



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 1 of 55

ATTENDEES

| | Name | Designation/Position | Department/Company |
|----|-------------------------------------|---|-----------------------|
| 1 | Maila Lourdes G. De Castro | Chairperson, Independent | RCC |
| 2 | Francisco Leodegario R. Castro, Jr. | Member, Independent | RCC |
| 3 | Allan C. Nerves | Member, Independent | RCC |
| 4 | Concepcion I. Tanglao | Member, Independent | RCC |
| 5 | Dixie Anthony R. Banzon | Member, Generation Sector | RCC |
| 6 | Cherry A. Javier | Member, Generation Sector | RCC |
| 7 | Carlito C. Claudio | Member, Generation Sector | RCC |
| 8 | Mark D. Habana | Member, Generation Sector | RCC |
| 9 | Michelle Tuazon | Member (Alternate), Generation Sector (Vivant Corporation) | RCC |
| 10 | Ryan S. Morales | Member, Distribution Sector | RCC |
| 11 | Virgilio C. Fortich, Jr. | Member, Distribution Sector | RCC |
| 12 | Ricardo G. Gumalal | Member, Distribution Sector | RCC |
| 13 | Nelson M. Dela Cruz | Member, Distribution Sector | RCC |
| 14 | Lorreto H. Rivera | Member, Supply Sector | RCC |
| 15 | Ambrocio R. Rosales | Member, System Operator | RCC |
| 16 | Isidro E. Cacho, Jr. | Member. Market Operator | RCC |
| 17 | Karen A. Varquez | Manager, MAG-Rules Review Division (RCC Secretariat) | PEMC |
| 18 | Divine Gayle C. Cruz | Specialist, MAG-Rules Review Division (RCC Secretariat) | PEMC |
| 19 | Dianne L. De Guzman | Specialist, MAG-Rules Review Division (RCC Secretariat) | PEMC |
| 20 | Kathleen R. Estigoy | Specialist, MAG-Rules Review Division (RCC Secretariat) | PEMC |
| 21 | Edmundo G. Tuazon | Proponent | Pagbilao Energy Corp. |
| 22 | Valfia U. Gregorio | Proponent | IEMOP |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 2 of 55

| Agenda | Agreements / Action Taken / Action Required |
|--|--|
| I. Call to Order / Determination of Quorum | <ul style="list-style-type: none"> The meeting was conducted via Microsoft Teams and was called to order at 09:01. The meeting was chaired by Atty. Maila Lourdes G. de Castro (Chairman/Independent). All 15 RCC principal members and 1 alternate member were in attendance. |
| II. Presentation and Approval of the Proposed Agenda | With no other inputs / comments, the provisional agenda of the meeting was approved by the body. |
| III. Approval of the Minutes of Previous Meeting | The minutes of the 168 th RCC Meeting held on 14 August 2020 was approved as amended. |
| IV. Matters Arising from Previous Meeting | |
| 4.1 Proposed Amendments to the WESM Manual on Billing and Settlement regarding BCQ Declaration (Proposal from Pagbilao Energy Corp.) | <p><u>Presenter:</u> Engr. Edmundo Tuazon (Pagbilao Energy Corp.) / Divine Gayle Cruz (RCC Secretariat)</p> <p><u>Action Requested:</u> For deliberation and approval to endorse to PEM Board</p> <p><u>Presentation Materials:</u> 1. Annex A, providing IEMOP's response to requests for clarifications 2. Annex B, Rules Change Matrix with comments and Pagbilao's responses</p> <p><u>Proceedings:</u></p> <p>Ms. Divine Gayle Cruz (RCC Secretariat) informed the Committee that three (3) parties submitted comments to the proposal, namely: Shell Energy, PEMC and IEMOP. She noted that there were requests for clarification on the BCQ declaration process that were responded to by the IEMOP. Ms. Valfia Gregorio (IEMOP) and Mr. Isidro Cacho (IEMOP) provided assistance in further explaining IEMOP's responses.</p> <p>Thereafter the discussion on IEMOP's clarifications, Engr. Edmundo Tuazon (Pagbilao Energy Corp.) walked the RCC through their proposal and the corresponding comments and Pagbilao's responses.</p> <p>The following points were raised during the RCC's discussion of the comments:</p> <ul style="list-style-type: none"> Mr. Ryan Morales (MERALCO) asked for confirmation from the IEMOP if there is a BCQ even if it is stated as zero (0). Ms. Valfia Gregorio (IEMOP) answered in the affirmative and explained that based on the rules, a trading participant will only submit a BCQ that they want to account for settlement. Hence, any non-submission is interpreted as there is no BCQ that the TP wanted to be accounted for settlement. Mr. Morales inquired if ERC's approval through market fee application is needed if the proposal will be approved considering the cost requirement in implementing it to the CRSS. Ms. Gregorio answered in the affirmative and explained that the proposal requires additional cost. |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 3 of 55



| Agenda | Agreements / Action Taken / Action Required |
|--------|--|
| | <ul style="list-style-type: none"> • Mr. Edmund Tuazon (Pagbilao) clarified that their proposal was about prompting the trading participant of their BCQ declaration prior to the lapse of D+1. If the trading participant failed to declare its BCQ, then the quantity as stated in the supply agreement will be used. • Ms. Gregorio asked for clarification if the proposal pertains to one (1) value or a daily profile for the default BCQ. Mr. Tuazon responded that this can either be one (1) value or a daily profile depending on the agreement of the parties. • Considering the value and the daily profile, Ms. Gregorio noted Shell's comment that it is an additional process on the part of the MO that can or should be addressed by the trading participants. She explained that it is an additional responsibility on the part of MO since monitoring of all submitted bilateral contracts and notification to the buyer and seller will be done each trading day. She further explained that currently, the customer is confirming the submission of suppliers. Hence, they are aware of their submissions or non-submissions which no longer needs the notification by the MO. • Ms. Lorreto Rivera (TeaM Energy) asked for confirmation if the MO will still be required to render additional work in monitoring bilateral contracts despite the automated e-mail notification prompt by the CRSS. Ms. Gregorio confirmed this process and obligation on the part of the MO. • Mr. Virgilio Fortich, Jr. (CEBECO III) inquired if the CRSS has a warranty period which will cover the cost for add-on features or any changes in the system. Mr. Isidro E. Cacho replied that the warranty period for CRSS has already expired. It is currently under maintenance mode for minor revisions, which means that if the cost of the maintenance is greater than what is stated in the contract, an additional budget application must be filed. • Mr. Tuazon asked if the CRSS warranty can still be extended considering that the system is relatively new and its development is still ongoing. He also asked if the coding, patches, and enhancements are included in the maintenance provision. Mr. Cacho responded that its warranty could no longer be extended. But there is a provision for the developer's man-hour for coding, patches and enhancements falling under maintenance activities only. But if the changes to the system is greater than the development, an additional cost will be incurred. • Mr. Tuazon asked if the cost for the changes to implement the proposal can be determined. Mr. Cacho answered that to know the cost, the conceptual and design process must be finalized to determine the CRSS' component that will be affected. From then, a statement of work and the deliverables will be drafted, and the developer will provide the corresponding quotation for the work required. Mr. Tuazon stated that they are willing to help in the enhancement of the CRSS to accommodate their proposal without |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 4 of 55



