



# Rules Change Committee 2021 Semestral Report

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January to June 2021

**July 2021**

This Report is prepared by the  
Philippine Electricity Market Corporation –  
Market Assessment Group for the  
Rules Change Committee



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## I. INTRODUCTION

In compliance with its mandate under the WESM Rules<sup>1</sup> and the WESM Manual on the Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals (“Rules Change Manual”), the Rules Change Committee (RCC) submits this Report, covering the period January to June 2021. This report sets out the following:

- i. All proposals to amend the Market Rules and Manuals which have been submitted or remanded to and deliberated upon by the RCC for the covered period; and
- ii. Status of RCC priorities outlined in the 2021 RCC Work Plan.

## II. ACCOMPLISHMENTS AND WORK PROGRESS

The RCC held nine (9) meetings<sup>2</sup> during the covered period to discuss and deliberate upon several proposed amendments to the Market Rules and Manuals aimed at refining market processes and operations appropriate for the enhanced market design and as a result of market operations experience.

For the first half of 2021, the RCC approved six (6) proposals for changes in the Market Rules and Manuals. These include three (3) urgent amendments in preparation for the commercial operations of the 5-minute market in June 2021; two (2) general amendments related to clarifications on the participation of Indirect WESM Members in the WESM, and to the dispute resolution process; and one (1) proposal remanded by the DOE in March 2021 regarding rules change process and was consequently re-deliberated by the RCC.

Additionally, the proposals approved by the RCC were initiated by the Market Operator, the Dispute Resolution Administrator and PEMC, as presented below:

**Table 1: Proposals Approved by RCC by Proponent (Jan to Jun 2021)**

Proponent	Proposals Approved
Market Operator	3
Market Participants/ WESM Stakeholders	0
PEMC/WESM Governance Committees	3
<b>TOTAL</b>	<b>6</b>

<sup>1</sup> WESM Rules, Clause 8.6.5.

<sup>2</sup> Six (6) regular meetings, two (2) special meetings and one (1) sub-committee meeting

There are nine (9) new proposals submitted to the RCC during the first half of 2021, most of which were initiated by the Market Operator.

**Table 2: Proposals Submitted to RCC by Proponent (Jan to Jun 2021)**

Proponent	Proposals Submitted to RCC (% of Total)
<b>Market Operator</b>	7 (78%)
<b>Market Participants/ WESM Stakeholders</b>	0
<b>PEMC/WESM Governance Committees</b>	2 (22%)
<b>TOTAL</b>	<b>9 (100%)</b>

The details of the submitted and approved proposals are shown in *II.B Proposals Approved by the RCC during the period January to June 2021* and *II.C. On-Going Proposals and Discussions*.

From July 2005 to June 2021, the RCC has completed the processing of 327 amendments to the Market Rules and Manuals (see Annex A for the number of proposals processed per year beginning 2005 until June 2021).

**Table 3: Summary of Proposed Amendments Processed by RCC (2005 to June 2021)**

Documents	Jan to Jun 2021	Cumulative Total Jan 2005 to Jun 2021
<b>WESM Rules</b>	<b>4</b>	<b>98</b>
<b>WESM Manuals</b>	<b>10</b>	<b>204</b>
<b>Retail Rules</b>	<b>0</b>	<b>10</b>
<b>Retail Manuals</b>	<b>0</b>	<b>15</b>
<b>TOTAL</b>	<b>14</b>	<b>327</b>

Of the 327 proposed amendments deliberated upon since 2005, the RCC disapproved nine (9) or 2.75% of the total. Some of these were re-developed and re-submitted by the proponent/s to the RCC as new proposals.

The RCC, as part of its consultation process, posts all proposals in the PEMC website to solicit comments from interested parties for a period of 30 working days. Comments received are discussed during the RCC's deliberation of the proposals, with the resulting agreements endorsed to the PEM Board for approval.

For the first half of 2021, the RCC issued seven (7) Resolutions, where six (6) of those is on the approval to endorse proposed amendments to the PEM Board.<sup>3</sup> All six proposals submitted by the RCC was endorsed by the PEM Board to the DOE either for final approval (for general proposed amendments), or for information (for urgent proposed amendments).

A summary of the proposed amendments deliberated by the RCC during the period January to June 2021 are provided in the succeeding sections. All the proposals, minutes of the RCC's meetings and Resolutions are published in the PEMC website<sup>4</sup> for public information.

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<sup>3</sup> One (1) Resolution, RCC Resolution No. 2021-01, was issued to create a RCC Sub-committee to further discuss the Proposed Amendments to the WESM Rules and WESM Manuals regarding Indirect WESM Membership (ORCP-WR-WM-20-14).

<sup>4</sup> <https://www.wesm.ph/market-governance/rules-change/rcc-minutes-of-meetings>

## II.A. Summary of Proposals

The table below presents the status summary of all proposals submitted to the RCC in first half of 2021. Brief discussions on the proposals, both completed and on-going, are further provided in Sections II.B and II.C of this Report.

