

MEETING MINUTES

Subject/Purpose : 207th Rules Change Committee (Special) Meeting
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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	Rachel Angela P. Anosan	Member, Independent	RCC
4	Jordan Rel C. Orillaza	Member, Independent	RCC
5	Cherry A. Javier	Member, Generation Sector (APC)	RCC
6	Dixie Anthony R. Banzon	Member, Generation Sector (MPPCL)	RCC
7	Ryan S. Morales	Member, Distribution Sector (MERALCO)	RCC
8	Virgilio C. Fortich, Jr.	Member, Distribution Sector (CEBECO III)	RCC
9	Rocky D. Bayas	Member, Distribution Sector (SFELAPCO)	RCC
10	Nelson M. Dela Cruz	Member, Distribution Sector (NEECO II, Area 1)	RCC
11	Dennis R. Paragas	Member (Alternate), Supply Sector (TPEC)	RCC
12	Henry V. Dela Cruz	Member (Alternate), System Operator (NGCP)	RCC
13	Isidro E. Cacho, Jr.	Member, Market Operator (IEMOP)	RCC
14	Elvin Hayes E. Nidea	President	PEMC
15	Fortunato C. Leynes	Chief Governance Officer	PEMC
16	John Mark S. Catriz	RCC Secretariat	PEMC
17	Karen A. Varquez	RCC Secretariat	PEMC
18	Divine Gayle C. Cruz	RCC Secretariat	PEMC
19	Dianne L. De Guzman	RCC Secretariat	PEMC
20	Kathleen R. Estigoy	RCC Secretariat	PEMC
21	Melanie C. Papa	Observer	DOE
22	Mari Josephine C. Enriquez	Observer	DOE
23	Marvin Jay A. Masanda	Observer	DOE
24	Noriel Christopher R. Reyes	Energy Power	DOE
25	Ruselle V. Castronuevo	Renewable Energy Management Bureau	DOE
26	Mary Grace V. Gabis	Renewable Energy Management Bureau	DOE
27	Ma. Hazel M. Gubaton-Lopez	Enforcement and Compliance Office	PEMC
28	Bienvenido C. Mendoza	Market Assessment Group	PEMC
29	Hiyasminh Aleia D. Dagum	Market Assessment Group	PEMC
30	Clares Loren C. Jalocon	Corporate Planning and Communications	PEMC
31	Romellen C. Salazar	Corporate Planning and Communications	PEMC
32	Kevin John Y. Dela Cuesta	Corporate Planning and Communications	PEMC
33	Gabriel R. Marmeto	Legal	PEMC
34	Ria Crizette B. Alegre	Office of the President	PEMC
35	Christin Paula E. Delgado	Office of the Chief Governance Officer	PEMC
36	Edward I. Olmedo	Proponent	IEMOP
37	Charles Phillip R. Valerio	Proponent	IEMOP

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38	Lilibeth Grace L. Vetus	Proponent	IEMOP
39	Katrina A. Garcia-Amuyot	Proponent	IEMOP
40	Arjon B. Valencia	Proponent	IEMOP
41	Carlota N. Villaroman	Proponent	IEMOP
42	Lex Magtalas	Observer	APC

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Proposed Agenda	Highlights/Agreements/Action Taken
I. Call to Order	The meeting was called to order at 9:04 AM.
II. Determination of Quorum	<p>11 principal members and 2 alternate members were present in the meeting.</p> <p>Three (3) new RCC members, Atty. Rachel Angela P. Anosan (Independent), Prof. Jordan Rel C. Orillaza (Independent) and Mr. Rocky D. Bayas (DU, SFELAPCO), attended their first RCC meeting.</p>
III. Adoption of Agenda	The proposed single-item agenda was approved, as submitted.
IV. New Business	
4.1. Proposed Urgent Amendments to the WESM Rules and WESM Registration Manual regarding Preferential Dispatch in view of DOE DC2022-10-0031	<p><u>Presenters:</u> Charles Phillip R. Valerio (IEMOP) Edward I. Olmedo (IEMOP) Divine Gayle C. Cruz (RCC Secretariat)</p> <p><u>Materials:</u> Annex A – Overview of Urgent Proposal Annex B – Matrix of Proposed Amendments</p> <p><u>Action Requested:</u> For deliberation</p> <p><u>Proceedings:</u></p> <p><i>I. Overview of Proposal:</i></p> <p>Mr. Valerio (IEMOP) presented an overview of the proposed urgent amendments whose direct legal basis is the DOE Department Circular No. 2022-10-0031 dated 05 October 2022 entitled “Declaring All Renewable Energy Resources as Preferential Dispatch Generating Units in the WESM Amending for this Purpose Department Circular No. DC2015-13-0001”. The salient points of the said 2022 Circular are as follows:</p> <ul style="list-style-type: none"> a) Biomass plants shall be classified as priority dispatch generating units, whether under Feed-in-Tariff system or not; b) RE plants that are not Must Dispatch, such as geothermal and impounding hydropower plants (in addition to biomass plants) can now opt to be categorized as priority dispatch; and c) Impounding hydropower plants, which are currently categorized as scheduled plants in the WESM, have the option to be classified as priority dispatch plants with due

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	<p>consideration to grid security and the plant’s contractual obligations.</p> <p>The Circular also mandates the Market Operator to, among others, propose necessary amendments to the WESM Rules and Manuals to implement the dispatch of preferential dispatch generating units and formulate procedures for their qualification and registration in the WESM.</p> <p>IEMOP submitted the subject proposal in compliance with the 2022 Circular and clarify implementation guidelines for preferential dispatch of RE resources. The proposed amendments are the following:</p> <ol style="list-style-type: none">1) Update the definition of “Priority Dispatch” to include RE plants that are not Must Dispatch, such as biomass, geothermal and impounding hydro plants; and2) Prescribe that non-Must Dispatch RE plants (e.g., biomass, geothermal, impounding hydro) that provide ancillary services are restricted from being classified as priority dispatch generating units but must be registered as scheduled generating units. This is in view of the principle of co-optimization of energy and reserve capacities through market offers for the upcoming Reserve Market <p><i>II. Overview of Preferential Dispatch Implementation</i></p> <p>Mr. Valerio likewise explained how IEMOP will implement the proposed changes, specifically for geothermal and hydropower plants that are currently categorized as scheduled generating units and opt to be re-classified as priority dispatch generating units:</p> <table><tr><th></th><th>Current</th><th>Proposed</th></tr><tr><td>Registration Category</td><td>Scheduled</td><td>Priority Dispatch</td></tr><tr><td>Information to submit for scheduling</td><td>Market Offer</td><td>Projected Output</td></tr><tr><td>Compliance</td><td>Must-Offer Rule & Dispatch Conformance Standards</td><td>Dispatch Conformance Standards</td></tr></table>		Current	Proposed	Registration Category	Scheduled	Priority Dispatch	Information to submit for scheduling	Market Offer	Projected Output	Compliance	Must-Offer Rule & Dispatch Conformance Standards	Dispatch Conformance Standards
	Current	Proposed											
Registration Category	Scheduled	Priority Dispatch											
Information to submit for scheduling	Market Offer	Projected Output											
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	<p>Mr. Valerio stated that priority dispatch plants currently comprise 1% (192 MW) of the total registered capacity. This will increase to 18% (3,950 MW) of the total registered capacity should qualified scheduled plants be re-classified as priority dispatch plants.</p> <p><i>III. Urgency of Proposal</i></p> <p>The RCC voted¹ to certify the proposal as urgent with eleven (11) members voting to certify and none voting to not certify as urgent, having satisfied WESM Rules Clause 8.4.1.1 (a), particularly that the urgent proposal:</p> <ol style="list-style-type: none"> 1) facilitates the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA; and 2) shall be implementable on the affected WESM/Retail operations and/or transactions within the period of six (6) months, subject to the confirmation of the Market Operator <p>The RCC likewise recognized in its discussion on the urgency of the proposal the letter of the PEMC president to the RCC Chairperson dated 27 December 2022 requesting that a special meeting be convened to tackle the proposal, which urgency has been conveyed by DOE Secretary Raphael Lotilla.</p> <p><i>IV. Discussion based on Preliminary Assessment by RCC Secretariat</i></p> <p>Ms. Cruz (RCC Secretariat) presented the RCC Secretariat's preliminary assessment of the urgent proposal. The Secretariat considered that the proposal satisfies two of the five criteria for urgent proposals, particularly: (1) that it facilitates the implementation of any regulation, circular order or issuance from the DOE or ERC order, and (2) that the amendments are implementable on the affected market operations and/or transactions within a period of six (6) months.</p> <p>The discussions based on the preliminary assessment are as follows:</p>

