



## RULES CHANGE COMMITTEE

### Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation

Effective Date : 16 July 2021  
Page : 1 of 10

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**WHEREAS**, Chapter 2 of the WESM Rules and WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures ("Registration Manual") provide the guidelines and procedures for the registration, suspension and de-registration by the Market Operator of WESM Members;

**WHEREAS**, on 23 May 2021, the Independent Electricity Market Operator of the Philippines (IEMOP) submitted proposed amendments to the WESM Rules and Registration Manual to make more efficient the process of de-registering WESM Members that has recently become ineligible for membership, and to provide a validation period for cessation requests in response to a finding during the recent market operations audit;

**WHEREAS**, in the market operations audit for the period 26 June 2015 – 25 December 2019 (7<sup>th</sup> MO Audit), an initial finding was cited on the notice of cessation that is not immediately being published by the Market Operator upon receipt since the Market Operator needs more time to validate such notice;

**WHEREAS**, in consideration of said initial audit finding, the specific objectives of the proposal are the following:

- to avoid the unnecessary cost of undergoing the suspension process for ineligible Trading Participants whose de-registration is inevitable; and
- to provide a validation period for the Market Operator to assess the submissions relative to a request for cessation of registration;

**WHEREAS**, the highlights of the proposed amendments are the following:

- Allow the Market Operator to de-register a Trading Participant that has recently become ineligible without undergoing the suspension process by providing:
  - Criteria on identifying a Trading Participant that has recently become ineligible; and
  - Process and timeline to be followed, which include coordination with the Trading Participant, and Network Service provider or Distribution Utility;
- Prescribe a validation period after the submission of a cessation notice by a WESM member prior to the publication of the Market Operator of a notice to the rest of the WESM Members;

**WHEREAS**, during its 177<sup>th</sup> Regular Meeting on 16 April 2021, the RCC approved the publication of the proposal for solicitation of comments from all WESM Members and interested parties until 02 June 2021;

**WHEREAS**, during its 30-day commenting period, comments were received from Philippine Electricity Market Corporation (PEMC), WESM Technical Committee (TC), AC Energy, Aboitiz Power, and Meralco;

**WHEREAS**, during its 180<sup>th</sup> Regular Meeting on 18 June 2021, the RCC deliberated the proposal and the comments received;

**WHEREAS**, on the same meeting, the RCC approved the Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation and its endorsement to the PEM Board;

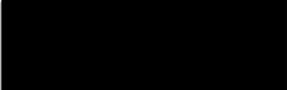
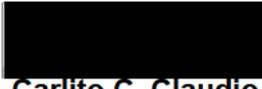
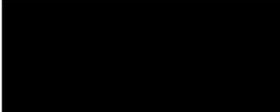
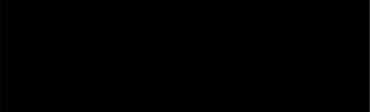
**NOW THEREFORE**, we, the undersigned, on behalf of the sectors we represent, hereby resolve via electronic communication platforms, as follows:

**RESOLVED**, that RCC approved the Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation attached as Annex A;

**RESOLVED FURTHER**, that the said Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation are hereby endorsed to the PEM Board for approval and for submission to DOE for consideration.

Done this 16<sup>th</sup> day of **July 2021**, Pasig City.



<p>Approved by:  <b>THE RULES CHANGE COMMITTEE</b></p>	
<p>Independent Members:</p>	
 <b>Maila Lourdes G. de Castro</b> Chairperson	 <b>Francisco L.R. Castro, Jr.</b>
 <b>Allan C. Nerves</b>	 <b>Concepcion I. Tanglao</b>
<p>Generation Sector Members:</p>	
 <b>Dixie Anthony R. Banzon</b> Masinloc Power Partners Co. Ltd. (MPPCL)	 <b>Cherry A. Javier</b> Aboitiz Power Corp. (APC)
 <b>Carlito C. Claudio</b> Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	<b>Mark D. Habana</b> Vivant Corporation - Philippines (Vivant)
<p>Distribution Sector Members:</p>	
 <b>Virgilio C. Fortich, Jr.</b> Cebu III Electric Cooperative, Inc. (CEBECO III)	 <b>Ryan S. Morales</b> Manila Electric Company (MERALCO)
 <b>Ricardo G. Gumalal</b> Iligan Light and Power, Inc. (ILPI)	 <b>Nelson M. Dela Cruz</b> Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)



