run Unit Accounting | 14-Oct-19 | 22-Oct-19 | 04-Dec-19 | PEMC, NGCP, SPC/SIPC, MEI | <i>(on-going)</i> | -- | -- | -- | -- |
| 20 | IEMOP | ORCP-WR-WM-19-19 | Proposed Amendments to the WESM Rules and WESM Manual on Market Operator Information Disclosure and Confidentiality to Provide Exceptions for Confidentiality Undertaking for Oversight Bodies | 14-Oct-19 | 22-Oct-19 | 04-Dec-19 | PEMC, APC, SPC/SIPC | APPROVED | 20-02 (17 Jan 20) <i>For submission to PEM Board</i> | -- | -- | -- |
| 21 | IEMOP | ORCP-WM-19-20 | Proposed Amendments to the WESM Registration Manual for General Enhancements to the Application Process of New WESM Members | 29-Nov-19 | 10-Dec-19 | 28-Jan-20 | <i>(on-going)</i> | -- | -- | -- | -- | -- |
| 22 | MERALCO | ORCP-WM-19-21 | Proposed Amendments to the WESM Manual on Metering Standards and Procedures (Issues 11.0 and 12.0) regarding Current Transformer Requirements | 29-Nov-19 | 12-Dec-19 | 30-Jan-20 | <i>(on-going)</i> | -- | -- | -- | -- | -- |

II.B. Proposals Approved by the RCC during the period July to December 2019

1. Proposed Amendments to the WESM Manual on Metering Standards and Procedures Issue 12.0 (ORCP-WM-19-07)

The proposal was submitted by the National Grid Corporation of the Philippines (NGCP) in order to align the WESM Manual on Metering Standards and Procedures with the procedures and standards set forth in the Philippine Grid Code (PGC), Philippine Distribution Code (PDC), issuances from the DOE and ERC and other international and national standards.

Taking into consideration the comments received, the proponent's responses and subsequent deliberations on 21 June and 19 July 2019, the RCC approved the following proposed amendments:

- clarified that site-specific loss adjustment (SSLA) shall be applied to the meter data if the metering point is located more than 500 meters from the connection point, otherwise, no SSLA shall be applied;
- provided that main meters must have a mass memory capable of storing 5-minute interval data for a period of at least sixty (60) days;
- clarified that metering facilities, including those for embedded generators, must adhere to the technical requirements of the prevailing PGC or PDC, as applicable;
- clarified responsibilities of the Metering Services Provider on maintenance of metering facilities and submission of meter data to the Market Operator;
- enhanced procedures on Data Validation, Estimation and Editing in resolving missing data;
- provided condition when the MO may suspend the issuance of a Meter Trouble Report;
- minor revisions for enhancements.

The PEM Board subsequently approved the same on 31 July 2019 and endorsed to the DOE on 19 August 2019 for final approval.

2. Proposed Amendments to the WESM Manual on Procedures for the Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units (ORCP-WM-19-08)

The subject proposal submitted by PEMC intended to: a) align the provisions of the subject WESM Manual with the forthcoming operation of the new Market

Management System under the 5-minute dispatch interval regime, and b) provide a more appropriate calculation for the forecast percentage error (FPE).

The RCC deliberated on the proposal during its 153rd Meeting held on 21 June 2019, in which the Committee considered the comments received as well as the proponent's responses. Concerns were raised regarding the proposed revision on the calculation of FPE specifically on the use of a generator's projected quantity as basis. The body agreed with the proponent that the proposed formula is more appropriate in measuring the accuracy of Must-Dispatch Generating Units' forecasts and is more aligned with the relevant provision of the PGC. Nevertheless, the RCC agreed to provide in the Manual a transition period to be determined by the DOE wherein non-compliances to the forecast accuracy standards shall not be subjected to penalties, and that the forecast accuracy standards shall be reviewed periodically.

The proposal was submitted to the DOE on 19 August 2019 for final approval.

3. Proposed Amendments to the WESM Rules regarding the WESM Compliance Officers Accreditation Program (ORCP-WR-19-09 and 09B)

The proposed amendments initiated by PEMC sought to implement a WESM Compliance Officers' Accreditation Program to assist the WESM Members attain a higher level of compliance with their obligation in the WESM. To provide details on the implementation of the proposed program, the corresponding proposal for a new WESM Manual was thereafter submitted by PEMC on 11 September 2019.

The RCC deliberated on the proposal on 19 July and 08 November 2019 during its 154th and 158th meetings. The RCC noted that the proponent held a series of consultations with WCOs and WESM Enforcement Officers in preparing the proposal.

The new Manual provides details on the following:

- 1) the designation and accreditation of the WESM Compliance Officer;
- 2) the development and establishment of the necessary program and guidelines for the accreditation of the WESM Compliance Officers; and
- 3) the creation of an Accreditation Body responsible for implementing an accreditation program, recommending or establishing competency standards and accrediting and reviewing the compliance of all WESM Compliance Officers.

The proposal was endorsed to the DOE on 20 January 2020.