| Agenda | Agreements / Action Taken / Action Required |
|--------|--|
| | <p>additional cost through their company's energy application developer.</p> <ul style="list-style-type: none"> • Mr. Fortich inquired if MO has a historical data on the cost of changes done to the CRSS. He also asked if the coverage of the maintenance provision includes the software and hardware. Mr. Cacho responded that he supposed that the maintenance provision is more on the software side and he has to confirm yet the historical data for the costing of changes. • Mr. Allan Nerves (Independent) reiterated Shell's comment that if all the BCQ will be considered, it will be a complicated work since the conditionalities for each BCQ is unique. The determination of BCQ for each profile might also affect the costing of changes. • Ms. Cherry Javier (Aboitiz Power) commented that the transition from 1-hour to 5-minute dispatch is a challenge since it entails BCQ declaration also from 1-hour interval to 5-minute interval. Hence, a transitory period within which to redeclare BCQ may be provided to rectify any error. She also suggested to use the week-ahead value since generators bid on a week-ahead basis which may be a timeline as well for BCQ declaration. • Mr. Ricardo Gumalal (ILPI) suggested to discuss first the proposal with the MO to find out if there is a financial impact prior to RCC's approval to endorse it to the PEM Board. • Mr. Cacho clarified that the fundamental issue of the proposal is whether the RCC would adopt a default BCQ and adjust the current D+1 timeline. From then, the process for changing the rules and the implementation of the rules to the CRSS will be followed. But before proposing for the changes, the conceptual design and financial impact, if there is any, must be determined beforehand. Ms. Rivera agreed with the resolution of the fundamental issue and restated the summary and rationale of the proposal. • Mr. Tuazon asked for confirmation whether the D+2, D+3 or D+4 timeline for BCQ declaration is doable. Mr. Cacho answered in the affirmative and reiterated that the MO will implement changes to the system should it be required in the amended rules. • Mr. Morales inquired if the parallel run of the NMMS will be affected should the proposal be approved. Mr. Cacho explained that the NMMS and the CRSS are separate systems. But if the proposal will be approved, its implementation to the CRSS will be after the scheduled Go-Live of the NMMS considering the timeline for the enhancements and trials. Mr. Fortich asked for assurance that the NMMS will not be affected by the proposal. Mr. Cacho confirmed the same and explained that the NMMS is more on the offers and bids, to which BCQ is not a factor, while BCQ is on the settlement side which is covered by the CRSS. |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 5 of 55



| Agenda | Agreements / Action Taken / Action Required |
|--------|---|
| | <ul style="list-style-type: none"> • Mr. Mark Habana (Vivant) asked if the standing BCQ that will be used as default in the proposal can be set to zero (0). Mr. Tuazon responded in the affirmative and said that the rules currently set it to zero (0). Mr. Habana opined that it would be strange to have a zero (0) BCQ based on contract. Mr. Tuazon clarified that any value or load profile can be enrolled by the TP during its registration in the CRSS. Ms. Rivera explained that if the standing BCQ will be set to zero (0), it will technically defeat the purpose of declaration, since standing BCQ is agreed upon by the parties and is part of CRSS registration in the beginning. • Mr. Habana expressed his agreement to Shell's comment that there are various BCQ contracts and the same may change through time. Thus, for him, the benefits of the proposed change seem to be less than the associated cost to it. • On other provisions of the rules and manuals that would be affected by the proposal, Mr. Cacho suggested that there should also be a proposal on registering bilateral contract quantities and rules on standing offers and standing bids. Ms. Cruz mentioned that the Secretariat has checked the rules and manuals that will be affected for consistency. She noted that the WESM Rules and WESM Registration Suspension and Deregistration will have to be amended 3.13.1 as well. • As a way forward, Mr. Cacho suggested to have a separate online discussion with the proponent regarding the timeline, conceptual design, processes, and associated cost, in preparation for PEM Board's deliberation on the matter. Mr. Fortich, Jr. agreed with the suggestion and added the justification for the proposal may be included such as its cost-benefit impact. Mr. Morales added that cases, flow/process charts and user requirements may be required from the proponent for discussion with the vendor. Mr. Tuazon responded that they will submit such requirements. • Following the cost-benefit impact of the proposal, Mr. Morales stated that they already managed the effects of erroneous or invalid BCQ declarations in their contracts. Thus, they see no additional benefit to the proposal. However, if it can be determined that the proposal has no additional cost to the annual market fees, then they can agree to it. • Mr. John Mark Catriz (PEMC) mentioned that if this proposal will be approved or promulgated by the DOE, it will still be unimplementable since the complementary provisions in the rules and manuals must be amended as well. Thus, he suggested that it would be more prudent to complete the rules change proposal before proceeding with the next steps. Mr. Francisco Leodegario R. Castro, Jr. (Independent) agreed with the suggestion and asked who the proper party is to complete the proposal. Mr. Catriz explained that it is incumbent upon the proponent to complete its proposal, and PEMC-MAG will just point out which market rules or manuals are affected. |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 6 of 55

