



## MEETING MINUTES

Subject/Purpose : 220<sup>th</sup> RCC (Regular) Meeting No. 2023-13  
 Date & Time : 15 September 2023, 9:00 AM to 2:07 PM  
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### ATTENDEES

No.	Name	Designation/Position	Department/ Company
1	Jesusito G. Morillos	Chairman, Independent	RCC
2	Jose Roderick F. Fernando	Member, Independent	RCC
3	Rachel Angela P. Anosan	Member, Independent	RCC
4	Jordan Rel C. Orillaza	Member, Independent	RCC
5	Dixie Anthony R. Banzon	Member (Principal), Generation Sector	RCC
6	Cherry A. Javier	Member (Principal), Generation Sector	RCC
7	Carlito C. Claudio	Member (Principal), Generation Sector	RCC
8	Ryan S. Morales	Member (Principal), Distribution Sector	RCC
9	Nelson M. Dela Cruz	Member (Principal), Distribution Sector	RCC
10	Virgilio C. Fortich, Jr.	Member (Principal), Distribution Sector	RCC
11	Russel S. Alabado	Member (Principal), Distribution Sector	RCC
12	Gian Karla C. Gutierrez	Member (Principal), Supply Sector	RCC
13	Isidro E. Cacho, Jr.	Member (Principal), Market Operator (MO)	RCC
14	Kristoffer S. Ng	Member (Alternate), MO	RCC
15	Fortunato C. Leynes	CGO	PEMC
16	Leo John A. Juguilon	OCGO	PEMC
17	Bienvenido C. Mendoza, Jr.	MAG Head	PEMC
18	Karen A. Varquez	RCC Secretariat	PEMC
19	Divine Gayle C. Cruz	RCC Secretariat	PEMC
20	Mari Josephine C. Enriquez	RCC Secretariat	PEMC
21	Mary Rose L. Bisnar	RCC Secretariat	PEMC
22	Ma. Hazel M. Gubaton-Lopez	ECO Head	PEMC
23	Hilary Romeli C. Florendo	CC Secretariat	PEMC
24	Paolo C. Alegre	CC Secretariat	PEMC
25	Josephine C. Corpuz	CC Secretariat	PEMC
26	Marie Liezelle E. Macabenta	CC Secretariat	PEMC
27	Karla Janine C. Capuno	CC Secretariat	PEMC
28	Alyssa Isabella R. Punzalan	CC Secretariat	PEMC
29	Anthony Jose P. Asprer	CC Secretariat	PEMC
30	Nylle Gregory P. Bague	CC Secretariat	PEMC
31	Angelica G. Alejan	CC Secretariat	PEMC
32	Rayan J. Genabe	CC Secretariat	PEMC
33	Gabbor M. Dichoso	CC Secretariat	PEMC
34	Dianne Kate C. Langit	CC Secretariat	PEMC
35	Vince Luigi B. Maliwanag	CC Secretariat	PEMC

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No.	Name	Designation/Position	Department/ Company
36	Aldjon Kenneth M. Yap	MSC Secretariat	PEMC
37	Mark Froilan L. Lingao	MSC Secretariat	PEMC
38	Jake Jerald M. Gines	MSC Secretariat	PEMC
39	Ruben L. Sibayan	MSC Secretariat	PEMC
40	Gabriel R. Marmeto	Legal	PEMC
41	Marcelo L. Gemalan	Corporate Communications Specialist	PEMC
42	Noriel Christopher R. Reyes	Observer	DOE
43	Melanie Papa	Observer	DOE
44	Lex J. Magtalas	Observer	APC
45	Leny L. Pla	Observer	ERC
46	Sherrie Mae C. Lago	Observer	ERC
47	Teresa Serra	Proponent	NPC
48	Valeriano C. Barro, Jr.	Proponent	NPC
49	Ken Trinidad	Proponent	NPC
50	Sheryll M. Dy	Proponent	IEMOP
51	Arthur P. Pintado	Proponent	IEMOP
52	Edmin S. Arellano	Proponent	IEMOP
53	Gelli Anna D. Santiago	Commenter	NGCP
54	Vincent Harvey C. Bernabe	Commenter	NGCP
55	Homernico Mari B. Palma	Commenter	NGCP
56	Eloiza Y. Gipa	Commenter	NGCP

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Agenda	Discussion/Agreements
I. Call to Order	The meeting was called to order at 9:01 AM.
II. Determination of Quorum	The quorum was determined with thirteen (13) principal members and one (1) alternate member present.
III. Adoption of Agenda	The agenda was adopted noting changes in sequence of some items.
IV. Draft Minutes of Previous Meetings: <ul style="list-style-type: none"> <li>• 219<sup>th</sup> RCC (Regular) Meeting, 18 August 2023</li> </ul>	<ul style="list-style-type: none"> <li>• Ms. Divine Gayle C. Cruz (RCC Secretariat) presented the draft Minutes of the 219<sup>th</sup> RCC (Regular) Meeting, with comments received from Mr. Jordan Rel C. Orillaza (Independent) and IEMOP.</li> <li>• Ms. Cherry A. Javier (Generation Sector) commented to include the discussions regarding eligibility of the independent members, particularly relatives in the government, under agenda item 6.1 Revisions to the RCC Internal Rules.</li> </ul> <p><u>Agreement:</u></p> <p>The RCC provisionally approved the draft minutes, subject to the enhancements in the discussions on the eligibility of the independent members.</p>

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Agenda	Discussion/Agreements
V. Matters Arising from Previous Meeting	
5.1 Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints	<p><u>Presenter:</u> Mr. Ken Trinidad (Proponent/ National Power Corporation (NAPOCOR))</p> <p><u>Action Requested:</u> For deliberation/approval</p> <p><u>Material:</u> Annex A</p>

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### Proceedings:

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- Mr. Trinidad presented the revised proposal of NAPOCOR on the Dispatch Protocol Manual. On Section 7.6.2, the events on when to prioritize the dispatch of hydropower plants, through imposition of non-security over-riding constraints, were enumerated as follows:

**“Prevent Spilling Operation during the occurrence of severe weather disturbance and the reservoir water level is at Normal High Water Level:**

- When release thru the spillway gates may result to severe flooding and cause damages downstream of the dam**
- When dam appurtenances related to the conduct of spilling operations are deemed inoperable.”**

- Based on the proposed revision, below were the matters raised:
  - Ms. Javier asked on whether the Power Sector Assets and Liabilities Management Corporation (PSALM) agreed to NAPOCOR’s revised proposal taking into account that the former is the trader in the WESM, and the latter is only responsible for the operation of the dam spillway gates. She also suggested to invite PSALM to solicit its view on the revised proposal. Similarly, the idea of consulting the trader was supported by Mr. Dixie Anthony R. Banzon (Generation Sector).
    - Ms. Teresa Serra (NAPOCOR) raised that the trading participants should already be informed with the idea of the proposal since it was submitted to the PEM Board in 2022. The only issue that needs to be resolved is the proposal’s financial impact.
    - Ms. Rachel Angela P. Anosan (Independent) shared her recollection that there is no issue on the commercial side. The NAPOCOR/PSALM did not want their plant to be re-classified as a preferential dispatch. Rather, they wanted their plant to be retained as scheduled generating unit but they wanted to be prioritized in cases when there are special/local calamities.
    - Ms. Serra clarified that the rationale for the NAPOCOR’s proposal is the safety and security of both dam and the community. However, intricacies related to trading participants as

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- 68 price-taker, negative pricing, penalties, and ancillary services were raised, wherein the  
 69 NAPOCOR is not privy considering that it is not involved in the commercial side.
- 70 - Chairperson Jesusito G. Morillos (Independent) recognized NAPOCOR's rationale,  
 71 however, he proposed to improve the syllogism of the proposal taking into account the  
 72 mentioned intricacies by Ms. Serra. He informed that the PEM Board asked questions  
 73 related to those intricacies when the proposal was presented to them.
- 74
- 75 b) Chairperson Morillos inquired the rationale of replacing the term "Dam Operations during  
 76 Local Calamities" with a more specific condition. Mr. Trinidad responded that the term "Local  
 77 Calamities" is too broad and vague. He added that it was previously suggested by the RCC to  
 78 be specific and use other terminology.
- 79 - Chairperson Morillos suggested to retain the original wording based on RCC Resolution  
 80 No. 2022-09, or subsume the specific conditions proposed by NAPOCOR under the  
 81 original provision. According to him, weather disturbance can be under Local Calamities.
- 82 - Ms. Serra agreed with the said suggestion.
- 83 - Mr. Jose Roderick F. Fernando (Independent) asked if "Local Calamities" is defined in the  
 84 subject Manual to which Ms. Cruz responded negatively. She mentioned that only "Force  
 85 Majeure" is defined in the WESM Rules.
- 86 - Chairperson Morillos raised the possibility of defining "Local Calamities" in the Glossary if  
 87 the provision in Section 7.6.2 b (iii) is not yet sufficient to capture the idea.
- 88 - Mr. Orillaza (Independent) supported NAPOCOR's revised provision to only cite specific  
 89 instances on when to identify hydropower plants as priority dispatch. However, he also  
 90 raised the need for the Independent Electricity Market Operator of the Philippines (IEMOP)  
 91 to be consulted.
- 92 - Mr. Carlito C. Claudio (Generation Sector) recapped the discussions based on previous  
 93 deliberations that NAPOCOR's proposal is to only formalize the current practice of the  
 94 System Operator (SO) in imposing over-riding constraints on hydroelectric plants in cases  
 95 that there is a need to prevent spilling operations. Hence, he also concurred with  
 96 NAPOCOR's revised wording. Similarly, Mr. Claudio cited that the same process will be  
 97 implemented by SO even if hydroelectric plants opted to be re-classified as preferential  
 98 dispatch plants.
- 99 - Chairperson Morillos maintained his opinion to retain the original provision based on RCC  
 100 Resolution No. 2022-09 to consider other dams, not only NAPOCOR dams, wherein the  
 101 proposed specific conditions may not be applicable.
- 102
- 103 • On Section 7.6.3, the NAPOCOR agreed with the changes based on the mentioned RCC  
 104 Resolution to clarify and distinguish the compensation mechanisms between generating units  
 105 designated as must-run units and those dispatched through the imposition of non-security limit  
 106 over-riding constraints.
- 107
- 108 • On the proposed new Section 7.6.5 based on the mentioned RCC Resolution providing timeline  
 109 for hydroelectric generating units to submit their MW profile to the SO, the NAPOCOR suggested

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- 110 removing the same. Mr. Trinidad informed that the rationale for the proposed deletion is to mitigate  
 111 the risk caused by unforeseen events such as sudden malfunction of the dam operations during  
 112 typhoons. He stated that the proposed coordination with SO, i.e., two (2) business days prior to  
 113 the start of dam's spilling operations, may pose a problem if the said events occur because such  
 114 lead time is too long. He added that if the proposed deletion will not be approved by the RCC,  
 115 reducing the timeline may be considered.
- 116 - Mr. Banzon recalled that the timeline was proposed for only planning purposes of SO but  
 117 changes in real-time will be accepted.
  - 118 - Mr. Claudio opined that the submission of load profile may be set to one (1) day prior to the  
 119 start of dam's spilling operations for it to be included in the Day-ahead Projection of IEMOP.  
 120 However, the plant and the trader should coordinate continuously to monitor the real-time  
 121 elevation of dams. If there are changes in load profile, they can submit the same to SO for  
 122 consideration in dispatch.
- 123
  - 124 • To conclude the item, Ms. Cruz committed to invite all relevant trading participants/trading partners  
 125 of NAPOCOR. Prior to consultation with the said trading participants, Chairperson Morallos  
 126 requested to present in the next meeting the overview of the proposal including the plant's decision  
 127 to not apply re-classification as preferential dispatch.

### Agreement:

129 The RCC instructed the Secretariat to invite in the next RCC meeting the affected trading participants  
 130 (i.e., PSALM, Aboitiz, San Miguel) of NAPOCOR for consultation purposes.  
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Agenda	Discussion/Agreements
5.2 Proposed General Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program (ILP) Implementation <ul style="list-style-type: none"> <li>• <i>Updates on the PEM Board Directive during the 63<sup>rd</sup> PEM Board Meeting</i></li> </ul>	<u>Presenter:</u> Karen A. Varquez (RCC Secretariat)  <u>Action Requested:</u> For Information

### Proceedings:

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- 137 • Ms. Varquez apprised the RCC that on 07 September 2023, the RCC Secretariat provided  
 138 updates on PEM Board's directive during its 63<sup>rd</sup> meeting to remand the subject proposal due to  
 139 the following:
- 140
- 141 a) Need for further discussions on the Bilateral Contract Quantity (BCQ) declaration procedures  
 142 specifically on the proposed Clauses 9.5.9 and 9.5.12 of the Billing and Settlement Manual  
 143 (BSM). In line with this, below are the points raise by Director Richard Nethercott:

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- 144 - It is necessary to clarify the term “force majeure” as one of the criteria for requesting re-  
 145 declaration. Though the definition of “force majeure” is existing in the current rules, review  
 146 of such is necessary to determine if it includes events with respect to non-accessibility of  
 147 the trading participants to access the Central Registration and Settlement System of the  
 148 MO (BSM Clauses 9.5.7 and 9.5.9).  
 149 - There is a need to clarify on who will determine the error and how error will be determined,  
 150 and there should be a clear criteria to prompt the procedures for the MO to implement the  
 151 2nd proposed sentence in Clause 9.5.12, i.e., “Necessary adjustments in erroneous re-  
 152 declarations reflected in the preliminary statement shall be allowed, provided that it is  
 153 made before the preparation of the final settlement statement.”  
 154  
 155 b) As raised by Director Fortunato C. Leynes (PEMC), consideration of Day-ahead Bilateral  
 156 Scheduling by the WESM Governance Committees to address concerns related to BCQ  
 157 declaration.  
 158  
 159 • Mr. Isidro E. Cacho, Jr. (MO) clarified that the MO requires clearer parameters on how to  
 160 implement the cited clauses by Dir. Nethercott. Mr. Cacho also suggested for IEMOP, MERALCO,  
 161 and other RCC-interested members to have a caucus and identity the needed parameters.  
 162 - Chairperson Morillos agreed with the suggestion of Mr. Cacho.