4. Proposed Amendments to the WESM Rules and Various Market Manuals for the Implementation of the DOE Circular Providing the Framework Governing the Operations of Embedded Generators (ORCP-WR-WM-19-10)

The proposal submitted by the Independent Electricity Market Operator of the Philippines (IEMOP) aimed to incorporate in the WESM Rules and relevant WESM Manuals the relevant provisions of the DOE DC2019-02-0003 entitled “*Providing for the Framework Governing the Operations of Embedded Generators*”. The proposed amendments sought to reflect the following in the WESM Rules, WESM Manual on Metering Standards and Procedures and WESM Manual on Registration, Suspension and De-registration Criteria and Procedures:

- (a) refer all metering installations standards for embedded generators (i.e., meter, instrument transformers, grounding, communication link, security, redundant metering) to the Philippine Distribution Code with additional requirement for 5-minute interval metering;
- (b) mandatory registration of embedded generators that meet the following criteria:
 - (i) Pmax equal to or above the following regional thresholds: 10 MW for Luzon and 5 MW for Visayas and Mindanao; or
 - (ii) Pmax below regional thresholds but embedded generator has bilateral contract outside its host distribution utility; or
 - (iii) generating unit is under the Feed-In Tariff (FIT) system
- (c) voluntary registration of embedded generators that do not meet the criteria above; and
- (d) use of the same Pmax regional thresholds for registering embedded generators in classifying non-scheduled generating units.

The RCC deliberated on the proposal during its 155th Meeting on 16 August 2019. The PEM Board subsequently endorsed the proposal to the DOE on 02 October 2019 for final approval.

5. Proposed Amendments to the WESM Rules and WESM Registration Manual to Harmonize with Republic Act 11234³ and Additional Requirements for De-registration and Cessation (ORCP-WR-WM-19-11)

The proposal was submitted by IEMOP to the RCC in order to harmonize the provisions of the WESM Rules and WESM Registration Manual with the R.A. 11234 or the “Energy Virtual One-Stop Shop Act” related to the allowed timeframe for the Market Operator to release actions on applications. The proposed amendments likewise sought to add proof of disconnection as one of the requirements that a WESM Member should submit to the Market Operator when it de-registers its facility.

No comment to the proposal was received from Market Participants and stakeholders during the 30-working day commenting period. The RCC proceeded to deliberate on the proposal on 16 August and 20 September 2019 during its 155th and 156th meetings, respectively.

The body took into consideration the recommendation of the Board Review Committee⁴ for the RCC to re-evaluate whether or not facility disconnection should indeed be undertaken first before de-registration in the market, since the lag time between these processes poses ambiguity on that facility’s compliance obligation in the market (i.e., must-offer rule). The Committee amended the proposal to endorse only the amendments related to registration timelines to further study the disconnection and de-registration processes.

The PEM Board endorsed the proposal to the DOE on 02 October 2019 for final approval.

6. Proposed General Amendments to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements (ORCP-WR-WM-19-12)

With the PEM Board’s approval of IEMOP’s proposed urgent amendments on the subject on 23 April 2019, the enhanced methodology for determining initial prudential requirements was immediately implemented by the Market Operator in registering new WESM Members in Luzon and Visayas. The methodology is also intended to be implemented in the forthcoming commercial operations of the Mindanao market subject to the PEM Board’s approval of the assumptions to be used in calculating the initial prudential requirements in the region⁵. In accordance to Section 3.1 of the WESM Rules Change Manual⁶, the amendments were effective for a period of six (6) months from approval.

³ Energy Virtual One-Stop Shop Act

⁴ Board Review Committee meeting held on 18 September 2019.

⁵ IEMOP presented the proposed assumptions for the computation during the PEM Board meeting on 11 December 2019.

⁶ WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals Issue 3.0

Prior to the lapse of the 6-month implementation period, the proponent, IEMOP, re-submitted the proposal to the RCC on 10 June 2019 as a general amendment for the final approval and promulgation of the DOE. The general proposed amendments were intended to be applied to both the existing market regime in Luzon and Visayas (i.e., amendments to the prevailing versions of the affected Market Rules and Manuals), and the enhanced market regime to be launched in Mindanao (i.e., reflected in DOE-promulgated versions of the affected Market Rules and Manuals for enhanced market design).

Following the commenting period, the RCC deliberated on the proposal during its 155th Meeting period held on 16 August 2019.

The proposal was endorsed by the PEM Board to the DOE on 05 September 2019 for final approval.

On 30 October 2019, the IEMOP requested the PEM Board to extend the 6-month effectivity of the previously approved urgent amendments, which should have lapsed in the same month, pending the DOE's review and approval of the general amendments. The PEM Board approved the extension of the effectivity of the urgent amendments for another six (6) months or until April 2020 per PEM Board Resolution No. 17-02 dated 30 October 2019.

7. Proposed Amendments to Include Additional Constraint Violation Coefficients to Reflect the Dispatch Hierarchy of Self-Scheduled Generation (ORCP-WM-19-13)

The proposal submitted by IEMOP intended to include additional Constraint Violation Coefficients (CVCs) to reflect the dispatch and curtailment hierarchy for non-scheduled, priority dispatch and must dispatch generating unit classifications – collectively called self-scheduled generating units. Self-scheduled generating units are presently associated with a single CVC. As non-scheduled, priority dispatch and must dispatch generating units must be prioritized differently, they should then be associated with separate CVCs.

The RCC's deliberation on the proposal was held during its 155th Meeting on 16 August 2019, wherein an agreement was made to also reflect in the list of CVC hierarchy the ancillary services categories to align with relevant DOE issuances.

The PEM Board submitted the proposal to the DOE for final approval on 05 September 2019.

8. Proposed Amendments to the WESM Manual on Dispatch Protocol for the Optimal Timing of Market Runs (ORCP-WM-19-14)

The subject proposal, initiated by IEMOP, sought to optimize the timing of dispatch scheduling activities for the enhanced market design regime considering system performance and System Operator (SO) requirements for the day-ahead projection (DAP), hour-ahead projection (HAP) and real-time dispatch (RTD) market runs. The proposed revisions to the timelines were based on the results of the Parallel Operation Program conducted on 26 April 2019 to 25 July 2019 which differed from the initial estimates.

Following the commenting period, the RCC deliberated on the proposal during its 157th meeting on 18 October 2019 taking into account the comments received and the proponent's responses.