| Agenda | Agreements / Action Taken / Action Required |
|--|--|
| | <ul style="list-style-type: none"> Mr. Castro, Jr. directed the proponent to complete the proposal and coordinate with IEMOP for the other requirements. <p><u>Resolution:</u> RCC agreed to defer the endorsement of the proposal to the PEM Board pending the following activities:</p> <ol style="list-style-type: none"> MAG to coordinate with Pagbilao regarding the additional provisions in the WESM Rules/Manuals that need revision, for consistency. Pagbilao to provide additional proposed amendments and illustration on timeline and user requirements related to the proposal. IEMOP to assist and coordinate with Pagbilao to further thresh out the requirements to implement the proposal. |
| <p>4.2 Update on Proposed Pricing Mechanisms / APDM during Market Intervention or Suspension</p> | <p><u>Presenter:</u> John Mark S. Catriz (PEMC)</p> <p><u>Action Requested:</u> For information</p> <p><u>Presentation Material:</u> N/A</p> <p><u>Proceedings:</u></p> <p>Mr. Catriz (PEMC) apprised the Committee on the status of PEMC's submission of its proposal on a new Administered Price Determination Methodology (APDM) during market intervention or suspension. It was supposed to be submitted by PEMC to the RCC in August, but it was deferred due to the ongoing deliberation by the ERC of the proposed revisions to the Price Determination Methodology (PDM), for the enhanced market design, which includes among others the APDM.</p> <p>Mr. Castro, Jr. (Independent) asked about PEMC's current effort and expected timeline regarding the proposal. Mr. Catriz responded that PEMC has initiated collaboration with IEMOP in revising the current PDM, which will be submitted to the ERC as a proposal. The ERC is expected to render its decision in time for the target Go-Live date on 26 December 2020. He also noted that PEMC and RCC can collaborate on future proposal, if needed, after review of ERC's resolution on PDM.</p> <p><u>Resolution:</u> N/A (for information only); RCC noted the information provided.</p> |
| <p>V. New Business Matters</p> | |
| <p>5.1 Proposed Amendments to the WESM Rules and WESM Manuals on the Rationalization of Billing Adjustment Timelines (Proposal from IEMOP)</p> | <p><u>Presenter:</u> Engr. Valfia U. Gregorio (IEMOP)</p> <p><u>Action Requested:</u> For approval for publication</p> <p><u>Presentation Material:</u> Annex C</p> <p><u>Proceedings:</u></p> <p>Ms. Gregorio (IEMOP) presented the rationale and the summary of the proposed amendments to the WESM Rules and Manuals, as follows:</p> |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 7 of 55



| Agenda | Agreements / Action Taken / Action Required | | | | | | | | | | | | |
|---|--|--|-------------------|-------------------|--|------|--------------------------------------|--|--|------|---|------------------------|--|
| | <p>1) The rationale for the amendments is to reduce the duration of the financial risks in billing adjustments on the part of WESM trading participants by providing shorter and clearer timelines in reporting and correcting errors or discrepancies in settlement.</p> <p>2) The documents for amendments are the WESM Rules, WESM Manuals on Billing and Settlement, Metering Standards and Procedures and Dispute Resolution.</p> <p>3) The instances by which a billing statement is revised or adjusted are due to error or discrepancy as reported to or as discovered by the MO, and when the dispute pertaining to the final statement are resolved.</p> <p>4) Currently, there is no WESM Rules or Manual provision regarding activity and timeline for reporting error or discrepancy. The existing rules pertain only to activities and timelines in revising statement and reconciling unintentional meter error; and raising disputes and releasing adjusted statements because of dispute resolution process.</p> <p>5) Below is the matrix of the proposed activities and corresponding timelines:</p> <table border="1" data-bbox="587 1216 1481 1559"> <thead> <tr> <th>Activity</th> <th>Original Timeline</th> <th>Proposed Timeline</th> </tr> </thead> <tbody> <tr> <td>(New) Deadline for reporting errors</td> <td>None</td> <td>6 months after end of billing period</td> </tr> <tr> <td>(Existing) Deadline for revised statement</td> <td>6 months after notice of error or MO discovery</td> <td>Same</td> </tr> <tr> <td>(Existing) Reconciliation of unintentional meter error</td> <td>1 year after discovery</td> <td>5 months after notice of error or MO discovery</td> </tr> </tbody> </table> <p>The following points were raised during the RCC's discussion of the proposal:</p> <ul style="list-style-type: none"> Ms. Gregorio was asked by Mr. Morales if the proposal covers Must-Run Unit (MRU) and administered price adjustments. Ms. Gregorio responded that the coverage of the proposal is the error or discrepancy related events only. She added that for MRU adjustments, a separate proposal providing for its two-week rectification has been previously submitted. Mr. Gumalal asked regarding the effect/s of failure to discover the error or discrepancy within the period for reporting the same. Ms. Gregorio answered that the said error or discrepancy is deemed accepted by the trading participants and it could no longer be reported. Mr. Gumalal clarified if the amount of discrepancy could no | Activity | Original Timeline | Proposed Timeline | (New) Deadline for reporting errors | None | 6 months after end of billing period | (Existing) Deadline for revised statement | 6 months after notice of error or MO discovery | Same | (Existing) Reconciliation of unintentional meter error | 1 year after discovery | 5 months after notice of error or MO discovery |
| Activity | Original Timeline | Proposed Timeline | | | | | | | | | | | |
| (New) Deadline for reporting errors | None | 6 months after end of billing period | | | | | | | | | | | |
| (Existing) Deadline for revised statement | 6 months after notice of error or MO discovery | Same | | | | | | | | | | | |
| (Existing) Reconciliation of unintentional meter error | 1 year after discovery | 5 months after notice of error or MO discovery | | | | | | | | | | | |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 8 of 55

