

MINUTES OF RULES CHANGE COMMITTEE 121st Regular Meeting (No. 2016-14)	
Meeting Date & Time:	09 November 2016, 9:00 AM to 3:50 PM
Meeting Venue:	19/F Conference Room, Robinsons Equitable Tower, Ortigas Center, Pasig City
Attendance List	
In-Attendance	Not In-Attendance
Rules Change Committee	
Principal Members:	
Francisco Leodegario R. Castro, Jr. – Independent Allan C. Nerves – Independent Ambrocio R. Rosales – System Operator (NGCP) Isidro E. Cacho – Market Operator (PEMC) Abner B. Tolentino – Generation (PSALM) Jose Ildebrando B. Ambrosio – Generation (Northwind) Lorreto H. Rivera – Supply (TPEC) Jose P. Santos – Distribution (INEC) Ludovico D. Lim – Distribution (ANTECO)	Maila Lourdes G. de Castro, Chairperson – Independent Concepcion I. Tanglao – Independent Theo Cruz Sunico – Generation (1590 EC) Ciprinilo C. Meneses – Distribution (MERALCO) Juanito O. Tolentino, Jr. – Distribution (MECO)
PEMC – Market Assessment Group (MAG)	
Chrysanthus S. Heruela Elaine D. Gonzales Geraldine A. Rodriguez Ma. Delia B. Arenos Karen A. Varquez Divine Gayle C. Cruz Aldjon Kenneth M. Yap	
PEMC – Legal	
Atty. Sheryll M. Dy Atty. Caryl Miriam Y. Lopez-Mateo	
PEMC – CPC	
Jonathan B. de la Viña	

DOE Observers

Ferdinand B. Binondo

Lorelie Baguio-Moya

1 There being a quorum, Mr. Francisco L.R. Castro (Independent), acting as Chairperson in the
2 absence of Maila Lourdes G. de Castro, commenced with the meeting at approximately 9:30 AM.

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4 Mr. Castro noted the changes to the meeting agenda as relayed by the Secretariat. There being
5 no objection to the changes made on the agenda, the body approved the same, as revised.

6 1. Review of the Minutes of the Previous Meeting

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8 The RCC reviewed the minutes of the 119th Regular Meeting held last 05 October 2016 and
9 approved the same as presented.

10 2. Matters Arising from the Previous Meeting**11 2.1. Comments from the Board Review Committee (BRC) on the Proposed
12 Amendments to the WESM Manual on Management Procedures for Load
13 Shedding**

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15 The Secretariat informed the RCC that the proposed amendments to the WESM Manual on
16 Management Procedures for Load Shedding was remanded by the BRC due to the following:

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19 ✓ Current programs (e.g. SO Load Shedding Program, Interruptible Load Programs,
20 etc.) and procedures may need to be documented in the Manual; and
21 ✓ The proposed amendments in the Manual may need to be harmonized with the
22 pertinent clauses in the WESM Rules

23 Upon its review of the WESM Rules, the Secretariat informed the RCC that there were no
24 noted references in the WESM Rules of the term "Load Shedding Program", which was the
25 subject of the proposed amendment in the WESM Manual. The WESM Rules only refers to
26 *load shedding procedures* which are documented in the Manual as flowcharts depicting the
27 work flow between the SO, MO and Trading Participants, as applicable, during Manual Load
28 Dropping (MLD), System Restoration after MLD and Procedures after Automatic Load
29 Dropping. Further, the Secretariat also noted that all clauses related to load shedding
30 procedures were harmonized with the WESM Rules.

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32 Mr. Isidro Cacho (PEMC-MO), on the other hand, recalled that the issue raised during the
33 BRC was about the appendix of the market manual, which refers to the load shedding

34 allocation program. In this regard, the RCC then went over the said Section 6 – Appendix of
35 the market manual to see what the same provides.

