

**MEETING MINUTES**

Subject/Purpose : 173<sup>rd</sup> Rules Change Committee Meeting  
 Date & Time : 15 January 2021, 09:00  
 Venue : Online via Microsoft Teams  
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**ATTENDEES**

	<b>Name</b>	<b>Designation/Position</b>	<b>Department/Company</b>
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	Jessie B. Victorio	Member (Alternate), Generation Sector	RCC
9	Mark D. Habana	Member, Generation Sector	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	Ma. Hazel M. Gubaton-Lopez	Head, Enforcement and Compliance Office	PEMC
22	Geraldine A. Rodriguez	Manager, Enforcement and Compliance Office	PEMC
23	Valfia U. Gregorio	Proponent	IEMOP
24	Melanie C. Papa	DOE Observer	DOE
25	Mari Josephine C. Enriquez	DOE Observer	DOE
26	Kevin Lloyd C. delos Santos	DOE Observer	DOE
27	Ryan Jaspher M. Villadiego	DOE Observer	DOE

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Agenda	Agreements / Action Taken / Action Required
I. Call to Order / Determination of Quorum	<ul style="list-style-type: none"> <li>The meeting was conducted via Microsoft Teams and was called to order at 9:00 AM.</li> <li>The meeting was chaired by Atty. Maila Lourdes G. de Castro (Chairman/Independent).</li> <li>All 15 RCC principal members and 1 alternate member were in attendance.</li> </ul>
II. Presentation and Approval of the Proposed Agenda	The provisional agenda of the meeting was approved by the body, as revised.
III. Approval of the Minutes of Previous Meeting	The minutes of the 172 <sup>nd</sup> RCC Meeting held on 11 December 2020 was approved as amended.
IV. Matters Arising from Previous Meeting	
4.1. Discussion of Comments to the Proposed Amendments to the WESM Rules and WESM Manuals on Clarifications on Indirect WESM Membership	<p><u>Action Requested:</u> For deliberation and approval to endorse to PEM Board</p> <p><u>Proceedings:</u></p> <p>IEMOP requested to defer the deliberation on the proposal to allow them more time for responding to PEMC's comments.</p> <p>The commenting period for the proposal lapsed two (2) days prior this RCC meeting.</p> <p>PEMC is the only party who submitted comments. Considering that the subject proposal puts heavy responsibility on Direct WESM Members in terms of registering their loads in the WESM, the RCC Secretariat recommended inviting in the next RCC meeting the three (3) Direct WESM Members identified to have unregistered loads for them to participate in the discussions.</p> <p>The RCC agreed to send a formal letter of invitation to the identified Direct WESM Members.</p> <p><u>Resolution:</u> Concerned Direct WESM members will be invited to the next RCC meeting.</p>
V. New Business	
5.1 Proposed Amendments to the WESM Rules and WESM Manuals on Validation Timeline Adjustment in Metering and Billing	<p><u>Presenter:</u> Engr. Valfia U. Gregorio (IEMOP - Proponent)</p> <p><u>Action Requested:</u> For approval for publication</p> <p><u>Meeting Material:</u> Annex A (presentation material)</p> <p><u>Proceedings:</u></p>

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	<p>Ms. Gregorio (IEMOP) presented a background and the highlights of the proposal as follows:</p> <ul style="list-style-type: none"> <li>• The proposal seeks to address inconsistencies in the WESM Rules and Manuals regarding the timeline for correcting metered quantity (MQ), provide additional time for the Market Operator to validate metering data, and improve the compliance of Metering Service Providers (MSP) as regards timely submission of monthly metering data.</li> <li>• Ms. Gregorio explained that WESM and Retail MSPs should submit MQ to the MO within three (3) days from the end of the billing period. Thereafter, the MO shall validate those submissions within two (2) days before proceeding with the preparation of preliminary settlement statements. However, many Retail MSPs submit MQs beyond the prescribed timeline which reduces the validation period for the MO.</li> </ul> <p>Ms. Gregorio further explained that after the issuance of preliminary statements, the MSPs must submit corrected MQs to the MO. The MO thereafter shall validate the corrected MQ before continuing with the preparation of final settlement statements. It was pointed out that the WESM Rules, WESM Metering Manual and Retail Metering Manual currently provide inconsistent timelines for the MSPs to submit corrected MQs and the MO's validation period. But in practice, the MO begins to validate the corrected MQs from the MSPs and perform settlement calculations four (4) days before the issuance of the final settlement statement.</p> <ul style="list-style-type: none"> <li>• The proposal specifically aims to:             <ul style="list-style-type: none"> <li>○ harmonize the WESM Rules, WESM Metering Manual and Retail Metering Manual as regards the deadline for the MSPs to submit corrected MQ after the MO's issuance of preliminary statement:                 <ul style="list-style-type: none"> <li>• Corrected MQs must be submitted to the MO no later than five (5) days before issuance of final statement. This will likewise extend the MO's time to validate and prepare the final settlement statement by one (1) day;</li> </ul> </li> </ul> </li> </ul>

