

MEETING MINUTES

Subject/Purpose : 205th Rules Change Committee (Regular) Meeting
 Date & Time : 18 November 2022, 9:00 AM to 3:00 PM
 Venue : Online via Microsoft Teams
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ATTENDEES

No.	Name	Designation/Position	Department/ Company
1	Jesusito G. Morallos	Member, Independent	RCC
2	Jose Roderick F. Fernando	Member, Independent	RCC
3	Cherry A. Javier	Member, Generation Sector (APC)	RCC
4	Carlito C. Claudio	Member, Generation Sector (MEI/PEI)	RCC
5	Jessie B. Victorio	Member (Alternate), Generation Sector (MEI/PEI)	RCC
6	Dixie Anthony R. Banzon	Member, Generation Sector (MPPCL)	RCC
7	Michelle S. Tuazon	Member (Alternate), Generation Sector (Vivant)	RCC
8	Ryan S. Morales	Member, Distribution Sector (MERALCO)	RCC
9	Virgilio C. Fortich, Jr.	Member, Distribution Sector (CEBECO III)	RCC
10	Ricardo G. Gumalal	Member, Distribution Sector (ILPI)	RCC
11	Nelson M. Dela Cruz	Member, Distribution Sector (NEECO II, Area 1)	RCC
12	Lorreto H. Rivera	Member, Supply Sector (TPEC)	RCC
13	Dennis R. Paragas	Member (Alternate), Supply Sector (TPEC)	RCC
14	Ambrocio R. Rosales	Member, System Operator (NGCP)	RCC
15	Isidro E. Cacho, Jr.	Member, Market Operator (IEMOP)	RCC
16	Fortunato C. Leynes	Chief Governance Officer	PEMC
17	John Mark S. Catriz	RCC Secretariat	PEMC
18	Karen A. Varquez	RCC Secretariat	PEMC
19	Divine Gayle C. Cruz	RCC Secretariat	PEMC
20	Dianne L. De Guzman	RCC Secretariat	PEMC
17	Melanie Papa	Observer	DOE
18	Mari Josephine C. Enriquez	Observer	DOE
19	Marvin Jay A. Masanda	Observer	DOE
20	Chiara Blanco	Observer	ERC
21	Moses Angelo U. Garcia	Observer	ERC
22	Vladimere B. Pulmones	Observer	ERC
23	Laiza Amor Lagman	Observer	ERC
24	Lilibeth Grace L. Vetus	Proponent	IEMOP
25	Charles Phillip R. Valerio	Proponent	IEMOP
26	Arjon B. Valencia	Proponent	IEMOP
27	Marie Emmanuelle T. Delarmente	Proponent	IEMOP
28	Lex Magtalas	Observer	APC
29	Angelica Diane B. Monteza-Sy	Commenter	MERALCO
30	Patrick Gregory B. Jara	Commenter	MERALCO
31	Joebet Isaac V. Del Rosario	Commenter	MERALCO
32	Sheryl A. Castro	Commenter	MERALCO

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No.	Name	Designation/Position	Department/ Company
33	Ma. Elisha S. Eloriaga-Dolatre	Commenter	MERALCO
34	Roma Angela P. Hofilena	Commenter	MERALCO

