

**WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE**

RESOLUTION NO. 2015-12

Proposed Amendments to the WESM Rules on Wholesale Disconnection

WHEREAS, on 04 December 2013, the Philippine Independent Power Producers Association (PIPPA), through AES Philippines, submitted its Proposed Amendments to the WESM Rules on the Adoption of a Disconnection Policy;

WHEREAS, the proposal seeks to integrate a disconnection policy in the WESM Rules, in view of the Department of Energy's (DOE) Department Circular DC2010-05-0006 as implemented by DC2010-08-0010;

WHEREAS, PIPPA's Proposed Amendments to the WESM Rules on Wholesale on Disconnection cover the following:

1. disconnection as an effect of suspension;
2. additional grounds and conditions for disconnection at the instance of a Generation company;
3. procedures for the disconnection of a person or entity from the grid;
4. remedial actions to stay or defer the disconnection;
5. procedures for the reconnection of a disconnected person or entity from the grid; and
6. effects of disconnection.

WHEREAS, during the 81st RCC meeting held on 4 December 2013, the proposal was presented to seek approval for posting of the same in the WESM website for comments of participants and interested parties;

WHEREAS, in the course of discussions, the RCC agreed that the proposal did not satisfy the criteria for a proposed rules change, in particular, its implementability, given the various concerns raised by the parties as follows: the System Operator (SO), on the timelines proposed by PIPPA for the execution of actual physical disconnection; MERALCO, on the disconnection of a Customer with multiple suppliers; and Team Philippine Energy Corporation (TPEC), in the case of a Customer with multiple suppliers but defaulting only in one;

WHEREAS, in the same meeting, the RCC agreed to defer publication of the proposal and formed a Sub-Committee composed of RCC members representing the Generators, Distribution Utilities (DU), Market Operator (MO), and SO, to discuss and revise the proposal;

WHEREAS, on 27 January 2014, the RCC Sub-Committee on Disconnection met to discuss and revise the proposal based on inputs provided by the SO and the MO;

WHEREAS, during the 85th RCC Meeting held on 12 March 2014, the revised proposal was presented by the RCC Sub-Committee on Disconnection and in the

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course of discussions, additional inputs and comments were provided by the RCC, including the Energy Regulatory Commission (ERC) and the DOE;

WHEREAS, in consideration of the additional revisions that need to be made in the proposal, arising from the comments of the parties during discussions and pending receipt of comments from MERALCO, the Sub-Committee requested that the matter be deferred again for publication;

WHEREAS, during the 87th RCC Meeting held on 7 May 2014, the revised proposal was presented by the RCC Sub-committee and was thereby approved by the RCC for posting, to solicit comments of participants and interested parties;

WHEREAS, the Proposed Amendments to the WESM Rules on Disconnection was published in the market information website on 30 May 2014;

WHEREAS, in response to the call for comments, the RCC received comments from the Retail Electricity Suppliers Association (RESA) and MERALCO;

WHEREAS, during the 89th RCC Meeting held on 02 July 2014, the RCC deliberated upon the proposal, giving due course to the comments received;

WHEREAS, upon reviewing RESA's comments, the RCC suggested to RESA to submit its comments as a separate proposal, having deemed that RESA's comments partake the nature of a proposal as RESA already recommends for parallel provisions for disconnection on the Retail Rules applicable to retail customers;

WHEREAS, in the same meeting, the RCC approved the Proposed Amendments to the WESM Rules on Wholesale Disconnection, as revised, subject to clarifications and confirmation by MO and SO of the timelines indicated in the revised proposal, whether these are parallel with the current MO and SO procedures for disconnection;

WHEREAS, during the 93rd RCC Meeting held on 01 October 2014, the matter was tabled for another discussion based on the last RCC discussions and agreements;

WHEREAS, in the same meeting, the Secretariat expressed that upon reviewing the proposal based on RCC's instructions to finalize the same following its approval, the Secretariat noted some inconsistencies in the proposal, including among others, its inconsistency with the DOE circular relative to the request forms for disconnection;