### Agreement:

166 The RCC concurred with the conduct of Caucus Meeting regarding the proposal to address the  
 167 abovementioned directives from the PEM Board.  
 168

Agenda	Discussion/Agreements
5.3 Revisions to the RCC Internal Rules <ul style="list-style-type: none"> <li><i>Draft RCC Resolution No. 2023-10</i></li> </ul>	<u>Presenter:</u> Divine Gayle C. Cruz (RCC Secretariat)  <u>Action Requested:</u> For Deliberation

### Proceedings:

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 172 • Ms. Cruz presented the revised draft RCC Internal Rules based on the discussions of the previous  
 173 meeting, and the clarifications and changes made by Mr. Orillaza.  
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 175 • Below were the discussions regarding the agenda item:  
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 177 a) Ms. Cruz highlighted the changes made by the RCC Secretariat in the Attendance of the RCC  
 178 Members. In essence, the alternate members of sectoral representatives and the MO shall  
 179 attend the meetings in absence of the regular/principal members. In instances when a RCC  
 180 member accumulates three (3) absences without prior notice within a calendar year, the RCC  
 181 Secretariat shall notify the PEM Board Chairperson, for appropriate action, about the said  
 182 absences.

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- 183 - Mr. Fortunato C. Leynes (CGO) suggested for all the WESM Governance Committee  
 184 (WGC) Secretariats to coordinate with each other for consistency in the proposed wording  
 185 regarding absences of WGC members. He added that in the draft revisions to the PEM  
 186 Audit Committee's (PAC) Internal Rules, after three (3) consecutive absences by the PAC  
 187 member, the PAC Secretariat shall report the same to the Chief Governance Officer for  
 188 appropriate action.  
 189 - Ms. Cruz noted CGO Leynes' suggestion.  
 190  
 191 b) Chairperson Morillos brought up discussions on the eligibility of independent members as  
 192 raised by Ms. Javier to be included in the Minutes of the 219<sup>th</sup> RCC (Regular) Meeting.  
 193 - Ms. Javier reiterated her opinion that the requirement for independent members  
 194 particularly on the "relationship with an official or employee of the Philippine government,  
 195 its agencies or instrumentalities within the fourth civil degree of consanguinity or affinity"  
 196 may be too strict but as explained by the RCC Secretariat during the previous meeting,  
 197 the said requirement was adopted from the WGC Manual as promulgated by the DOE,  
 198 thus, cannot be amended in the RCC Internal Rules.  
 199 - Chairperson Morillos instructed the RCC Secretariat to note the said sentiment in the  
 200 Minutes of the Meeting.  
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### Agreement:

202 The RCC deferred the approval of the draft Resolution pending further review on the sub-section on  
 203 attendance.  
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Agenda	Discussion/Agreements
5.4 Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding Market Intervention (MI) and Market Suspension (MS) <ul style="list-style-type: none"> <li>• <i>Presentation on Pending Items by the Proponent</i></li> <li>• <i>Draft RCC Resolution No. 2023-11</i></li> </ul>	<u>Presenters:</u> Mari Josephine C. Enriquez (RCC Secretariat) Aldjon Kenneth M. Yap (Market Surveillance Committee (MSC) Secretariat) Mark Froilan L. Lingao (MSC Secretariat)  <u>Action Requested:</u> For Deliberation

### Proceedings:

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 210 • Ms. Enriquez run through the contents of the draft Resolution which was emailed to the RCC on  
 211 13 September 2023 for review. The emailed document includes additional revisions made by the  
 212 RCC Secretariat for clarity as well as harmonization with the previous RCC decisions. She also  
 213 mentioned that comments received from Mr. Orillaza will be adopted during finalization of the said  
 214 Resolution.  
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- 216 • On the query of Mr. Orillaza if there are unimplementable Real-time Dispatch (RTD) by the MO,  
 217 Mr. Lingao confirmed, and he clarified that it is already contemplated in the proposed  
 218 amendments.
- 219 - Mr. Yap provided an instance wherein there are errors in the produced RTDs. In such cases,  
 220 if the SO deems that the output of RTD is not proper, the SO declares the MI. On the side of  
 221 MO, when it sees that the RTD may be unimplementable, it could already declare MI.
- 222 - Mr. Orillaza inquired if there is a threshold or criteria for the RTD to be tagged as  
 223 unimplementable.
- 224 - Mr. Claudio shared that MO's responsibility is for scheduling, and SO is in-charge of dispatch  
 225 implementation. If MO sees that the RTD generated by the Market Management System is not  
 226 implementable, the MO may declare MI, but it has to be coordinated with SO as the latter is  
 227 the primary responsible entity for system security-related concerns.
- 228 - Mr. Yap committed to propose further revisions based on Mr. Claudio's comment.
- 229 - Mr. Orillaza inquired on how often the unimplementable RTD happens as it may lead to abuse.  
 230 He also suggested to consider providing an operational definition of unimplementable RTD for  
 231 clarity.
- 232 - Mr. Yap noted to look into the frequency of unimplementable RTD. He also apprised the RCC  
 233 that the MSC is assessing the proper declaration of MI.
- 234
- 235 • Despite the proponent's revision to insert "as the case may be" in the provision "**The System**  
 236 **Operator or the Market Operator, as the case may be, shall submit a report on the impact**  
 237 **and actual costs incurred by WESM Members as a consequence of the event, within a**  
 238 **reasonable period of time from the market resumption**", Chairperson Morillos still noticed the  
 239 presence of "shall" which may contradict to the intent of re-wording.
- 240 - Mr. Lingao apprised the RCC about the current methodology of MSC in computing the impact  
 241 and actual costs incurred by the WESM Members, i.e., comparing the prices before, during  
 242 and after the MI event. Hence, he clarified that the proponent's re-wording only requires the  
 243 MO or SO to provide a simple listing of the actual or estimated costs arising from the event.
- 244 - Mr. Kristoffer S. Ng (IEMOP) raised that the proponent's revision is still synonymous with the  
 245 original proposal and doesn't provide the methodology in computing the impact and actual  
 246 costs incurred by the WESM Members.
- 247 - Mr. Yap explained that the MSC contemplated for the MO and/or SO to provide the impact  
 248 with regards to their actions to avoid the recurrence of the same MI. For instance, there are  
 249 several MIs that require the MO to enhance the MMS in order to avoid the same cause of  
 250 declaring MI. Thus, a quotation or estimate for the said enhancement may suffice. On the  
 251 other hand, some MIs may also require enhancements by the SO of the transmission assets.  
 252 The cost that may be incurred in the said enhancements will impact the end-users since it will  
 253 also be collected from them through market fees or transmission tariff.
- 254 - Mr. Ng and Mr. Yap further proposed revisions to the particular provision. However, to ensure  
 255 that the proposed revisions reflect the principles agreed on the foregoing discussions, the  
 256 MSC Secretariat committed to work with MO on the enhancement to the subject provision.  
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- 258 • On the proposed Appendix H in the Market Surveillance Manual i.e., MO's and SO's MI/MS report  
 259 template, Mr. Lingao presented the revised file which was circulated to the RCC by the Secretariat  
 260 a day before the meeting.
- 261 - Ms. Eloiza Y. Gipa (NGCP) asked if summary of the event will be reflected in the conclusion  
 262 part of the template to which Mr. Lingao confirmed.
- 263 - Mr. Claudio raised his observation that the details in the original submissions of MI reports by  
 264 the MO and SO were only merged to come up with the MSC's proposed revised template.  
 265 However, unique system condition and weather condition per grid were not considered.
- 266 - Mr. Lingao noted the comment of Mr. Claudio.
- 267
- 268 • Additional revisions were discussed by the RCC as follows:
- 269 - On Section 5.3.4 of the Market Surveillance Manual, Ms. Anosan proposed to delete the  
 270 phrase "within a reasonable period" since a thirty (30)-working day timeline was already  
 271 indicated for the MSC to submit MI Report to the PEM Board after it received the final report  
 272 from the MO and SO.
- 273 - Mr. Orillaza suggested to harmonize the mentions of "MO or SO" and "MO and SO" throughout  
 274 the proposal.
- 275
- 276 • With the foregoing discussions, Ms. Enriquez suggested, for a provisional approval of the draft  
 277 resolution and its corresponding matrix subject to revisions based on the foregoing discussions.
- 278

### Agreement:

281 The RCC provisionally approved the draft resolution and its corresponding matrix subject to revisions  
 282 based on the foregoing discussions.

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Agenda	Discussion/Agreements
VI. New Business	
6.1 Proposed General Amendments to the WESM Manual on Penalty	<p><u>Presenter:</u> Ma. Hazel M. Gubaton-Lopez (Enforcement and Compliance Office (ECO) Head)</p> <p><u>Action Requested:</u> For Information/Comments</p> <p><u>Material:</u> Annex B</p>

### Proceedings:

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- 285 • Ms. Gubaton-Lopez apprised the RCC that per existing rules, proposed amendments to the  
 286 Penalty Manual (PM) shall be submitted to the Market Surveillance Committee (MSC) and the  
 287 MSC is responsible to conduct consultation with the PEM Board, Compliance Committee, and  
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290 RCC. Further, she informed the RCC that the proposed amendments on PM are intertwined with  
 291 the proposed amendments on Enforcement and Compliance Manual (ECM), which will be  
 292 presented in the next item.

293  
 294 • Ms. Gubaton-Lopez expounded the proposed changes on PM vis-à-vis the current rules. Below  
 295 are the highlights of the said proposal:

- 296  
 297 a) Transfer of responsibility to collect penalty from MO to WESM Governance Arm  
 298 b) Utilization of penalty  
 299 c) Change in timeline for implementation of Enforcement Action (exhaustion of remedies  
 300 before penalty collection)  
 301 d) Transfer of provisions/section on Request for Reconsideration (RR) and Appeal from PM  
 302 to ECM  
 303 e) Minor and clerical correction  
 304

### Agreement:

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 307 The RCC noted the information provided.  
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Agenda	Discussion/Agreements
6.2 Proposed General Amendments to the WESM Manual on Enforcement and Compliance Manual in Alignment with the Penalty Manual Revisions	<p><u>Presenter:</u> Ma. Hazel M. Gubaton-Lopez (ECO Head)</p> <p><u>Action Requested:</u> For Publication</p> <p><u>Material:</u> Annex C</p>

### Proceedings:

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 312 • Ms. Gubaton-Lopez introduced the contents of the proposal as follows:  
 313  
 314 a) Transfer of provisions/section on RR and Appeal proceedings from PM to ECM  
 315 b) Change in the timeline for compliance monitoring and assessment  
 316 c) Additional provisions for Request for Investigation verification  
 317 d) Minor and clerical correction  
 318  
 319 • Ms. Gubaton-Lopez informed the RCC that her team will coordinate with the RCC Secretariat to  
 320 add provision in the proposal regarding enforcement against a former WESM Member of penalty  
 321 or sanction for breach of the Market Rules and Market Manuals despite cessation of, or change  
 322 in, its membership in the WESM provided that the act or omission constituting a breach was  
 323 committed within the two-year prescriptive period and while it was still a member of WESM.  
 324 Moreover, she informed that the said provision was inspired by the DOE Department Circular (DC)  
 325 No. DC2023-07-0022: Implementing Guidelines on the Decommissioning and Mothballing of a  
 326 Generating Plant or Unit Pursuant to Section 2.8 of DOE DC2010-03-0003 providing, among

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- 327 others, that upon issuance of the DOE of letter of confirmation declaring the plant as  
 328 decommissioned or mothballed, the generating company shall not be absolved from any claims  
 329 or any entity. Likewise, issue on ownership shall be addressed by the said proposed addition.  
 330  
 331 • Similarly, Ms. Varquez requested clearance from the RCC to coordinate with the proponent to  
 332 incorporate, prior publication, the clerical revisions that were identified by the RCC Secretariat  
 333 during the conduct of Preliminary Assessment on the proposal.  
 334 - Chairperson Morillos deferred the coordination on the matter to the RCC Secretariat and  
 335 the proponent.  
 336

### Agreement:

337  
 338  
 339 The RCC approved the posting of the proposal for comments.  
 340  
 341

Agenda	Discussion/Agreements
VII. Other Matters	
7.1 Updates on Other Proposed Amendments	Ms. Cruz provided updates on various proposed amendments to which the RCC noted the same.  <u>Material:</u> Annex D
7.2 DOE Updates	Ms. Melanie Papa (DOE Observer) informed the RCC that the five (5) proposals which were subjected to public consultations are being finalized considering few comments received. On the other hand, no new DCs were promulgated by the DOE relative to the proposed amendments on WESM Rules and WESM Manuals.  The RCC noted the information.
7.3 Schedule of Activities: a) RCC Meetings <ul style="list-style-type: none"> <li>• 20 October 2023</li> <li>• 17 November 2023</li> <li>• 15 December 2023</li> </ul> b) BRC Meeting <ul style="list-style-type: none"> <li>• 18 September 2023</li> </ul> c) PEM Board Meeting <ul style="list-style-type: none"> <li>• 27 September 2023</li> </ul>	The RCC noted the schedule of the next meetings.
VIII. Adjournment	The meeting was adjourned at 2:07 PM.