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Proposed Agenda	Highlights/Agreements/Action Taken
I. Call to Order	The meeting was called to order at 9:02 AM.
II. Determination of Quorum	12 principal members, and 3 alternate members were present in the meeting.
III. Adoption of Agenda	The proposed agenda was approved, as amended.
IV. Approval of Minutes of Previous Meeting: <ul style="list-style-type: none"> 202nd (Regular) Meeting, 21 October 2022 	The RCC approved the minutes of the previous meeting, as revised, and agreed to affix their e-signatures.
V. Matters Arising from Previous Meeting	
5.1. RCC Resolution 2022-13: <i>Proposed Urgent Amendments to the WESM Rules and FAS Manual on Matters Relating to Enforcement Proceedings and Actions</i>	<p><u>Presenter:</u> Ms. Dianne L. De Guzman (Secretariat)</p> <p><u>Action Requested:</u> For approval to endorse to PEM Board</p> <p><u>Proceedings:</u></p> <p>The Secretariat presented the draft Resolution. The results of the RCC's votes on (i) certifying the proposal as urgent, and (ii) approving the proposal following the deliberation, including the breakdown of votes identified by sector affiliation, were indicated in said Resolution.</p> <p><u>RCC Agreement:</u></p> <p>Having no other comments received, the RCC approved the resolution, as submitted, for endorsement to the PEM Board (for approval) and submission to DOE (for information).</p>
5.2. Proposed Urgent Amendments to the WESM Rules, Retail Rules and Market Manuals on the Implementation of Electric Retail Aggregation Program	<p><u>Presenter:</u> Ms. Divine Gayle C. Cruz (Secretariat)</p> <p><u>Action Requested:</u> For deliberation/approval to endorse to PEM Board</p> <p><u>Proceedings:</u></p> <ul style="list-style-type: none"> Atty. Morillos reminded the body that the RCC has yet to agree on whether to certify the subject proposal as urgent noting that (i) IEMOP still has implementation matters for clarification with the ERC to which the latter is still preparing its response, (ii) the ERC representative's previous statement, although non-binding, that the 26

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Philippine Electricity
Market Corporation

Proposed Agenda	Highlights/Agreements/Action Taken
	<p>December 2022 target implementation date indicated in ERC Resolution No. 04, Series of 2022 is merely a trigger and not necessarily the date when the program will be launched, and (iii) per MERALCO, the pilot program for electric retail aggregation is still on-going. Atty. Morallos hence requested IEMOP as the proponent to justify why the proposal needs to be treated as urgent.</p> <p>Mr. Cacho (IEMOP) stated that as of this time and despite the ERC representative's statement that the 26 December 2022 target implementation date is only a trigger, there has been no new official issuance stating that said target implementation date has been moved. The proposal primarily intends to set forth the mechanisms to facilitate the implementation of the program, which prospective participants (e.g., Retail Aggregators) will look for. Mr. Cacho further added that the rules change process is likewise an avenue to determine if there are matters that still needs to be addressed and clarified with stakeholders. However, IEMOP recognizes that there are still procedural issues that needs to be refined by the ERC. Mr. Cacho reminded that the proposal will still undergo a general amendment in which case the amendments will be further straightened out. Should the ERC release a new order on the date of implementation, then the IEMOP might request deferring this proposal or change its urgent classification.</p> <ul style="list-style-type: none"> Mr. Morales (MERALCO) informed the body of the feedback from UP Diliman, the entity involved in the said pilot program, stating that contracting with the RES is not practical at this time given the high and volatile prices in the spot market and the expensive bilateral contracts due to high fuel costs and US dollar foreign exchange rates. These indicate that it may not be the best time to participate in the Retail Aggregation Program. Mr. Morales added that there may be issues to be threshed out regarding metering (e.g., not all customers have 5-min interval meters), billing and settlement, among others.

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	<p>On the matter of urgency, Mr. Morales reminded the body that the proposal will be immediately implemented should it be ratified as urgent and approved by the PEM Board. However, there are procedures that will be difficult to reverse once already implemented. For instance, the reversion of a customer to the captive market from being in an Aggregated Group.</p> <ul style="list-style-type: none"> Ms. Javier (APC) opined that the best way forward at this point is to have the proposal be subjected to a commenting process from participants, which may be forwarded to ERC as inputs to aid them in finalizing the additional guidelines it is currently preparing. <p>Mr. Fortich (CEBECO) and Ms. Rivera (TeaM Energy) supported Ms. Javier's suggestion to allow participants to comment on the proposal prior deliberation and endorsement to the PEM Board. Ms. Rivera added that given the materiality of the proposed amendments, it is best to have the proposal published for comments.</p> <ul style="list-style-type: none"> Atty. Chiara Blanco (ERC) informed the RCC that the Commission received information that there are issues regarding the supply and delivery of meters, and there is difficulty on the part of UP Diliman to find a willing and available RES for the pilot implementation of the Retail Aggregation Program. This new information shall materially impact the guidelines the ERC is developing. The RCC set to a vote the question of whether to certify the proposal as urgent resulting in the following: <ul style="list-style-type: none"> Urgent – 1 vote (Mr. Cacho) Not Urgent – 10 votes (Messrs. Fernando, Claudio, Banzon, Dela Cruz, Morales, Gumalal, Fortich, Ms. Rivera, Ms. Javier and Ms. Tuazon) <p>Ms. Varquez and Ms. De Guzman (Secretariat) clarified that the decision of the RCC of not certifying the proposal as urgent will be documented in a Resolution to be submitted to the PEM Board for approval.</p>

