

<b>MINUTES OF THE RULES CHANGE COMMITTEE 137<sup>th</sup> REGULAR MEETING (No. 2018-01)</b>	
<b>Meeting Date &amp; Time:</b>	02 February 2018, 9:00 AM to 11:00 AM
<b>Meeting Venue:</b>	19/F Conference Room, Robinsons Equitable Tower, Ortigas Center, Pasig City
<b>Attendance List</b>	
<b>In-Attendance</b>	<b>Not In-Attendance</b>
<b>Rules Change Committee</b>	
<b>Principal Members:</b>	
Maila Lourdes G. de Castro, Chairperson – Independent	Ciprinilo C. Meneses – Distribution (MERALCO)
Francisco Leodegario R. Castro, Jr. – Independent	Juanito O. Tolentino, Jr. – Distribution (MECO)
Concepcion I. Tanglao – Independent	Ludovico D. Lim – Distribution (ANTECO)
Allan C. Nerves–Independent	Ambrocio R. Rosales – System Operator (NGCP)
Abner B. Tolentino – Generation (PSALM)	
Jose Ildebrando B. Ambrosio – Generation (Northwind)	
Jose P. Santos –Distribution (INEC)	
Lorreto H. Rivera – Supply (TPEC)	
Isidro E. Cacho – Market Operator (PEMC)	
<b>Other attendees:</b>	
<b>PEMC – Legal</b>	
Sheryll M. Dy	
<b>PEMC – Trading and Operation</b>	
Edward I. Olmedo	
Jonathan B. Dela Vina	
<b>PEMC – Market Assessment Group (MAG)</b>	
Carlito C. Claudio	
Geraldine A. Rodriguez	
Divine Gayle C. Cruz	
Aldjon Kenneth M. Yap	

**DOE Observers**

Ferdinand B. Binondo  
Ann Margaret Andres  
Ryan Joseph Villadiego

1 There being a quorum, Chairperson Maila Lourdes G. de Castro called the meeting to order at  
2 around 9:00 AM. The RCC then reviewed the proposed agenda and agreed to adopt the same  
3 as presented.

**4 1. Review of the Minutes of the Previous Meeting**

5 The RCC reviewed the Minutes of the 136<sup>th</sup> RCC Meeting held on 08 December 2017. The  
6 Secretariat informed the RCC that clarifications on the minutes were received from Atty. de  
7 Castro, which were responded to by the Secretariat through email as follows:

- 8
- 9 • On the provision regarding the procedures to be observed in assessing an urgent  
10 proposal, Atty. De Castro inquired if the word “electronic” in the proposed provision that  
11 states “the Rules Change Committee shall assess the proposal via **electronic** or similar  
12 medium” referred to electronic mail. The Secretariat responded that electronic does not  
13 refer to electronic email only as the discussion by the RCC to assess if a proposal qualified  
14 as an urgent amendment may be done not only through email but such other forms  
15 such as video or telephone conference.  
16
  - 17 • On the provision requiring the RCC to convene within forty eight (48) hours upon  
18 assessment that a proposal qualifies as an urgent amendment, Atty. De Castro inquired if  
19 the RCC has already discussed the procedures in case there is no quorum. The  
20 Secretariat responded that those cases have not been discussed yet. Atty. De Castro then  
21 recommended for the same to be included in the RCC Internal Rules. Further Atty. De  
22 Castro requested for the latest version of the said internal rules to be transmitted to the  
23 RCC, for its reference.  
24

25 On lines 30-32 of the minutes which provide that the assessment shall solely be done via  
26 electronic or similar medium, Ms. Concepcion I. Tanglao inquired whether the term “solely”  
27 really mean that it will be to the exclusion of other means of assessment, as this is what it  
28 implies. Atty. De Castro recalled that the context of the discussion during the previous meeting  
29 was that the RCC was not required to convene just to assess whether a proposal was urgent  
30 or not and that this procedure may be done through email. She further recognized that the  
31 approved provision does not limit the RCC from using other means of communication for the  
32 assessment. In such case, the term “solely” may be omitted.  
33

34 There being no further comments from the RCC, the Minutes of the 136<sup>th</sup> RCC Meeting held  
35 on 08 December 2017 was approved as discussed.

## 36 **2. Business Arising from Previous Meetings**

### 37 **2.1. 2018 RCC Work Plan**

38 Atty. De Castro led the finalization of the 2018 RCC Work Plan. The highlights of the  
39 discussion are as follows:

- 40 ✓ On the Rules Changes necessary for the transition to an Independent Market  
41 Operator, Mr. Isidro E. Cacho, Jr. informed the RCC that as required by DOE  
42 Department Circular No. 2018-01-0002, PEMC shall submit the necessary  
43 amendments to the WESM Rules and Market Manuals related to the said transition by  
44 February 2018;
- 45 ✓ On the Rules Changes identified for submission as part of the requisites for transition  
46 to an IMO status, Mr. Cacho stated that PEMC targets the first quarter of 2018 for the  
47 submission of the following:
  - 48 1. Rules Changes on the Exclusion of Contestable Customers in Registering as  
49 Indirect / Direct WESM Members and Establishment of process for their  
50 mapping through their Retail Electricity Suppliers (RESEs) and Representation  
51 of RESEs in the WESM Model/ Operations;
  - 52 2. Rules Changes as required by Renewable Energy Market, Renewable  
53 Portfolio Standards and Green Energy Option Program; and
  - 54 3. Rules Changes as required by Implementation of WESM Mindanao.
- 55 ✓ On the Rules Changes as required for the Reserve Market, Mr. Cacho stated that the  
56 submission is dependent on the approval by the Energy Regulatory Commission of  
57 the Price Cost Recovery Mechanism (PCRM) and the on-going coordination with  
58 PEMC and the National Grid Corporation of the Philippines (NGCP);
- 59 ✓ On the Rules Changes as required to Address Operational Audit Findings, Ms.  
60 Geraldine A. Rodriguez stated that the audit has already concluded and the report  
61 shall be available by February 2018. Mr. Cacho then recommended for the target  
62 submission to be set at second quarter of 2018;
- 63 ✓ On the proposed amendments initially marked as carried-over activities from the 2017  
64 RCC Work Plan, Atty. De Castro suggested including further details in the work plan  
65 as some of these proposals have already been deliberated upon by the RCC but were  
66 either remanded by the PEM Board or were requested to be deferred by the proponent.  
67  
68  
69  
70

71 Considering this, the following details were recommended to be reflected in the  
72 activities, as applicable:

- 73
- 74 1. Date of submission to the RCC;
  - 75 2. Date of deliberation/s by the RCC;
  - 76 3. Description of the proposal; and
  - 77 4. Reason for remanding/deferment;
- 78

79 ✓ On the proposed amendments to the: (1) WESM Manual on Metering Standards and  
80 Procedures regarding MSP Performance Rating; and (2) WESM Manual on  
81 Registration, Suspension and De-Registration Criteria and Procedures which were  
82 remanded by the PEM Board to the RCC and PEMC, Mr. Cacho stated that PEMC  
83 shall provide feedback to the process owners and likewise request for a proposed  
84 timeline for submission of the revised proposals. Atty. De Castro inquired if it would be  
85 necessary for the RCC to write a formal letter to the concerned departments. Mr.  
86 Cacho answered that an e-mail reminding the involved departments would already  
87 suffice;

88

89 ✓ On the proposed amendments which were included in the 2017 RCC Work Plan but  
90 were not submitted by the proponent, Atty. De Castro recommended for the same to  
91 not be categorized as carried-over activities since no submission has been done by  
92 the proponent. She further recommended to provide a timeline when the proponent  
93 proposes to submit its proposal and tasked the Secretariat to follow-up with the  
94 process owners regarding the target timelines of the activities.

