MEETING MINUTES

Subject/Purpose : 197th Rules Change Committee (Regular) Meeting
Date & Time : 17 June 2022, 09:00 AM
Venue : Online via Microsoft Teams
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ATTENDEES

No.	Name	Designation/Position	Department/ Company
1	Concepcion I. Tanglao	Chairperson, Independent	RCC
2	Jesusito G. Morallos	Member, Independent	RCC
3	Fernando Martin Y. Roxas	Member, Independent	RCC
4	Jose Roderick F. Fernando	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 Victorio	Member (Alternate), Generation Sector	RCC
9	Mark D. Habana	Member, Generation Sector	RCC
10	Michelle S. Tuazon	Member (Alternate), Generation Sector	RCC
11	Ryan S. Morales	Member, Distribution Sector	RCC
12	Nelson M. Dela Cruz	Member, Distribution Sector	RCC
13	Virgilio C. Fortich, Jr.	Member, Distribution Sector	RCC
14	Ricardo G. Gumalal	Member, Distribution Sector	RCC
15	Lorreto H. Rivera	Member, Supply Sector	RCC
16	Ambrocio R. Rosales	Member, System Operator	RCC
17	Isidro E. Cacho, Jr.	Member, Market Operator	RCC
18	John Mark S. Catriz	RCC Secretariat	PEMC
19	Karen A. Varquez	RCC Secretariat	PEMC
20	Divine Gayle C. Cruz	RCC Secretariat	PEMC
21	Dianne L. De Guzman	RCC Secretariat	PEMC
22	Kathleen R. Estigoy	RCC Secretariat	PEMC
23	Ria Crizette B. Alegre	OCGO Executive Assistant	PEMC
24	Melanie Papa	Observer	DOE
25	Mari Josephine C. Enriquez	Observer	DOE
26	Marvin Jay A. Masanda	Observer	DOE
27	Jhannelyn D. Marasigan	Observer	DOE
28	Ma. Keisha Z. Pentecostes	Observer	ERC
29	Antonette M. Badillo	Observer	ERC
30	Karen Anne H. Siruma	Proponent	IEMOP
31	Edward I. Olmedo	Proponent	IEMOP
32	Lilibeth Grace L. Vetus	Proponent	IEMOP
33	John Paul S. Grayda	Proponent	IEMOP
34	Jenny I. Jalandoni	Proponent	IEMOP

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Agenda	Agreements / Action Taken / Action Required
I. Call to Order	a. The meeting was conducted via Microsoft Teams and was called to order at 9:01 AM. b. The meeting was presided by Ms. Concepcion I. Tanglao (Chairperson/Independent).
II. Determination of Quorum	All principal members and 2 alternate members were present.
III. Adoption of Agenda	The revised provisional agenda was approved, as presented.
IV. Approval of Minutes of Previous Meeting • 196th Regular Meeting, 22 May 2022	The minutes of meeting was approved, as revised. The RCC also approved to affix their e-signatures in the subject minutes.
V. Matters Arising from Previous Meeting	
5.1. RCC Resolution No. 2022-08: *Proposed Amendments to the WESM Manuals to Include Pricing Error Notice Event as Pricing Condition Category for Claiming Additional Compensation*	Presenter: Dianne L. De Guzman (Secretariat) Action Requested: For endorsement to the PEM Board and approval to affix e-signature Material/s: • Draft RCC Resolution 2022-08 • Annex A – IEMOP's estimated recovery rate Proceedings: • Ms. Dianne De Guzman (Secretariat) presented the draft resolution regarding the pricing error notice. She refreshed the RCC on their request for IEMOP to present the estimated recovery rates based on the data from the Millennium Energy, Inc./Panasia Energy, Inc. (MEI/PEI). Mr. Isidro E. Cacho (IEMOP) informed the body that the impact of the recovery rates were the quotient of the additional compensation amount and the total metered quantity. • On the summary of the proposal, Ms. Concepcion I. Tanglao (Chairman) suggested to include a qualification that the proposed additional compensation only applies to dispatch intervals with manual pricing re-run with market re-run prices lower than the initial nodal energy dispatch prices. • Ms. Karen A. Varquez (Secretariat) informed the RCC that PENs requiring manual pricing re-runs are caused by input data error. She suggested that the RCC may consider discussing

Agenda	Agreements / Action Taken / Action Required
	actions to be taken to address the occurrences of such input data error. Mr. Cacho suggested to include a statement in the RCC resolution stating that despite the automation of the processes, there are instances where pricing errors are encountered due to input errors. He also added that for the billing period of May (26 April 2022 – 25 May 2022), 1.48% of the total intervals had PENs. Ms. Tanglao asked if most of the input data errors were from the System Operator (SO). Mr. Cacho responded that such errors are mostly from the Remote Terminal Unit (RTU) reading. He also clarified that the PEN issuances are specific to input data error since all other processes are automated. Mr. Carlito C. Claudio (PEI/MEI) and Ms. Tanglao further requested clarification if the 1.48% are PEN issuances are all due to input data error. Mr. Cacho responded that the percentage is the total number of intervals with PEN issuance over the total number of intervals. On the statement that the input data error was mostly coming from the SO, Mr. Ambrocio R. Rosales (System Operator) said that there are many possible reasons for the data input error, such as discrepancies between the market network model data and the actual network. He also suggested to include the frequency of input errors due to non-updating of RTUs as part of the discussion of in the resolution. Mr. John Paul Grayda (IEMOP) explained that when there is erroneous input during the run of real-time dispatch (RTD), those intervals are subject to assessment, and if deemed that the erroneous input affected the pricing results, the MO will issue PEN. He then cited some examples when IEMOP issues PEN: o when a generator is actually online but submitted an outage schedule; or o when a facility has completed its testing and commissioning but submitted security limit. Ms. Varquez reiterated that the proposal is intended for the PENs when there is manual pricing re-run. All other reasons of

Agenda	Agreements / Action Taken / Action Required
	PENs (i.e., automatic pricing re-run), are not included in the proposal. Mr. Cacho initially suggested to provide the wordings under the whereas clause of RCC's deliberation during its196th meeting, as follows: ***"IEMOP confirmed the occurrence of PEN at an average of 3% of the total trading intervals for the last 12 months. Though there have been occurrences that the re-run price becomes lower than the offer price, no trading participant was compensated."*** However, Mr. Rosales proposed to breakdown the 3% to have a clearer view on the reasons of PEN issuances and to establish the causes of input errors in coordination with the Technical Committee. Ms. Tanglao said that additional whereas clause/s will be included based on the results of the current discussion. Mr. Cacho revised his initial wordings, as follows: ***"IEMOP confirmed the occurrence of PEN at an average of ~~3%~~ 2.15% of the total trading intervals for the last ~~12~~ 7 months (June 2021 to January 2022). Though there have been occurrences that the re-run price becomes lower than the offer price, no trading participant was compensated."*** Mr. Rosales asked if the re-run is still insufficient to address the pricing errors. Ms. Tanglao and Mr. Cacho responded that there's no problem in the re-run and reiterated that the concern at hand is how to lessen the re-run due to data input error. Mr. Cacho added that the RCC may include the acceptable percentage of occurrences of PEN issuances in the study request to Technical Committee. Ms. Cherry Javier (Generation) discussed that there was a previous dispute resolution case between Bauang Vivant and PEMC with regards to pricing error notices. The dispute was requested due to very low pricing re-runs that even the marginal costs of the plant cannot be compensated. One of the agreements from the dispute case was to propose rules changes. She added that the case was never resolved and reiterated that one of the issues is that the re-run price is lower