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



Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation

A. WESM Rules

Clause	Original Provision	Proposed Amendment	Rationale
2.3.3.9  Trading Participant	If at any time a <i>Trading Participant</i> ceases to be eligible to be registered as a <i>Trading Participants</i> accordance with clause 2.3.3.4, that <i>Trading Participant</i> shall inform the <i>Market Operator</i> accordingly and, as soon as practicable after the <i>Market Operator</i> becomes aware that a <i>Trading Participant</i> is no longer eligible to be registered, the <i>Market Operator</i> shall issue a suspension notice in respect of that <i>Trading Participant</i> in accordance with clause 3.15.7.	If at any time a <i>Trading Participant</i> ceases to be eligible to be registered as a <i>Trading Participant</i> in accordance with Clause 2.3.3.4, that <i>Trading Participant</i> shall inform the <i>Market Operator</i> accordingly and, as soon as practicable after the <i>Market Operator</i> becomes aware that a <i>Trading Participant</i> is no longer eligible to be registered, the <i>Market Operator</i> shall <b>a.</b> issue a suspension notice in respect of that <i>Trading Participant</i> in accordance with Clause 3.15.7; <b>or</b> <b><u>coordinate with relevant external parties for confirmation of ineligibility in accordance with the relevant <i>Market Manual</i>.</u></b>	Provide reference to proposed procedure on de-registration without suspension  Correct reference clause on suspension to 3.15.8  Note: Sections 2.3.3.5 and 2.3.3.9 have the same provisions
2.6.3  CEASING TO BE A WESM MEMBER	On receipt of a notice under clause 2.6.1, the <i>Market Operator</i> shall notify all <i>WESM members</i> that the person or entity who gave the notice shall cease to be registered as a <i>WESM member</i> in the relevant category and the date on which that will occur.	On receipt of a notice <b><u>with proof of disconnection, as applicable,</u></b> under clause 2.6.1, the <i>Market Operator</i> shall <b><u>confirm the cessation and notify the relevant <i>WESM Member</i>. After such notification, the <i>Market Operator</i> shall</u></b> notify all <i>WESM members</i> that the person or entity who gave the notice shall cease to be registered as a <i>WESM member</i> in the relevant category and the date on which that will occur.	Clarify the documentary requirement for cessation notices and provide for validation period prior to notifying the rest of the WESM Members

Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation

**B. WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures for Improvements to De-registration and Cessation Procedures and the Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals**

Clause	Original Provision	Proposed Amendment	Rationale
2.9.4  CONTINUING COMPLIANCE	2.9.4 <b>Cessation of eligibility.</b>  As soon as practicable after the <i>Market Operator</i> becomes aware that a <i>WESM member</i> no longer meets any one of the membership criteria or requirement, the <i>Market Operator</i> shall issue a suspension notice in respect to that <i>WESM member</i> . The suspension shall continue until the <i>WESM member</i> is able to rectify or remedy the noncompliance or the defect to the satisfaction of the Market Operator. The Market Operator may, at its discretion, prescribe a period within which the noncompliance or defect is to be remedied. The failure of the <i>WESM member</i> to remedy or rectify the defect is a ground for deregistration. Suspension and deregistration shall be implemented in accordance with the conditions and procedures set forth in the <i>WESM Rules</i> and this Manual. Non-compliance with prudential requirements shall be governed by relevant provisions of the <i>WESM Rules</i> and relevant market manuals.	2.9.4 <b>Cessation of eligibility.</b>  <b><u>Subject to Clause 2.9.5, A</u></b> as soon as practicable after the <i>Market Operator</i> becomes aware that a <i>WESM member</i> no longer meets any one of the membership criteria or requirement, the <i>Market Operator</i> shall issue a suspension notice in respect to that <i>WESM member</i> . The suspension shall continue until the <i>WESM member</i> is able to rectify or remedy the noncompliance or the defect to the satisfaction of the Market Operator. The Market Operator may, at its discretion, prescribe a period within which the noncompliance or defect is to be remedied. The failure of the <i>WESM member</i> to remedy or rectify the defect is a ground for deregistration. Suspension and deregistration shall be implemented in accordance with the conditions and procedures set forth in the <i>WESM Rules</i> and this Manual. Non-compliance with prudential requirements shall be governed by relevant provisions of the <i>WESM Rules</i> and relevant market manuals.	Proposed to refer to a provision which will be basis for exception on issuance of suspension notice.
2.9.5 to 2.9.8	(new)	<b><u>2.9.5 If a Trading Participant fails to submit a valid interconnection agreement with a Network</u></b>	Provide steps or process and timeline for de-registration of a Trading Participant that is not

Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation

Clause	Original Provision	Proposed Amendment	Rationale
		<p><u>Service Provider, the Market Operator shall coordinate with its respective Network Service Provider to check if the registered Trading Participant continues to be connected to the transmission system or distribution system.</u></p> <p><u>2.9.6 A Network Service Provider that receives a notice from the Market Operator under Section 2.9.5 shall provide the information to the Market Operator within thirty (30) calendar days from the receipt of the notice.</u></p> <p><u>2.9.7 Upon receipt of confirmation from the Network Services Provider that the registered Trading Participant is no longer connected to their power system, the Market Operator shall notify the Trading Participant to submit a notice of cessation.</u></p> <p><u>2.9.8 Upon the receipt of the notice from the Market Operator, the</u></p>	<p>connected to the transmission system (generators and loads) or distribution system (embedded generators) anymore without going through the suspension process</p>



Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation

Clause	Original Provision	Proposed Amendment	Rationale
		<p><b><u>registered Trading Participant shall initiate cessation of its registration within fifteen (15) calendar days. If the Market Operator does not receive a notice of cessation within fifteen (15) calendar days, the Market Operator shall initiate the de-registration of the Trading Participant.</u></b></p>	
<p>4.2.3 Non-compliance with the membership criteria or requirement</p>	<p>The <i>Market Operator</i> has determined that the <i>WESM member</i> is no longer compliant with any one or all of the criteria and requirements for continuing membership in the WESM and is incapable of rectifying the defect or fails to rectify the defect despite notice from the <i>Market Operator</i>.</p>	<p>The <i>Market Operator</i> has determined that the <i>WESM member</i> is no longer compliant with any one or all of the criteria and requirements for continuing membership in the WESM and is incapable of rectifying the defect or fails to rectify the defect despite notice from the <i>Market Operator</i> <b><u>subject to Section 2.9.5.</u></b></p>	<p>Provide reference to the proposed procedures on de-registration of certain Trading Participants without going through the suspension process</p>
<p>5.2.3.1 CESSATION OF REGISTRATION</p>	<p>Immediately upon receipt of the notice from the <i>WESM member</i>, the <i>Market Operator</i> shall issue a Notice of Cessation to all <i>WESM members</i> stating the cessation of registration of <i>WESM member</i>, the category in which it ceases its registration, and the effective date of cessation.</p>	<p><del>Immediately u</del>Upon receipt of the notice <b><u>with proof of disconnection, as applicable,</u></b> from the <i>WESM member</i>, the <i>Market Operator</i> shall <b><u>confirm the cessation and notify the relevant WESM Member. After such notification, the Market Operator shall</u></b> issue a Notice of Cessation to all <i>WESM members</i> stating the cessation of registration of <i>WESM member</i>, the</p>	<p>Clarify the documentary requirement for cessation notices and provide for validation period prior to notifying the rest of the WESM Members</p>



Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation

Clause	Original Provision	Proposed Amendment	Rationale
		category in which it ceases its registration, and the effective date of cessation.	
5.4.1.4 Initiation of Deregistration Procedures	For <i>WESM Members</i> that have been disconnected from the grid at the instance of parties other than the <i>Market Operator</i> pursuant to prevailing rules and regulations on disconnection, upon receipt by the <i>Market Operator</i> of a copy of the order or notice of disconnection and the report from the relevant <i>Network Service Provider</i> confirming that the WESM member has actually been disconnected from the grid.	For <i>WESM Members</i> that have been disconnected from the grid at the instance of parties other than the <i>Market Operator</i> pursuant to prevailing rules and regulations on disconnection, upon receipt by the <i>Market Operator</i> of a copy of the order or notice of disconnection and the report from the relevant <i>Network Service Provider</i> confirming that the WESM member has actually been disconnected from the grid <b><u>and after the WESM Member failed to initiate cessation of its membership in accordance to Section 2.9.8.</u></b>	To include reference on the failure of the WESM Member to initiate cessation of its membership as basis to initiate de-registration
5.4.2.1 Issuance of Notice of De-registration and Disconnection	Within five (5) working days from receipt or submission of the document/s specified in the foregoing section, the Market Operator shall issue a Deregistration Notice to the <i>WESM Member</i> or the <i>Metering Services Provider</i> sought to be deregistered. The Deregistration Notice shall be in writing and shall include the ground/s for deregistration; date of effectivity of the deregistration; and notice that the	<del>Within</del> <b>After fifteen (15) working calendar</b> days from receipt or submission of the document/s specified in the foregoing section, the Market Operator shall issue a Deregistration Notice to the <i>WESM Member</i> or the <i>Metering Services Provider</i> sought to be deregistered. The Deregistration Notice shall be in writing and shall include the ground/s for deregistration; date of effectivity of the deregistration;	To harmonize with the proposed timeline that the MO shall initiate de-registration after 15 working days that the WESM member failed to initiate cessation of its membership in accordance to Sections 2.9.5 to 2.9.8

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Clause	Original Provision	Proposed Amendment	Rationale
	<p><i>WESM Member</i> subject to deregistration shall still be liable for its outstanding obligations to the WESM.</p>	<p>and notice that the <i>WESM Member</i> subject to deregistration shall still be liable for its outstanding obligations to the WESM.</p>	