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Agenda	Agreements / Action Taken / Action Required
	<ul style="list-style-type: none"> <li>○ provide additional one (1) day for the MO to validate received MQs from MSPs before the issuance of preliminary statement, allowing sufficient time for validation of said data;</li> <li>○ by extending the MO's meter data validation period by one (1) day, change the timeline for the MO's issuance of preliminary statements from the current seven (7) days to eight (8) days reckoned from the end of the billing period; and</li> <li>○ enforce strict compliance to the prescribed submission period by reporting to the PEMC-ECO untimely submission of meter data for possible breach;</li> </ul> <p>• Ms. Gregorio stated that providing clearer timelines for submission of meter data and extending the MO's validation period will reduce the need to issue adjustments to settlement statements. She clarified that the timeline for the MO to issue final statements will be the same (i.e., 18 days from end of billing period).</p> <p>Ms. Gregorio also added that the proposal would also be in preparation for the expected influx of new participants in the Retail Market due to the ERC's recent promulgation reducing the threshold for Contestable Customer participation to those with 500kW peak demand per month. Likewise, new participants are also expected with the implementation of the Green Energy Option Program (GEOP) that allows end-users with at least 100kW peak demand to source from renewable energy suppliers. Ms. Gregorio explained that with the implementation of both policies, there would be more MQ data that the MO is required to process for settlement.</p> <p>• Mr. Morales (MERALCO) expressed that MERALCO relies on the release of the preliminary statement in order to release bills to their customers. For MERALCO, the proposal will therefore delay the release of their bills by one day.</p> <p>Mr. Fortich (CEBECO III) concurred that for electric cooperatives, a 1-day delay may also have an effect on their process.</p> <p>• Mr. Rosales (NGCP-SO) remarked that rather than shortening the time for MSPs to submit corrected MQ, the IEMOP should first consider enhancing its validation software or applications. He added that another option could be to implement the submission of corrected MQ based on the timeline in the WESM Rules, which</p>

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	<p>provides a longer period than in the Retail Metering Manual. Also, shortening the period for the MSPs to submit corrected MQ is inconsistent with the rationale of the proposal to improve their compliance to the prescribed timeline.</p> <ul style="list-style-type: none"> <li>Atty. Hazel Gubaton-Lopez (PEMC) commented that an MSP's timely submission of meter data is factual in nature, such that it is a simple determination whether the MSP submits on time or not and may not need further investigation. She explained that the ECO currently conducts investigations to determine whether a non-compliance falls under the exemptions or not (e.g., compliance with 'must offer rule, RTD schedule). Further, there are certain kinds of non-compliance that the MO already has the authority to automatically impose sanctions without the need to elevate the case for investigation.</li> </ul> <p>In relation to the above, Atty. Gubaton-Lopez inquired if the proposal intends to also provide circumstances where an MSP may be exempted from being identified as non-compliant due to force majeure events.</p> <p>Ms. Gregorio explained that the primary intention of the proposed reporting to the ECO of untimely submission is to foster strict compliance with the timeline, especially by RMSPs, many of which do not observe the prescribed submission deadline. As for the matter on exemptions, the IEMOP did not provide any.</p> <ul style="list-style-type: none"> <li>Mr. Castro (Independent) inquired what could be the reason for the MSPs' late submission in the first place. Although it is understandable to urge the MO to improve its validation process, he stated that the MSPs' side should be looked at as well since their late submission compresses the time for the MO to validate.</li> </ul> <p>Ms. Gregorio responded that the current timeline has been in place since the beginning of the WESM and since then, the number of WESM participants has increased. The proposal for an additional time for validation is also in preparation for the expected increase in data to be processed not only in validation but also for settlement calculation due to the developments in the Retail Market and integration of the GEOP.</p> <ul style="list-style-type: none"> <li>Mr. Gumalal (ILPI) commented that with the impending commencement of the WESM in Mindanao which will further</li> </ul>