| Agenda | Agreements / Action Taken / Action Required |
|-------------------------------------|--|
| | <p>longer be recovered, to which Ms. Gregorio answered in the affirmative.</p> <ul style="list-style-type: none"> Chairperson De Castro (Independent) inquired about the basis for imposing six months period within which to report error or discrepancy. Ms. Gregorio answered that it is for consistency with the existing timeline for revising statement. <p>Having no further questions, Mr. Fortich, Jr. moved to approve the publication of the proposal and was seconded by Ms. Rivera.</p> <p><u>Resolution:</u> RCC approved the proposal for publication for comments.</p> |
| VI. Other Matters | |
| 6.1 DOE Public Consultation Updates | <p><u>Presenter:</u> Ms. Karen A. Varquez (RCC Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>Ms. Karen Varquez (RCC Secretariat) informed the RCC of the following DOE activities in relation to rules change proposals:</p> <ol style="list-style-type: none"> DOE conducted a virtual public consultation on 04 September 2020 regarding the proposed amendments to the WESM Rules on Transition on IMO. The DOE is already on its final stages of drafting the circular. DOE published in its website the Draft DC entitled “Adopting a General Framework Governing the Test and Commissioning of Generation Facilities”. Commenting period is until 23 September 2020. The proposed amendments to the WESM Registration Manual for General Enhancements to the Application Process of New WESM Members, which includes testing and commissioning, was deferred pending DOE’s issuance of the general framework. <p><u>Resolution:</u> N/A (for information only); The RCC noted on the deadline for the comments on the draft DOE Circular.</p> |
| VII. Next Meeting | <ul style="list-style-type: none"> 16 Oct 2020 13 Nov 2020 18 Dec 2020 (tentative) |
| VIII. Adjournment | The meeting was adjourned at 11:28 AM. |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
Date & Time : 18 September 2020, 09:01
Venue : Online via Microsoft Teams
Page : 9 of 55

Prepared by:



KATHLEEN R. ESTIGOY
Specialist, Rules Review Division
Market Assessment Group

Reviewed by:



KAREN A. VARQUEZ
Manager, Rules Review Division
Market Assessment Group

Noted by:



JOHN MARK S. CATRIZ
Head, Market Assessment Group

Approved by:



MAILA G. DE CASTRO
Chairman, Independent



ALLAN C. NERVES
Member, Independent



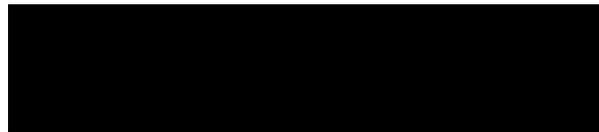
DIXIE ANTHONY R. BANZON
Member, Generation Sector
Masinloc Power Partners Co. Ltd. (MPPCL)



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



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



FRANCISCO LEODEGARIO B. CASTRO, JR.
Member, Independent



CONCEPCION I. TANGLAO
Member, Independent



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



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

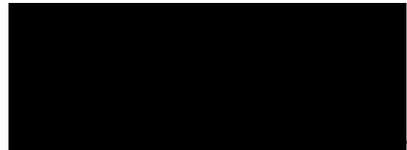


VIRGILIO C. FORTICH, JR.
Member, Distribution Sector
Cebu III Electric Cooperative, Inc. (CEBECO III)



MEETING MINUTES

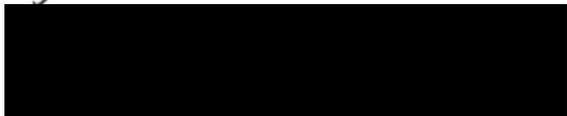
Subject/Purpose : 169th Rules Change Committee Meeting
Date & Time : 18 September 2020, 09:01
Venue : Online via Microsoft Teams
Page : 10 of 55



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



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



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



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



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



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 11 of 55

ANNEX A

MO RESPONSES TO PEMC COMMENTS

| Comments | IEMOP Responses |
|---|--|
| 1. Criteria in identifying invalid BCQ. | <p>As enumerated in Section 9.1.2 of the Billing and Settlement Manual, "To be valid, bilateral contract declarations submitted by a Trading Participant shall include:</p> <p>a) market trading node from the identified market trading nodes during the enrolment of the supply contract designated as the source of the supply from the selling Trading Participant;</p> <p>b) the Trading Participant who will buy the declared volume pursuant to their bilateral contract;</p> <p>c) market trading node from the identified market trading nodes during the enrolment of the supply contract and whose final nodal energy dispatch price will be used as reference during settlements; and</p> <p>d) bilateral contract quantity in MWh for each dispatch interval for that trading day."</p> <p>Bilateral contract declarations that will not satisfy these criteria will be identified as invalid BCQ submissions. In the CRSS, a message prompt will immediately notify the selling Trading Participant in cases of invalid BCQ submission. Invalid BCQ submissions are not accepted by the CRSS; hence, TPs will know that their BCQ submissions are valid if it has been accepted.</p> |

MO RESPONSES TO PEMC COMMENTS

| Comments | IEMOP Responses |
|--|---|
| 2. Impact of proposal to the process and to the CRSS. Will this require enhancement in the CRSS? | <p>The Trading Participants have to submit zero (0) MW BCQ declaration during intervals when they don't want their BCQ to be accounted for in settlement, because non-submission of BCQ will automatically be equal to the contracted capacity in the supply agreement under the proposal.</p> <p>IEMOP confirms that the incorporation of the requirements of the proposal, such as change in the value of the BCQ from zero to the contracted capacity in the supply contract agreement during non-submission or invalid BCQ declaration, and for MO to notify each seller and buyer for each trading day of these cases will require enhancement in the CRSS that will entail additional cost.</p> |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 12 of 55

MO RESPONSES TO PEMC COMMENTS

| Comments | IEMOP Responses |
|---|---|
| 3. Corresponding costs and increase in the market fees, if any. | The estimated cost for the CRSS enhancement with the subsequent increase in the market fees requires coordination with the vendor of the system. |
| 4. Timeline and transitory implementation arrangement. | The estimated timeline for the implementation of the changes requires coordination with the vendor of the system. Given the volume of additional validation, monitoring, and BCQ substitution activities required under the proposal, we propose that the proposal only be implemented once the system has been enhanced as, without the enhancement, these process will have to be performed manually. |