95

96 Mr. Cacho informed the RCC that PEMC may request for a review of the RCC 2018 Work  
97 Plan in the middle of the year since there may be rules changes which may emanate from  
98 the on-going certification audit of various systems to be utilized by the Market Operator.  
99 The RCC noted the information.

100

101 There being no other matters left for discussion, the RCC agreed on the amended 2018  
102 RCC Work Plan to be submitted to the PEM Board subject to inclusion of the target  
103 timelines for the remanded proposals.

104

105 *Please find the attached Annex A. 2018 RCC Work Plan*

106

<b>Agreements/Action Plans</b>
<p>The RCC agreed as follows:</p> <ol style="list-style-type: none"><li>1. For the amended 2018 RCC Work Plan to be submitted to the PEM Board subject to the inclusion of the target timelines for the remanded proposals; and</li></ol>

**Agreements/Action Plans**

2. For the Secretariat to follow-up with the process owners regarding the target timelines of the activities

107 **2.2. Proposed Amendments to the WESM Rules and Market Manuals on the**  
108 **Participation of Non-Generator Resources and Pumped-Storage Units in the WESM**  
109 **(proposal from the Technical Committee)**

110 Mr. Aldjon Kenneth M. Yap, as part of the Technical Committee's (TC) Secretariat,  
111 presented the TC's proposal for the amendment of the WESM Rules and relevant Market  
112 Manuals in order to provide the framework for the participation of Non-Generator  
113 Resources (NGR) and Pumped Storage Units (PSU) in the WESM.

114 As a background, Mr. Yap informed the RCC that the proposal to initiate rules changes  
115 emanated from the TC's recommendations in its study on the participation of Battery  
116 Energy Storage Systems (BESS) in the WESM which was published in January 2017. The  
117 TC then developed its proposal in coordination with PEMC through several meetings from  
118 March 2017 to January 2018.

119  
120 Mr. Yap then provided the highlights of the proposed amendments, which specifically  
121 intend to lay-out the necessary changes regarding the registration, categorization,  
122 submission of offers, and modelling of NGRs and PSUs, as follows:

**WESM Rules**

- 123  
124  
125  
126 1. NGRs and PSUs are proposed to be categorized under Generation Company in  
127 consideration that they shall also be submitting offers. Also, new types of  
128 resources (aside from Gen and Load) can now be defined in the New Market  
129 Management System. To add, NGRs can start from a negative quantity.  
130 Subsequently, relevant clauses are proposed to be amended to include NGRs and  
131 PSUs as new categorizations under Generation Company;
- 132  
133 2. Clause 2.3.1.11 under *Generation Company* is proposed to be added to require  
134 NGRs and PSUs to observe the dispatch conformance standards when operating  
135 as a generator;
- 136  
137 3. Clauses 3.5.5.2, 3.5.5.3 under *Generation Offers and Data* and the Appendices  
138 are proposed to be amended to provide offer requirements for NGRs and PSUs;
- 139

140 4. Terms used in the WESM Rules are recommended to be redefined to cover all  
141 types of offers in the WESM; and

142  
143 5. NGR, PSU and BESS are to be defined in the glossary of the WESM Rules.  
144

#### **Dispatch Protocol Manual**

146  
147 1. Section 6.9.3 under *Format and Contents of Submissions* is proposed to be added  
148 to provide the information required for the NGRs when submitting offers;  
149

150 2. Minor amendments are introduced in Sections 10.1.2 and 10.4.1 under *Merit Order*  
151 *Table* for clarity; and  
152

153 3. Global changes on the terminologies in the manual are proposed on the relevant  
154 provisions for consistency with the changes to the WESM Rules.  
155

#### **Market Network Model Manual**

156  
157  
158 1. Sections 4.1.3 and 4.4.1 under *Market Network Model Development* are proposed  
159 to be amended to include NGRs and PSUs;

160  
161 2. Sections 4.4.4 and 4.4.5 under *Market Network Model Component and Modeling*  
162 are proposed to be added to provide representation of NGRs and PSUs;  
163

164 3. Descriptions and classifications for NGR and PSU nodes are proposed to be  
165 included on Section 6 – *Market Trading Nodes*; and  
166

167 4. Section 6.3.2 is proposed to be revised to generalize the provision  
168

#### **Registration Manual**

169  
170  
171 1. NGR and PSU are proposed to be added in Section 2.5.4.1 which provides for  
172 generating unit classification;  
173

174 2. Section 2.5.4.4 – *Generator Registered Capacities* is proposed to be amended to  
175 include requirements for intending BESS facilities to become WESM Members;  
176 and  
177

178 3. Minor amendments on the terminology of the Market Manual are introduced to  
179 cover all participating facilities and generating systems in the WESM.

180 After the presentation, the RCC approved the publication of the proposal, as submitted,  
181 in the market information website, to solicit comments from Market Participants and  
182 stakeholders.

<b>Agreements/Action Plans</b>
<p>The RCC approved the publication of the proposal, as submitted, in the market website, to solicit comments from Market Participants and stakeholders.</p>

183 **3. New Business**

184 **3.1. Preliminary Presentation on PEMC's Rules Change Proposals for 2018**

185 Mr. Jonathan B. Dela Vina from PEMC – Corporate Planning and Communications  
186 Department (PEMC – CPC) presented a briefer on the two sets of proposals to be  
187 submitted to the RCC in 2018, as follows:

188 *(a) Transitory Provisions Prior to the Integration of WESM Mindanao*

189 The proposed amendments to be submitted by PEMC consider the absence of  
190 physical power flows between the Visayas and Mindanao grids for the first two to three  
191 years of the operation of WESM Mindanao, which is targeted by the end of 2018. This  
192 is also based on NGCP's timeline for completing the Visayas-Mindanao  
193 Interconnection by 2020.

194  
195 The proposed amendments aim to ensure that the Market Operator determines  
196 separately the settlement of Trading Participants between Luzon-Visayas and  
197 Mindanao considering the absence of physical interconnection. This means that the  
198 operation of WESM Mindanao will have no effect in the interim on Luzon-Visayas, or  
199 vice versa, as regards payment and collection.

200  
201 The separate settlement for Luzon-Visayas and Mindanao entails separating the  
202 determination of prices, quantities and allocations between the two regions. Revisions  
203 will thus be proposed in relation to the following:

- 204  
205
- 206     ▪ Administered Pricing
  - 207     ▪ Application of Secondary Cap
  - 208     ▪ Net Settlement Surplus Allocation
  - 209     ▪ Generation Mix Ratio Calculation for VAT
  - 210     ▪ Payment and Collection
  - Billing Accounts

211  
212 For the payment and collection, Mr. Dela Vina explained that some participants may  
213 be operating in three (3) grids. In order to implement a separate settlement for  
214 Mindanao participants, PEMC proposed to introduce the “Billing Accounts” which will  
215 be assigned for Mindanao resources and others will be for Luzon/Visayas resources.