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37 In response to the comments of the BRC, Mr. Ambrocio R. Rosales (NGCP-SO) reiterated
38 that there are various load shedding programs, with the SO and the Distribution Utilities (DU)
39 each having their own such load shedding programs. In Luzon for instance, a 70-30 load
40 shedding allocation arrangement, as agreed between the SO and MERALCO, is being
41 implemented, in which MERALCO conducts load shedding, if necessary, for 70% of the total
42 loads that need to be dropped since it services the bulk of the demand, while the SO
43 implements load shedding for the rest (i.e., non-MERALCO loads). In the case of the SO,
44 residential loads are usually the ones dropped first, followed by commercial, then industrial
45 loads. However, Mr. Rosales stated that the SO is not privy to how MERALCO, or all other
46 DUs for that matter as confirmed by Mr. Ludovico Lim (ANTECO), implements load shedding.
47 The SO only allocates among the DUs the amount of load that needs to be dropped. Also, the
48 DUs' order of priority on which loads to be dropped is likely not the same as that of the SO's.
49 Therefore, if the SO's load shedding program is to be documented in the Manual as the BRC
50 suggested, then the programs of all the other DUs, should be documented as well.

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52 Noting the comments, Mr. Castro stated that documenting the individual load shedding
53 programs in the Manual may be impractical since each program is subject to adjustments from
54 time to time depending on circumstances. He emphasized that anything written in the WESM
55 Rules and Manuals will be considered market policy, deviations to which could very well result
56 to investigations.

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58 Mr. Lim commented that the implementation of load shedding really depends on the discretion
59 of individual DUs. As for documenting the Interruptible Load Program (ILP) in the Manual, Mr.
60 Lim also stated that ILP may not be applicable to all DUs since not all have customers
61 registered with the said program.

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63 Mr. Cacho then suggested to amend Section 6 – Appendix (Load Shedding Allocation
64 Program) to simply reflect the general principles or protocol governing the implementation of
65 Load Shedding applicable to the SO and all DUs, to which the body agreed.

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67 The revisions made by the RCC to Section 6 reflected the general principle for implementing
68 Manual Load Dropping, which is based on an agreed upon allocation between the SO and the
69 DUs. This would already cover the 70-30 scheme applied in Luzon and the pro-rated
70 arrangement (i.e., based on bilateral contracts) applied in Visayas and Mindanao. As for the
71 order of priority of loads, the same was revised to include ILP, to be applicable across the
72 grids, and to reflect that the SO and the DUs may deviate from the order depending on how
73 they respectively implement MLD based from their individual load shedding programs.

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75 Following the discussions above, the RCC re-deliberated on the amendments and agreed
76 with the following additional changes:

