

RULES CHANGE COMMITTEE

Request for Extension of Effectivity of Urgent Amendments for the Implementation of the Green Energy Option Program (GEOP)



Effective Date : 20 April 2022

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WHEREAS, on 19 November 2021, the RCC approved to endorse to the PEM Board the “Proposed Urgent Amendments to the WESM Rules, Retail Rules and Various Market Manuals on the Implementation of the Green Energy Option Program”, as revised, through Resolution No. 2021-20, creating the new Retail Manual on GEOP Procedures and amending the following market documents:

- 1) WESM Rules
- 2) Retail Rules
- 3) WESM Manual on Registration, Suspension and De-registration Criteria and Procedures Issue 10.0
- 4) WESM Manual on Billing and Settlement Issue 8.0
- 5) Retail Manual on Registration Criteria and Procedures Issue 3.0
- 6) Retail Manual on Market Transactions Procedures Issue 3.0
- 7) Retail Manual on Metering Standards and Procedures Issue 5.0
- 8) Retail Manual on Disclosure and Confidentiality of Contestable Customer Information Issue 2.0.

WHEREAS, pursuant to WESM Rules Clause Section 8.5.4, RCC Resolution No. 2021-20 was submitted to the PEM Board on 19 November 2021 and was consequently approved by the PEM Board on 24 November 2021 thru Resolution No. 2021-42-07;

WHEREAS, in accordance with WESM-RCM Section 7.4 (a) and (b), the revised rules and manuals and the new Retail Manual on GEOP Procedures were posted in PEMC website on 25 November 2021 and shall remain in effect for a period of not more than six (6) months from posting or until a general amendment on the same matter has been approved by the DOE, whichever comes first;

WHEREAS, following the revisions to WESM-RCM Section 7.4 (f) based on DOE DC2021-10-0034 dated 12 October 2021, which took effect on 26 November 2021, the RCC, during its 189th (Regular) Meeting held on 21 January 2022, approved the posting of the PEM Board-approved Proposed Amendments to the Market Rules and Manuals on GEOP Implementation in PEMC website to solicit comments until 11 March 2022 or 30 working days from the date of publication (26 January 2022) as part of the new process for general amendment that was previously submitted as an urgent proposal. Aboitiz Power Corporation (APC), Technical Committee (TC), Manila Electric Company (MERALCO), National Renewable Energy Board (NREB) GEOP TWG , PEMC and IEMOP responded to the call for comments;

WHEREAS, the Market Assessment Group (MAG), with data from IEMOP, submitted its assessment report (Annex A) regarding the GEOP implementation on 10 March 2022. It recommended that the GEOP procedures could be revisited based on the general feedback from GEOP participants and applicants and the experience of the CRB during its initial GEOP implementation, and that a re-assessment of the implementation may be in order considering that GEOP is only at the very early stage of operation such that there is no recorded instance of customer transfer activities yet;

WHEREAS, the RCC, during its 193rd (Special) Meeting held on 25 March 2022, discussed the assessment report of MAG and started deliberations on the comments received, which deliberation will be continued and completed in another special meeting on 20 April 2022 considering the number of manuals affected and the volume of comments received. Noting that the PEM-Board approved urgent amendments is due to expire by 25 May 2022 and that the process for DOE's approval of general amendment version may take some time based on previous experiences, the need to request for extension of the effectivity of the PEM Board -approved Urgent Amendments, as recommended by PEMC, was duly recognized by the RCC;

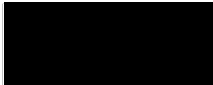











WHEREAS, pursuant to WESM-RCM Section 7.4 (g), the RCC, during the above 193rd (Special) Meeting adopted the move to request from the PEM Board to extend the effectivity of the PEM-Board Approved Urgent Amendment on GEOP Implementation for another six (6) months;

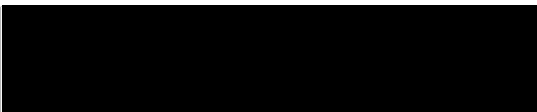

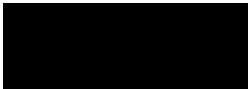
WHEREAS, during said extension and notwithstanding the operational issues raised during the initial deliberation of the related proposed general amendments on GEOP, the CRB shall implement the GEOP in accordance with the PEM Board-approved rules, which is consistent with the ERC's GEOP Rules and DOE's policy on GEOP;

NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve *via* electronic communication platform to request from the PEM Board to extend the effectivity of the PEM-Board approved Urgent Amendments on GEOP Implementation for another six (6) months;

RESOLVED, that the RCC approves the request to the PEM Board extending the effectivity of the PEM-Board Approved Urgent Amendment on GEOP Implementation for another six (6) months;

Done this 20th day of April 2022 *via* Microsoft Teams.