WHEREAS, the RCC was likewise apprised of additional comments received from the MERALCO and MO;

WHEREAS, in the absence of the SO representative during that meeting, whose inputs were deemed crucial in the finalization of the proposal with the National Grid Corporation of the Philippines (NGCP) being the responsible party for the implementation of actual disconnection, the RCC agreed to defer further discussions on the matter;

WHEREAS, during the 94th RCC meeting held on 05 November 2014, the RCC once again deliberated upon the proposal, with various concerns raised as follows: by the SO on the timelines and procedures of disconnection following the NGCP's internal

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procedures; the MO on its concern on the proposal giving the sole responsibility to MO in initiating all requests for disconnection; the Generators on the difficulty of implementing disconnection and the continuous withdrawal of power by non-paying Customers; the DOE on the need to incorporate the retail competition in the policy for disconnection, and the challenge of implementing disconnection of the Distribution Utilities considering that there are Contestable Customers within the DU network;

WHEREAS, the RCC noted that the written comments submitted by MERALCO were general in nature and did not recommend specific wordings for the provisions referred to in its comments;

WHEREAS, in view of the discussions and the various concerns on the proposal, the RCC agreed to further discuss the matter in the succeeding RCC meeting, with the inclusion of a discussion of MERALCO's general comments;

WHEREAS, during the 95th RCC Meeting held on 03 December 2014, in the course of the RCC's discussion on the matter, the DOE recommended for the RCC/Generators to propose amendments to the DOE Circulars on disconnection, instead of proposing amendments to the WESM Rules, and likewise incorporate in the proposal the policy for disconnection on the retail side;

WHEREAS, during the 96th RCC Meeting held on 14 January 2015, the RCC created a Sub-committee on Disconnection composed of representatives from the Generation and Supply sectors, as well as one Independent representative;

WHEREAS, the Sub-committee on Disconnection was tasked to draft the proposed amendments to the Department Circular Nos. DC2010-05-0006 and DC2010-080010 on the DOE policy on disconnection and its implementing guidelines, respectively, to incorporate the proposed amendments on disconnection discussed so far by the RCC;

WHEREAS, in view of the RCC's agreements, the Sub-Committee on Disconnection conducted a meeting on 03 February 2015, and presented the initial results of its discussions during the 97th RCC Meeting held on 04 February 2015;

WHEREAS, the Sub-Committee on Disconnection presented mainly the general framework of the proposed disconnection procedure, where all requests for disconnection will now be coursed through the Market Operator, instead of directly to the Network Service Provider (NSP);

WHEREAS, during said meeting all references to the NGCP and/or the SO were proposed to be replaced by Network Service Provider (NSP) in order to cover the DUs, both being responsible parties in implementing physical disconnection;

WHEREAS, in the same meeting, the MO expressed its reservations on having been given the responsibility of requesting all disconnections, stating that the MO is not privy to the contract between Generators and the party to be disconnected;

WHEREAS, the SO likewise raised its concerns on the timelines and procedures for disconnection as proposed by the Sub-committee on Disconnection;

WHEREAS, during the 98th RCC Meeting held on 04 March 2015, the RCC Generator representative from the PIPPA apprised the RCC of the most recent

discussions on the matter at PIPPA, expressing the general sentiment of its members to pursue PIPPA's original proposal to amend the WESM Rules instead of the DOE's recommendation to amend the pertinent DOE department circulars;

WHEREAS, the Generators expressed that by reflecting the amendments in the Rules for the incorporation of a policy on disconnection, they hope to lessen any third party intervention when implementing disconnection;

WHEREAS, noting the strong sentiment among the Generators and the obligation of the RCC to act on proposals submitted to it, in the same meeting, the RCC agreed to pursue the amendments to the WESM Rules for Wholesale Disconnection;