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Agenda	Agreements / Action Taken / Action Required
	<p>increase data submissions, it may be indeed necessary to extend the period of the overall process including the issuance of final statement. However, what the implications this would have for all participants should be studied.</p> <p>Ms. Gregorio explained that the proposal was drafted with the intention of retaining the current deadline for the MO's release of final statement (i.e., 18 days from end of billing period). If there will be no material effect to Trading Participants if the issuance of final statement is extended, then the MO is amenable to extending this timeline.</p> <p>The RCC requested that the DUs provide comments to the proposal especially on what may be the effect if the deadline for the issuance of final statements is extended.</p> <ul style="list-style-type: none"> <li>Mr. Claudio (MEI/PanAsia) sought clarification on the allowable period for Trading Participants to notify MO of errors in their MQ based on the preliminary statement. Ms. Gregorio answered that, based on the WESM Rules, Trading Participants may report errors no later than four (4) days prior to the issuance of final statement.</li> </ul> <p>Mr. Claudio suggested that the IEMOP could provide information on the frequency of Trading Participant complaints or reports demanding MQ validation. If there is too many, then the MO's proposed extension on the timeline is reasonable.</p> <ul style="list-style-type: none"> <li>Mr. Fortich asked if the IEMOP still considers MQ submissions if they were submitted beyond the deadline. Ms. Gregorio responded that if they were submitted too late, then these will just be considered as adjustments in the next billing period.</li> <li>In summary, the RCC requested that the following information be provided in the next meeting:             <ul style="list-style-type: none"> <li>Atty. de Castro and Mr. Fortich: How prevalent are the occurrence of late submission of meter data?</li> <li>Ms. Javier (Aboitiz): How does the MO validate the meter data? What is the critical path in this process that necessitates an additional day to complete it? (validation process of the MO)</li> <li>Mr. Castro: What are the possible reasons for MSPs' late submission?</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>Mr. Claudio: How often does the MO receive reports or complaints from Trading Participants regarding errors in their MQ?</li> <li>Mr. Gumalal: What could be the implication of extending the timeline of the entire validation and settlement process including the issuance of final statement?</li> </ul> <p><u>Resolution:</u> Approved for publication as submitted to solicit comments.</p>
<p>5.2 ERC's Decision on the Application for Approval of Price Determination Methodology (PDM) for Wholesale Electricity Spot Market (WESM)</p>	<p><u>Presenter:</u> Ms. Karen A. Varquez (RCC Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Meeting Material:</u> Annex B (presentation material)</p> <p>Ms. Varquez provided updates on the ERC's approval of the Price Determination Methodology (PDM) for enhanced market design, as revised, which was issued on 29 December 2020. Highlights of the approved PDM are as follows:</p> <ul style="list-style-type: none"> <li>All pricing and settlement methodologies are consolidated in the PDM Manual:             <ul style="list-style-type: none"> <li>Market Dispatch Optimization Model</li> <li>Market Re-run</li> <li>Price Substitution Methodology</li> <li>Administered Price Determination Methodology</li> <li>Net Settlement Surplus</li> <li>Billing and Settlement</li> </ul> </li> <li>The ERC did not approve the Pricing and Cost Recovery Mechanism for reserves since the general framework for co-optimization for energy and reserves is not yet promulgated.</li> <li>ERC provided revisions on the following:             <ul style="list-style-type: none"> <li>Price to be applied when an interval is under market intervention or suspension and prices hit the secondary price cap at the same time (i.e., the lower price between the two (2) prices shall be applied);</li> <li>Calculation of administered price;</li> <li>Settlement for intervals under Price Substitution Methodology: all generators shall be paid at unconstrained price; constrained-on generators may claim for additional compensation; and</li> </ul> </li> </ul>

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Agenda	Agreements / Action Taken / Action Required
	<ul style="list-style-type: none"> <li>○ Provisions related to Net Settlement Surplus (NSS) to harmonize with the 2019 NSS Rules</li> <li>• ERC issued additional directives to PEMC and IEMOP to facilitate implementation of the approved PDM; strictly monitor offers, projected outputs and Market Participant compliance; improve various areas of market operations; and ensure readiness of Market Participants and stakeholders prior NMMS operations and WESM Mindanao.</li> <li>• ERC directed PEMC and IEMOP to submit proposals/studies on the following:               <ol style="list-style-type: none"> <li>1. Compensation for displaced generators;</li> <li>2. Administered Price methodology during prolonged market intervention or market suspension (note: already complied);</li> <li>3. Price Trigger Factors (PTF): regional PTF, interim PTF for WESM Mindanao and interim PTF for PSM;</li> <li>4. Impact on settlement if Trading Participants over-declare BCQs;</li> <li>5. Possible market results of utilizing bipolar design of the Luzon-Leyte HVDC link;</li> <li>6. Possible constraints to be imposed on non-conventional operational modes;</li> <li>7. Modelling of sub-transmission assets of MERALCO (joint study with MERALCO);</li> <li>8. Congestion issues and Financial Transmission Rights; and</li> <li>9. Preparedness for demand bidding</li> </ol> </li> <li>• The PDM document is currently under finalization. PEMC is confirming with ERC if changes to the PDM based on its directives need to undergo through the WESM rules change process or these could just be directly submitted to the ERC.</li> <li>• IEMOP will be submitting several proposals to the RCC prior Go-Live date in relation to the ERC-approved PDM.</li> </ul> <p>Ms. Varquez informed that as of this time the Go-Live date is still targeted for June 2021 as recommended by the Market Readiness Steering Committee. It was also confirmed that the WESM will still be an energy-only market when the NMMS commences operations.</p>