Approved by: THE RULES CHANGE COMMITTEE	
Independent Members:	
 Concepcion I. Tanglao	 Jesusito G. Morillos
 Fernando Martin Y. Roxas	 Jose Roderick F. Fernando
Generation Sector Members:	
 Dixie Anthony R. Banzon Masinloc Power Partners Co. Ltd. (MPPCL)	 Cherry A. Javier Aboitiz Power Corp. (APC)
 Carlito C. Claudio Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	 Mark D. Habana Vivant Corporation - Philippines (Vivant)
Distribution Sector Members:	
 Virgilio C. Fortich, Jr. Cebu III Electric Cooperative, Inc. (CEBECO III)	 Ryan S. Morales Manila Electric Company (MERALCO)
 Ricardo G. Gumalal Iligan Light and Power, Inc. (ILPI)	 Nelson M. Dela Cruz Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)

Supply Sector Member:
 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)





Assessment Report on the Implementation of Urgent Amendments regarding the Green Energy Option Program

03 December 2021 to 10 March 2022

MARCH 2022

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

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1.0 SUMMARY

The Green Energy Option Program (GEOP) has been implemented for three (3) months following its launch on 03 December 2021. The significant activities so far are related to registration of RE Suppliers, Retail Metering Service Providers and Suppliers of Last Resort. Applications from prospective GEOP End-Users are still on-going.

Prior and during the operationalization of the GEOP, the following concerns have been raised:

1. Full and efficient implementation would require system enhancements to the Central Registration and Settlement System.
2. Additional manpower for the Central Registration Body (CRB) is required to perform additional functions with the launch of the GEOP.
3. There is difficulty on the part of prospective GEOP participants in complying with some requirements.
4. There are differences between existing procedures in the Retail Market and the GEOP in some processes. Harmonizing GEOP procedures with those in the Retail Market would make compliance easier for GEOP participants and implementation by the CRB.

In consideration of the foregoing, some procedures applied to the GEOP may need to be re-visited to consider the implementation and compliance concerns raised by the CRB and GEOP participants.

2.0 INTRODUCTION

This Assessment Report was prepared for the Rules Change Committee (RCC) pursuant to Section 7.4(f) of the WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals ("Rules Change Manual") to aid in its further evaluation of the subject urgent proposed amendments.

Urgent amendments to the Market Rules and Manuals undergo an expedited rules change process whereby, following the review and deliberation of the RCC and approval of the PEM Board, the amendments are immediately implemented on a temporary, short-term basis up to a maximum period of twelve (12) months without the final approval of the DOE. Within this period and considering the actual implementation of the urgent amendments and comments from WESM Members and stakeholders, the RCC shall further deliberate on said amendments pursuant to the process for general amendments prescribed in Section 6 of the Rules Change Manual, for final approval and promulgation of the DOE.

3.0 DESCRIPTION OF PROPOSAL

Topic	Implementation of Green Energy Option Program
Reference Code	ORCP-WR-WM-RR-RM-21
Original Proponent	Independent Electricity Market Operator of the Philippines or IEMOP (as Central Registration Body of the Retail Market)
Date Submitted to RCC	04 November 2021
RCC Approval	RCC Resolution No. 2021-20 dated 19 November 2021
PEM Board Approval	PEM Board Resolution No. 2021-42-07 dated 24 November 2021
Documents Amended/Adopted	<ol style="list-style-type: none"> 1) WESM Rules 2) Retail Rules 3) WESM Manual on Registration, Suspension and De-registration Criteria and Procedures Issue 10.0 4) WESM Manual on Billing and Settlement Issue 8.0 5) Retail Manual on Registration Criteria and Procedures Issue 3.0 6) Retail Manual on Market Transactions Procedures Issue 3.0 7) Retail Manual on Metering Standards and Procedures Issue 5.0 8) Retail Manual on Disclosure and Confidentiality of Contestable Customer Information Issue 2.0 9) (New) Retail Manual on Green Energy Option Program Procedures
Date of Effectivity of Amendments	25 November 2021