¹ Certify proposal as Urgent – 4 Independent (JGMorallos, JRFFernando, RAPAnosan, JCOrillaza), 1 MO (IECacho), 1 SO (HVDelaCruz), 1 Supply (DRParagas), 3 DU (RSMorales, VCFortich, RDBayas), 1 Generation (DARBanzon); 2 members did not vote

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	<p>a) How will the proposal be helpful in the upcoming implementation of the Reserve Market as mentioned in the discussion paper?</p> <p>Mr. Olmedo (IEMOP) explained that plants providing ancillary services, especially some geothermal and many of the hydropower plants, should not be eligible to be allowed classification or reclassification as priority dispatch generating units since part of the concept for implementing the Reserve Market is the principle of co-optimization of energy and reserve capacities. Co-optimization requires that plants providing ancillary services must submit energy and reserve offers composed of both MW capacity and offer price. Priority dispatch generating units, on the other hand, are not required to submit offers but only their projected outputs or nomination of their loading levels, which are MW capacities only and do not have offer price component. The Reserve Market will not work if ancillary services providers will be allowed to be classified as priority dispatch generating plants.</p> <p>b) Please expound why the exemption to be classified or re-classified as priority dispatch is for those ancillary services providers only. Could there be other conditions or plant/generator characteristics that would exempt them from being allowed priority dispatch classification/re-classification?</p> <p>Other than a plant being an ancillary services provider, Mr. Olmedo stated that IEMOP does not see other conditions or characteristics to disqualify a plant/generator from being classified as priority dispatch generating unit.</p> <p>c) How will the classification/re-classification to be a priority dispatch generating unit be administered for existing scheduled generating units and new applicants/registrants?</p> <p>Existing and eligible scheduled generating units may opt to be re-classified as priority dispatch generating units via the current post-registration process.</p> <p>For new applicant RE plants, they shall be first classified by default as either must dispatch or priority dispatch, as applicable, during the registration process. During the test and commissioning process until prior commercial operations registration, the Market Operator then clarifies with the RE plant the implications and difference if it will be classified as either must dispatch or priority dispatch, or scheduled</p>

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	<p>generating unit so the plant can decide on their options for classification. A must or priority dispatch generating unit can eventually request the Market Operator for re-classification as scheduled generating unit and may be approved as such if it satisfies the criteria.</p> <p>d) Is there a need to limit the frequency for when a generation company can request reclassification from scheduled generating unit to priority dispatch generating unit and vice versa?</p> <p>Mr. Olmedo stated that IEMOP does not see the need to limit the frequency for re-classification of RE plants between preferential and scheduled generating units. All requests for re-classification shall undergo assessment and shall follow the timeline for processing which is a maximum of 15 days. Further, there has been no instance in the past of a plant switching repeatedly between classifications.</p> <p>Atty. Morillos (Independent) asked how a priority dispatch generating unit with bilateral contract will be scheduled and dispatched. Mr. Olmedo explained that all preferential dispatch generating units submit their projected output or nominate their loading levels for a certain dispatch interval. For settlement purposes, they shall declare their bilateral contract quantities so it could be netted out from their WESM payments.</p> <p>e) There may be a need to study how the policy could impact market prices and competition in the WESM with potential additional capacities to be given preferential treatment in scheduling and dispatch.</p> <p>Prof. Orillaza (Independent) commented if the DOE could expound on the public consultations conducted as regards the DOE DC2022-10-0031. He stated that to open all RE plants including impounding hydro plants for preferential dispatch treatment is a huge policy shift and will have a significant impact on system security and market prices. These concerns should be deliberated on first prior to the discussion on the proposed amendments to the relevant provisions.</p> <p>Mr. Olmedo stated that, during the public consultation on the DOE policy, the IEMOP shared the same reservations as stated by Prof. Orillaza and as commented by the RCC Secretariat. The IEMOP at this point is nonetheless complying with the DOE's directive to submit proposed amendments.</p>

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	<p>Ms. Gabis (DOE-REMB) explained that the main objective of the DOE policy aims to encourage renewable energy investments and maximize injection and output of RE plants to the grid. Supporting the policy is a technical study conducted by the DOE with the CASE Project which looked at the possible impact to market price, among others, of opening preferential treatment to all RE plants. The DOE also recognized that most impounding hydro plants have contractual obligations particularly on providing ancillary services, hence the DOE circular specifies that such contracts shall be honored and the operations of the grid must not be affected.</p> <p>Atty. Morillos commented that although the DOE policy direction is already past the point of further debate since it has already been handed down to the Market Operator and the RCC, it would be proper just the same if the impact on all sides be put on the table for discussion. He stated that the DOE policy raises two sides of concern, one on the economic side redounding to the tariff paid by the public and another on the commercial side that may adversely affect scheduled conventional generation by being bumped off from the schedule. Ms. Gabis responded that on the impact to the public, the CASE Project study found that having biomass, geothermal and impounding hydro plants altogether as preferential dispatch results to the largest reduction to market price. As to the concern of conventional generation plants on being bumped off, the DOE recognized this but has prioritized achieving the national targets in the Philippine Energy Plan and the National Renewable Energy Program of 35% RE in the power generation mix by 2030 and 50% by 2040.</p> <p>Prof. Orillaza opined that the rules change process for the proposal seems to be merely ministerial given that the IEMOP, who is the proponent, has even expressed reservations on the principles behind the DOE policy. He remains unconvinced with the policy direction since plants under the preferential dispatch category should in fact be gradually reduced rather than increased. Use of RE plants were naturally encouraged and cultivated in the beginning, hence the implementation of the Feed-in-Tariff system.</p> <p>But for the long-term, the industry should move in the direction wherein RE plants are not given preference. They should be encouraged to be more responsible in their market participation by utilizing storage devices, improving their forecast accuracy, etc.</p>