MO RESPONSES TO PEMC COMMENTS

| Comments | IEMOP Responses |
|---|---|
| <p>5. Also, would it be possible for the MO to inform TPs on BCQs within D+1, i.e.</p> <ul style="list-style-type: none"> - information on valid/invalid BCQs declared/confirmed; - whether BCQs are nullified; - or in the case of this proposal, replaced with standing BCQ? | <p>The CRSS provides notifications for BCQ transactions immediately after the transaction as follows:</p> <ul style="list-style-type: none"> • information on valid/invalid BCQs declared/confirmed - a message prompt will immediately notify the selling Trading Participant in cases of invalid BCQ submission. Invalid BCQ submissions are not accepted by the CRSS; hence, TPs will know that their BCQ submissions are valid if it has been accepted. The buying Trading Participant will immediately receive a notification that a BCQ declaration has been submitted for its account. If the buying Trading Participant confirms the BCQ declarations, the selling Trading Participant will also immediately receive a notification. • whether BCQs are nullified; - If the buying Trading Participant nullifies the BCQ declarations, the selling Trading Participant will immediately receive a notification. • or in the case of this proposal, replaced with standing BCQ? - Similar with the current notifications, we propose that this be implemented in an automated manner through the CRSS; hence, enhancements to the CRSS will be required. The notification for the replacement with standing BCQ will be made right after the deadline for BCQ declaration (i.e., 12:00AM of the following day). |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 13 of 55

MO RESPONSES TO PEMC COMMENTS

| Comments | IEMOP Responses |
|--|---|
| 6. For Section 9.1: If possible, we suggest the MO to propose a reasonable timeline in Sections 9.1.8 and 9.1.9. | With the proposal to implement the proposal using the CRSS, the MO can start sending the notification right after the deadline. For documentation, we propose to indicate a D+2 timeline in the manual. |

MO RESPONSES TO SHELL COMMENTS

| Comments | IEMOP Responses |
|---|---|
| 1. In adopting the proposal, IEMOP and the rules change committee should consider that the terms and conditions as well as BCQ declaration protocols of bilateral power supply contracts differ or vary among trading participants which means that the said predicament or requirement may not be applicable or relevant to all bilateral supply counterparties. | We agree with the comment that the terms and conditions as well as BCQ declaration protocol of bilateral power supply contracts differ or vary among trading participants, thus the requirement may not be applicable or relevant to all bilateral supply counterparties. |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 14 of 55

MO RESPONSES TO SHELL COMMENTS

| Comments | IEMOP Responses |
|--|--|
| <p>2. Moreover, this additional process can create a new responsibility on the part of the Market Operator that should or can be addressed by the contracted Trading Participants.</p> | <p>We agree that the said proposal requires additional responsibility on the part of the market operator to monitor all non-submission of bilateral contract declarations and notify each seller and buyer for each trading day. For this to be implemented, an automatic e-mail notification to Participants must be incorporated in the CRSS, which will entail costs. This may also leave the participants to totally rely on the Market Operator rather than being responsible in submitting their BCQ declaration. In the current system, the customer is confirming the submission of suppliers so they are aware of their submission or non submission and no longer needs to be informed by the Market Operator.</p> |

MO RESPONSES TO SHELL COMMENTS

| Comments | IEMOP Responses |
|--|--|
| <p>3. The incorporation of such feature in the CRSS may entail additional costs for patches or coding that will subsequently be collected from participants through the market fees.</p> | <p>We confirm that the incorporation of such feature in the CRSS will definitely entail additional cost. The cost for the enhancements will be filed for approval with the ERC and will subsequently be collected from participants through the market fees.</p> |
| <p>4. This concern/requirement may be addressed through the adoption of internal software applications or manual protocols among members/counterparties so as to manage their bilateral contract declaration and confirmation in the WESM/CRSS and avoid <u>nonsubmission</u>.</p> | <p>We agree that the requirement may be addressed by the participants through close monitoring and coordination to avoid non-submission.</p> |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 15 of 55

MO RESPONSES TO SHELL COMMENTS

| Comments | IEMOP Responses |
|---|---|
| 5. DOE and the IEMOP may consider the adjustment of the BCQ declaration timeline from D+1 to D+2 or D+3 to avoid additional investments on the CRSS since the configuration for the BCQ declaration timeline can be readily made via the content management system/system configuration function of the CRSS. | We believe that, without an effective communications protocol between the counterparties, any length of BCQ declaration timeline may result in the same issue. Hence, establishing an effective communications protocol may be a more appropriate action to address this issue. |
| 6. Contract risk management and financial hedging tools or strategies such as financial contracts for difference (CFD) can be set-up or adopted by counterparties to do away with tedious BCQ declaration process. The establishment of a forward market and training program that tackles the CFD framework and its related tools will be vital to foster a more sustainable mechanism for supply contract management. | We agree that the establishment of a forward market would be beneficial to the power industry. |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 16 of 55