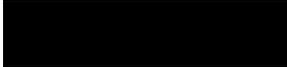


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Prepared by:



MARI JOSEPHINE C. ENRIQUEZ  
Specialist, Rules Review Division  
Market Assessment Group

Reviewed by:



KARENIA VARQUEZ  
Manager, Rules Review Division  
Market Assessment Group

Noted by:



BIENVENIDO C. MENDOZA, JR.  
Chief Market Assessment Officer

343



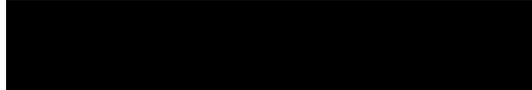
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Approved by:



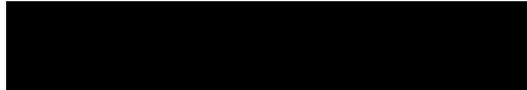
**JESUSITO G. MORALLOS**  
Chairman, Independent



[Jose Roderick Fernando \(Oct 26, 2023 09:16 GMT+8\)](#)  
Member, Independent



**RACHEL ANGELA P. ANOSAN**  
Member, Independent



[Jordan Rey \(Oct 27, 2023 21:12 GMT+8\)](#)  
Member, Independent



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



[Cherry Javier \(Oct 24, 2023 15:19 GMT+8\)](#)  
Member, Generation Sector  
Aboitiz Power Corp. (APC)



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

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



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



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



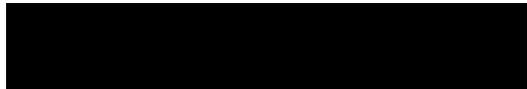
**RUSSEL S. ALABADO**  
Member, Distribution Sector  
Angeles Electric Corporation (AEC)



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



[GIAN KARLA C. GUTIERREZ \(Oct 24, 2023 12:57 GMT+8\)](#)  
Member, Supply Sector  
First Gen Corporation (FGEN)



[ISIDRO E. CACHOS, JR. \(Oct 24, 2023 15:14 GMT+8\)](#)  
Member, Market Operator  
Independent Electricity Market Operator of the  
Philippines (IEMOP)

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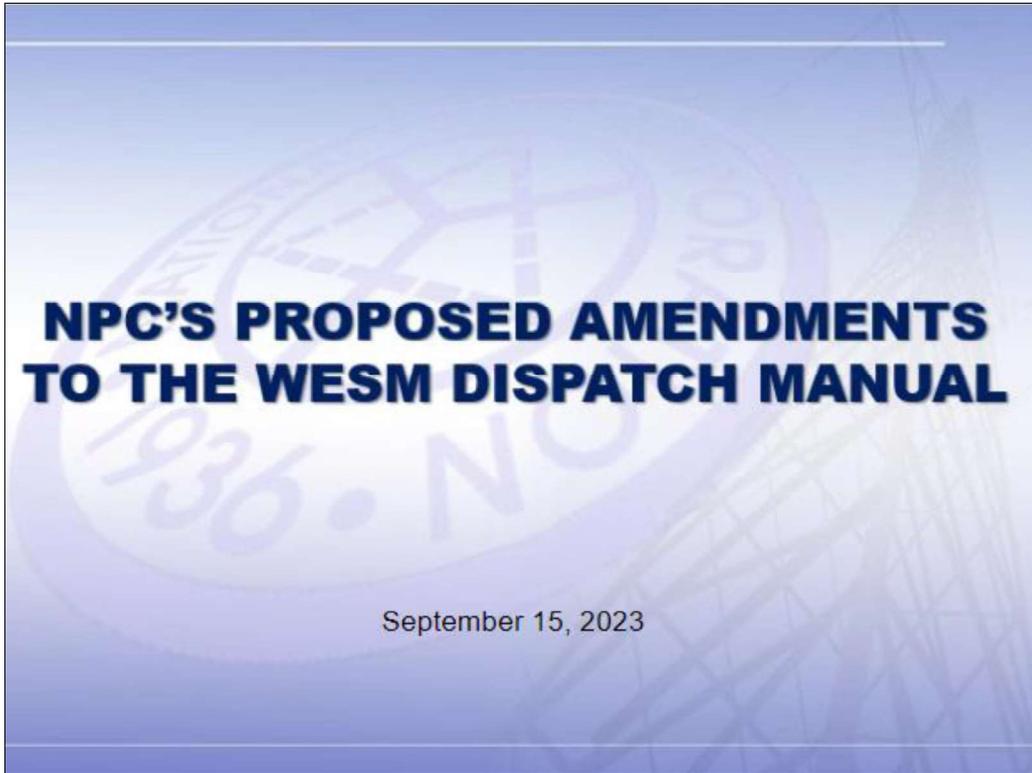
DARRYL LON A. ORTIZ  
Member, System Operator  
National Grid Corporation of the Philippines  
(NGCP)



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### Annex A – NAPOCOR’s Proposed Amendments to the WESM Dispatch Manual



#### NPC’s Objectives:

The NPC’s main goal for this proposed amendment to WESM Manual is to maximize the utilization of turbine discharge (full capacity loading) of hydroelectric plants as a means of preemptive release to lower reservoir elevation to a safe level and prevent/ minimize the possibility of dam spilling operations. This is also to ensure:

- **Dam Safety:** to protect the dam from overtopping that may compromise its safety resulting in catastrophic damages downstream during the occurrence of extreme weather disturbances and inoperability of appurtenant dam structures.
- **Public Safety:** to prevent/ minimize dam spilling operations to avert flood damages and casualties in the downstream community.

Due to the country’s vulnerability to flooding and drought as a result of climate change, the said proposal also aligns with the government’s goal of achieving increased disaster resilience by reducing/ minimizing flood damages (caused by dam spilling operations or worst-case: dam break scenario) and optimizing the utilization of water resources to manage drought.

#### Note:

NPC is only responsible for the operation of the dam spillway gates and is not involved in the commercial side or actual trading in the market.

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## Annex A – NAPOCOR’s Proposed Amendments to the WESM Dispatch Manual

NPC’s Proposed Amendment to WESM Manual						
Title	Section	Original Provision	RCC RESO-22-09	NPC’s Proposal on June 14, 2023	NPC’s New Proposal September 15, 2023	Rationale
Over-riding Constraints	7.6.2	7.6.2 The types of over-riding constraints that may be imposed in the MDOM include the following:  xxx  b. Non-Security Limits: Testing and Commissioning  i. Generating Unit Limitation ii. Regulatory and Commercial Testing iii. Dam Operations during Local Calamities  ii. Limitation Regulatory and Commercial Testing	7.6.2 The types of over-riding constraints that may be imposed in the MDOM include the following:  xxx  b. Non-Security Limits: <del>Testing and Commissioning</del>  i. Generating Unit Limitation ii. Regulatory and Commercial Testing iii. <del>Dam Operations during Local Calamities – refers to instances where there is a need to lower reservoir elevation due to incidents (i.e., flooding, damage to dam infrastructure, etc.) that would allow hydro-electric plants to run under Non-Security Overriding Constraints to avert or minimize damage to infrastructures and ensure safety of people living in affected localities</del>	7.6.2 The types of over-riding constraints that may be imposed in the MDOM include the following:  xxx  b. Non-Security Limits: <del>Testing and Commissioning</del>  i. Generating Unit Limitation ii. Regulatory and Commercial Testing iii. <del>Dam Operations in the occurrence of Force Majeure – refers to instances where there is a need to lower reservoir elevation due to circumstances (i.e., flooding, damage to dam infrastructure, etc.) that would allow hydro-electric plants to run under Non-Security Overriding Constraints to avert or minimize damage to infrastructures and ensure safety of people living in affected localities</del>	7.6.2 The types of over-riding constraints that may be imposed in the MDOM include the following:  xxx  b. Non-Security Limits: <del>Testing and Commissioning</del>  i. Generating Unit Limitation ii. Regulatory and Commercial Testing iii. <del>Prevent Spilling Operation during the occurrence of severe weather disturbance and the reservoir water level is at Normal High Water Level:</del>  a. When release thru the spillway gates may result to severe flooding and cause damages downstream of the dam b. When dam appurtenances related to the conduct of spilling operations are deemed inoperable	<ul style="list-style-type: none"> <li>To facilitate requests to the System Operator for priority dispatch for hydropower plants through the imposition of overriding constraints in times when immediate pre-emptive lowering of reservoir elevation is necessary in anticipation of calamities.</li> <li>To minimize, if not prevent, the probability of spilling operations through the dam spillway that may cause extensive flood damage in the downstream communities.</li> <li>To optimize the utilization of the reservoir stored water through power-generating turbines instead of spilling the excess water through the spillway which will be a waste of resources.</li> <li>To support the government’s call for disaster resiliency by managing floods and optimizing the utilization of water resources.</li> </ul>

NPC’s Proposed Amendment to WESM Manual						
Title	Section	Original Provision	RCC RESO-22-09	NPC’s Proposal on June 14, 2023	NPC’s New Proposal September 15, 2023	Rationale
Over-riding Constraints	7.6.3	7.6.3 Over-riding constraints in the scheduling and dispatch of generating units qualifying as must-run units designated under Section 7.6.2 and Section 17, shall be compensated based on the mechanism set forth in the Price Determination Methodology Manual. Overriding constraints for the scheduling and dispatch of generating units undergoing Regulatory and Commercial testing process shall be considered as price takers in the WESM for generation traded in the spot market.	7.6.3 <del>Over-riding constraints in the scheduling and dispatch of generating <del>Generating</del> units qualifying designated as must-run units designated under Section 7.6.2 and Section 17, shall be compensated based on the mechanism set forth in the Price Determination Methodology Manual. <del>Overriding constraints for the scheduling and dispatch of Generating units undergoing Regulatory and Commercial testing process under the category of non-security over-riding constraints as cited in Section 7.6.2 shall be considered as price takers in the WESM for generation traded in the spot market.</del></del>	7.6.3 <del>Over-riding constraints in the scheduling and dispatch of generating <del>Generating</del> units qualifying designated as must-run units designated under Section 7.6.2 and Section 17, shall be compensated based on the mechanism set forth in the Price Determination Methodology Manual. <del>Overriding constraints for the scheduling and dispatch of Generating units undergoing Regulatory and Commercial testing process under the category of non-security over-riding constraints as cited in Section 7.6.2 shall be considered as price takers in the WESM for generation traded in the spot market.</del></del>	7.6.3 <del>Over-riding constraints in the scheduling and dispatch of generating <del>Generating</del> units qualifying designated as must-run units designated under Section 7.6.2 and Section 17, shall be compensated based on the mechanism set forth in the Price Determination Methodology Manual. <del>Overriding constraints for the scheduling and dispatch of Generating units undergoing Regulatory and Commercial testing process under the category of non-security over-riding constraints as cited in Section 7.6.2 shall be considered as price takers in the WESM for generation traded in the spot market.</del></del>	<ul style="list-style-type: none"> <li>To clarify and distinguish the compensation mechanisms between generating units designated as must-run units (MRU) and those dispatched through the imposition of non-security limit over-riding constraints, which includes the proposed new sub-category of “Dam Operations during Force Majeure”.</li> <li>To emphasize that hydroelectric generating units imposed with the non-security limit over-riding constraints under the condition of “Dam Operations during Force Majeure” are only considered price-takers and are not entitled to additional compensation (unlike MRUs) since they do not incur any fuel costs.</li> </ul>

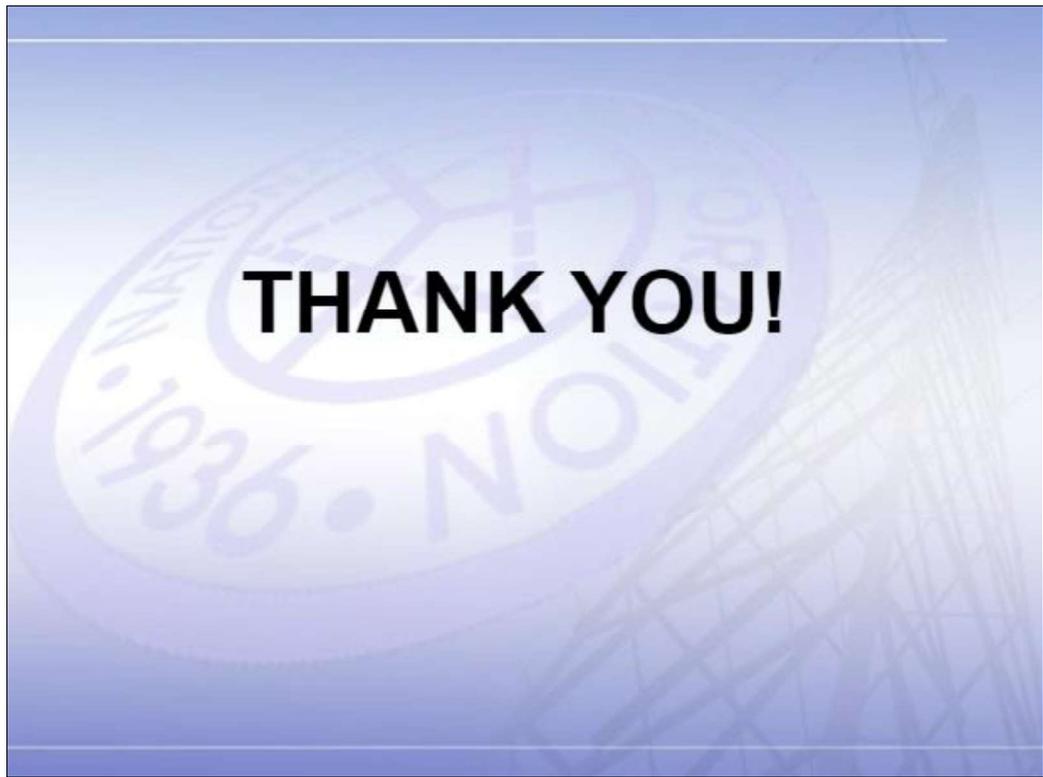


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NPC’s Proposed Amendment to WESM Manual						
Title	Section	Original Provision	RCC RESO-22-09	NPC’s Proposal on June 14, 2023	NPC’s New Proposal September 15, 2023	Rationale
Over-riding Constraints	(NEW) 7.6.5	(None)	(NEW) 7.6.5 Generating units requesting dispatch by reason of Dam Operations during Local Calamities shall submit to the System Operator the MW profile that details the MW target for each dispatch interval during its requested spilling operations period on or before two (2) business days prior to the start of the dam’s spilling operations.	(None)	(None)	<ul style="list-style-type: none"> <li>To provide a timeline for hydroelectric generating units to submit their MW profile to the System Operator.</li> </ul> (None)