216  
217 PEMC emphasized that no changes will be made for both regions as regards the  
218 following:

- 219
- 220 ▪ Normal Pricing
  - 221 ▪ Price Substitution Methodology
  - 222 ▪ Trading Amounts
  - 223 ▪ Other processes (offer price cap/floor, compliance standards, report  
224 publications, and modelling)

225  
226 PEMC committed to submit the proposal to the RCC within February 2018.

227  
228 *Please find the attached Annex B. WESM Mindanao Provisions Prior to Integration*  
229

230 (b) *Proposed Amendments for the Addition of Wholesale Electricity Market Trader as*  
231 *Trading Participant Category*

232 PEMC will propose the addition of a new Trading Participant category, the Wholesale  
233 Electricity Market Trader (WEMT), referring to those entities with commercial  
234 arrangements but do not manage physical assets. These entities’ involvement in the  
235 market is essentially during settlement. The proposal aims to:

236 (i) minimize the unnecessary disclosure of commercially sensitive information  
237 between generation facilities or distribution utilities and their associated  
238 management companies (i.e., non-physical asset owning entity);

239 (ii) more accurately reflect actual commercial arrangements in the market data; and

240 (iii) enable wider level of competition in the market with the recognition of new TP  
241 category

242 On the presented case for Generators, Mr. Abner B. Tolentino inquired regarding the  
243 protocol for submitting offers to the WESM for generators having several stakeholders  
244 with different contracts and settlement to the WESM. Mr. Cacho explained that the  
245 arrangement shall be made between the companies sharing for the output of its  
246 affiliated facility. He further added that the proposal, in the present, tends to address  
247 only the settlements in the WESM although PEMC is also looking at possible

248 amendments regarding the protocol for submissions of bids and offers which may  
249 require changes to the market management system.

250 On the presented case for Distribution Utility, Atty. Jose Ildebrando B. Ambrosio  
251 inquired about cases where the management companies do not get enough  
252 information from the distribution utility that it is affiliated with. He further commented  
253 that WEMT is defined as an entity which has no registered physical assets, which may  
254 not be applicable to the company managing the distribution utility. Mr. Cacho explained  
255 that the proposal is applicable with Albay Power and Energy Corporation (APEC)  
256 because by definition it cannot be categorized as a customer. Mr. Tolentino further  
257 added that this may also be applicable for cases in Mindanao specifically for Cotabato  
258 Electric Cooperative, Inc. (COTELCO) – PPALMA, a spin-off company of COTELCO,  
259 which only borrows franchise facilities from COTELCO. He further added that the  
260 WESM only allows the registration of distribution utilities which have franchise  
261 facilities.

262  
263 *Please find the attached Annex C. Proposed Amendments for the Addition of Wholesale*  
264 *Electricity Market Trader as Trading Participant Category*

265 There being no other matters left for discussion, the RCC noted PEMC's presentation and  
266 shall just await the formal submission of the detailed rules change proposals.

#### 267 **4. Other Matters**

##### 268 **PEMC General Membership Meeting**

269 Mr. Cacho informed the RCC that there will be a forthcoming PEMC General Membership  
270 Meeting on 06 February 2018 at Marco Polo, Ortigas. The meeting will discuss the proposed  
271 Independent Market Operator Transition Plan as endorsed by the PEM Board and the DOE.  
272 The endorsement of the PEMC Members will then be undertaken via casting of their  
273 respective votes which will take place immediately after the said discussion.

274 The RCC noted the information.

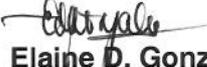
#### 275 **5. Next Meeting**

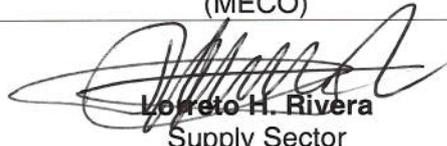
276 The RCC agreed to hold subsequent meetings on the following schedules:

- 277 • March 02, 2018
- 278 • April 06, 2018
- 279 • May 04, 2018

280 **6. Adjournment**

281 There being no other matters for discussion, the meeting was adjourned at around 11:00 AM.

<b>Prepared By:</b>	<b>Reviewed By:</b>	<b>Noted By:</b>
 <b>Aldjon Kenneth M. Yap</b>	 <b>Geraldine A. Rodriguez</b>	 <b>Elaine D. Gonzales</b>
<b>Analyst – Market Governance Administration Unit</b>	<b>Assistant Manager – Market Governance Administration Unit</b>	<b>Manager – Market Data and Analysis Division</b>
<b>Market Assessment Group</b>	<b>Market Assessment Group</b>	<b>Market Assessment Group</b>

Approved by: <b>RULES CHANGE COMMITTEE</b>  <b>Maila Lourdes G. de Castro</b> Chairperson Independent	
Members:	
 <b>Concepcion I. Tanglao</b> Independent	 <b>Francisco L.R. Castro, Jr.</b> Independent
 <b>Allan C. Nerves</b> Independent	 <b>Isidro E. Cacho, Jr.</b> Market Operator Philippine Electricity Market Corporation (PEMC)
<b>Ambrocio R. Rosales</b> Transmission Sector National Grid Corporation of the Philippines (NGCP)	 <b>Abner B. Tolentino</b> Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
<b>Jose Ildebrando B. Ambrosio</b> Generator Sector NorthWind Power Development Corp. (NorthWind)	<b>Ciprinilo C. Meneses</b> Distribution Sector (PDU) Manila Electric Company (MERALCO)
 <b>Jose P. Santos</b> Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)	<b>Juanito O. Tolentino, Jr.</b> Distribution Sector (PDU) Mactan Electric Company (MECO)
<b>Ludovico D. Lim</b> Distribution Sector (EC) Antique Electric Cooperative, Inc. (ANTECO)	 <b>Loreto H. Rivera</b> Supply Sector TeaM (Philippines) Energy Corporation (TPEC)

**2018 RCC Work Plan**

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/ Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
1	Proposed Amendments to the WESM Rules and Proposed Enforcement and Compliance Manual	PEMC and Market Surveillance Committee	WESM Rules, WESM Manual	<ul style="list-style-type: none"> <li>• Submitted on 06 December 2016</li> <li>• Deliberated on March, April, May, July and August 2017</li> </ul> <p><i>Description</i></p> <ul style="list-style-type: none"> <li>• To provide for the authority of PEMC and the PEM Board to investigate and impose sanctions to non-complying participants</li> <li>• <b>The proponent requested to defer endorsement to the PEM Board pending finalization of amendments to the WESM Penalty Manual</b></li> </ul>		

**2018 RCC Work Plan**

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/ Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
2	Proposed Amendments to the WESM Rules and Market Surveillance, Compliance and Enforcement Manual	Market Surveillance Committee	WESM Rules, WESM Manual	<ul style="list-style-type: none"> <li>• Submitted on 29 December 2016</li> <li>• Deliberated on March, May, and June 2017</li> </ul> <p><i>Description:</i> To set out the definitions of breaches and the procedures on compliance monitoring and enforcement actions</p> <ul style="list-style-type: none"> <li>• <b>The proponent requested to defer endorsement to the PEM Board pending finalization of amendments to the WESM Penalty Manual</b></li> </ul>		