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	<p>As for the status of the Reserve Market, Mr. Cacho informed that it will be implemented in phases since there will still be a development stage.</p> <p><u>Proceedings:</u> Noted by RCC</p> <p><u>Resolution:</u> N/A (for information only)</p>
5.3 RCC Semestral Report (July to December 2020)	<p><u>Presenter:</u> Kathleen R. Estigoy (RCC Secretariat)</p> <p><u>Action Requested:</u> For review and approval</p> <p><u>Resolution:</u> Approved as revised with permission to affix e-signatures. For submission to the PEM Board and publication in PEMC website.</p>
5.4 Draft 2021 RCC Work Plan	<p><u>Presenter:</u> Kathleen R. Estigoy (RCC Secretariat)</p> <p><u>Action Requested:</u> For review and approval</p> <p><u>Meeting Material:</u> Annex C (Draft 2021 RCC Work Plan)</p> <p><u>Proceedings:</u></p> <p>The draft RCC Work Plan was aligned with PEMC's activities for the year. Notable additions to the previous year's Work Plan are as follows:</p> <ul style="list-style-type: none"> <li>• Provide inputs to contents released in the PEMC website, if necessary;</li> <li>• Provide inputs to proposed WESM Governance Committee Performance Measure;</li> <li>• Approve inputs to Annual Performance Report;</li> <li>• Approve proposals related to the implementation of enhanced WESM design and operations;</li> <li>• Approve specific proposals regarding:               <ul style="list-style-type: none"> <li>○ Data Privacy Act</li> <li>○ Market Network Model and Constraint Violation Coefficients</li> <li>○ Bilateral Contract Quantity</li> <li>○ Compliance Committee</li> <li>○ MSP performance metrics; and</li> </ul> </li> </ul>

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Agenda	Agreements / Action Taken / Action Required
	<ul style="list-style-type: none"> <li>• Provide inputs to survey on PEMC's provision of technical and administrative support to the PEM Board, various WGCs, REM Governance Committee and WCO Accreditation Body</li> </ul> <p>The Secretariat requested RCC members to provide inputs for any rules change proposals they target to submit to the RCC within the year. The RCC agreed that inputs from other WGCs should be requested as well.</p> <p><u>Resolution:</u> For dissemination to RCC members and other PEMC Departments to solicit inputs.</p>
6 Other Matters	
6.1 DOE Public Consultation Updates	<p><u>Presenter:</u> Ms. Melanie Papa (DOE)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>The DOE will conduct virtual public consultation for Luzon, Visayas and Mindanao Market Participants regarding the draft Department Circular on Reserves Market Design on January 26 and 29.</p> <p><u>Resolution:</u> N/A (for information only)</p>
7 Next Meeting	<ul style="list-style-type: none"> <li>• 19 Feb 2021</li> <li>• 19 Mar 2021</li> <li>• 16 Apr 2021</li> </ul>
8 Adjournment	The meeting was adjourned at 10:54 AM.

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Prepared by:



DIVINE GAYLE C. CRUZ  
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



FRANCISCO LEODEGARIO R. CASTRO, JR.  
Member, Independent



ALLAN C. NERVES  
Member, Independent



CONCEPCION I. TANGLAO  
Member, Independent



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



CHEREY A. JAVIER  
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)

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

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

[REDACTED]  
LORRETÓ H. RIVERA  
Member, Supply Sector  
TeaM (Philippines) Energy Corporation (TPEC)