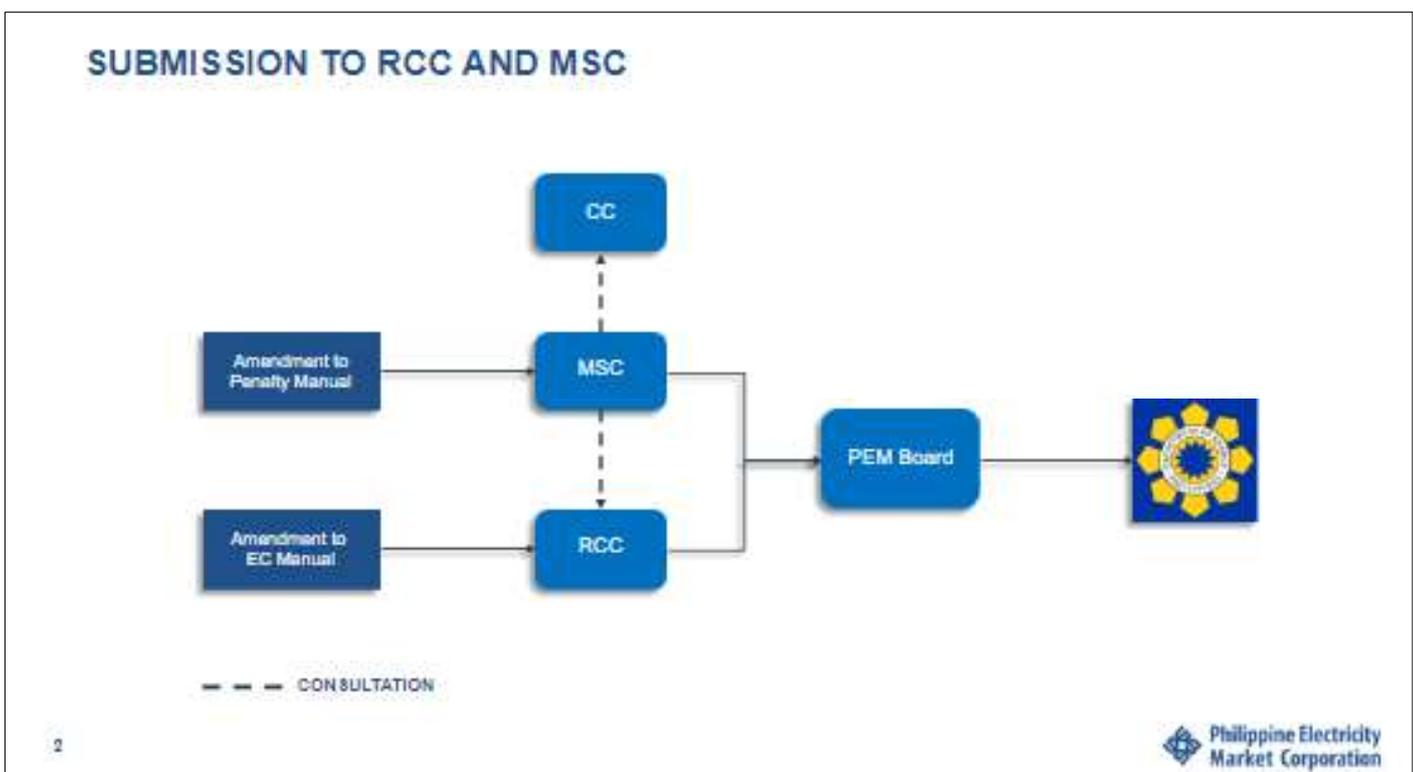




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## Annex B – Proposed General Amendments to the WESM Manual on Penalty





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## Annex B – Proposed General Amendments to the WESM Manual on Penalty

### REQUESTED ACTION

For Information / Comments



### BACKGROUND

Under the Old Penalty Regime

<input checked="" type="checkbox"/>	Payment of PSALM Loan
<input checked="" type="checkbox"/>	REM-related Project

**ERC Case No. 2013 -137 RC:**  
 To deduct FEMO's other income from the total approved budgetary amount for the succeeding year

**COLLECTED 2021 Offers for Settlement**  
 Gross: 27.9 Million  
 Net of tax: 27.4 Million

**COLLECTED PENALTY:**  
 Gross: 165.2 Million  
 Net of tax: 103.26 Million

**62 Cases with Breach Penalty, Non-Compliance Letters/ Written Reprimand**

**Exempted 0.41%**

**Reprimand 12%**

**Financial Penalty 29.4%**

**Offers for Settlement 58.2%**

**4**





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### Annex B – Proposed General Amendments to the WESM Manual on Penalty

#### BACKGROUND

Under the Current Penalty Manual (Effective 23 October 2021)



"The *Market Operator* shall **implement** the *Notice of Specified Penalties* served on it and the distribution of the collected financial penalties in accordance with the guidelines it shall develop pursuant to Section 6 of this *Manual*, and shall carry out any other action required of it under any notice that is issued and served pursuant to this *Manual*." (Sec. 3.6, *Penalty Manual*)



"The financial penalties and interest amounts collected by the *Market Operator* pursuant to this *Manual* shall be distributed to **the electricity end-users**."

For this purpose, the *Market Operator* shall formulate the guidelines and procedures for **distribution** of the penalties and interest collected. Such guidelines and procedures shall be **subject to the approval of the Department of Energy and the Energy Regulatory Commission** in respect to the formula for distribution to electricity end users." (Sec. 6, *Penalty Manual*)

6

#### PENALTY IMPOSITION

As of 30 June 2023

AREA	CASE TYPE	PENALTY AMOUNT (₱M)	COUNT OF NCL
CMA	Offered Capacity Compliance (OCC)	58,757,000.00	22
CMA	Dispatch Compliance Standards (DCS)	904,252.04	61
INV	Must-Offer Rule (MOR)	3,400,000.00	11
INV	Real Time Dispatch (RTD)	8,800,000.00	21
FAS	Mean Absolute Percentage Error (MAPE)	2,500,000.00	13
FAS	PERCOS	0.00	41
WCDAR	WESM Compliance Officer Annual Report	0.00	59
<b>TOTAL</b>		<b>74,361,252.04</b>	<b>228</b>

#### AGING OF RECEIVABLES

1-6 Months	7 Months-1 Year	More than 1 Year
71.7 Million	1.5 Million	1.2 Million

#### AUDIT FINDINGS

In IEMOP's letter to PEMC dated 24 November 2021, the IEMOP informed PEMC that all Notices of Specified Penalty received by IEMOP from ECO will not be billed and collected, pending approval by the DOE and ERC of the methodology for distribution, and completion of the settlement software enhancement necessary to implement such methodology.

As of audit period, the methodology for distribution of collected financial penalties is yet to be approved by the DOE/ERC.

#### RECOMMENDATION

Elevate the issue of non-collection to the PCM Board for possible interim solutions to resume the collection of financial penalties.

6



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### Annex B – Proposed General Amendments to the WESM Manual on Penalty

#### MSC REVIEW OF THE PENALTY MANUAL

##### WESM Rules

7.2.5.5. The Market Surveillance Committee shall review the WESM Penalty Manual from time to time as may be necessary, and in consultation with the Rules Change Committee, Compliance Committee and the PEM Board, recommend changes thereto, provided, that changes on the same shall be subject to the approval of the DOE.

- WESM Rules

3.3 **Market Surveillance Committee**  
 The Market Surveillance Committee shall annually review the levels and range of penalties as set out in this Manual. From time to time and as may be necessary, the Market Surveillance Committee shall submit to the Department of Energy its proposed amendments thereto, in consultation with the WESM Members, Rules Change Committee and the PEM Board.

-WESM Penalty Manual

7

#### Proposed Changes:

1. Transfer of responsibility to collect penalty from to MO to WESM Governance Arm
2. Utilization of Penalty 
3. Change in Timeline for Implementation of Enforcement Action (Exhaustion of Remedies before Penalty Collection) 
4. Transfer of Provisions/Section on RR and Appeal from Penalty to EC Manual 
5. Minor and clerical correction



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## Annex B – Proposed General Amendments to the WESM Manual on Penalty

**Republic of the Philippines**  
**DEPARTMENT OF ENERGY**  
 (Kagawaran ng Enerhiya)

15 June 2021

**ENGR. FRANCIS V. MAPILE**  
 Chairman  
 Philippine Electricity Market Corporation (PEMC) - Market Surveillance Committee (MSC)  
 18/F Robinsons Equitable Tower, ADB Avenue  
 Ortigas Center, Pasig City

Dear **Chairman Mapile**:

This refers to your letter dated 15 February 2021 reiterating your recommendations particularly on the utilization of penalties on the proposed Penalty Manual Issue 2.0.

The DOE once again recognizes the MSC for being proactive in all the undertakings that require its support and within its mandate. We also appreciate the MSC for being persistent in its position which reflects strong ethics towards its decision making. However, after re-assessment within the DOE considering the recommendations listed in the abovementioned letter, we still stand our position to ultimately flow back to the electricity end-users any collection including its interests, if any, arising from the imposition of penalties to erring Wholesale Electricity Spot Market (WESM) Participants found to be in breach of the WESM Rules.

Moreover, we deem that the proposed utilization of penalty in item two (2) of your letter, i.e. training and educating the WESM Members, also defeats the purpose of the penalty as it would benefit the same violators to the WESM Rules. Prior to registering as WESM Members/WESM Participants, the DOE believes that the intending WESM Members are obliged to fully understand the requirements of the WESM Rules. The same also serves as the reason as to why the DOE approved and promulgated the proposed WESM Industry Code of Ethics to prescribe a general standards of behavior in the WESM. Likewise, the proposed WESM Compliance Officers (WCO) Manual wherein the DOE is awaiting for PEMC's re-submission already aims to ensure that all the registered WCO shall possess the right competencies, knowledge and empowered to effectively ensure compliances of its company's obligation in the WESM.

Lastly, for items three (3) and four (4) indicated in your letter, (a) conduct of technical studies or research to support market development, rules change proposals, and other market studies and the publication of the results, and b) development and acquisition of information technology systems to support enforcement and compliance, market assessment and surveillance in the WESM, we posit that these should be part of the Market Operator's application for market fees before the Energy Regulatory Commission. While the intention may be good, the same should not incentivize any party to the enforcement of the WESM Rules, particularly using the penalties collected for their own benefit.

Energy Center, Road Drive cor. 34th Street, Bonifacio Global City, Taguig City, Philippines 1632  
 Tel. No. (Trunkline) (632) 479-2905  
 Website: <http://www.doe.gov.ph>, E-mail: [info@doe.gov.ph](mailto:info@doe.gov.ph)

Lastly, for items three (3) and four (4) indicated in your letter, as follows: a) conduct of technical studies or research to support market development, rules change proposals, and other market studies and the publication of the results, and b) development and acquisition of information technology systems to support enforcement and compliance, market assessment and surveillance in the WESM, **we posit that these should be part of the Market Operator's application for market fees before the Energy Regulatory Commission.** While the intention may be good, the same **should not incentivize any party to the enforcement of the WESM Rules,** particularly using the penalties collected for their own benefit.