**2018 RCC Work Plan**

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/ Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
3	Proposed Amendments to the WESM Manual on Metering Standards and Procedures regarding MSP Performance Rating	PEMC	WESM Manual	<ul style="list-style-type: none"> <li>• Submitted on 10 March 2016</li> <li>• Approved by the RCC on 10 November 2017 (RCC-RESO-17-10) in conjunction with other proposed amendments to the WESM Metering Manual</li> </ul> <p><i>Description:</i> Proposed New Computation of MSP Rating</p> <ul style="list-style-type: none"> <li>• Remanded by the PEM Board for further study to make performance measures on a per Market Participant basis per PEM Board Resolution No. 2017-35D (06 December 2017)</li> </ul>	Q1 2018	Q2 2018

**2018 RCC Work Plan**

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
4	Proposed Amendments to the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures	PEMC	WESM Manual	<ul style="list-style-type: none"> <li>• Submitted on 29 December 2016</li> <li>• Approved by the RCC on 19 May 2017 (RCC-RESO-17-06)</li> </ul> <p><i>Description:</i></p> <ul style="list-style-type: none"> <li>• To streamline procedures and address audit observations</li> <li>• To incorporate the treatment/modelling of embedded generation and generation monitoring (gross or net of station use)</li> </ul> <p>• Remanded by the PEM Board to the RCC and Market Operator for holistic review of the registration process and procedures PEM Board Resolution No. 2017-19 (18 September 2017)</p>	Q3 2018	Q4 2018

**2018 RCC Work Plan**

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/ Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
5	Proposed WESM Rules revision regarding reportorial requirements of the Daily Significant Variations Report	PEMC	WESM Rules, WESM Manual	<ul style="list-style-type: none"> <li>Proposed to be submitted by proponent in 2016</li> <li>Amendments to reflect that submission of a printed copy of the DSVR to the DOE, ERC, PEM Board, WESM Members and interested entities (Clause 1.3.1.5) is no longer necessary since said report is accessible to the public (i.e., report is published on a daily basis through WESM website).</li> <li>To remove requirement for CCs to directly register with the WESM and to propose that CCs' registration be through the RES counter-party</li> <li>To represent RESEs in the WESM Model/Operations and to revise settlement formula in consideration of RES transactions</li> </ul>	Q1 2018	Q2 2018
6	<ul style="list-style-type: none"> <li>Exclusion of Contestable Customers in Registering as Indirect / Direct WESM Members and Establishment of process for their mapping through their Retail Electricity Suppliers (RESEs)</li> <li>Representation of RESEs in the WESM Model/ Operations</li> </ul>	PEMC	WESM Rules, WESM Manual	<ul style="list-style-type: none"> <li>To remove requirement for CCs to directly register with the WESM and to propose that CCs' registration be through the RES counter-party</li> <li>To represent RESEs in the WESM Model/Operations and to revise settlement formula in consideration of RES transactions</li> </ul>	Q1 2018	Q2 2018

**2018 RCC Work Plan**

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/ Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
7	Proposed Amendments to Proposed Rules Changes to the WESM Rules, Retail Manual and PAC Market Manual	PEM Audit Committee	WESM Rules, WESM Manual	<ul style="list-style-type: none"> <li>• Currently being discussed by RESA with the PEMC Transition Committee</li> <li>• Proposed to be submitted by proponent in 2017</li> <li>• Proposed changes on audit provisions including the renaming of the PEM Auditor and Audit of Metering Arrangements audit title, frequency of audits, and inclusion of rules regarding MSP's compliance to metering installation requirements and rules providing for the review of all new market-related software and modifications to existing software implemented by the Market Operator (MO)</li> </ul>	Q1 2018	Q2 2018



**2018 RCC Work Plan**

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
8	Proposed Amendments to the WESM Rules and Market Manuals on the Participation of Non-Generator Resources and Pumped-Storage Units in the WESM	Technical Committee	WESM Rules, WESM Manual	as identified through the ICT Change Management Procedure.  • Proposed to be submitted by proponent in 2017 • In compliance with DOE Circular No. DC2015-10-0015; • subject to DOE policy and ERC guidelines on BES and other modes of operation in the WESM. Also on the ERC approval of the ASRS/ASPP	submitted on 29 January 2018	Q2 2018

2018 RCC Work Plan

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/ Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
9	Rules Changes as required by the Transition to Independent Market Operator	PEMC	WESM Rules, WESM Manuals	Amendments to clauses in the WESM Rules related to Governance and to the WESM Registration Manual	Q1 2018	Q2 2018
10	Rules Changes as required to Address Operational Audit Findings	PEMC	WESM Rules, WESM Manuals	Amendments to the WESM Manuals on Registration, Dispatch Protocol, Billing and Settlement, Metering	Q2 2018	Q3 2018
11	Rules Changes as required by Renewable Energy Market, Renewable Portfolio Standards and Green Energy Option Program	PEMC	WESM Rules, WESM Manuals	<ul style="list-style-type: none"> <li>Amendments to the WESM Manuals on Registration, Billing and Settlement and Metering</li> <li>New Manual on RPS/RE Market</li> </ul>	Q2 2018	Q3 2018
12	Rules Changes as required by Implementation of WESM Mindanao	PEMC	WESM Rules, WESM Manuals	<ul style="list-style-type: none"> <li>Amendments to the WESM Rules and WESM Manuals on Registration, Billing and Settlement and Metering</li> <li>Amendments related to the treatment of transactions in WESM Mindanao</li> </ul>	Q1 2018	Q2 2018
13	Rules Changes on the Participation of Wholesale Traders in the WESM	PEMC	WESM Rules, WESM Manuals	Amendments to the WESM Rules and WESM Manuals	Q1 2018	Q2 2018

**2018 RCC Work Plan**

Item	Proposed Amendment	Proponent	Deliverables (WESM Rules/ Retail Rules/ WESM Manual/ Retail Manual)	Description/Remarks	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
				on Registration, Billing and Settlement and Metering		
14	Rules Changes as required by the Certification Audit of New Market Management System, CRSS	PEMC	WESM Rules, WESM Manuals	After the completion of the Certification Audit (June 2018)  <ul style="list-style-type: none"> <li>• Amendments to the WESM Rules and WESM Manual on Dispatch Protocol and new Manual on Ancillary Services</li> <li>• Proposal depends on the approval of the ERC of the Pricing Cost Recovery Mechanism</li> </ul>	2018	2018
15	Rules Changes as required by the Reserve Market	PEMC	WESM Rules, WESM Manuals		2018	2018

  
Philippine Electricity  
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# WESM MINDANAO PROVISIONS PRIOR TO INTEGRATION

**FEBRUARY 2018**

## BACKGROUND



Luzon-Visayas  
Interconnection  
(existing)

Visayas-Mindanao  
Interconnection  
(Dec 2020)