Current	RCC-approved Proposed Additional Amendments (09 Nov 2016)																				
<p>Appendix A. Load Shedding Allocation Program</p> <p>A. Luzon Grid</p> <p>The Manual Load Shedding, if needed, shall be implemented on the following customers with the given order of priority below:</p> <table border="1" data-bbox="236 689 749 949"> <thead> <tr> <th>8:00AM – 5:00PM</th> <th>5:01PM – 7:59AM the following day</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>VLC (voluntary load curtailment)</td> </tr> <tr> <td>Commercial</td> <td>Residential</td> </tr> <tr> <td>Industrial</td> <td>Commercial</td> </tr> <tr> <td></td> <td>Industrial</td> </tr> </tbody> </table> <p>The Load Shedding requirement (kWh) shall be distributed among Distribution Utilities in direct proportion to their respective actual demand on an hourly basis.</p>	8:00AM – 5:00PM	5:01PM – 7:59AM the following day	Residential	VLC (voluntary load curtailment)	Commercial	Residential	Industrial	Commercial		Industrial	<p>Appendix B. Load Shedding Allocation Program</p> <p>A. Luzon, Visayas and Mindanao Grids</p> <p>Manual Load Shedding Dropping (MLD), if needed, shall be implemented on the following customers with the given order of priority below based on the MLD allocation as agreed upon between the System Operator and the DUs.</p> <table border="1" data-bbox="796 768 1350 1028"> <thead> <tr> <th>8:00AM – 5:00PM</th> <th>5:01PM – 7:59AM the following day</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>VLC (voluntary load curtailment)</td> </tr> <tr> <td>Commercial</td> <td>Residential</td> </tr> <tr> <td>Industrial</td> <td>Commercial</td> </tr> <tr> <td></td> <td>Industrial</td> </tr> </tbody> </table> <p>The Load Shedding requirement (kWh) shall be distributed among Distribution Utilities in direct proportion to their respective actual demand on an hourly basis following the preferred order of priority below:</p> <ol style="list-style-type: none"> 1) Interruptible Load Program (if applicable) 2) Voluntary load curtailment (VLC) 3) Residential 4) Commercial 5) Industrial 	8:00AM – 5:00PM	5:01PM – 7:59AM the following day	Residential	VLC (voluntary load curtailment)	Commercial	Residential	Industrial	Commercial		Industrial
8:00AM – 5:00PM	5:01PM – 7:59AM the following day																				
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Industrial	Commercial																				
	Industrial																				
<p>B. Visayas and Mindanao Grids</p> <p>The Manual Load Shedding, if needed, shall be implemented on the following customers with the given order of priority below:</p> <ol style="list-style-type: none"> 1. Residential 2. Commercial 3. Industrial <p>The Load Shedding requirement (kWh) shall be distributed among Distribution Utilities in direct</p>	<p>B. Visayas and Mindanao Grids</p> <p>The Manual Load Shedding, if needed, shall be implemented on the following customers with the given order of priority below:</p> <ol style="list-style-type: none"> 1. Residential 2. Commercial 3. Industrial <p>The Load Shedding requirement (kWh) shall be distributed among Distribution Utilities in direct</p>																				

Current	RCC-approved Proposed Additional Amendments (09 Nov 2016)
proportion to their respective actual demand on an hourly basis.	proportion to their respective actual demand on an hourly basis.

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The Secretariat also pointed out the need to amend the definition of Load Shedding in the WESM Rules in order to align the same with the clearer definition provided in the Manual:

Original Provision	Proposed Amendment
Load Shedding. Reducing or disconnecting load from the power system.	<p>Load shedding. <u>Refers to the reduction or disconnection of load from the power system as exercised by the System Operator in response to the following:</u></p> <ul style="list-style-type: none"> a) <u>An overall shortage of energy at a node or in a region specified in the market network model</u> b) <u>A severe under-voltage or voltage instability at one or more nodes</u> c) <u>Other network conditions, as determined by the System Operator in accordance with the procedures established under the Grid Code and the Distribution Code.</u>

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The RCC approved the endorsement to the PEM Board of the additional proposed amendments to the WESM Rules and the WESM Manual on the Management Procedures for Load Shedding.

Agreements/Action Plans:

For the Secretariat to finalize the subject proposed amendments based on the RCC's latest discussions on the matter.

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2.2. Proposed Amendments to the WESM Rules and Market Manual on Metering Standards and Procedures

Agreements/Action Plans:

Deferred discussions for the next meeting.

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135**2.3.****(a) Proposed Amendments to the WESM Rules on Bilateral Contract Declaration and Line Rental Calculation**

For the benefit of the RCC, Ms. Geraldine Rodriguez (PEMC-MAG) recalled that the proposed amendments to the WESM Rules on Bilateral Contract Declaration and Line Rental Calculation were already deliberated on during the April and July 2016 RCC meetings, which already considered the comments received from various WESM stakeholders and PEMC's (proponent) responses to the same. To better appreciate how the proposal would be operationalized, the RCC requested for PEMC's submission of associated amendments to the relevant WESM manuals related to the subject proposal to amend the WESM Rules.