**Table 4: Summary of Proposals Carried-over from 2019 and 2020**

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
1	IEMOP	ORCP-WM-19-20	Proposed Amendments to WESM Registration Manual for General Enhancements to the Application Process of New WESM Members	29 Nov 2019	06-Dec-19	10-Dec-19	28-Jan-20	PEMC, Market Surveillance Committee, AC Energy, SPC/SIPC	Deferred	--	--	--	--
2	IEMOP	ORCP-WR-WM-20-14	Proposed Amendments to the WESM Rules and Manuals for Clarifications on Indirect WESM Membership	06-Nov-20	20-Nov-20	23-Nov-20	13-Jan-21	PEMC	Approved	2021-06 (18 June 2021)	Approved	2021-37-04 (30 June 2021)	--

**Table 5: Summary of New Proposals Submitted to RCC (January to June 2021)**

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
1	IEMOP	ORCP-WR-WM-RM-21-01	Proposed Amendments to the WESM Rules, WESM Manual and Retail Manual on Validation Timeline Adjustment in Metering and Billing	09-Jan-21	15-Jan-21	18-Jan-21	03-Mar-21	PEMC, NGCP, MERALCO	Deferred	--	--	--	--
2	Dispute Resolution Administrator	ORCP-WR-WM-21-02	Proposed Amendments to the WESM Rules, and WESM Manual on Dispute Resolution Administration	17-Mar-21	19-Mar-21	22-Mar-21	06-May-21	NGCP, MERALCO, TLI/TMO	Approved	2021-07 (18 Jun 2021)	Approved	2021-37-05 (30 June 2021)	--
3	IEMOP	ORCP-WM-21-03	Proposed Urgent Amendments to Various WESM Manuals for Enhancements to Market Operator and System Operator Procedures	26-Mar-21	Not applicable	Not applicable	Not applicable	Not applicable	Approved	2021-02 (30 Mar 2021)	Approved	2021-34-09 (31 Mar 2021)	13-Apr-21
4	IEMOP	ORCP-WM-21-04	Proposed Amendments to Various WESM Manuals for Improvements to Market Resource Modelling and Monitoring	28-Mar-21	16-Apr-16	21-Apr-21	03-Jun-21	PEMC, Technical Committee, MEI/PEI, Aboitiz Power, MERALCO	Approved	--	--	--	--
5	IEMOP	ORCP-WR-WM-21-05	Proposed Amendments to the WESM Rules and WESM Manual on Registration, Suspension and De-Registration	28-Mar-21	16-Apr-16	20-Apr-21	02-Jun-21	PEMC, Technical Committee, AC Energy, Aboitiz	Approved	--	--	--	--



Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
			Criteria and Procedures for Improvements to De-registration and Cessation Procedures					Power, MERALCO					
6	IEMOP	ORCP-WM-21-06	Proposed Urgent Amendments to WESM Manual on Billing and Settlement on Harmonization with ERC Decision on Case No. 2017-042RC on Additional Compensation	19-Apr-21	Not applicable	Not applicable	Not applicable	Not applicable	Approved	2021-03 (26 Apr 2021)	Approved	2021-35-13 (28 Apr 2021)	10-May-21
7	IEMOP	ORCP-WR-WM-21-07	Proposed General Amendments to WESM Rules and Various WESM Manuals for Enhancements to Market Operator and System Operator Procedures	27-Apr-21	21-May-21	25-May-21	06-Jul-21	PEMC, Technical Committee, SPC/SPIC, Aboitiz Power	On-going	--	--	--	--
8	PEMC	ORCP-WR-WM-21-08	Proposed Urgent Amendments to WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs, Issue 6 to Harmonize with ERC Directives on Automatic Pricing Re-runs for Under-generation and Over-generation	19-May-21	Not applicable	Not applicable	Not applicable	Not applicable	Approved	2021-05 (21 May 2021)	Approved	2021-36-04 (26 May 2021)	10 June 2021

Item	Proponent	Control No.	Proposal	Submitted to RCC	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
9	IEMOP	ORCP-WM-21-09	Proposed General Amendments to WESM Manual on Billing and Settlement on Harmonization with ERC Decision on Case No. 2017-042RC	02-Jul-2021	--	--	--	--	--	--	--	--	--

**Table 6: Summary of Proposals Remanded to RCC (January to June 2021)**

Item	Proponent	Control No.	Proposal	Date Remanded	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
1	IEMOP	ORCP-WM-20-03A (remanded proposal from DOE)	Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements	17 March 2021	16-Apr-21	23-Apr-21	07-Jun-21	PEMC, Technical Committee	Approved	--	--	--	--
2	PEMC	ORCP-WR-WM-20-09 (remanded proposal from DOE)	Proposed Amendments to the WESM Rules and WESM Manual for Enhancements to the Rules Change Process	23 March 2021	Not applicable	Not applicable	Not applicable	Not applicable	Approved	2021-04 (21 May 2021)	Approved	2021-36-03 (26 May 2021)	10 June 2021
3	PEMC	ORCP-WR-19-09 and ORCP-WR-19-09B (remanded proposal from DOE)	Proposed Revisions to PEM Board-Approved Amendments to the WESM Rules and New WESM Compliance Officers (WCO) Accreditation Manual	10 May 2021	Not applicable	Not applicable	Not applicable	Not applicable	On-going	--	--	--	--
4	PAC	ORCP-WR-RR-WM-18-08 (remanded proposal from DOE)	Proposed Revisions to PEM Board-Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules, Retail Rules, PEM Audit Manual,	21 April 2021	Not applicable	Not applicable	Not applicable	Not applicable	On-going	--	--	--	--