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Proposed Agenda	Highlights/Agreements/Action Taken
	<ul style="list-style-type: none"> For procedural efficiency, Mr. Cacho suggested for the RCC to automatically consider the proposal as a general proposed amendment, considering the RCC's decision to not certify it as urgent, to dispense with the need for IEMOP to write the RCC a letter requesting for said re-classification of the proposal. This will also expedite the publication of the proposal for commenting of participants and stakeholders. <p>Although the RCC's decision to not certify the proposal as urgent is still subject to the PEM Board's approval, Ms. Varquez recommended that the RCC already vote on whether to accept the proposal as a general amendment so there will already be a way forward should the PEM Board concur with the RCC's decision. She clarified that only when the PEM Board approves the RCC's decision on not certifying the proposal as urgent shall said proposal be published for comments.</p> <p>The RCC agreed with the foregoing recommendations and cast the matter to a vote of whether to admit the proposal as general amendment and publish it for commenting, resulting in the following:</p> <ul style="list-style-type: none"> Admit as General Amendment – 12 votes (Messrs. Fernando, Cacho, Rosales, Claudio, Banzon, Morales, Fortich, Gumalal, Dela Cruz, Ms. Javier, Ms. Rivera and Ms. Tuazon) Do not Admit as General Amendment – 0 votes <p><u>RCC Agreement:</u></p> <ul style="list-style-type: none"> The RCC voted 10 to 1 in favor of not certifying the proposal as urgent in consideration of the following reasons: <ol style="list-style-type: none"> Per ERC representatives: <ol style="list-style-type: none"> There is currently an issue on the supply and delivery of meters, which is a pre-requisite for participating as an Aggregated Member;

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	<ul style="list-style-type: none"> b. The pilot implementation of the program cannot be conducted because the Aggregated Group cannot find a Retail Electricity Supplier (RES); and c. There will be changes in the flow of additional guidelines <p>2) Feedback from UP Diliman (pilot Aggregated Group) as relayed by MERALCO:</p> <ul style="list-style-type: none"> a. Contracting with a RES at a stable retail rate is not practicable at this time given high and volatile prices in the spot market; and b. Retail supply rates can be more expensive than those of host distribution utilities/electric cooperatives due to high fuel costs and current US dollar exchange rate <p>3) Some RCC members from the Generation, Distribution Utility, and Supply sectors suggested to publish the proposal to solicit comments from participants due to the materiality of amendments.</p> <ul style="list-style-type: none"> • The RCC likewise unanimously voted to admit the urgent proposal as a general amendment and, publish it to solicit comments from WESM Members and stakeholders upon the PEM Board's approval of the RCC's decision to not certify it as urgent.
<p>5.3. <i>Continuation of deliberation – Proposed Amendments to Retail Rules and Various Retail Manuals on Requiring for Certification of No Outstanding Balance as Switching Requirement for Retail Customers</i></p>	<p><u>Presenter:</u> Ms. Dianne L. De Guzman (Secretariat)</p> <p><u>Action Requested:</u> For deliberation and approval to endorse to PEM Board</p> <p><u>Proceedings:</u></p> <ul style="list-style-type: none"> • The Secretariat informed the RCC that the ERC has posted a notice requesting all interested parties to submit comments on the <i>Draft Amendment to the ERC Rules Supplementing the Switching and Billing Process and Adopting a Disconnection Policy for the Contestable Customers</i> ("ERC Rules on Switching"). • Atty. Blanco (ERC) said that the target release of the ERC's resolution on the amendments will be within the 1st

