



Renewable Electricity Market (REM) Manual

REM Registration Issue 1.0

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| Abstract | This manual presents the criteria, guidelines and procedures for the registration, participation, suspension and de-registration of members in the <i>Renewable Electricity Market (REM)</i> . |
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Related Documents

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| DC2019-12-0016 | Renewable Energy Market (REM) Rules |
| DC2017-12-0015 | Renewable Portfolio Standards (RPS) Rules for On-grid Areas |

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SECTION 1 INTRODUCTION

1.1 Purpose

- 1.1.1 Pursuant to Clause 2.6.1.4 of the *REM Rules*, the *Registrar* shall maintain and publish a *REM Manual* which shall set out the requirements and procedures which will guide the applicants and the *Renewable Energy Registrar* ("*The Registrar*") in the registration process in the *REM*.
- 1.1.2 This *REM Manual* presents the criteria, guidelines and procedures for the registration and de-registration of *REM Members*.
- 1.1.3 This *REM Manual* implements the provisions of Chapter 2 of the *REM Rules*.

1.2 Definitions, References and Interpretation

- 1.2.1 Unless otherwise defined or the context implies otherwise, the italicized terms used in this *REM Manual* which are defined in the *REM Rules* will bear the same meaning as defined in the *REM Rules*.
- 1.2.2 The guidelines set forth in Clause 8.1.4 of the *REM Rules* shall govern the provision of notices required in this *REM Manual*.
- 1.2.3 Any reference to a Section in any Section of this *REM Manual* shall refer to the particular Section or Clause of the same Section in which the reference is made, unless otherwise specified or the context provides otherwise.

1.3 Responsibilities

- 1.3.1 All *REM Members* and entities applying for registration and deregistration in the *REM* shall comply with the requirements and procedures set forth in this *REM Manual* and in the *REM Rules*.
- 1.3.2 The *Renewable Energy Registrar* shall be responsible for implementing the procedures as set forth in this *REM Manual*.
- 1.3.3 The Department of Energy (DOE) shall be responsible for implementing policies, plans and programs pursuant to the RE Act of 2008, including the establishment of the Renewable Portfolio Standards for On-Grid and Off-Grid Systems and of the *REM*.
- 1.3.4 The Philippine Electricity Market Board of Directors (PEM Board) shall be responsible for the ultimate governance of the *REM*.
- 1.3.5 The *REM Governance Committee* ("*RGC*") shall, under the PEM Board's supervision, carry out majority of governance functions of the *REM*.

Section 1. Approval and Adoption of the REM Manuals. The manuals listed below and attached as Annexes to this Circular are hereby approved and adopted:

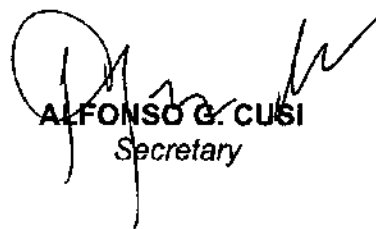
- a) Annex "A" – REM Registration Manual;
- b) Annex "B" – REM Allocation of RE Certificates for FIT-Eligible RE Generation;
- c) Annex "C" – REM Investigation Procedures and Penalty Manual; and
- d) Annex "D" – REM Dispute Resolution.

Section 2. Separability Clause. If any provision of this Circular or the attached REM Manuals is declared invalid or unconstitutional by any court of competent jurisdiction, such parts or provisions not affected by such declaration shall remain valid and in full force.

Section 3. Repealing Clause. All previous issuances, rules and regulations inconsistent with this Circular are hereby repealed, amended or modified accordingly.

Section 4. Effectivity. This Circular shall take effect fifteen (15) days after publication in at least two (2) newspapers of general circulation. Copies of this Circular shall be filed with the University of the Philippines Law Center-Office of the National Administrative Register.




ALFONSO G. CUSI
Secretary

Issued on 0CT 04 2021, at Energy Center, Rizal Drive,
Bonifacio Global City, Taguig City.



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SECTION 1 INTRODUCTION

1.1 Purpose

- 1.1.1 Pursuant to Clause 2.6.1.4 of the *REM Rules*, the *Registrar* shall maintain and publish a *REM Manual* which shall set out the requirements and procedures which will guide the applicants and the *Renewable Energy Registrar* ("*The Registrar*") in the registration process in the *REM*.
- 1.1.2 This *REM Manual* presents the criteria, guidelines and procedures for the registration and de-registration of *REM Members*.
- 1.1.3 This *REM Manual* implements the provisions of Chapter 2 of the *REM Rules*.

1.2 Definitions, References and Interpretation

- 1.2.1 Unless otherwise defined or the context implies otherwise, the italicized terms used in this *REM Manual* which are defined in the *REM Rules* will bear the same meaning as defined in the *REM Rules*.
- 1.2.2 The guidelines set forth in Clause 8.1.4 of the *REM Rules* shall govern the provision of notices required in this *REM Manual*.
- 1.2.3 Any reference to a Section in any Section of this *REM Manual* shall refer to the particular Section or Clause of the same Section in which the reference is made, unless otherwise specified or the context provides otherwise.

1.3 Responsibilities

- 1.3.1 All *REM Members* and entities applying for registration and deregistration in the *REM* shall comply with the requirements and procedures set forth in this *REM Manual* and in the *REM Rules*.
- 1.3.2 The *Renewable Energy Registrar* shall be responsible for implementing the procedures as set forth in this *REM Manual*.
- 1.3.3 The Department of Energy (DOE) shall be responsible for implementing policies, plans and programs pursuant to the RE Act of 2008, including the establishment of the Renewable Portfolio Standards for On-Grid and Off-Grid Systems and of the *REM*.
- 1.3.4 The Philippine Electricity Market Board of Directors (PEM Board) shall be responsible for the ultimate governance of the *REM*.
- 1.3.5 The *REM Governance Committee* ("*RGC*") shall, under the PEM Board's supervision, carry out majority of governance functions of the *REM*.

1.4 Amendments

Amendments to this Manual shall be submitted to the *REM Governance Committee* and shall be acted upon pursuant to Section 7 of the *REM Rules* and relevant market manuals.

1.5 Effectivity and Publication

This Manual shall take effect upon promulgation by the DOE. Thereafter, it shall be published in the market information website.

SECTION 2 PARTICIPATION IN THE REM

2.1 Coverage

This Section describes the *REM* membership categories in accordance with Chapter 2 of the *REM Rules*.

2.2 REM Member Categories¹

2.2.1 REM Trading Participants

- a) The following entities shall register as RPS *On-Grid Mandated Participants*:
 - i. *On-Grid Distribution Utilities* serving *Captive Customers*, including those classified as Privately-Owned, Electric Cooperative, LGU-owned and Controlled, and Economic Zone Utility;
 - ii. *All Retail Electricity Suppliers and Local Retail Electricity Suppliers* for the *Contestable Market*, as defined in the *EPIRA* and pursuant to Retail Competition and Open Access (RCOA); and
 - iii. *Generation Companies* serving *Directly Connected Customers* registered in the *WESM*.

- b) The following entities shall register as RPS *Off-Grid Mandated Participants*:
 - i. NPC-SPUG and NPPs/QTPs as defined in the *RPS* for *Off-grid Areas*;
 - ii. *Off-Grid Distribution Utilities* with respect to their own generation facilities;
 - iii. Entities that generate electricity and serve off-grid areas as may be determined and approved by the *DOE*; and
 - iv. Entities that meet the requirements set forth in relevant legislation pertaining to the application of a renewable portfolio standards instrument in *Off-Grid Systems*.

- c) Entities owning eligible RE Generation Facilities that are registered in the *WESM* and generate renewable electricity into the *WESM* pool shall register as Generation Company.

2.2.2 REM Generators²

- a) Mandatory Participation

¹ REM Rules 2.1 and 2.2

² Eligibility of REM Generators and their classification shall be based on the provisions under REM Rules Clause 2.4.3

- i. Generation companies who own eligible RE generation facilities, including embedded generating facilities, that participate in the WESM. Prior to the commercial operations of the WESM in Mindanao, mandated RE Generation Facilities shall include those generation companies who own eligible RE generation facilities, including embedded generating facilities, connected to the Grid; and
- ii. Entities with eligible RE Generation facilities in Off-Grid Systems

b) Voluntary Participation

- i. Net-Metered eligible RE Generation Facilities in On-Grid Systems;
- ii. Embedded Non-WESM eligible RE Generators;
- iii. End-users with eligible RE Generation Facilities for its own use; and
- iv. Eligible RE Generation facilities accredited under the Green Energy Option Program (GEOP), with concurrence of the owner of the generating facilities.

2.2.3 Data Providers

The following entities shall be automatically registered in the REM under the *Data Provider* category:

- i. *Market Operator* who is responsible for providing the settlement data of the *WESM RE Generators* and the *On-Grid Mandated Participant* to the *Registrar*;
- ii. The entity or entities designated as the metering services provider for embedded *FIT Eligible Facilities* who is/are responsible for providing the Registrar with Metered Quantities pertaining to *FIT Eligible Facilities*;
- iii. The entity designated as the *FIT-All Fund Administrator* who is responsible for providing the Registrar with information pertaining to the FIT-All Tariff payment as set out in REM Rules Clause 3.2; and
- iv. Host Distribution Utilities who are responsible for providing the RE Registrar with the Metered Quantity of its registered Net-metered RE Generation Facilities and eligible RE generation facilities, including Embedded Non-WESM RE Generators, End-users with RE Generation Facilities and RE Generation facilities accredited under the *GEOP*.

2.3 The *RE Registrar* shall maintain and publish an updated list of registered REM Members indicating the categories in which they are registered and their membership status in accordance with the provisions of Chapter 5 of the REM Rules.³

³ REM Rules Clause 2.1.4.3

SECTION 3 REGISTRATION REQUIREMENTS

3.1 Coverage

This section provides for the qualifications of the *REM Members* and the list of registration requirements to be submitted to the *RE Registrar*.

3.2 General Qualifications of *REM Members*

To qualify as a *REM Member*, an entity must⁴:

- i. Be a resident in, or is permanently established in, the Philippines;
- ii. Not be under liquidation, receivership or corporate rehabilitation under Republic Act No. 10142, otherwise known as the “Financial Rehabilitation and Insolvency Act of 2010”, or under a similar form of administration under any laws applicable to that person or entity in any jurisdiction;
- iii. Not be immune from suit in respect of the obligations of an *REM Member* under these *REM Rules*;
- iv. Be capable of being sued in its own name in a court of the Philippines; and
- v. Be able to meet any other requirements as specified in the relevant *REM Manual*.

3.3 Registration Requirements

The *REM* applicant shall submit the specific documents and information, as prescribed by the *RE Registrar* and as published and updated regularly in the market information website, to prove its compliance with *REM* membership criteria and qualifications.

⁴ *REM Rules* Clause 2.4.1

SECTION 4 REGISTRATION PROCESS

4.1 Coverage

This Section describes the *REM* registration process for new applications and the conditions for continuing compliance of *REM* Members.

4.2 Registration Process

The following process shall be observed for new registration applications of *REM* Applicants.

Figure 1. Registration Process for New Applications

| Process Flow | Responsible | Process Description & Timeline |
|--------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Start | | |
| 1. Submission of registration requirements | REM Applicant or Registration Agent (i.e. Host Distribution Utility) | <ul style="list-style-type: none"> • Submit the accomplished application form and all of the required registration documents. |
| 2. Assessment of registration documents | RE Registrar | <ul style="list-style-type: none"> • Confirm receipt of the application and inform the applicant of any additional information required for processing the registration within five (5) working days upon receipt. |
| 2.1 Assessment of registration documents | REM Applicant or Registration Agent (i.e. Host Distribution Utility) | <ul style="list-style-type: none"> • Submit within fifteen (15) <i>Working Days</i> the lacking requirements. Otherwise, the RE Registration shall terminate the process for the <i>REM</i> membership application. • The Applicant may re-activate the application by submitting a new application. |
| 3. Approval/ Disapproval of Application | RE Registrar RE Registrar | <ul style="list-style-type: none"> • Approve the application if, on the basis of the submissions made by the <i>REM</i> Applicant, the RE Registrar determines that the Applicant meets the criteria for registration as <i>REM Member</i>. Otherwise, it shall disapprove the application. • Within fifteen (15) <i>Working Days</i> from receipt of all requirements from the applicant, the RE Registrar shall provide |

| Process Flow | Responsible | Process Description & Timeline |
|------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>written notice of the approval/disapproval of the application. If the application is disapproved, the notice shall indicate the reasons for such disapproval.</p> <ul style="list-style-type: none"> • Provide a copy of the notice to the DOE, ERC, and relevant Data Providers within five (5) <i>Working Days</i> from issuance of the said notice to the applicant.⁵ |
| <div style="border: 1px solid black; border-radius: 15px; padding: 5px; width: fit-content; margin: 0 auto;">End</div> | | |

4.3 Continuing Compliance

Membership in the *REM* shall be continuing without further need of renewal, subject to the compliance of the *REM Member* with the membership criteria and the technical and commercial requirements set forth in the *REM Rules* and this *REM Manual*.

4.4 Cessation of a *REM Member*

4.4.1 If, based on submissions made by the *REM Member* and from other information made available to it, the *RE Registrar* determines that the *REM Member* no longer meets the aforesaid criteria and requirements, the *RE Registrar* shall advise the former in writing to rectify within fifteen (15) working days or as soon as practicable the requirements for its membership in the *REM*. If the requirements identified were not rectified within the foregoing period, the *RE Registrar* shall notify the *REM Member* in writing that its registration in the *REM* shall accordingly cease. Cessation of registration shall take effect on the date stated in the notice.

4.4.2 If a *REM Member* wishes that its registration as such should cease, it shall notify the *RE Registrar* in writing of its intention indicating the reason/s for the same and the date such cessation shall take effect. The cessation shall take effect on the date stated in the notice, or if no date is indicated, thirty (30) working days from the date the notice is received by the *RE Registrar*.

⁵ *REM Rules* 2.6.3

SECTION 5 POST REGISTRATION PROCESS

5.1 Coverage

This Section establishes the requirements and procedures for implementing and approving, if necessary, changes in the registration and in the registered information of *REM Members*.

5.2 Enrolment of Supply Contracts

5.2.1 *REM Trading Participants* or registration agents shall enroll their bilateral power supply contracts with REM Generators for accounting in the REC issuance.

5.2.2 The enrolment under Section 5.2.1 shall be confirmed by the counterparty that they have a bilateral contract stating the start and end dates and other pertinent information for verification purposes by the RE Registrar.

5.2.3 The RE Registrar shall notify the REM Trading Participants that the enrolled bilateral contract transactions shall be accounted for starting on the date stated on the notice submitted by the *Trading Participant* or on such other date as the RE Registrar may determine.

5.3 Changes to Registration information

5.3.1 A registered REM Member shall notify the RE Registrar in writing of any changes in the information it has provided in its original application.

5.3.2 Among other information, changes to the following must be notified to the RE Registrar and shall be subject to the following requirements:

- i. Changes in the Registered Capacity of a generating facility shall require confirmation by the RE Registrar before such change can be considered;
- ii. The approval of changes to the registered capacity of a *REM Generator* registered in the WESM and its bilateral contract details shall be part of the REM post-registration process in accordance with the REM Registration Manual;
- iii. For a *REM Generator* that is not registered in the WESM, the *Mandated Participant* who is the registration agent of the facility shall initiate the approval of the change of the former's registered capacity; and
- iv. Changes shall be confirmed by the RE Registrar within fifteen (15) *Working Days* from receipt of certification or proof of change from the Energy Regulatory Commission (ERC) or a certification from the relevant DU. The DOE, ERC, and relevant Data Providers shall be copy furnished of the approval of the change in the *Registered Capacities* by the RE Registrar.

SECTION 6 DE-REGISTRATION PROCEDURES

6.1 Coverage

This Section provides for the guidelines on the implementation of cessation, suspension, and deregistration pursuant to Section 2.7 of the *REM Rules*.

6.2 Cessation of Registration⁶

- 6.2.1 An entity that ceases its operations related to any *REM Member* category for which it is registered shall send a written notice to the *RE Registrar* to cease its registration under that category.
- 6.2.2 Such notice sent to the *RE Registrar* under REM Rules Clause 0 shall include:
- i. The date upon which it wishes to cease to be registered, which date should not be less than thirty (30) *Working Days* from the *RE Registrar's* receipt of the said notice; and
 - ii. The category or categories in which the *REM Member* no longer wishes to be registered.
- 6.2.3 If the *REM Member* wishes to cease its REM registration due to transfer of its facilities to another person or entity, the *RE Registrar* shall effect the cessation under REM Rules Clause 2.7.1 and the person or entity to whom the facility will be transferred shall initiate the registration of the transferred facility as one of its facilities.
- 6.2.4 Upon confirmation by the *RE Registrar*, it shall issue a Notice of Cessation to all *REM Members* stating the cessation of the registration of the *REM Member*, the category in which it ceases its registration, and the effective date of cessation.

6.3 Suspension of a *REM Member*⁷

- 6.3.1 The *Registrar* may suspend a *REM Member* if:
- i. The *REM Member* has failed to pay transaction fees pursuant to *REM Rules* Clause 2.7.5.2; or
 - ii. The *REM Member* has been sanctioned for a breach of the *REM Rules* in accordance with *REM Rules* Clause **Error! Reference source not found.** and the relevant *REM Manual*.
- 6.3.2 Any *REM Member* that is suspended shall no longer be allowed to participate in the *REM* in the category from which it was suspended until the suspension

⁶ REM Rules Clause 2.7.1

⁷ REM Rules Clause 2.7.3

is revoked, provided however that such entity shall continue to be liable for any obligations incurred prior to its suspension.

6.4 Deregistration of a REM Member⁸

- 6.4.1 The *RE Registrar* shall deregister a *REM Member* if the *REM Member* has been sanctioned for a breach of the REM Rules in accordance with *REM Rules Clause Error! Reference source not found.* and this *Manual*.
- 6.4.2 A *REM Member* may be deregistered if it was given a notice or order of disconnection pursuant to prevailing rules and regulations on disconnection at the instance of parties other than the *RE Registrar* and has been physically disconnected from the Grid.
- 6.4.3 Any *REM Member* that is deregistered shall no longer be allowed to participate in the *REM* in the category from which it was deregistered, provided however that such entity shall continue to be liable for any obligations incurred prior to its deregistration.

⁸ REM Rules Clause 2.7.2



Renewable Energy Market (REM) Manual

REM Allocation of RE Certificates from FiT-Eligible RE Generation Issue 1.0

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| Abstract | This Manual presents the procedures and methodology for the allocation of RE Certificates corresponding to FiT-Eligible Generation |
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| DOE DC2019-12-0016 | Renewable Energy Market (REM) Rules |
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| ERC Resolution No. 16, Series of 2010 | Resolution Adopting the Feed-in Tariff (FIT) Rules |
| ERC Resolution No. 15, Series of 2012 | Resolution Adopting the Corresponding Amendments to the FIT Rules |
| ERC Resolution No. 24, Series of 2013 | Resolution Adopting the Guidelines on the Collection of FIT Allowance (FIT-All) and the Disbursement of the FIT-All Fund |
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SECTION 1 INTRODUCTION

1.1 PURPOSE

This Manual implements relevant provisions of Chapter 3 of the *REM Rules*. In particular, it is created in compliance with *REM Rules* Clause 3.2.2.4, which requires the RE Registrar to publish a REM Manual that defines:

- a) The procedures that the *RE Registrar* must follow in allocating the *RE Certificates (RECs)* corresponding to the generation of *FIT-Eligible facilities*;
- b) The data and information that *Data Providers* shall provide to the *RE Registrar* to enable it to allocate *RE Certificates (RECs)* corresponding to the *FIT-Eligible facilities*' generation; and
- c) The timelines that the *Data Providers* and the *RE Registrar* must follow on the submission of the data and information, allocation of the *FIT-Eligible RE* generation for REC issuance and the succeeding notification to the *On-grid Mandated Participants*.