Item	Proponent	Control No.	Proposal	Date Remanded	Date Approved for Posting	Date Published	Deadline of Commenting Period	Comments Received	Action Taken by RCC	RCC Resolution	Action Taken by PEM Board	PEM Board Resolution	Date Submitted to DOE
			and Guidelines Governing the Constitution of the PEM Board										
6	IEMOP	ORCP-WR-WM-19-19 (remanded proposal from DOE)	Proposed Revisions to PEM Board-Approved Amendments to the WESM Rules and WESM Manual on MO Information Disclosure and Confidentiality to Provide Exceptions for Confidentiality Undertaking for Oversight Bodies	20 May 2021	--	--	--	--	On-going	--	--	--	--

**II.B. Proposals Approved by the RCC during the period January to June 2021****1) Proposed Urgent Amendments to the WESM Rules and Various WESM Manuals on the Enhancements to Market Operator and System Operator Procedures (RCC Resolution No. 2021-02)**

The proposal was submitted by the Independent Electricity Market Operator of the Philippines (IEMOP) to introduce enhancements to the scheduling and dispatch processes of both the Market Operator and System Operator based on the results of the Parallel Operations Program (POP) for the New Market Management System (NMMS) and the findings of the market readiness assessment. It was submitted as an urgent amendment to guide WESM stakeholders during the conduct of the POP and the Limited Live Dispatch Operations (LLDO) prior the Go-Live Date targeted on 26 June 2021.

The proposal sought to:

- (1) improve the information exchanged between the Market Operator and System Operator;
- (2) enhance procedures to further strengthen the implementation of generators' self-commitment; and
- (3) further ensure the reliability of grid operations under a regime of self-dispatch in a 5-minute dispatch interval;

The RCC and, subsequently, the PEM Board approved the urgent proposal on 30 and 31 March 2021, respectively, following the procedures for processing urgent rules change proposals. The amendments shall remain in effect from the start of commercial operations of the five-minute market up to six (6) months.

The proposal was re-submitted to the RCC as a general amendment on 27 April 2021 and will undergo the rules change process for general amendments for the DOE's final approval.

**2) Proposed Urgent Amendments to the WESM Manual on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process (RCC Resolution No. 2021-03)**

On 29 December 2020, the ERC promulgated its approval of the Price Determination Methodology (PDM) for enhanced WESM design and operations as embodied in its decision on ERC Case No. 2017-042RC dated 29 August 2020. Along with the approval of the PDM, the ERC issued further guidelines in the processing of additional compensation claims, among others, to be specified in the appropriate WESM Manual.

In compliance to the ERC's directive, IEMOP submitted to the RCC on 16 April 2021 the proposed urgent amendments to the WESM Manual on Billing and Settlement Issue 6.1

in view of the implementation of the enhanced WESM design and operations on 26 June 2021.

The proposal intended to:

- (1) harmonize the BSM with the abovementioned ERC Decision on ERC Case No. 2017-042RC;
- (2) provide supplementary guidelines on the additional compensation process in the BSM; and
- (3) consistently apply the guidelines to the different pricing or dispatch conditions eligible for additional compensation;

The RCC and, subsequently, the PEM Board approved the urgent proposal on 26 and 28 April 2021, respectively, following the procedures for processing urgent rules change proposals. The amendments shall remain in effect from the start of commercial operations of the five-minute market up to six (6) months.

The proposal was re-submitted to the RCC as a general amendment on 02 July 2021, and will undergo the rules change process for general amendments for the DOE's final approval.

**3) Addition to RCC Resolution No. 2020-14 (PEM Board Resolution No. 2020-24-13) on the Proposed WESM Rules and WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals (RCC Resolution No. 2021-04)**

The subject proposal aims to enhance the rules change process and incorporate policies under the DOE Circulars issued regarding WESM governance. It was endorsed by the PEM Board to the DOE on 09 June 2020 (PEM Board Resolution No. 2020-24-13), and underwent two rounds of public consultation conducted by the DOE in December 2020.

On 23 March 2021, the DOE remanded the proposal with the instruction to clarify the process on urgent proposals regarding their approval, period of effectivity and endorsement to DOE as general amendment. The RCC re-deliberated and revised the proposal taking into consideration the comments of the DOE.

Following the PEM Board's approval, the revised proposal was endorsed to the DOE on 11 June 2021, for final approval.

**4) Proposed Urgent Amendments to WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs, Issue 6 to Harmonize with ERC Directives on Automatic Pricing Re-runs for Under-generation and Over-generation (RCC Resolution No. 2021-05)**

Similar with the proposed amendment regarding additional compensation (see item #2), the proposal was also submitted to the RCC in compliance with the ERC's directive contained in its decision on ERC Case No. 2017-042RC promulgated on 29 December 2021 ("Decision").