WHEREAS, the Sub-Committee on Wholesale Disconnection thereafter conducted several meetings on March 11 and 17, 2015, to revive and revise the PIPPA's Proposed Amendments to the WESM Rules on Wholesale Disconnection, in consideration of the comments and concerns raised by the RCC in the previous meetings;

WHEREAS, during the 99th RCC Meeting held on 08 April 2015, the Sub-Committee on Wholesale Disconnection requested deferment of further discussions on the matter, pending the comments of PEMC on the proposal as drafted by the Sub-Committee;

WHEREAS, PEMC expressed in that same meeting that it is still in the process of reviewing the proposal vis-à-vis the relevant ERC guidelines (i.e. Distribution Services Open Access Rules or DSOAR) to determine if the proposal will have an impact on or is consistent with the rules and guidelines of the ERC as specified under the DSOAR;

WHEREAS, during the 100th RCC Meeting held on 06 May 2015, PEMC presented its comments on the latest version of PIPPA's comments;

WHEREAS, PEMC's comments focused mainly on the grounds for suspension and disconnection; the obligations of the requesting party and the party to be disconnected; the obligation of the party executing the physical disconnection; and the inclusion of additional terms in the glossary for consistency with the Retail Rules;

WHEREAS, the RCC commented that the specific details on the procedures for disconnection, including the timelines in implementing actual disconnection, should be specified in the Manual rather than in the rules;

WHEREAS, the RCC agreed to continue discussing the matter in the next meeting and consider the comments raised during discussions;

WHEREAS, during the 101st RCC Meeting held on 03 June 2015, the Sub-committee on Wholesale Disconnection requested deferment of further discussions on the matter, expressing that it is still subject for discussion at the Sub-committee level;

WHEREAS, on 25 June 2015, the Sub-Committee for Wholesale Disconnection, including representatives from PEMC, met to discuss and finalize the proposal originating from PIPPA;

WHEREAS, during the 102nd RCC meeting held on 01 July 2015, the Subcommittee on Wholesale Disconnection presented the revised Proposed Amendments to the WESM Rules on Wholesale Disconnection as a result of discussions with PEMC;

WHEREAS, the RCC deemed that another round of publication of the proposal is necessary as major revisions were introduced in the proposal originally submitted by PIPPA in late 2013 and published in mid-2014;

WHEREAS, in the same meeting, following the discussions, the RCC approved the second publication of the Proposal, with additional inputs from the RCC;

WHEREAS, the revised PIPPA Proposed Amendments to the WESM Rules on Wholesale Disconnection was published on 21 July 2015, with notice sent the following day, to solicit comments of participants and interested parties;

WHEREAS, in response to the RCC's call for comments, the PEMC submitted comments on the proposal as published in the market information website;

WHEREAS, the RCC deliberated on the Proposed Amendments to the WESM Rules on Wholesale Disconnection during the 104th RCC Meeting held on 02 September 2015, giving due course to the minor comment submitted by PEMC;

WHEREAS, one of the Independent representatives raised if it is possible to include a provision in the proposal in the WESM Rules [instead of in the relevant Market Manual only] that captures, in essence, that an *indirect WESM member* with an expiring contract with its counterparty should not be disconnected from the grid, if that *Indirect WESM member* has secured a new supply contract with another generation company, or has renewed its existing contract, or has successfully registered as a *Direct WESM member* under the WESM, explaining that the same principle was included in the original PIPPA proposal as submitted in 2013;

WHEREAS, in response to the above concern, the Generators expressed that the general principle of the original PIPPA proposal is just the same as, and is still implicitly captured in the revised version, ensuring that suspension and disconnection are not automatic and still follow the due process;

WHEREAS, the ERC for its part expressed that it has jurisdiction over issues as would affect an end-user, whether it is Captive or Contestable, and effectively, whether it is for disconnection of wholesale or retail customers;