**ANNEX B****I. Proposed Amendment to WESM Manual on Billing and Settlement regarding BCQ Declaration**

| WESM Manual on Billing and Settlement Issue 6.1 | | | | | | | | |
|---|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
| | | | | | <p><u>PEMC:</u></p> <p>Pagbilao addresses the issues arising from non-submission of BCQ data by the selling TP within D+1.</p> <p>We note that submission and confirmation of BCQ data are obligations of TPs (WESM Rules Clause 3.13.1) in relation to their bilateral contracts and WESM transactions, and that,</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 17 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|--|------------------------------------|----------------------|--------------|
| | | | | | <p>this proposal is for the 5-minute dispatch interval implementation.</p> <p>We recognize the benefits of having “standing BCQs”. It ensures that customers can maximize their contracts and are protected to some extent from price spikes.</p> <p>To implement this proposal, we suggest that information from the MO be considered as follows:</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 18 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | 1. Criteria in identifying invalid BCQ 2. Impact of proposal to the process and to CRSS. Will this require enhancement in the CRSS? 3. Corresponding costs and increase in market fees, if any. 4. Timeline and transitory implementation arrangements Also, would it be possible for the MO to inform TPs on BCQs within D+1, i.e. | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 19 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|--|------------------------------------|----------------------|--------------|
| | | | | | <ul style="list-style-type: none"> - information on valid/invalid BCQs declared/confirmed; - whether BCQs are nullified; - or in the case of this proposal, replaced with standing BCQ? <p>This proposal will also introduce amendments to Clause 3.13.1 of the WESM Rules and the WESM Registration, Suspension and De-Registration Criteria and Procedures (Registration Manual).</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 20 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p><u>Shell Energy Philippines:</u></p> <p>Shell Energy Philippines (SEPH) finds the proposal of PEC to introduce default bilateral contract declaration in the market operator's CRSS/processes as a very convenient and straightforward approach to address the issue of non-submission of participants or failure to submit BCQ declaration on a daily basis.</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 21 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p>We are also cognizant that the said function or process for default/standing bilateral declaration is not yet available in the current CRSS platform.</p> <p>With this, please find below our overall comments regarding the request:</p> <ul style="list-style-type: none"> • In adopting the proposal, IEMOP and the rules change committee should consider that the terms and conditions as well as BCQ declaration protocols of bilateral power supply contracts differ or vary among | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 22 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p>trading participants which means that the said predicament or requirement may not be applicable or relevant to all bilateral supply counterparties.</p> <ul style="list-style-type: none"> • Moreover, this additional process can create a new responsibility on the part of the Market Operator that should or can be addressed by the contracted Trading Participants. • The incorporation of such feature in the CRSS may entail | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 23 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p>additional costs for patches or coding that will subsequently be collected from participants through the market fees.</p> <ul style="list-style-type: none"> • This concern/requirement may be addressed through the adoption of internal software applications or manual protocols among members/counterparties so as to manage their bilateral contract declaration and confirmation in the WESM/CRSS and avoid non-submission. | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 24 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|--|------------------------------------|----------------------|--------------|
| | | | | | <ul style="list-style-type: none"> • DOE and the IEMOP may consider the adjustment of the BCQ declaration timeline from D+1 to D+2 or D+3 to avoid additional investments on the CRSS since the configuration for the BCQ declaration timeline can be readily made via the content management system/system configuration function of the CRSS. • Contract risk management and financial hedging tools or strategies such as | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 25 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|--------------------|---------|--------------------|--------------------|-----------|---|--|----------------------|--------------|
| | | | | | financial contracts for difference (CFD) can be set-up or adopted by counterparties to do away with tedious BCQ declaration process. The establishment of a forward market and training program that tackles the CFD framework and its related tools will be vital to foster a more sustainable mechanism for supply contract management. | | | |
| 2.1 DEFINITIONS | 2.1.2 | (new) | | | <u>PEMC:</u> Suggest providing a definition for standing | <u>PEMC:</u> <u>(g) Standing Bilateral Contract</u> | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 26 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|------------------|---------|---------------------------|--------------------|-----------|--|--|----------------------|--------------|
| | | | | | <p>bilateral contract quantity, as replacement for "enrolled bilateral contract quantity". However, we note that proposed revisions to the Registration Manual should be made to establish the procedure for this during registration, including possible post-registration transactions such as revision/updating of standing BCQ and its expiry.</p> | <p><u>Quantity. A bilateral contract quantity declaration that is agreed between parties, that will be used for settlement.</u></p> | | |
| 9.1 DECLARATIONS | 9.1.8 | If the bilateral contract | | | <u>PEMC:</u> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 27 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------------------------|---------|--|---|---|---|--|----------------------|--------------|
| FOR ENERGY TRANSACTIONS | | declaration is invalid, the Market Operator shall promptly inform the Trading Participant and such bilateral contract declaration shall not be accounted for in settlements. | | | If possible, we suggest the MO to propose a reasonable timeline in Sections 9.1.8 and 9.1.9. | | | |
| | 9.1.9 | (new) | <u>If there is no bilateral contract declaration submitted by the end of after each trading day, the Market Operator shall promptly inform the selling</u> | There should be a provision that would cover a default bilateral contract declaration | <u>PEMC:</u> If possible, we suggest the MO to propose a reasonable timeline in Sections 9.1.8 and 9.1.9. | <u>PEMC:</u> <u>If there is no bilateral contract declaration submitted by the end of after each trading day, the</u> | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 28 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|---|---|---|--|----------------------|--------------|
| | | | <p><u>and buying Trading Participant that the contracted capacity declared under the supply contract shall be used in lieu and shall be accounted for in settlement.</u></p> <p><u>No bilateral contract declaration shall include:</u></p> <p>a. <u>Non-submission of bilateral contract declaration;</u></p> | <p>which should be, at the very least, equivalent to the contracted capacity commitment under the supply contract as already enrolled by the Trading Participants.</p> <p>Under the current set-up, if the Trading Participant-</p> | <p><i>Rewording</i></p> <p>Suggest replacing "contracted capacity declared" with "registered standing bilateral contract quantity" to clearly refer to the contracted capacity being proposed to be registered under the supply contract for the selling and buying Trading Participants.</p> | <p><u>Market Operator shall promptly inform the selling and buying Trading Participant that the contracted capacity declared registered standing bilateral contract quantity under the supply contract shall be used in lieu thereof and shall be accounted for in settlement.</u></p> <p><u>No bilateral contract declaration-This provision shall</u></p> | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 29 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|---|---|--|---|----------------------|--------------|
| | | | <p>b. <u>Non-submission of valid bilateral contract declaration in relation to Section 9.1.8 of this Manual.</u></p> | <p>Genco failed to submit a declaration, the Trading Participant – Buyer will have nothing to neither confirm nor nullify following Sec9.2.</p> <p>Having a default bilateral contract declaration shall prevent Trading Participants</p> | <p>Suggest rewording. Item (a) is already mentioned in the first para of this Section.</p> | <p><u>also apply in case of non-submission include:</u></p> <p>a. <u>Non-submission of bilateral contract declaration;</u></p> <p>b. <u>Non-submission of valid bilateral contract declaration pursuant to Section 9.1.8 of this Manual.</u></p> | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 30 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|--|---|------------------------------------|----------------------|--------------|
| | | | | defaulting on contractual obligation, gaming and unnecessary market exposure to the Trading Participants | <p><u>IEMOP:</u></p> <p>1. The CRSS is coded such that non-submission of BCQ</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 31 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|--|------------------------------------|--|--------------|