- On the declaration of bilateral contract quantities

Mr. Cacho led the discussion and explained that the intention of the proposal was to address audit findings in relation to the declaration of bilateral contract quantities (BCQ) in the WESM. He recalled that the initial proposal was to change the timeline for the declaration of bilateral contracts from D+1 (ex-post) to H-1 (ex-ante), but would also allow re-declaration of BCQ at D+1 under certain criteria and upon confirmation by a generator's counter-party. Mr. Cacho explained that, upon thorough review of the proposal in terms of its implementation, PEMC recommended retaining the original timeline of BCQ declaration in view of the Market Operator's on-going development of an automated system that would facilitate the confirmation process by the counter-parties of the BCQ declared by the generators. The procedures for the confirmation process were the subject of the associated proposed amendments to the Billing and Settlement Manual and the Registration Manual. Mr. Jonathan dela Viña added that an automated confirmation process would enable stricter implementation of Clause 3.13.1.1 (c) which provides that a counter-party needs to submit evidence that it agrees with the BCQ submission made by the selling Trading Participant. In so far as the timeline of BCQ declaration is concerned, PEMC is, in effect, revising its initial proposed amendments to the WESM Rules to simply specify in a clearer language the current timeline when BCQs are submitted in the WESM.

Ms. Lorreto H. Rivera (TPEC) sought clarification from Mr. Cacho whether or not the consumer at the retail level will be required to do the confirmation with the eventual automated process. In this case, Mr. Cacho answered that the retail supplier, the one directly registered in the WESM, will be the entity to confirm. At the wholesale level, the DUs will be the one to confirm.



136 Following the discussions and clarifications, the RCC adopted the revised proposed
 137 amendments to the WESM Rules in relation to BCQ declaration, as follows:
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Original Provision	Proposed Amendments as initially submitted (12 Jan 2016)	Revised Proposed Amendments (03 Nov 2016)	RCC-approved Proposed Amendments (09 Nov 2016)
Submission of Bilateral Contract Data 3.13.1.1 <i>Trading Participants</i> who sell electricity pursuant to <i>bilateral contracts</i> and wish those <i>bilateral contracts</i> to be accounted for in settlements shall, after each <i>trading day</i> , in accordance with the billing and settlements timetable: (a) Submit a schedule to the <i>Market Operator</i> specifying the MWH <i>bilateral sell quantities</i> at each relevant <i>market trading node</i> , in each <i>trading interval</i> of that <i>trading day</i> ; (b) Identify the counterparty to the bilateral contract and the party that will pay the line rental trading amount associated with the bilateral contract quantity submitted; provided, however, that in case only one of the bilateral counter parties is registered as a <i>Direct WESM Member</i> , that <i>WESM Member</i> shall be the party that will pay the line rental to the <i>Market Operator</i> , and (c) Provide evidence that the counterparty	Submission of Bilateral Contract Data 3.13.1.1 <i>Trading Participants</i> who sell electricity pursuant to <i>bilateral contracts</i> and wish those <i>bilateral contracts</i> to be accounted for in settlements shall, up to one (1) hour before each trading interval , in accordance with the billing and settlements timetable: (a) Submit to the <i>Market Operator</i> the MWH <i>bilateral sell quantities</i> for each trading participant who buys electricity pursuant to that bilateral contract for that trading interval ; (b) Identify the market trading node associated with the bilateral contract quantity submitted; provided, however, that in case the market trading node is not identified prior to the submission of the bilateral contract quantity , the market trading node associated with the bilateral contract quantity shall be set to the market trading node of the selling	Submission of Bilateral Contract Data 3.13.1.1 <i>Trading Participants</i> who sell electricity pursuant to <i>bilateral contracts</i> and wish those <i>bilateral contracts</i> to be accounted for in settlements shall, up to the trading day after the trading day of each trading interval , in accordance with the billing and settlements timetable: (a) Submit to the <i>Market Operator</i> the MWH <i>bilateral sell quantities</i> for each trading participant who buys electricity pursuant to that bilateral contract for that trading interval ; (b) Identify the market trading node associated with the bilateral contract quantity submitted; provided, however, that in case the market trading node is not identified prior to the submission of the bilateral contract quantity , the market trading node associated with the bilateral contract quantity shall be set to the market trading node of the selling	Submission of Bilateral Contract Data 3.13.1.1 <i>Trading Participants</i> who sell electricity pursuant to <i>bilateral contracts</i> and wish those <i>bilateral contracts</i> to be accounted for in settlements shall, up to the end of the following trading day each <i>trading interval</i> , in accordance with the billing and settlements timetable: (a) Submit to the <i>Market Operator</i> the MWH <i>bilateral sell quantities</i> for each trading participant who buys electricity pursuant to that bilateral contract for each trading interval ; (b) Identify the market trading node associated with the bilateral contract quantity submitted; provided, however, that in case the market trading node is not identified prior to the submission of the bilateral contract quantity , the market trading node associated with the bilateral contract quantity shall be set to the market trading node of the selling