WHEREAS, the ERC further distinguished between policy and regulation, stressing that the disconnection of a Customer undertaken by a public utility under a public service, and that such service is to be rendered to an end-user, such pertains to regulation on the basis of Commonwealth Act (CA) 146;

WHEREAS, the ERC added that considering that the transmission and distribution are of public service character, and are currently being regulated by the ERC, any rules that will be promulgated relative thereto emanating from the RCC should be consistent with existing ERC guidelines, and, if there are any deviations or modifications or additions to what the ERC and DOE previously agreed upon relative

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to disconnection, then said changes should also be consulted with the proper authorities;

WHEREAS, in response to the ERC's concerns above, DOE explained that the proposal being deliberated upon by the RCC emanated from a directive from the DOE to the RCC to make the proposal in the WESM Rules consistent with the DOE's policy for disconnection, expressing further that in case the RCC, and subsequently the PEM Board, approves the proposal, the DOE and ERC can still discuss the same as necessary prior to its promulgation;

WHEREAS, PEMC expressed that when the Sub-Committee crafted the proposal, due consideration was given both to the DOE policy on disconnection as well as on the retail competition rules (RCOA), thus, explicitly stating in the WESM Rules provision "except as may be provided under the Retail Rules;"

WHEREAS, the Generators stressed that the concern of the Generators in bearing the cost of non-payment of some Customers are real and valid, and thus opined disconnection being the last resort of Generators after all possible remedies have been exhausted and following due process, is just reasonable;

WHEREAS, taking into consideration all the valid concerns of the parties and given the difficulty of deciding on the proposal, the matter was put to a vote to determine whether or not it will be approved and endorsed to the PEM Board;

WHEREAS, as a result, nine (9) voted for the approval¹ and endorsement of the proposal to the PEM Board, while two (2) voted for its disapproval², and three (3) abstained³ from voting;

WHEREAS, given the above result of voting, the RCC in the same meeting, approved the Proposal, as revised based on PEMC's comments, and agreed on its endorsement to the PEM Board, for the latter's approval;

NOW THEREFORE, we, the undersigned and in behalf of the sector we represent, hereby resolve as follows:

RESOLVED, that the Proposed Amendments to the WESM Rules on Wholesale Disconnection (ANNEX A), are hereby adopted and approved by the RCC, with the finer details to of said proposal for disconnection to be included in a Manual to be crafted by the RCC, subsequent to the submission of this Proposal to the PEM Board;

RESOLVED FURTHER, that the attached Proposed Amendments to the WESM Rules on Wholesale Disconnection are hereby endorsed to the PEM Board for approval and endorsement to the DOE.

¹ RCC members who voted for approval are: Francisco Castro (Independent), Theo Sunico (Generator), Jose Ferlino Raymundo (Generator), Joselyn Carabuena (Generator), Lorreto Rivera (Supply), Ciprinilo Meneses (DU), Jose Santos (DU), Ambrocio Rosales (SO), and Isidro Cacho (MO).

² RCC members who voted for disapproval are: Ludovico Lim (DU) and Juanito Tolentino (DU/Alternate).

³ RCC members who abstained from voting are: Maila Lourdes de Castro (Independent/Chairperson), Concepcion Tanglao (Independent), and Allan Nerves (Independent)

Done this 02 September 2015, Pasig City.