**PENALTY FUND**

Penalty collected by the Market Operator  
 Not to be commingled with other funds

---

**PERMITTED USES**

Emergency funds after a calamity or disaster (damaged infra/assets)

Info tech systems to support operations/governance

---

**NOT PERMITTED**

Compensation/grant of monetary benefits to PEM Board, MO, SO, etc. | Investigation costs/fees | Compensation of WESM Members disadvantaged by breach | Contributions/donations | commercial purposes for any business activity

**CONDITIONS:**

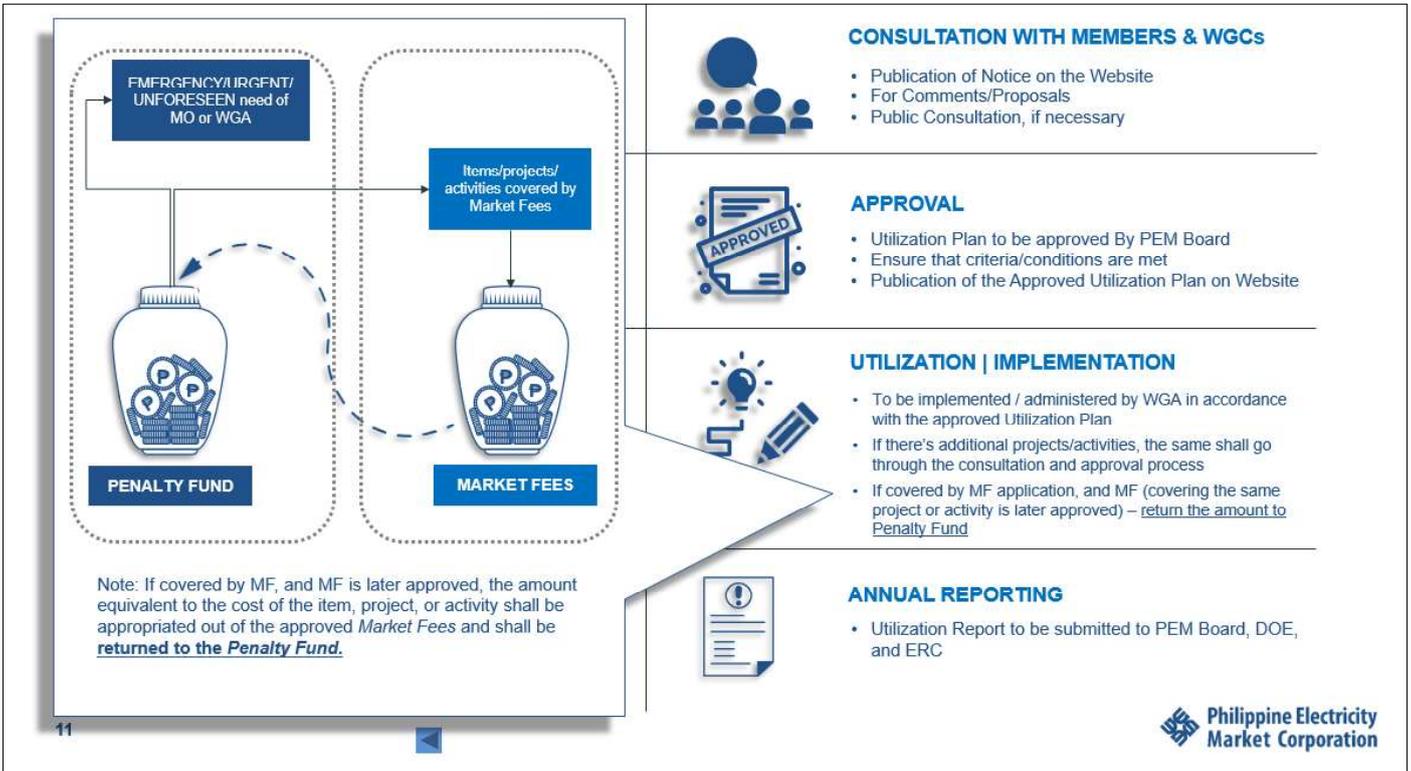
- No overlapping/duplication of activities; or not covered by MF application.
- It will address urgent/emergency or unforeseen needs of MO / WGA
- The non-implementation would either cause delay, business disruption, inefficiency, non-compliance, or non-performance of services of MO / WGA.
- In case covered by MF but it is unlikely to be resolved by ERC within the period that is vital to the need of MO/WGA, it may be included in the Utilization Plan; provided it must indicate the necessary actions/adjustments to be made to prevent duplication / overlapping / double-charging.

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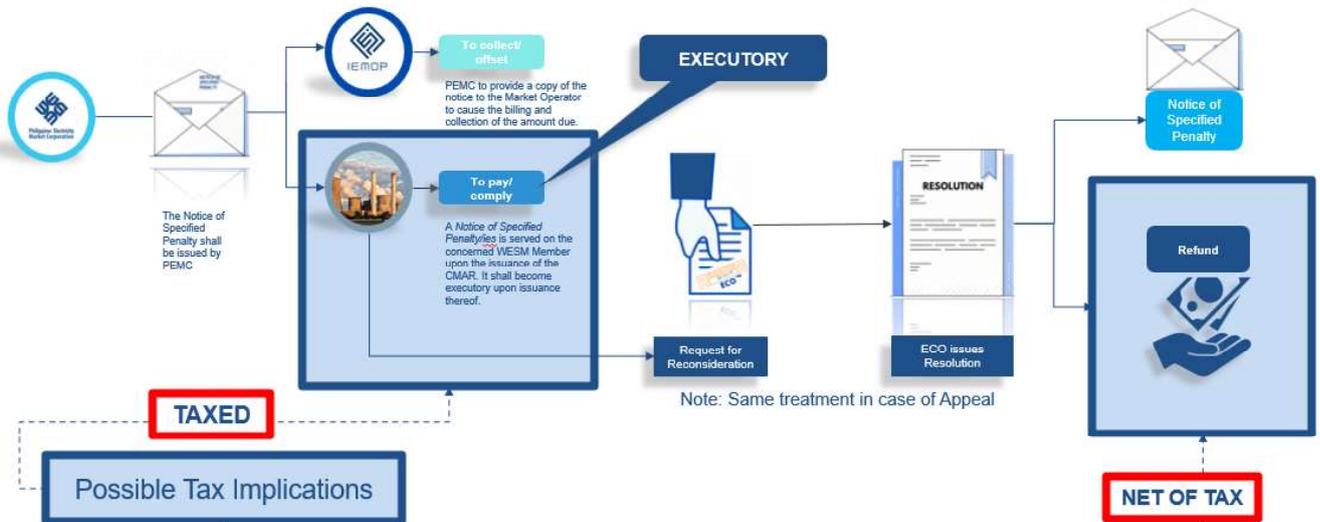
## Annex B – Proposed General Amendments to the WESM Manual on Penalty



## EXISTING REMEDIES

Payment of Penalty

**NOTE: The filing of the RR will NOT stay the execution**

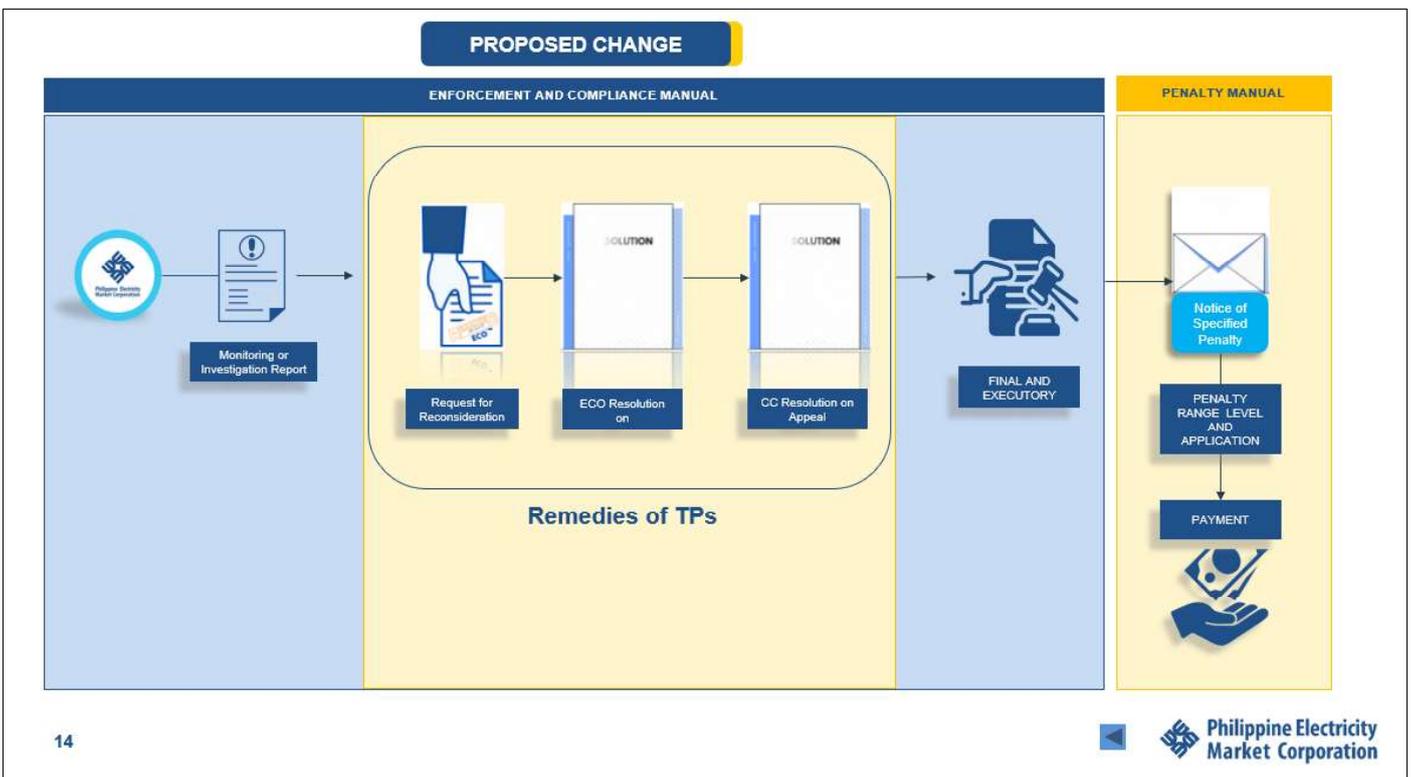
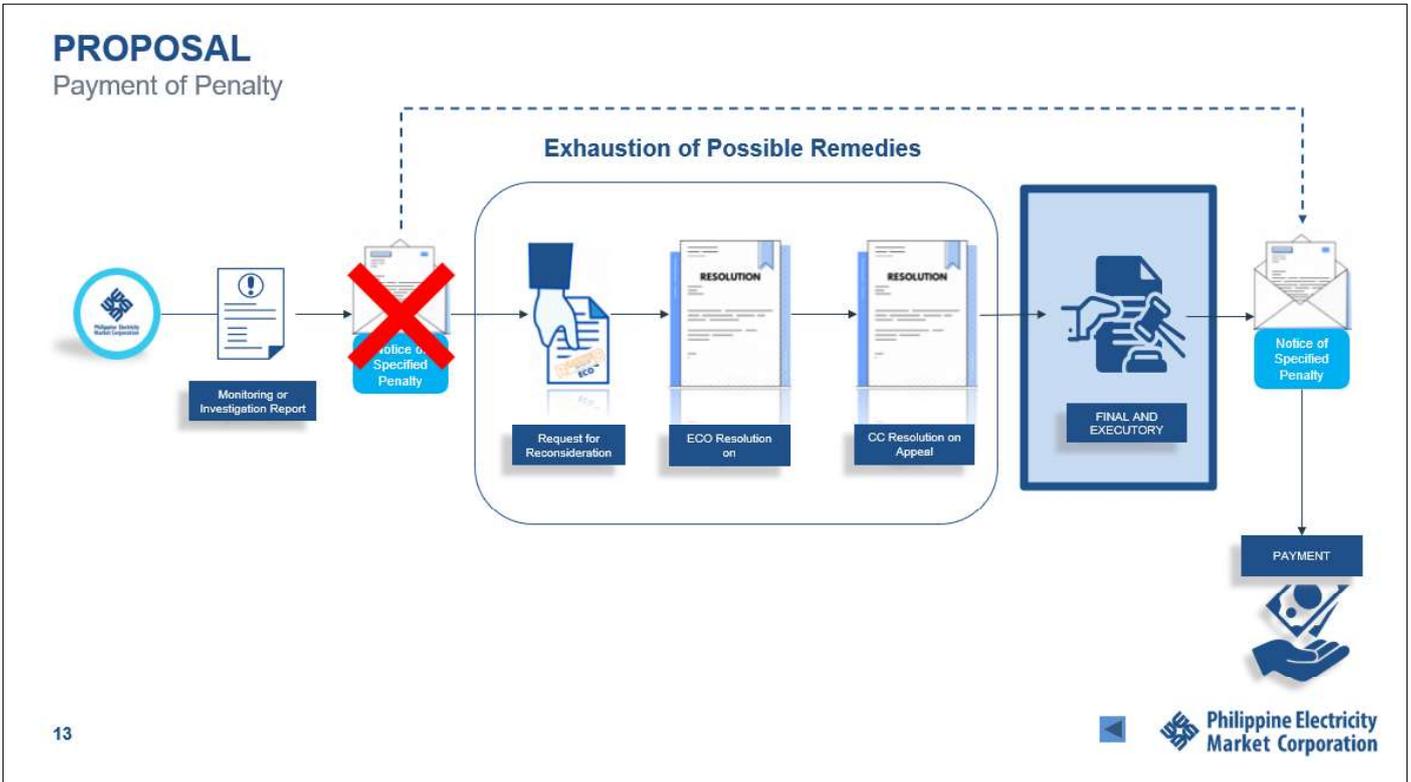


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## Annex B – Proposed General Amendments to the WESM Manual on Penalty

### MSC REVIEW OF THE PENALTY MANUAL

WESM Rules

**WESM RULES**

7.2.5.5. A WESM Penalty Manual shall be adopted and promulgated by the DOE which shall specify the:

- (a) **Acts or omissions constituting breach** of the WESM Rules or Market Manuals for which penalties can be imposed;
- (b) **Penalties, financial and non-financial**, that can be imposed for each type of breach, which should be commensurate to the nature and gravity of the breach; and
- (c) Procedures for and respective obligations of responsible persons or entities in **implementing penalties**.

The **Market Surveillance Committee** shall review the **WESM Penalty Manual** from time to time as may be necessary, and in consultation with the **Rules Change Committee**, **Compliance Committee** and the **PEM Board**, recommend changes thereto, provided, that changes on the same shall be subject to the approval of the DOE.

**Penalty Manual**

**3.3 Market Surveillance Committee**  
 The **Market Surveillance Committee** shall annually review **the levels and range of penalties** as set out in this Manual. From time to time and as may be necessary, the **Market Surveillance Committee** shall submit to the **Department of Energy** its proposed amendments thereto, in consultation with the **WESM Members**, **Rules Change Committee** and the **PEM Board**.