Agenda	Agreements / Action Taken / Action Required
	than the bid price of the generator, which is insufficient to compensate the costs incurred. She reiterated that the lower market re-run price is not the generator's fault and that generators do hope to be compensated during PEN events. • Mr. Cacho presented IEMOP's estimated recovery rate for both regional and system wide basis (See Annex A). Mr. Ryan Morales (Meralco) requested for a rough estimate on the impact with respect to the number of generators that will be requesting for the additional compensation to help the customers have a more holistic view on the rates that may be charged to them. Mr. Cacho explained that the only thing they can do is to have an assumption on the number of generators that will file for additional compensation and use the data from MEI/PEI. Mr. Claudio said that the generation companies can share their generation costs so that IEMOP can have a good estimate on the recovery rate. Mr. Morales suggested that the IEMOP use the historical data submitted to them by generators in their requests for additional compensation. Mr. Fernando Martin Roxas (Independent) requested clarification on why there is a need for generation cost since there is already a market clearing price for a particular interval. Ms. Javier explained that the resulting market re-run price is lower than the original market price and offer price of most generators. Mr. Roxas then suggested using the fuel cost and other variable costs that are incurred during such interval because generation costs include all other costs. Atty. Jesusito Morallos (Independent) said that the generation cost should not be the basis of the claim for the additional compensation but the generator's offer. This is because there will be a chance that the generation cost is higher than the offer. Mr. Claudio further explained that the MEI generation costs only represent the fuel cost and the variable operation and maintenance cost. These costs were also approved by the ERC for additional compensation for other market conditions in which the cost incurred in complying with the dispatch instruction is not sufficiently covered by the trading amounts. He added that the

Agenda	Agreements / Action Taken / Action Required

	IEMOP and ERC have data on the variable operation and maintenance costs.
	
	Mr. Morales said that the data from MEI/PEI may be a fair representation of a plant's marginal cost. He added that the proposal of Mr. Cacho on multiplying the historical data on number of affected generators with the generation cost of MEI/PEI may provide a good estimate.
	
	Agreements:
	The RCC approved to include the following as part of the discussion:
	
	• ***IEMOP presented the estimated recovery rates based on the data on additional compensation in accordance with the subject proposal for the period July 2021 to December 2021 by MEI/PEI. To reflect a closer estimate of the total recovery rate, which includes possible additional compensation for other affected generators, the RCC requested IEMOP to provide revised recovery rates considering the estimated number of affected generators and cost data from MEI/PEI. This information will provide an estimated impact of the proposal to the end-users, for the reference of the PEM Board, DOE and ERC;***
	
	• ***Noting that the proposal addresses the effect of the pricing errors requiring manual pricing re-runs, the RCC discussed the causes of such pricing errors and agreed to request WESM Technical Committee (TC) to conduct a study on the following:***
	  ○ ***Sources of input errors; and***
	  ○ ***Reduction of input errors to reduce PENs;***
	
	Having no other comments, the RCC approved the endorsement of the resolution to the PEM Board, as revised.

5.2. RCC Resolution No. 2022-09: *Proposed Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints*	Presenter: Divine Gayle C. Cruz (Secretariat) Action Requested: For endorsement to the PEM Board and approval to affix e-signature Materials: Draft RCC Resolution 2022-09

Agenda	Agreements / Action Taken / Action Required
	Proceedings: • Ms. Cruz discussed the draft resolution highlighting the discussion and deliberation of the proposal. • On the matrix. Ms. Tanglao suggested to replace the term "short-term", referring to the definition of Dam Operations during Local Calamities. Mr. Bodeck Fernando (Independent) suggested to use the term "temporary". Atty. Morallos also suggested to use "unforeseeable" or "unavoidable". The RCC decided to reword the definition of Dam Operations during Local Calamities, as follows: ***Dam Operations during Local Calamities – refers to instances where there is a~~n immediate~~ need to lower reservoir elevation due to ~~short-term~~ incidents (i.e., flooding, damage to dam infrastructure, etc.) that would allow hydro-electric plants to run under Non-Security Over-riding Constraints to avert or minimize damage to infrastructures and ensure safety of people living in affected localities.*** Agreements: There being no other comments received, the RCC approved the resolution, as revised, for endorsement to PEM Board.
VI. New Business	

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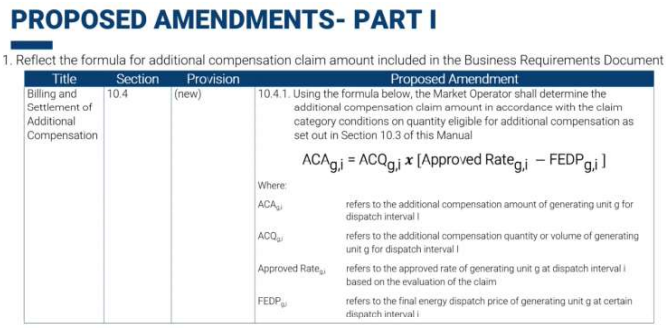
Agenda	Agreements / Action Taken / Action Required
6.1 Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation	<u>Presenter:</u> Karen Anne H. Siruma <u>Action Requested:</u> For approval for publication to solicit comments <u>Material:</u> Annex B - PowerPoint presentation of the proposal Proceedings: • Ms. Karen Anne H. Siruma (IEMOP) presented the Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation. Highlights of the proposal are as follows: ○ The formula for the additional compensation amount is reflected in the Business Requirement Document but not in the WESM Manual;



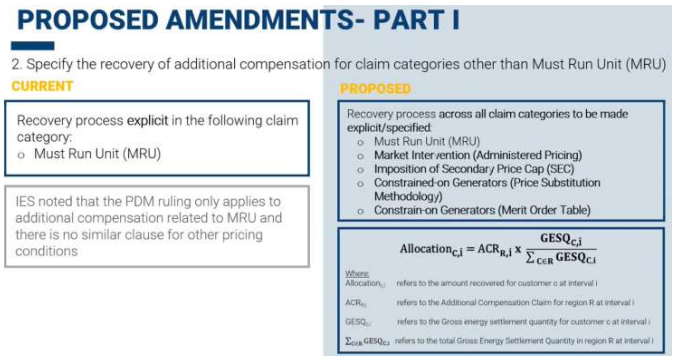
PROPOSED AMENDMENTS- PART I

1. Reflect the formula for additional compensation claim amount included in the Business Requirements Document

Title	Section	Provision	Proposed Amendment
Billing and Settlement of Additional Compensation	10.4	(new)	10.4.1. Using the formula below, the Market Operator shall determine the additional compensation claim amount in accordance with the claim category conditions on quantity eligible for additional compensation as set out in Section 10.3 of this Manual $ACA_{g,i} = ACQ_{g,i} \times [\text{Approved Rate}_{g,i} - FEDP_{g,i}]$ Where: $ACA_{g,i}$ refers to the additional compensation amount of generating unit g for dispatch interval I $ACQ_{g,i}$ refers to the additional compensation quantity or volume of generating unit g for dispatch interval I $\text{Approved Rate}_{g,i}$ refers to the approved rate of generating unit g at dispatch interval i based on the evaluation of the claim $FEDP_{g,i}$ refers to the final energy dispatch price of generating unit g at certain dispatch interval i

Refer to slide 8 of Annex B

○ The recovery process is explicit only for must-run units though the additional compensation applies to all claim categories;



PROPOSED AMENDMENTS- PART I

2. Specify the recovery of additional compensation for claim categories other than Must Run Unit (MRU)

CURRENT

Recovery process explicit in the following claim category:
- Must Run Unit (MRU)

IES noted that the PDM ruling only applies to additional compensation related to MRU and there is no similar clause for other pricing conditions