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	<p>Atty. Morillos acknowledged the concerns raised during the deliberation. He stated that such concerns regarding the policy direction should be directed to the policymaker itself which is the DOE. He supposed that any stakeholder may file an appeal to the DOE as the policy may only address short-term issues</p> <p>f) What could be the impact of this policy to system security?</p> <p>Prof. Orillaza inquired the System Operator on their position regarding the DOE policy. Mr. dela Cruz (NGCP) informed that almost all ancillary service providers utilized by the SO is impounding hydro plants so if they all opt to be reclassified as priority dispatch, the SO will almost have nothing to use as ancillary service to manage the grid. He added that he will have to inquire further with other SO representatives if they were able to express their position during the DOE public consultations, but the policy surely has an effect to system security and reliability of the grid.</p> <p>Prof. Orillaza additionally asked if the distinction between pumped hydro and impounding hydro was considered in the proposal. Mr. Olmedo responded that the proposal did not mention delineation between those two kinds of hydro plants and merely reflects the relevant provisions of the DOE circular. Asked by Atty. Morillos, Mr. Olmedo explained that Kalayaan Hydroelectric Power Plant is the only pumped-storage hydro plant in the country. Pumped-storage hydro plants are those that generate energy by releasing water from the upper reservoir to the lower reservoir. During nighttime, pumped-storage units withdraw power from the grid to pump water from the lower reservoir up to the upper reservoir which will be used again to generate. On the other hand, impounding hydro plants generate energy by releasing water from the dams. Those two kinds of hydropower plants are different from run-of-river hydro plants which is incapable of storing water.</p> <p>Atty. Morillos remarked that while the DOE circular expressly mentions impounding hydro plants as qualified to be categorized as priority dispatch plants, it does not, however, mention pumped-storage hydro plants although they are RE plants as well. He then asked if pumped-storage hydro plants should be likewise considered as eligible to be classified as priority dispatch. In the case of Kalayaan Hydroelectric Power Plants, Mr. Olmedo commented that it is also currently an ancillary service provider so the proposed exemption of</p>

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	<p>ASPs shall apply to it. Mr. Cacho, Jr. (IEMOP) opined that pumped-storage units may also be considered as impounding hydro plants since their process for generating energy is the same as those with dams. The only difference of pumped-storage hydro plants from impounding hydro plants with dams is that the former is able to pump water.</p> <p>Atty. Morallos again inquired whether the RCC will be exceeding its authority if pumped-storage units shall be explicitly included in the proposal, given that the DOE policymakers did not seem to have considered those kinds of plants when the circular was framed. Ms. Gabis responded that the DOE considered all kinds of RE plants when they developed the definition for preferential dispatch, and also included provisions to cover emerging technologies. But for the meantime, she recommends staying consistent with the DOE circular at this time, pending further consultation with DOE on the case of pumped-storage units.</p> <p>g) With this DOE policy, there may be a need to require priority dispatch generating units to nominate loading levels based on its maximum available capacity and be monitored for compliance.</p> <p>Atty. Gubaton-Lopez (PEMC-ECO) raised that if geothermal and impounding hydro plants opt to be re-classified from scheduled to priority dispatch plants, their obligations will likewise change. Priority dispatch plants are required to submit projected outputs while scheduled plants are obliged to offer their maximum available capacity (i.e., offered capacity compliance). In the PEMC-ECO's compliance monitoring system, priority dispatch plants will not be flagged as non-compliant as long as they simply submit a non-zero value.</p> <p>Projected output is described in the WESM Rules as the forecasted output of must-dispatch RE plants, which is reasonable given the intermittent nature of their resource (e.g., solar, run-of-river, wind). The requirement for submitting projected output also applies to priority dispatch plants. But as there are RE plants that could provide stable load since their resource are not intermittent and relatively more predictable (e.g., geothermal, impounding hydro), the current definition of projected output may not be appropriate and thus should be reviewed. From the perspective of compliance monitoring, those RE plants whose generation are not intermittent should submit their maximum available capacity, the definition of which considers deration</p>

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	<p>due to technical constraints such as steam quality or steam pressure for geothermal plants. Further, the DOE policy only directs preferential treatment to RE plants only in so far as dispatch schedule is concerned, but not on the corresponding obligation to the must-offer rule (i.e., offer at maximum available capacity) that has always been applied to geothermal and impounding hydro plants. The only difference is that they will no longer be obligated to submit offer price. As an example, a 300-MW capacity geothermal plant could submit only 10MW or 20MW and it would still not be identified by the monitoring system as possibly non-compliant. Atty. Gubaton-Lopez thus suggested amending the definition of projected output such that the projected output of geothermal and impounding hydro plants classified as priority dispatch generating units shall be equivalent to the plant's maximum available capacity.</p> <p>Mr. Banzon (MPPCL) commented that hydropower plants have various load profiles throughout the day based on rule curve, water usage, etc. He asked if this will be considered in the definition of maximum available capacity. Mr. Olmedo responded that the current definition of maximum available capacity in the Dispatch Protocol Manual provides specific parameters and guidelines for its determination which the Enforcement and Compliance Office considers in their evaluation of compliance.</p> <p><i>V. Amendments to the Proposal</i></p> <ul style="list-style-type: none"> • Atty. Anosan (Independent) submitted and presented her comments to the proposal for discussion as follows: <ul style="list-style-type: none"> a) <u>Exclusive enumeration of covered RE plants</u>. The reference DOE circular describes priority dispatch generating units as "<i>all qualified and registered RE plants that are not Must Dispatch such as biomass, geothermal, and impounding hydro plants</i>". However, the proposed amendment is worded in a way that interprets said specific provision in the DOE circular as priority dispatch generating units being only limited to biomass, geothermal and impounding hydro plants. Unless there is a particular rationale for the said interpretation, Atty. Anosan offered an alternative interpretation consistent with the DOE circular on the definition of priority dispatch generating units stating, by way of an example only, the enumeration of the kinds RE plants that may be classified as priority dispatch. This

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	<p>means priority dispatch plants shall refer to all RE plants except only those classified as Must Dispatch, such as biomass, geothermal, impounding hydro.</p> <p>Prof. Orillaza inquired who evaluates whether a plant is qualified or not in the category it is applying for. Atty. Anosan responded that an applicant goes through the required certification and/or licensing processes from the DOE or ERC, as applicable, before registering in the WESM. The documents submitted by the applicant to the Market Operator after those applicable certification or licensing process shall indicate the characteristics of the plant.</p> <p>b) <u>Condition of not providing ancillary services.</u> Atty. Anosan sought clarification whether an applicant seeking to be classified or re-classified as priority dispatch generating unit should not be registered or is not seeking to register as an ancillary services provider. If so, it should be clear in the relevant provision that this condition forms part of the criteria for an RE plant to be classified or re-classified as priority dispatch generating unit during the time of registration.</p> <p>Mr. Olmedo confirmed that should an impounding hydropower plant, for instance, who currently provides ancillary services opts to be re-classified as priority dispatch generating unit, said plant should first rescind its ancillary service contract. He further affirmed Atty. Anosan and Mr. Banzon's understanding that this is an "all or nothing" condition in which an RE plant's capacity cannot be bifurcated to be part energy (as priority dispatch) and part reserves. Mr. Olmedo explained that when the Reserve Market is implemented, a unit's entire capacity shall be offered in the market (both capacity and price) and co-optimized to be scheduled and dispatched as either energy or reserve. Setting aside some capacity as energy and the rest as reserves is sub-optimal.</p> <p>c) <u>Reference DOE circular in the Glossary.</u> The proposed deletion of the reference DOE Circulars that previously added and/or revised the definition of "priority dispatch" in the WESM Rules Glossary should not be included in the proposed amendment.</p>