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

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

**ANNEX A - Proposed Amendments regarding Validation Timeline Adjustment in Metering and Billing**



**VALIDATION TIMELINE  
ADJUSTMENT IN METERING AND  
BILLING**

**15 JANUARY 2021**  
ONLINE

**THE PROPONENT**

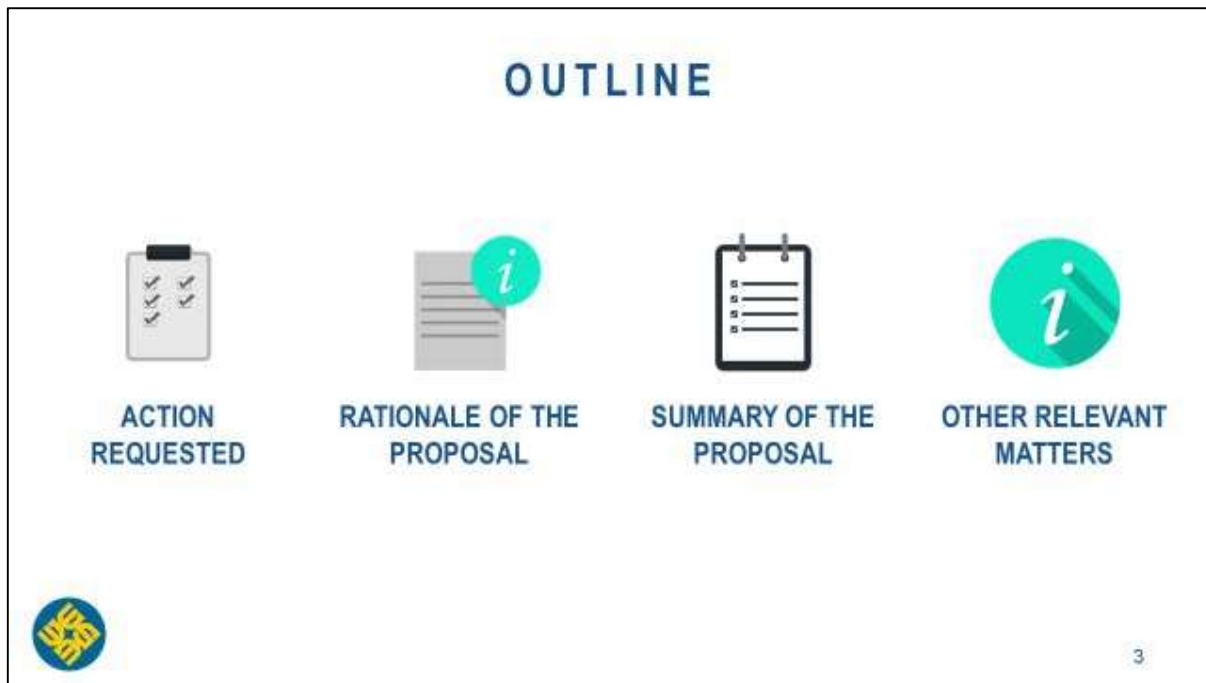
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- The proponent is the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP)
- IEMOP is the market operator of the WESM.





## ANNEX A - Proposed Amendments regarding Validation Timeline Adjustment in Metering and Billing



**ACTION REQUESTED**

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- For approval to publish

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## ANNEX A - Proposed Amendments regarding Validation Timeline Adjustment in Metering and Billing

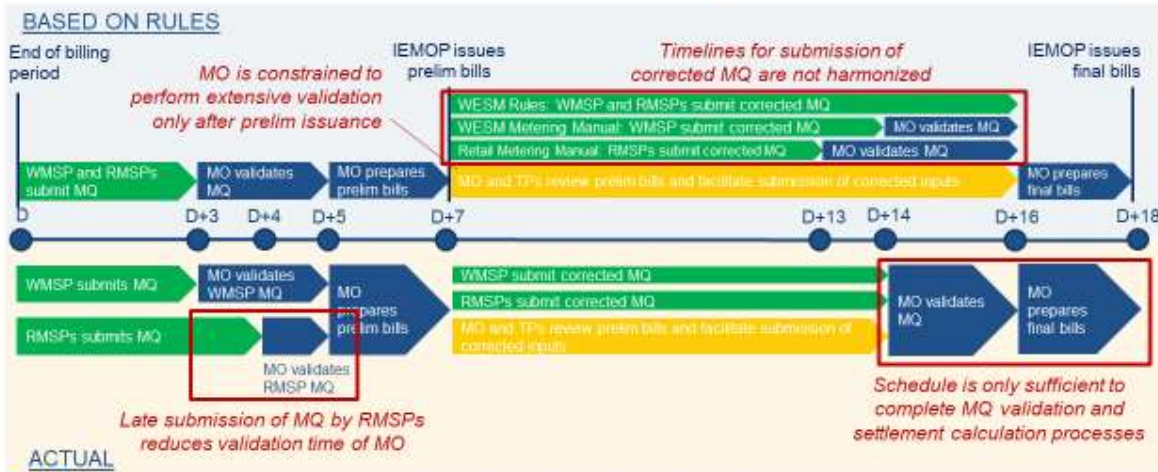
### RATIONALE OF THE PROPOSAL

- › Address issue on inconsistency in Rules and Manuals on metering correction timeline
- › Provide additional validation time for MO
- › Improve compliance of MSPs to the timely submission of monthly metering data