PROPOSED

Recovery process across all claim categories to be made explicit/specified:
- Must Run Unit (MRU)
- Market Intervention (Administered Pricing)
- Imposition of Secondary Price Cap (SEC)
- Constrained-on Generators (Price Substitution Methodology)
- Constrain-on Generators (Merit Order Table)

$$\text{Allocation}_{c,i} = ACR_{R,i} \times \frac{GESQ_{c,i}}{\sum_{c \in R} GESQ_{c,i}}$$

Where:
$\text{Allocation}_{c,i}$ refers to the amount recovered for customer c at interval i
$ACR_{R,i}$ refers to the Additional Compensation Claim for region R at interval i
$GESQ_{c,i}$ refers to the Gross energy settlement quantity for customer c at interval i
$\sum_{c \in R} GESQ_{c,i}$ refers to the total Gross Energy Settlement Quantity in region R at interval i

Refer to slide 9 of Annex B

Agenda	Agreements / Action Taken / Action Required

- Proposed to use the metered quantity if there is no SO dispatch instruction during the imposition of administered price (AP)

PROPOSED AMENDMENTS- PART II

PRICING CONDITION	ADDITIONAL COMPENSATION QUANTITY (ACQ)	SCHEDULED GENERATION	ISSUE	PROPOSED REVISION
AP	If [GESQ] <= [SG + Deviation] Then GESQ – BCQ – ASIE Else SG – BCQ – ASIE	Based on SO Instruction or Dispatch Schedule	Not all Generators have Dispatch Instruction from SO	If there is no SO Dispatch Instruction, use metered quantity
SEC		Based on SO Instruction or Dispatch Schedule	None	--
PSM	Where: GESQ Gross Energy Settlement Quantity; BCQ Bilateral Contract Quantity; ASIE Ancillary Service Incidental Energy; SG Scheduled Generation	Based on SO Instruction or Dispatch Schedule	None	--
MOT		Based on SO Instruction or Dispatch Schedule	None	--

PROPOSED AMENDMENTS- PART II

CURRENT

If [GESQ] <= [SG + Deviation] Then
ACQ = GESQ – BCQ – ASIE
Else,
ACQ = SG – BCQ – ASIE

PROPOSED

- If [GESQ] <= [SG + Deviation] Then
  ACQ = GESQ – BCQ – ASIE
  Else,
  ACQ = SG – BCQ – ASIE
- If there is no SO Dispatch Instruction:
  ACQ = GESQ – BCQ – ASIE

Refer to slides 12 and 13 of Annex B

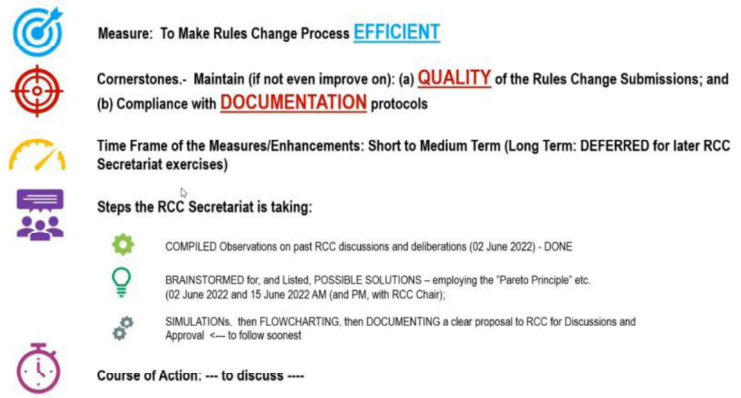
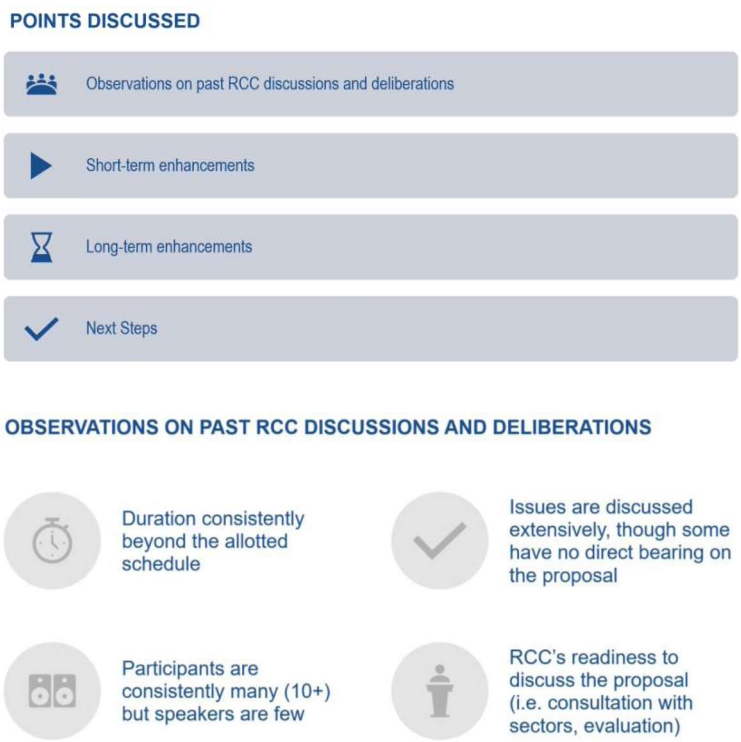
- Mr. Rosales requested clarification if the proposal is applicable for the whole period during the imposition of AP or for the specific dispatch intervals wherein no dispatch instructions were issued from SO. He added that during intervention, the SO submits deviation reports wherein the dispatch instruction are reflected. He further sought clarification on who instructed the plants to run if there is no instruction from the SO.

  Mr. Edward I Olmedo (IEMOP) explained that there were some instances that the MO did not receive dispatch instruction reports for all generators from SO. To cite an example, during market suspension on 17 December 2021 due to typhoon, the SO asked the generators to maintain their loading levels. In such case, it will be tedious for the SO to record the loading levels of all generators.

  Mr. Rosales clarified that the Dispatch Deviation Monitoring Report is different from the report that Mr. Olmedo mentioned. He added that the SO's request to maintain the loading levels is considered the dispatch instruction. He suggested that the metered quantity can be used for validation.

Agenda	Agreements / Action Taken / Action Required
	Mr. Olmedo responded that "no dispatch instruction" means that there is no record on the report provided. He cited that during the Typhoon Odette, there were no RTU readings since erratic data is already produced. Ms. Tanglao suggested to include a qualifier for extreme cases, as in the example cited. She also asked if there were other instances wherein this condition happened. Mr. Olmedo clarified that prior 5-minute market, they were using MQ based on the APDM Manual, but in view of the ERC decision on the EWDO PDM, this was discontinued and replaced by the RTD schedule or SO Dispatch Instruction, if there is any. He noted that the use of MQ data would simplify the process and the volume of data needed to be processed. He also added that any SO dispatch instruction would already be reflected in the MQ value itself. • Mr. Claudio inquired how IEMOP's proposal will be reconciled with the MEI/PEI's proposal. Ms. Siruma said that IEMOP is not proposing an additional condition for claiming additional compensation. Hence, she deferred the concern to the RCC noting that based on the MAG's preliminary assessment, there will be no conflict with MEI/PEI's proposal. Mr. Claudio further clarified if IEMOP will file amendments to the PDM. Ms. Siruma answered that their proposed changes are only for WESM Billing and Settlement Manual. Mr. Cacho then commented that the DOE should ideally harmonize all the proposals prior the finalization of the draft circulars. • Mr. Virgilio Fortich (Distribution) asked for the instances or frequencies wherein there are no dispatch instructions from SO. He also asked if there were discrepancies in using the dispatch instruction and using the metered quantity; and, if there will be discrepancies, are those negligible or there will be adjustments to be made. Mr. Cacho responded that the proposal emanated from the recent typhoon Odette that there were generators made to run but no dispatch instruction from SO. Since there were no procedures then, this was the basis of proposing the amendments.