1.2 SCOPE OF APPLICATION

This Manual covers the criteria, guidelines and procedures related to:

- a) The allocation to the *On-grid RPS Mandated Participants* of *RECs* from *FIT-Eligible Facilities* as contemplated in Section 3.2.2 of the *REM Rules*. The allocation methodology will be applied to the generation of *FIT-Eligible Facilities* identified in Section 11 of the *RPS Rules* wherein, the *RECs* in respect of each *Directly Connected Customer* shall be allocated to its counterparty/ies registered in the *REM* as *On-Grid RPS Mandated Participants*;
- b) The adjustment should there be errors or discrepancies with respect to the *Monthly FIT Generation Share of the On-grid Mandated Participants*; and
- c) The collection and transmittal of data corresponding to *Metered Quantities and Bilateral Contract Quantities* generated by the *Market Operator*, and the *FIT-All Tariff* remitted to the *FIT-All Fund Administrator* to be used as basis for the allocation.

1.3 DEFINITIONS

- a) **Data Providers** refer to entities defined in accordance with *REM Rules* Clause 2.2.3 that are registered in the *REM Data Provider Category* and are required to provide the *RE Registrar* with information under the *REM Rules*, which include the *Market Operator*, and the *FIT-All Fund Administrator*.
- b) **Direct WESM Member** A person or entity who is registered with the *Market Operator* under Clause 2.3 of the *WESM Rules*.

- c) **Designated Entity** refers to the Meter Quantity Reconciliation Agent for the *Mindanao Grid* designated under Department Circular No. DC2017-05-0009, entitled "Declaring the Launch of the Wholesale Electricity Spot Market (WESM) In Mindanao and Providing for Transition Guidelines," that shall submit to the *RE Registrar* on a monthly basis, the relevant data for the reconciliation on Nominations, Actual Schedules, Metered Quantities, System Losses and Imbalances of the generators and customers, under Department Circular No. DC 2019-12-0016.
- d) **FIT-All Tariff** refers to the charge established pursuant to Section 2.5 of the Feed-In-Tariff (FiT) Rules and defined further in the ERC issued Guidelines for the Collection and Disbursement of the Feed-in-Tariff Allowance ("FIT-All").
- e) **FiT Carry-Over Quantity** refers to the incremental or fractional MWh from FiT allocation, which will be carried over into the next *WESM Billing Period's RECs* issuance. It should be noted that the *FiT Carry-Over Quantity* is different from the *Carry-Over Quantity* defined in the *REM Rules* and the *FiT Rules*.
- f) **FiT-Eligible Facilities** refer to RE Generation Facilities eligible to receive *Feed-in-Tariff*.
- g) **RPS Mandated Participant** refers to an electricity purchaser or load serving entity that is required to comply with an *Annual RPS Obligation* set by the *DOE* pursuant to Section 12 of the RPS On-grid Rules, and is registered with the *RE Registrar* in that capacity under Chapter 2 of the *REM Rules*.
- h) **Monthly FiT Generation Share** refers to the integer amount of *FiT-Eligible RE Generation* that the *RE Registrar* shall allocate to each *On-Grid Mandated Participant* in respect of a *WESM Billing Period*.
- i) For clarity, certain terms above, already defined in the *REM Rules*, are reiterated in this Manual. For other italicized terms used in this Manual, unless otherwise defined or the context implies otherwise, such terms will bear the same meaning as defined in the *REM Rules*.

1.4 RESPONSIBILITIES

1.4.1 Renewable Energy Registrar ("RE Registrar")

The *RE Registrar* shall be responsible for:

- a) Determining the *Monthly FiT Generation Share* for each *On-Grid RPS Mandated Participant*;
- b) The issuance of the *RECs* corresponding to the *aggregated* monthly MWh *Metered Quantities* of all the *FiT-Eligible Facilities*;

- c) **Notifying On-Grid RPS Mandated Participant of their RECs corresponding to their Monthly FIT Generation Share in respect of a WESM Billing Period; and**
- d) **Facilitating the correction of the RECs corresponding to the Monthly FIT Generation Share of the On-Grid RPS Mandated Participant, subject to the notification of the latter and the reflection of the correction following the prescribed timeline.**

1.4.2 Data Providers

1.4.2.1 The Market Operator shall be responsible for the provision to the RE Registrar of the following:

- a) **The monthly MWH Metered Quantities for each FIT-Eligible Facility and On-Grid Mandated Participant in respect of a WESM Billing Period; and**
- b) **The monthly MWH Metered Quantities of the Directly Connected Customer and the corresponding monthly MWH Bilateral Contract Quantity Declarations of its counterparty/ies.**

The Market Operator shall also notify the RE Registrar and submit corrected Metered Quantities or Bilateral Contract Quantities as soon as practicably possible if it becomes aware of any error or discrepancy in the data it submitted.

1.4.2.2 The FiT-All Fund Administrator shall be responsible for the submission to the RE Registrar of the following:

- a) **The FiT-All Tariff remitted to the FiT-All Fund Administrator by each FiT-All Collection Agent that is an On-Grid RPS Mandated Participant and is not a Generation Company; and**
- b) **The FiT-All Tariff remitted to the FiT-All Fund Administrator by the relevant FiT-All Collection Agent in respect of Directly Connected Customers.**

The FiT-All Fund Administrator shall also notify the RE Registrar and submit corrected FiT-All Tariff data as soon as practicably possible if it becomes aware of any error or discrepancy in the data it submitted.

1.4.2.3 Metering Service Providers/Designated Entity in the Mindanao Grid shall be responsible for the provision to the RE Registrar of the monthly MWH Metered Quantities for each FIT-Eligible Facility, On-Grid Mandated Participant and Directly Connected Customer in respect of a Billing Month.

Metering Service Providers/Designated Entity shall also notify the *RE Registrar* and submit corrected *Metered Quantities* as soon as practicably possible if it becomes aware of any error or discrepancy in the data it submitted.

- 1.4.2.4 The *System Operator/Designated Entity*¹ in the *Mindanao Grid* shall be responsible for the provision to the *RE Registrar* of the monthly *MWH Bilateral Contract Quantity Declarations* in respect of *Directly Connected Customers'* counterparty/ies.

The *System Operator/ Designated Entity* shall also notify the *Registrar* and submit corrected *Bilateral Contract Quantity Declarations* as soon as practicably possible if it becomes aware of any error or discrepancy in the data it submitted.

1.5 AMENDMENTS

Any amendments to this Manual shall be referred by the *REM Governance Committee (RGC)* to the *PEM Board* for endorsement to the *DOE* for its final approval and promulgation.

1.6 EFFECTIVITY AND PUBLICATION

This Manual, as it may be amended from time to time, shall be published in the *RE Market Information Website*.

This Manual or any amendments thereto shall become effective upon approval of the *DOE* in accordance with *REM Rules* Clause 7.4.

¹ Considering the pending commercial launch of the WESM in Mindanao

SECTION 2 FIT GENERATION ALLOCATION PROCEDURES AND METHODOLOGY

2.1 OVERVIEW

This Section describes the allocation methodology and the timelines for data provision reporting and allocation of the *FiT-Eligible RE generation to the On-Grid RPS Mandated Participants* in respect of a WESM Billing Period.

2.2 TIMELINES

2.2.1 Data Provision

2.2.1.1 *Metered Quantities*

The *Market Operator* shall provide the monthly MWH *Metered Quantities* to the *RE Registrar* no later than the third (3rd) *Working Day* after the *Market Operator* issues the *Final Settlement Statement* for the following WESM Participants:

- a) *REM Mandated Participants* and
- b) *Directly Connected Customers (DCCs)*.

2.2.1.2 *Bilateral Contract Quantities*

The *Market Operator* shall submit the monthly MWH *Bilateral Contract Quantity Declarations* in respect of each *Directly Connected Customer's* counterparty/ies no later than the third (3rd) *Working Day* after the *Market Operator* issues the *Final Settlement Statement* in respect of a WESM Billing Period.

2.2.1.3 *FiT-All Tariff Remittance*

The *FiT-All Fund Administrator* shall submit to the *RE Registrar* the following data in respect of a *WESM Billing Period* no later than Fifty (50) *Calendar Days* after the end of the *WESM Billing Period*:

- a) The *FiT-All Tariff* remitted to the *FiT-All Fund Administrator* by each *FiT-All Collection Agent* that is an *On-Grid RPS Mandated Participant* and is not a *Generation Company*;
- b) The *FiT-All Tariff* remitted to the *FiT-All Fund Administrator* by the relevant *FiT-All Collection Agent* in respect of *Directly Connected Customers* and
- c) Information on the reason (i. e. non-remittance of collected *FiT-All Tariff* or non-payment of end-users) of any partial payment by each *FiT-All Collection Agent*.

2.2.2 Reporting the RECs corresponding to the Monthly FIT Generation Share to RPS Mandated Participants.

The *RE Registrar* shall notify each *On-Grid RPS Mandated Participant* of its *RECs* corresponding to the *Monthly FIT Generation Share* and issue corresponding *RECs* in respect of a *WESM Billing Period* no later than *Sixty (60) Calendar Days* after the end of the *WESM Billing Period*.

2.2.3 Adjustment for Errors

If a *Data Provider* becomes aware of any error or discrepancy in data submitted, it shall:

- a) Immediately notify the *RE Registrar*;
- b) Notify all *RPS Mandated Participants* upon validation by the *RE Registrar*; and
- c) Submit the corrected data as soon as practicably possible.

If a *Data Provider* submits the corrected data within two (2) *Working Days* from the *Monthly FIT Generation Share* notification deadline, the *RE Registrar* shall ensure that the correction is reflected in the *Monthly FIT Generation Share* calculation for the current *WESM Billing Period*. Otherwise, the correction shall be reflected in the *Monthly FIT Generation Share* calculation for the following *WESM Billing Period*.

An illustration of the above-described timelines is provided in **Figure 1**.

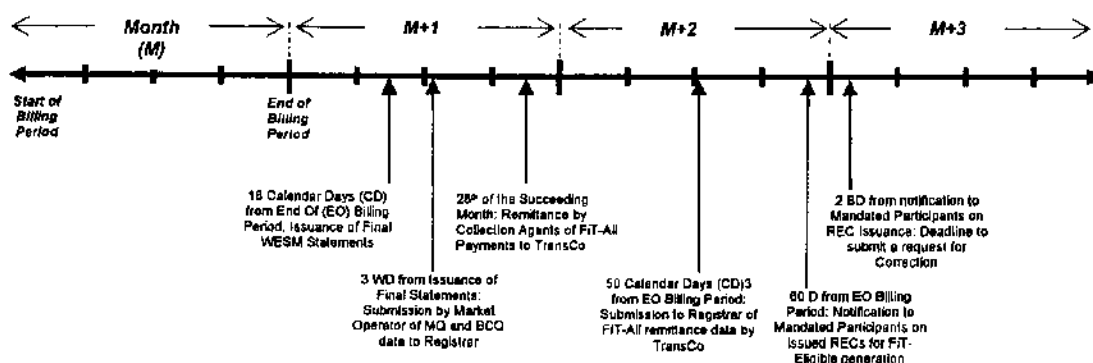


Figure 1. Timeline for the Submission of Related Data and Issuance of RECs corresponding to FIT-Eligible RE Generation

³To be updated to 65 Days, upon DOE approval of the Proposed REM Rules Change for the timeline of submission

2.3 ALLOCATION METHODOLOGY

2.3.1 The *RE Registrar* shall determine each *RPS Mandated Participant's Monthly FIT Generation Share* and shall issue the *RECs* corresponding to the *aggregated monthly MWh Metered Quantities* of all the *FIT-Eligible Facilities* in accordance with the following:

- a) The allocation of the monthly *FiT Generation* for each *RPS Mandated Participant* shall be in the proportion of its monthly metered energy quantities to the metered energy quantities of all the *RPS Mandated Participants*, the *Bilateral Contract Quantity of Directly Connected Customers* and percentage level of *FiT All* remittance for the corresponding month;
- b) The *Monthly FiT Generation Share* shall be the smallest integer quantity that represents the nearest whole MWh value based on the allocation described in Section 2.3.1 (a);
- c) The *Incremental MWh* in relation to Section 2.3.1 (b) shall be the *FiT Carry Over Quantity* which shall be carried over to the following month's *REC* issuance;

Except for Generators supplying to *DCCs*, the *Allocation Factor* for each *RPS Mandated Participants* shall be based on their *Metered Quantities in MWh*. The *Allocation Factor* of Generators supplying to *DCCs* shall be based on the total of their monthly *MWh Bilateral Contract Quantity Declarations to Directly Connected Customer counterparties*.

2.3.2 The *Incremental MWh* in relation to:

- a) *Partial payment by the On-Grid RPS Mandated Participant* shall be issued with *RECs* based on the following:
 - i. The corresponding *MWh* of the unpaid *FiT-All* by the *On-Grid RPS Mandated Participant* due to its failure to remit the collected *FiT-All* payment from its end users shall be carried over to the month when the *FiT-All* obligation is fully paid for *REC* issuance provided that the said month is not later than six (6) months from the corresponding *WESM Billing Period*; and
 - ii. The corresponding *MWh* of the unpaid *FiT-All* by the *RPS Mandated Participant* due to non-payment of the *FiT-All* by its *End Users* shall be apportioned again to the *Mandated Participants* based on their monthly metered energy quantity² for the issuance of *RECs*.

² Generators will be allocated in respect of Power Supply Agreements with Directly Connected Customers

The power supply of *Directly Connected Customers* sourced from the WESM shall be issued with corresponding RECs and the issued RECs shall be apportioned to the RPS *Mandated Participants* based on their monthly MWh *Metered Quantities*, together with the RECs corresponding to the case in Section 2.3.2 (a) item *ii*.

2.3.3 The REC allocation corresponding to RE FIT-Eligible generation for each RPS *Mandated Participant i* shall be determined following **Equation 1** below in respect of month *m*.

$$REC_{m,i} = \lfloor MWh_a + FCO_{m-1} + MWh_{inc} \rfloor$$

Equation 1. Mathematical Formula for allocation of RECs from FIT Generation

Where: $REC_{m,i}$ is the total number of RECs corresponding to the *Monthly FIT Generation Share* of an RPS *Mandated Participant i* for month *m*
 MWh_a is the allocation in MWh from FIT allocated to RPS *Mandated Participant i* in respect of its *Metered Quantity* and *FIT-All Tariff* payment in respect of month *m*
 FCO_{m-1} is the fractional MWh from FIT allocated to RPS *Mandated Participant i* from the previous month (*m – 1*)
 MWh_{inc} is the incremental MWh from FIT allocated to RPS *Mandated Participant i* equivalent to the integer value of the sum of its incremental MWh according to Section 2.3.2 (a) item *ii* and Section 2.3.2 0

It can be noted that **Equation 1** will result to only the integer part of the calculation results.³

2.3.4 The MWh from FIT-Eligible RE generation allocated to RPS *Mandated Participant i* based on its *Metered Quantity* and *FIT-All Tariff* payment is provided in

2.3.5 **Equation 2.**

³ The floor function $\lfloor x \rfloor$, also referred to as the greatest integer function or integer value (Spanier and Oldham 1987), gives the largest integer less than or equal to *x*.

$$MWh_a = \left[1 - \frac{(MWh_{UnpaidFIT,EU} + MWh_{WESM DCC})}{\sum MQ_{m,cust}} \right] \cdot MWh_m \times \frac{MQ_{m,i}}{\sum MQ_{m,total}} \times PE_{m,i}$$

Equation 2. Mathematical Formula for Calculation of MWh from FIT in respect of the Mandated Participant's MQ and FIT-All Payment

| | |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Where: MWh_a | is the MWh from FIT-Eligible RE allocated to RPS <i>Mandated Participant i</i> in respect of its <i>Metered Quantity</i> and <i>FiT-All Tariff</i> payment |
| $MWh_{UnpaidFIT,EU}$ | is the total MWh corresponding to the <i>FiT-All</i> Obligation of all <i>Mandated Participant</i> for <i>month m</i> , not paid by the end-users |
| $MWh_{WESM DCC}$ | is the total MWh corresponding to the WESM purchases of all the <i>Directly Connected Customers</i> , for <i>month m</i> . |
| $MQ_{m,cust}$ | is the <i>Metered Quantities</i> in MWh of all wholesale customers for <i>month m</i> , including the energy requirement of the <i>Directly Connected Customers</i> purchased from the WESM and monthly <i>MWH Bilateral Contract Quantity Declarations</i> of their generator counterparty/ies |
| MWh_m | is the total MWh generation output from all <i>FiT-Eligible facilities</i> for <i>month m</i> |
| $MQ_{m,i}$ | is the <i>Metered Quantity</i> in MWh of RPS <i>Mandated Participant i</i> for <i>month m</i> |
| $MQ_{m,total}$ | is the total of the Allocation Factors of all wholesale customers $MQ_{m,i}$ for <i>month m</i> |
| $PE_{m,i}$ | is the <i>FiT-All</i> payment efficiency of RPS <i>Mandated Participant i</i> for <i>month m</i> |

2.3.6 The *Generation Companies* who are counterparties of *Directly Connected Customers* shall be issued with corresponding FIT generation *RECs* based on their aggregated *Bilateral Contract Quantities* with the latter. For the case wherein the aggregated *Bilateral Contract Quantities* exceeds the *Metered Quantity of Directly Connected Customer*, the allocation of the FIT-Eligible RE generation should correspond to the *Metered Quantity* apportioned based on the ratio of the individual *Bilateral Contract Quantities* and the aggregated *Bilateral Contract Quantities*. Otherwise, it should correspond to the *Bilateral Contract Quantities*.

2.3.7 Incremental or fractional MWh from FIT resulting from the rounding down of *REC* allocation shall form part of the RPS *Mandated Participants REC*

allocation for the succeeding month ($m + 1$) as *FiT Carry Over Quantities* (FCO_{m+1}).

2.3.8 Incremental allocation of MWh from FiT-Eligible RE facilities resulting from the non-remittance by the RPS *Mandated Participants* shall form part of the RPS *Mandated Participants'* allocation (as $MWh_{UnpaidFiT,MP}$) following

2.3.9 **Equation 3** below upon its full payment of the *FiT-All* obligation, subject to the timeline provided in Section 2.3.2 0 i.