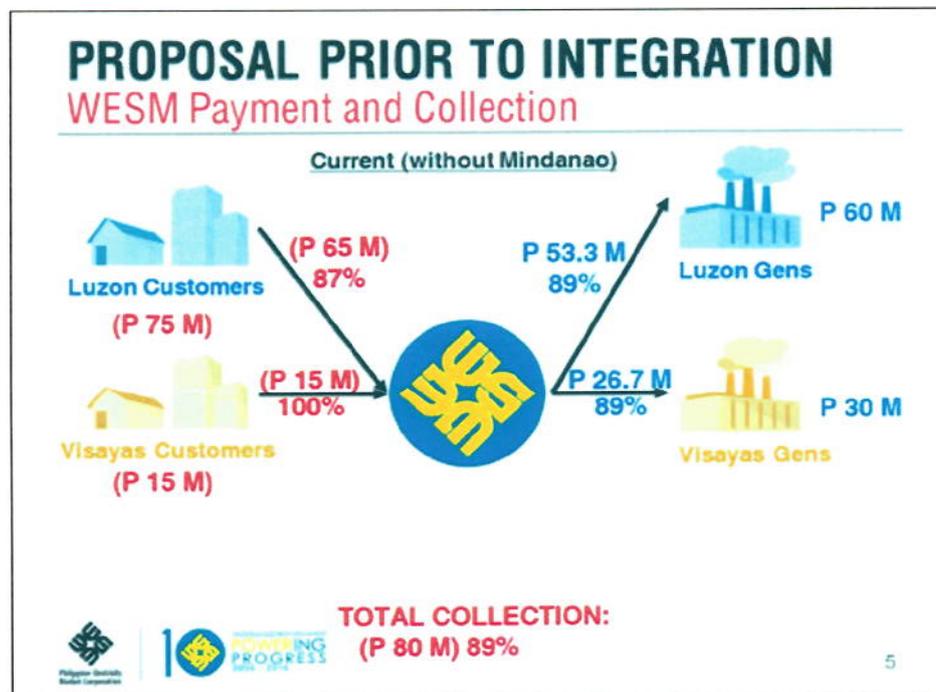
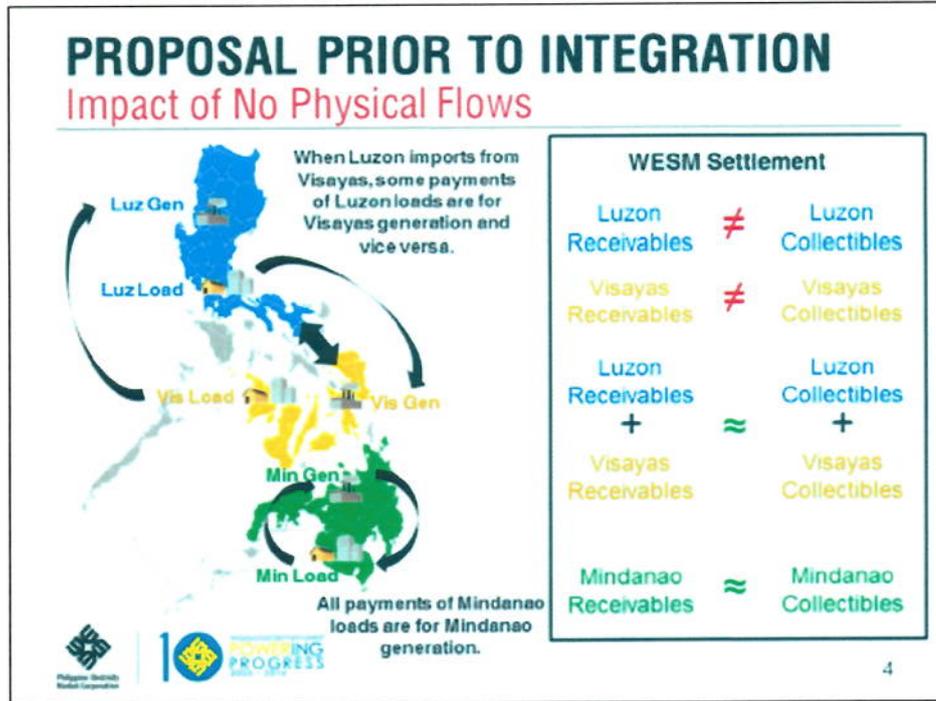
Target WESM operations by end of 2018

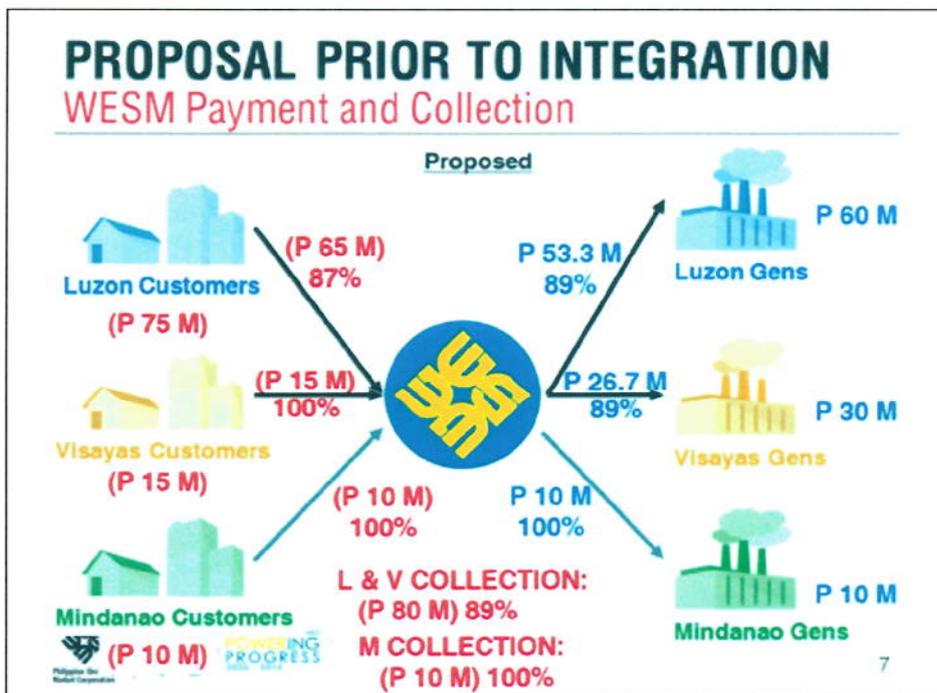
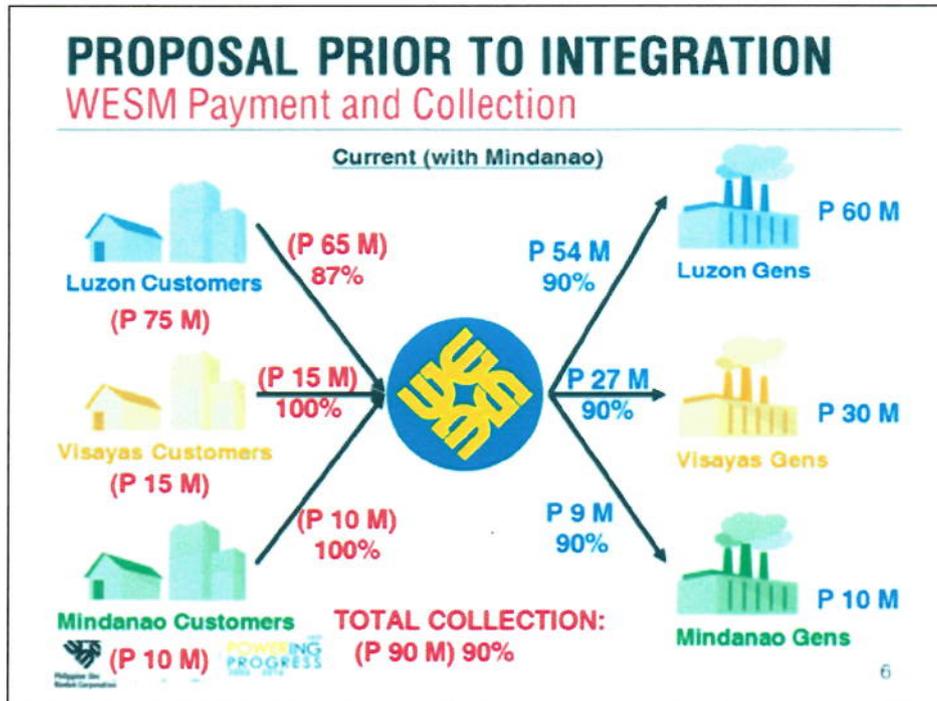