Agenda	Agreements / Action Taken / Action Required
	• Mr. Morales clarified if the proposal is already being implemented since one of its rationale is to document the formula. Ms. Siruma responded that Part I of the proposal is being implemented. Mr. Morales fouind it unusual that the formula is being implemented but not reflected in the manual. Mr. Morales added that since this proposal will affect the billing and settlement manual, it should undergo ERC approval. Ms. Siruma explained that while the formula is not explicitly stated in the PDM, Section 8.3.1 of PDM states that "*A Trading Participant may be entitled to additional compensation when the costs incurred in complying with dispatch instructions are not sufficiently covered by the trading amounts related to settlement intervals with dispatch intervals under any of the following conditions xxx"* Mr. Morales said that the proposal will affect MEI/PEI's proposal given that IEMOP is already implementing this additional compensation, while MEI/PEI is still requesting for approval. Ms. Siruma clarified that their proposal was a recovery process for the claim conditions approved by the ERC, however, PEI/MEI's proposal is to add another condition. • Ms. Melanie Papa (DOE) asked on the reason why this proposal was not considered in the previous proposal submitted last November 2021. Ms. Varquez responded that the proposal submitted was the general amendment version of the previously-approved urgent amendment to harmonize with the ERC Resolution. In addition, the urgent amendment was initially discussed at the early months of 2021, in which the audit was not yet conducted. <u>Agreements:</u> Having no additional comments, Ms. Oyie Rivera (Supply) moved for approval to post the proposal for publication in the PEMC website for comments, which was seconded by Mr. Roxas.
6.2 Review of the RCC Internal Rules Issue 5.0 and Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals Issue 5.0	<u>Presenter:</u> Divine Gayle C. Cruz (Secretariat) <u>Action Requested:</u> For information Materials: Annex C - PowerPoint presentation

Agenda	Agreements / Action Taken / Action Required
	Proceedings: • Ms. Cruz presented the proposed enhancements on the RCC review process, which were largely based on the enhancements proposed by Atty. Morallos.  *Refer to slide 2 of Annex C* 

Agenda	Agreements / Action Taken / Action Required

	Short-term Enhancements for consideration
	• Maximize expertise - Caucus of experts and sector champions to fully discuss the proposal and identify issues for further resolution by the RCC prior the Regular Meeting
	• Proponent's CSW – Enjoin submission of complete information/data necessary for RCC to consider the proposal
	• Use Roger's Rule to decide on issues
	• Use Google forms to facilitate proposal review/processing
	
	Refer to slide 3 to 5 of Annex C
	
	Ms. Cruz elaborated on the use of Roger's Rule to decide on the main contestable issues during the RCC regular meeting, while the minor issues and expert-related concerns will be deliberated during the caucus. In addition, the assumption for the use of Google forms to facilitate the proposal is that the Secretariat already submitted the main contestable issues prior the regular meeting.
	
	PROPOSED CAUCUS (CONCLAVE) GUIDELINES
	• Criteria when to have a Caucus (Conclave) – Proposal complexity, length, and urgency
	• Secretariat submits recommendation in the Preliminary Assessment for consideration of the RCC
	• RCC determines whether or not to form a caucus (conclave) during the presentation of summary of proposal for posting to solicit comments.
	• Documentation
	  ○ Minutes of Meeting – to be reviewed/approved by caucus members during a Regular RCC Meeting; to be posted
	  ○ Presentation of Agreement/Disagreement/Items for Discussion by Caucus Leader in the next regular meeting
	  ○ Draft RCC Resolution already prepared by Secretariat for RCC approval in the same next regular meeting
	
	The expectation from the proposed caucus is that the regular RCC meeting will be conducted more efficiently and promptly and only the main contestable issues will be discussed/deliberated.
	
	Ms. Cruz also presented sample schedules if the caucus will be implemented on the current rules change proposals (i.e. IEMOP's proposed amendments on additional compensation; and PEMC's proposed amendments on penalty for testing and commissioning).

Agenda	Agreements / Action Taken / Action Required

	• Mr. Rosales asked if all proposals will be subject to caucus. Ms. Tanglao responded that the caucus would depend on the complexity, length, and urgency of the proposal. The body will decide if there is a need for a caucus.
	
	• Atty Morallos emphasized the following points:
	  ○ There is a learning curve on managing the discussion of the proposal during the initial implementation of the enhancements discussed; and
	  ○ To maximize the use of Google Sheets or Chat board or other platforms in commenting and addressing minor issues/concerns
	
	• Mr.. Morales inquired if it is allowed to volunteer joining the caucus, in which, Ms. Tanglao said that it may be allowed. Mr. Cacho also inquired if caucus members are allowed to be accompanied by resource persons. Ms. Cruz responded that they may also be allowed.
	
	• Mr. Roxas shared his experience from the Market Surveillance Committee (MSC) where they had separate discussions on the issues or concerns while wordsmithing is done separately, The final wordings are subject to the MSC's approval.
	
	• Mr. Rosales also suggested that for issues relating to each sector, they may provide comments and submit it through the chat board. From there, the RCC will then decide if there is a need for a caucus. But if the issues/concerns are already resolved in the chat board, then the RCC may proceed with its regular meeting.
	
	• Ms. Tanglao asked on the timeline of posting/setting up of the chat board and Google form. Atty. Morallos said that it is better to have the chat board first then followed by the Google Form.
	
	• Ms. Cruz suggested to have a trial run on the procedure prior implementation. The body agreed to form a caucus for the IEMOP's proposal on Additional Compensation.
	
	• Mr. Ricardo Gumalal (Distribution) suggested to implement a trial chat board, wherein the RCC may discuss and input comments on the proposal. Mr. Roxas agreed and also suggested that the Chairman may identify who will be the members of the caucus.

Agenda	Agreements / Action Taken / Action Required
	Atty. Morallos said that he will be sending sample chat board to the Secretariat where they can formulate ideas on how to operationalize such. Ms. Cruz responded that the Secretariat will be sending updates to the RCC prior the next regular meeting.
VII. Other Matters	
7.1 DOE Updates	Presenter: DOE Representatives Action Requested: For information Proceedings: RCC noted the following information/schedules provided: a) For the following proposals: • Improvements to Market Resource Modelling and Monitoring; • Manual on Governing the Constitution of the PEM Board Committees; and • Validation Timeline Adjustment in Metering and Billing. Leg / Date of PubCon / Venue Visayas / 08 Jun 2022 / Cebu City Luzon / 21 Jun 2022 / Metro Manila Mindanao / 20 Jul 2022 / Cagayan De Oro b) For the following proposals: a) System Security and Reliability Guidelines and Dispatch Protocol for the Implementation of Reserve Market; and: b) WESM Rules and various Market Manuals, and Creation of Retail Manual on Green Energy Option Program (GEOP) Procedures for the Implementation of GEOP. Leg / Date of PubCon / Venue Luzon / 19 Jul 2022 / BGC Visayas / 26 Jul 2022 / Bacolod City