The set of urgent amendments is regarding the implementation of the Green Energy Option Program (GEOP) which is a mechanism to empower end-users to choose renewable energy in meeting their energy requirements pursuant to Republic Act No. 9513 (Renewable Energy Act). The proposal was originally submitted by the IEMOP in compliance with Section 53 of ERC Resolution No. 8, Series of 2021 otherwise known the “GEOP Rules” issued on 22 April 2021. Per the GEOP Rules, within three (3) months of its promulgation, the Central Registration Body (CRB), together with industry stakeholders, is tasked to develop and finalize the Market Manuals, business process and IT design of the Central Registration and Settlement System to operationalize the GEOP, and to institute initial preparation and population of its registration database.¹

The urgent proposal sought to harmonize relevant Market Rules and Manuals with DOE and ERC issuances on the implementation of the GEOP, which is conceptually similar to the Retail Competition and Open Access (RCOA) in that it allows end-users to gain access to competitive supply.² The proposed amendments encompass various processes that facilitate all aspects of participation in the GEOP, broadly divided as follows:

- 1) Registration
- 2) Customer Transfer

¹ GEOP Rules, Article XIV, Section 53.1

² Ibid.

- 3) Metering
- 4) Settlement

4.0 SCOPE OF ASSESSMENT

The Assessment period covers the launch of the GEOP implementation on 03 December 2021 until 10 March 2022 when the latest relevant information were available as provided by the CRB or the IEMOP. This Report provides updates and feedback, if any, on the CRB's implementation of the procedures and participants' engagement using these general processes as framework:

- 1) Registration
- 2) Customer Transfer
- 3) Metering
- 4) Settlement

5.0 IMPLEMENTATION OF PROPOSED AMENDMENTS

- 1) Registration

The proposed urgent amendments provide procedures for the registration with the CRB of the following GEOP participants:

- Renewable Energy Supplier (RE Supplier) - refers to any person or entity authorized by the ERC and the DOE to provide or supply electric power from renewable energy resources to the end-users and registered as a Customer in the WESM
- GEOP End-User - An end-user that has met the GEOP Demand Threshold-- monthly peak demand of 100 kW and above for the past 12 months³ -- and chooses to source its supply from a Renewable Energy Supplier

Metering Services Providers and Suppliers of Last Resort who shall cater to GEOP End-Users are already registered with the CRB as providing service in the Retail Market. These entities are no longer required to submit a new application but only supplemental documents to be recognized as GEOP participants as well.

Prior the commercial operations of the GEOP on 03 December 2021, the CRB issued advisories in the market information website to solicit submissions from (i) qualified RE

³ Article II, Section 4.1, GEOP Rules.

Suppliers of their respective contracting parameters, and (ii) Network Service Providers of information on all end-users within their franchise area that have met the demand threshold to qualify as a GEOP End-Users. Subsequent bulletins were further issued providing forms and templates for use of GEOP applicants.

IEMOP started accepting applications from prospective RE Suppliers, GEOP End-Users, GEOP Retail MSP and GEOP SOLR on December 3rd. The following is the summary of GEOP participants as of 10 March 2022⁴:

Summary	
Participants	Registered
GEOP End-User	0
GEOP Metering Services Provider	4
Renewable Energy (RE) Supplier	12
Supplier of Last Resort - GEOP	2
Total	18

⁴ IEMOP Market Information website: <https://www.iemop.ph/the-market/participants/geop-market-participants/>