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	<p>week of December. With this, the Secretariat suggested to defer the proposal awaiting the ERC's final decision to also harmonize it with the subject proposal.</p> <p>However, Mr. Cacho (IEMOP) suggested to discuss the other items, such as the proposed pre-switching procedures, which may be considered not contentious with the ERC's draft amendments.</p> <p>The Secretariat reminded the RCC that the proposed pre-switching procedures are contingent with the decision on whether to adopt the proposed alternatives to the certification of no outstanding balance (i.e., settlement agreement and undertaking), which may be affected by the pending ERC decision on the amendments to the foregoing ERC Rules on Switching.</p> <p><u>RCC Agreement:</u></p> <p>The RCC noted the information provided. For efficiency, the body agreed to defer the proposal awaiting ERC's final resolution on its draft amendments to the ERC Rules on Switching.</p>
<p>5.4. NPC's Proposed Amendments regarding Non-Security Overriding Constraints (RCC Resolution No. 2022-09)</p> <ul style="list-style-type: none"> Consideration of DOE DC No. 2022-10-0031 (Preferential dispatch of all generating units utilizing RE resources in the WESM) 	<p><u>Presenter:</u> Ms. Divine Gayle C. Cruz (Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>Ms. Cruz (Secretariat) informed that PEMC is still reviewing the DOE DC No. 2022-10-0031 (Preferential dispatch of all generating units utilizing RE resources in the WESM) if the issue of NPC will be addressed.</p> <p>Since there were no other updates provided, the RCC agreed to defer the proposal awaiting PEMC's recommendation.</p>

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Proposed Agenda	Highlights/Agreements/Action Taken
<p>5.5. Updates on MEI/PEI's concerns regarding Additional Compensation:</p> <ul style="list-style-type: none"> a) Inconsistency in the non-exhaustive list of documents required in filing claims for additional compensation among the different market events b) Non-tagging of constrained-on generators during network congestion/PSM event 	<p><u>Presenter:</u> Ms. Dianne L. De Guzman (Secretariat)</p> <p><u>Action Requested:</u> For information/discussion</p> <p><u>Proceedings:</u></p> <p>The RCC noted the following updates:</p> <ul style="list-style-type: none"> a) Inconsistency in the non-exhaustive list of documents required in filing claims for additional compensation among the different market events <p>Atty. Grace Vetus (IEMOP) informed that a meeting was conducted with ERC regarding the concerns of the generators. The ERC advised that the concerned parties may file a rule-making proposal to ERC to align the requirements.</p> <p>On IEMOP's implementation, Atty. Vetus stated that it is necessary for IEMOP to require the documents as listed in the PDM.</p> <ul style="list-style-type: none"> b) Non-tagging of constrained-on generators during network congestion/PSM event <p>Mr. Claudio (MEI/PEI) informed the body that MEI/PEI already conducted a meeting with NGCP last 14 November 2022, wherein the issue on non-tagging of constrained on generators was raised. During the said meeting, it was agreed that another meeting between them will be scheduled after the NGCP's validation on the data provided by the MEI/PEI.</p>
VI. New Business	
<p>6.1. Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding Maximum Available Capacity</p>	<p><u>Presenters:</u></p> <p>Ms. Dianne L. De Guzman (Secretariat) Ms. Divine Gayle C. Cruz (Secretariat)</p> <p><u>Material:</u> Annex – Overview of Proposed Amendments</p> <p><u>Action Requested:</u> For approval to publish</p>

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Proposed Agenda	Highlights/Agreements/Action Taken
	<p><u>Proceedings:</u></p> <ul style="list-style-type: none"> Ms. De Guzman (Secretariat), in behalf of the Market Surveillance Committee and Compliance Committee as the joint proponents, presented the overview of the proposal which intends to revise the definition of 'Maximum Available Capacity' to: <ul style="list-style-type: none"> have a clearer definition of said term; provide guidance when offering/bidding or revising/updating of offers, which should be equal to the maximum available capacity; require Trading Participants to revise offers/bids if they do not reflect reasonable estimates of the unit's maximum available capacity; and include other conditions (e.g., circuit breaker status, ramp rates) in revising/updating offers. <p>The proposal was submitted to address instances when Trading Participants offer in the WESM without clear intention of generating energy for the grid. This is done by opening the breaker so that no schedule will be issued to it, and its offers/bids will not be considered in the optimization due to plant's disconnection from the grid. This act is a possible circumvention of the Must Offer Rule (MOR), and the Trading Participant is able to get away with being flagged for probable breach of the MOR.</p> <p>The market documents proposed to be amended are the WESM Rules and WESM Manual on Dispatch Protocol.</p> <ul style="list-style-type: none"> The RCC noted the recommendation of the Secretariat in its preliminary assessment that the proponent may need to elaborate the direct impact or consequence of the alleged circumvention of the MOR, specifically on how submitting offers but opening the breakers has an effect on scheduling and real-time dispatch. <p>The response of the proponent will be presented on the next scheduled RCC meeting.</p>