Agenda	Agreements / Action Taken / Action Required
	Mindanao | 02 Aug 2022 | General Santos City
7.2. DOE Letter on Proposed Amendments to the WESM Rules, and WESM Manual on Dispute Resolution Administration	Presenter: Divine Gayle C. Cruz (Secretariat) Action Requested: For information Proceedings: • Ms. Cruz discussed the letter from DOE and provided highlights: o Recommended PEMC to study and consider WESM Member's recourse when the said member is in disagreement with the outcome of the dispute resolution ; o Adopted the recommendations provided under the investigation procedures, but recommends that limitations be defined to uphold governance ethical values; and o Recommended PEM Board to visit the scope of the disputes being covered by the proposal Ms. Cruz noted that the proposal was partially endorsed for the approval of the DOE Secretary. She added that the DRA Secretariat will be sending a letter to RCC on their plans to address the above-stated matters. Agreements: The RCC will await the letter from the DRA Secretariat on the next steps.
7.3. Updates on RCC Work Plan and Proposals	Presenter: Divine Gayle C. Cruz (Secretariat Action Requested: For information Material/s: Annex D – Presentation on the Updates of RCC Workplan and Porposals Proceedings: • Ms. Cruz informed the RCC on the updates of the 2022 RCC work plan and the proposals. These updates will be reflected in the RCC Semestral Report, which will be presented in the next RCC regular meeting. Ms. Tanglao inquired if there are expected proposals that will be coming from the sectors. Ms. Cruz explained that the proposals reflected in the RCC Work Plan are those pipelined within

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	PEMC. She noted that the sectors may still submit rules change proposals. <u>Agreements:</u> Having no other comments/inputs received, the RCC noted the information provided and that the updates will be reflected in the Semestral Report.

VIII. Schedule of Next Meetings	<u>Presenter:</u> Ms. Divine Gayle C. Cruz (Secretariat)
	
	<u>Action Requested:</u> For information
	
	The RCC noted the following schedules:
	• RCC Meetings
	  ○ 15 Jul 2022
	  ○ 19 Aug 2022
	  ○ 16 Sep 2022
	
	• BRC Meeting
	  ○ 20 Jun 2022
	
	• PEM Board Meeting
	  ○ 29 June 2022
	
	RCC presenter for the Board Meeting will be designated offline.

IX. Adjournment	The meeting was adjourned at 12:30 PM.

Prepared by:

[redacted]
DIANNE L. DE GUZMAN
Specialist, Rules Review Division
Market Assessment Group

Reviewed by:

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

Noted by:

[redacted]
JOHN MARK S. CATRIZ
Head, Market Assessment Group

MEETING MINUTES

Subject/Purpose : 197th Rules Change Committee (Regular) Meeting
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Venue : Online via Microsoft Teams
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Approved by:

[redacted]

CONCEPCION I. TANGLAO
Chairman, Independent

[redacted]

JESUSITO G. MORALLOS
Member, Independent

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FERNANDO MARTIN Y. ROXAS
Member, Independent

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JOSE RODERICK F. FERNANDO
Member, Independent

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DIXIE ANTHONY R. BANZON
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[redacted]

CHERRYLA. JAVIER
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Aboitiz Power Corp. (APC)

[redacted]

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Millennium Energy, Inc. / Panasia Energy, Inc. (MEI/PEI)

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

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

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

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

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

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

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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)

 [redacted]

MEETING MINUTES

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Annex A : IEMOP's Presentation on Estimated Recovery Rate

PROPOSED RULES AND MANUALS CHANGES ON ADDITIONAL COMPENSATION

17 June 2022 | Presentation to RCC

IEMOP We Run Markets

2

MEI Data

	MEI Final WESM Settlement with PEN, PhP (A)	MEI Generation Cost, PhP (B)	MEI Additional Compensation Amount, PhP (A-B)
July 2021	5,112,222.19	6,041,769.41	929,547.22
August 2021	97,566.42	510,730.04	413,163.62
September 2021	-	-	-
October 2021	12,594.83	27,379.19	14,784.36
November 2021	13,865.88	23,546.45	9,680.57
December 2021	254,895.06	480,837.49	225,942.43
Total	5,491,144.38	7,084,262.58	1,593,118.20

Annex A : IEMOP's Presentation on Estimated Recovery Rate

3

Estimated Recovery Rate of Additional Compensation due to PEN, MEI only – Luzon region recovery

	MEI Additional Compensation Amount, PhP (A)	Luzon Total MQ, MWh (B)	Estimated Recovery Rate, PhP/kWh (A/(B*1000))
July 2021	929,547.22	5,760,589.06	0.000161
August 2021	413,163.62	5,881,737.86	0.000070
September 2021	-	5,808,306.79	-
October 2021	14,784.36	5,745,030.66	0.000003
November 2021	9,680.57	6,066,123.44	0.000002
December 2021	225,942.43	5,385,831.30	0.000042

4

Estimated Recovery Rate of Additional Compensation due to PEN, MEI only – Visayas region recovery

	MEI Additional Compensation Amount, PhP (A)	Visayas Total MQ, MWh (B)	Estimated Recovery Rate, PhP/kWh (A/(B*1000))
July 2021	929,547.22	5,760,589.06	0.000884
August 2021	413,163.62	5,881,737.86	0.000373
September 2021	-	5,808,306.79	-
October 2021	14,784.36	5,745,030.66	0.000014
November 2021	9,680.57	6,066,123.44	0.000009
December 2021	225,942.43	5,385,831.30	0.000271

Annex A : IEMOP's Presentation on Estimated Recovery Rate

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Estimated Recovery Rate of Additional Compensation due to PEN, MEI only – system-wide recovery

	MEI Additional Compensation Amount, PhP (A)	Luz-Vis Total MQ, MWh (B)	Estimated Recovery Rate, PhP/kWh (A/(B*1000))
July 2021	929,547.22	6,812,607.65	0.000136
August 2021	413,163.62	6,989,156.21	0.000059
September 2021	-	6,857,984.75	-
October 2021	14,784.36	6,774,517.03	0.000002
November 2021	9,680.57	7,167,708.02	0.000001
December 2021	225,942.43	6,218,819.76	0.000036

6

Number of GenCos that filed for Additional Compensation

	L	V	Total
Jul-21	3	6	9
Aug-21	6	8	14
Sep-21	0	0	0
Oct-21	8	8	16
Nov-21	5	7	12
Dec-21	7	9	16

Annex A : IEMOP's Presentation on Estimated Recovery Rate

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Add'l Scenario 1: Estimated Recovery Rate of Additional Compensation due to PEN, all affected Gencos– Luzon Region recovery

	Estimated Luzon Recovery Rate, MEI only, Php/kWh (A)	Assumed No. of Generators with Additional Compensation (B)	Recovery Rate based on Luzon MQ, Php/kWh (A*B)
July 2021	0.000161	9	0.001452
August 2021	0.000070	14	0.000983
September 2021	-	-	-
October 2021	0.000003	16	0.000041
November 2021	0.000002	12	0.000019
December 2021	0.000042	16	0.000671

8

Add'l Scenario 2: Estimated Recovery Rate of Additional Compensation due to PEN, all affected Gencos– Visayas Region recovery

	Estimated Visayas Recovery Rate, MEI only , Php/kWh (A)	Assumed No. of Generators with Additional Compensation (B)	Recovery Rate based on Visayas MQ, Php/kWh (A*B)
July 2021	0.000884	9	0.007952
August 2021	0.000373	14	0.005223
September 2021	-	-	-
October 2021	0.000014	16	0.000230
November 2021	0.000009	12	0.000105
December 2021	0.000271	16	0.004340

Annex A : IEMOP's Presentation on Estimated Recovery Rate

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Add'l Scenario 3: Estimated Recovery Rate of Additional Compensation due to PEN, all affected Gencos– system-wide recovery

	Estimated Luz-Vis Recovery Rate, MEI only, Php/kW/h (A)	Assumed No. of Generators with Additional Compensation (B)	Recovery Rate based on Luz-Vis MQ, Php/kW/h (A*B)
July 2021	0.000136	9	0.001228
August 2021	0.000059	14	0.000828
September 2021	-	-	-
October 2021	0.000002	16	0.000035
November 2021	0.000001	12	0.000016
December 2021	0.000036	16	0.000581