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	<p>Based on the foregoing comments, the RCC voted² in favor of adopting amendments to the definitions of “priority dispatch” and “priority dispatch generating units” in the WESM Rules and WESM Registration Manual (see Annex A).</p> <ul style="list-style-type: none"> The RCC also considered the concern raised by Atty. Gubaton-Lopez regarding projected output relative to geothermal and impounding hydro plants. The body voted³ to adopt the amendments to the definition of the same to state that the projected output specifically applied to geothermal and impounding hydro plants classified as priority dispatch generating units shall be equivalent to the plant’s maximum available capacity (see Annex A). <p>Mr. Banzon had reservations to the proposed revision to the definition of “projected output” since it is unclear whether hydropower plants will be required to use up all their available water and be dispatched in earlier hours which will impact dispatch for the rest of the hours of the day. Atty. Morillos requested Mr. Banzon if he could provide a position paper explaining the particular impact of the proposed definition of projected output to hydropower plants and their load profiles. This is to aid the RCC in the eventual re-deliberation of the proposal. Mr. Banzon agreed with the request.</p> <p><u>RCC Agreements:</u></p> <ol style="list-style-type: none"> The RCC certified the proposal as urgent. The RCC voted⁴ to provisionally approve the proposal, subject to the RCC Secretariat’s finalization and further review of the RCC.

² Adopt revisions to proposed amendments to definition of “priority dispatch generating units” - 4 Independent (JGMorillos, JRFFernando, RAPAnosan, JCOrillaza), 1 MO (IECacho), 1 SO (HVDelaCruz), 1 Generation (DARBanzon), 1 Supply (DRParagas), 2 DU (RSMorales, NMDelaCruz); 3 members did not vote

³

- Adopt proposed revision to definition of Projected Output (WESM Rules Glossary) - 4 Independent (JGMorillos, JRFFernando, RAPAnosan, JCOrillaza), 1 SO (HVDelaCruz), 1 Supply (DRParagas), 1 DU (RSMorales)
- Do not adopt proposed revision to definition of Projected Output (WESM Rules Glossary) – 1 Generation (DARBanzon)
- 5 members did not vote

⁴ Endorse proposal to PEM Board, subject to finalization - 4 Independent (JGMorillos, JRFFernando, RAPAnosan, JCOrillaza), 1 MO (IECacho), 1 SO (HVDelaCruz), 1 Generation (DARBanzon), 1 Supply (DRParagas), 2 DU (NMDelaCruz, RDBayas); 3 members did not vote

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	3) The RCC requested to be provided a copy of the full technical study of the DOE and the CASE Project. 4) Mr. Banzon to provide a position paper on the impact of the revised definition of projected output to hydropower plants.
VI. Other Matters	
a. DOE Updates <ul style="list-style-type: none"> a) Schedules of Public Consultation b) Proposals Promulgated / for Promulgation 	<p><u>Presenter:</u> Ms. Melanie C. Papa (DOE Observer)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>a) <u>Schedules of Public Consultation</u></p> <ul style="list-style-type: none"> • There is no upcoming schedule of public consultation. <p>b) <u>Proposals Promulgated / for Promulgation</u></p> <ul style="list-style-type: none"> • Ms. Papa (DOE Observer) informed that the DOE has already promulgated the following DOE DCs published in newspapers on 24 December 2022: <ul style="list-style-type: none"> i. DC2022-12-0038 “Adopting Further Amendments to the WESM Manual on Guidelines Governing the Constitution of the PEM Board Committees” ii. DC2022-12-0039 “Declaring Commercial Operation of WESM in the Mindanao Grid” • Commercial operations of WESM Mindanao will be on 26 January 2023.
b. Schedule of Activities: <ul style="list-style-type: none"> a) RCC Meetings <ul style="list-style-type: none"> • 20 Jan 2023 • 17 Feb 2023 • 17 Mar 2023 b) PEM Board Meetings <ul style="list-style-type: none"> • 19 Jan 2023 • 25 Jan 2023 	The RCC noted the schedule of events.
VII. Adjournment	The meeting was adjourned at 11:57 AM.

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Prepared by:



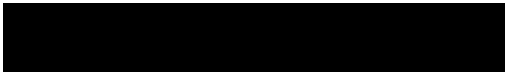
DIVINE GAYLE C. CRUZ
Senior Specialist, Rules Review Division
Market Assessment Group

Reviewed by:



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BIENVENIDO C. MENDOZA, JR.
Head, Market Assessment Group



MEETING MINUTES

Subject/Purpose : 207th Rules Change Committee (Special) Meeting
Date & Time : 28 December 2022, 9:00 AM to 3:00 PM
Venue : Online via Microsoft Teams
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Approved by:



JESUSITO G. MORALLOS
Member, Independent



RACHEL ANGELA P. ANOSAN
Independent



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Aboitiz Power Corp. (APC)

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Member, Generation Sector
Vivant Corporation – Philippines (Vivant)



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Manila Electric Company (MERALCO)

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San Fernando Electric Light and Power, Co.
(SFELAPCO)

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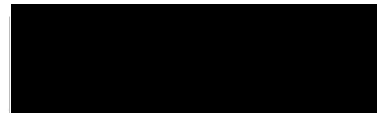


DIXIE ANTHONY R. BANZON
Member, Generation Sector
Masinloc Power Partners Co. Ltd. (MPPCL)

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



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

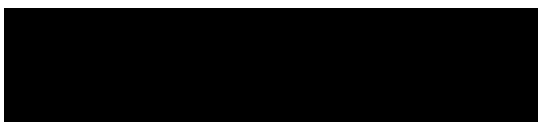


NELSON M. DELA CRUZ
Member, Distribution Sector
Nueva Ecija II Area 1 Electric Cooperative, Inc.
(NEECO II – Area I)



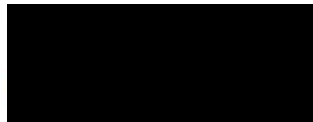
MEETING MINUTES

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Page : 17 of 30



ISIDRO E. CACHO, JR. (Mar 1, 2023 17:56 GMT+8)

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 A – Overview of Urgent Proposal

PROPOSED AMENDMENTS TO IMPLEMENT PREFERENTIAL DISPATCH OF ALL RENEWABLE ENERGY RESOURCES

Presentation to Rules Change Committee

Day Month Year | Meeting Venue



2

THE PROPONENT

- The proponent is the Independent Electricity Market Operator of the Philippines, Inc. (IEMOP)
- IEMOP is the Market Operator of the WESM and the Central Registration Body for the RCOA, GEOP, and Retail Aggregation Program.