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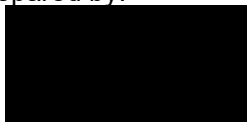
Proposed Agenda	Highlights/Agreements/Action Taken
	<p><u>RCC Agreement:</u></p> <p>Having no other comments received, the RCC approved to publish the proposal for solicitation of comments.</p>
VII. Other Matters	
<p>7.1. DOE Updates</p> <p>a) Schedules of Public Consultation</p> <p>b) Proposals Promulgated / for Promulgation</p>	<p><u>Presenter:</u> Ms. Melanie Papa (DOE Observer)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>a) Schedules of Public Consultation</p> <p>There is no upcoming schedule of public consultation until the end of the year.</p> <p>b) Proposals Promulgated / for Promulgation</p> <p>Ms. Papa (DOE Observer) informed that the DOE has already promulgated the DOE DC2022-11-0032 on 07 November 2022: <i>Adopting Further Amendments to the WESM Rules and Market Manuals for the Implementation of Reserve Market.</i></p> <p>The said DOE DC is for publication in the newspapers.</p>
<p>7.2. Schedule of Activities:</p> <p>a) RCC Meetings</p> <ul style="list-style-type: none"> 16 Dec 2022 20 Jan 2023 17 Feb 2023 <p>b) PEM Board Meetings</p> <ul style="list-style-type: none"> 23 Nov 2022 07 Dec 2022 (tentative) <p>c) WGC Dinner</p> <ul style="list-style-type: none"> 01 Dec 2022 (Thu) at L'Opera Ristorante Italiano, BGC, Taguig City 	<p>The RCC noted the schedule of events</p>
VIII. Adjournment	The meeting was adjourned at 11:20AM.

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Prepared by:



DIVINE GAYLE C. CRUZ
Sr. Specialist, Rules Review Division
Market Assessment Group

Reviewed by:



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

Noted by:



JOHN MARK S. CATRIZ
Head, Market Assessment Group



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Approved by:


JESUSITO G. MORALLOS
Chairman, Independent


JOSE RODERICK F. FERNANDO
Member, Independent


(vacant)


Ind


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


(vacant)

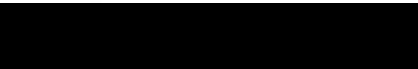
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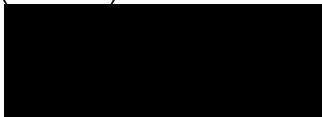

DIXIE ANTHONY R. BANZON
Member, Generation Sector
Masinloc Power Partners Co. Ltd. (MPPCL)

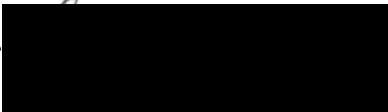

(represented by Alternate Member Ms. Michelle Tuazon
during this meeting)


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

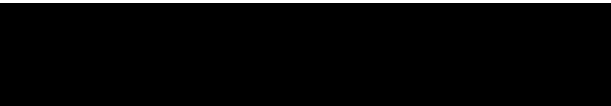

CARLITO C. CLAUDIO
Member, Generation Sector
Millennium Energy, Inc. / Panasia Energy, Inc.
(MEI/PEI)


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


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


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


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


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

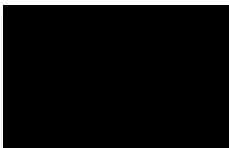


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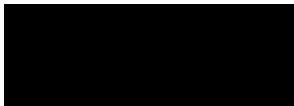
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Philippine Electricity
Market Corporation