Annex B	:	Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation

PROPOSED RULES AND MANUALS CHANGES ON ADDITIONAL COMPENSATION

17 June 2022 | Presentation to RCC

IEMOP We Run Markets

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THE PROPONENT

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

Annex B	:	Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation

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OUTLINE

01 ACTION REQUESTED

02 RATIONALE OF THE PROPOSAL

03 SUMMARY OF THE PROPOSAL

04 OTHER RELEVANT MATTER

4

ACTION REQUESTED

- For approval to publish for comments

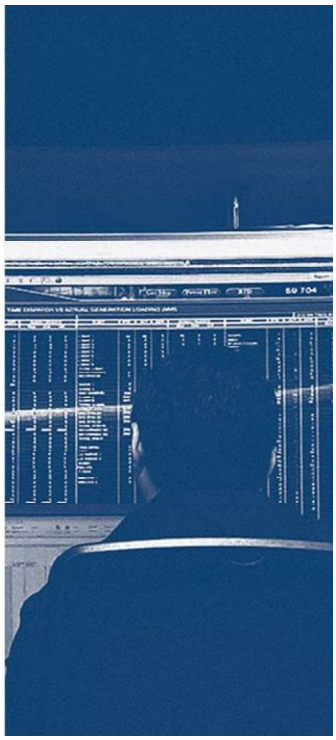
5

RATIONALE OF THE PROPOSAL

Annex B	:	Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation

SUMMARY OF THE PROPOSAL

Part I - Reflect Audit Recommendations from Supplemental Audit of PDM-related Enhancement On CRSS



07

BACKGROUND

MEETING MINUTES

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Annex B : Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation

PROPOSED AMENDMENTS- PART I

1. Reflect the formula for additional compensation claim amount included in the Business Requirements Document

Title	Section	Provision	Proposed Amendment
Billing and Settlement of Additional Compensation	10.4	(new)	10.4.1. Using the formula below, the Market Operator shall determine the additional compensation claim amount in accordance with the claim category conditions on quantity eligible for additional compensation as set out in Section 10.3 of this Manual $ACA_{g,i} = ACQ_{g,i} \times [\text{Approved Rate}_{g,i} - FEDP_{g,i}]$ Where: $ACA_{g,i}$ refers to the additional compensation amount of generating unit g for dispatch interval I $ACQ_{g,i}$ refers to the additional compensation quantity or volume of generating unit g for dispatch interval I Approved $Rate_{g,i}$ refers to the approved rate of generating unit g at dispatch interval i based on the evaluation of the claim $FEDP_{g,i}$ refers to the final energy dispatch price of generating unit g at certain dispatch interval i

PROPOSED AMENDMENTS- PART I

[redacted]

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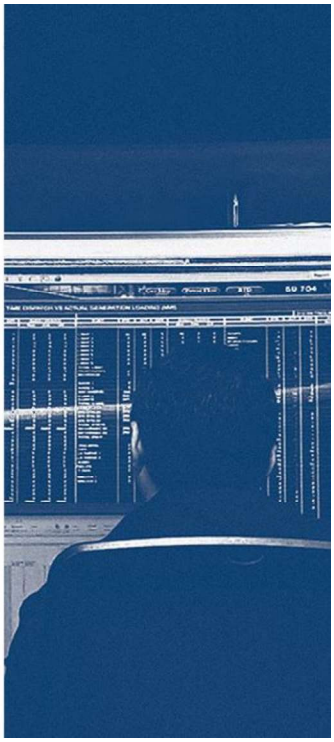
Annex B	:	Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation

SUMMARY OF THE PROPOSAL

Part II - New Condition on the Calculation of Quantity Eligible for Additional Compensation during Administered Pricing



BACKGROUND

- The Scheduled Generation Quantity (SGQ) is used to determine the

Annex B : Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation

PROPOSED AMENDMENTS- PART II

PRICING CONDITION	ADDITIONAL COMPENSATION QUANTITY (ACQ)	SCHEDULED GENERATION	ISSUE	PROPOSED REVISION

AP	If [GESQ] <= [SG + Deviation] Then
	GESQ – BCQ – ASIE
	Else
	SG – BCQ – ASIE
	
	Where:
	GESQ Gross Energy Settlement Quantity
	BCQ Bilateral Contract Quantity
	ASIE Ancillary Service Incidental Energy
	SG Scheduled Generation
		Based on SO Instruction or Dispatch Schedule	Not all Generators have Dispatch Instruction from SO	If there is no SO Dispatch Instruction, use metered quantity

SEC		Based on SO Instruction or Dispatch Schedule	None	--
PSM		Based on SO Instruction or Dispatch Schedule	None	--
MOT		Based on SO Instruction or Dispatch Schedule	None	--

PROPOSED AMENDMENTS- PART II

CURRENT

If [GESQ] <= [SG + Deviation] Then

PROPOSED

If [GESQ] <= [SG + Deviation] Then

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OTHER RELEVANT MATTERS

- None

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ACTION REQUESTED

- For approval to publish for comments

MEETING MINUTES

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Annex B	:	Proposed Amendments to the WESM Manual on Billing and Settlement regarding Additional Compensation

MEETING MINUTES

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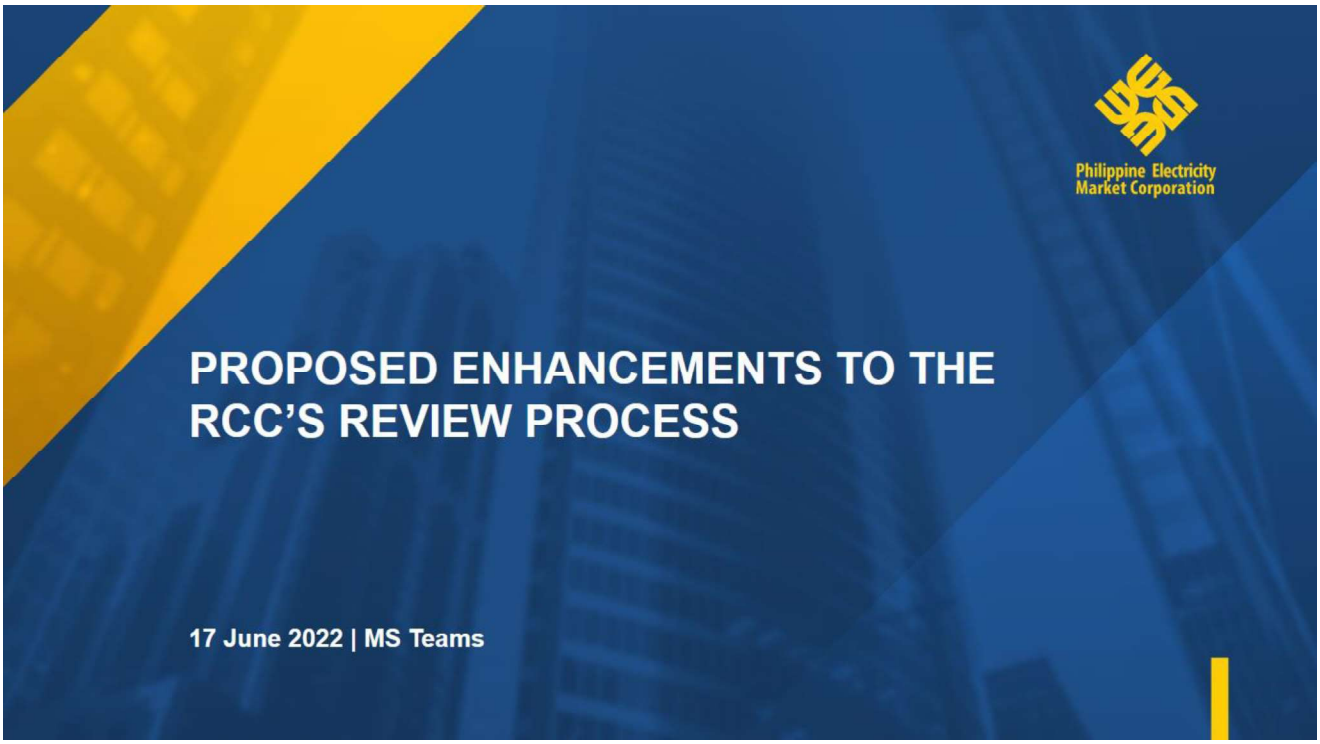
Annex C : Proposed Enhancements on Rules Change Process