ANNEX A – Overview of Urgent Proposal

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OUTLINE

- | | |
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| 01 | ACTION REQUESTED |
| 02 | BACKGROUND |
| 03 | OVERVIEW OF PROPOSED AMENDMENTS |
| 04 | OVERVIEW OF PREFERENTIAL DISPATCH IMPLEMENTATION
BASED ON PROPOSED AMENDMENTS |
| 05 | OTHER RELEVANT MATTERS |

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ACTION REQUESTED

- For approval of the proposed urgent amendments

ANNEX A – Overview of Urgent Proposal

BACKGROUND

INPUT SUBTEXT IF NECESSARY.
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LEGAL BASIS

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2008	<p>[REPUBLIC ACT No. 9513]</p> <p>AN ACT PROMOTING THE DEVELOPMENT, UTILIZATION AND COMMERCIALIZATION OF RENEWABLE ENERGY RESOURCES AND FOR OTHER PURPOSES</p>	<p>Republic Act No. 9513 – Renewable Energy Act</p> <ul style="list-style-type: none"> Qualified and registered RE generating units with intermittent RE resources shall be given preference in the dispatch schedule
2015	<p>DEPARTMENT CIRCULAR NO. <u>DC2015-03-0001</u></p> <p>PROMULGATING THE FRAMEWORK FOR THE IMPLEMENTATION OF MUST DISPATCH AND PRIORITY DISPATCH OF RENEWABLE ENERGY RESOURCES IN THE WHOLESALE ELECTRICITY SPOT MARKET</p>	<p>DOE DC No. DC2015-03-0001 – Framework for Preferential Dispatch</p> <ul style="list-style-type: none"> Must dispatch: solar, wind, run-of-river, ocean energy, whether FIT or non-FIT Priority dispatch: biomass FIT-only
2016	<p>DEPARTMENT CIRCULAR NO. <u>DC2016-01-0002</u></p> <p>ADOPTING FURTHER AMENDMENTS TO THE WESM RULES (Provisions for the Must Dispatch and Priority Dispatch Generating Units)</p>	<p>DOE DC No. DC2016-01-0002 – WESM Rules Amendments</p> <ul style="list-style-type: none"> Introduced amendments to the WESM Rules for implementation of preferential dispatch
2017	<p>DEPARTMENT CIRCULAR NO. <u>DC2017-03-0002</u></p> <p>ADOPTING THE VARIOUS WHOLESALE ELECTRICITY SPOT MARKET (WESM) MANUALS AND THEIR FURTHER AMENDMENTS FOR THE IMPLEMENTATION OF MUST DISPATCH AND PRIORITY DISPATCH GENERATING UNITS IN THE WESM</p>	<p>DOE DC No. DC2017-03-0002 – WESM Manual Amendments</p> <ul style="list-style-type: none"> Introduced amendments to the WESM Manuals for implementation of preferential dispatch
2022	<p>DEPARTMENT CIRCULAR NO. <u>DC2022-10-0031</u></p> <p>DECLARING ALL RENEWABLE ENERGY RESOURCES AS PREFERENTIAL DISPATCH GENERATING UNITS IN THE WHOLESALE ELECTRICITY SPOT MARKET AMENDING FOR THIS PURPOSE DEPARTMENT CIRCULAR NO. DC2015-03-0001</p>	<p>DOE DC No. DC2022-10-0031 – Declaring All RE Resources as Preferential Dispatch Generating Units</p> <ul style="list-style-type: none"> Geothermal and impounding hydro can now opt to avail priority dispatch

ANNEX A – Overview of Urgent Proposal

DC2022-10-0031

SALIENT PROVISIONS

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Section 3. Must Dispatch and Priority Dispatch, Defined. The definitions of Must Dispatch and Priority Dispatch, are hereby amended as follows:

- a. **"Must Dispatch"** is facilitated in the WESM for qualified and registered intermittent or variable RE-based plants, which include wind, solar, run-of-river hydro, and ocean energy power plants, according to the preference in the dispatch schedule whenever generation is available, pursuant to Section 20 of the RE Act.
- b. **"Priority Dispatch"** means giving the option or preference to all qualified and registered RE plants that are not Must Dispatch such as biomass, geothermal, and impounding hydro plants to enjoy preferential dispatch in the WESM, taking into consideration their contractual obligations with their respective customers.

Section 4. Priority Dispatch of Impounding Hydro Plants. The grant of Priority Dispatch status to impounding hydro plants, currently categorized as scheduled plants in the WESM, shall be at the option of the RE developer with due consideration to grid security and reliability, and its contractual obligations.

DC2022-10-0031

RESPONSIBILITIES

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Market Operator

- Propose amendments to WESM Rules and Manuals
- Formulate procedures for qualification and registration of Preferential Dispatch plants
- Conduct information campaigns on the implementation of Preferential Dispatch
- Report the annual compliance of RE plants in the FAS
- Jointly with SO, implement technical mitigation measures and improvements in the system to ensure security and reliability of the transmission system
- Regularly review, assess, and update the WESM Rules and Manuals

ANNEX A – Overview of Urgent Proposal

OVERVIEW OF PROPOSED AMENDMENTS

INPUT SUBTEXT IF NECESSARY.
DELETE IF NOT NEEDED.



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RATIONALE FOR PROPOSED AMENDMENTS

- To comply with responsibilities under DC2022-10-0031 to propose market rules and manual amendments
- To clarify implementation guidelines for preferential dispatch of all RE resources

ANNEX A – Overview of Urgent Proposal

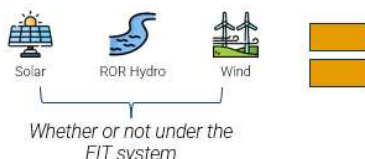
OVERVIEW OF PROPOSED AMENDMENTS

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A) Update definition of Priority Dispatch

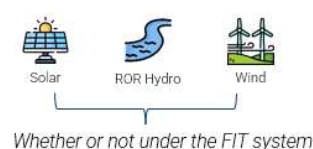
MUST DISPATCH

Preference to qualified and registered intermittent RE-based plants, whether or not under FIT system, such as wind, solar, run-of-river hydro, or ocean energy, according to the preference in the dispatch schedule whenever generation is available.



MUST DISPATCH

Preference to qualified and registered intermittent or variable RE-based plants, which include wind, solar, run-of-river hydro, or ocean energy, according to the preference in the dispatch schedule whenever generation is available.



PRIORITY DISPATCH

Preference to biomass plants, under the FIT system, in the dispatch schedule.



PRIORITY DISPATCH

Option or preference to all qualified and registered RE plants that are not Must Dispatch such as biomass, **geothermal and impounding hydro plants** to enjoy preferential dispatch in the WESM



Rationale:
To be consistent with Section 3 of DC2022-10-0031

- Upon classification as priority dispatch, a generating unit shall comply with all provisions in the WESM rules and manuals that are applicable to priority dispatch generating units such as registration, scheduling, dispatch and compliance monitoring provisions, among others
- Generating units opting to register as must-dispatch or priority-dispatch generating units that have contractual obligations shall be responsible for managing their submission of projected outputs to consider contractual obligations
- The same compliance standards shall be adopted subject to further amendment by PEMC

OVERVIEW OF PROPOSED AMENDMENTS

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B) Applicable Registration Categories



 Energy Only

- Shall register as a must-dispatch generating unit but may, at its option, register as a scheduled generating unit or non-scheduled generating unit

- Shall register as a priority-dispatch generating unit but may, at its option, register as a scheduled generating unit or non-scheduled generating unit