Original Provision	Proposed Amendments as initially submitted (12 Jan 2016)	Revised Proposed Amendments (03 Nov 2016)	RCC-approved Proposed Amendments (09 Nov 2016)
to the <i>bilateral contract</i> agrees with the submission made under this clause 3.13.1.1. Such evidence shall be attached to the submission of schedule in 3.13.1.1(a).	<u>Trading Participant;</u> and (c) Provide evidence that the counterparty to the <i>bilateral contract</i> agrees with the submission made under this <u>WESM Rules</u> Clause 3.13.1.1. <u>Such evidence shall be attached to the submission of schedule in 3.13.1.1(a).</u>	<u>Trading Participant;</u> and (c) Provide evidence that the counterparty to the <i>bilateral contract</i> agrees with the submission made under this <u>WESM Rules</u> Clause 3.13.1.1. <u>Such evidence shall be attached to the submission of schedule in 3.13.1.1(a).</u>	<u>node of the selling Trading Participant;</u> and (c) Provide evidence that the counterparty to the <i>bilateral contract</i> agrees with the submission made under this <u>WESM Rules</u> Clause 3.13.1.1. <u>Such evidence shall be attached to the submission of schedule in 3.13.1.1(a).</u>
Submission of Bilateral Contract Data 3.13.1.2 <i>Bilateral sell quantities</i> submitted in accordance with clause 3.13.1.1 (a) are to be deemed to be <i>bilateral buy quantities</i> for the party identified in clause 3.13.1.1 (b), at the same market trading node.	Submission of Bilateral Contract Data 3.13.1.2 <i>Bilateral sell quantities</i> submitted in accordance with <u>WESM Rules</u> Clause 3.13.1.1 (a) <u>or revised in accordance with WESM Rules</u> Clause 3.13.1.3 are to be deemed to be <u>the negative of the bilateral buy quantities</u> for the <u>buying trading participant</u> identified in <u>WESM Rules</u> Clause 3.13.1.1 (a), at the market trading node identified in <u>WESM Rules</u> Clause 3.13.1.1(b).	Submission of Bilateral Contract Data 3.13.1.2 <i>Bilateral sell quantities</i> submitted in accordance with <u>WESM Rules</u> Clause 3.13.1.1 (a) <u>or revised in accordance with WESM Rules</u> Clause 3.13.1.3 are to be deemed to be <u>the negative of the bilateral buy quantities</u> for the <u>buying trading participant</u> identified in <u>WESM Rules</u> Clause 3.13.1.1 (a), at the market trading node identified in <u>WESM Rules</u> Clause 3.13.1.1(b).	Submission of Bilateral Contract Data 3.13.1.2 <i>Bilateral sell quantities</i> submitted in accordance with <u>WESM Rules</u> Clause 3.13.1.1 (a) <u>or revised in accordance with WESM Rules</u> Clause 3.13.1.3 are to be deemed to be <u>the negative of the bilateral buy quantities</u> for the <u>buying trading participant</u> identified in <u>WESM Rules</u> Clause 3.13.1.1 (a), at the market trading node identified in <u>WESM Rules</u> Clause 3.13.1.1(b).
(New)	3.13.1.3 <u>Trading Participants</u> may, after each trading interval, submit revisions on <u>bilateral sell quantities</u> submitted	<u>Trading Participants</u> may, after each trading interval, submit revisions on <u>bilateral sell quantities</u> submitted for that trading interval under <u>WESM</u>	3.13.1.3 <u>Trading Participants</u> may, after each trading interval, submit revisions on <u>bilateral sell quantities</u> submitted