Measure: To Make Rules Change Process EFFICIENT

Cornerstones.- Maintain (if not even improve on): (a) QUALITY of the Rules Change Submissions; and (b) Compliance with DOCUMENTATION protocols

Time Frame of the Measures/Enhancements: Short to Medium Term (Long Term: DEFERRED for later RCC Secretariat exercises)

Steps the RCC Secretariat is taking:

- COMPILED Observations on past RCC discussions and deliberations (02 June 2022) - DONE
- BRAINSTORMED for, and Listed, POSSIBLE SOLUTIONS – employing the "Pareto Principle" etc. (02 June 2022 and 15 June 2022 AM (and PM, with RCC Chair);
- SIMULATIONs, then FLOWCHARTING, then DOCUMENTING a clear proposal to RCC for Discussions and Approval <--- to follow soonest

Course of Action: --- to discuss ----

2 PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

Philippine Electricity Market Corporation

Annex C : Proposed Enhancements on Rules Change Process

POINTS DISCUSSED

- Observations on past RCC discussions and deliberations
- Short-term enhancements
- Long-term enhancements
- Next Steps

3 PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

OBSERVATIONS ON PAST RCC DISCUSSIONS AND DELIBERATIONS

- Duration consistently beyond the allotted schedule
- Issues are discussed extensively, though some have no direct bearing on the proposal
- Participants are consistently many (10+) but speakers are few
- Have members read/studied the proposal prior the meeting? Consulted their sector?

4 PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

MEETING MINUTES

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Annex C : Proposed Enhancements on Rules Change Process

Short-term Enhancements for consideration

- Maximize expertise - Caucus of experts and sector champions to fully discuss the proposal and identify issues for further resolution by the RCC prior the Regular Meeting
- Proponent's CSW – Enjoin submission of complete information/data necessary for RCC to consider the proposal
- Use Roger's Rule to decide on issues
- Use Google forms to facilitate proposal review/processing

PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

Philippine Electricity Market Corporation

PROPOSED CAUCUS (CONCLAVE) GUIDELINES

- Criteria when to have a Caucus (Conclave) – Proposal complexity, length, and urgency
- Secretariat submits recommendation in the Preliminary Assessment for consideration of the RCC
- RCC determines whether or not to form a caucus (conclave) during the presentation of summary of proposal for posting to solicit comments.
- Documentation
  - Minutes of Meeting – to be reviewed/approved by caucus members during a Regular RCC Meeting; to be posted
  - Presentation of Agreement/Disagreement/Items for Discussion by Caucus Leader in the next regular meeting
  - Draft RCC Resolution already prepared by Secretariat for RCC approval in the same next regular meeting

PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

Philippine Electricity Market Corporation

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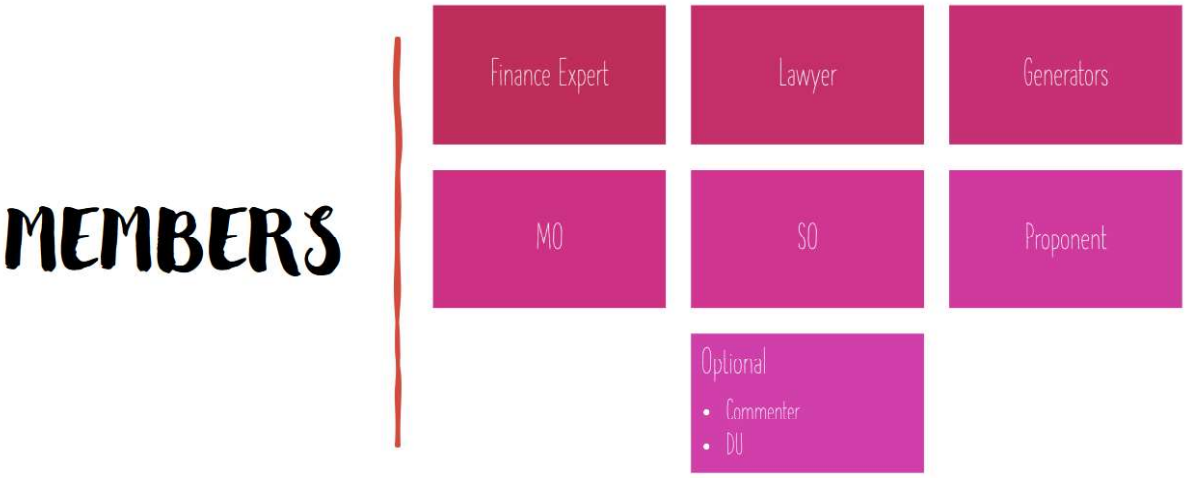
Annex C : Proposed Enhancements on Rules Change Process

Caucus Criteria

- Complexity – not complex; but should be harmonized with related document (Penalty Manual)
- Length – short proposal only (2 documents for amendment); Penalty Manual is for review by the Market Surveillance Committee (MSC)
- Urgency – not urgent

PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

Annex C : Proposed Enhancements on Rules Change Process



PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

Indicative Schedule

Activity/Task	Current Process	With Caucus
Posting in PEMC web	May 24	Same
Commenting Deadline	July 5	Same
Deadline for Proponent to Submit Response	July 10	Same
RCC Caucus Meeting	n/a	July 18 to Aug 8
RCC Regular Meeting	July 15	July 15 (not discussed)
Draft Resolution to MAG Head To CGO To RCC	Aug 9 Aug 11 Aug 16(Note: end of 60 cd)	Same
Next RCC Regular Meeting	Aug 19	Aug 19

PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

MEETING MINUTES

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Annex C : Proposed Enhancements on Rules Change Process

Caucus Criteria

- Complexity – May not be considered as complex, since the proposal's objective is to only document the current process in the manual
- Length – The proposal is not long since it only contains the formula for the calculation of additional compensation amount and specify the recovery process
- Urgency – Critical but not urgent. The process is currently implemented but not documented in the Market Rules and Manuals

PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

Annex C : Proposed Enhancements on Rules Change Process

Indicative Schedule

Activity/Task	Current Process	With Caucus
Posting in PEMC web	June 22	June 22
Commenting Deadline	Aug 4	Aug 4
Deadline for Proponent to Submit Response	Aug 10	Aug 10
RCC Caucus Meeting	n/a	Aug 12 to Sep 2
RCC Regular Meeting	Aug 19	Aug 19
Draft Resolution To MAG Head To CGO To RCC	Draft Resolution To MAG Head – Aug 9 To CGO – Aug 9 To RCC – Aug 16	Draft Resolution To MAG Head – Sep 6 To CGO – Sep 6 To RCC – Aug 13
Next RCC Regular Meeting	Sep 16	Sep 16

PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

Long-term Enhancements

- Implement ISO standard on Governance of Organizations

PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

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Annex C : Proposed Enhancements on Rules Change Process