<p>Approved by:</p> <p>RULES CHANGE COMMITTEE</p> <p><i>(Abstain)</i></p> <p>Maila Lourdes G. de Castro Chairperson Independent</p>	
<p>Members:</p>	
<p><i>(Abstain)</i></p> <p>Concepcion I. Tanglao Independent</p>	<p><i>(Signature)</i></p> <p>Francisco L.R. Castro, Jr. Independent</p>
<p><i>(Signature)</i></p> <p><i>(Abstain)</i></p> <p>Allan C. Nerves Independent</p>	<p><i>(Signature)</i></p> <p>Isidro E. Cacho, Jr. Market Operator Philippine Electricity Market Corporation (PEMC)</p>
<p><i>(Signature)</i></p> <p>Ambrocio R. Rosales Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	<p><i>(Signature)</i></p> <p>Joselyn D. Carabuena Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>
<p><i>(Signature)</i></p> <p>Jose Ferlino P. Raymundo Generation Sector SMC Global</p>	<p><i>(Signature)</i></p> <p>Theo C. Sunico Generation Sector Vivant Corporation</p>
<p><i>(Signature)</i></p> <p>Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>	<p><i>(Signature)</i></p> <p>Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)</p>
<p><i>(Disapprove)</i></p> <p>Gilbert A. Pagobo Distribution Sector Mactan Electric Company (MECO)</p>	<p><i>(Disapprove)</i></p> <p>Ludovico D. Lim Distribution Sector Antique Electric Cooperative, Inc. (ANTECO)</p>
<p><i>(Signature)</i></p> <p>Lorreto H. Rivera Supply Sector TeaM (Philippines) Energy Corporation (TPEC)</p>	<p>Certified True and Correct:</p> <p><i>(Signature)</i></p> <p>Elaine D. Gonzales RCC Secretary PEMC</p>

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ANNEX A
Proposed Amendments to the WESM Rules on Wholesale Disconnection (by PIPPA)

Item No.	Rules/ Manual	Section and Title	Original Provision	Proposed Amendments	Rationale
1	CHAPTER 2: REGISTRATION		Chapter 2: REGISTRATION	Chapter 2: REGISTRATION, DE-REGISTRATION AND SUSPENSION	
2		2.1	2.1 SCOPE OF CHAPTER 2 This Chapter sets out: (a) The categories of WESM members; (b) The procedure for registration as a WESM member, including registration as an Intending WESM member; (c) The procedure for ceasing to be a WESM member; (d) The procedure for suspension of a WESM member and liability of Deregistered WESM members; and (e) The procedure for recovery of the Market Operator's costs and expenses.	2.1 SCOPE OF CHAPTER 2 This Chapter sets out: (a) The categories of WESM members; (b) The procedure for registration as a WESM member, including registration as an Intending WESM member; (c) The procedure for ceasing to be a WESM member; (d) The procedure for suspension of a WESM member and liability of Deregistered WESM members; and (e) <u>The procedure for disconnection and reconnection; and</u> (f) The procedure for recovery of the Market Operator's costs and expenses.	To incorporate disconnection in the WESM Rules
3		2.2.4 WESM members	2.2.4 WESM members	2.2.4 WESM m Members	
4		2.2.4.2	2.2.4.1 XXX 2.2.4.2 No person or entity shall be allowed to inject or withdraw electricity from the grid unless that entity or person is a registered member of the WESM.	2.2.4.1 XXX 2.2.4.2 No person or entity shall be allowed to inject or withdraw electricity from the grid <u>Grid</u> unless that entity or person is a registered member of the WESM. <u>If a person or entity is not registered, its facility shall be disconnected from the Grid in accordance with WESM Rule Clause 2.9.</u> 2.2.4.3 XXX	To incorporate disconnection in the WESM Rules