2.3.10 Incremental MWh from FiT-Eligible RE facilities resulting from any of the following:

- a) Unpaid *FiT-All* by the *On-Grid RPS Mandated Participant* due to non-payment of the *FiT-All* by its End Users described in Section 2.3.2 0 item ii, and
- b) Sourcing of *Directly Connected Customers* of its supply from the *WESM* described in Section 2.3.2 0.

will form part of the RPS *Mandated Participant's* MWh_{inc} and shall be apportioned to the RPS *Mandated Participants* based on their monthly metered energy quantity applying

Equation 3.

$$MWh_{inc} = MWh_{UnpaidFiT,MP} + \frac{(MWh_{UnpaidFiT,EU} + MWh_{WESM DCC})}{\sum MQ_{m,cust}} \cdot MWh_m \cdot \frac{MQ_{m,i}}{\sum MQ_{m,total}}$$

Equation 3. Mathematical Formula for Allocating MWh from FiT in respect of the Unpaid FiT and WESM Purchases of Directly-connected Customers

Where: MWh_{inc} is the MWh from FiT-Eligible RE facilities allocated to *Mandated Participant i* equivalent to the integer value of the sum of its incremental MWh according to Section 2.3.2

$MWh_{UnpaidFiT,MP}$ is the MWh corresponding to the *FiT-All* Obligation of a *Mandated Participant i*, with delayed payment

| | |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| $MWh_{UnpaidFIT,EU}$ | is the total MWh corresponding to the <i>FIT-All</i> Obligation of all <i>Mandated Participant</i> for month m , not paid by the end-users |
| $MWh_{WESM DCC}$ | is the total MWh corresponding to the WESM purchases of all the <i>Directly Connected Customers</i> , for month m |
| MWh_m | is the total MWh generation output from all <i>FIT-Eligible facilities</i> for month m |
| $MQ_{m,cust}$ | is the <i>MWH Metered Quantities</i> of all wholesale customers for month m , including the energy requirement of the <i>Directly Connected Customers</i> purchased from the WESM and monthly <i>MWH Bilateral Contract Quantity Declarations</i> of their generator counterparties |
| $MQ_{m,i}$ | is the Allocation Factor in MWh for each <i>RPS Mandated Participant i</i> for month m , defined in Section 0 |
| $MQ_{m,total}$ | is the total of the Allocation Factors of all wholesale customers $MQ_{m,i}$ for month m |

Appendix A of this Manual provides numerical examples showing the allocation of MWh from FIT-Eligible RE facilities and corresponding issuance of *FIT RECs*.

2.3.11 Adjustment for Errors

If an *On-Grid RPS Mandated Participant* determines that there is an error in respect of its *Monthly FIT Generation Share and REC* allocation, then it shall notify the *RE Registrar* no later than Fifteen (15) calendar days after confirming receipt of the Notice of its *Monthly FIT Generation Share and REC* allocation.

If the *RE Registrar* determines that there is an error or discrepancy in the *Monthly FIT Generation Share and REC* allocation, then it shall ensure that the *REC* issuance correction is reflected in the *REC* allocation for the next *WESM Billing Period*.

Appendix A Examples of the FIT Generation Allocation Methodology

The appendix provides numerical examples to illustrate how the allocation methodology shall be applied.

Example 1. The example below pertains to a hypothetical month in which there was 1,000 MWh generation from the *FiT-Eligible facility* and the following are the four *Mandated Participants*:

- Two Distribution Utilities (DU1 and DU2);
- One retail supplier (RES1); and
- A Generation Company (GEN1) supplying a *Directly-Connected Customer* (DCC1) through a Power Supply Agreement. DCC1 is a *Direct WESM Member* and is therefore only partially-contracted. Specifically, 500 MWh or fifty percent (50%) of the 1,000 MWh supply requirement of DCC1 is contracted to GEN1 and the remaining 500 MWh is sourced from the *WESM*.

In this example, it is assumed that all *RPS Mandated Participants* paid in full and remitted all of the *FiT-All Tariff* for the month. Using the methodology described in Section 0, the resulting allocation of MWh from *FiT-Eligible RE facilities* per *Mandated Participant* is shown in the table below. These values represent the term MWh_a in **Equation 1**.

Table 1. Allocation of MWh from FiT, assuming full payment of FiT-All

| MP | MQ | Allocation Factor (MQ_i) (A) | Share of total MWh from FiT ($B = A / \text{Total A}$) | MWh from FiT Allocated (MWh_a) | FiT Carry Over Quantity** |
|--------------|---------------|----------------------------------------|----------------------------------------------------------------|------------------------------------------|------------------------------|
| DU1 | 5,000 | 5,000 | 52.63% | 500 | 0 |
| DU2 | 2,500 | 2,500 | 26.32% | 250 | 0 |
| RES1 | 1,500 | 1,500 | 15.79% | 150 | 0 |
| GEN1 | 1000 | 500* | 5.26% | 50 | 0 |
| TOTAL | 10,000 | | | | |

*Allocation factor to be based on the *Bilateral Contract Quantity Declaration* of GEN1 with respect to DCC1

** *FiT Carry Over Quantity* for the succeeding month

The value used in GEN1's *Metered Quantity* column for the purpose of allocation of MWh from *FiT-Eligible RE facilities* is GEN1's *Bilateral Contract Quantity Declaration* to DCC1 (500 MWh) instead of DCC1's total *Metered Quantity*, which is 1,000 MWh.

As stated in Section 2.3.2 0 of this Manual, MWh from *FiT* attributed to the *WESM* purchases of *Directly Connected Customers* shall be apportioned again to the *Mandated Participants* based on their monthly metered energy quantity. Since there is only one *Directly Connected Customer*, DCC1, in this example and it being a *Direct WESM Member*, examination of its *Bilateral Contract Quantity* with GEN1 compared

to its *Metered Quantity* will result to its supply requirement sourced from the *WESM*, which is 500 MWh.

Table 2. MWh from FIT in respect of DCC1's WESM purchase

| MP | WESM Purchases of DCCs | MWh from FIT for allocation to MPs |
|------|------------------------|------------------------------------|
| DCC1 | 500 | 50 |

Following the method stated in Section 2.3.2 0, the MWh from *FIT* to be allocated to each RPS *Mandated Participant* in respect of the *WESM* purchase of DCC1 is shown in the table below. These values represent the term MWh_{inc} in Equation 1.

Table 3. MWh from FIT in respect of DCC spot quantity or WESM exposure allocated to MPs

| MP | MQ | Allocation Factor (MQ_i) (A) | Share of total MWh from FIT (B = A / Total A) | MWh from FIT for allocation to MPs* (MWh_{inc}) | FIT Carry Over Quantity** |
|--------------|---------------|----------------------------------|-----------------------------------------------|-----------------------------------------------------|---------------------------|
| DU1 | 5,000 | 5,000 | 52.63% | 26 | 0.315 |
| DU2 | 2,500 | 2,500 | 26.32% | 13 | 0.16 |
| RES1 | 1,500 | 1,500 | 15.79% | 7 | 0.895 |
| GEN1 | 1000 | 500* | 5.26% | 2 | 0.63 |
| TOTAL | 10,000 | | | | |

*MWh from FIT allocated subject to Section 2.3.2 0
 **FIT Carry Over Quantity for the succeeding month

Obtaining values from Table 1 and Table 3, it can be observed that *FIT Carry Over Quantity* for each RPS *Mandated Participant* will be fractional in value. Hence, these values will be carried over to the succeeding month. In summary, the *Monthly FIT Generation Share* of each RPS *Mandated Participant* is shown in the table below.

Table 4. Monthly FIT Generation Share of each RPS Mandated Participant for month m

| MP | MWh from FIT Allocated (MWh_a) | MWh from FIT for allocation** (MWh_{inc}) | Monthly FIT Generation Share ($REC_{m,i} = [MWh_a + FCO_{m-1} + MWh_{inc}]$) | FIT Carry Over Quantity* (FCO_{m+1}) |
|------|------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------|
| DU1 | 500 | 26 | 526 | 0.315 |
| DU2 | 250 | 13 | 263 | 0.16 |
| RES1 | 150 | 7 | 157 | 0.895 |
| GEN1 | 50 | 2 | 52 | 0.63 |

* FIT Carry Over Quantity for the succeeding month
 ** MWh from FIT-Eligible RE facilities allocated subject to Section 2.3.2 0

Example 2. The example below uses the same *Mandated Participants* as Example 1. Additionally, the levels of remittance to the *FIT-All* by DU1, DU2, RES1 and GEN1 in respect of DCC1 are indicated in the table below.

Table 5. Allocation of MWh from FIT, with partial payment of FIT-All

| MP | MQ | Allocation Factor (MQ_i) (A) | Share of total MWh from FIT ($B = A / \text{Total A}$) | FIT-All Remittance (C) | MWh from FIT Allocated* ($MWh_a = B \cdot C$) | MWh from deferred allocation*** ($MWh_{UnpaidFIT,MP}$) | FIT for |
|--------------|---------------|----------------------------------|----------------------------------------------------------|------------------------|-------------------------------------------------|----------------------------------------------------------|---------|
| DU1 | 5,000 | 5,000 | 52.63% | 90% | 450 | | 50 |
| DU2 | 2,500 | 2,500 | 26.32% | 100% | 250 | | 0 |
| RES1 | 1,500 | 1,500 | 15.79% | 85% | 127.5 | | 22.50 |
| GEN1** | 1000 | 500* | 5.26% | 90% | 45 | | 5 |
| TOTAL | 10,000 | | | | | | |

*Total MWh from FIT calculated for allocation subject to full payment of FIT-All for the corresponding month

**Allocation factor based on the Bilateral Contract Quantity Declaration of GEN1 with respect to DCC1

***MWh to be allocated upon full payment of FIT-All

As seen on the table above, DU2 remitted one hundred percent (100%) and therefore has a *Monthly FIT Generation Share* with no MWh from FIT deferred for allocation. However, for the case of DU1 and RES1, their *Monthly FIT Generation Share* is pro-rated based on their *FIT-All Tariff* remittance. Specifically, RES1 has twenty-two and one half (22.50) MWh deferred for allocation resulting from the fifteen percent (15%) *FIT-All Tariff* for the month that is not yet remitted. On the other hand, DU1 has fifty (50) MWh deferred for allocation attributed to the remaining ten percent (10%) of its *FIT-All Tariff* corresponding to the unpaid *FIT-All Tariff* obligation.

As stated in Section 2.3.2 0 of this Manual, MWh from *FIT-Eligible RE facilities* attributed to the *WESM purchases of Directly Connected Customers* shall be apportioned to the *Mandated Participants* based on their monthly metered energy quantities. Since there is only one *Directly Connected Customer*, DCC1, in this example and it is a *Direct WESM Member*, it can be implied that it sourced its remaining supply requirement from the WESM amounting to 500 MWh. Considering this *Metered Quantity*, the MWh from *FIT* corresponding to WESM purchase of DCC1 for allocation to *RPS Mandated Participants* is provided in the succeeding table.

Table 6. MWh from FIT in respect of DCC WESM Purchase

| MP | WESM Purchases of DCCs | MWh from FIT for allocation to MPs |
|------|------------------------|------------------------------------|
| DCC1 | 500 | 50 |

Following the method stated in Section 2.3.2 0, the MWh from *FiT* to be allocated to each RPS *Mandated Participant* in respect of the *WESM* purchase of DCC1 is shown in the table below. These values represent the term MWh_{inc} in **Equation 1**.

Table 7. MWh from FiT in respect of DCC spot quantity or WESM exposure allocated to MPs

| MP | MQ | Allocation Factor (MQ_i) (A) | Share of total MWh from FiT ($B = A / \text{Total A}$) | MWh from FiT for allocation to MPs* (MWh_{inc}) | FiT Carry Over Quantity** |
|--------------|---------------|----------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------|---------------------------------|
| DU1 | 5,000 | 5,000 | 52.63% | 26 | 0.315 |
| DU2 | 2,500 | 2,500 | 26.32% | 13 | 0.16 |
| RES1 | 1,500 | 1,500 | 15.79% | 7 | 0.895 |
| GEN1 | 1000 | 500* | 5.26% | 2 | 0.63 |
| TOTAL | 10,000 | | | | |

*MWh from FiT allocated subject to Section 2.3.2 0

**FiT Carry Over Quantity for the succeeding month

Obtaining values from **Table 5** and **Table 7**, the *Monthly FiT Generation Share* of each RPS *Mandated Participant* is summarized in the table below, where incremental (i.e., fractional) MWh in the fourth column, *FiT Carry Over Quantity*, will be carried over to the next month ($m + 1$).

Table 8. Monthly FiT Generation Share of each RPS Mandated Participant for month m

| MP | MWh from FiT Allocated (MWh_a) | MWh from FiT for allocation* (MWh_{inc}) | Monthly FiT Generation Share ($REC_{m,i} = \{MWh_a + FCO_{m-1} + MWh_{inc}\}$) | FiT Carry Over Quantity* (FCO_{m+1}) |
|------|---------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------|
| DU1 | 450 | 26 | 476 | 0.315 |
| DU2 | 250 | 13 | 263 | 0.16 |
| RES1 | 127.5 | 7 | 135 | 0.395 |
| GEN1 | 45 | 2 | 47 | 0.63 |

*MWh from FiT allocated subject to Section 2.3.2 0

**FiT Carry Over Quantity for the succeeding month

Example 3. The example below uses the same RPS *Mandated Participants* as Examples 1 and 2. Also provided in the table are the levels of remittance of the *FIT-All* by DU1, DU2, and RES1 and the *FIT Carry Over Quantity* of each RPS *Mandated Participant* from the previous month (FCO_{m-1}).

Table 9. Allocation of MWh from FIT, with partial payment of FIT-All due to non-payment of end-users

| MP | MQ | Allocation Factor (A) | Share of total MWh from FIT (B = A / Total A) | MWh from FIT | FIT-All Remittance | Uncollected FIT-All from End-users | MWh from FIT Allocated (MWh_a) | MWh from FIT deferred for allocation*** |
|--------------|---------------|-----------------------|-----------------------------------------------|--------------|--------------------|------------------------------------|------------------------------------|-----------------------------------------|
| DU1 | 5,000 | 5,000 | 52.63% | 500 | 90% | 2% | 450 | 40 |
| DU2 | 2,500 | 2,500 | 26.32% | 250 | 100% | - | 250 | 0 |
| RES1 | 1,500 | 1,500 | 15.79% | 150 | 85% | 5% | 127.5 | 15 |
| GEN1 | 1000 | 500* | 5.26% | 50 | 90% | - | 45 | 5 |
| TOTAL | 10,000 | | | | | | | |

*Net of allocation related to unremitted FIT All by end-users

On the 7th column (Uncollected FIT-All from End-users) of the table above, there are *FIT-All* non-remittances attributed to non-payment of end-users. As stated in Section 2.3.2 0 item ii of this Manual, the MW from FIT attributed to this circumstance shall be apportioned to the RPS *Mandated Participants* based on their monthly metered energy quantity following

Equation 3. **Table 10** shows the total MWh from *FIT* for allocation for this condition.

Table 10. MWh from FIT in respect of End-user's Non-Payment of FIT-All for Allocation to all MPs

| MP | MWh from FIT* | Uncollected FIT-All from End-users | MWh from FIT for allocation to MPs |
|--------------|---------------|------------------------------------|------------------------------------|
| DU1 | 500 | 2% | 10 |
| DU2 | 250 | - | - |
| RES1 | 150 | 5% | 7.5 |
| GEN1 | 50 | - | - |
| TOTAL | | | 17.5 |

*Total MWh from FIT calculated for allocation subject to full payment of FIT-All for the corresponding month

As stated in Section 2.3.2 0 of this Manual, MWh from *FIT* attributed to the *WESM* purchases of *Directly Connected Customers* shall be apportioned again to the RPS *Mandated Participants* based on their monthly metered energy quantity. Since there is only one *Directly Connected Customer*, DCC1, in this example and it is a *Direct WESM Member*, it can be implied that it sourced its remaining supply requirement from the *WESM* amounting to 500 MWh. The MWh from *FIT* corresponding to *WESM* purchase of DCC1 for allocation to RPS *Mandated Participants* is provided in the succeeding table following

Equation 3.

Table 11. MWh from FIT in respect of DCC spot quantity or WESM exposure

| MP | WESM Purchases of DCCs | MWh from FIT for allocation to MPs |
|------|------------------------|------------------------------------|
| DCC1 | 500 | 50 |

Based on the values provided in **Table 10** and **Table 11**, the total value of MWh from *FIT* for allocation to RPS Mandated Participants is 67.5. **Table 12** shows the allocated MWh out of the 67.5 MWh per RPS Mandated Participant.

Table 12. MWh from FIT allocated to MPs subject to Sections 2.3.2.0 item ii and 2.3.2.0

| MP | MQ | Allocation Factor (A) | MWh from FIT for allocation* (MWh _{inc}) |
|--------------|---------------|-----------------------|----------------------------------------------------|
| DU1 | 5,000 | 5,000 | 35.52525 |
| DU2 | 2,500 | 2,500 | 17.766 |
| RES1 | 1,500 | 1,500 | 10.65825 |
| GEN1 | 500 | 500* | 3.5505 |
| TOTAL | 10,000 | | |

*MWh from FIT allocated subject to Sections 2.3.2.0 item ii and 2.3.2.0

Table 13 shows the *FIT Carry Over Quantity* of each RPS Mandated Participant from the previous month.

Table 13. FIT Carry Over Quantity from the previous month

| MP | FIT Carry Over Quantity from previous month (FCO _{m-1}) |
|------|-------------------------------------------------------------------|
| DU1 | 0.75 |
| DU2 | 0.80 |
| RES1 | 0.90 |
| GEN1 | 0.25 |

The *Monthly FIT Generation Share* of each RPS Mandated Participant is summarized in the table below. Incremental (i.e., fractional) MWh from FIT-Eligible RE facilities in the last column will be carried over to the next month ($m + 1$).

Table 14. Monthly FIT Generation Share of each RPS Mandated Participant for month m

| MP | MWh from FIT Allocated (MWh_a) | FIT Carry Over Quantity from previous month (FCO_{m-1}) | MWh from FIT for allocation* (MWh_{inc}) | Monthly FIT Generation Share ($REC_{m,t} = \frac{MWh_a + FCO_{m-1} + MWh_{inc}}{MWh_{inc}}$) | FIT Carry Over Quantity (FCO_{m+1}) |
|------|------------------------------------|-------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------|
| DU1 | 450 | 0.75 | 35.52525 | 486 | 0.27525 |
| DU2 | 250 | 0.80 | 17.766 | 268 | 0.566 |
| RES1 | 127.5 | 0.90 | 10.65825 | 139 | 0.05825 |
| GEN1 | 45 | 0.25 | 3.5505 | 48 | 0.8005 |

*MWh from FIT allocated subject to Sections 2.3.2.0 item ii and 2.3.2.0



Renewable Energy Market (REM) Manual

REM Investigation Procedures and Penalty Issue 1.0

| | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Abstract | This document provides for the procedures to be observed in the initiation, conduct, and reporting of investigations of breaches of the Renewable Energy Market (<i>REM</i>) Rules, as well as, in the imposition of sanctions and penalties. |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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| Issue No. | Author | RGC | | PEM Board | | DOE | |
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Related Documents

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| DOE DC2019-12-0016 | Promulgating the REM Rules |
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| | |

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SECTION 1 INTRODUCTION

1.1 OVERVIEW

- 1.1.1 Pursuant to Clause 6.1.3.9 of the *Renewable Energy Market (REM) Rules*, the *Enforcement and Compliance Office* shall develop and publish an investigation procedure for the guidance of *REM Members*.
- 1.1.2 Pursuant to Clause 6.1.3.1 of the *REM Rules*, the *Wholesale Electricity Spot Market Enforcement and Compliance Office (WESM ECO)* shall be designated as *REM ECO*.
- 1.1.3 As such, this Manual sets forth:
- a) The investigation procedures to be used by the *Enforcement and Compliance Office* in investigating breaches by the *REM Members* under Clause 6.1.3 of the *REM Rules*; and
 - b) The sanctions and penalties to be applied by the *PEM Board* in accordance with Clause 6.1.2.1 of the *REM Rules*.
- 1.1.4 All terms and abbreviations used in this Manual that are defined in the *REM Rules* are italicized and shall have the same meaning as defined in the latter, unless the context otherwise provides or the said term or abbreviation is otherwise defined in this Manual.