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



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

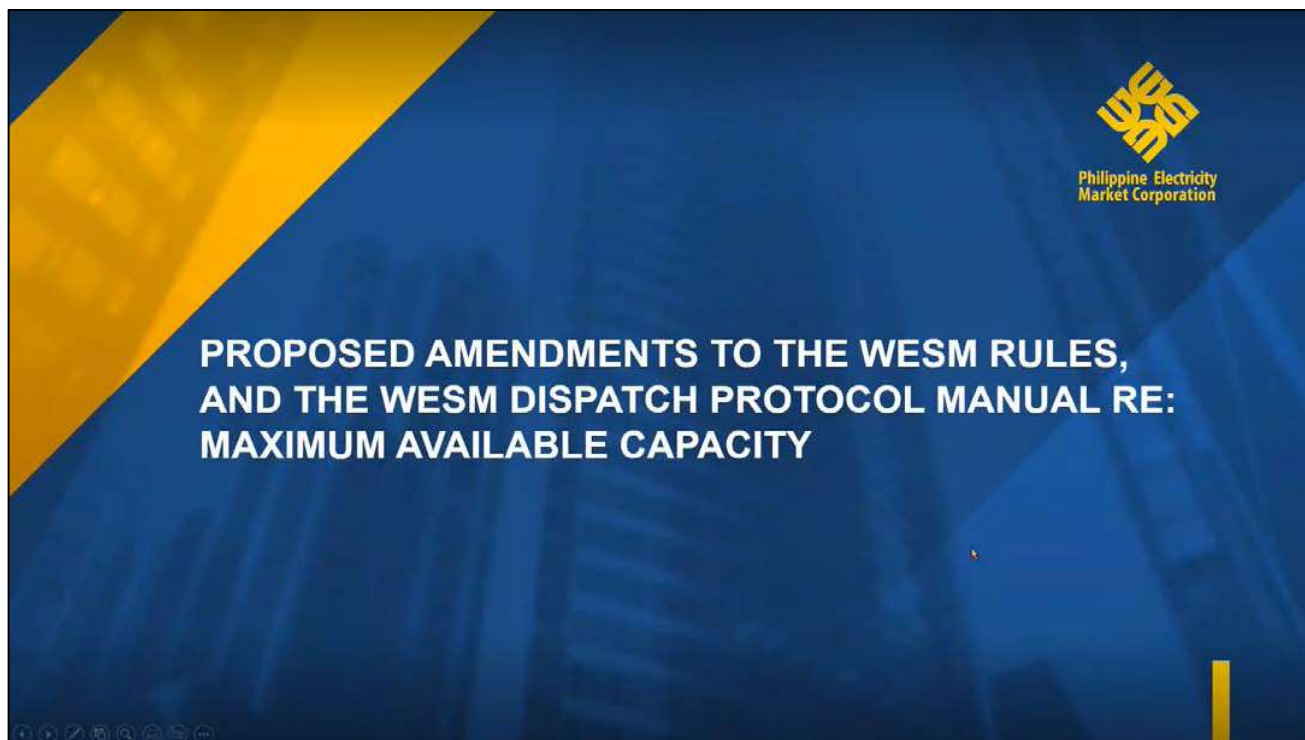


ANNEX – OVERVIEW OF PROPOSED AMENDMENTS

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ACTION REQUESTED

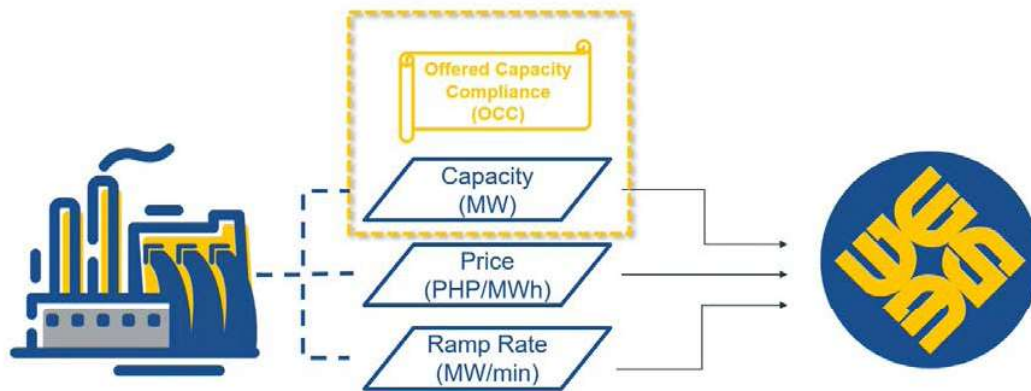
- For approval of RCC for publication to solicit comments.