15

**7.2.4 Enforcement Proceedings**  
(As amended by DOE DC No. 2006-01-0001 dated 10 January 2006 and further amended by DOE DC No. 2021-09-0026 dated 30 July 2021)

7.2.4.1 The Enforcement and Compliance Office shall regularly monitor the activities of the WESM Members in the WESM to make a preliminary determination if a probable breach of the WESM Rules or Market Manuals may have been committed by any WESM Member.

7.2.4.2 The monitoring and determination of breach by the Enforcement and Compliance Office under Clause 7.2.4.1 shall be made on the basis of available information, including but not limited to:

- (a) Market and dispatch data and reports from the Market Operator and the System Operator;
- (b) Information contained in non-compliance reports submitted by the WESM Member pursuant to Clause 7.2.2.2 and other reports submitted by the WESM Member to Governance Arm and to the Market Operator pursuant to these WESM Rules and relevant Market Manuals; and
- (c) Data and reports from the DOE, ERC, or other government agencies that have jurisdiction over the WESM Member or over its operations, if such data and reports have been made available to the Enforcement and Compliance Office.

The Enforcement and Compliance Office shall ensure that the necessary verification or assessment of compliance or non-compliance is performed and that due process is observed in the conduct of compliance monitoring and assessment. Upon finding of breach by the Enforcement and Compliance Office, penalties shall immediately be imposed by the Enforcement and Compliance Office on the concerned WESM Member through issuance of notice of specified penalty by the PEWC pursuant to Clause 7.2.5.3. Provided, however, that the WESM Member may file a request for reconsideration with the Enforcement and Compliance Office.

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Wholesale Electricity Spot Market

Committee, the PEM Board shall resolve the same and determine the appropriate enforcement action.

7.2.4.11 If the decision of the PEM Board is to penalize the WESM Member, the Enforcement and Compliance Office, shall issue a notice of penalty to the WESM Member in accordance with the WESM Penalty Manual adopted pursuant to Clause 7.2.5.5. Provided, however, that the WESM Member may file a request for reconsideration to the PEM Board.

Provided, further, that the decision or the resolution of the PEM Board shall be final and immediately executory, and is binding on the parties to the investigation upon the lapse of the period to file a request for reconsideration or upon issuance of the PEM Board resolution on the request for reconsideration by the WESM Member.

**7.2.5 Enforcement Actions**  
(As amended per DOE DC No. 2021-08-0026 dated 30 July 2021)

7.2.5.1 The ERC shall have the original and exclusive jurisdiction over all cases contesting rates, fees, fines and penalties imposed by the ERC in the exercise of its powers, functions and responsibilities, and over all cases involving disputes between and among participants or players in the energy sector.

7.2.5.2 In line with the principles stated in Clause 7.1:

- (a) The Enforcement and Compliance Office may impose penalties upon completion of its compliance monitoring and assessment and after consideration of all the information referred to in Clause 7.2.4.2 following the procedures provided in the WESM Penalty Manual; and
- (b) The PEM Board acting upon the results of the investigation by the Enforcement and Compliance Office and recommendations of the Compliance Committee submitted pursuant to Clause 7.2.4.8, may direct upon any WESM Member, other than the System Operator or the Market Operator, any of the following

Wholesale Electricity Spot Market Rules (WESM Rules) Page 188 of 287

**7.2.5.5** A WESM Penalty Manual shall be adopted and promulgated by the DOE which shall specify the:

- (a) Acts or omissions constituting breach of the WESM Rules or Market Manuals for which penalties can be imposed;
- (b) Penalties, financial and non-financial, that can be imposed for each type of breach, which should be commensurate to the nature and gravity of the breach; and
- (c) Procedures for and respective obligations of responsible persons or entities in implementing penalties.

The Market Surveillance Committee shall review the WESM Penalty Manual from time to time as may be necessary, and in consultation with the Rules Change Committee, Compliance Committee and the PEM Board, recommend changes thereto, provided, that changes on the same shall be subject to the approval of the DOE.

7.2.6 Actions by Agents, Employees or Officers of Participants  
 The act of omission of any partner, agent, officer, employee or any person acting for or in behalf of a WESM Member or the Market Operator, constituting a breach of the WESM Rules, shall be considered the act or omission of the WESM Member.

7.2.7 Information Disclosure and Confidentiality  
(As amended by DOE DC No. 2006-01-0001 dated 10 January 2006 and further amended by DOE DC No. 2021-08-0026 dated 30 July 2021)

7.2.7.1 The PEM Board shall adopt guidelines and procedures for the treatment of information provided and generated under this Clause 7.2, which guidelines and procedures shall be included in the Market Manual that will be promulgated pursuant Clause 7.2.1.2.

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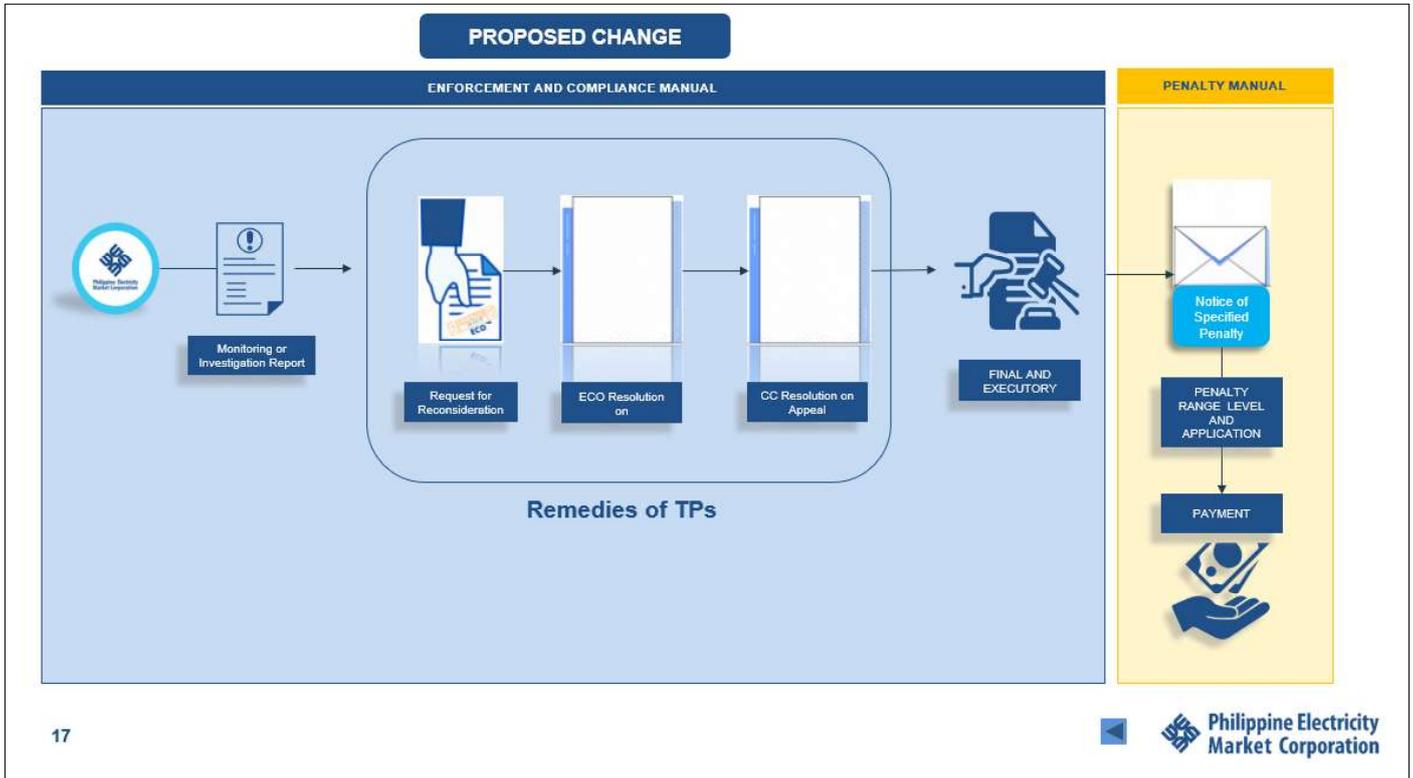
16

CHAPTER 7 OF THE WESM RULES

# MEETING MINUTES

Subject/Purpose : 220<sup>th</sup> RCC (Regular) Meeting No. 2023-13  
 Date & Time : 15 September 2023, 9:00 AM to 2:07 PM  
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## Annex B – Proposed General Amendments to the WESM Manual on Penalty



Area/Subject of Amendment	Brief Description	Area/Subject of Amendment	Brief Description
<b>Purpose and scope of Penalty Manual</b>	Included procedures for utilization of penalty collected.	<b>On Penalty System</b>	<ul style="list-style-type: none"> <li>Added a new timeline for the issuance of a Notice of Specified Penalty</li> <li>Added a provision for consequences in case of non-payment of penalty, interest, and remedial measures.</li> <li>Added a provision requiring the submission of annual summary penalty report or status update on the penalty imposed, collected, and utilized.</li> <li>Added procedures for the utilization of penalty.</li> </ul>
<b>Review of WESM Penalty Manual by MSC</b>	<ul style="list-style-type: none"> <li>Added Compliance Committee as among the committees with which consultation should be done.</li> <li>Added for consistency with the WESM Rules that amendment shall be promulgated by DOE</li> </ul>		
<b>On Penalty System</b>	<ul style="list-style-type: none"> <li>Revised the collecting entity from Market Operator to WESM Governance Arm</li> <li>Removed sections relating to Request for Reconsideration and Appeal Proceedings and replaced with a reference to the Enforcement and Compliance Manual.</li> <li>Added a Letter of Reprimand to be issued apart from the Notice of Specified Penalty</li> <li>Transfer of some provisions for coherence and clarity (e.g., sections pertaining to issuance or service of Notice of Specified Penalty are placed under one Section)</li> </ul>	<b>Others</b>	<ul style="list-style-type: none"> <li>Clerical correction</li> <li>Italicized the words or terms that have been defined in the Market Rules/Market Manuals; consistent use of terminologies</li> <li>Removed redundant provisions</li> <li>Updated rule references which have already been changed by series of amendments.</li> </ul>

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## MEETING MINUTES

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### Annex B – Proposed General Amendments to the WESM Manual on Penalty

#### REQUESTED ACTION

For Information / Comments



## MEETING MINUTES

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### Annex C – Proposed General Amendments to the WESM Manual on Enforcement and Compliance Manual in Alignment with the Penalty Manual Revisions



## HIGHLIGHTS OF THE PROPOSED AMENDMENTS TO THE ENFORCEMENT AND COMPLIANCE MANUAL

RCC Regular Meeting

15 Sep 2023 | MS Teams

### REQUESTED ACTION

For Review of the Proposal / Posting for Comments

*In accordance with the Rules Change Manual*



# MEETING MINUTES

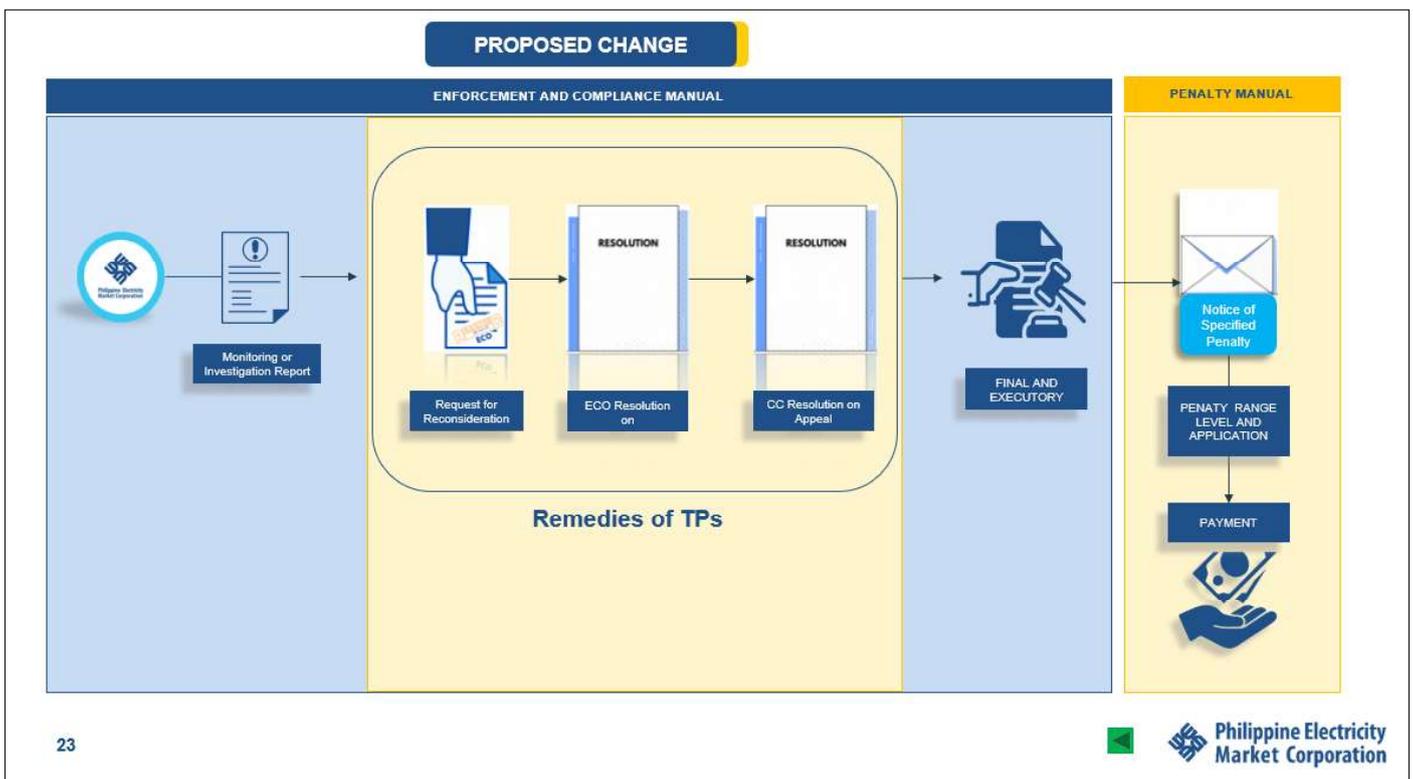
Subject/Purpose : 220<sup>th</sup> RCC (Regular) Meeting No. 2023-13  
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## Annex C – Proposed General Amendments to the WESM Manual on Enforcement and Compliance Manual in Alignment with the Penalty Manual Revisions