1.2 RESPONSIBILITIES

1.2.1 Renewable Energy Registrar ("*RE Registrar*")

The *RE Registrar* shall be responsible for:

- a) Administering the operation of the *REM* in accordance with the *REM Rules* and *REM Manuals*;
- b) Submitting a report to the *Enforcement and Compliance Office* of a possible non-compliance of a *REM Member* with any of the obligations specified in Clause 6.1.1.1 of the *REM Rules*;
- c) Administering the sanctions imposed by the *PEM Board*, including the suspension or deregistration of a *REM Member*; and
- d) Providing the required information or data and cooperation to the *Enforcement and Compliance Office* or other entities, as may be authorized under the *REM Rules*.

1.2.2 Enforcement and Compliance Office

The *Enforcement and Compliance Office* shall be responsible for conducting investigations of the non-compliances as may be referred to it by the *RE Registrar* under Section 1.2.1 (b) and in accordance with the procedures prescribed in Section 3 of this Manual.

1.2.3 REM Governance Committee

The *REM Governance Committee (RGC)* shall be responsible for:

- a) Determining whether the relevant *REM Member* has been non-compliant with the *REM Rules* upon the completion of the investigation by the *Enforcement and Compliance Office*; and
- b) Recommending the penalties after due investigation pursuant to Section 4 of this Manual in relation to Clause 6.1.2.1 of the *REM Rules*.

1.2.4 REM Members

REM Members shall be responsible for:

- a) Providing the required information or data to the *Enforcement and Compliance Office*, *RE Registrar* or other entities, as may be authorized under the *REM Rules*; and
- b) Cooperating with and providing assistance to the *RGC*, *Enforcement and Compliance Office* and *RE Registrar* in the course of investigation which may involve their participation.

1.2.5 PEM Board

The *PEM Board* shall be responsible for imposing penalties, sanctions or remedial measures. Such authority of *PEM Board* is, however, limited to deciding on the sanctions and not on the findings of the investigation.

SECTION 2 PRINCIPLES AND GUIDELINES

2.1 SCOPE

This Section sets out the general principles which the *RGC, Enforcement and Compliance Office* and other relevant parties shall apply when making decisions, giving notices, maintaining records, and reporting the results of investigations.

2.2 PROCESSES OF THE RGC

2.2.1 Action either by referendum or meetings

2.2.1.1 The RGC shall act on:

- a) The results of investigation by the *Enforcement and Compliance Office*;
- b) The recommendation concerning the imposition of sanctions or penalties or exemptions on the imposition of the same as a consequence of a finding of breach by the *Enforcement and Compliance Office*; and
- c) Such other matters brought to its attention pursuant to the provisions of the *REM Rules*.

2.2.1.2 Action by referendum means that Members of the *RGC* may give their consent, or cast their votes in regard to matters that are presented to them without necessarily having face-to-face interaction with all *RGC* members. The *RGC* may, thus, resolve matters without formally holding a meeting provided that all *RGC* members are given written notice of the actions to be acted upon. The *RGC* shall cast their votes through written assent.

2.2.1.3 The Chairperson of the *RGC* may, however, call for an assembly or a face-to-face meeting, whenever the circumstances would warrant a more collaborative thinking, sharing of ideas, interpersonal exchanges of information, knowledge, and expertise of all *RGC* members to arrive at a more meaningful decision. Should a face-to-face meeting become impossible due to distance or other impediments and/or limitations, the Chairperson of the *RGC* may also consider holding a virtual meeting or tele-conferencing, or video-conferencing subject to the voting requirements set forth in Section 2.2.2 of this Manual.

2.2.2 Voting requirements

2.2.2.1 *Referendum.* A resolution on any action or matter brought to the RGC through referendum has to be passed by majority votes of the RGC members.

2.2.2.2 *Meetings.* Every decision of at least a majority of votes of RGC members present, constituting a quorum, at any face-to-face meeting or assembly, virtual meeting, or video-conferencing, shall be valid as an RGC act. If voting is equal, the RGC Chairperson has a casting vote.

2.2.3 *Signing of decisions and resolutions.* Any actions, motions, or resolutions voted on by the majority of the members of the RGC shall be confirmed by the Chairperson of the RGC and the voting members by signing the appropriate resolution or decision.

2.2.4 *Records of processes.* The RGC shall keep complete and accurate records of the processes undertaken, such as, the details of correspondence, reports, notices, and other relevant documents, date, time, and place of meeting, if any, the date of notice, the motion or resolution voted on, and the number of votes for and against said motion or resolution.

2.3 GIVING OF NOTICES

A notice is properly given or treated to be given to a person if made according to Clause 8.1.4 of the *REM Rules*. In addition, all notices, requests, reports, or communications relative to investigation procedures set forth in this Manual shall be in writing and shall be signed by the head, Chairperson, or the authorized representatives of the party giving notices, requests, reports, or communications. These shall be sent by the secretariat, if any and applicable, or by any authorized person by email or such other acceptable, speedy, and effective form of communication or through personal service, private courier, or postal mail. The secretariat shall ensure that all notices are received or acknowledged by the intended recipients. Notices requiring publication shall be posted/published on the *Market Information Website*.

2.4 DOCUMENT MANAGEMENT

The *Enforcement and Compliance Office* shall create and maintain a database for all the market data, document files and records gathered in the course of investigation, working files, and investigation reports, and other pertinent records or documents.

2.5 CONFIDENTIALITY

The *Enforcement and Compliance Office* shall treat and use the information obtained in the course of investigation in strict confidentiality. As such, all reports that are required to be published or disseminated through the *Market Information Website* shall, as far as practicable, exclude portions which are classified as confidential or commercially-sensitive information. The *Enforcement and Compliance Office* or the *RGC*, as the case may be, shall prepare a version of its reports, whenever required, omitting *Confidential Information*, to enable its dissemination and publication.

2.6 REPORTS AND PUBLICATION

Within five (5) *Working Days* from the end of each calendar month, the *Enforcement and Compliance Office* shall prepare a monthly report on the status of investigations for such calendar month, publish the report in the *Market Information Website*, and transmit a copy of the report to the *RGC*, the *PEM Board*, and *Department of Energy (DOE)*. For this purpose, the *RGC* shall develop and prescribe a template or report form for publication and reporting that is consistent with the requirements of Section 2.5 of this Manual particularly in giving due consideration to the commercially-sensitive information.

SECTION 3 FORMAL INVESTIGATION PROCEDURES

3.1 SCOPE

This Section sets out the investigation procedures to be followed by the *Enforcement and Compliance Office* and other relevant parties when conducting investigations under *REM Rules* Clause 6.1.3.

3.2 SCOPE OF INVESTIGATION

The *Enforcement and Compliance Office* shall investigate a probable breach pursuant to Clause 6.1.3 of the *REM Rules* when:

- a) The act or omission involves a probable breach of a provision of the *REM Rules* or any *REM Manual*;
- b) The act or omission is committed by a *REM Member*, and
- c) The act or omission is not subject of an automatic sanction or adjustment in settlement amounts, imposed by the *RE Registrar* or *RGC* according to the *REM Rules*.

3.3 INITIATION OF INVESTIGATION

3.3.1 The *RE Registrar*, to the extent possible, shall immediately coordinate with the *REM Member* matter/s which may affect its obligation and/or compliance under the relevant *REM Rules* or *REM Manuals*. If the *RE Registrar* has reasonable grounds to believe that a breach has been committed by a *REM Member* notwithstanding the coordination and communication with the *REM Member* to comply with the *REM Rules* or *Manuals*, the *RE Registrar* shall submit a report of the probable breach to the *Enforcement and Compliance Office*.

For this purpose, the *RE Registrar* shall develop an internal business procedure on the immediate coordination and verification of the compliance matters referred to in this Section.

3.3.2 The report shall be submitted within thirty (30) *Working Days* from the occurrence of the probable breach. The report may, however, cover probable breaches of the same nature that occurred repetitively within one *Billing Period* and shall be submitted within thirty (30) days from the end of the covered *Billing Period*. Notwithstanding the foregoing, the *RE Registrar*, may report a probable breach within a reasonable time after discovery of a possible violation. However, no investigation can be initiated two (2) years after the occurrence of the act or omission, unless such act or omission was concealed through fraud. In cases of concealment through fraud, the two-year period shall be reckoned from the date of the discovery of the concealed act or omission.

3.4 ISSUANCE OF NOTICE OF INVESTIGATION

- 3.4.1 Within five (5) *Working Days* from receiving the report of the *RE Registrar*, the *Enforcement and Compliance Office* shall issue a notice of investigation to the *REM Member* to be investigated.
- 3.4.2 The notice of investigation shall be in writing and shall be transmitted to the *REM Member*.
- 3.4.3 The notice of investigation shall clearly set out the name of the *REM Member* to be investigated, the details of the acts or omission constituting the probable breach, the date and, if applicable, the relevant *Renewable Energy Certificates (RECs)*, the provision of the *REM Rules* or *REM Manual* alleged to have been breached, and the data or information that may be needed from the *REM Member* in the conduct of investigation.

3.5 REPLY BY PARTY INVESTIGATED

- 3.5.1 Within fifteen (15) *Working Days* from receipt of the notice of investigation, the *REM Member* shall submit its reply to the allegations set out in the notice of investigation issued under Section 3.4 of this Manual. A *REM Member* may, for meritorious reasons, be granted an additional period of not more than fifteen (15) calendar days to file a reply. A *REM Member* is only allowed to file one (1) request for extension of time to file a reply.
- 3.5.2 The reply shall be in writing and shall include affidavits and certified copies of documents to support the explanations.
- 3.5.3 Failure of the party subject of the investigation to provide information requested by the *Enforcement and Compliance Office* within the period set in Section 0 of this Manual shall constitute a waiver of its right to present its reply or such additional submission. The *Enforcement and Compliance Office* shall continue its investigation and shall determine whether a breach is committed based on the available data and information.

3.6 CONDUCT OF INVESTIGATION

- 3.6.1 *Nature of investigation.* The investigation to be conducted by the *Enforcement and Compliance Office* shall be inquisitorial in nature. For this purpose, the *Enforcement and Compliance Office* is authorized to obtain data from the *REM Member* being investigated or other *REM Members*, or from the *RE Registrar*, any information and report that will aid in the investigation according to the procedures set out in Section 3.6 of this Manual.

3.6.2 Clarification Questions

- 3.6.2.1 The *Enforcement and Compliance Office* may request clarifications from the *REM Member* being investigated, the *RE Registrar* or other *REM Members* it seeks to consult.
- 3.6.2.2 The *Enforcement and Compliance Office* shall make the request to provide clarifications in writing and shall specify the deadline for the submission of the same.
- 3.6.2.3 The responses to the clarifications requested shall be in writing and shall be submitted to *Enforcement and Compliance Office* within ten (10) working days from the date of receipt of the *REM Member* of the clarificatory questions.
- 3.6.2.4 If the clarificatory questions are posed to a party other than the *REM Member* being investigated, the *Enforcement and Compliance Office* shall provide the *REM Member* being investigated a copy of the questions.

3.6.3 Conference

- 3.6.3.1 A conference may be called by the *Enforcement and Compliance Office* at its own discretion or upon request of any party being consulted.
- 3.6.3.2 If a conference is called, the *Enforcement and Compliance Office* shall, no later than five (5) *Working Days* before the scheduled date of the conference, issue a written notice of conference to all parties that will be consulted and the *REM Member* being investigated setting out clearly the date, time and venue of the conference. The period within which to set a conference as referred to herein is in addition to the timeline provided under Section 3.5.1 of this Manual. The notice shall likewise be published in the *Market Information Website* no later than three (3) *Working Days* before the scheduled date of the conference.
- 3.6.3.3 The conference will be conducted in a venue set by the *Enforcement and Compliance Office*.

3.6.4 *Ocular inspection.* The *Enforcement and Compliance Office* may, at its discretion or upon the recommendation of the *REM Member* being investigated, or any of the parties being consulted, conduct an ocular inspection of the facilities of the *REM Member* being investigated.

3.6.5 *Request for additional data and documents.*

- 3.6.5.1 The *Enforcement and Compliance Office* is authorized to obtain data, information, documents and reports that will aid in its investigation from the *RE Registrar* and other *REM Members* within ten (10) working days from the receipt of the *REM Member* of such request.
- 3.6.5.2 A *REM Member* may, for meritorious reasons, be granted an additional period of not more than ten (10) working days to submit the requested data or information.
- 3.6.5.3 Any request for data shall be in writing and shall state the date within which the data, information, document or report requested shall be submitted.

3.6.6 *Completion of investigation.*

- 3.6.6.1 The investigation shall be completed within forty (40) *Working Days* from the receipt of the report of the *RE Registrar* set out in Clause **Error! Reference source not found.** of this Manual.
- 3.6.6.2 The *Enforcement and Compliance Office* may, subject to the approval of the *RGC*, extend the period of time to complete the investigation under the following circumstances:
 - a) The *Enforcement and Compliance Office* encountered difficulty or constraints, during the investigation, in obtaining sufficient data or information.
 - b) Where unforeseen events render impossible the completion of investigation within the period prescribed in this Manual.
 - c) The investigation activities are reasonably moved to a later date in consideration of the extended period of time to submit a reply and/or supporting documents as granted in accordance with this Manual.
- 3.6.6.3 The *Enforcement and Compliance Office* shall notify the party investigated in writing that it has concluded its formal investigation and that no further submission is expected or required or will be accepted from the party being investigated.

3.7 PRELIMINARY INVESTIGATION REPORT

- 3.7.1 *Preparation and contents of the report.* Upon conclusion of its formal investigation, the *Enforcement and Compliance Office* shall prepare its investigation report, which shall set out the following –
 - a) Statement of the Case

- b) Preliminary Matters and Material Dates
- c) Data and Documents considered
- d) Issues for Investigation/Statement of Relevant Rules or Manual Provisions
- e) Findings
- f) Assessment and Opinion
- g) Conclusions

3.7.2 *Timetable.* The Preliminary Investigation Report shall be completed and submitted as required in Section 3.8 of this Manual within twenty (20) *Working Days* from completion of the investigation.

3.8 SUBMISSION TO RGC

The *Enforcement and Compliance Office* shall submit the Preliminary Investigation Report to the *RGC*, furnishing each *RGC* member a copy thereof.

3.9 ACTION BY THE RGC

3.9.1 Within fifteen (15) *Working Days* from submission of the Preliminary Investigation Report by the *Enforcement and Compliance Office*, the *RGC* shall render its decision.

3.9.1.1 *Approval.* If the *RGC* agrees with the findings of the *Enforcement and Compliance Office*, it shall approve the Preliminary Investigation Report. A Final Investigation Report shall then be prepared by *Enforcement and Compliance Office* as set forth in Section 3.11 of this Manual.

3.9.1.2 *Disapproval.* If the *RGC* disagrees with the findings of the *Enforcement and Compliance Office*, it shall disapprove the report and shall either make its decision based on the data, reports, and documents submitted by *Enforcement and Compliance Office*.

3.9.1.3 *Remand.* Return the case to *Enforcement and Compliance Office* for further investigation in accordance with Section 3.10 of this Manual.

3.9.2 If the *RGC* decides to approve or disapprove the Preliminary Investigation Report and does not direct a remand under Section 3.9.1.3, the *Enforcement and Compliance Office* shall be directed to prepare the Final Investigation Report in accordance with Section 3.11 of this Manual.

3.10 CONDUCT OF FURTHER INVESTIGATION

- 3.10.1 If the *RGC* decides to return the case for further investigation, it shall clearly set out the issues that need further investigation.
- 3.10.2 If the issue entails further investigation which requires the *REM Member* to submit additional documents or respond to clarificatory question/s,
- 3.10.2.1 The concerned *REM Member*, upon the receipt of written notice of *Enforcement and Compliance Office*, shall submit the necessary response within the period enunciated in Clause 3.6.2.3 or 3.6.5, whichever is applicable.
- 3.10.2.2 The *Enforcement and Compliance Office* shall complete the re-investigation of the case returned for investigation and submit its revised investigation report to the *RGC* no later than ten (10) *Working Days* from the date the case was returned by the *RGC* or after the receipt of the documents or answers to the clarificatory questions from the *REM Member*, whichever is applicable.
- 3.10.3 The *RGC* shall act on the revised investigation report no later than ten (10) *Working Days* from submission by *Enforcement and Compliance Office*. It shall decide whether –
- 3.10.3.1 A breach has been committed, in which case, it shall recommend the appropriate penalty to be imposed according to Section 4 of this Manual.
- 3.10.3.2 No breach has been committed, in which case, it shall recommend the closure of the investigation.
- 3.10.4 The *RGC* shall render its decision either approving or disapproving the revised report of the *Enforcement and Compliance Office* in accordance with Section 0 of this Manual, but may not return the case for further investigation.

3.11 FINAL INVESTIGATION REPORT

- 3.11.1 Within the period set out in Section 0 or 3.10.3 of this Manual, the *RGC* shall notify the *Enforcement and Compliance Office* of its decision and direct the preparation of the Final Investigation Report.
- 3.11.2 The Final Investigation Report shall be prepared by the *Enforcement and Compliance Office* and submitted to *RGC* within ten (10) *Working Days* from the approval of the Preliminary Investigation Report. It shall have the same contents as the *Enforcement and Compliance Office's* preliminary or revised investigation report as set out in Sections 0 and 3.10.2, except that it will contain a definitive finding of whether or not a breach has been

committed, and if a breach is committed, a statement of the penalty that will be recommended.

- 3.11.3 The Final Investigation Report shall be approved in a manner prescribed by Section 2.2.2 of this Manual, and shall be signed by the *RGC* Chairperson, or in his/her absence, by the *RGC* member delegated to sign on his/her behalf.
- 3.11.4 The Final Investigation Report shall be provided to the *PEM* Board within three (3) *Working Days* for appropriate action, or for imposition of penalty or sanctions, as the case may be. The *PEM* Board shall issue the appropriate resolution within thirty (30) *Working Days* from receipt of the Final Investigation Report.
- 3.11.5 The Notice of the *PEM* Board Resolution referred to in the preceding paragraph including the copy of the final investigation report shall be provided to the *REM Member* investigated, the *RE Registrar* and the *DOE* within five (5) *Working Days* from the decision.