The PDM filed with the ERC in 2017 (i.e., ERC Case No. 2017-042RC) includes new pricing mechanisms where the price shall be the shortage price equivalent to the offer price cap during under-generation (currently at PhP32,000/MWh), and excess price equivalent to the offer price floor for over-generation (currently at PhP -10,000/MWh). But the ERC, in its Decision, deemed that prices during under-generation should reflect the cost that the consumers are willing to pay for a continuous supply of electricity, which price is not necessarily the offer price cap. Thus, the ERC directed that the existing pricing mechanisms during under-generation and over-generation should be maintained.

PEMC submitted the proposal as an urgent amendment on 19 May 2021 to make said amendments in effect upon commencement of the enhanced market design and operations (EWDO) on 26 June 2021. The urgent proposal aims to align the WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs (versions for EWDO) with the ERC's directive.

The RCC and, subsequently, the PEM Board approved the urgent proposal on 21 and 26 May 2021, respectively, following the procedures for processing urgent rules change proposals. The amendments shall take effect from the start of commercial operations of the five-minute market and shall remain in effect up to six (6) months.

PEMC targets to re-submit the proposal to the RCC as a general amendment before the end of the 6-month period to be processed as such, for the DOE's final approval.

**5) Proposed Amendments to the WESM Rules and WESM Manuals regarding Clarifications on Indirect WESM Membership (RCC Resolution No. 2021-06)**

The IEMOP submitted the subject proposal to: (i) address the longstanding non-registration of some loads, and (ii) clarify the participation of Indirect WESM Members in the market.

Following extensive deliberation on the proposal conducted over five meetings, the RCC approved only the portion of the proposal pertaining to clarifications on the participation of Indirect WESM Members in the market. The RCC concluded that the part of the proposed amendments which aim to address non-registration of loads raised concerns that may affect Direct WESM Members, and therefore disapproved said portions of the proposal.

The PEM Board thereafter approved the proposal for endorsement to the DOE on 30 June 2021 (PEM Board Resolution No. 2021-37-04).

**6) Proposed Amendments to the WESM Manual on Dispute Resolution (RCC Resolution No. 2021-07)**

The Dispute Resolution Administrator initiated the proposal, which is composed of several parts, as follows:

- 1) Provide dispute resolution framework for the Retail Market;
- 2) Provide guidelines for virtual hearings and conferences during arbitration;
- 3) Align the WESM Rules and WESM Manual on Dispute Resolution with Republic Act No. 9285 (Alternative Dispute Resolution [ADR] Act of 2004) and the Special Rules of Court on ADR, which recognize the nature of an arbitral award being final and binding among the participants, by deleting the provision allowing parties to resort to the ERC if they are not satisfied with the outcome of the arbitration; and
- 4) Remove the PEM Board and the WESM Governance Committees as entities that may be impleaded in WESM Disputes under Clause 7.3.1.1 of the WESM Rules.

After due deliberation, the RCC resolved to: (i) approve as submitted the proposed changes regarding the dispute resolution framework for the Retail Market and the guidelines for conducting virtual hearings, (ii) disapprove the proposal to delete the provision allowing parties to resort to ERC after arbitration, and (iii) replace the PEM Board and its WESM Governance Committees with “Governance Arm” as one of the entities that may be impleaded in WESM Disputes.

The PEM Board thereafter approved the proposal for endorsement to the DOE on 30 June 2021 (PEM Board Resolution No. 2021-37-05).

**II.C. On-Going Proposals and Discussions**

During the period covered in this Report, the RCC likewise discussed the following proposals:

**1) Proposed Amendments to WESM Registration Manual for General Enhancements to the Application Process of New WESM Members (ORCP-WM-19-20)**

Among the salient points of IEMOP’s proposal is to establish additional guidelines for the registration and conduct of test and commissioning activity. The subject proposal was deferred on April 2020 as it was deemed necessary by the RCC to await the DOE’s



promulgation of the general framework governing the test and commissioning of generation facilities to ensure consistency.

The RCC shall resume the deliberation of the proposal following the DOE's promulgation on 02 July 2021 of DOE Department Circular No. DC2021-06-0013 dated 03 June 2021 ("Adopting a General Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network").

**2) Proposed Amendments to the WESM Rules, WESM Manual and Retail Manual on Validation Timeline Adjustment in Metering and Billing (ORCP-WR-WM-RM-21-01)**

The proposal was initiated by IEMOP to enhance the validation process of settlement inputs and calculations. The proposed amendments also intend to address inconsistencies in the WESM Rules and Manuals on metering correction timeline.

The proposed timeline for Metering Service Providers to submit correct meter data was found to be inconsistent with a previous proposal on the same matter that was already submitted to and is being evaluated by the DOE. IEMOP communicated with the DOE to consider aligning the previously endorsed proposal with the new proposal. Having been informed that the inconsistency has a material effect on the current proposal, the RCC agreed to defer the deliberation of the proposal to await the DOE's response.

**3) Proposed Amendments to Various WESM Manuals for Improvements to Market Resource Modelling and Monitoring (ORCP-WM-21-04)**

IEMOP submitted the proposed amendments which aims to accomplish the following:

- (i) provide refinements and clarity in the modelling of market resources in the Market Network Model; and
- (ii) provide additional features in the modelling of generators.