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Item No.	Rules/ Manual	Section and Title	Original Provision	Proposed Amendments	Rationale
5		2.3.3.4 Membership Criteria	<p>2.3.3.4 Membership Criteria</p> <p>A person or an entity is not eligible to be registered as a <i>Trading Participant</i> unless that person or entity:</p> <p>(a) Is a resident in, or is permanently established in, the Philippines;</p> <p>(b) Is not under external administration (as defined in the [Philippines Companies Act/Code]) or under a similar form of administration under any laws applicable to that person or entity in any jurisdiction;</p> <p>(c) Is not immune from suit in respect of the obligations of a <i>WESM member</i> under the <i>WESM Rules</i>;</p> <p>(d) Is capable of being sued in its own name in a court of the Philippines; and</p> <p>(e) Satisfies the <i>prudential requirements</i>.</p>	<p>2.3.3.4 Membership Criteria</p> <p>A person or an entity is not eligible to be registered as a <i>Trading Participant</i> unless that person or entity:</p> <p>(a) Is a resident in, or is permanently established in, the Philippines;</p> <p>(b) Is not under external administration (as defined in the [Philippines Companies Act/Code]) liquidation or insolvency proceedings, or under a similar form of administration under any laws applicable to that person or entity in any jurisdiction;</p> <p>(c) Is not immune from suit in respect of the obligations of a <i>WESM member</i> under the <i>WESM Rules</i>;</p> <p>(d) Is capable of being sued in its own name in a court of the Philippines; and</p> <p>(e) Satisfies the <i>prudential requirements</i>.</p>	To incorporate disconnection in the WESM Rules
6		2.3.3.9	<p>2.3.3.9 If at any time a <i>Trading Participant</i> ceases to be eligible to be registered as a <i>Trading Participant</i> accordance with clause 2.3.3.4, that <i>Trading Participant</i> shall inform the <i>Market Operator</i> accordingly and, as soon as practicable after the <i>Market Operator</i> becomes aware that a <i>Trading Participant</i> is no longer eligible to be registered, the <i>Market Operator</i> shall issue a suspension notice in respect of that <i>Trading Participant</i> in accordance with clause 3.15.7.</p>	<p>2.3.3.9 If at any time a <i>Trading Participant</i> ceases to be eligible to be registered as a <i>Trading Participant</i> in accordance with <i>WESM Rules</i> Clause 2.3.3.4, that <i>Trading Participant</i> shall inform the <i>Market Operator</i> accordingly and/or, as soon as practicable after the <i>Market Operator</i> becomes aware that a <i>Trading Participant</i> is no longer eligible to be registered, the <i>Market Operator</i> shall issue a <i>Suspension Notice</i> in respect of that <i>Trading Participant</i> in accordance with <i>WESM Rules</i> Clause 3.15.7B.</p>	To incorporate disconnection in the WESM Rules
7		2.7 SUSPENSION	<p>2.7.1 Grounds for Suspension</p>	<p>2.7.1 Grounds for Suspension</p>	To incorporate disconnection in the WESM Rules

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Item No.	Rules/ Manual	Section and Title	Original Provision	Proposed Amendments	Rationale
		2.7.1 Grounds for Suspension	The Market Operator may issue a suspension notice to WESM Participants based on the following grounds: (a) Breach of the WESM Rules subject to clause 7.2.2; and (b) Payment default subject to 3.14.11.	The Market Operator may issue a <u>Suspension Notice</u> to WESM Participants based on <u>any</u> of the following grounds: (a) Breach of the WESM Rules subject to <u>WESM Rules eClause 7.2.2</u> ; and (b) <u>Failure to meet membership requirements under clause 2.3.3.9</u> ; (c) <u>Payment default subject to WESM Rules eClause 3.14.11</u> ; and (d) <u>Failure to replenish security deposit or comply with a margin call under WESM Rules Clauses 3.15.6.3 and 3.15.11.3.</u>	
8		2.7 SUSPENSION 2.7.2 Effect of a suspension notice	2.7.2 Effect of a suspension notice If a Trading Participant who is either a Direct WESM member or an Indirect WESM member receives a suspension notice from the Market Operator in accordance with any provision of the WESM Rules, that Trading Participant is suspended from participation in the spot market unless and until the Market Operator declares the suspension notice to be revoked in accordance with clause 3.15.7.	2.7.2 Effect of a <u>Suspension Notice</u> <u>2.7.2.1 If a Trading Participant who is either a Direct WESM member or an Indirect WESM member receives a Suspension Notice from the Market Operator in accordance with any provision of the WESM Rules, that Trading Participant is suspended from participation in the spot market unless and until the Market Operator declares the Suspension Notice to be revoked in accordance with WESM Rules eClause 3.15.78.</u>	To incorporate disconnection in the WESM Rules
9		2.7.2.2	New	<u>2.7.2.2 Except as may be provided under the Retail Rules, upon issuance of a Suspension Notice, the Market Operator shall send a request for disconnection of the suspended Trading Participant to the Network Service Provider in accordance with WESM Rules Clause 2.9.2.1.</u>	To incorporate disconnection in the WESM Rules, but with consideration to the provisions of the Retail Rules
10		2.7.2.3	New	<u>2.7.2.3 A suspended WESM Member shall continue to be liable for payment</u>	To incorporate disconnection in the WESM Rules