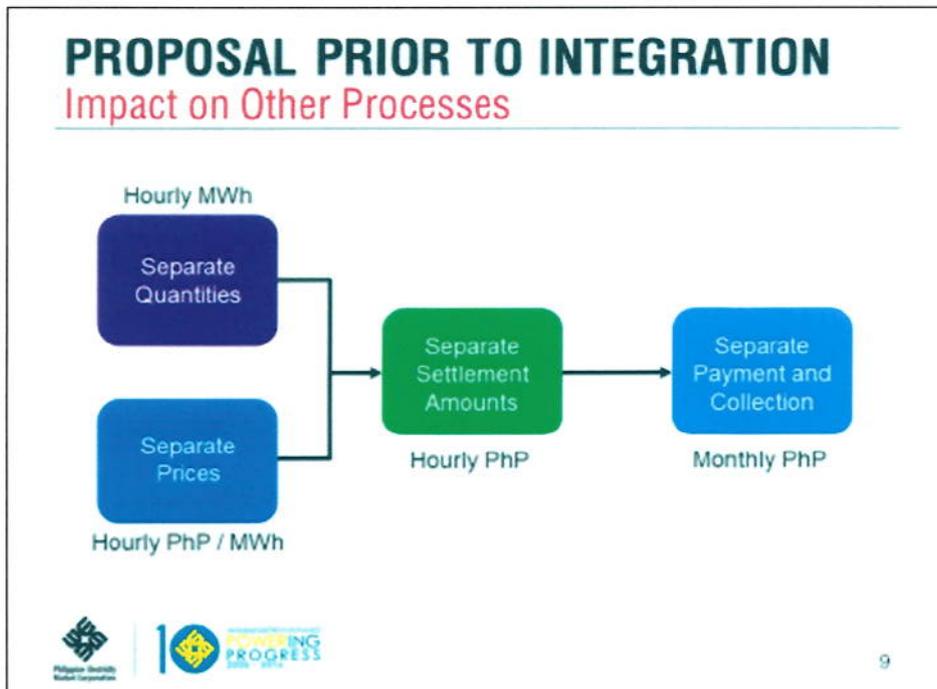
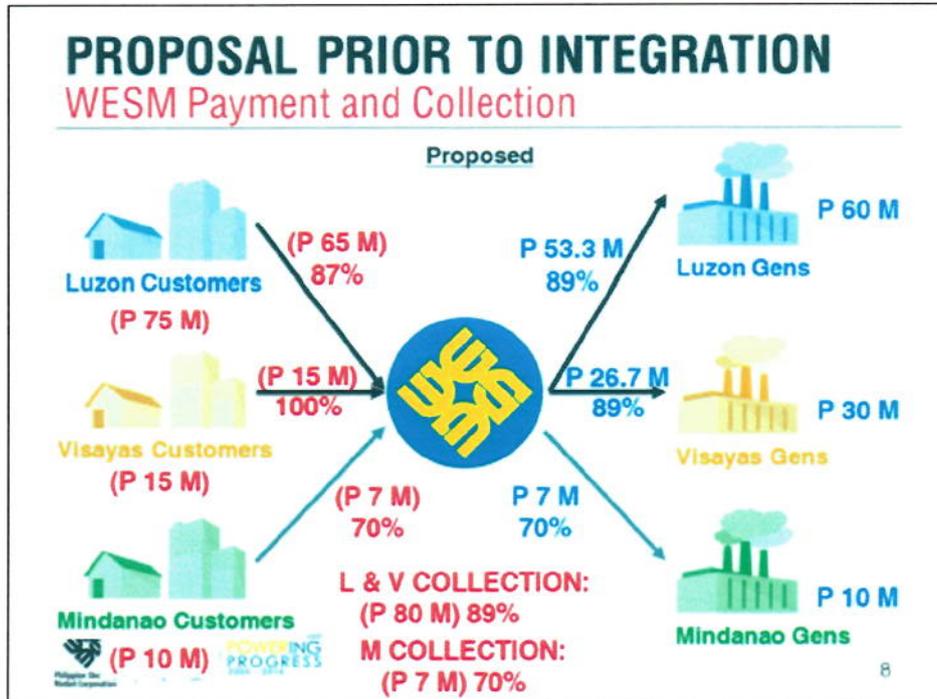
**During the 1<sup>st</sup> ~3 years of  
WESM Mindanao, the  
Mindanao grid is not  
interconnected with the  
rest of the system.**



2







## PROPOSAL PRIOR TO INTEGRATION

### Impact on Other Processes

#### Separate Quantities

Item	Description	Separated?
<b>Metered Quantities</b>	Measured at individual injection / withdrawal points	Generation-Load balance would already be present for L-V and M since there is no interconnection.
<b>Bilateral Contract Quantities</b>	Declaration from supplier to buyer; may be inter-grid (e.g., Luzon supplier to Visayas buyer)	<i>There should be no inter-grid declaration with Mindanao to achieve separation*</i>



\*If a Luzon/Visayas-to-Mindanao contract is entered by a trading participant, payment and collection should be consolidated 10

## PROPOSAL PRIOR TO INTEGRATION

### Impact on Other Processes

#### Separate Prices

Item	Description	Separated?
<b>Normal Pricing</b>	Locational marginal pricing	Prices already reflect no physical flows since power system is modelled
<b>Administered Pricing</b>	<ul style="list-style-type: none"> <li>- Historical prices for generators</li> <li>- Allocation for loads</li> </ul>	<i>Allocation to loads should be separated during system-wide application</i>
<b>Price Substitution Methodology</b>	<ul style="list-style-type: none"> <li>- Unconstrained price for generators</li> <li>- Allocation for loads</li> </ul>	Regional application when there is no interconnection
<b>Secondary Cap</b>	<ul style="list-style-type: none"> <li>- System GWAP for trigger</li> <li>- Secondary cap for generators</li> <li>- Allocation for loads</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Separate GWAPs should be used</i></li> <li>- <i>Allocation to loads should be separated</i></li> </ul>