 Energy + Reserve
 Reserve Only

- N/A

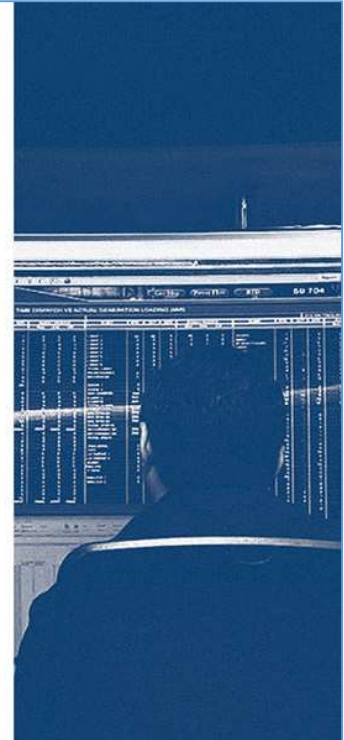
- Shall register as a scheduled generating unit

Rationale:

- Registration as must-dispatch or priority-dispatch is in accordance with DC2022-10-0031
- AS Providers should be registered as scheduled generating units in view of the principles of co-optimizing its energy and reserve capacities through market offers for the upcoming reserve market.

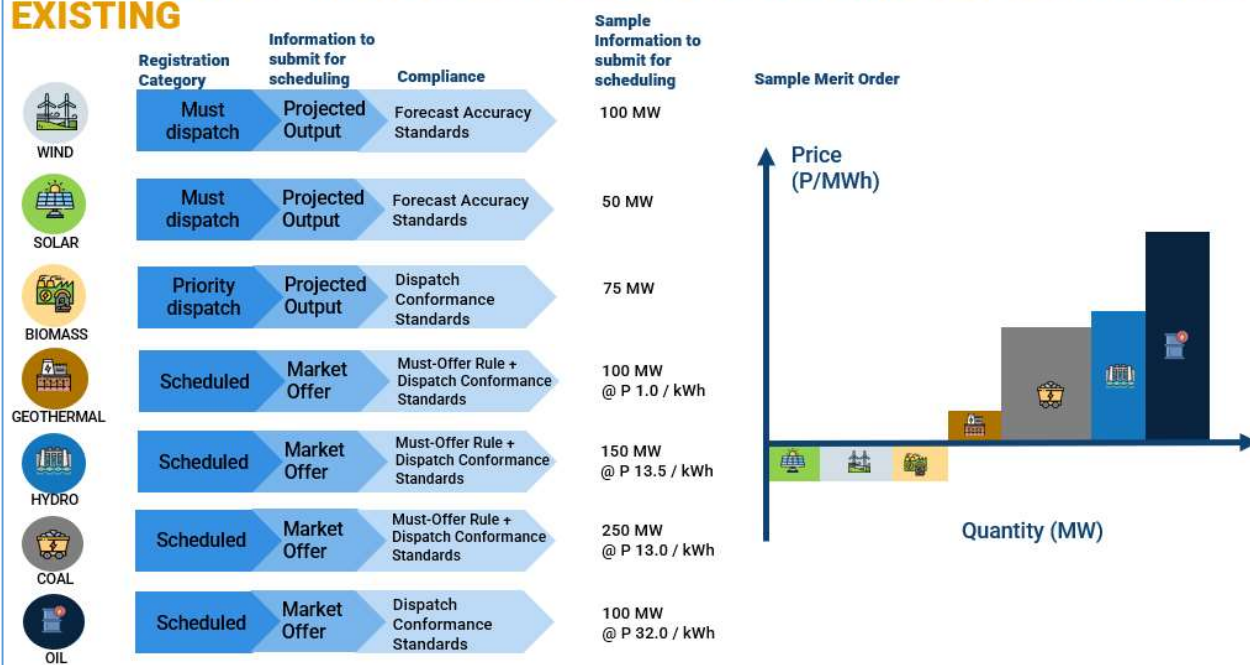
ANNEX A – Overview of Urgent Proposal

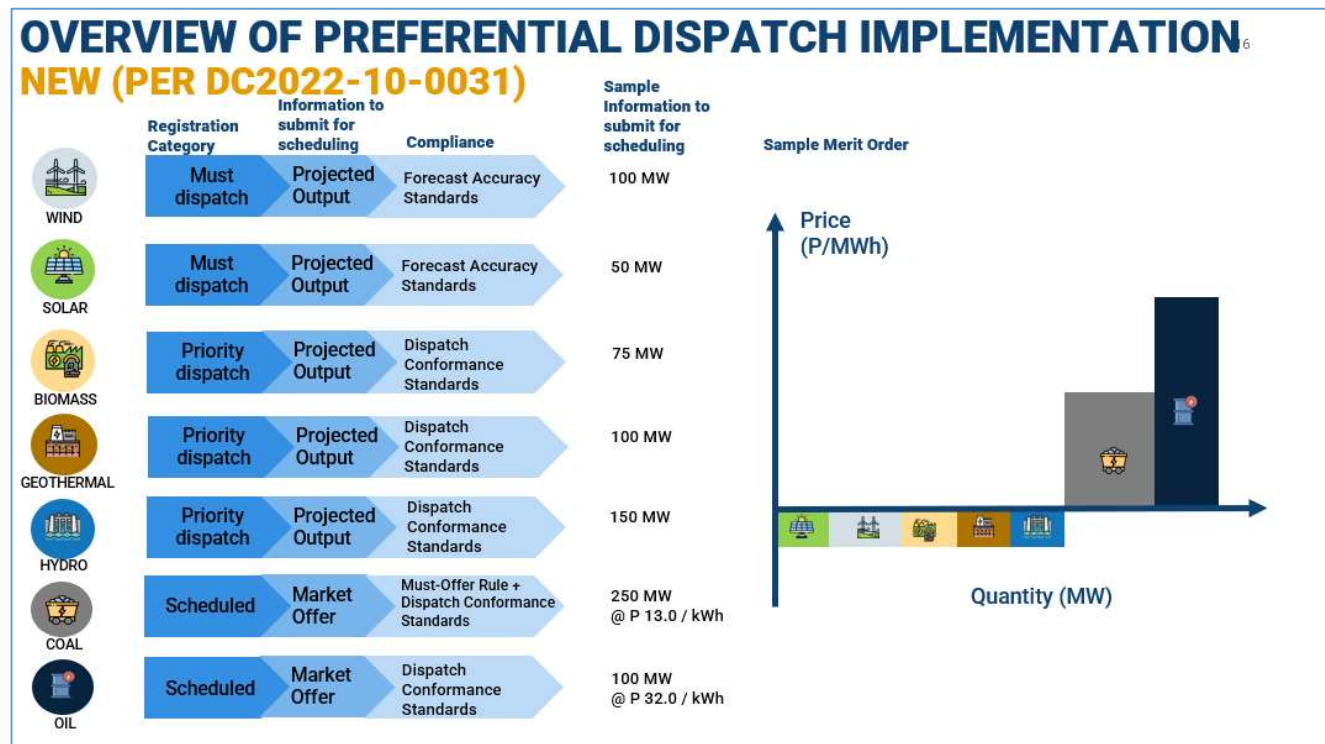
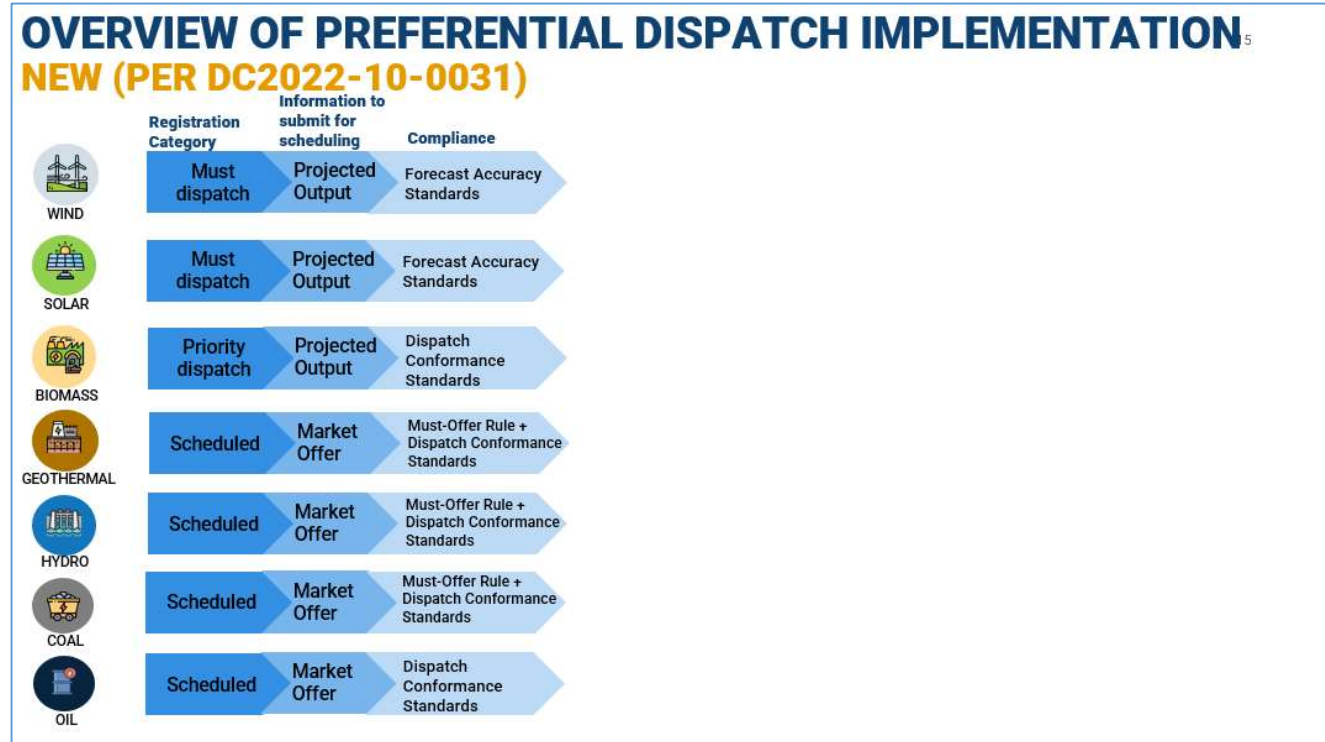
OVERVIEW OF PREFERENTIAL DISPATCH IMPLEMENTATION BASED ON PROPOSED AMENDMENTS