The PEM Board submitted the proposal to the DOE for final approval on 19 December 2019.

9. Proposed Amendments to WESM Manuals to Clarify Procedures for the Registration of a New Load Facility (ORCP-WM-19-15)

The proposal submitted by IEMOP aimed to clarify procedures for the registration of a new load facility of a registered WESM Member, and to require the energization of new facilities only upon WESM registration.

The RCC deliberated on the proposal during its 157th Meeting on 18 October 2019 considering the inputs received during the 30-working day commenting period and the proponent's response.

As a result of the deliberation, the RCC agreed to make the following amendments to the proposal:

- (i) to facilitate an efficient settlement process, added new provision stating that a Customer who is registering an additional load facility must provide prudential requirements equivalent to the load profile of that additional facility prior to energization;
- (ii) for clarity on the process, indicated that the Network Services Provider issues an Approval to Connect for the energization of a facility; and
- (iii) reflected clerical revisions for enhancement.

The proposal was submitted to the DOE for final approval on 19 December 2019.

10. Proposed Amendments to the Retail Rules and Various Retail Manuals to Harmonize with ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers (ORCP-RR-RM-19-16)

The proposal was submitted by IEMOP to align the Retail Rules and the Retail Manuals with the relevant provisions of the Energy Regulatory Commission (ERC) Rules *Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for the Contestable Customers* under ERC Resolution No. 9, Series of 2018, referred to as the “Supplemental Switching Rules”.

Section 2 of the Supplemental Switching Rules provides that no Contestable Customer shall be allowed to switch or be supplied by a new Retail Electricity Supplier (RES) or Supplier of Last Resort should it have an outstanding balance with its Network Service Provider, in case of initial switch, or its incumbent RES.

The RCC deliberated on the proposal on 18 October 2019 during its 157th Meeting.

The PEM Board submitted the proposal to the DOE for final approval on 19 December 2019.

II.C. On-Going Proposals and Discussions

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

1. Proposed Amendments to the WESM Manual on Metering Standards and Procedures⁷ to Harmonize with the Site-Specific Loss Adjustment Procedures of the Wholesale Metering Services Provider (ORCP-WM-19-17)

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

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

⁷ Version of Manual for enhanced market design (Issue 12.0).

Inputs received during the commenting period and the proponent's response were considered by the RCC in the deliberation of the proposal on 06 December 2019 during its 159th Meeting. Further changes were adopted during the body's 160th Meeting on 24 January 2020 to clarify the calculation of transformer losses.

The proposal is for finalization and approval by the RCC as of the covered period.

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

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

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

The comments received together with the proponent's response were considered in the deliberation during their meetings held on 06 December 2019 and 24 January 2020. Based on discussions, the body, with the assistance of IEMOP, agreed to amend the proposal in order to also compensate generating units for the energy they produce during ramp up as they comply with MRU instruction.

The proposal is currently for finalization and submission to the PEM Board.

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

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

Following the commenting period, the RCC considered the inputs received and the IEMOP's response in its deliberation of the proposal held during its 159th and 160th meetings and on 06 December 2019 and 24 January 2020, respectively.

The proposal is for finalization and approval of the RCC as of the covered period.

⁸ Version of Manual for enhanced market design.

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

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

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

Following the 30-working day commenting period, the proposal will be deliberated on by the RCC during its regular meeting in February 2020.

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

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

Following the 30-working day commenting period, the proposal will be deliberated on by the RCC during its regular meeting in February 2020.

II.D. Status of Proposals Submitted to the DOE (2018 to 2019)

Beginning 2019, proposed rules changes considered to have significant impact in the market have undergone a series of public consultations spearheaded by the DOE. Nineteen (19) proposals were endorsed to the DOE: 2 from 2018 and 17 from 2019. Of these, the DOE was able to promulgate one (1) proposal in December 2019.

Table 2: Status of Proposals Submitted to the DOE (2018-2019)

| | RCC Resolution | Proposals | DOE Approval |
|---|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 1 | RCC Resolution No. 2018-02 | Proposed Amendments to the WESM Rules to Implement the Approved Plan for Transition to the Independent Market Operator of the WESM | On-going |
| 2 | RCC Resolution No. 2018-05 | Proposed Amendments to the WESM Rules and Various WESM Manuals related to Market Surveillance, Enforcement and Compliance | On-going <i>(completed series of public consultations in 2019)</i> |
| 3 | RCC Resolution No. 2019-01 | Proposed <u>Urgent Amendments</u> to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements | <i>Not applicable (counterpart proposed <u>General Amendments</u> is discussed in II.A.6)</i> |
| 4 | RCC Resolution No. 2019-02 | Proposed Amendments to the WESM and Retail Rules and Various Manuals to Reduce Barriers to Entry and Participation in Retail Competition | Ongoing <i>(received by DOE on 14 May 2019)</i> |
| 5 | RCC Resolution No. 2019-03 | Proposed Amendments to the WESM Rules and Manual on Guidelines on Significant Variations In and Between Trading Intervals to Refine Publication Procedures | <i>DOE Department Circular No. 2019-12-0017 dated 04 December 2019</i> |
| 6 | RCC Resolution No. 2019-04 | Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules, Retail Rules, PEM Audit Manual, and Guidelines Governing the Constitution of the PEM Board | On-going <i>(received by DOE on 14 May 2019)</i> |