3.12 REQUEST FOR RECONSIDERATION

- 3.12.1 *Grounds and period for filing a request for reconsideration.* The concerned *REM Member* may file a request for reconsideration with the *PEM Board* of its decision or resolution within ten (10) *Working Days* from the receipt of the Notice of *PEM* Board action or decision, upon the grounds that the data and information upon which the decision is made is insufficient to justify the decision or resolution or that the decision or resolution is contrary to the provisions of the *REM Rules* and/or *REM Manuals*.
- 3.12.2 *Contents of the Request for Reconsideration and Notice thereof.* The request shall be made in writing stating the ground or grounds thereof. It shall point out specifically the findings or conclusions which are not supported by the evidence or which are contrary to *REM Rules* and/or *REM Manuals*, making express reference to the specific evidence alleged to be insufficient or to such findings or conclusions alleged to be contrary to the *REM Rules* and/or *REM Manuals*. Only the request that is sufficient both in form and substance as required in the preceding section shall be officially endorsed to the *RGC*. Failure to comply with the said requirements may warrant denial by the *PEM Board* of the Request for Reconsideration.
- 3.12.3 *Endorsement to the RGC.* The *PEM Board* may refer or endorse the Request for Reconsideration to the *RGC* for review and recommendation upon the determination of the completeness of the request for reconsideration referred to in the preceding section. The *RGC* shall prepare and file the Case Review Report to the *PEM Board* for its

resolution within fifteen (15) *Working Days* from receipt of the endorsement of the *PEM Board*.

- 3.12.4 *Resolution on the Request.* A request for reconsideration shall be resolved by the *PEM Board* within thirty (30) *Working Days* from the time it is submitted for resolution. Copies of the resolution shall immediately be provided to the *REM Member*, the *RE Registrar* and the *DOE*. No more than one request for reconsideration pertaining to the same decision and party or participant shall be entertained by the *PEM Board*.

3.13 IMPLEMENTATION OF THE PEM BOARD ACTION

- 3.13.1 *Finality of the Decision.* The case is considered final and executory upon the issuance by the *PEM Board* of a resolution on the request for reconsideration, if any, or upon the lapse of the period to file a request for reconsideration.
- 3.13.2 *Implementation.* Within thirty (30) calendar days from receipt of the Notice of the *PEM Board Action* referred to in Section 3.12.4, the *RE Registrar* shall proceed with the implementation of the decision of the *PEM Board* and administer the sanctions, as may be appropriate, pursuant to the authority under Section 1.2.1 (c) of this Manual.

SECTION 4 PENALTY GUIDELINES

4.1 SCOPE

This section sets out guidelines for determining and imposing penalties on *REM Members* under Clause 6.1.2 of the *REM Rules*.

4.2 DETERMINING THE NUMBER OF BREACHES

For purposes of determining the penalty that can be imposed -

- 4.2.1 Where a clause of the *REM Rules* or a *REM Manual* requires that an obligation be performed on a particular timeline, a breach shall be determined every hour, day, week, month or instance that the obligation is not performed in accordance with the relevant clause.
- 4.2.2 Where a clause of the *REM Rules* or a *REM Manual* requires that an obligation be performed in relation to a membership category as provided in Section 2.2 of the *REM Rules*, a breach is counted for each obligation that is not performed as required under a specific membership category in accordance with the relevant clause.
- 4.2.3 If a *REM Member* is registered under two or more membership categories specified under Section 2.2 of the *REM Rules* and the penalty to be imposed is suspension or deregistration, the category in which the *REM Member* is found to be in breach shall be the subject of such suspension or deregistration. Thus, any other membership category for which the *REM Member* is registered shall not be affected.

4.3 PENALTIES AND SANCTIONS

- 4.3.1 The *penalty* level to be imposed will depend on the severity and frequency of the breach determined after due investigation, as follows:
 - a) Level 1: Reprimand or Written Warning. It is a notice to the *REM Member* that a *breach* has been committed and enjoins the *REM Member* from doing the same or similar act or omission that constituted the *breach*.
 - b) Level 2: Financial Penalty with Escalation. *Financial penalties* are the pre-set amounts as stated under Section 4.5 of this Manual.
- 4.3.2 Notwithstanding the penalty levels provided under preceding section, suspension and de-registration may also be imposed as penalty for breaches explicitly specified under the *REM Rules* or in this Manual.

- a) Suspension. A *REM Member* found in *breach* may be suspended from participating or from providing service in the REM until the suspension is lifted.
- b) Deregistration. A *REM Member* that has already been suspended for breach may be ordered deregistered from the REM.

4.4 FORMAL WARNING OR REPRIMAND

4.4.1 The *RGC* shall recommend the issuance of a formal warning or reprimand when the *REM Member* is being penalized for breaching a Clause of the *REM Rules* or a *REM Manual* for the first time.

4.4.2 Upon approval of the recommendations of the *RGC*, the *PEM Board* shall cause the issuance of a formal warning or reprimand to the erring *REM Member* stating the following:

- a) The reason for the written warning or reprimand;
- b) The consequences of failure to take immediate and corrective actions and/or repetition and continuance of similar violations of the *REM Rules* or the relevant *REM Manual*; and
- c) A recommendation to the erring *REM Member* to, among others, promptly cooperate or coordinate with the *RE Registrar* within a specified timeframe in relation to its actions, measures, or efforts to be undertaken to correct the breach or violation and to prevent future similar breaches.

4.4.3 The formal warning or reprimand shall be administered by the *RE Registrar* pursuant to Section 1.2.1 (c) of this Manual. It shall be addressed to the person identified by the *REM Member* as its authorized representative. If no such person is identified, subsequent notices shall continue to be sent to the head or main contact person at the *REM Member's* organization and to its own compliance officer, if any.

4.5 FINANCIAL PENALTY

4.5.1 The minimum financial penalty for a *REM Member* who has previously been penalized for breaching the same clause of the *REM Rules* or the relevant *REM Manual* is Five Thousand Pesos (PhP 5,000.00) per count of breach pursuant to Clause 6.1.2.2 of the *REM Rules*. The financial amounts are pre-set according to each type of breach and may be escalated depending on the frequency of occurrence, as stated in the Schedule of Breach and Penalties found in Appendix A of this Manual.

4.5.2 Upon approval of the recommendation of the *RGC* to impose financial penalty, the *PEM Board* shall cause the issuance of a notice of collection. The *RE Registrar* shall issue a Notice of Collection within ten (10) *Working*

Days from the finality of the decision, as determined under Section 3.13.1 of this Manual.

4.5.3 Collection and Payment

4.5.3.1 The *RE Registrar* shall issue a statement of account or a bill and a penalty notification to the erring *REM Member* immediately upon receipt of the resolution of the *PEM Board* under Section 4.5.2.

4.5.3.2 The penalty notification in Clause 4.5.3.1 shall indicate that the amount of the financial penalty as indicated in the statement of account or bill shall be deducted by the *RE Registrar* from the amount due to the *REM Member*, if any, without need of authorization.

4.5.3.3 The erring *REM Member* may, in lieu of automatic deduction or collection from its receivables, pay the financial penalty within thirty (30) calendar days from receipt of the statement of account or bill through fund transfer of the amount of financial penalty to the *RE Registrar's* account or through an Electronic Fund Transfer (EFT) facility.

4.5.3.4 If the collection and payment of financial penalty is to be made through means other than the deduction from amounts payable, the *REM Member* shall immediately notify the *RE Registrar* of:

- a) The means or mode of payment;
- b) The date of payment, which shall not be later than thirty (30) calendar days from receipt of the statement of account or bill issued under Clause 0 of this Manual;
- c) The said notice shall be signed by the head or authorized representative of the erring *REM Member*.

4.5.3.5 The *RE Registrar* shall deposit the money collected from financial penalties in a special account of the *RE Registrar* to be utilized for the market-related training activities of *REM Members*, or such other type of activities for *REM Members* that facilitate and promote capacity building and the efficient development of the *REM*. The *RE Registrar* shall submit an annual report to all *REM Members* regarding the amount of penalties collected, interest earned, and the amount utilized out of said funds.

4.6 SUSPENSION

- 4.6.1 In addition to or in lieu of financial penalties provided under Section 4.5, the erring *REM Member* shall be suspended from participation in the *REM*, when applicable, under Clause 2.7.3 of the *REM Rules* if the following conditions concur:
- 4.6.1.1 The *REM Member* has previously been investigated and penalized for breaching the clause of the *REM Rules* or a *REM Manual*;
 - 4.6.1.2 The breach is continuing;
 - 4.6.1.3 The breach has caused and continues to pose a threat to the integrity and competition in the market; and
 - 4.6.1.4 The situation can be remedied by the *REM Member* through implementation of appropriate mitigation measures.
- 4.6.2 The *RGC* may recommend the penalty of suspension and deregistration even without exhausting the financial penalty escalation provided in the Schedule of Breaches and Penalties, provided that the conditions set forth in the Section 4.6.1 are all met.
- 4.6.3 The erring *REM Member* shall also be suspended from participation in the *REM* if, notwithstanding the agreement and/or undertaking to pay the financial penalty in a manner set forth in Sections 4.5.3.3 and 4.5.3.4 and 4.5.3.4, the *REM Member* fails to comply or fulfill its financial obligation.
- 4.6.4 Issuance of notice of suspension and disconnection
- 4.6.4.1 Upon approval of the recommendation of the *RGC* to impose the penalty of suspension and disconnection, the *PEM Board* shall cause the issuance of a notice thereof.
 - 4.6.4.2 Within five (5) *Working Days* from the resolution of the *PEM Board* or from the lapse of the period to file a request for reconsideration, the *RE Registrar* shall impose the suspension by:
 - a) Providing a *Suspension Notice* to the *REM Member* of its suspension, stating the reasons thereof and the effective date and hour of the suspension; and
 - b) Publishing a *Suspension Notice* in the *Market Information Website*.
 - 4.6.4.3 Under Clause 2.7.4.2 of the *REM Rules*, within ninety (90) calendar days from the committed date of payment of the financial penalty, and where no payment has been made by the

erring *REM Member*, the *RE Registrar* shall, pursuant to Section 0 of this Manual, impose the suspension in a manner set forth in the preceding paragraph.

4.6.5 Lifting of suspension

4.6.5.1 The suspension will be lifted if the *RGC* is satisfied that the appropriate corrective measures have been put in place by the *REM Member* sufficient to ensure that the breach will not recur, or when the obligation to pay the financial penalty referred to in Section 0 of this Manual has been fully satisfied. Immediately upon receipt of the notice and proof that the grounds for suspension have been remedied or rectified by the *REM Member*, the *RGC* shall recommend to the *PEM Board* the order the lifting of suspension by the *RE Registrar*.

4.6.5.2 Upon approval of the *PEM Board*, the *RE Registrar* shall thereafter lift the suspension by providing a written notice to the suspended *REM Member*, the same indicating the date and hour it will take effect. A copy of the notice shall be furnished to the *PEM Board* and the *RGC*.

4.7 DEREGISTRATION

4.7.1 The erring *REM Member* shall be deregistered from the *REM* under Clause 2.7.2 of the *REM Rules* if the following conditions concur:

4.7.1.1 The *REM Member* has previously been investigated, suspended and disconnected for breaching the clause of the *REM Rules* or a *REM Manual*;

4.7.1.2 The breach is continuing;

4.7.1.3 The breach has caused and continues to pose a threat to the integrity and competition in the market;

4.7.1.4 The situation cannot be remedied by the *REM Member*, and

4.7.1.5 The *REM Member* has been suspended for sixty (60) calendar days for the same breach.

4.7.2 Issuance of notice of deregistration

4.7.2.1 Upon the expiration of the 60-day period from the time the *REM Member* has been suspended, the *RE Registrar* shall notify the *REM Member*, the *PEM Board*, and the *RGC* that the suspension has not been lifted.

4.7.2.2 The *RE Registrar* shall immediately initiate the deregistration of the suspended *REM Member* from the *REM* according to the *REM Registration Manual*. The *REM Member*, the *RGC* and the *PEM Board* shall be notified of the effective date of the deregistration.

4.8 REAPPLICATION

- 4.8.1 A deregistered entity may re-register or reapply for membership in the *REM*, provided that, in addition to complying with the usual requirements for registration, it must satisfy the *RGC* that the breach will not recur.
- 4.8.2 Upon approval of the *PEM Board* of recommendation of the *RGC* to allow the reapplication, the *RE Registrar* shall proceed with the registration of the concerned *REM Member* following the usual registration process.

APPENDIX I: SCHEDULE OF BREACHES AND PENALTY

| Reference | Category | Description of Breach | Applicable Person | Applicable Penalties | | | | Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met | Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met |
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| | | | | Financial Penalty | Other | Other | Other | | |
| REM Registration Manual 4.3, in relation to 5.3.1 and 5.3.2 | Continuing Compliance | As a condition to continuing membership in the REM, all registered REM Members shall ensure their continuing compliance with the membership criteria and technical and commercial requirements set forth in the REM Rules and this REM Manual. | REM Member | | | | | | |
| REM Rules 2.5 (d) | Continuing Compliance | Each REM Member: (a) Shall ensure that, any information or data it is required to submit to the Registrar or any other entity or to maintain, as required by virtue of being an REM Member, shall, to the best of its knowledge and belief, be true, valid, correct, complete and accurate at the time it is given and, while it is maintained and where appropriate, it shall keep the Registrar informed of any | REM Member | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th Offense and succeeding offenses ¹ | | |

¹ This last escalation of Financial Penalty will apply for the 4th time and succeeding offenses, unless the offense is of such nature would warrant the application of penalty of Suspension and Deregistration under Sections 4.6 and 4.7 of the Manual, in which case the penalty of Suspension/ Deregistration shall apply. This condition applies to all succeeding obligations stated in this Appendix.

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| | | mistakes or omissions in and corrections or updates to any information or data which it has submitted to the Registrar or any other entities under the REM Rules. | | | | | | | | |
| REM Rules 3.1.3.3 | REC Issuance | If a REM Trading Participant determines that there is an error or a discrepancy in respect of RECs issued under Clause 3.1.6 then it shall notify the Registrar no later than Fifteen (15) calendar days after the date on which the REC was issued. | Monthly | REM Trading Participant | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th Offense and succeeding offenses | N/A | N/A |
| REM Rules 3.1.3.4 | REC Issuance Timetable | On-Grid Mandated Participants and Off-Grid Mandated Participants shall apply to the Registrar for RECs created in respect of Renewable Electricity generated by Embedded Non-WESM RE Generators and Off-Grid RE Generators that are not Multi-Fuel Hybrid Systems and with whom they have Power Supply Agreements no later than Ten (10) Working Days after the end of a REM Quarter in accordance with the REC calculations provided Clause 3.1.8. | Quarterly | On-Grid Mandated Participants Off-Grid Mandated Participants | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th Offense and succeeding offenses | N/A | N/A |

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| REM Rules 3.1.3.7 | REC Issuance Timetable | <p>On-Grid Mandated Participants who are also the host Distribution Utilities for registered Net-Metered RE Generators and entities with RE Generation Facilities for own-use in their Franchise Areas or for the GEOP, shall apply to the Registrar for RECs created through Renewable Electricity generated by such entities no later than the twentieth (20th) day of the month following the applicable REM quarter in accordance with Clause 3.1.8.</p> | Quarterly | On-Grid Mandated Participants Entities with RE Generation Facilities | 1st Offense | 2nd Offense | 3rd Offense | 4th Offense and succeeding offenses | N/A | N/A |
| REM Rules 3.1.3.10 | REC Issuance Timetable | <p>If a Mandated Participant determines that there is an error or a discrepancy in respect of RECs issued under Clause 3.1.9 then it shall notify the Registrar no later than Fifteen (15) calendar days after the date on which the REC was issued.</p> | Quarterly | Mandated Participants | 1st Offense | 2nd Offense | 3rd Offense | 4th Offense and succeeding offenses | Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met | Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met |

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| REM Rules 3.1.3.11 | REC Issuance Timetable | <p>REM Trading Participants shall apply to the Registrar for RECs created in respect of Renewable Electricity generated by REM Generators that are Multi-Fuel Hybrid Systems by submitting the information set out in Clause 3.1.5.2 or Clause 3.1.8.1(b), as applicable, no later than Ten (10) Working Days after the end of a REM Quarter.</p> | <p>Quarterly</p> | <p>REM Trading Participant</p> | <p>1st Offense</p> | <p>2nd Offense</p> | <p>3rd Offense</p> | <p>4th Offense and succeeding offenses</p> | <p>Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met</p> | <p>Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met</p> |
| REM Rules 3.1.3.15 | REC Issuance Timetable | <p>If a REM Trading Participant determines that there is an error or a discrepancy in respect of RECs issued under Clause 3.1.6 or 3.1.9 in respect of Renewable Electricity generated from a Multi-Fuel Hybrid System then it shall notify the Registrar no later than Fifteen (15) calendar days after the date on which the REC was issued.</p> | <p>Monthly for the obligation under Clause 3.1.6; Quarterly for the obligation under Clause 3.1.9</p> | <p>REM Trading Participant</p> | <p>1st Offense</p> | <p>2nd Offense</p> | <p>3rd Offense</p> | <p>4th Offense and succeeding offenses</p> | <p>Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met</p> | <p>Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met</p> |

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| REM Rules 3.1.5.2 | Data Provisions REC Calculations | <p><i>Generation Companies</i> shall submit the following data in respect of each of their <i>WESM</i> registered <i>Multi-Fuel Hybrid Systems</i> within the timeframe specified in Clause 3.1.3.11:</p> <p>a) The total monthly MWH Metered Quantity for all <i>WESM</i> Billing Periods in the relevant <i>REM</i> Quarter;</p> <p>b) The total monthly Renewable Metered Quantity which represents the renewable component of the total monthly MWH Metered Quantity submitted under paragraph (a) for all <i>WESM</i> Billing Periods in the relevant <i>REM</i> Quarter;</p> <p>c) Certification that the Renewable Metered Quantity submitted under paragraph (b) has been calculated in accordance with the requirements prescribed by the <i>DOE</i> pursuant to Clause 9.2.1.</p> | Quarterly | Generation Companies | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th Offense and succeeding offenses | N/A | N/A |
| REM Rules 3.1.8.1 | Data Provision REC | <i>On-Grid Mandated Participants</i> and <i>Off-Grid Mandated Participants</i> shall submit the | Quarterly | On-Grid Mandated Participants | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th Offense and succeeding offenses | Breach is continuing and the conditions set | Breach is continuing and the conditions set forth in |