OVERVIEW OF PREFERENTIAL DISPATCH IMPLEMENTATION⁴

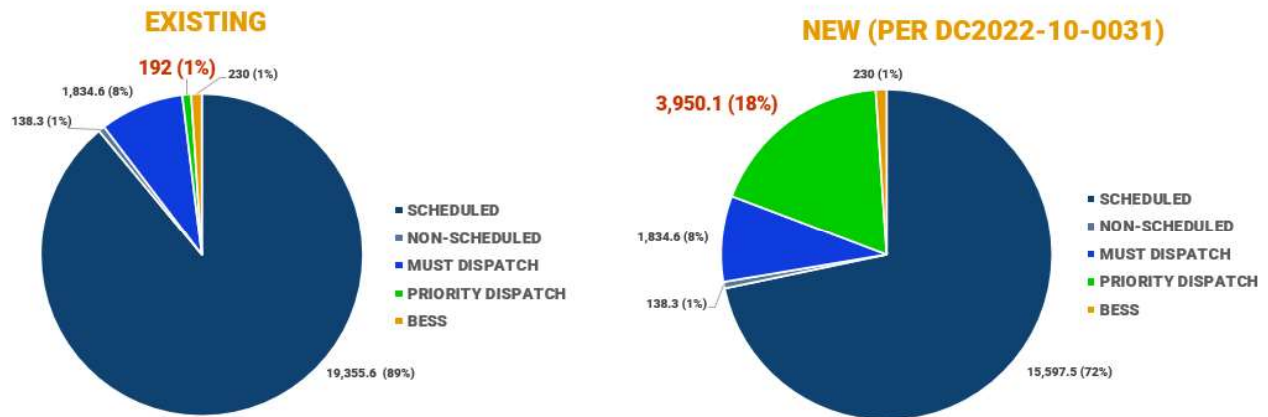
EXISTING



ANNEX A – Overview of Urgent Proposal

ANNEX A – Overview of Urgent Proposal

OVERVIEW OF PREFERENTIAL DISPATCH IMPLEMENTATION⁷ STATISTICS ON PREFERENTIAL DISPATCH GENERATING UNITS



Based on WESM Registration Data as of 05 December 2022

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OTHER RELEVANT MATTERS

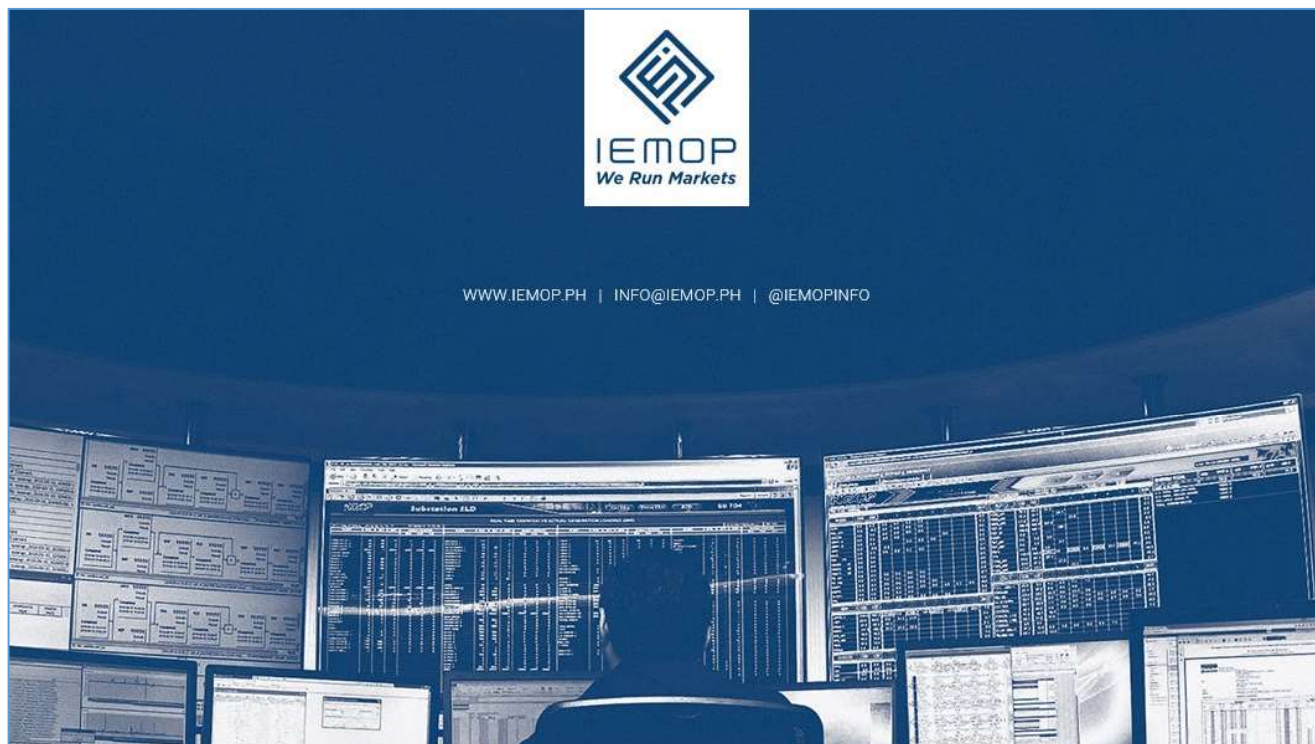
- None

ANNEX A – Overview of Urgent Proposal

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ACTION REQUESTED

- For approval of the proposed urgent amendments



ANNEX B – Matrix of Proposed Amendments

WESM Rules					
Title	Section	WESM Rules as of 25 Nov 2022	Proposed Amendment	Rationale	RCC DECISION
WESM Rules	2.3.1.5	A generating unit or group of generating units connected at a common connection point that is intermittent renewable energy resource-based, whether or not under the Feed-In Tariff system, such as wind, solar, run-of-river hydro or ocean energy with the corresponding DOE certification shall be classified as a must dispatch generating unit, but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4.	A generating unit or group of generating units connected at a common connection point that is intermittent renewable energy resource-based, whether or not under the Feed-In Tariff system, such as wind, solar, run-of-river hydro or ocean energy with the corresponding DOE certification shall be classified as a must dispatch generating unit, but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4.	Clerical correction.	Adopted
WESM Rules	2.3.1.6	A generating unit or group of generating units connected at a common connection point that uses biomass as fuel, that is under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance shall be classified as a priority dispatch generating unit, but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4.	A generating unit or group of generating units connected at a common connection point that uses <u>geothermal energy or biomass as fuel, or is an impounding hydro plant</u> , that is whether or not under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance shall be classified as a priority dispatch generating unit <u>on the condition that it is not providing ancillary services</u> , but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4.	In compliance to DOE DC2022-10-0031, but with consideration that it is not providing ancillary services.	Adopted Atty. Anosan's recommended amendments, for consistency with wording on the DOE Circular: <i>A generating unit or group of generating units connected at a common connection point that <u>are qualified RE plants that are not must dispatch, such as those using either geothermal energy or biomass as fuel or is an impounding hydro plant and is not providing ancillary services or registered as Ancillary Services Provider</u>, but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4.</i>

ANNEX B – Matrix of Proposed Amendments

WESM Rules					
Title	Section	WESM Rules as of 25 Nov 2022	Proposed Amendment	Rationale	RCC DECISION
WESM Rules	Glossary	Priority Dispatch. Preference to biomass plants under the Feed-In Tariff System in the dispatch schedule pursuant to Section 7 of the Renewable Energy Act. (Added per DOE DC No. 16-01-0002 dated 12 January 2016)	Priority Dispatch. <u>Option or Preference to all qualified and registered renewable energy plants that are not eligible for Must Dispatch such as biomass, geothermal, and impounding hydro plants under the Feed-In Tariff System</u> in the dispatch schedule pursuant to Section 7 of the Renewable Energy Act. (Added Revised per DOE DC No. 16-01-0002 dated 12 January 2016 2022-10-0031 dated 05 October 2022)	In view of DOE DC2022-10-0031.	Adopted Atty. Anosan's recommended amendments, for consistency with wording on the DOE Circular and to retain parenthetical phrase indicating previous DOE circulars: <i>Priority Dispatch. <u>Option or Preference to all qualified and registered renewable energy plants that are not eligible for Must Dispatch such as biomass, geothermal, and impounding hydro plants under the Feed-In Tariff System</u> in the dispatch schedule pursuant to Section 7 of the Renewable Energy Act.</i>