Table 1: GEOP Participants

NAME	SHORT NAME	REGION	CATEGORY	MEMBERSHIP	EFFECTIVE DATE	STATUS
First Gen Energy Solutions, Inc.	FGESGES	Luzon/Visayas	Renewable Energy Supplier	Direct	22-Jan-22	Registered
AdventEnergy Inc.	ADVENTGES	Luzon/Visayas	Renewable Energy Supplier	Direct	26-Jan-22	Registered
Therma Luzon, Inc.	TLIGES	Luzon/Visayas	Renewable Energy Supplier	Direct	28-Jan-22	Registered
AC Energy Corporation	ACENGES	Luzon/Visayas	Renewable Energy Supplier	Direct	01-Feb-22	Registered
Green Core Geothermal Inc.	GCGIGES	Luzon/Visayas	Renewable Energy Supplier	Direct	01-Feb-22	Registered
Bac-man Geothermal Inc.	BGIGES	Luzon/Visayas	Renewable Energy Supplier	Direct	01-Feb-22	Registered
AP Renewables Inc.	APRIGES	Luzon/Visayas	Renewable Energy Supplier	Direct	01-Feb-22	Registered
Aboitiz Energy Solutions, Inc.	AESIGES	Luzon/Visayas	Renewable Energy Supplier	Direct	07-Feb-22	Registered
Prism Energy, Inc.	PRISMGES	Luzon/Visayas	Renewable Energy Supplier	Direct	15-Feb-22	Registered
Manila Electric Company	MRLCOSLR	Luzon	Supplier of Last Resort	Direct	21-Mar-14	Registered*
Manila Electric Company	MRLCOMSP	Luzon	Retail Metering Services Provider	Service Provider	19-Jun-13	Registered*
Tarlac Electric, Inc.	TEIMSP	Luzon	Retail Metering Services Provider	Service Provider	14-Feb-13	Registered*
Mactan Enerzone Corporation	MEZMSP	Visayas	Retail Metering Services Provider	Service Provider	25-Sep-13	Registered*
SN Aboitiz Power-RES, Inc.	SNAPGES	Luzon/Visayas	Renewable Energy Supplier	Direct	03-Mar-22	Registered
SN Aboitiz Power - Magat, Inc.	SNAPMIGES	Luzon/Visayas	Renewable Energy Supplier	Direct	03-Mar-22	Registered
Citicore Energy Solutions, Inc.	CESIGES	Luzon/Visayas	Renewable Energy Supplier	Direct	04-Mar-22	Registered
Visayan Electric Company	VECOMSP	Visayas	Retail Metering Services Provider	Service Provider	03-Jun-13	Registered*
Visayan Electric Company	VECOSLR	Visayas	Supplier of Last Resort	Direct	22-Feb-17	Registered*
DirectPower Services, Inc.		Luzon/Visayas	Renewable Energy (RE) Supplier	Direct	New Registration	For completion
Shell Energy Philippines, Inc.		Luzon/Visayas	Renewable Energy (RE) Supplier	Direct	New Registration	For completion

* GEOP Registered entities marked with (*) are previously registered as RMSP and/or RSOLR with submitted Supplemental MPA to cover services for GEOP end-users.

2) Customer Transfer

Customer transfer pertains to conditions and procedures whereby:

- a) a GEOP End-User switches between RE Suppliers, or from RE Supplier to a Distribution Utility (DU),
- b) a GEOP End-User relocates within and outside its DU's franchise area,
- c) a GEOP supply contract is terminated, and
- d) a GEOP End-User transfers to a SOLR
- e) a RE Supplier disconnects or reconnects a GEOP End-User

The CRB started accepting switch requests on 03 January 2022 and prospective participants' preparation of requirements are on-going. However, as of this date, there are no recorded instances of the above-mentioned customer transfer activities since no GEOP End-Users are registered yet.

3) Metering

The GEOP adopts the applicable provisions of the WESM and Retail Market Rules and Manuals, the Philippine Grid Code, Philippine Distribution Code, and the Open Access Transmission Service Rules as regards metering installation standards, procedures for registration, collection, validation and profiling of meter data of GEOP End-Users for the purpose of settlement, as well as monitoring of performance of Retail MSPs serving GEOP End-Users.

All four (4) MSPs who have registered to serve GEOP End-Users as of 10 March 2022 are previously registered as such in the Retail Market.

4) Settlement

The CRB determines the gross energy settlement quantity of each Renewable Energy Supplier for each grid off-take metering point by aggregating the metered quantities of all relevant GEOP End-Users associated with such grid off-take metering point. On the other hand, the metered quantity of a GEOP End-User is determined using meter data for each dispatch interval provided by the MSP of the GEOP End-User.

The Market Operator facilitates the settlement and billing of transactions of RE Suppliers in the WESM based on their gross energy settlement quantity. The billing and settlement of transactions between GEOP End-Users and their RE Suppliers is performed by the parties.

As of 10 March 2022, there are no End-Users who have officially completed their registration under the GEOP.

6.0 IMPLEMENTATION CONCERNS⁵

- 1) Through a letter to the ERC dated 30 September 2021, the CRB had already communicated the need to enhance the Central Registration and Settlement System (CRSS) to fully and efficiently implement the GEOP. Although the current CRSS could still accommodate GEOP activities at this initial stage of implementation, a dedicated software module for GEOP would be required to facilitate the eventual volume of various transactions. System enhancements would entail sufficient budget allocation.