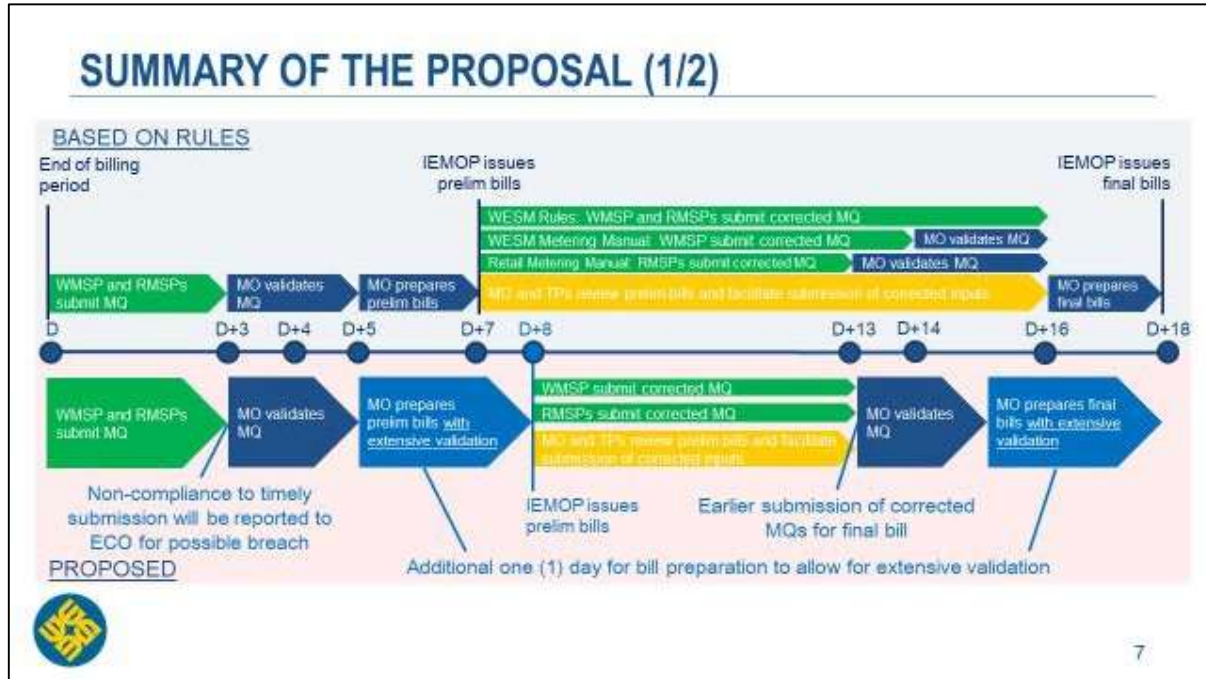
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### SUMMARY OF THE PROPOSAL (Background)



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## ANNEX A - Proposed Amendments regarding Validation Timeline Adjustment in Metering and Billing



### SUMMARY OF THE PROPOSAL (2/2)

DESCRIPTION	RATIONALE	BENEFITS
Validation Timeline Adjustment in Metering and Billing	<ul style="list-style-type: none"> <li>› Address issue on inconsistency in Rules and Manuals on metering correction timeline</li> <li>› Provide additional validation time for MO</li> <li>› Improve compliance of MSPs to the timely submission of monthly metering data</li> </ul>	<ul style="list-style-type: none"> <li>› Clearer timelines in metering data correction</li> <li>› Reduce issuance of settlement adjustments</li> </ul>

WSP logo

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## **ANNEX A - Proposed Amendments regarding Validation Timeline Adjustment in Metering and Billing**

### **OTHER RELEVANT MATTERS**

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- None



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### **ACTION REQUESTED**

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- For approval to publish



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**ANNEX A - Proposed Amendments regarding Validation Timeline Adjustment in Metering and Billing**



THANK YOU!