### Summary of the Proposal:

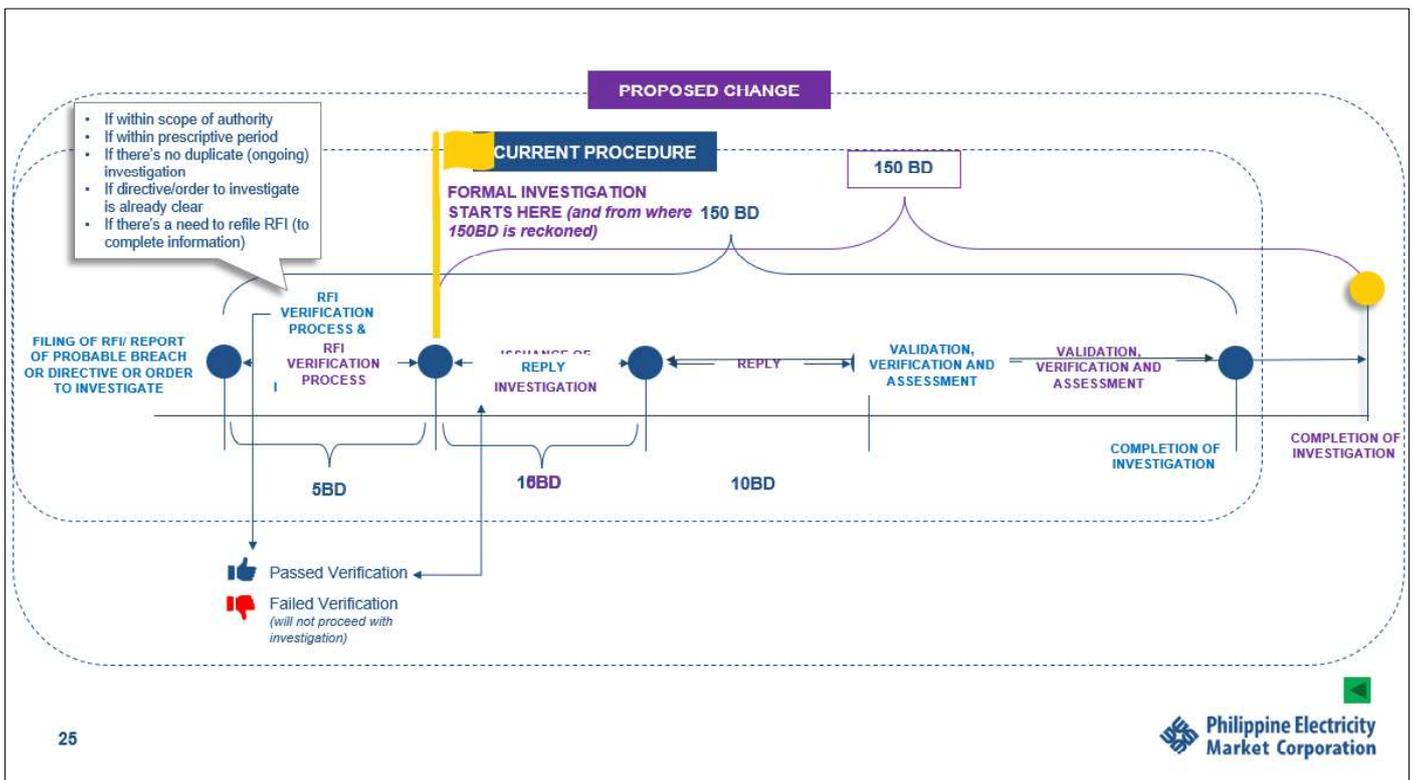
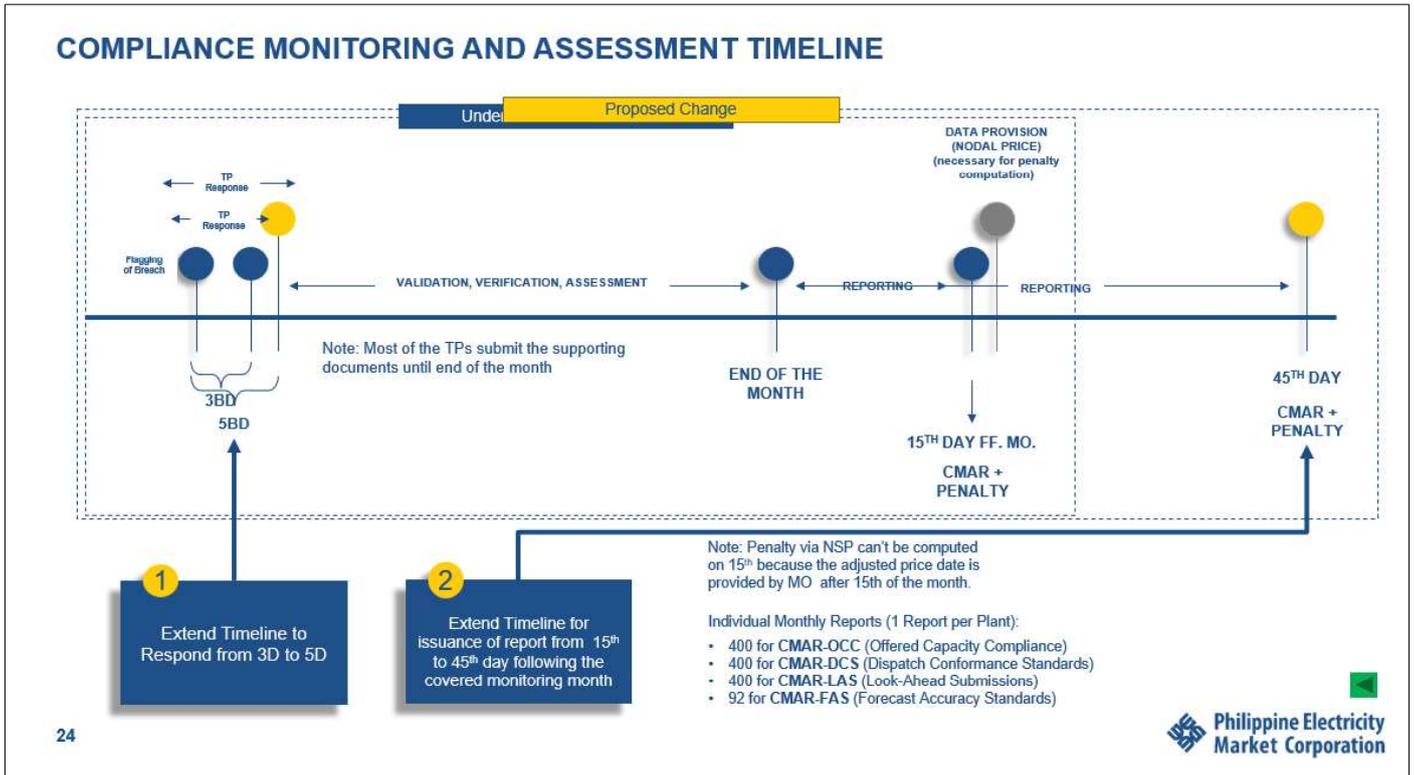
1. Transfer of the provisions on Request for Reconsideration and Appeal proceedings from Penalty Manual to the Enforcement and Compliance Manual ■
2. Change in the timeline for compliance monitoring and assessment ■
3. Additional provisions for RFI verification ■
4. Minor and clerical correction



# MEETING MINUTES

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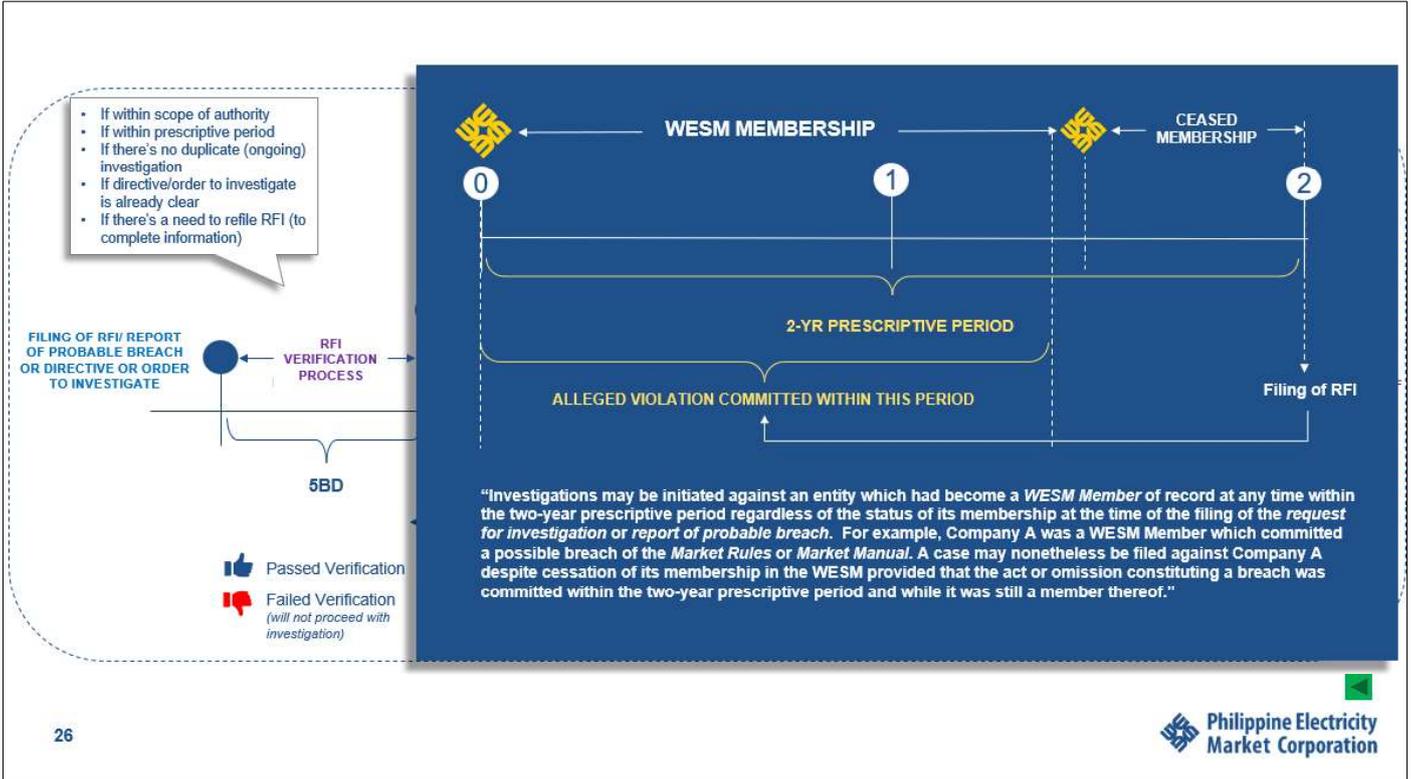
## Annex C – Proposed General Amendments to the WESM Manual on Enforcement and Compliance Manual in Alignment with the Penalty Manual Revisions



# MEETING MINUTES

Subject/Purpose : 220<sup>th</sup> RCC (Regular) Meeting No. 2023-13  
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## Annex C – Proposed General Amendments to the WESM Manual on Enforcement and Compliance Manual in Alignment with the Penalty Manual Revisions



Republic of the Philippines  
 DEPARTMENT OF ENERGY  
 (Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC2023-02-0032

**IMPLEMENTING GUIDELINES ON THE DECOMMISSIONING AND MOTHBALLING OF A GENERATING PLANT OR UNIT PURSUANT TO SECTION 2.8 OF DOE DEPARTMENT CIRCULAR (DC) NO. DC2010-03-0003**

WHEREAS, the Reform Act of 2003, titled "The Producers and Supply in the Companies (C) for dispatchable reliable operation";

WHEREAS, the Guidelines on Facilities and issued on 08 GenCos of the National Grid in accordance;

WHEREAS, the decommissioning guidelines of Controlled, R Solid Waste 2004, and the Order No. 18 of the Integrated;

WHEREAS, the supply guidelines on properly and applicable, of as the case;

WHEREAS, ensure trans same on the

11.3. Monitor and take measures in accordance with its function to penalize any abuse of market power and anti-competitive behavior by any electric power industry participant.

Section 13. Repealing Clause. All rules and regulations, or any portion thereof, that are inconsistent with this Circular are hereby repealed or modified accordingly.

Section 15. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, the other parts or provisions hereof that are not affected shall continue to be in full force and effect.