Pending the system enhancements, the CRB currently addresses specific implementation concerns as follows:

Required System Enhancements	Actions Taken
Inclusion of GEOP-specific registration categories and switch processes in CRSS	<p>Use of existing CRSS functionalities for RCOA to accommodate the following GEOP transactions:</p> <ul style="list-style-type: none"> • RE Suppliers are initially registered under RES or LRES category • End-Users switching to GEOP are initially registered under Contestable Customer category • Switching from RES/LRES to RE Supplier and vice versa to be processed as a Regular Switch
Automated verification of 100% RE Sourcing for RE Suppliers	<p>Use of attestations to ensure compliance with 100% RE sourcing requirements:</p> <ul style="list-style-type: none"> • RE Suppliers are required to submit an attestation stating that its bilateral counterparties are all RE Generators

- 2) Along with system and hardware requirements, the CRB likewise stated the need for additional manpower to facilitate GEOP processes since its current manpower structure is organized to perform WESM Market Operator and Retail Market CRB functions. Additional staffing would entail ample budget allocation.

⁵ IEMOP Letter to ERC dated 30 September 2021 and IEMOP Presentation to RCC on 18 February 2022. "GEOP Implementation Updates".

In the meantime, the CRB currently implements a queueing system in which GEOP switch requests are accepted only during working days of the first half (first 15 days) of each month, limited to 30 switch requests per month.

3) The CRB relayed prospective GEOP participants' concerns in complying with the following procedures:

- GEOP Rules, Section 15.1(a): Advanced notification to NSP on intent to switch to GEOP (90 calendar days before signing of supply contract)
- GEOP Rules, Section 15.1 (b): Advanced submission of supply contract, Metering Service Agreement, Transmission Service Agreement to CRB (30 calendar days before effective switch date)

The CRB strictly implemented the foregoing in accordance to the GEOP Rules.

Likewise, participants were also reported to have concerns on complying with the 5-minute meter interval requirement. For this case, the CRB considered RCOA-compliant meters to be sufficient subject to prevailing rules on existing metering installation. This concern was already elevated to the ERC for appropriate guidance.

4) The CRB, in its original urgent proposal submitted to the RCC on 04 November 2021, recommended aligning the implementation of some GEOP processes with the existing procedures applied in the Retail Market to make compliance easier and efficient for GEOP participants. The CRB elevated this same recommendation to the ERC in its September 2021 letter.

	Process	Existing Retail Rules	GEOP Rules	Proposal
1	Submission of supply contract to CRB	During switch application	30 calendar days prior start of supply	Adopt Retail Rules
2	Submission of copies of Connection Agreement, Metering Service Agreement and Distribution Wheeling Service Agreement	Not required	Required	Adopt Retail Rules
3	Timeline for Retail Metering Service Provider to correct deficiencies in metering requirements	15 working days	5 working days	Adopt Retail Rules
4	Provision of agreement to effect relocation	CRB is notified after internal agreement between End-User, Supplier and DU	Agreements are coursed through the CRB	Adopt Retail Rules

	Process	Existing Retail Rules	GEOP Rules	Proposal
5	Procedures for relocation outside DU franchise area	Same as relocation within DU	End-user to be treated as new customer of DU and Supplier	Adopt Retail Rules
6	Sending of notice of pre-termination of supply contract	CRB is copy furnished of the notice	Notices are coursed through the CRB	Adopt Retail Rules
7	Transfer to SOLR	Within 24 hours of last resort event, Customer notifies CRB and SOLR if it chooses to be served by the latter	Within 2 working days of last resort event, Customer notifies CRB and SOLR if it chooses to be served by the latter	Adopt GEOP Rules

The RCC extensively considered the CRB's proposed amendments on the foregoing processes but agreed to not adopt them and maintain consistency with what the ERC's GEOP Rules and the DOE-approved Retail Rules prescribe. The RCC also gave weight to the criteria for urgent proposals set forth in Clause 8.4.1.1 (a)(iv) of the WESM Rules which states that urgent proposed amendments are submitted as such to "facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA."

7.0 RECOMMENDATION

Considering that some GEOP procedures were already identified in which changes could be introduced for ease in compliance and implementation, the procedures could be revisited based on general feedback from GEOP participants and applicants and the experience of the CRB itself on the ground. Comments directly from the GEOP participants would be invaluable to determine if there are bottle necks in the procedures and come up with possible solutions.

Since the GEOP is only at the very early stage of operation, a re-assessment may be in order after a reasonable period of time when there is already plenty of material transactional data from registration, customer transfer and settlement activities.