| | RCC Resolution | Proposals | DOE Approval |
|----|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 7 | RCC Resolution No. 2019-05 | Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures | On-going <i>(public consultation held on 07 October 2019)</i> |
| 8 | RCC Resolution No. 2019-06 | Proposed Amendments to the WESM Rules and WESM Manual on Metering Standards and Procedures on MSP Performance Monitoring | On-going <i>(public consultation held on 07 October 2019)</i> |
| 9 | RCC Resolution No. 2019-07 | Proposed Urgent Amendment to the WESM Rules and Proposed New Market Manual on Market Intervention due to Prolonged Market System Failure | For filing to ERC by IEMOP |
| 10 | RCC Resolution No. 2019-10 | Proposed Amendments to the WESM Manual on Metering Standards and Procedures (to align with PGC, PDC and DOE and ERC issuances) | On-going <i>(public consultation held on 07 Oct 2019)</i> |
| 11 | RCC Resolution No. 2019-11 | Proposed Amendments to the WESM Manual on Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units | On-going <i>(completed public consultations on Nov 12, 14 and 20-21, 2019)</i> |
| 12 | RCC Resolution No. 2019-12 | Proposed General Amendments to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements | On-going <i>(received by DOE on 05 Sep 2019)</i> |
| 13 | RCC Resolution No. 2019-13 | Proposed Amendments to the WESM Manual on Constraint Violation Coefficients (CVC) and Pricing Re-Runs to Include Additional CVCs to Reflect the Dispatch Hierarchy of Self-Scheduled Generation | On-going <i>(received by DOE on 05 Sep 2019)</i> |
| 14 | RCC Resolution No. 2019-14 | Proposed Amendments for the Implementation of DOE Framework Governing the Operations of Embedded Generators | On-going <i>(received by DOE on 02 Oct 2019)</i> |

| | RCC Resolution | Proposals | DOE Approval |
|----|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| 15 | RCC Resolution No. 2019-15 | Proposed Amendments to the WESM Rules and WESM Registration Manual to Harmonize Market Operator Timelines with R.A. 11234 (“Energy Virtual On-Stop Shop Act”) | On-going <i>(received by DOE on 02 Oct 2019)</i> |
| 16 | RCC Resolution No. 2019-16 | Proposed Amendments to the WESM Manual on Dispatch Protocol for the Optimal Timing of Market Runs | On-going <i>(received by DOE on 19 Dec 2019)</i> |
| 17 | RCC Resolution No. 2019-17 | Proposed Amendments to WESM Manuals to Clarify Procedures for the Registration of a New Load Facility | On-going <i>(received by DOE on 19 Dec 2019)</i> |
| 18 | RCC Resolution No. 2019-18 | Proposed Amendments to the Retail Rules and Various Retail Manuals to Harmonize with ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers | On-going <i>(received by DOE on 19 Dec 2019)</i> |
| 19 | RCC Resolution No. 2019-19 | Proposed Amendments to the WESM Rules and Proposed New Manual regarding WESM Compliance Officers’ Accreditation Program | On-going <i>(received by DOE on 20 Jan 2019)</i> |

III. WAY FORWARD

The RCC 2019 Work Plan (Annex C) was developed to align with PEMC’s corporate vision, mission and desired outcomes towards 2021. The RCC strives to attain a timely resolution of all proposed amendments it receives and shall continuously direct its efforts to work on PEMC’s priority activities as reflected in its Corporate Plan (which includes continuing review of the Market Rules and Manuals for further enhancements and inputs from sectoral representatives of the RCC), and pertinent DOE directives.

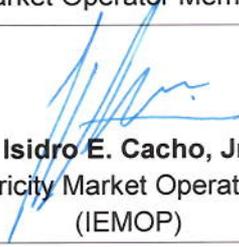
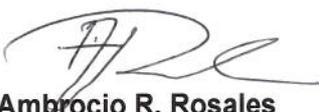
RCC-REP-19-02

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Approved by: THE RULES CHANGE COMMITTEE | |
| Independent Members: | |
|  Maila Lourdes G. de Castro Chairperson |  Francisco L.R. Castro, Jr. |
|  Allan C. Nerves |  Concepcion I. Tanglao |
| Generation Sector Members: | |
|  Dixie Anthony R. Banzon Masinloc Power Partners Co. Ltd. (MPPCL) |  Abner B. Tolentino Power Sector Assets and Liabilities Management Corporation (PSALM) |
|  Cherry A. Javier Aboitiz Power Corp. (APC) | (vacant seat) |
| Distribution Sector Members: | |
| Virgilio C. Fortich, Jr. Cebu III Electric Cooperative, Inc. (CEBECO3) |  Ryan S. Morales Manila Electric Company (MERALCO) |
|  Ricardo G. Gumalal Iligan Light and Power, Inc. (ILPI) |  Jose P. Santos Ilocos Norte Electric Cooperative, Inc. (INEC) |



Philippine Electricity Market Corporation

RCC-REP-19-02

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Supply Sector Member: | |
|  Lorreto H. Rivera TeaM (Philippines) Energy Corporation (TPEC) | |
| Market Operator Member: | |
|  Isidro E. Cacho, Jr. Independent Electricity Market Operator of the Philippines (IEMOP) | |
| System Operator Member: | |
|  Ambrocio R. Rosales National Grid Corporation of the Philippines (NGCP) | |