Section 14. Effectivity. This DC shall take effect fifteen (15) calendar days after its publication in two (2) newspapers of general circulation. A copy of this Circular shall be filed with the University of the Philippines Law Center Office of the National Administrative Registrar.

Issued this \_\_\_\_ day of July 2023 at the DOE, Energy Center, Rizal Drive cor. 34<sup>th</sup> St., Bonifacio Global City, Taguig City.

**RAPHAEL P.M. LOTILLA**  
 Secretary  
 JUL 17 2023

DOE/REGISTRATION DIVISION/SECTION ON THE DECOMMISSIONING AND MOTHBALLING OF A GENERATING PLANT OR UNIT PURSUANT TO SECTION 2.8 OF DOE DEPARTMENT CIRCULAR (DC) NO. DC2010-03-0003

Energy Center  
 Tel. No. (02)8466-2000  
 Website: <http://www.doe.gov.ph>; Email: [info@doe.gov.ph](mailto:info@doe.gov.ph)

4.11 Within sixty (60) calendar days from receipt and evaluation of the complete documentary requirements as provided in Section 4.8 of this Circular, the DOE shall issue the LOC to the applicant. The issuance of the LOC shall not preclude the ERC and other government agencies or instrumentalities from exercising their authority and mandate over the GenCo. It shall also not absolve the GenCo from any claims of any entity.

4.12 Upon the effective date of the mothballing period, the following COC terms and WESM deregistration shall apply:

4.12.1 Automatic termination of the COC and outright deregistration from the WESM for Total Generating Plant Mothballing; or

4.12.2 For Partial Generating Unit Mothballing, the GenCo shall apply for the amendment of the COC with the ERC and the corresponding changes to its WESM registration with the MO.

**Section 8. Responsibility of the WESM Governance Arm.** The WESM Governance Arm shall:

8.1 Evaluate and take the appropriate action on the proposed changes in the WESM Rules and relevant Market Manuals in accordance with the enforcement and compliance with the policy provided herein as necessary.

8.2 Ensure adherence of the GenCo to the WESM Rules and Manuals until its application for deregistration is decided.

**Section 9. Responsibility of the SO and SGSO.** The SO and SGSO shall be responsible for the following:

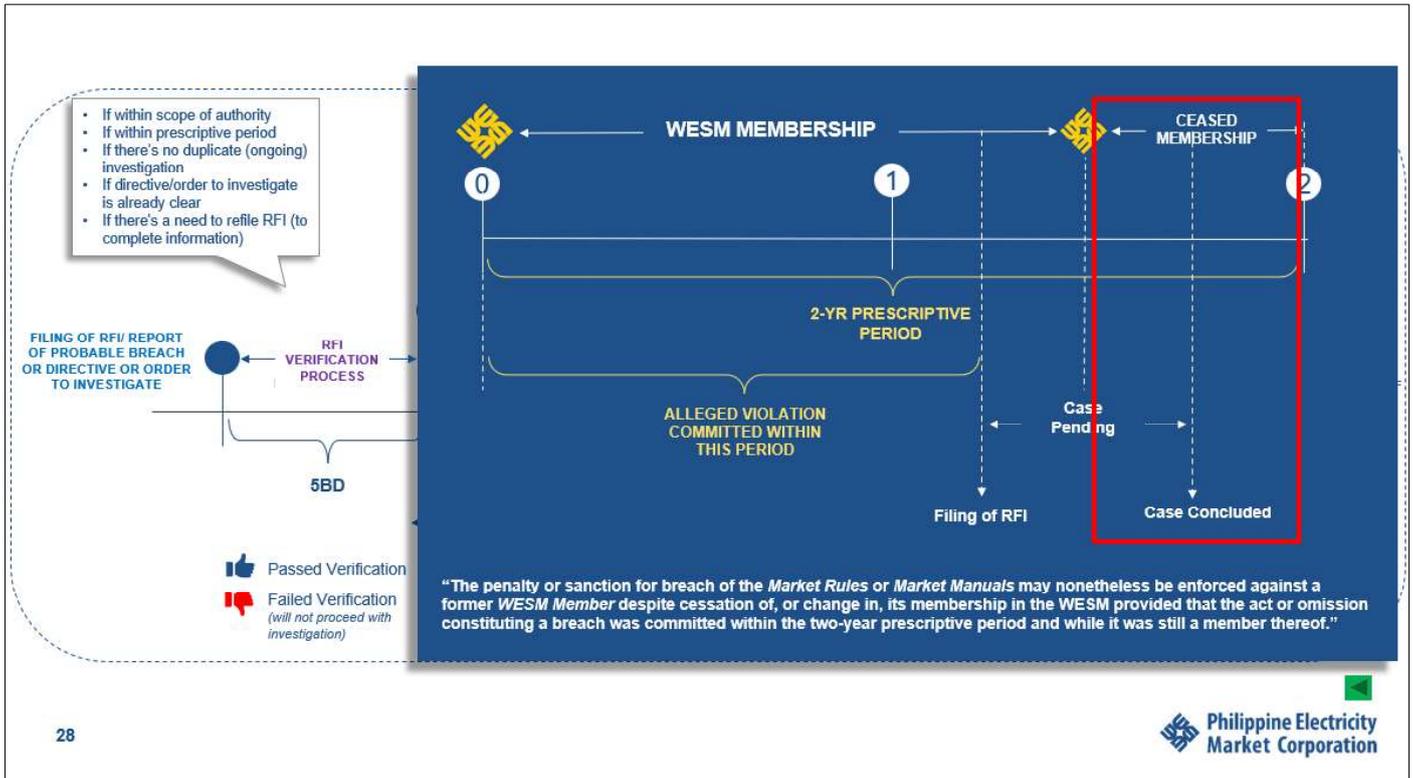
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**Philippine Electricity Market Corporation**

# MEETING MINUTES

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## Annex C – Proposed General Amendments to the WESM Manual on Enforcement and Compliance Manual in Alignment with the Penalty Manual Revisions



Area/Subject of Amendment	Brief Description	Area/Subject of Amendment	Brief Description
<b>On Compliance Monitoring and Assessment Section</b>	<ul style="list-style-type: none"> <li>Revised the timeline - to afford the <i>WESM Member</i> more time to respond in consideration of the time to gather information from the person or unit in charge; and for ECO to have more time for quality assessment.</li> </ul>	<b>On Investigation Review / Remand of Cases</b>	<ul style="list-style-type: none"> <li>Revised for clarity – that there is no need for ECO to inform the concerned Trading Participants that a case is remanded.</li> </ul>
<b>On Enforcement Proceedings Section / Request for Reconsideration and Appeal Section / Glossary</b>	<ul style="list-style-type: none"> <li>Added sections relating to Request for Reconsideration and Appeal Proceedings (as lifted from the WESM Penalty Manual).</li> </ul>	<b>On Implementation of Enforcement Actions Section</b>	<ul style="list-style-type: none"> <li>Revised for consistency with the rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding, resolution or decision becomes final and executory.</li> </ul>
<b>On Initiation of Investigation</b>	<ul style="list-style-type: none"> <li>Added a provision for clarity on jurisdictional matters.</li> <li>Added a provision on screening of RFI. This would prevent unnecessary efforts and time to investigate.</li> </ul>	<b>Others</b>	<ul style="list-style-type: none"> <li>Clerical correction</li> <li>Italicized the words or terms that have been defined in the Market Rules/Market Manuals.</li> <li>Consistent use of terminologies.</li> <li>Removed redundant provisions.</li> <li>Updated rule references which have already been changed by series of amendments.</li> </ul>
<b>On Remedial Measures</b>	<ul style="list-style-type: none"> <li>Strengthen the need for imposition of remedial measures at any stage of proceedings (during or after the compliance monitoring or investigation)</li> </ul>		

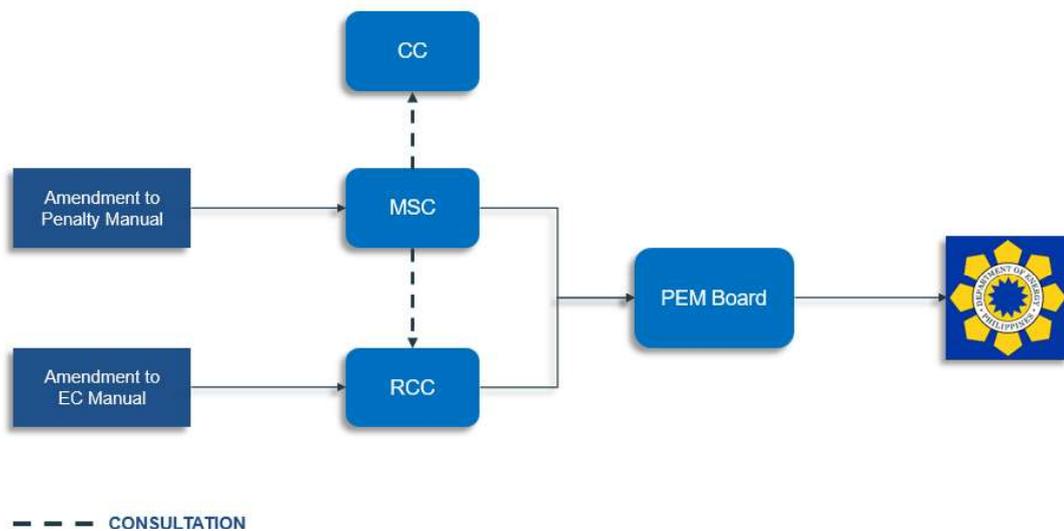
29 Philippine Electricity Market Corporation

## MEETING MINUTES

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### Annex C – Proposed General Amendments to the WESM Manual on Enforcement and Compliance Manual in Alignment with the Penalty Manual Revisions

#### SUBMISSION TO RCC AND MSC



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#### REQUESTED ACTION

For Review of the Proposal / Posting for Comments

*In accordance with the Rules Change Manual*



## MEETING MINUTES

Subject/Purpose : 220<sup>th</sup> RCC (Regular) Meeting No. 2023-13  
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### Annex D – Updates on other Proposed Amendments



## UPDATES ON THE PROPOSALS

### Urgent Amendments

	Proposal	Proponent	Update/Status
1	Proposed Urgent Amendments to the WESM Rules and <b>Forecast Accuracy Standards</b> Manual on Matters Relating to Enforcement Proceedings and Actions	PEMC	Expiration of Effectivity: 22 November 2023  Extended implementation per PEM Board Resolution No. 2023-61-02
2	Proposed Urgent Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 (Declaring All RE Resources as <b>Preferential Dispatch</b> )	IEMOP	Expiration of Effectivity: 26 January 2024  Extended implementation per PEM Board Resolution No. 2023-62-03



## MEETING MINUTES

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### Annex D – Updates on other Proposed Amendments

#### UPDATES ON THE PROPOSALS

##### General Amendments

	Proposal	Proponent	Update/Status
1	Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding <b>Non-security Over-riding Constraints</b>	NPC	<ul style="list-style-type: none"> <li>Proponent submitted revised proposal on 12 September 2023</li> <li>For continuation of deliberation in 221<sup>st</sup> RCC Meeting (20 October 2023)</li> </ul>
2	Proposed Amendments to the WESM Rules and the Dispatch Protocol Manual regarding the <b>Maximum Available Capacity</b>	PEMC	Under DOE finalization stage
3	Proposed General Amendments to the WESM Rules and <b>Forecast Accuracy Standards</b> Manual on Matters Relating to Enforcement Proceedings and Actions	PEMC	Concluded DOE Public Consultation: <ul style="list-style-type: none"> <li>23 Aug 2023 – Luzon (BGC)</li> <li>31 Aug 2023 – Mindanao (General Santos)</li> <li>06 Sept 2023 – Visayas (Cebu)</li> </ul>

#### UPDATES ON THE PROPOSALS

##### General Amendments

	Proposal	Proponent	Update/Status
4	Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding <b>Enhancements and Updating of the System Operator's Re-Dispatching, Reporting and Market Intervention/Suspension Procedures</b>	NGCP	Under DOE finalization stage
5	Proposed General Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 ( <b>Declaring All RE Resources as Preferential Dispatch</b> )	IEMOP (as amended by RCC)	Concluded DOE Public Consultation: <ul style="list-style-type: none"> <li>23 Aug 2023 – Luzon (BGC)</li> <li>31 Aug 2023 – Mindanao (General Santos)</li> <li>06 Sept 2023 – Visayas (Cebu)</li> </ul>
6	Proposed General Amendments to the WESM Rules and Various WESM Manuals on the <b>Interruptible Load Program Implementation</b>	IEMOP	<ul style="list-style-type: none"> <li>Remanded by the PEM Board (30 August 2023)</li> <li>Discussed by the RCC in 220<sup>th</sup> RCC Meeting</li> </ul>
7	Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding <b>Market Intervention and Suspension</b>	MSC	For continuation of deliberation in 220 <sup>th</sup> RCC meeting



# MEETING MINUTES

Subject/Purpose : 220<sup>th</sup> RCC (Regular) Meeting No. 2023-13  
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## Annex D – Updates on other Proposed Amendments

### UPDATES ON THE PROPOSALS

#### General Amendments

	Proposal	Proponent	Update/Status
8	Proposed Amendments to the WESM Rules and WESM Manual on Dispute Resolution Administration (based on RCC Resolution No. 2021-07)	PEMC	Under DOE finalization stage  Concluded DOE Public Consultation: • 23 Aug 2023 – Luzon (BGC) • 31 Aug 2023 – Mindanao (General Santos) • 08 Sept 2023 – Visayas (Cebu)
9	Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Test and Commissioning Penalty Framework	PEMC	Signed by DOE Secretary  DC2023-07-0023
10	Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation	IEMOP	Signed by DOE Secretary  DC2023-08-0024



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