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Item No.	Rules/ Manual	Section and Title	Original Provision	Proposed Amendments	Rationale
11		2.9	new provision (with corresponding re-numbering of affected sections/provisions)	<u>obligations under the WESM Rules prior to and during its suspension.</u> 2.9 <u>DISCONNECTION AND RECONNECTION</u>	To incorporate disconnection in the WESM Rules
12		2.9.1	New	2.9.1 Grounds for Disconnection	
13		2.9.1.1	New	2.9.1.1 <u>The Market Operator shall request for disconnection of:</u> (a) a person or entity connected to the Grid that failed to register in the WESM; or (b) a suspended WESM Member.	To incorporate disconnection in the WESM Rules
14		2.9.1.2	New	2.9.1.2 A <u>Direct WESM Member</u> transacting on behalf of an <u>Indirect WESM Member</u> may request the disconnection of such <u>Indirect WESM Member</u> due to default, or, termination or expiration of existing <u>bilateral contracts</u> with the <u>Indirect WESM member</u> , provided, that the <u>Direct WESM Member</u> shall continue to be liable for payment obligations of such <u>Indirect WESM Member</u> incurred prior to the disconnection.	To incorporate disconnection in the WESM Rules
15		2.9.1.3	New	2.9.1.3 <u>Direct WESM Members</u> with <u>bilateral contracts</u> with <u>Customers</u> who are <u>Direct WESM Members</u> may request for the disconnection of such <u>Customer</u> due to default on existing <u>bilateral contracts</u> .	To incorporate disconnection in the WESM Rules

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Item No.	Rules/ Manual	Section and Title	Original Provision	Proposed Amendments	Rationale
16		<u>2.9.1.4</u>	New	<u>2.9.1.4 If the grounds for disconnection are available to several parties, any party may request for disconnection in accordance with the procedure set forth in WESM Rules Clause 2.9.2.</u>	To incorporate disconnection in the WESM Rules
17		<u>2.9.2</u>	New	<u>2.9.2 Procedure for Disconnection</u>	
18		<u>2.9.2.1</u>	New	<u>2.9.2.1 If any of the grounds for disconnection occur under WESM Rules Clause 2.9.1, the Market Operator or WESM Member, as the case may be, shall send a written notice of disconnection to the WESM Member sought to be disconnected, and a written request for disconnection to the Network Service Provider. A copy of the request shall be furnished to the DOE. If the party requesting for disconnection is other than the Market Operator, a copy of the request for disconnection shall also be furnished to the Market Operator.</u>	To incorporate disconnection in the WESM Rules
19		<u>2.9.2.2</u>	New	<u>2.9.2.2 When a request for disconnection is made under WESM Rules Clause 2.9.2.1, the Network Service Provider shall thereafter disconnect the relevant WESM Member on the fifth Working Day from receipt of the request, or on such later date as may be technically feasible.</u>	To incorporate disconnection in the WESM Rules
20		<u>2.9.2.3</u>	New	<u>2.9.2.3 The Network Service Provider shall not execute a request for the disconnection if it receives written notice from the Market Operator or the WESM Member requesting for disconnection, as the case may be, of the following:</u>	To incorporate disconnection in the WESM Rules