ANNEX A: Number of Proposed Amendments

Table 3: Number of Proposed Amendments Processed from 2005 to 2019 (Approved and Disapproved)

| | '05 | '06 | '07 | '08 | '09 | '10 | '11 | '12 | '13 | '14 | '15 | '16 | '17 | '18 | '19 |
|-----------------------|-----------|-----------|----------|----------|----------|-----------|----------|-----------|-----------|-----------|----------------------------------|-----------|-----------|------------|-----------|
| New Manuals | 6 | 12 | 0 | 1 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 2 | 0 | 1 | 2 |
| WESM Rules | 7 | 9 | 0 | 3 | 0 | 6 | 3 | 6 | 8 | 8 | 6 | 7 | 4 | 9 | 10 |
| WESM Manuals | 0 | 20 | 3 | 1 | 1 | 9 | 2 | 4 | 6 | 19 | 10 | 21 | 15 | 12 | 20 |
| Retail Rules | - | - | - | - | - | - | - | - | - | 0 | 1 | 0 | 2 | 3 | 3 |
| Retail Manuals | - | - | - | - | - | - | - | - | - | 3 | 0 | 0 | 2 | 4 | 6 |
| Total | 13 | 41 | 3 | 5 | 1 | 15 | 6 | 11 | 14 | 31 | 17 | 30 | 23 | 29 | 41 |
| | | | | | | | | | | | Total Number of Proposals | | | 280 | |

ANNEX B: Members of the RCC as of December 2019

| Sector | Representative Organization | Members | |
|-------------------|-----------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| | | Principal | Alternate |
| Independent | | Maila Lourdes G. de Castro (Chairperson) | - |
| | | Francisco L.R. Castro, Jr. | - |
| | | Concepcion I. Tanglao | - |
| | | Dr. Allan C. Nerves | - |
| Market Operations | Independent Market Operator of the Philippines (IEMOP) | Isidro E. Cacho, Jr. | Edwin N. Mosa |
| System Operations | National Grid Corporation of the Philippines (NGCP) | Ambrocio R. Rosales | Henry V. Dela Cruz |
| Generation | (vacant seat) | - | - |
| | Power Assets & Liabilities Management Corporation (PSALM) | Abner B. Tolentino | Ma. Erliza C. Casas |
| | Aboitiz Power Corporation (APC) | Cherry A. Javier | Angeli Abad Parcia |
| | Masinloc Power Partners Co. Ltd. (MPPCL) | Dixie Anthony R. Banzon | Rose Ann Alfaro |
| Distribution | PDU – Manila Electric Company (MERALCO) | Ryan S. Morales | Manuel Luis Zagala |
| | PDU – Iligan Light and Power, Inc. | Ricardo G. Gumalal | Keenan M. Erigbuagas |
| | EC – Ilocos Norte Electric Cooperative (INEC) | Jose P. Santos | Roy Rosario F. Alimbuyuguen |
| | EC – Cebu III Electric Cooperative, Inc. (CEBECO3) | Virgilio C. Fortich, Jr | Getulio Zamoras Crodua |
| Supply | TeaM (Philippines) Energy Corporation | Lorreto H. Rivera | Dennis Paragas |
| Observers | Department of Energy (DOE) | Dir. Mario C. Marasigan | Ferdinand B. Binondo Luningning Baltazar |

ANNEX C: Status of the Rules Change Committee Work Plan for 2019
I. MISSION: POWER
Desired Outcome: Ensuring Supply of Power: The market is conducive to attracting new resources and investments to meet the growing demand of the Filipino consumers