## PROPOSAL PRIOR TO INTEGRATION

### Impact on Other Processes

Separate  
Settlement  
Amounts

Item	Description	Separated?
<b>Trading Amounts</b>	Hourly product of price and quantity	Will be separated if prices and quantities are already separated
<b>Net Settlement Surplus Allocation</b>	Allocation of difference between payables and receivables based on loss and congestion payments	<i>Allocation should be separated for Luzon/Visayas and Mindanao</i>
<b>Generation Mix Ratio (GMR) for VAT</b>	Reduction in 12% VAT due to zero-rated renewable energy generation	<i>Calculation of GMR should be separated for Luzon/Visayas and Mindanao</i>
<b>Additional Compensation</b>	Costs not recovered during administered pricing (AP), secondary cap, and when designated as must-run unit	<i>Allocation should be separated for AP and secondary cap MRU recovery is already regional</i>

## PROPOSED PAYMENT AND COLLECTION

### Multi-Grid Participants



- Some participants may be operating in the three (3) grids (e.g., PSALM, NGCP, RES)
- To implement separate settlement for Mindanao, amounts and quantities of multi-grid participants should be segregated

## PROPOSED PAYMENT AND COLLECTION

### Multi-Grid Participants

#### Proposal: Introduce “Billing Accounts”



- One billing account will be assigned for Mindanao resources while others will be for Luzon/Visayas resources
- This mechanism is already used by some participants to separate facilities with different tax status – rules change will document practice and inform other participants of the option
- Current tax calculation per bill will apply
- **Proposed introduction of “billing accounts” is not transitory**

## PROPOSAL PRIOR TO INTEGRATION

### Summary



\*If a Luzon/Visayas-to-Mindanao contract is entered by a trading participant, this should be consolidated



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**PROPOSED AMENDMENTS FOR  
AN ADDITIONAL TRADING  
PARTICIPANT CATEGORY  
WHOLESALE ELECTRICITY MARKET  
TRADER (WEMT)**

**FEBRUARY 2018**

## BACKGROUND

### WESM Registration Categories

Registration  
Categories

Generation  
Company

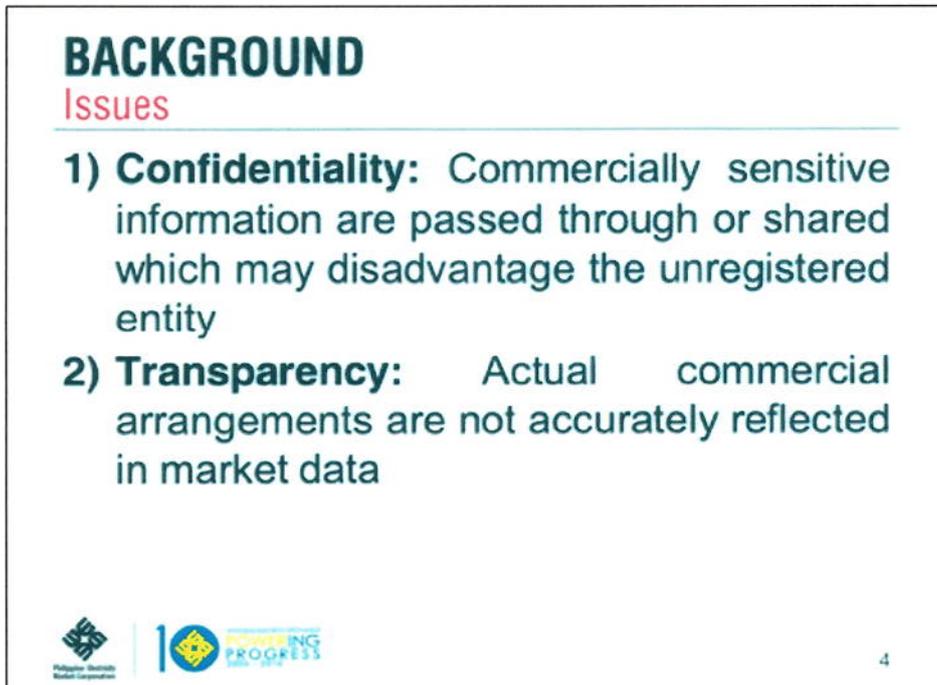
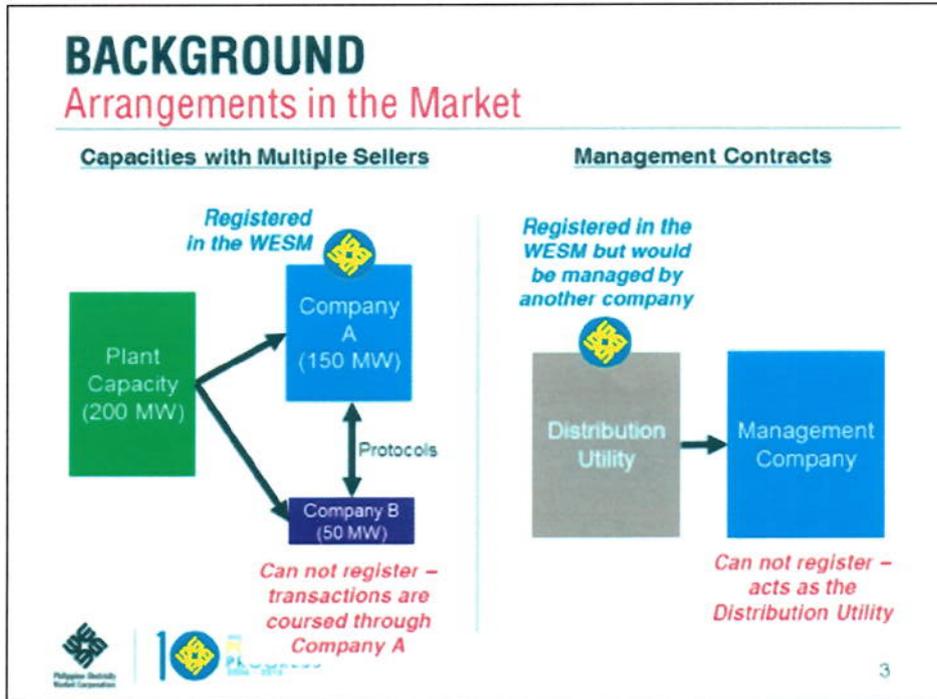
- Registers a generating facility
- Manages offers and injections of that facility in the WESM

Customer

- Related to a connection point
- Manages withdrawals from that connection point

*Entities registered in the WESM manage physical assets*



## PROPOSAL

### Wholesale Electricity Market Trader (WEMT)

#### New Trading Participant Category

- For entities with commercial arrangements but does not manage physical assets

#### Benefits

- **Confidentiality:** Sharing of commercially sensitive information is minimized
- **Transparency:** Market data would better reflect actual commercial arrangements
- **Competition:** Recognition in the market of new category may result in wider level of competition