| | | | | | <p>declaration is treated as zero (0) MWh BCQ. This proposal to change the value of non-submission of BCQ declaration to equal the contracted capacity will entail additional cost for the CRSS enhancement.</p> <p>2. For the Market Operator to promptly inform the selling and buying Trading Participant that the contracted capacity declared under the supply contract shall be used in lieu and shall be accounted for in settlement due to non-submission of bilateral quantity declaration, the</p> | | <p>How much will be the additional cost for the enhancement?</p> <p>Is it not included in the negotiation/contract that future enhancement to the NMMS/CRSS will not entail additional cost?</p> <p>From my point of view, if you will engaged in such IT Development like Energy Trading Applications, you have to consider all</p> | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 32 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|--|--------------|
| | | | | | <p>CRSS must be enhanced to incorporate an automatic e-mail notification to Trading Participants which will also entail costs.</p> <p>3. We note that, in the CRSS, the customer will confirm the submission of their suppliers so they will be aware of any submission or non-submission.</p> <p>4. WESM Rules 3.13.1.1 states that Trading Participants who sell electricity pursuant to bilateral contracts to be accounted for in</p> | | <p>future enhancement to be included in the contract as such there will be no additional cost for my part, this is one way of managing risk.</p> | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 33 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|--|------------------------------------|----------------------|--------------|
| | | | | | <p>settlement timetable, shall:</p> <p>a. Submit a schedule to the Market Operator specifying the MWH bilateral sell quantities for each Trading Participant who buys electricity pursuant to that bilateral contract for that dispatch interval of that trading day.</p> <p>Under this clause, BCQ declaration submission are required to be submitted after the trading day. However, in the proposal, BCQ declarations may be based on pre-defined values during contract</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 34 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p>enrollment. Therefore, WESM Rules Clause WESM Rules 3.13.1.1(a) must be reviewed/revised if the said proposal is to be pursued.</p> <p>5. Also, we note that the WESM Rules (Clause 3.13.1.1) provide for Generators or Seller to submit bilateral sell quantities at each relevant market trading node, in each trading interval of that trading day. This will enable Market Participants to strategize and manage their Bilateral</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 35 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p>Contract Quantities (BCQ), may it be lower or not equal to the contracted capacity under the supply contract so long as the Buyer agrees with the submission. That is, the seller and buyer is empowered to vary BCQ submissions depending on their agreement or strategy.</p> <p>6. WESM Rules 3.13.1.1 (c) states that the counterparty must agree with the submission made under Section 3.13.1.1 (a). Using the same principle, the customer must</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 36 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p>also agree with the use of the default BCQ during contract enrollment if the proposal will be pursued.</p> <p>7. This proposed amendment will also require Trading Participants to declare zero (0) BCQ value for intervals they do not want any BCQ to be accounted for in settlement because non-submission will use the contracted capacity. WESM Rules Clause 3.13.1.1 must be reviewed/revised if the said proposal is to be pursued.</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 37 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p>8. May we request for clarification if the proposal pertains to one (1) value or a daily profile for the default BCQ? If on a profile basis, the supply contract enrollment module of the CRSS will have to be enhanced to accommodate the proposal which will entail additional cost.</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 38 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|----------|------------------------------------|--|--------------|
| | | | | | | | This can be a one (1) value or a daily profile, both should be agreed by the parties involved. | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 39 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--|---------------------------------------|-----------|----------|------------------------------------|----------------------|--------------|
| | | | | | | | | |
| | 9.1.10 | Prior to the interconnection of the Mindanao grid with the Luzon and Visayas grids, a selling Trading Participant may only declare bilateral | (renumbering) 9.1.40 11 | | | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 40 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|---|--------------------|-----------|----------|------------------------------------|----------------------|--------------|
| | | contract data for buying Trading Participants from the same settlement region. A selling Trading Participant and a buying Trading Participant shall be deemed to be from the same settlement region if both Trading Participants have market trading nodes from the same settlement | | | | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 41 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--|--------------------|-----------|----------|------------------------------------|----------------------|--------------|
| | | <p>region. In addition, the market trading nodes specified under Section 9.1.2(a) and 9.1.2(c) should be in the same settlement region as the selling and buying Trading Participants. For this purpose, the Luzon and Visayas grids shall be considered as one single settlement region and the</p> | | | | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 42 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|--|---------|--|---|---|---|---|----------------------|--------------|
| | | Mindanao grid as another settlement region. | | | | | | |
| 9.2 CONFIRMATION AND NULLIFICATION FOR ENERGY TRANSACTIONS | 9.2.5 | At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to require confirmation and whose valid bilateral | At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to require confirmation and whose valid bilateral contract declarations was not confirmed, that <u>the contracted capacity declared</u> | Non-confirmation of bilateral contract declaration will expose the Genco to unnecessary market exposure. There should be a default bilateral contract | <u>PEMC:</u> Suggest replacing "contracted capacity declared" with "registered standing quantity" to clearly refer to the contracted capacity being proposed to be registered under the supply contract for the | <u>PEMC:</u> At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose <u>enrolled</u> supply contract was enrolled to require confirmation and whose valid | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 43 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--|--|--|--|--|----------------------|--------------|
| | | contract declarations was not confirmed, that their bilateral contract declarations shall not be accounted for during settlements. | <u>under the supply contract shall be used in lieu and shall</u> be accounted for during settlements. | declaration if the buyer Trading Participant, deliberately or otherwise, overlook its confirmation | selling and buying Trading Participants. | bilateral contract declarations were not confirmed, that <u>the contracted capacity declared registered standing bilateral contract quantity under the supply contract shall be used in lieu thereof and shall</u> be accounted for during settlements. | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 44 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p><u>IEMOP:</u></p> <p>Same as the comment on Clause 9.1. with additional comment below</p> <p>The WESM Rules (Clause 3.13.1.1 c) provide for submission or provision of evidence that the buying counterparty agrees with the submission. If the buyer, as stated in the proposal, deliberately or otherwise, overlook its</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 45 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|--|------------------------------------|----------------------|--------------|
| | | | | | <p>confirmation and the Market Operator inputs, either manually or programmatically, the contracted capacity as the BCQ then confirmation would not have been secured. The said WESM rules provision must be reviewed/revised if the said proposal is to be pursued.</p> <p><u>Shell Energy Philippines:</u></p> <p>Same comment as above</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 46 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--|--|--|---|----------------------|--------------|
| | | | | | | | | |
| | 9.2.7 | (new) | <u>At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose supply contract was enrolled to not require confirmation and whose valid bilateral contract declarations was nullified in relation</u> | Incessant nullification of buyer Trading Participant will result to unnecessary market exposure to both seller and buyer. There should be a default bilateral contract | <u>PEMC:</u> Suggest replacing "contracted capacity declared" with "registered standing bilateral contract quantity" to clearly refer to the contracted capacity being proposed to be registered under the supply contract for the | <u>PEMC:</u> <u>At the end of each trading day, the Market Operator shall notify all buying and selling Trading Participants, whose enrolled supply contract was enrolled to do not require confirmation and</u> | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 47 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|---|---|--|---|----------------------|--------------|
| | | | <u>to Section 9.2.2 of this Manual, that the contracted capacity declared under the supply contract shall be used in lieu and shall be accounted for during settlements.</u> | declaration if the Trading Participants, deliberately or otherwise, overlook its accurate submission of bilateral contract declaration and/or nullification of the same | selling and buying Trading Participants. | <u>whose valid bilateral contract declarations were nullified pursuant to Section 9.2.2 of this Manual, that the contracted capacity declared registered standing bilateral contract quantity under the supply contract shall be used in lieu thereof and shall be accounted for during settlements.</u> | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 48 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|------------------------------------|----------------------|--------------|
| | | | | | <p><u>IEMOP:</u></p> <p>Same as the comment on Clause 9.1.</p> | | | |