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| P.1. Indicator: Availability of relevant and accurate market signals | | | | | | |
| P.1.1 Implement the enhanced market design in Luzon and Visayas | 1. Complete the software certification audit of the New Market Management System (NMMS) | <ul style="list-style-type: none"> Deliberate on proposed amendments related to the implementation of enhanced market design <ul style="list-style-type: none"> Proposed Amendments related to Forecast Accuracy Standards Rules Changes as required by the Certification Audit of New Market Management System, and Central Registration and Settlement System Present the approved proposed amendments to the BRC and PEM Board Participate in DOE activities relating to the approval of <p>Target date: Sixty (60) days from the publication of the proposed amendments</p> | <ul style="list-style-type: none"> RCC Resolution on the proposed amendment / RCC Updates on the developments of proposed amendments PEM Board approval on the proposed amendments DOE-promulgated amendments | MAG CSD-Finance (Budget for participation/ attendance) | MAG PAC | <p><i>Completed:</i></p> <p>Proposed Amendments related to Forecast Accuracy Standards</p> <ul style="list-style-type: none"> RCC Resolution No. 2019-11 (19 Jul 2019) PEM Board Resolution No. 2019-14-08 Received by DOE on 19 Aug 2019 |
| | 2. Commercial operations of the NMMS | | | | | |
| | 3. Readiness certificate on the implementation of the enhanced market design signed by market participants | | | | | |
| | 4. Complete the software certification audit of the New Market Management System (NMMS) | | | | | |
| | 5. Commercial operations of the NMMS | | | | | |
| P.1.2 Provide and promote the relevant market information to potential investors | 1. Enhanced WESM website | <ul style="list-style-type: none"> Timely review and approval of reports for publication Recommend enhancements to the PEMC website, as necessary | <ul style="list-style-type: none"> Published RCC Reports and documents in the PEMC website, within the prescribed timeline Enhanced PEMC website | <ul style="list-style-type: none"> MAG, ECO, OCGO | ISTD | |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| and current market players | | | | PEMC, IEMOP, WGCs, DOE, ERC, Budget for meetings, Meeting Rooms | | |
| | 2. Conducted Information campaigns, membership meetings, and trainings | Participate in relevant activities and provide inputs, as necessary | <ul style="list-style-type: none"> Attendance to activities | MAG CPC | CPC | |
| | 4. Glossary of WESM terminologies, aligned with the Philippine Grid Code, Philippine Distribution Code and other relevant documents | Participate in the development of a Consolidated Glossary to harmonize technical terms relevant to the Market, in coordination with the MSC | Inputs on the development of the glossary of WESM terminologies | PEMC IEMOP WGCs DOE ERC | TC CPC | |
| P.2 Indicator: Commercial operations of WESM Mindanao | | | | | | |
| P.2.1 Assess the Market in Mindanao | <ol style="list-style-type: none"> Study on the appropriate market design for Mindanao, including recommended policies, to the DOE Complete the readiness assessment of Mindanao market participants | Provide inputs, as necessary | Inputs on the Mindanao Market Assessment Report, as necessary | MAG OCCGO OP DOE ERC | TC CPC | <ul style="list-style-type: none"> <u>Urgent amendments</u> for the calculation of initial prudential requirements for WESM Mindanao was approved per: <ul style="list-style-type: none"> RCC-RESO-19-01 (22 Feb 2019) PEM Board Resolution No. 2019-10-07 (23 Apr 2019) <p>Effectivity of the urgent amendments was extended until April 2020.</p> |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | <ul style="list-style-type: none"> • <u>General amendments</u> were approved per: <ul style="list-style-type: none"> ○ RCC-RESO-19-12 (16 Aug 2019) ○ PEM Board Resolution No. 2019-15-03 (28 Aug 2019) ○ Received by DOE on 05 Sep 2019 |
| P.3 Indicator: Co-optimization of energy and reserves market | | | | | | |
| P.3.1 Advocate for the approval of the PDM | <ol style="list-style-type: none"> 1. Completed the conduct of necessary activities for the implementation of co-optimized energy and reserves markets <ul style="list-style-type: none"> - Secured agreement/commitment from SO - Conducted and participated in coordination/consultations meetings with NGCP-SO, ERC and DOE. 2. Harmonized rules and standards on ancillary services | <ul style="list-style-type: none"> • Deliberate on proposed amendments <ul style="list-style-type: none"> • Rules Changes as required by the Reserve Market • Present the approved proposed amendments to the BRC and PEM Board • Participate in DOE activities relating to the approval of <p>Target date: Sixty (60) days from the publication of the proposed amendments</p> | <ul style="list-style-type: none"> • RCC Resolution on the proposed amendment / RCC Updates on the developments of proposed amendments • PEM Board approval on the proposed amendments • DOE-promulgated amendments | NGCP-SO OP MAG OCGO OP DOE ERC | OP OCGO | |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 3. Benchmarking study on energy and reserves markets co-optimization | Provide inputs, as necessary | Inputs to the Study on Energy and Reserves Markets Co-optimization | | | |
| P.4 Indicator: Responsive integration of variable renewable energy (VRE) resources and other new technologies | | | | | | |
| P.4.1 Conduct a comprehensive analysis on the integration of the variable renewable energy (VRE) and other new technologies into the WESM. | 1. Roadmap and proposed recommendations for the integration of VRE and other technologies into the WESM | | | | CPC TC | |
| | 2. Proposed amendments to market rules and guidelines to mitigate the impact and imbalances caused by the integration of VRE in the market | <ul style="list-style-type: none"> Deliberate on proposed amendments ✓ Proposed Amendments related to Forecast Accuracy Standards Present the approved proposed amendments to the BRC and PEM Board Participate in DOE activities relating to the approval of <p>Target date: Sixty (60) days from the publication of the proposed amendments</p> | <ul style="list-style-type: none"> RCC Resolution on the proposed amendment / RCC Updates on the developments of proposed amendments PEM Board approval on the proposed amendments DOE-promulgated amendments | MAG PEM Board DOE | CPC TC | <p><i>Completed:</i></p> <p>Proposed Amendments related to Forecast Accuracy Standards</p> <ul style="list-style-type: none"> RCC Resolution No. 2019-11 (19 Jul 2019) PEM Board Resolution No. 2019-14-08 Received by DOE on 19 Aug 2019 |

II. MISSION: EFFICIENCY

Desired Outcome: Exceptional Market Operations: The operations of the market, and the performance of the market operator and service providers are among the best in the global electricity markets.

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------|----------------|--------|
| E.1 Indicator: The operation and performance of the Market operator, service providers, and PEMC continue to improve to be among the best in the global electricity markets. | | | | | | |
| E.1.1 Establish performance management framework, on market and system operations, and market governance functions with corresponding provisions on incentives and penalties | 1) Revised MOPS to include 1. Financial and institutional compliances of the market operator; and 2. global electricity market practices on identified/specific criteria with respect to market and system operations and market governance functions and prescribe the stages to attain global benchmarks to the PEM Board | Review/provide inputs/comments on the revised MOPS (Q4 2019) | Inputs to the revised MOPS | MAG OCGO OP DOE/ERC MO SO WESM TPs | MAG PAC | |
| | 2) Performance metrics for NGCP-SO | Review/provide inputs/comments in the development of System Operator Performance Standards (SOPS) (subject to NGCP-SO-IEMOP Protocol) | Inputs/comments to SOPS | MAG OCGO OP DOE/ERC MO SO WESM TPs | MAG PAC | |
| | 3) Performance metrics for PEMC | Review/provide inputs/comments in the development of performance metrics for PEMC, as necessary | Inputs to the performance metrics of PEMC | MAG OCGO OP DOE/ERC MO | CPC | |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------|----------------|-----------------------------------------------------------------------------|
| | | | | SO WESM TPs | | |
| | 4) Performance metrics for MSPs | Review/provide inputs/comments in the proposed rules changes to the metering manual on the enhanced performance metrics for MSPs Target date: two (2) quarters after the finalization of SO-PEMC Protocol | Inputs/comments to the proposed rules changes for the enhanced performance metrics for MSPs | MAG OCGO OP DOE/ERC MO SO WESM TPs | MAG PAC | |
| E.3 Indicator: Level of compliance with the Market Rules and relevant Market Manuals by the Market Operator and Service Providers | | | | | | |
| E.3.1 Enhance performance and business processes of WGCs. | 1. Performance metrics for the WGCs | Provide inputs/comments on the performance metrics for WGCs | Inputs/comments to the WGCs performance metrics, as necessary | MAG | OCGO | |
| | 2. Enhanced WGC processes based on global best practices | Review of RCC Internal Rules, annual or as may be necessary | Approved RCC Internal Rules | MAG | OCGO | Approved changes to the RCC Internal Rules per RCC-RESO-19-08 (21 Jun 2019) |
| E.4 Indicator: Strengthened coordination with the IEMOP, NGCP and other service providers | | | | | | |
| E.4.1 Establish effective protocols with service providers | 1. PEMC- IEMOP protocol 2. PEMC- NGCP-SO protocol 3. PEMC-MSPs protocol | Provide inputs in the development of protocols | Inputs to the development of protocols | | | |