The proposal was already subjected to the 30-working day commenting period and is currently under the evaluation of the RCC.

**4) Proposed Amendments to the WESM Rules and WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures for Improvements to De-registration and Cessation Procedures (ORCP-WR-WM-21-05)**

IEMOP submitted the proposal to make the process of de-registering more efficient for WESM Members that has recently become ineligible for membership, and provide a

validation period for cessation requests in response to a finding during the recent market operations audit.

The proposal was already subjected to the 30-working day commenting period and is currently under the evaluation of the RCC.

**5) Proposed General Amendments to WESM Rules and Various WESM Manuals for Enhancements to Market Operator and System Operator Procedures (ORCP-WR-WM-21-07)**

The proposal is a re-submission of the urgent proposal approved by the RCC and the PEM Board on 30 and 31 March 2021, respectively (see II.B #1 above). The re-submission triggers the rules change process for general amendments, for the DOE's final approval.

The proposal introduces enhancements to the scheduling and dispatch processes of both the Market Operator and System Operator based on the results of the Parallel Operations Program (POP) for the New Market Management System (NMMS) and the findings of the market readiness assessment.

The proposal recently completed the 30-working day commenting period and shall be under the RCC's evaluation.

**6) Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements (ORCP-WM-20-03A)**

The proposal, which was endorsed to the DOE on 09 June 2020, intends to allow other types of bilateral contract transactions to be accounted for in settlements in the WESM which includes replacement power contracts between generators.

In a letter to PEMC and IEMOP on 17 March 2021, the DOE remanded the proposal and recommended requiring the concerned generators to submit copies of their replacement power supply contracts to IEMOP for transparency. Ensuring that there is an actual replacement power supply contract between generators will discount the possibility that a generator will simply shut down its generating unit when market prices are low and it is more costly to operate.

The IEMOP revised the proposal to consider the DOE's recommendation and re-submitted it to the RCC. Due to substantial changes from its first version, the proposal went through the 30-working day commenting period and is currently under the RCC's evaluation.

**7) Proposed Revisions to PEM Board-Approved Amendments to the WESM Rules and New WESM Compliance Officers (WCO) Accreditation Manual (ORCP-WR-19-09 and ORCP-WR-19-09B)**

The proposal seeks to implement a WESM Compliance Officers (WCO) Accreditation Program to ensure that WCOs possess the right competencies and knowledge of their obligations in the WESM. The proposal was endorsed to the DOE on 16 January 2020 and subsequently underwent multiple rounds of public consultation in July 2020 and coordination between the DOE and the proponent, PEMC.

The DOE remanded the proposal to PEMC on 10 May 2021 with several recommendations to simplify, enhance and make the implementation of the program more practical. In consultation with the DOE, PEMC revised the proposal accordingly and re-submitted the proposal to the RCC on 21 May 2021.

The proposal is currently under the RCC's evaluation.

**8) Proposed Revisions to PEM Board-Approved Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules, Retail Rules, PEM Audit Manual, and Guidelines Governing the Constitution of the PEM Board (ORCP-WR-RR-WM-18-08)**

The PEM Audit Committee (PAC) initiated the proposal in order to fine-tune the responsibilities of the PAC in the conduct of market audits and special reviews, and enhance the preparation and implementation of market audits and performance monitoring of WESM service providers.

The proposal was endorsed to the DOE on 14 May 2019 and was subjected to several public consultations in June 2020. The DOE remanded the proposal on 21 April 2021 with recommendations for further enhancement and review in connection with the restructuring of PEMC and IEMOP.

The PAC re-submitted and presented the proposal to the RCC on 18 June 2021. The proposal is currently under the RCC's evaluation.

**9) Proposed Revisions to PEM Board-Approved Amendments to the WESM Rules and WESM Manual on MO Information Disclosure and Confidentiality to Provide Exceptions for Confidentiality Undertaking for Oversight Bodies (ORCP-WR-WM-19-19)**

The proposal was submitted by IEMOP to exempt the DOE and ERC, as oversight bodies, in executing a non-disclosure agreement with IEMOP in receiving confidential market data. It was approved, as amended, to likewise exempt PEMC from executing

non-disclosure agreement. The proposal was endorsed to the DOE on 08 April 2020 and underwent public consultations.

The DOE remanded the proposal on 20 May 2021 with the position that only the DOE and ERC should be exempted from executing non-disclosure agreement in light of the current governance structure of the WESM. The DOE recommended PEMC to further justify why it also must be exempted, including the members of the PEMC Board and WESM Governance Committees.

The proposal is currently under the RCC's evaluation.

#### **10) Proposed General Amendments to the WESM Manual on Billing and Settlement to Harmonize with ERC Directives on Additional Compensation Process (ORCP-WM-21-09)**

The proposal is a re-submission of the urgent proposal approved by the RCC and the PEM Board on 26 and 28 April 2021, respectively (see II.B #2 above). The re-submission triggers the rules change process for general amendments, for the DOE's final approval.

With the ERC's approval of the PDM, the Commission also rendered further guidelines in the processing of additional compensation claims, among others, to be specified in the appropriate WESM Manual.