## ANNEX B - Updates on ERC Approval of the Price Determination Methodology





# Updates on the Price Determination Methodology (ERC Case No. 2017-042RC)

15 January 2021

**PEMC**  
A Premier Electricity Market & Champion of Governance

### Action Requested

- For information



Updates on the Price Determination Methodology | 2

**ANNEX B - Updates on ERC Approval of the Price Determination Methodology**

## Background

Current PDM

- 20 Jun 2006 – ERC approval (ERC Case No. 2006-007 RC)

Revised PDM

- | RCC Approval     | PEM Board Approval | DOE Approval                      |
|------------------|--------------------|-----------------------------------|
| 09 November 2016 | 29 November 2016   | 20 March 2017<br>(DC2017-03-0001) |
| 09 June 2017     | 18 September 2017  | 28 March 2018<br>(DC2018-04-0012) |
| 25 April 2018    | 03 May 2018        | 26 June 2018<br>(DC2018-06-0017)  |
- 17 May 2017 – PEMC filing under ERC Case No. 2017-042RC
- 29 Dec 2020 – ERC approval (with revisions)



PEMC

Updates on the Price Determination Methodology

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## Revised PDM

### Contents

#### Current PDM

- Market Dispatch Optimization Model
- Billing and Settlement

#### Other pricing & settlement manuals:



#### Enhancements



#### Revised PDM

- Market Dispatch Optimization Model
- **Market Re-run**
- **PSM**
- **APDM**
- **NSS**
- **PCRM**
- **Billing and Settlement**



PEMC

Updates on the Price Determination Methodology

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**ANNEX B - Updates on ERC Approval of the Price Determination Methodology**

## Revised PDM

### ERC Approval Highlights

FEATURE	CURRENT	REVISED/APPROVED
Pricing	<ul style="list-style-type: none"> <li>Ex-ante &amp; Ex-post</li> <li>AP &gt; SPC</li> </ul>	<ul style="list-style-type: none"> <li>Ex-ante only</li> <li>Use HAP when there is no RTD</li> <li>If AP &amp; SPC, the lower price between these two (2) prices shall apply.</li> </ul>
Market Re-runs	Manual Market re-runs	Automatic pricing re-runs & Manual Market re-runs
Consideration of Pmin	Priority dispatch	Submitted as offer
Scheduling/ Trading of Energy and Reserves	Results of central scheduling of reserves are input to energy-only market	<ul style="list-style-type: none"> <li>Status quo</li> </ul>
Settlements	<ul style="list-style-type: none"> <li>One Hour interval and resolution</li> <li>Two-Part Settlement</li> </ul>	<ul style="list-style-type: none"> <li>One Hour interval and 5-minute resolution</li> <li>One-Part Settlement</li> </ul>
Administered Prices	Calculated during settlement	Calculated by NMMS (with revisions by ERC)
PSM Settlement	Adjustments made during settlement	<ul style="list-style-type: none"> <li>All generators are paid at unconstrained price</li> <li>Constrained-on generators may claim additional compensation</li> </ul>
MRU Settlement	GPI plus additional compensation	Market price plus additional compensation
NSS	2019 NSS Rules	2019 NSS Rules, revised to 5-minutes dispatch interval



PEMC

Updates on the Price Determination Methodology

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## ERC Directives

### Submit Information / Report

- Revised PDM reflecting ERC-approved changes
- Detailed Plan of Action to implement the approved PDM
- Monthly progress report on the enhancement of the NMMS and CRSS until its completion and implementation
- Technical information on dispatch constraints
- Quarterly report on the impact of transmission losses on the dispatch solution, including a detailed plan of action to address any issues found
- Quarterly updates on the actions being undertaken to address findings and recommendations of the IES
- Comparative MMS and NMMS MAPE results based on the POP until Go-Live - proof of improvement of the PEMC's forecast accuracy
- Certification to the effect showing that the DAP stability and performance have been improved and/or the operational performance targets for DAP have been relaxed by agreement with PEMC, and Dispatch Protocol have been aligned

### Submit Proposals / Studies

- Possible compensation of displaced generators by the participants that did not comply with the WESM Rules
- AP methodology that will be applicable in instances of prolonged implementation of Market Intervention or Market Suspension
- Regional Price Trigger Factor (PTF), interim Mindanao PTF, and interim regional PTF (1 grid) for PSM
- Study of the impact on settlement of Trading Participants' over-declaration of BCQ
- Study simulating the possible market results of utilizing the bipolar design of the Luzon Leyte High-Voltage, Direct Current (HVDC) link
- Study on the possible constraints to be imposed on the non-conventional operational modes
- Joint study with MERALCO on the modeling of the sub-transmission assets of MERALCO
- Studies on congestion issues and FTR
- Preparedness for demand bidding