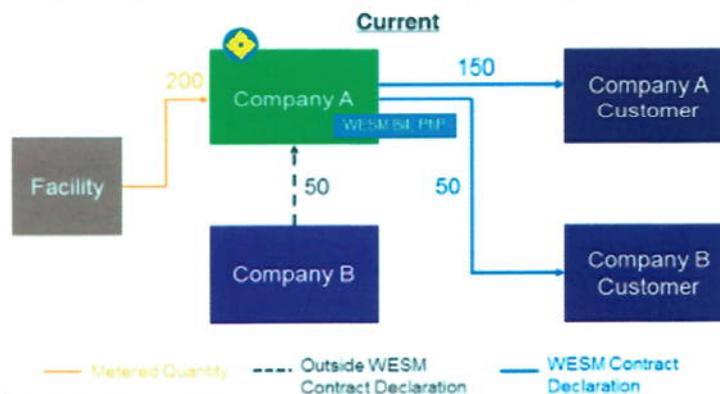


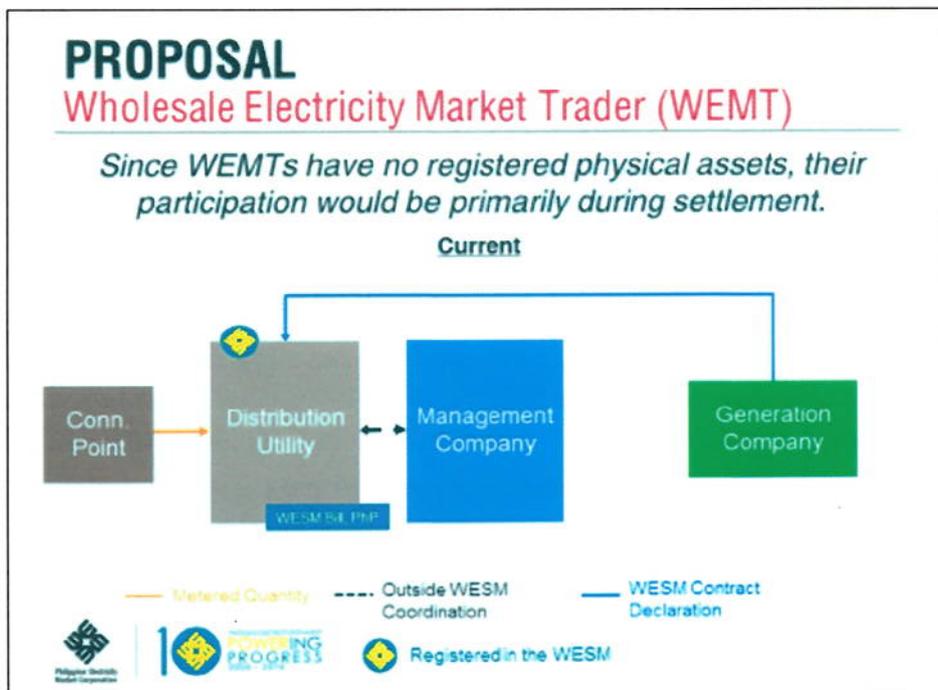
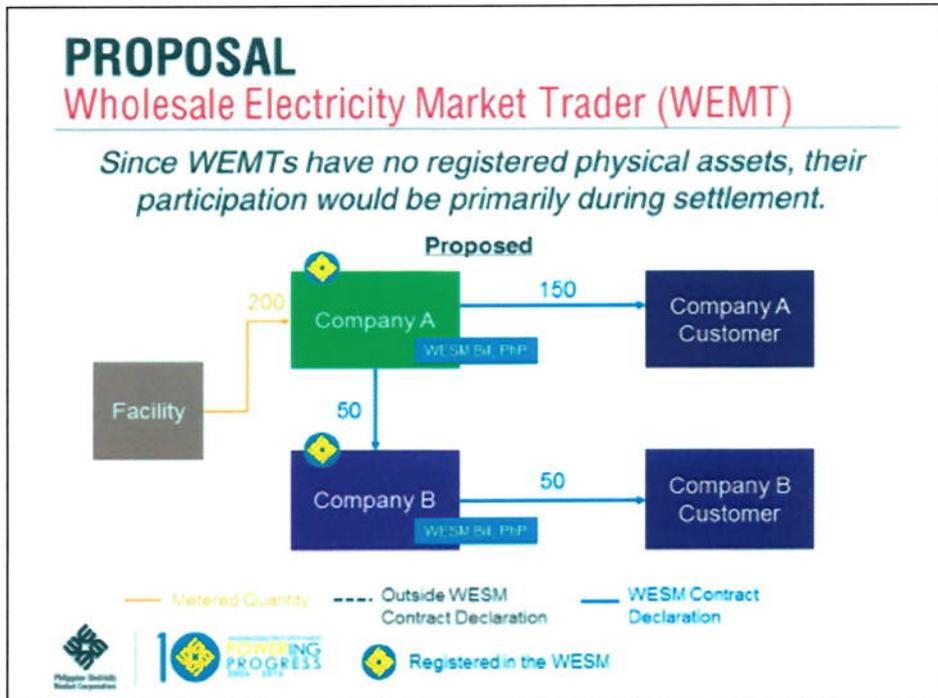
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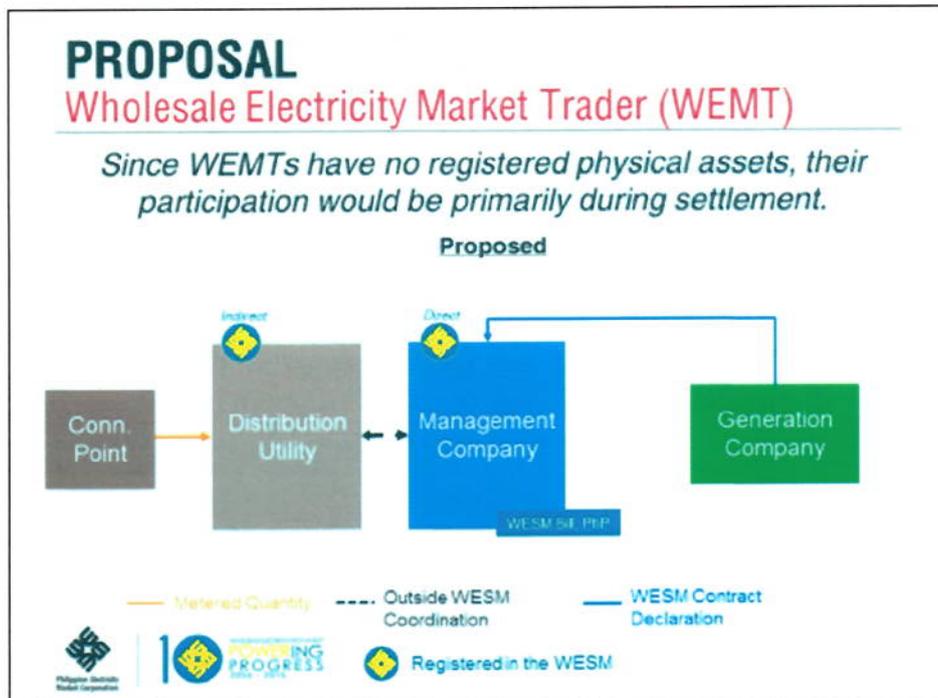
## PROPOSAL

### Wholesale Electricity Market Trader (WEMT)

*Since WEMTs have no registered physical assets, their participation would be primarily during settlement.*







## PROPOSAL

### Wholesale Electricity Market Trader (WEMT)

#### New Trading Participant Category

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#### Benefits

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Logos: Philippine Electricity Market Corporation, POWERING PROGRESS

10