III. **Mission: MARKET**

Desired Outcome Dynamic Market: PEMC conducts the development and appropriate implementation of a responsive market.

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------|--------|
| M.1. Indicator: Commercial operations of RE Market | | | | | | |
| M.1.1 Establish the RE Market | <ol style="list-style-type: none"> 1. Appropriate systems for the RE Market 2. Completed necessary activities in coordination with the DOE for the establishment of the RE Market 3. Completed the necessary preparations within PEMC for the operations of the RE Market 4. Capacity-building activities on the operations of the RE Market for the market participants | <ul style="list-style-type: none"> • Deliberate on proposed amendments <ul style="list-style-type: none"> • Rules Changes to the WESM Rules and manuals as required by REC Market, Renewable Portfolio Standards and Green Energy Option Program • Present the approved proposed amendments to the BRC and PEM Board • Participate in DOE activities relating to the approval of rules change related to REC market <p>Target date: Sixty (60) days from the publication of the proposed amendments</p> | <ul style="list-style-type: none"> • RCC Resolution on the proposed amendment / RCC Updates on the developments of proposed amendments • PEM Board approval on the proposed amendments • DOE-promulgated amendments | MAG OCGO OP | CPC | |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------|----------------|--------|
| M.2 Indicator: Implementation of demand-side participation | | | | | | |
| M.2.1 Propose policies on alternative demand side resources and accounting for demand side resources | 1. Study on the proposed design for the demand-side participation | Provide inputs on the proposed design for demand-side participation | Inputs to the Study on the Proposed Design for the Demand-Side Participation | MAG ECO OCGO OP | CPC TC | |
| M.3. Indicator: Decision to implement the Financial Transmission Rights | | | | | | |
| M.3.1 Conduct a study on the viability to implement FTRs provider to their audit action plans | 1. Study on the viability to implement FTRs | Provide inputs on the Study on the Viability of Financial Transmission Rights (FTRs) | Inputs to the Report on the Viability of FTRs | MAG | MAG MSC | |
| M.4. Indicator: Commercial operations of Derivatives Market | | | | | | |
| M.4.1 Recommend policies on the effective implementation of derivatives market | 1. Study on the proposed design for the electricity derivatives market in consideration of the previous study with recommended policies and proposed ways forward to the DOE. | Provide inputs on the proposed design for the electricity derivatives market | Inputs to the proposed design for the electricity derivatives market | MAG | CPC PAC | |

IV. MISSION: GOVERNANCE

Desired Outcome: Empowered Governance: PEM Board and Governance Committees attain timely, responsive and strategic goals that are consistent with the market objectives and the changing electricity landscape