PEMC

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**ANNEX B - Updates on ERC Approval of the Price Determination Methodology**

## ERC Directives

### Strict Monitoring

- Submission of forecasted offers
- Submission of load levels of non-scheduled generating units and the projected output
- Market participants' compliance with the new metering requirements

### Improve Operations

- SO to use market projections (WAP, DAP & HAP) in determining reserve requirements
- Implementation of islanded operation with SO
- Detailed prescribed process (requirements, validation, settlement) for additional compensation

### Readiness

- Implement enhancements to the NMMS and CRSS resulting from the ERC's directives and submit audit reports
- Ensure that the Trading Participants are well informed of and familiar with the NMMS prior to commercial operations through capacity building, training programs, and webinars, among others
- Comply and satisfy the criteria recommended by Sapere prior to the commercial operation of the NMMS or Go-Live
- Measures to address the market readiness issues in Mindanao prior to Go-Live



PEMC

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## Next Steps

- Ongoing coordination of PEMC and IEMOP in revising the PDM document and development/implementation of the Action Plans
- Consultation with ERC on the process of finalizing the PDM document
- RCC processing of IEMOP proposals related to the ERC-approved revised PDM prior Go-Live




PEMC

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## ANNEX B - Updates on ERC Approval of the Price Determination Methodology



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**ANNEX C - Draft 2021 RCC Work Plan****2021 RULES CHANGE COMMITTEE WORK PLAN**

The Rules Change Committee commits to attain a timely resolution of all rules change proposals it receives and shall continuously direct its efforts to work on priority activities for further enhancements to the Market Rules and Manuals. The activities in the Work Plan will be updated as necessary as more contributions are received from industry sectors and stakeholders, or as directed by the PEM Board, DOE and ERC.

Legend:  Submission/Completion of Report  
 Regular Activity

ACTIVITIES		OUTPUTS	2021				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
<b>POWER</b>							
1	Publish updated and accurate reports and information on time	Published minutes of meetings, resolutions, semestral reports, and rules change proposals in accordance with timelines					
2	Provide inputs to the content releases in the PEMC website, if necessary	Proposed input to website content					
3	Participate in WESM events, as requested or scheduled	Attendance to WESM events					
<b>EFFICIENCY</b>							
4	Enhance rules change process based on best global practices	Updated RCC Internal Rules					
5	Timely approval by the PEM Board of the proposed WGC Performance Measure	Inputs to proposed WGC Performance Measure					

**ANNEX C - Draft 2021 RCC Work Plan**

	ACTIVITIES	OUTPUTS	2021				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
6	Timely submission of the Annual Performance Report of WGCs, if requested	Approval of inputs to Annual Performance Report					
<b>GOVERNANCE</b>							
7	Timely provision of technical support to the PEM Board relevant to their decision-making functions	Conduct of monthly and urgent meetings					
8		Review and approval of minutes of meetings and resolutions					
9		Semestral Reports submitted to the PEM Board in January and July 2021					
10	Approved Annual Committee Work Plan	2021 RCC Work Plan submitted to the PEM Board by March 2021					
11	Assess market rules and manuals and propose amendments, as necessary	Approved Proposed Amendments to WESM Rules and Manuals on EWDO implementation					
12		Approved Proposed Amendments to WESM Rules and Manuals regarding Data Privacy Act					
13		Approved Proposed Amendments to WESM Rules and Manuals on MNMCP/CVC					
14		Approved Proposed Amendments to WESM Rules and Manuals on Bilateral Contract Quantity					

**ANNEX C - Draft 2021 RCC Work Plan**

	ACTIVITIES	OUTPUTS	2021				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
15		Approved Proposed Amendments to WESM Rules and Manuals regarding Compliance Committee					
16		Approved Proposed Amendments to WESM Rules and Manuals MSP's enhanced performance metrics					
17		Approved other proposed amendments as submitted by WESM Members, or as directed by the PEM Board, DOE or ERC					
18		Submit comments/inputs to DOE policies, ERC issuances and other concerned parties (including participation in public consultations)					
19	Ensure consistent, responsive and effective market rules	Approved rules change effectiveness study					
20	Timely formulation of survey on the provision of technical and administrative support to PEM Board, WGC, RGC and WCO Accreditation Body	Inputs to survey formulation					
<b>ORGANIZATION</b>							
21	Timely approval of Corporate and Departmental Strategic Plan by the PEM Board and PEMC Management, respectively	Inputs to Corporate and Departmental Strategic Plan					