The proposal was re-submitted and received by the Secretariat on 28 June 2021 and, after undergoing preliminary assessment, by the RCC on 02 July 2021, and is currently under the RCC's evaluation.

### **II.D. Status of Proposals Submitted to the DOE**

This section provides updates on the status of DOE approval on the proposals submitted by PEMC during the covered period, which are still ongoing and recently approved. Of the 27 proposals, six (6) were approved by the DOE, one (1) was subjected to virtual public consultations within the period, and five (5) were remanded to the RCC and the proponent. The rest of the proposals have no updates since the previous reporting period.

**Table 7: Status of Proposals Submitted to the DOE (2018-2021)**

	RCC Resolution	Proposals	DOE Approval
1	RCC Resolution No. 2018-06	Proposed Amendments to the WESM Rules and Various WESM Manuals related to Market Surveillance, Enforcement and Compliance	On-going <i>(completed series of public consultations in 2019)</i>
2	RCC Resolution No. 2019-02	Proposed Amendments to the WESM and Retail Rules and Various Manuals to Reduce Barriers to Entry and Participation in Retail Competition	DOE Department Circular No. DC2021-06-0012 dated 03 June 2021
3	RCC Resolution No. 2019-04	Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules, Retail Rules, PEM Audit Manual, and Guidelines Governing the Constitution of the PEM Board	On-going <i>(remanded to RCC and proponent on 21 April 2021)</i>
4	RCC Resolution No. 2019-06	Proposed Amendments to the WESM Rules and WESM Manual on Metering Standards and Procedures on MSP Performance Monitoring	On-going <i>(completed series of public consultations on 11, 12, 14, 20 and 21 Nov 2019)</i>
5	RCC Resolution No. 2019-10	Proposed Amendments to the WESM Manual on Metering Standards and Procedures (to align with PGC, PDC and DOE and ERC issuances)	On-going <i>(completed series of virtual public consultations on 22 and 29 Jul 2020)</i>
6	RCC Resolution No. 2019-11	Proposed Amendments to the WESM Manual on Monitoring of Forecast Accuracy Standards for Must-Dispatch Generating Units	DOE Department Circular No. DC2021-03-0004 dated 16 March 2021

	RCC Resolution	Proposals	DOE Approval
7	RCC Resolution No. 2019-13	Proposed Amendments to the WESM Manual on Constraint Violation Coefficients (CVC) and Pricing Re-Runs to Include Additional CVCs to Reflect the Dispatch Hierarchy of Self-Scheduled Generation	On-going <i>(completed series of virtual public consultations on 15, 17 and 19 Jun 2020)</i>
8	RCC Resolution No. 2019-14	Proposed Amendments for the Implementation of DOE Framework Governing the Operations of Embedded Generators	DOE Department Circular No. DC2021-03-0008 dated 16 March 2021
9	RCC Resolution No. 2019-18	Proposed Amendments to the Retail Rules and Various Retail Manuals to Harmonize with ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for Contestable Customers	On-going <i>(completed series of virtual public consultations on 15, 17 and 19 Jun 2020)</i>
10	RCC Resolution No. 2019-19	Proposed Amendments to the WESM Rules and New WESM Compliance Officers (WCO) Accreditation Manual	On-going <i>(remanded on 10 May 2021)</i>
11	RCC Resolution No. 2020-01	Proposed Amendments to the WESM Metering Manual to Harmonize with the Site Specific Loss Adjustment Procedures of the Wholesale MSP	Ongoing <i>(completed series of virtual public consultations on 22 and 29 Jul 2020)</i>
12	RCC Resolution No. 2020-02	Proposed Amendments to the WESM Rules and WESM Manual on MO Information Disclosure and Confidentiality to Provide Exceptions for Confidentiality Undertaking for Oversight Bodies	Ongoing <i>(remanded on 20 May 2021)</i>

	RCC Resolution	Proposals	DOE Approval
13	RCC Resolution No. 2020-03	Proposed Amendments to the WESM Dispatch Protocol Manual to Enhance Procedures in MRU Accounting	DOE Department Circular No. DC2021-03-0006 dated 16 March 2021
14	RCC Resolution No. 2020-04	Proposed Amendments to the WESM Manual on Metering Standards and Procedures	Ongoing <i>(received by DOE on 09 Jun 2020)</i>
15	RCC Resolution No. 2020-06	Proposed Urgent Amendments to the WESM Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves	Ongoing <i>(completed series of virtual public consultations on 22 and 29 Jul 2020)</i>
16	RCC Resolution No. 2020-08	Proposed Abolition of Relevant WESM Manuals in View of the Implementation of Enhanced WESM Design and Operations	Ongoing <i>(completed series of virtual public consultations on 10 and 15 Dec 2020)</i>
17	RCC Resolution No. 2020-09	Proposed Amendments to the WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures to Clarify Bilateral Contracts Accounted for in Settlements	Ongoing <i>(remanded on 17 Mar 2021)</i>
18	RCC Resolution No. 2020-10	Proposed Amendments to the WESM Rules and WESM Manual on the Management of Net Settlement Surplus for the Implementation of ERC Resolution No. 07 Series of 2019	DOE Department Circular No. DC2021-03-0007 dated 16 March 2021
19	RCC Resolution No. 2020-11	Proposed Amendments to the WESM Manual on Load Forecasting Methodology for the Inclusion of the Procedures for Preparation and Updating of Nodal Load Distribution Factors	DOE Department Circular No. DC2021-03-0005 dated 16 March 2021