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Item No.	Rules/ Manual	Section and Title	Original Provision	Proposed Amendments	Rationale
21		<u>2.9.2.4</u>	New	<p>(a) <u>revocation of the request for disconnection due to compliance with registration requirements in the WESM for cases falling under WESM Rules Clause 2.9.1.1(a);</u></p> <p>(b) <u>revocation of the Suspension Notice in accordance with WESM Rules Clause 3.15.8.2 for cases falling under 2.9.1.1(b);</u></p> <p>(c) <u>revocation of the request for disconnection or execution of a new bilateral contract of the Indirect WESM Member with another Direct WESM Member for cases falling under WESM Rules Clause 2.9.1.2; or</u></p> <p>(d) <u>revocation of the request for disconnection for cases falling under WESM Rules clause 2.9.1.3.</u></p>	To incorporate disconnection in the WESM Rules
22		<u>2.9.3</u>	New	<u>2.9.3 RECONNECTION</u>	
23		<u>2.9.3.1</u>	New	<u>2.9.3.1 If the Network Service Provider is notified by the Market Operator or the WESM Member who requested for disconnection, as the case may be, of any of the grounds which would have otherwise stopped the execution of the request for disconnection under WESM Rules Clause 2.9.2.3, the Network</u>	To incorporate disconnection in the WESM Rules

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Item No.	Rules/ Manual	Section and Title	Original Provision	Proposed Amendments	Rationale
24		<u>2.9.3.2</u>	New	<p><u>Service Provider shall reconnect the disconnected WESM Member.</u></p> <p><u>2.9.3.2 In case the disconnection was requested by multiple parties, the WESM Member shall only be reconnected when all such parties provide the Network Service Provider with their written consent to the reconnection, which consent shall not be unreasonably withheld.</u></p>	To incorporate disconnection in the WESM Rules
25		<u>2.9.3.3</u>	New	<p><u>2.9.3.3 In all cases, the party shall only be reconnected by the Network Service Provider if such party has complied with the membership requirements under the WESM Rules.</u></p>	To incorporate disconnection in the WESM Rules
26		<u>2.9.4</u>	New	<p><u>2.9.4 Procedure Development for Disconnection and Reconnection</u></p> <p><u>The Market Operator and the System Operator, in consultation with the WESM Members, shall develop the detailed procedures for disconnection and reconnection consistent with the prevailing rules and issuances on disconnection and reconnection.</u></p>	To incorporate disconnection in the WESM Rules
27		<u>GLOSSARY</u>	New Inclusion	<p><u>Retail Rules. The rules promulgated by the DOE governing the integration of retail competition in the operations and governance processes of the WESM and the management of the transactions of Suppliers and Contestable Customers in the WESM, and the operations of the Central Registration Body (As defined under the Retail Rules).</u></p>	To align with the Retail Rules

Flow

ANNEX A
Proposed Amendments to the WESM Rules on Wholesale Disconnection (by PIPPA)

Item No.	Rules/ Manual	Section and Title	Original Provision	Proposed Amendments	Rationale
				<p><u>Contestable Customers. An electricity end user that is certified by the ERC as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market. (As defined under the <i>Retail Rules</i>)</u></p> <p><u>Central Registration Body. The entity designated by the DOE to undertake the management of the required systems and processes and information technology system that is capable of handling <i>Customer switching</i> and information exchange as well as their transactions in the WESM. (As defined under the <i>Retail Rules</i>)</u></p> <p><u>Customer switching. Commercial transfer of a Contestable Customer to another, other than a transfer to a <i>Supplier of Last Resort</i>. (As defined under the <i>Retail Rules</i>)</u></p> <p><u><i>Supplier of Last Resort</i>. An entity designated to serve Contestable Customers following a <i>Last resort supply event</i> in accordance with the <i>Retail Rules</i>. (As defined under the <i>Retail Rules</i>)</u></p>	

23/04