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| | Calculations | <p>following data to the Registrar in respect of <i>Embedded Non-WESM RE Generators</i> and <i>Off-Grid RE Generators</i> and with whom they have <i>Power Supply Agreements</i> for each <i>REM Quarter</i> within the period specified in Clause 3.1.3.4 or Clause 3.1.3.11 (as applicable):</p> <p>(a) <i>If the Embedded Non-WESM RE Generator is a Separately Metered Hybrid System:</i></p> <p>(i) The monthly MWH <i>Metered Quantities</i> in respect of only the <i>Renewable Electricity</i> generated by the facility in that <i>REM Quarter</i>,</p> <p>(ii) The total monthly MWH <i>Metered Quantities</i> pertaining to that <i>REM Quarter</i>,</p> <p>(b) <i>If the Embedded Non-WESM RE Generator is a Multi-Fuel Hybrid System:</i></p> <p>(i) The total monthly MWH <i>Metered Quantities</i> for the relevant <i>REM Quarter</i>,</p> <p>(ii) The total monthly <i>Renewable Metered Quantities</i> which represents the renewable</p> | | Off-Grid Mandated Participants | | | | | forth in Section 4.6 of the Manual have been met | Section 4.7 of the Manual have been met |
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| | | <p>component of the total monthly MWH <i>Metered Quantity</i> submitted under paragraph (i) for the relevant <i>REM Quarter</i>.</p> <p>(ii) Certification that the <i>Renewable Metered Quantities</i> submitted under paragraph (ii) has been calculated in accordance with the requirements prescribed by the <i>DOE</i> pursuant to Clause Error! Reference source not found..</p> <p>(c) Otherwise, the monthly MWH <i>Metered Quantities</i> pertaining to that <i>REM Quarter</i>.</p> | | | | | | | | |
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| REM Rules 3.1.8.2. | Data Provision | <i>On-Grid Mandated Participants who are also the host Distribution Utilities for registered Net-Metered RE Generators and entities with RE Generation Facilities for own-use in their Franchise Areas or for the GEOP shall submit the monthly MWH Metered Quantity pertaining to that REM Quarter to the Registrar in respect of each Net Metered RE Generators with whom they have a Net-Metering Agreement, and entity with RE Generation Facilities for own-use within the period specified in Clause 3.1.3.7. The data submitted under this Clause 3.1.8.2 shall represent the Net Metered RE Generator's net injection into the distribution network.</i> | Quarterly | On-Grid Mandated Participants Entities with RE Generation Facilities | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th Offense and succeeding offenses | Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met | Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met |
| REM Rules 3.1.8.3 | Data Provision REC Calculations | <i>Mandated Participants submitting data under Clause 3.1.8.1 or Clause 3.1.8.2 shall ensure that the data is validated, accurate and uncorrupted.</i> | Quarterly | Mandated Participants | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th Offense and succeeding offenses | N/A | N/A |
| REM Rules 3.1.8.4 | Data Provision | <i>If the Registrar notifies a Mandated Participant that there is an error in the data submitted under Clause 3.1.8.1 or Clause 3.1.8.2, the Mandated Participant shall submit the corrected data</i> | For each notification by the Registrar related to data error | Mandated Participants | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th Offense and succeeding offenses | N/A | N/A |

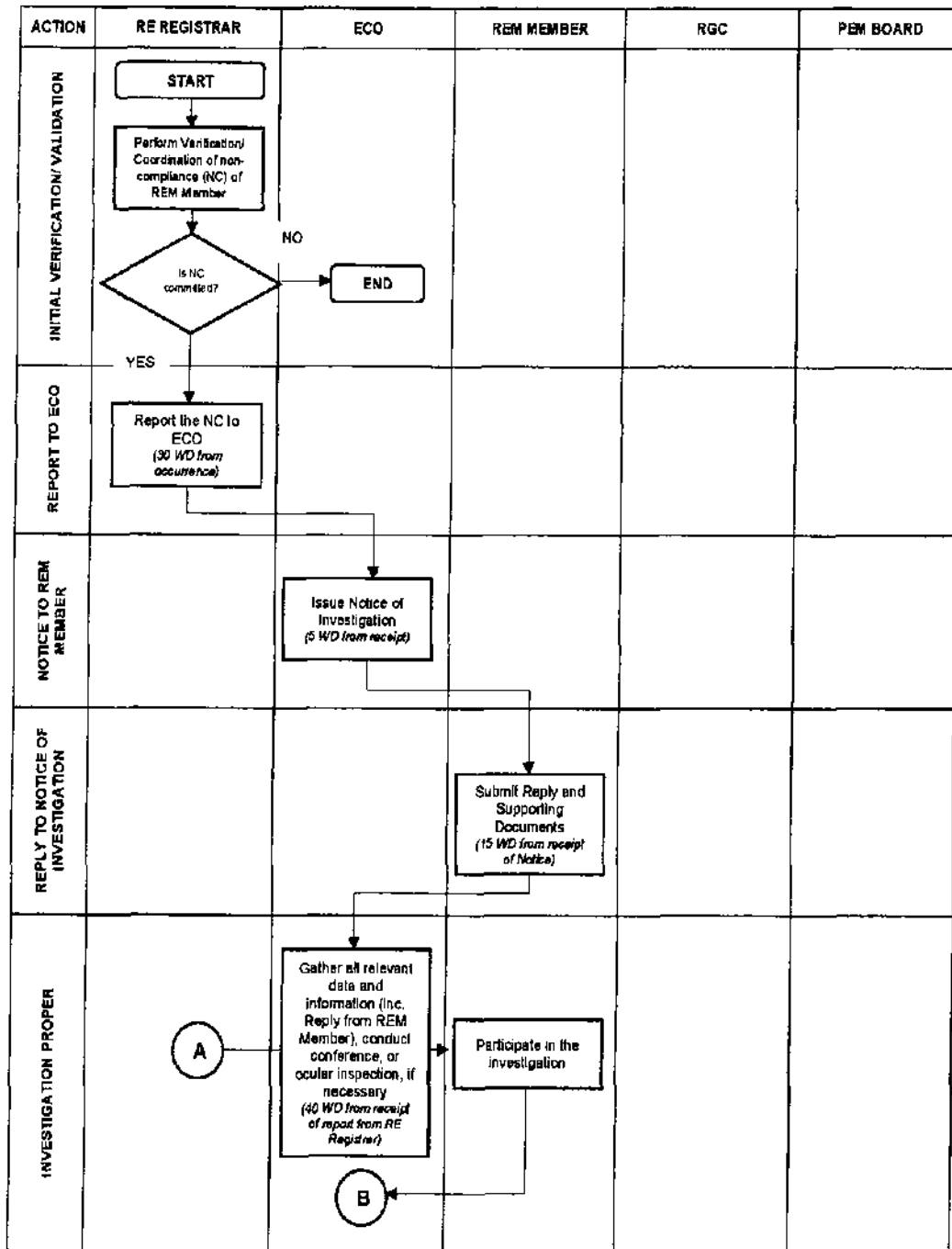
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| | | within five (5) <i>Working Days</i> of the notification or forfeit any <i>RECs</i> that would have been issued in respect of that submission. | | | | | | | | |
| REM Rules 3.1.10.2 | Data Provision Adjustments to <i>RECs</i> | If the relevant <i>Mandated Participant</i> determines that there is an error in the <i>Metered Quantity</i> submitted under Clause 3.1.8.1 or Clause 3.1.8.2, then that <i>Mandated Participant</i> shall: a) Immediately notify the Registrar; and b) Submit the corrected <i>Metered Quantity</i> as soon as practicably possible, but no later than 30 days after the <i>REC</i> issuance deadline under Clause 3.1.3.9 for the <i>REM Quarter</i> to which the erroneous data pertains. | Quarterly | Mandated Participants | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th – 5 th Offense | N/A | N/A |
| REM Rules 3.3.1.5 | Disclosure Certificate Transfers | <i>REM Trading Participants</i> shall disclose the price and volume of each <i>REC</i> transfer executed under Clause 3.3.1.1 in accordance with the relevant <i>REM Manual</i> . | For every transfer transaction | REM Trading Participant | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th – 5 th Offense | Breach is continuing and the conditions set forth in Section 4.6 of the <i>Manual</i> have been met | Breach is continuing and the conditions set forth in Section 4.7 of the <i>Manual</i> have been met |

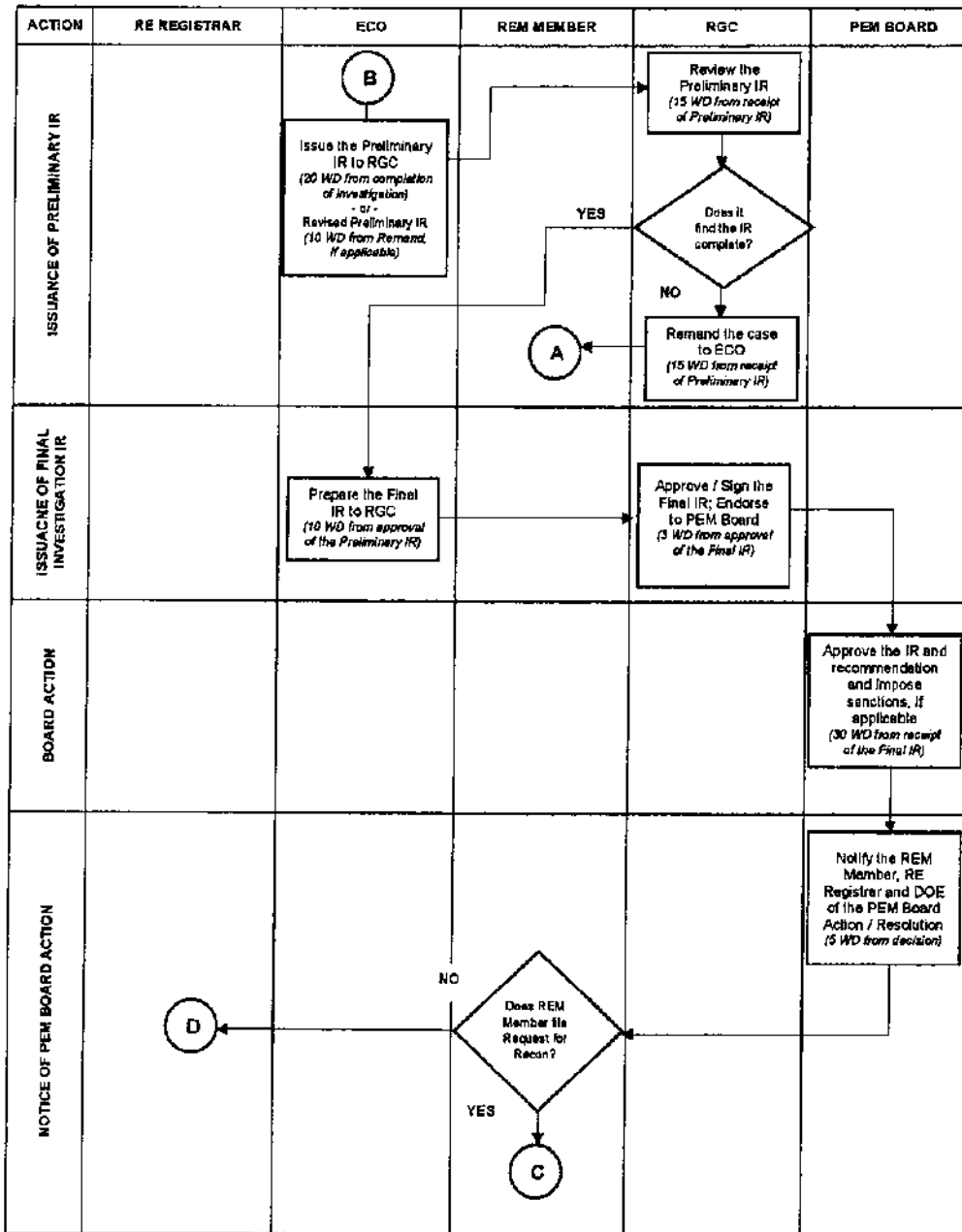
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| REM Rules 3.3.1.6 | Disclosure Certificate Transfers | <i>REM Trading Participants shall follow the procedures set forth in the relevant REM Manual when transferring RECs.</i> | For every transfer transaction | REM Trading Participant | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th – 5 th Offense | Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met | Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met |
| REM Rules 5.2.1 | Confidentiality | <p><i>All REM Members and the Registrar:</i></p> <p>a) Shall not disclose or permit to be disclosed, directly or indirectly, Confidential Information to any person or entity except as permitted in the REM Rules, and shall not permit unauthorized persons to have access to Confidential Information.</p> <p>b) Shall only use or reproduce Confidential Information for the purpose for which it was disclosed or for a purpose consistent with the REM Rules.</p> <p>c) Shall only allow access to Confidential Information to those persons for whom access is necessary. Particularly, they shall:</p> <p>(i) Disclose Confidential Information to their respective</p> | For each unauthorized disclosure | REM Member | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th – 5 th Offense | Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met | Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met |

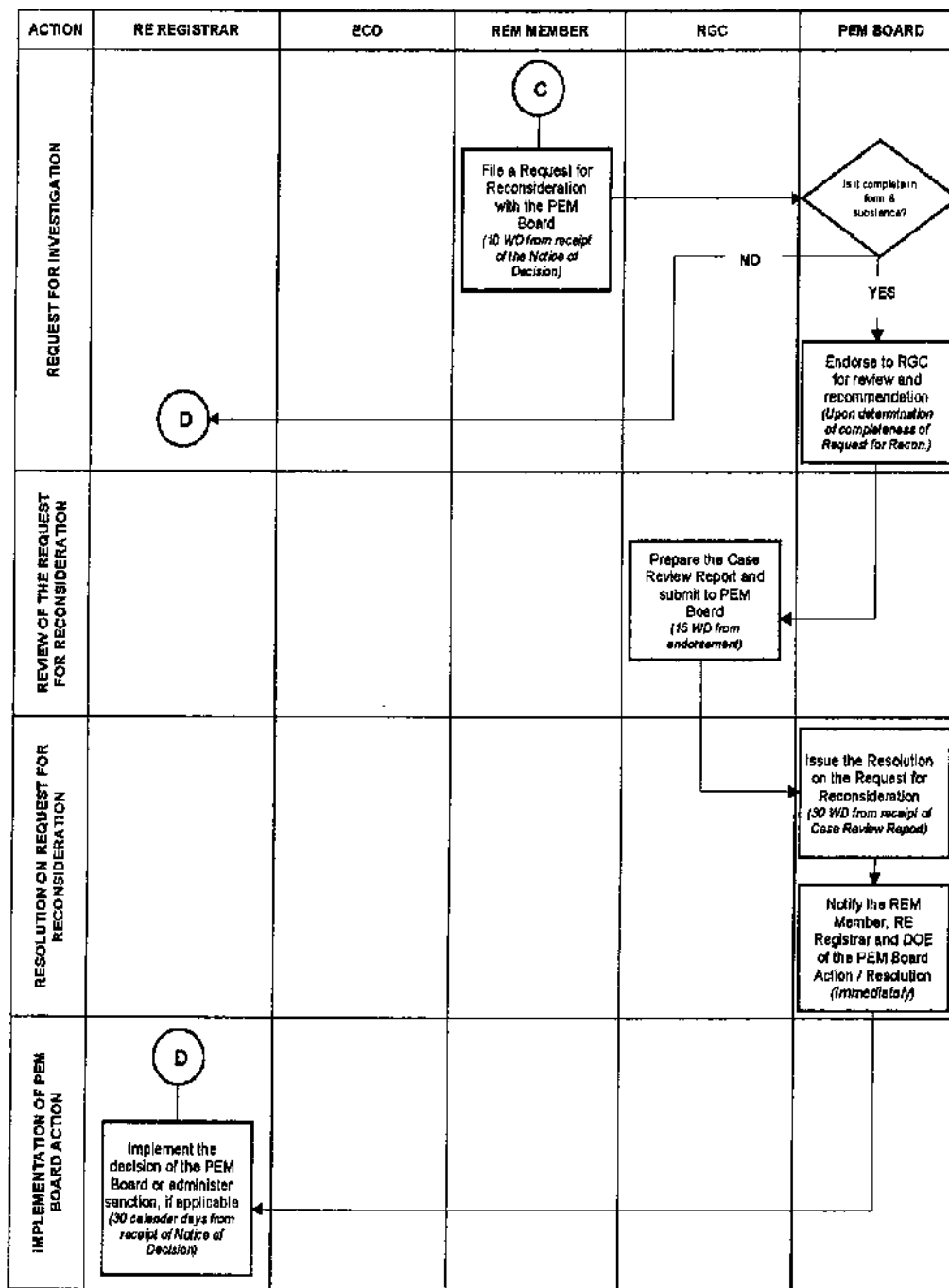
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| | | <p>directors, officers, employees, representatives or agents only on a "need to know" basis, and</p> <p>(ii) Shall inform their directors, officers, employees, representatives and agents that the information requested to be disclosed is confidential, and of their obligations under the REM Rules.</p> <p>(ii) Shall inform their directors, officers, employees, representatives and agents that the information requested to be disclosed is confidential, and of their obligations under the REM Rules.</p> <p>d) Shall use all responsible endeavors to prevent unauthorized access to Confidential Information which is in its possession or control. If reasonably practicable, they shall mark as confidential all copies of Confidential Information and any other material derived from such information, whether in printed or electronic format, or other format in the hands of the recipient, or to properly identify information that is confidential.</p> | | | | | | | | |
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| Investigation Procedures and Penalties | | | | | | | | | | |
|----------------------------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| REM Rule | Category | Description | Offense | Entity | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th - 5 th Offense | Continuing Breach | Continuing Breach |
| | | e) Shall ensure that any person or entity to whom it discloses Confidential Information observes the provisions of this Clause 7.2 in relation to that information. | | | | | | | | |
| REM Rules 5.2.2.1 | Confidentiality | Any entity who receives information disclosed in accordance with Clause 5.2.2.1: a) Shall not disclose the information to any person, except as provided by the REM Rules; and b) Shall only use the information for the purposes for which it was disclosed under Clause 5.2.2.1. | For each unauthorized disclosure | Any Entity Receiving Information | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th - 5 th Offense | Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met | Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met |
| REM Rules and REM Manuals | Others | Failure to comply with express mandatory provisions of the REM Rules and REM Manuals, that are not otherwise covered in other identified breach but which expressly provide for imposition of penalties. | As provided in the relevant rules/manual | REM Member | 1 st Offense | 2 nd Offense | 3 rd Offense | 4 th - 5 th Offense | Breach is continuing and the conditions set forth in Section 4.6 of the Manual have been met | Breach is continuing and the conditions set forth in Section 4.7 of the Manual have been met |

APPENDIX II: REM INVESTIGATION PROCESS FLOWCHART









Renewable Energy Market (REM) Manual

REM Dispute Resolution Issue 1.0

| | |
|----------|-------------------------------------------------------------------------------------------------------|
| Abstract | This document covers detailed procedures and requirements for the resolution of REM related disputes. |
|----------|-------------------------------------------------------------------------------------------------------|

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Related Documents

| Document ID | Document Title |
|--------------|-----------------------------------------------------------------------------------|
| REM Rules | RE Market Rules (REM Rules) |
| REM-REG-001 | Procedures on the Registration and De-Registration of REM Members Manual Issue |
| REM-ARC- 001 | Procedures and Methodology for Allocating FIT-Eligible RE Generation Manual Issue |
| REM-IPM-001 | REM Investigation Procedures and Penalty |

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SECTION 1 INTRODUCTION

1.1 PURPOSE

1.1.1 This Manual contains the dispute resolution procedures pursuant to Clause 6.3 of the *Renewable Energy Market (REM) Rules*.

1.1.2 The general objectives of this Manual are the following:

- a) Establish the mechanisms and procedures to ensure speedy, efficient and cost-effective administration and resolution of *REM Disputes* between and among *REM Participants* and the *Renewable Energy Registrar (RE Registrar)*;
- b) Establish the criteria and procedures for non-discriminatory and transparent resolutions on *REM Disputes*;
- c) Clarify the scope of responsibilities and functions of persons involved in the *REM Dispute* resolution process;
- d) Establish the responsibilities of the *Dispute Resolution Administrator (DRA)* in accordance with Clause 6.3 of the *REM Rules*.