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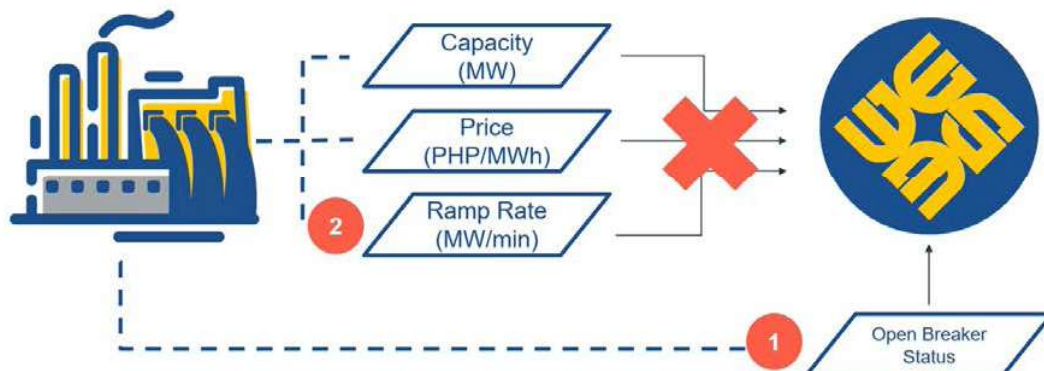
BACKGROUND



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PROPOSED AMENDMENTS TO THE WESM RULES, AND THE WESM DISPATCH
PROTOCOL MANUAL

BACKGROUND



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PROPOSED AMENDMENTS TO THE WESM RULES, AND THE WESM DISPATCH
PROTOCOL MANUAL



ANNEX – OVERVIEW OF PROPOSED AMENDMENTS

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RATIONALE

The proposed amendments to the WESM Rules and WESM Manual on Dispatch Protocol aim to:

- have a clearer definition of maximum available capacity;
- provide guidance when offering/bidding or revising/updating of offers, which should be equal to the maximum available capacity;
- require Trading Participants to revise offers/bids if they do not reflect reasonable estimates of the unit's maximum available capacity; and
- include other conditions (e.g., circuit breaker status, ramp rates) in revising/updating offers.

SUMMARY

Rules/Manuals	Topic	Proposed Amendments
WR 3.5.5.1	Submission of standing market offer	Equivalent to the registered or maximum available capacity
WR 3.5.11.1	Revision of market bids or market offers	<ul style="list-style-type: none"> • Equivalent to maximum available capacity • Consider the conditions specified in 3.5.11.5 and 3.5.11.6
WR 3.5.11.5	Conditions to be considered in revising bids or offers	<ul style="list-style-type: none"> • Added other conditions to be taken in account prior revising bids or offers • Requires TP to revise their offers if it does not represent a reasonable estimate its maximum available capacity
WR Glossary	Definition of terms	Revised the definition of the following terms from DPM: <ul style="list-style-type: none"> ○ Availability ○ Maximum Available Capacity
DPM		Harmonize with the proposed amendments to the WESM Rules

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OTHER RELEVANT MATTERS

The proposed rules changes will improve the compliance of the Trading Participants with the Must Offer Rule (MOR) by being more responsible in offering/bidding and revising/updating of offers.

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PROPOSED AMENDMENTS TO THE WESM RULES, AND THE WESM DISPATCH
PROTOCOL MANUAL



Philippine Electricity
Market Corporation

ACTION REQUESTED

- For approval of RCC for publication to solicit comments.

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PROPOSED AMENDMENTS TO THE WESM RULES, AND THE WESM DISPATCH
PROTOCOL MANUAL



Philippine Electricity
Market Corporation