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| G.1. Indicator: Timely provision of adequate support and information required by the WESM Governance Committees and PEM Board | | | | | | |
| G.1.1 Coordinate the overall operations and activities of the PEM Board, WESM Governance Committees | 1. Timely provision of secretariat and technical support to the PEM Board and Committees relevant to their decision making functions | Participate in PEM Board and related meetings and activities as resource persons for the presentation of RCC proposed amendments and reports | Attendance to the PEM Board Activities | MAG OP OCGO | CORSEC MAG CPC | Submitted and presented the following proposals to the PEM Board during its meetings on: <ul style="list-style-type: none"> • <i>31 July 2019:</i> <ul style="list-style-type: none"> ○ Proposed Amendments to the WESM Manual on Metering Standards and Procedures ○ Proposed Amendments to the WESM Manual on Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units • <i>28 August 2019:</i> <ul style="list-style-type: none"> ○ Proposed General Amendments to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|----------------------|-------------------|----------------------|-------------------|--------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | <ul style="list-style-type: none"> ○ Proposed Amendments to the WESM Manual on Constraint Violation Coefficients (CVC) and Pricing Re-Runs to Include Additional CVCs to Reflect the Dispatch Hierarchy of Self-Scheduled Generation • <i>25 September 2019:</i> <ul style="list-style-type: none"> ○ Proposed Amendments for the Implementation of DOE Framework Governing the Operations of Embedded Generators ○ Proposed Amendments for Harmonization of Market Operator Timelines with R.A. 11234 (“Energy Virtual On-Stop Shop Act”) • <i>27 November 2019:</i> <ul style="list-style-type: none"> ○ Proposed Amendments to the WESM Manual on Dispatch Protocol for the Optimal Timing of Market Runs ○ Proposed Amendments to WESM Manuals to |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | Clarify Procedures for the Registration of a New Load Facility <ul style="list-style-type: none"> ○ Proposed Amendments to the Retail Rules and Various Retail Manuals to Harmonize with ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers <ul style="list-style-type: none"> • <i>11 December 2019:</i> Proposed Amendments to the WESM Rules and New WESM Compliance Officers (WCO) Accreditation Manual |
| G.1.1 Formulate and implement the Committee Work Plans that are responsive to the needs of the industry | 1. Committee Work Plan 2. Timely completion of committed activities 3. Monitoring and assessment report on the implementation of the committed activities | <ul style="list-style-type: none"> • Participation in PEMC Strategic Planning activities – attendance to meetings and workshops; • Formulation of the RCC Work Plan and completed activities within committed timelines | 1. Participation to PEMC Strategic Planning activities 2. Approved Work Plan 3. Completed activities within committed timelines | | | <ul style="list-style-type: none"> • Monitored RCC activities for July - December 2019 |
| G.2. Indicator: Adequate composition of WGC membership and PEM Board Sub-Committees | | | | | | |
| G.2.1 Coordinate and facilitate the selection and creation of the PEM | 4. Enhanced Guidelines Governing the | <ul style="list-style-type: none"> • Deliberate on proposed amendments related to enhancements in the | <ul style="list-style-type: none"> • RCC Resolution on the proposed amendment / RCC Updates on | MAG OP OCGO | CORSEC MAG CPC | |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
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| Board sub-committees and WESM Governance Committees | Constitution of the PEM Board Committees | <p>Guidelines Governing the Constitution of the PEM Board Committees</p> <ul style="list-style-type: none"> • Present the approved proposed amendments to the BRC and PEM Board • Participate in DOE activities relating to the approval of proposed amendments <p>Target date: Sixty (60) days from the publication of the proposed amendments</p> | <p>the developments of proposed amendments</p> <ul style="list-style-type: none"> • PEM Board approval on the proposed amendments • DOE-promulgated amendments | | | |
| G.3 Indicator: Responsive market rules and manuals | | | | | | |
| G.3.1. Assess the effectiveness of market rules and manuals and propose amendments, as necessary | <ol style="list-style-type: none"> 1. Proposed amendments to WESM Rules, manuals and market processes 2. Mapped WESM Rules and WESM Manuals 3. “Rules Responsiveness or Effectiveness Metrics” (sample: Effectiveness of Prudential requirements rules) | <ul style="list-style-type: none"> • Deliberate on proposed amendments: <ul style="list-style-type: none"> ✓ Proposed Amendments to the WESM Registration Manual to Include Additional Modelling Requirements and Procedures ✓ Proposed Amendments to the WESM Registration Manual to Harmonize with the WESM Rules ✓ Proposed Amendments to the WESM Registration Manual to Clarify Basis for Registered Capacities ✓ Proposed Amendments to the WESM Rules and WESM | <ul style="list-style-type: none"> • RCC Resolution on the proposed amendment / RCC Updates on the developments of proposed amendments | IEMOP PEMC | MAG RCC | <ul style="list-style-type: none"> • Approved the following proposals through the corresponding resolutions: <ul style="list-style-type: none"> ✓ RCC-RESO-19-10: Proposed Amendments to the WESM Manual on Metering Standards and Procedures ✓ RCC-RESO-19-11: Proposed Amendments to the WESM Manual on Monitoring of Forecast Accuracy Standards for |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
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| | | Registration Manual on MSP Performance Monitoring ✓ Proposed Amendments to the Forecast Accuracy Standards Manual ✓ Proposed Urgent Amendments Regarding the Contingency Plan during Prolonged Market System Failure ✓ Proposed Amendments to the Market Manuals to Reduce Barriers to Entry and Participation in Retail Competition ✓ Proposed Amendments to the WESM Rules and Manual on Guidelines on Significant Variations in and between Trading Intervals ✓ Proposed Amendments to Provisions related to Audit and Performance Monitoring under Market Rules and Manuals ✓ Proposed Urgent Amendments to the (1) WESM Rules and (2) WESM Manual on Billing and Settlement for Enhancements to the Determination of Initial Prudential Requirements ✓ Proposed Amendments to the WESM Metering Manual Issue 12.0 | <ul style="list-style-type: none"> • PEM Board approval on the proposed amendments • DOE-promulgated amendments | | | Must-Dispatch Generating Units ✓ RCC-RESO-19-12: Proposed General Amendments to the WESM Rules and WESM Billing and Settlement Manual for Enhancements to the Determination of Initial Prudential Requirements ✓ RCC-RESO-19-13: Proposed Amendments to the WESM Manual on Constraint Violation Coefficients (CVC) and Pricing Re-Runs to Include Additional CVCs to Reflect the Dispatch Hierarchy of Self-Scheduled Generation ✓ RCC-RESO-19-14: Proposed Amendments for the Implementation of DOE Framework Governing the Operations of Embedded Generators ✓ RCC-RESO-19-15: Proposed Amendments for Harmonization of Market Operator Timelines with R.A. 11234 (“Energy Virtual On-Stop Shop Act”) |

| Corporate Strategies | Corporate Targets | Committee Activities | Targets & Outputs | Required Resources | Lead Dept./WGC | Status |
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| | | <ul style="list-style-type: none"> • Present the approved proposed amendments to the BRC and PEM Board • Participate in DOE activities relating to the approval of proposed amendments <p>Target date: Sixty (60) days from the publication of the proposed amendments</p> | | | | <ul style="list-style-type: none"> ✓ RCC-RESO-19-16: Proposed Amendments to the WESM Manual on Dispatch Protocol for the Optimal Timing of Market Runs ✓ RCC-RESO-19-17: Proposed Amendments to WESM Manuals to Clarify Procedures for the Registration of a New Load Facility ✓ RCC-RESO-19-18: Proposed Amendments to the Retail Rules and Various Retail Manuals to Harmonize with ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers ✓ RCC-RESO-19-19: Proposed Amendments to the WESM Rules and New WESM Compliance Officers (WCO) Accreditation Manual |