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 49 of 55

**WESM Manual on Billing and Settlement Issue 6.1**

| Title | Section | Original Provision | Proposed Amendment | Rationale | Comments | Proposed Wording based on Comments | Proponent's Response | RCC Decision |
|-------|---------|--------------------|--------------------|-----------|---|--|----------------------|--------------|
| | | | | | <p><u>PEMC:</u></p> <p>Insertion of new clause</p> <p>If in case there is no confirmation from the buying and selling Trading Participant, this will be the assurance of the Market Operator to use the registered bilateral contract.</p> | <p><u>PEMC:</u></p> <p><u>9.2.8 If there is no confirmation from buying and selling Trading Participant the Market Operator shall automatically use the registered standing bilateral contract quantity under the supply contract.</u></p> | | |



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
Date & Time : 18 September 2020, 09:01
Venue : Online via Microsoft Teams
Page : 50 of 55

ANNEX C



**HARMONIZATION OF BILLING
ADJUSTMENT TIMELINES**

18 SEPTEMBER 2020
ONLINE

This slide features the WESM logo at the top center. The main title is 'HARMONIZATION OF BILLING ADJUSTMENT TIMELINES' in large, bold, blue capital letters. Below the title, the date '18 SEPTEMBER 2020' and the word 'ONLINE' are displayed in smaller, blue capital letters.

THE PROPONENT

- The proponent is the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP)
- IEMOP is the market operator of the WESM.



2

This slide is titled 'THE PROPONENT' in bold blue text. Below the title is a horizontal line. The content consists of two bullet points: 'The proponent is the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP)' and 'IEMOP is the market operator of the WESM.' The WESM logo is positioned in the bottom left corner, and the number '2' is in the bottom right corner.



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
Date & Time : 18 September 2020, 09:01
Venue : Online via Microsoft Teams
Page : 51 of 55

OUTLINE



**ACTION
REQUESTED**



**RATIONALE OF THE
PROPOSAL**



**SUMMARY OF THE
PROPOSAL**



**OTHER RELEVANT
MATTERS**



3

ACTION REQUESTED

- For approval to publish



4

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 52 of 55

RATIONALE OF THE PROPOSAL

- Shorter and clearer timelines in reporting and correcting errors or discrepancies in settlement.
- Reduced duration of financial risks from adjustments
- Procedural improvements



5

SUMMARY OF THE PROPOSAL (Background)

ERROR OR DISCREPANCY

- Reported to IEMOP or MO discovered

| ACTIVITY | TIMELINE |
|---|--|
| Deadline for revised statement | 6 months after notice of error or MO discovery |
| Reconciliation of unintentional meter error | 1 year after discovery |

DISPUTES

- Processed under dispute resolution procedures

| ACTIVITY | TIMELINE |
|--|---|
| Deadline for raising disputes on final statement | 12 months from receipt of such final settlement statement |
| Release of adjustment statements | 12 months after resolution of dispute |



6



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
 Date & Time : 18 September 2020, 09:01
 Venue : Online via Microsoft Teams
 Page : 53 of 55

SUMMARY OF THE PROPOSAL (1/2)

ERROR OR DISCREPANCY

- Reported to IEMOP or MO discovered

| ACTIVITY | ORIGINAL TIMELINE | PROPOSED TIMELINE | RATIONALE |
|---|--|--|--|
| Deadline for reporting errors - NEW | None | 6 months after end of billing period | Limit financial risks from adjustments to one year |
| Deadline for revised statement | 6 months after notice of error or MO discovery | Same | |
| Reconciliation of unintentional meter error | 1 year after discovery | 5 months after notice of error or MO discovery | Allow timely provision of inputs for compliance to 6-month revised statement release |



7

SUMMARY OF THE PROPOSAL (2/2)

DISPUTES

- Processed under dispute resolution procedures

| ACTIVITY | ORIGINAL TIMELINE | PROPOSED TIMELINE | RATIONALE |
|--|---|--------------------------------------|--|
| Deadline for raising disputes on final statement | 12 months from receipt of such final settlement statement | 6 months after end of billing period | Reduce period for financial risks from adjustments; for consistency also with error discovery timeline |
| Release of adjustment statements | 12 months after resolution of dispute | 6 months after resolution of dispute | For consistency with revised statement timeline |



8



MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
Date & Time : 18 September 2020, 09:01
Venue : Online via Microsoft Teams
Page : 54 of 55

OTHER RELEVANT MATTERS

- None



10

ACTION REQUESTED

- For approval to publish



11

MEETING MINUTES

Subject/Purpose : 169th Rules Change Committee Meeting
Date & Time : 18 September 2020, 09:01
Venue : Online via Microsoft Teams
Page : 55 of 55