1.2 SCOPE

This Manual covers all related activities and processes regarding dispute administration and *REM Dispute* resolution, as well as the following:

- a) Description of the qualifications, functions and responsibilities of the *Dispute Resolution Administrator* in the administration and facilitation of the resolution of *REM Disputes*;
- b) Process of accrediting *REM Mediators*;
- c) Process of appointing *REM Mediators* and the conduct of mediation proceedings;
- d) Procedures for referring a *REM Dispute* to the *Dispute Resolution Administrator*; and
- e) Procedures for submission of information and the responsibilities of the parties in dispute.

SECTION 2 DEFINITIONS, INTERPRETATION AND CONSTRUCTION

2.1 DEFINITIONS

Unless otherwise defined in this Manual, terms and acronyms used herein have the same meanings ascribed to them in the *REM Rules*.

- a) **Claimant** refers to the party in a dispute who filed the *Request for Mediation (RM)*.
- b) **Dispute Management Protocol (DMP)** is the process established for purposes of negotiation before referral of a *REM Dispute* to the *Dispute Resolution Administrator* for mediation, as defined under Clause 0 and Annex A of this Manual.
- c) **Dispute Management Protocol Focal Person** refers to the person designated under Section 2, Annex A of this Manual for purposes of the *Dispute Management Protocol*.
- d) **Dispute Reports** refer to the reports prepared by the *Dispute Resolution Administrator* for submission to the *PEM Board* and the *REM Governance Committee* and for publication in the *Market Information Website* in accordance with Section 4.4 of this Manual.
- e) **Dispute Resolution Administrator (DRA)** is the person appointed by the *PEM Board* to perform the functions provided for under the *REM Rules* and Section 4 of this Manual.
- f) **DRA Secretariat** refers to the designated unit within *PEMC* tasked to assist the *Dispute Resolution Administrator* in the performance of his/her responsibilities under the *REM Rules*.
- g) **Notice of Dispute** refers to the notice described in Annex A of this Manual.
- h) **Philippine Electricity Market Corporation (PEMC)** refers to the corporation designated by the *DOE* to act as the *RE Registrar* pursuant to Republic Act No. 9513 or the *RE Act*.
- i) **Renewable Energy Certificate (REC)** refers to a certificate issued by the *Registrar* in accordance with Clause 3.1.1 of the *REM Rules* representing all renewable and environmental attributes from one *MWH* of electricity generation sourced from an eligible *RE Generation Facility*.
- j) **REM Governance Committee (RGC)** is the Committee defined under Clause 1.3. of the *REM Rules* to perform such obligations specified under Clause 1.3.4 of the same.
- k) **REM Mediators** refer to mediators who have been accredited pursuant to Section 5 of this Manual.
- l) **REM Dispute** refers to a dispute falling within the coverage of Section 0 of this Manual, in accordance with the *REM Rules*.
- m) **Request for Mediation (RM)** refers to the notice described under Section 0 of this Manual.
- n) **Secretariat** refers to the *REM Alternative Dispute Resolution Support Service Center* appointed to a particular case assisting the *REM Mediator* pursuant to Section 5.3 of this Manual.
- o) **REM Dispute Resolution Market Manual** refers to this *Market Manual*, which describes the procedures for resolution of *REM Disputes*, as may be amended from time to time.

2.2 INTERPRETATION AND CONSTRUCTION

- 2.2.1 Any annex to this Manual shall be considered an integral part hereof.
- 2.2.2 Any reference to "this Manual" is a reference to the whole of this *REM Dispute Resolution Manual*, including all its annexes.
- 2.2.3 The singular includes the plural and vice versa.
- 2.2.4 The words "such as", "include", "including", "for example" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not limit or prejudice the generality of any foregoing words.
- 2.2.5 The word "shall" shall be construed as mandatory.
- 2.2.6 Headings in this Manual are for convenience only and shall not affect the construction and interpretation of the provisions of this Manual.
- 2.2.7 Any reference to any law, regulation made under any law, rules or codes shall be to that item as amended, modified, revised or replaced from time to time.
- 2.2.8 Unless otherwise stated or contextually inherent, any reference to a numbered rule corresponds to that Clause in the *REM Rules*.
- 2.2.9 The provisions in this Manual, the *REM Rules* and other *REM Market Manuals* shall be read, construed and interpreted in such a manner as to harmonize and reconcile each and every provision thereof. In the event of inconsistency, the *REM Rules* shall prevail.
- 2.2.10 Should any part or provision of this Manual be declared invalid or nullified by any court or authority of competent jurisdiction, provisions not affected by the declaration of invalidity or nullity shall continue to be in full force and effect.
- 2.2.11 If part of a provision of this Manual be invalidated or nullified by any court or authority of competent jurisdiction, but the rest of such provision would remain valid if part of the wording were deleted, the provision shall apply with such minimum modification as may be:
- a) Necessary to make it valid and effective; and
 - b) Most closely achieves the result of the original wording but without affecting the meaning or validity of any other provision of this Manual.

SECTION 3 APPLICATION

3.1 DISPUTE CATEGORIES AND PARTIES

3.1.1 As established in the *REM Rules*, the provisions and procedures in this Manual shall apply in the case of *REM Disputes* that may arise between and among any of the following parties:

- a) *REM Members*; and
- b) *RE Registrar*;

3.1.2 The provisions and procedures in this Manual shall apply to *REM Disputes* arising from or in connection with or in relation to one or more of the following:

- a) The application of any of the provision of the *REM Rules* or *REM Market Manuals* and all other applicable provisions in the *WESM Rules* related to *REM*;
- b) The interpretation of any of the provisions of the *REM Rules* or *REM Manuals* and all other applicable provisions in the *WESM Rules* related to *REM*;
- c) Any *REM Dispute* relating to or in connection with a transaction in the *REM*; provided that the same shall not involve a breach of the *REM Rules* or *REM Manuals* or such other policy or regulatory rules. For avoidance of doubt, breaches shall fall under the coverage Clause 6.1 of the *REM Rules* and the *REM Investigation Procedures and Penalty Manual*.

3.2 RESORT TO ADMINISTRATIVE OR JUDICIAL PROCESS

A person or entity with a *REM Dispute* belonging to any of the categories described in Clause 3.1 should first comply with the *REM Dispute* resolution process set out in this Manual before filing a formal complaint with the quasi-judicial body or court of competent jurisdiction.

3.3 EFFECT OF DISPUTE RESOLUTION PROCESS

3.3.1 The initiation of the *REM Dispute* resolution process shall put on hold any *REM* transaction specified under Clauses 3.2.1 and 3.2.3 of the *REM Rules* for a *Renewable Energy Certificate (REC)* that is the subject of such *REM Dispute* until the same is resolved.

3.3.2 The initiation of the *dispute* resolution process shall not relieve a *REM Member* from any of its obligations stipulated under the Clause 4.1.1 of the *REM Rules* and *Market Manuals* and any other applicable policy, rules, and regulation governing the *REM*.

3.3.3 Pursuant to Clause 4.4.3, a *REM Dispute* lodged under Clause 4.4.1.1 and 4.4.2.1 shall not affect an *On-Grid Mandated Participant's Renewable Portfolio Standards (RPS)* obligations as specified under Clause 4.3 of the *REM Rules*.

- 3.3.4 The final resolution of a *REM Dispute* may include compensatory measures if actual and proven damages were suffered directly from the continuing compliance with an order or direction in *dispute* and the *dispute* resolution establishes that such order or direction was inconsistent with the *REM Rules* or such relevant *REM Market Manuals*.

SECTION 4 THE DISPUTE RESOLUTION ADMINISTRATOR

4.1 OBJECTIVES AND RESPONSIBILITIES

4.1.1 The primary objectives and main responsibilities of the *Dispute Resolution Administrator* are to facilitate the amicable resolution of *REM Disputes* in a timely and cost-effective manner and ensure the application of the provisions of the *REM Rules* and this *REM Manual* in the process of resolution of a *REM Dispute*.

4.1.2 In the performance of its duties and responsibilities under Section 4.2 and in any other part of this Manual, the *Dispute Resolution Administrator* shall endeavor to administer the *REM Dispute* resolution processes and make recommendations that:

- a) Are consistent with the *REM* objectives¹;
- b) Are efficient, consistent and transparent;
- c) Are non-discriminatory;
- d) Facilitate the development of full and fair competition; and
- e) Utilize efficient and effective mechanisms to resolve *REM Disputes*.

4.2 POWERS AND FUNCTIONS

4.2.1 The *Dispute Resolution Administrator* shall exercise the following powers and functions:

- a) Administer and ensure the effective implementation and operation of the *REM Dispute* resolution provisions of this Manual;
- b) Determine preliminarily if the dispute is a *REM Dispute* under Clause 0 of this Manual;
- c) Draft and issue standard forms to help expedite the resolution of disputes as contained in this Manual;
- d) Facilitate the accreditation process of *REM Mediators*;
- e) Coordinate with *PEMC* regarding the applicable training modules on the *REM* for the accreditation of *REM Mediators*;
- f) Update the list of accredited *REM Mediators* who are in good standing as published in the *PEMC* public website;
- g) Maintain data, reports and other information regarding the development and results of the *REM Disputes* referred to it; and
- h) Such other powers and functions that may be provided elsewhere in this Manual.

4.2.2 The *Dispute Resolution Administrator* shall be assisted in its functions by the *DRA Secretariat* under the *PEMC* unit that may be appointed by the *PEM* Board.

¹ *REM Rules* Clause 1.1.4

4.3 DESIGNATION

The *Dispute Resolution Administrator* appointed under the *WESM Rules* shall be designated to perform the duties and responsibilities of the *REM Dispute Resolution Administrator* set forth in this Manual subject to the same terms under Section 5 of *WESM Dispute Resolution Market Manual* and the *WESM Rules*.

4.4 REPORTORIAL OBLIGATIONS

- 4.4.1 The *Dispute Resolution Administrator* shall prepare monthly *Dispute Reports*, as required, for the *PEM Board*. The monthly report shall contain the following:
- a) Summaries and updates on new and pending *REM Disputes* referred to the *Dispute Resolution Administrator*; and
 - b) Issues arising from the resolution of such disputes and from the implementation of the procedures and provisions established in this Manual.

SECTION 5 ACCREDITATION OF MEDIATORS

5.1 OBJECTIVES FOR ACCREDITING MEDIATORS

It is the objective of this Manual to attract and maintain a roster of *REM Mediators* from a wide array of experts and professionals from the private sector who have the education, training, and experience to mediate *REM Disputes*, who shall be compensated only for their professional services when called to handle a case.

5.2 SELECTION AND ACCREDITATION OF REM MEDIATORS

5.2.1 Accreditation

Eligible for accreditation as *REM Mediators* are those who are:

- a) Members of certified Alternative Dispute Resolution (ADR) providers who are in good standing with said ADR providers.
- b) Any person having the training, education and/or experience in REM operations/trading, and have passed the examination administered by the *Dispute Resolution Administrator* for prospective *REM Mediators*;
- c) Upon the Dispute Resolution Administrator's recommendation, the PEM Board may consider accrediting *WESM-Accredited Mediators* as REM Mediators, provided that the WESM-accredited Mediators have undergone basic training on the *REM* conducted by *PEMC* and have taken the oath in the form provided under Annex D of this Manual.

5.2.2 Examination

- 5.2.2.1. All aspirants for accreditation as *REM Mediators* shall be required to undergo a Basic REM Training Course conducted by *PEMC*.
- 5.2.2.2. All aspirants for accreditation shall be required to take and pass an examination given out by *PEMC* and/or a *PEM* Board-approved third-party provider on Basic *REM* and Mediation subjects.

5.2.3 The roster of *REM Mediators* shall be posted by the DRA Secretariat in the *PEMC* public website.

5.2.4 In the selection and appointment of an *REM Mediator*, the *Dispute Resolution Administrator* shall ensure to the best of its ability the impartiality of its *REM Mediator* and shall require the *REM Mediator* to disclose prior to any assigned *REM Dispute* whether or not he or she is:

- a) Related to either party within the fourth degree of consanguinity or affinity;
or
- b) Directly or indirectly interested, whether pecuniary or otherwise, in the outcome of the *REM Dispute*; or

- c) Had been employed or engaged in whatever capacity by any of the parties within one (1) year immediately preceding the filing of the request for mediation with the *Dispute Resolution Administrator*.

Furthermore, any *REM Mediator* assigned or appointed to facilitate a *REM Dispute* shall be prohibited from being employed or engaged in whatever capacity by any of the parties within one (1) year following the termination of the mediation proceedings.

SECTION 6 GENERAL PROCEDURAL PROVISIONS

6.1 PROCESS PRIOR TO RESORTING TO JUDICIAL OR QUASI-JUDICIAL REMEDIES

- 6.1.1 The parties in dispute shall make good faith efforts to settle amicably their *dispute* between and/or among themselves pursuant to their respective *Dispute Management Protocols* in accordance with Section 0.
- 6.1.2 Should the negotiation fail, any of the parties may refer the *dispute* to the *Dispute Resolution Administrator* in accordance with Section 0. Such act shall set in motion the *REM Dispute Resolution* process established in this Manual.
- 6.1.3 If the *Dispute Resolution Administrator* determines that the *dispute* qualifies as a *REM Dispute* pursuant to Section 0 he/she shall, subject to Section 0, initiate the selection of an *REM Mediator* as provided for under Section 8.2 of this Manual.
- 6.1.4 Should mediation efforts fail, the *Claimant* may refer the matter to a quasi-judicial body, tribunal or court of competent jurisdiction.

6.2 DISPUTES WITH THE RE REGISTRAR ON THE CALCULATION OF QUANTITIES FOR COMPLIANCE BY ON-GRID MANDATED PARTICIPANTS

- 6.2.1 Subject to Clauses 4.3.1.2 and 4.3.2 of the *REM Rules*, disputes between a *REM Member* and the *RE Registrar* related to a *Final REC Statement* or its supporting data must be lodged to the *Dispute Resolution Administrator* no later than sixty (60) calendar days from receipt of such *Final REC Statement* and/or its supporting data. The *REM Member* shall notify the *RE Registrar* of its *REM Dispute* of the *Final REC Statement* or part of the supporting data.
- 6.2.2 Whenever the *Dispute Resolution Administrator* receives a *Notice of Dispute* regarding the *Final REC Statement* and/or supporting data, the *Dispute Resolution Administrator* shall request the *REM Registrar* for information as to which other *REM Members* may be affected by the dispute, particularly any *REM Member* whose *Final REC Statement* for the same month as the one in dispute may be affected as a consequence of the resolution of the dispute. The *Dispute Resolution Administrator* shall then send copies of the *Notice of Dispute* to all the *REM Members* that the *RE Registrar* signifies as possibly being affected.
- 6.2.3 Until the *REM Dispute* is resolved, the *Final REC Statement* and supporting data shall continue to be treated as valid and all parties are bound by the payment obligations resulting from the relevant *Final REC Statement* issued by the *RE Registrar* in accordance with the *REM Rules*.
- 6.2.4 Once the dispute is resolved, the *RE Registrar* shall ensure, if necessary and applicable, that any corrections are reflected as an adjustment in the next *Final*

REC Statement/s. All parties and *REM Members* shall be bound by the payment obligations arising from such adjustment.

SECTION 7 PROCEDURE PRIOR TO MEDIATION

7.1 OBJECTIVE

To efficiently and pro-actively settle *REM Disputes* amicably between parties, *REM Members* and the *RE Registrar* shall establish a *Dispute Management Protocol* or *System*, which shall enable them to negotiate between and/or among themselves before referring the matter to the *REM Dispute Resolution Administrator* for mediation.

7.2 ESTABLISHMENT AND POSTING OF THE DISPUTE MANAGEMENT PROTOCOL

7.2.1 The *RE Registrar* and *REM Members* upon registration, shall establish their respective *Dispute Management Protocols* in the manner indicated in Annex A of this Manual, and shall submit copies of the same to the *Dispute Resolution Administrator* for publication in the *PEMC* public website.

7.2.2 It shall be the responsibility and duty of the *Dispute Resolution Administrator* to require the *RE Registrar* and every *REM Member* to comply with Section 0 of this Manual in a timely manner.

7.2.3 The failure or refusal of the *RE Registrar* and/or any *REM Member* to comply with Section 0 of this Manual shall be considered a breach of the *REM Rules*.

7.3 NEGOTIATION

7.3.1 The parties shall act in good faith, use all reasonable efforts and sincerely endeavor to negotiate and amicably settle their *REM Dispute* through the procedures and mechanisms established in their *Dispute Management Protocol*.

7.3.2 Parties of the *REM Dispute* shall be represented by individuals of sufficiently senior status in their organization and/or other representatives, duly authorized in writing to negotiate the matter in *REM Dispute* and to participate in the negotiations.

7.3.3 After the lapse of forty-five (45) working days from the commencement of the negotiations, depending on the result, any of the parties may:

- a) File a notice to the other party or parties involved in the *dispute* that negotiations have failed and are terminated and that the *dispute* shall be referred to the *Dispute Resolution Administrator* for resolution; or
- b) File a notice to the *Dispute Resolution Administrator* that the negotiation is successful.

SECTION 8 MEDIATION

8.1 REFERRAL OF DISPUTE TO THE DRA

- 8.1.1 To refer a *REM Dispute* to the *Dispute Resolution Administrator* and initiate the procedures established in this Manual, a *Claimant* shall file a *Request for Mediation* with the *Dispute Resolution Administrator* and shall furnish copies of the same to all parties involved in the *dispute* that the party is aware of. The *Request for Mediation* shall contain:
- a) The names of all other parties involved in the *dispute*;
 - b) A brief history of the *dispute* including:
 - i. The nature and time of the *dispute*;
 - ii. The specific *REM* transaction(s) which is/are the subject(s) of the *dispute*;
 - iii. The summary and grounds of the *dispute*;
 - iv. The listing of all unresolved issues, with their description, factual background, arguments and claims including, if possible, an assessment of its value.
 - c) Where the *Request for Mediation* is filed jointly by all parties, the request shall include the choice of at least three (3) preferred accredited *REM Mediators* listed in the *PEMC* public website.
 - d) Where the *Request for Mediation* is not filed jointly by all of the parties, the *Claimant* may include any proposal regarding the qualifications of the *REM Mediator* or any proposal of one or more *REM Mediators* to be designated by all of the parties. Thereafter, all of the parties may jointly designate the *REM Mediator* or may agree on the qualifications of the *REM Mediator* to be appointed by the *Dispute Resolution Administrator*. In such cases, the parties shall promptly notify the *Dispute Resolution Administrator* thereof.
- 8.1.2 The *Dispute Resolution Administrator* may, in his discretion, require the *Claimant* to submit additional information or documents.
- 8.1.3 The *Dispute Resolution Administrator* shall, within thirty (30) working days from the receipt of a *Request for Mediation*, assess the same and determine whether the allegations and issues contained therein are considered a *REM Dispute* pursuant to Section 3.1 of this Manual, taking into account:
- a) The parties involved in the *dispute*; and
 - b) The type of *dispute*.
- 8.1.4 If the *Dispute Resolution Administrator* reasonably considers that the *dispute* as contained in the *Request for Mediation* is not a *REM Dispute* under Clause 0 of this Manual, he/she shall reject the same and notify the *Claimant* and all other parties to the *dispute* citing his/her reasons therefor.