Requested Action

- For RCC's discussion

PROPOSED ENHANCEMENTS TO THE RCC'S REVIEW PROCESS

MEETING MINUTES

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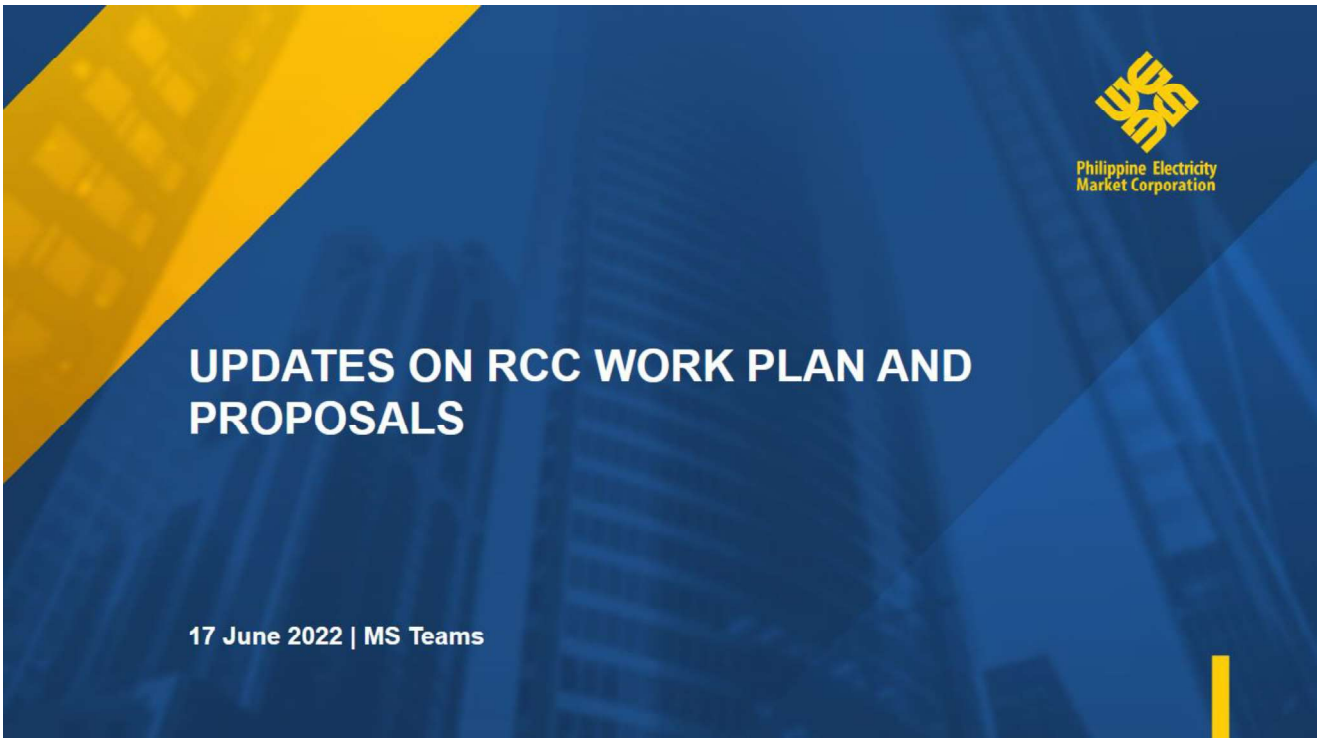
Annex D : Updates on RCC Workplan and Proposals



AMENDMENTS TO MARKET DOCUMENTS

As of 14 June 2022

Status	Details
1. URGENT AMENDMENTS	
a. For Deliberation and endorsement to PEM Board – 0	• None
b. Implemented (until June 2022) – 3	1. **MO-SO Procedures – for EWDO** 2. **Additional Compensation – per ERC decision on PDM** 3. **CVC-PR – re-run of over-generation and under-generation** Corresponding general amendments for approval by DOE In a letter dated 29 April 2022, RCC requested update and guidance from DOE on the expiring urgent amendments. Per DOE letter to RCC dated 24 May 2022, the proposals are undergoing approval process.
c. Implemented (until November 2022) – 1	**Green Energy Option Program (GEOP)** • PEM Board approval on 25 May 2022 of request for 6-month extension of effectivity from May 2022 to November 2022 • Corresponding general amendments endorsed to DOE on 08 June 2022

UPDATES ON RCC WORK PLAN AND PROPOSALS

Philippine Electricity Market Corporation

Annex D : Updates on RCC Workplan and Proposals

AMENDMENTS TO MARKET DOCUMENTS

As of 14 June 2022

Status	Details
2. GENERAL AMENDMENTS	
a. For Preliminary Assessment – 0	**None**
b. For Posting – 1	**Additional Compensation** by IEMOP
b. For Comments – 1	**Penalty Framework on Test and Commissioning** by PEMC – until 05 July 2022
c. For Deliberation – 0	**None**
d. For Endorsement to PEM Board – 2	1. **Dispatch Protocol regarding Non-security Over-riding Constraints** by NPC 2. **Pricing Error Notice as Criteria for Additional Compensation** by MEI/PEI
e. For Endorsement to DOE – 0	**None**

UPDATES ON RCC WORK PLAN AND PROPOSALS

Philippine Electricity Market Corporation

AMENDMENTS TO MARKET DOCUMENTS

As of 14 June 2022

Status	Details
2. GENERAL AMENDMENTS	
f. For DOE Approval – 11	• See below

PROPOSALS SUBMITTED TO DOE

2021	2022
1.Enhancements to Application Process of New WESM Members 2.Dispute Resolution (portion on impleadable parties was remanded to PEMC) 3.MO-SO Procedures 4.Additional Compensation 5.Reserve Market	6.Automatic Pricing Re-runs for Over-generation and Under-generation 7.Improvements to Market Resource Modelling/Monitoring 8.Validation Timeline Adjustment in Metering and Billing 9.WESM Governance Committee Manual 10.Green Energy Option 11.System Security and Reliability Guidelines

UPDATES ON RCC WORK PLAN AND PROPOSALS

Philippine Electricity Market Corporation

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Annex D : Updates on RCC Workplan and Proposals

INITIATIVES RELATED TO RULES CHANGE/REVIEW

Based on previous meetings, CSP-2022-01 & MAG Strategic Plan 2022

Posting in PEMC website of Conceptual Maps on Market Rules
- Ongoing coordination with CPC on posting of WESM Rule Map (Q2 2022)

Bilateral Contract Quantity Proposal
- For submission to ManCom (Q2 2022)

Updating of RCC Webpages
- Upload RCC documents in revamped webpages (Q3 2022)

Rules Effectiveness Studies
For submission to ManCom (Q2 2022)
- MRU
- Registration
- Prudential Requirements

Rule Map System
- Preparation of Business Requirements (July 2022)

Updating of RRD IBP and RCC Internal Rules (Q2 2022)
- Reflect DOE-approved changes to processes
- Streamline RCC's review process in-meetings

UPDATES ON RCC WORK PLAN AND PROPOSALS

Philippine Electricity Market Corporation

OTHER INITIATIVES RELATED TO RULES CHANGE/REVIEW

Based on previous meetings, CSP-2022-01 & MAG Strategic Plan 2022

Review of Current Rules and Obligations of Metering Services Providers
- Provide information to ECO as requested

Corporate Governance Manual (Q2 2022)
- Sent items for inclusion based on PEMC's amendments to GDL Manual to OCS

Data Privacy Provisions in Market Documents
- Flagged to OP for consideration

UPDATES ON RCC WORK PLAN AND PROPOSALS

Philippine Electricity Market Corporation

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