

RULES CHANGE COMMITTEE

Creating a Sub-Committee for the Proposed Amendments to the WESM Rules and Market Manuals Clarifying Indirect WESM Membership

Effective Date : 19 March 2021

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WHEREAS, WESM Rules Chapter 8 sets out the procedure for effecting a change to the WESM Rules and Market Manuals;

WHEREAS, the Procedures for Changes to the WESM and Retail Rules and Market Manuals (“Rules Change Manual”) provides the detailed guidelines and procedures to be employed in the amendment, review, consideration, approval, publication and effectivity of any proposed change to WESM Rules and WESM Manuals;

WHEREAS, pursuant to WESM Rules Chapter 8 and the Rules Change Manual, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted its proposed general amendments to the WESM Rules and Market Manual regarding clarifications on Indirect WESM Membership on 06 November 2020;

WHEREAS, after the requisite publication for comments, the RCC, during its 174th Regular Meeting on 19 February 2021, discussed the proposal and the corresponding comments/responses, but deferred endorsing the proposal to the PEM Board pending the following:

1. IEMOP’s way forward addressing the inconsistency between its proposal on WESM Rules 3.14.9.1¹ and the ERC’s directive on settlement adjustments provided in ERC Decision² approving the Price Determination Methodology (ERC Case No. 2017-042RC);
2. IEMOP’s presentation of the proposed Market Participation Agreement relative to the implementation of the proposal, in order for the RCC to discuss (i) the scope of a Direct WESM member’s responsibility for its Indirect WESM member; and (ii) if Direct WESM Members have sufficient safeguards against the impact resulting from their assumption of obligations of Indirect WESM members;
3. IEMOP’s provision of list of settlement data attributed to Indirect WESM Members that Direct WESM Members will be accountable for as entailed in the proposal; and
4. PEMC’s recommendation on enforcement mechanism to monitor and address the non-registration of loads.

¹ Proposed amendments to WESM Rules 3.14.9.1: Settlement adjustments for Indirect WESM members who transferred to a new Direct WESM Member would be charged to its previous Direct WESM member.

² ERC Decision 4.4.5.5: The payment for Additional Compensation of customers that have switched to a different RES or Direct WESM Member shall be billed to the current RES or Direct WESM Member provided that the bill shall reflect the period of consumption and the corresponding RES during the period of the MRU event under claim.

WHEREAS, during the 175th RCC Regular Meeting on 19 March 2021, after discussion of the information provided regarding the pending items above and the line-by-line review of the proposal, the RCC, by the vote of the majority, deferred yet again the endorsement of the proposal to the PEM Board due to unresolved concerns related to item 2 and subsequently created a Sub-Committee pursuant to Rules Change Manual Section 6.1.4³;

WHEREAS, during the same meeting, the RCC agreed that the Sub-Committee for the Proposed Amendments to the WESM Rules and Market Manuals Clarifying Indirect WESM Membership be composed of the following members:

Chairman: Francisco L.R. Castro, Jr. – Independent Sector

Members: Cherry A. Javier – Generation Sector

Lorreto H. Rivera – Supply Sector

Ryan S. Morales – Distribution Sector

Isidro E. Cacho – Market Operator

Ambrocio R. Rosales – Transmission Operator Sector

The said Sub-Committee will come-up with a decision/report on the following matters:

1. Clarification on the delineation of responsibilities between the Direct and Indirect Members;
2. Possible remedies for WESM exposures of the Direct Members on behalf of the Indirect WESM Member for extreme scenarios;
3. Possible impact of the proposed amendments to distribution utilities; and
4. Other considerations deemed appropriate by the Sub-Committee.

The decision/report will be submitted by the Sub-Committee to the RCC before the next regular RCC meeting or on the extended deadline as approved by the RCC Chairperson upon request.

NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve *via* electronic communication platforms, as follows:

RESOLVED, that the RCC approves the deferral of endorsement to the PEM Board of the Proposed General Amendments to the WESM Rules and Market Manuals Clarifying Indirect WESM Membership; and

RESOLVED FURTHER, that the RCC approves the creation of the six-member Sub-Committee for the Proposed Amendments to the WESM Rules and Market Manuals Clarifying Indirect WESM Membership composed of the representatives from the Independent, Generation,


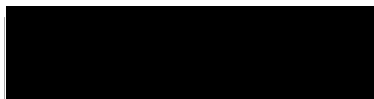
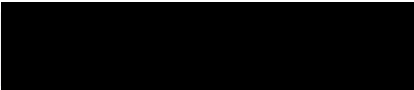





³ 6.1.4 *Delegation to a Working Group*

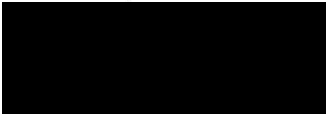



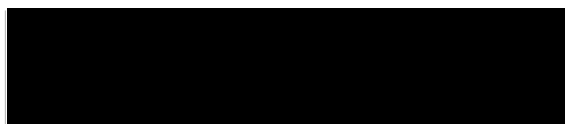


- a) *The Rules Change Committee, at its discretion, may delegate to a working group the giving of notice, the conduct of consultations and/or the consideration of the written submissions, pursuant to Sections 6.1.2 and 6.1.3 of this Manual. In such case, any reference to the Rules Change Committee in said Sections shall be deemed as referring to the working group.*
- b) *The working group shall be composed of persons having such expertise which the Rules Change Committee, in its discretion, determines as reasonable given the subject matter of the proposal.*
- c) *The working group shall submit its report in such form and within such period as the Rules Change Committee directs.*

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Supply and Distribution Sectors, and the Market Operator and Transmission Operator representatives. The Sub-Committee is tasked to study further the IEMOP's proposal and to report to the RCC their findings and recommendations for the latter's consideration before the next regular RCC meeting or on the extended deadline as approved by the RCC Chairperson upon request.

Done this **29th** day of **March 2021**, *via* electronic communication platforms.

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)	 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)	 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:	
 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)	