- 8.1.5 If the *Dispute Resolution Administrator* believes that the dispute lodged is a *REM Dispute*, then it may challenge the *Dispute Resolution Administrator's* preliminary finding with the *PEM Board*. The *PEM Board* may remand the case to the *Dispute Resolution Administrator* for further review. The case may proceed if the *Claimant* can provide sufficient documents and information to the *Dispute Resolution Administrator*, supporting the nature of the case as a *REM Dispute*.
- 8.1.6 If the *Dispute Resolution Administrator* makes a preliminary determination that the *dispute* is a *REM Dispute* under Clause 0 of this Manual, he/she shall request from the *RE Registrar* information as to which other *REM Members* may be affected by the *REM Dispute*. The *Dispute Resolution Administrator* shall then notify all other relevant parties that may be involved in or affected by the *REM Dispute*, whether or not identified in the *Claimant's Request for Mediation*, in such form as the *Dispute Resolution Administrator* may prescribe and may, where applicable, transmit a copy of the *Request* within five (5) working days from receipt thereof.
- 8.1.7 The *Dispute Resolution Administrator* may summon all parties to attend a compulsory meeting, whether conducted in-person or remotely via electronic or similar medium, for the purpose of expediently identifying which parties intend to participate in the mediation, and selecting and appointing the *REM Mediator* in accordance to Section 8.2.7 of this Manual.

8.2 MEDIATION

- 8.2.1 *Mediation* refers to a *dispute* resolution process in which an *REM Mediator* selected by the parties in *dispute* facilitates communication and negotiation, and assists the parties in reaching a voluntary agreement regarding a *REM Dispute*.
- 8.2.2 Where the *REM Dispute* has been referred to *Mediation*, and the parties have not mutually agreed on the *REM Mediator*, the *Dispute Resolution Administrator* shall nominate three (3) possible *REM Mediators* from the roster of *REM Mediators* considering the following:
- a) The nature and particular circumstances of the *REM Dispute*;
 - b) The level of mediation expertise required to resolve the *REM Dispute*; and
 - c) The available schedule of the *REM Mediator*.
- 8.2.3 The *Dispute Resolution Administrator* shall provide each possible *REM Mediator* with information on the nature of the *REM Dispute*, the parties involved therein and other pertinent data.
- 8.2.4 A person included in the list of possible *REM Mediators* may request not to be included if he/she has:

- a) Official, financial or personal conflict of interest with respect to the parties in *Dispute*; or
- b) Any other issue that is or may be perceived as affecting his independence or ability to mediate in earnest.

8.2.5 If the *Dispute Resolution Administrator* determines that the basis for the request of the possible *REM Mediator* for non-inclusion is valid, the *Dispute Resolution Administrator* shall replace that person with another *REM Mediator* using the selection criteria outlined in Section 8.2.2.

8.2.6 The *Dispute Resolution Administrator* shall then forward the list of *REM Mediators* to the parties in *dispute* within twenty (20) *working days* after sending the Notice advising of the initiation of the *Mediation* in accordance with Section 8.1.6 of this Manual. The *Dispute Resolution Administrator* shall include a description of the particular expertise in *Mediation* or technical or business experience in the electric power industry or the *REM*, or both, as deemed appropriate to mediate the *REM Dispute*.

8.2.7 The parties shall then choose the *REM Mediator* by alternately striking off one name at a time from the list with the last name on the list becoming the *REM Mediator* for the case. The *Claimant* shall have the right to strike off first from the list. If the parties fail to select a mediator after five (5) *working days* from receipt of the list of nominees or within the meeting convened for the purpose, whether conducted in-person or remotely via electronic or similar medium, the *Dispute Resolution Administrator* shall select and appoint the *REM Mediator*, which selection and appointment are binding and final among the parties.

8.2.8 The *REM Mediator* shall, upon his appointment, sign a statement of acceptance, impartiality, independence and agreement to devote as much time and attention to the *Mediation* as the circumstances require in order to achieve the objective of a speedy, effective and fair resolution of the dispute, refer to Annex D. The *REM Mediator* shall disclose in writing to the *Dispute Resolution Administrator* and to the parties any facts or circumstances which might be of such nature as to call into question the *REM Mediator's* independence as well as any circumstances that could give rise to reasonable doubts as to the mediator's impartiality.

8.2.9 The *Dispute Resolution Administrator* shall refer the case to *REM Mediator* within three (3) *working days* following the latter's appointment under Section 8.2.8.

8.2.10 The parties shall have thirty (30) *working days* within which to complete the *Mediation* process, unless the time is extended by mutual agreement. The *REM Mediator* shall propose and the parties shall agree on the *Mediation* milestones and timetable.

- 8.2.11 With the assistance of the *REM Mediator*, the parties in *REM Dispute* shall attempt in good faith to resolve their *REM Dispute* following the procedures and timetable established by the *REM Mediator* and agreed upon by the parties in dispute.
- 8.2.12 To facilitate the mediation, the *REM Mediator* may:
- a) Require the parties in *REM Dispute* to meet and discuss the matter in *dispute*, with or without the *REM Mediator*,
 - b) Act as intermediary between the parties in *REM Dispute*; and/or
 - c) Require the parties in *REM Dispute* to submit a written statement of their issues and positions.
- 8.2.13 If an agreement has been reached by the parties in *REM Dispute*, the *REM Mediator* shall prepare within the next five (5) *working days* a report on the agreement that has been reached including, when appropriate, a summary of the settlement agreement.
- 8.2.14 The report under Section 8.2.13 shall be sent to:
- a) The *Dispute Resolution Administrator*, and
 - b) The *PEM Board*; and
 - c) The *REM Governance Committee*.
- 8.2.15 If the parties in *REM Dispute* are unable to resolve the *REM Dispute* after the timeline specified by the *REM Mediator* under Section 8.2.10:
- a) The parties and/or the *REM Mediator* shall sign a declaration that the *Mediation* has failed and is terminated, and the *REM Mediator* shall send a copy thereof to the *Dispute Resolution Administrator*, and
 - b) The recommendation of the *REM Mediator* and any statements made by any party in the mediation process shall have no further force and effect, and shall not be admissible for any purpose in the arbitration or any administrative or judicial proceeding.
- 8.2.16 Upon the written declaration and transmittal thereof that the mediation has failed, the *REM Mediator* shall cause the destruction of all documents made in connection with the mediation process. Any statements made or documents submitted during the mediation process shall have no legal effect and shall not be admissible for any purpose, in arbitration, or any administrative or judicial proceeding.
- 8.2.17 The agreement reached during a mediation process shall be binding and enforceable on each and all the parties in *REM Dispute*. The resolution therein shall include, but not limited to:
- a) any decision on calculation of *RECs*; and/or

- b) any provision as to specific performance by any of the parties.

8.3 FEES AND COSTS

- 8.3.1 The party or parties filing a *Request for Mediation* shall pay an advance on mediation fees and costs, as set out in Annex B hereof. A *Request for Mediation* shall be processed only if such is accompanied by the requisite advance payment. Such advance payment will be refunded if the *Dispute Resolution Administrator* determines that the *Request for Mediation* does not raise a *REM Dispute* within thirty (30) working days from the issuance of the determination.
- 8.3.2 If the *Dispute Resolution Administrator* has determined that the *Request for Mediation* raises a *REM Dispute*, the *Dispute Resolution Administrator Secretariat* shall request the parties to pay within five (5) business days a deposit in an amount likely to cover the administrative expenses of the *Secretariat* and the fees and expenses of the *Mediator* for the *Mediation* proceedings, as set out in Annex B hereof. The *Mediation* proceedings shall proceed only upon payment of such deposit to the *Secretariat*.
- 8.3.3 In any case where the *Dispute Resolution Administrator* considers that the deposit is not likely to cover the total administrative costs of the mediation proceedings, the amount of such deposit may be subject to adjustment and/or readjustment. The parties shall be notified in writing by the *Dispute Resolution Administrator* of such determination and the reasons therefor. The *Dispute Resolution Administrator* may stay the mediation proceedings until the corresponding adjustment in payment is made by the parties.
- 8.3.4 Upon termination of the *Mediation* proceedings, the *Secretariat* shall prepare and render an accounting of the total costs of the proceedings and shall, as the case may be, refund to the parties any excess payment or bill the parties for any balance required pursuant to this Manual.
- 8.3.5 All above deposits and costs shall be borne in equal shares by the parties in *dispute*, unless they agree otherwise in writing. However, any party may be free to, within the period stated in the request for payment of deposit, pay the unpaid balance of such deposits and costs should another party fail to pay its share.
- 8.3.6 If the *REM Mediator* determines that one of the parties failed to comply with the agreed milestones and timetable described under Section 8.2.10, resulting in delays in the proceedings, then all other costs or expenses incurred due to such delay by any parties shall be borne by that party.
- 8.3.7 If any of the parties refuses or fails to comply with the payment or to pay its share of the mediation fees and costs, the *Dispute Resolution Administrator* may request the *PEM Board* on behalf of the affected party to make a demand for payment.

The *Dispute Resolution Administrator* may declare a failure of mediation in the event that required deposit is not paid.

SECTION 9 DATA AND INFORMATION

9.1 OBLIGATIONS

- 9.1.1 The parties in *REM Dispute* shall submit the complete data, documents and other information related to the *Dispute* as ordered by the *REM Mediator* at the soonest possible time and no later than the time specified in the order. Failure to comply with such an obligation shall be deemed to be a breach of the *REM Rules*.
- 9.1.2 Unless otherwise specified in this Manual or otherwise directed by the *Dispute Resolution Administrator* or *REM Mediator*, only one copy of any document is required to be served or filed.

9.2 CONFIDENTIALITY

- 9.2.1 The *dispute* resolution proceedings contained in this Manual shall take into consideration the confidentiality of commercially sensitive documents.
- 9.2.2 In all cases, the documents or other information designated as confidential shall not be used by the receiving party or anyone working for and in behalf of the receiving party, for any purpose other than the *dispute* resolution proceeding.
- 9.2.3 Parties in *REM Dispute*, *REM Mediators*, or any party gaining access to documents submitted in the course of a *REM Dispute* resolution process shall implement procedures as may be reasonable and necessary to protect the confidentiality and commercial value of documents or other information obtained during the *REM Dispute* resolution process and marked as "Confidential", and shall comply with all confidentiality provisions in Chapter 5 of the *REM Rules* and other applicable rules and manuals governing the confidentiality of information.
- 9.2.4 Each party in *REM Dispute*, *REM Mediators*, and the *Dispute Resolution Administrator* shall execute sworn confidentiality undertakings.

SECTION 10 LIMITATION OF LIABILITY

The *REM Mediators*, the *Dispute Resolution Administrator* and its *Secretariat* shall not be liable for any loss or damage suffered by the *RE Registrar*, *REM Members*, or any other party or person as a consequence of any act or omission of those parties or persons unless the *REM Mediators*, the *Dispute Resolution Administrator* and its *Secretariat* acted with malice, manifest partiality, bad faith, gross incompetence or gross negligence.

Annex A Establishment of Dispute Management Protocol

1. OBJECTIVES

To encourage the timely and voluntary settlement of disputes, this document has the following objectives:

- a. Establish the processes in the management of disputes between the parties in *Dispute*; and
- b. Govern the processes in the requests for information and negotiation stage to avoid resorting to formal *Dispute* resolution processes.

2. DMP FOCAL PERSON

The *DMP Focal Person* is the first point of contact for the notification of disputes. The *REM Member* and the *RER* shall submit to the *DRA* their *Focal Persons* and *Alternates* which will be published in the *Market Information Website*.

2.1. In the identification of the *DMP Focal Person* and his/her *Alternate*, the following shall be considered:

2.1.1. Access to the *DMP Focal Person* and his/her *Alternate*

- a. The *DMP Focal Person* and his/her *Alternate* is easily accessible through landline phone, mobile, fax, email and postal address contact on weekdays, during office hours; and
- b. The *Focal Person* shall notify the *DRA* of any changes to keep the records updated.

2.1.2. Training of *DMP Focal Person*

The *DMP Focal Person* must be familiar with and has understanding of the *Dispute* resolution processes prescribed in the *REM Rules* and this Manual and other applicable rules. The *DMP Focal Person* must have proper training and experience in negotiation and conflict management.

2.1.3. Authority of *DMP Focal Person*

A high level of authority for the resolution of disputes or possession of a quick and easy access to people with requisite level of authority is required for a *DMP Focal Person*. This will ensure that all agreements reached during the negotiation are binding to all concerned parties.

3. NOTICE OF DISPUTE

Parties to a *Dispute* shall complete the following steps before taking any other action:

- a. Serve a *Notice of Dispute* to the other party/ies and furnish a copy to the *DRA*; and
- b. Attempt to resolve the dispute in good faith through negotiation.

3.1. Protocols on sending a *Notice of Dispute*

- a. To properly notify the other party of a *Dispute* the party shall fill-out the *Notice of Dispute* (Form 1) and transmit the form to the other party/ies addressed to the *DMP Focal Person*. The mode of transmittal may be through, email or personal service depending on the order of preference of receipt of *Notice of Dispute* mentioned in the other party's *DMP*.
- b. The *Notice of Dispute* must be signed by an officer who has the proper authority to prepare and sign a *Notice of Dispute*.

3.2. Protocols on receiving a *Notice of Dispute*

- a. An acknowledgement of receipt should be properly made by the *DMP Focal Person* within five (5) working days.
- b. The acknowledgement receipt shall be transmitted in accordance with the mode of transmittal depending on the order of preference of receipt mentioned in the other party's *DMP*.

4. REQUESTS FOR INFORMATION

- 4.1. The *DMP* shall set out the procedures for responding to requests for information from another *REM Member* and the *RER* in relation to a *Dispute*.

4.1.1. Documents for Information Request

After a *Notice of Dispute* has been transmitted and received by the other party, either party may fill-up the Document Request Form (Form 2) that shall include details on the information needed and the relevance of the information requested. The party from whom information is requested may file a response on the same document (Form 2) with an option on raising the exchange of information confidential and privileged and not binding if the dispute reaches mediation.

4.1.2. Time period for Information Request

There should be a response to the request within ten (10) *working Days* from receipt of the request.

4.1.3. Dispute on Information Request

In the event that the information request is something that cannot be easily responded to for whatever reason, the *DMP Focal Person* should respond

quickly to the requesting party in identifying the aspects of the request which are contentious. If the requested party refuses to heed the requested information, the parties may thresh out this issue in the negotiation stage.

5. NEGOTIATION

- 5.1. Within fifteen (15) *working Days* after the receipt of the *Notice of Dispute*, the parties must meet by agreement to determine the feasibility of voluntary and amicable settlement of the dispute.
- 5.2. Before the conduct of negotiation, it may be useful if the parties will consider exchanging written summaries of the issues in dispute to apprise all the concerned parties of the unresolved issues including their description, factual background, arguments and claims.
- 5.3. During the negotiation stage, the parties have forty-five (45) *working Days* from the *Notice of Dispute* to resolve the dispute by themselves. The parties may agree in writing to extend this 45-working day period.

Should there be failure of negotiation, either of the parties may file a *Request for Mediation* to the *DRA*.

ATTACHMENTS

Form 1- *Notice of Dispute*

Form 2- Document Request Form

Form 3 -Order of Receipt Form

**NOTICE OF DISPUTE
Form 1**

Note:

The *DRA* must be furnished a copy of the *Notice of Dispute* with the address below:

Dispute Resolution Administrator
18th Floor, Robinsons Equitable Tower,
ADB Avenue, Ortigas Center,
Pasig City

I. PARTY SERVING NOTICE OF DISPUTE

Name of company: _____

DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

Alternate DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

Signature _____

Name _____

Date _____

II. PARTY/IES NOTIFIED

(1) Name of Company _____

DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

Alternate DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

(2) Name of Company _____

DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

Alternate DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

(3) Name of company _____

DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

Alternate DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

(Please attach additional sheets if necessary)

3. CIRCUMSTANCES GIVING RISE TO THE DISPUTE

Date(s) Dispute arose _____

A description of the nature and circumstances of the dispute giving rise to the claims and of the basis upon which the claims are made including copies of any relevant documents and amount of claims, if any.

(Please attach additional sheets if necessary)

4. REMEDY/RELIEF SOUGHT

DOCUMENT REQUEST FORM
Form 2

Date: _____

I. REQUESTING PARTY

DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

Alternate DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

II. REQUESTED PARTY

DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

Alternate DMP Focal Person

Name: _____

Position: _____

Tel. _____ Mobile _____

Fax _____ Email _____

Address _____

III. PLEASE SPECIFY THE DOCUMENTS REQUESTED.
(Kindly attach additional sheets if necessary)

IV. PLEASE STATE RELEVANCE OF THE REQUESTED DOCUMENTS TO THE
DISPUTE.
(Kindly attach additional sheets if necessary)

V. RESPONSE OF REQUESTED PARTY
(To be filled-up by the requested party)

Date: _____

Name: _____

Signature: _____

Annex B Schedule of Mediation Costs

- A. The fees of the *REM Mediator* shall be calculated on the basis of the time reasonably spent by the *Mediator* in the mediation proceedings, at an hourly rate fixed for such proceedings by the *DRA* in consultation with the *REM Mediator* and the parties. Such hourly rate shall be reasonable in amount and shall be determined in light of the complexity of the dispute and any other relevant circumstances. The amount of reasonable expenses of the *REM Mediator* shall be fixed by the *DRA*.

- B. Amounts paid to the *REM Mediator* do not include any possible value added taxes (VAT) or other taxes or charges and imposts applicable to the *REM Mediator's* fees. Parties have a duty to pay any such taxes or charges; however, the recovery of any such taxes or charges is a matter solely between the *REM Mediator* and the parties.

Annex C Oath of Office Form

OATH OF OFFICE

I, _____, do solemnly swear that I will faithfully and conscientiously discharge my responsibilities as a mediator of the Renewable Energy Market (REM).

I will preserve and support the Rules of the Renewable Energy Market (*REM Rules*) and related issuances; I will promote its aims and objectives; I will faithfully observe its Dispute Resolution Market Manual; I will conduct myself in a manner becoming of a mediator) of the REM, according to the best of my knowledge and ability, with all good fidelity; and I impose upon myself these voluntary obligations, without any mental reservation or purpose of evasion.

SO HELP ME GOD.

(Date)

Inductee

Inducting Officer

Annex D Statement of Independence

RENEWABLE ENERGY MARKET
c/o Dispute Resolution Secretariat
18th Floor, Robinsons Equitable Tower, ADB Ave., Ortigas Center, Pasig City

Claimant,

- versus -

Case No.: REM-Med-YY-XX

Respondent,

x-----x

STATEMENT OF INDEPENDENCE

I, _____, Filipino, of legal age, with office
address at _____,
_____ City, state, as follows:

1. I am not related by blood or marriage within the sixth degree to the officers of either party to the controversy.
2. I have or had no financial, fiduciary or other interest in the controversy or cause to be decided or in the result of the proceeding.
3. I have no personal bias which might prejudice the right of any party to a fair and impartial award.
4. If, after appointment but before or during hearing, I shall discover any facts or circumstances which might be of such a nature as to call into question my independence as well as any circumstances that could give rise to reasonable doubts as to my impartiality, I shall immediately disclose such information to the parties.

DISCLOSURE STATEMENT

There is nothing for me to disclose. *(If applicable. Otherwise, disclose in writing facts or circumstances that could give rise to reasonable doubts as to your impartiality as an arbitrator.)*

_____ City. [Date]

Signature over Printed Name