	RCC Resolution	Proposals	DOE Approval
20	RCC Resolution No. 2020-12	Proposed Amendments to the WESM Rules and WESM Manual on Management of Must-Run and Must-Stop Units regarding Settlement of Displaced Generators	Completed <i>(DOE Letter dated 12 April 2021)</i>
21	RCC Resolution No. 2020-13	Proposed Amendment to WESM and Retail Rules for Operation of Renewable Energy Market	Ongoing <i>(completed series of virtual public consultations on 10 and 15 Dec 2020)</i>
22	RCC Resolution No. 2020-14	Proposed Amendments to the WESM Rules and WESM Manual for Enhancements to the Rules Change Process	Ongoing <i>(remanded on 23 Mar 2021)</i>
23	RCC Resolution No. 2020-15	Proposal to amend the Guidelines Governing the Constitution of the PEM Board Committees, Issue 3.0	Ongoing <i>(received by DOE on 20 Aug 2020)</i>
24	RCC Resolution No. 2020-16	Proposed Amendments to the WESM Rules and WESM Manual on Billing and Settlement regarding Bilateral Contract Quantity Declaration	Ongoing <i>(received by DOE on 02 Dec 2020)</i>
25	RCC Resolution No. 2020-17	Proposed Amendments to the WESM Rules and WESM Manual on Billing and Settlement for Enhancements to Prudential Requirements Procedures	Ongoing <i>(received by DOE on 02 Dec 2020)</i>












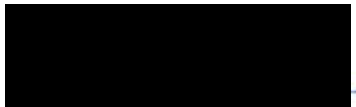


	RCC Resolution	Proposals	DOE Approval
26	RCC Resolution No. 2020-18	Proposed Amendments to the WESM Rules and WESM Manuals on the Rationalization of Billing Adjustment Timelines	Ongoing <i>(DOE public consultations on 29 June and 02 July 2021)</i>
27	RCC Resolution No. 2021-04	Addition to RCC Resolution No. 2020-14 on the Proposed WESM Rules and WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals	Ongoing <i>(received by DOE on 11 June 2021)</i>

### III. STATUS OF 2021 WORK PLAN

The 2021 RCC Work Plan (Annex C) was developed to align with PEMC's corporate vision, mission and desired outcomes towards 2022.

For the first half of the year, the RCC has published eight (8) minutes of meetings, seven (7) resolutions and six (6) proposals for comments, and conducted nine (9) meetings. The Committee likewise provided inputs to the draft criteria or outcome indicators for the selected topics for rules change effectiveness study. All submitted proposals during the covered period were timely processed by the RCC as prescribed in the Rules Change Manual.

The RCC strives to attain a timely resolution of all proposed amendments it receives and shall continuously direct its efforts to work on PEMC's priority activities as reflected in its Corporate Plan (which includes continuing review of the Market Rules and Manuals for further enhancements and inputs from sectoral representatives of the RCC), and pertinent DOE directives.

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

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

**ANNEX A: Number of Proposed Amendments**

**Table 8: Number of Proposed Amendments Processed from 2005 to June 2021 (Approved and Disapproved)**

Year	New Manuals	WESM Rules	WESM Manuals	Retail Rules	Retail Manuals	Total
2005	6	7	0	-	-	13
2006	12	9	20	-	-	41
2007	0	0	3	-	-	3
2008	1	3	1	-	-	5
2009	0	0	1	-	-	1
2010	0	6	9	-	-	15
2011	1	3	2	-	-	6
2012	1	6	4	-	-	11
2013	0	8	6	-	-	14
2014	1	8	19	0	3	31
2015	0	6	10	1	0	17
2016	2	7	21	0	0	30
2017	0	4	15	2	2	23
2018	1	9	12	3	4	29
2019	2	10	20	3	6	41
2020	1	8	23	1	0	33
2021	0	4	10	0	0	14
<b>Overall Total</b>						<b>327</b>

**ANNEX B: Members of the RCC as of June 2021**

Sector	Representative Organization	Members	
		Principal	Alternate
Independent		Maila Lourdes G. de Castro (Chairperson)	-
		Francisco L.R. Castro, Jr.	-
		Concepcion I. Tanglao	-
		Dr. Allan C. Nerves	-
Market Operations	Independent Market Operator of the Philippines (IEMOP)	Isidro E. Cacho, Jr.	Edwin N. Mosa
System Operations	National Grid Corporation of the Philippines (NGCP)	Ambrocio R. Rosales	Henry V. Dela Cruz
Generation	Aboitiz Power Corporation (APC)	Cherry A. Javier	Angeli Abad Parcia
	Masinloc Power Partners Co. Ltd. (MPPCL)	Dixie Anthony R. Banzon	Rose Ann Alfaro
	Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	Carlito C. Claudio	Jessie B. Victorio
	Vivant Corporation – Philippines (Vivant)	Mark D. Habana	Michelle Tuazon
Distribution	PDU – Manila Electric Company (MERALCO)	Ryan S. Morales	Manuel Luis Zagala
	PDU – Iligan Light and Power, Inc. (ILPI)	Ricardo G. Gumalal	Keenan M. Erigbuagas
	EC – Cebu III Electric Cooperative, Inc. (CEBECO III)	Virgilio C. Fortich, Jr	Getulio Zamoras Crodua
	EC – Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)	Nelson M. Dela Cruz	Jeffrey C. Cudapas
Supply	TeaM (Philippines) Energy Corporation (TPEC)	Lorreto H. Rivera	Dennis Paragas
Observers	Department of Energy (DOE)	Dir. Mario C. Marasigan	Luningning Baltazar Melanie Papa