WESM Rules	Glossary	Projected Output. The loading level nominated by a <i>Generation Company</i> for its <i>must dispatch generating units</i> or <i>priority dispatch generating units</i> indicating the forecasted output of its <i>must dispatch generating unit</i> or <i>priority dispatch generating unit</i> at the end of a <i>dispatch interval</i> .	Projected Output. The loading level nominated by a <i>Generation Company</i> for its <i>must dispatch generating units</i> or <i>priority dispatch generating units</i> indicating the forecasted output of its <i>must dispatch generating unit</i> or <i>priority dispatch generating unit</i> at the end of a <i>dispatch interval</i> . <u>In the case of geothermal or impounding hydro plant which is classified as priority dispatch generating unit, projected output shall refer to its maximum available capacity, as defined in WESM Rules or Market Manual.</u>		Adopted PEMC-ECO's proposed amendment to the definition of projected output.

ANNEX B – Matrix of Proposed Amendments

WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures Issue 12.1					
Title	Section	Original Provision	Proposed Amendment	Rationale	RCC DECISION
Registration Manual	2.5.4.1	<p>a) An Applicant wishing to register as Generation Company shall, upon application, classify each of the generating unit or group of generating units which form part of the generating system it owns or operates or controls or from which it otherwise sources electricity as either –</p> <p>xxx</p> <p>(iv) A priority dispatch generating unit for a generating unit or group of generating units connected at a common connection point that uses biomass as fuel, that is under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance issued by the ERC. However, the Generation Company may also elect to have such unit/s classified as scheduled generating unit/s or non-scheduled generating unit/s subject to this Section.</p>	<p>a) An Applicant wishing to register as Generation Company shall, upon application, classify each of the generating unit or group of generating units which form part of the generating system it owns or operates or controls or from which it otherwise sources electricity as either –</p> <p>xxx</p> <p>(iv) A priority dispatch generating unit for a generating unit or group of generating units connected at a common connection point that uses geothermal energy or biomass as fuel, or is an impounding hydro plant, that is whether or not under the Feed-In Tariff system, with the corresponding Feed-In Tariff Certificate of Compliance issued by the ERC on the condition that it is not providing ancillary services. However, the Generation Company may also elect to have such unit/s classified as scheduled generating unit/s or non-scheduled generating unit/s subject to this Section.</p>		<p>Adopted Atty. Anosan's recommended amendments, for consistency with wording on the DOE Circular:</p> <p><i>A priority dispatch generating unit for a generating unit or group of generating units connected at a common connection point that <u>are qualified RE plants that are not must dispatch, such as those using either geothermal energy or biomass as fuel or is an impounding hydro plant and is not providing ancillary services or registered as Ancillary Services Provider</u>, but may at its option be classified as a scheduled generating unit or a non-scheduled generating unit subject to Clause 2.3.1.4. However xxx</i></p>