## ANNEX C: Status of the Rules Change Committee Work Plan for 2021

The Rules Change Committee strives 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 DOE.

**Legend:**

- Submission/Completion of Report
- Regular Activity

ACTIVITIES		OUTPUTS	2021				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
POWER							
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					<p>Published the following within timelines:</p> <ul style="list-style-type: none"><li>• 8 minutes of meetings</li><li>• 7 RCC Resolutions</li><li>• RCC Semestral Report (July to December 2020)</li><li>• 2021 RCC Work Plan</li><li>• 6 rules change proposals</li></ul>

ACTIVITIES		OUTPUTS	2021				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
2	Provide inputs to the content releases in the PEMC website, if necessary	Proposed input to website content					Consulted by the Secretariat regarding the new-look of Market Rules and Manuals for the enhanced market design
3	Participate in WESM events, as requested or scheduled	Attendance to WESM events					<ul style="list-style-type: none"> <li>Presented rules change proposals in 3 PEM Board Meetings (March 31, April 28, May 26 and June 30, 2021 meetings)</li> <li>Reported on RCC's 15-year accomplishment in preparation for the PEMC Annual General Membership Meeting.</li> </ul>
<b>EFFICIENCY</b>							
4	Enhance rules change process based on best global practices	Updated RCC Internal Rules					Discussed and approved proposed changes to RCC Internal Rules on 18 June 2021,

ACTIVITIES		OUTPUTS	2021				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
							with corresponding resolution to be issued in July
5	Timely approval by the PEM Board of the proposed WGC Performance Measure	Inputs to proposed WGC Performance Measure					Discussed and provided inputs to proposed WGC Performance Measures as presented by PEMC on 19 March 2021.
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					Conducted a total of 9 meetings with Q1 and Q2 2021 (6 regular, 2 special and 1 Sub-committee meeting)
8		Review and approval of minutes of meetings and resolutions					Reviewed and approved the following: <ul style="list-style-type: none"> <li>9 minutes of meetings</li> <li>7 RCC Resolutions</li> </ul>
9		Semestral Reports submitted to the PEM Board in January and July 2021					Reviewed and approved RCC Semestral Report



ACTIVITIES		OUTPUTS	2021				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
							covering January to July 2021
10	Approved Annual Committee Work Plan	2021 RCC Work Plan submitted to the PEM Board by March 2021					Approved 2021 RCC Work Plan on 19 February 2021
11	Assess market rules and manuals and propose amendments, as necessary	Endorsed Proposed Amendments to WESM Rules and Manuals on EWDO implementation					<p>Endorsed 3 proposals related to the implementation of EWDO:</p> <ul style="list-style-type: none"> <li>• RCC-RESO-21-02 (Urgent Amendment on MO and SO Procedures)</li> <li>• RCC-RESO-21-03 (Urgent Amendment on Additional Compensation)</li> <li>• RCC-RESO-21-05 (Urgent Amendment on Automatic Pricing)</li> </ul>

ACTIVITIES	OUTPUTS	2021				REMARKS/STATUS
		Q1	Q2	Q3	Q4	
12	Endorsed Proposed Amendments to WESM Rules and Manuals regarding Data Privacy Act					
13	Endorsed Proposed Amendments to WESM Rules and Manuals on MNMCP/CVC					
14	Endorsed Proposed Amendments to WESM Rules and Manuals on Bilateral Contract Quantity					
15	Endorsed Proposed Amendments to WESM Rules and Manuals regarding Compliance Committee					
16	Endorsed Proposed Amendments to WESM Rules and Manuals MSP's enhanced performance metrics					
17	Endorsed other proposed amendments as submitted by WESM Members, or as directed by the PEM Board, DOE or ERC					Endorsed 3 proposals (not critical for EWDO implementation) within Q1 and Q2 2021.
18	Submitted comments/inputs to DOE policies, ERC issuances and other concerned parties (including participation in public consultations)					

ACTIVITIES		OUTPUTS	2021				REMARKS/STATUS
			Q1	Q2	Q3	Q4	
19	Ensure consistent, responsive and effective market rules	Approved rules change effectiveness study					Reviewed draft criteria/ outcome indicators for rules change effectiveness study on mist-run units, prudential requirements and registration 19 March 2021 (175 <sup>th</sup> Meeting)
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					Provided inputs to mock WGC Secretariat Survey in March 2021.
<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					