Original Provision	Proposed Amendments as initially submitted (12 Jan 2016)	Revised Proposed Amendments (03 Nov 2016)	RCC-approved Proposed Amendments (09 Nov 2016)
	for that trading interval under WESM Rules Clause 3.13.1.1(a) in accordance with the relevant Market Manual.	Rules Clause 3.13.1.1(a) in accordance with the relevant Market Manual.	for that trading interval under WESM Rules Clause 3.13.1.1(a) in accordance with the relevant Market Manual.

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- On line rental calculation

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Mr. dela Viña clarified that the proposed amendments to the WESM Rules in relation to line rental calculation were not revised from the initial submission. Said proposal called for amending how ex-ante trading amounts are determined by netting out bilateral contract trading amounts instead of netting out quantities and calculating for line rental trading amounts (i.e., line rental trading amounts are already embedded in the proposed computation). This means separately calculating for line rental trading amounts will be unnecessary for determining the ex-ante trading amounts adjusted to account for bilateral contracts, hence the proposal to remove references to the term 'line rental' in the WESM Rules. The alternative approach will still yield the same settlement price as the current calculation.

In connection with the associated proposed amendments to the Billing and Settlement Manual (see discussion below), which sought to add new provisions related to the procedures in calculating line rental trading amounts but only for information purposes, Mr. Ferdinand B. Binondo (DOE) opined that the term should no longer be utilized in any of the market manuals or simply be called by another name if references to the same will be deleted in the WESM Rules, as being proposed. However, Ms. Rivera stated that 'line rental' is actually a defined term in existing contracts. For instance, suppliers may have contracts where they pass-on line rental amounts to their customers. No longer defining the term 'line rental' in the WESM Rules and Manuals and also deleting it as a line item in the billing statement could remove the suppliers' basis for including line rental amounts in their invoices. Although the terms of the contracts could be changed, there are some contracts that go through the approval of the ERC, in which case revisions are not advisable.

Mr. Castro concurred that the WESM Rules and the Manuals should be consistent, such that the Manuals should not introduce concepts, in this case 'line rental', not referenced in the WESM Rules. In this case, Mr. Binondo stated that the term could just be retained in the WESM Rules and its definition be revised to align with the proposed new method to calculate for ex-ante trading amounts. Atty. Caryl Miriam Y. Lopez-Mateo suggested to also indicate in the WESM Rules the same proposed provision in the Billing and Settlement Manual specifying

172 that the MO shall still calculate and provide for line rental trading amounts for informational
173 purposes. The RCC agreed with both suggestions.

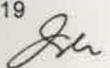
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175 The RCC adopted the proposed changes to the WESM Rules related to line rental calculation,
176 with revisions as follows:
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Original Provision	Proposed Amendments as initially submitted (12 Jan 2016)	RCC-approved Proposed Amendments (09 Nov 2016)
<p>Calculation of Line Rental Trading Amounts</p> <p>3.13.12</p> <p>The <i>Market Operator</i> shall calculate the line rental trading amounts for each bilateral contract associated with the delivery of the bilateral contract quantities (BCQ) through the <i>transmission line</i> in the <i>market network model</i> as: (a) The expected flow of energy out of the <i>receiving node of the market network line</i> as determined by the <i>market dispatch optimization model</i> multiplied by the <i>ex-ante nodal energy settlement price</i> at that node; less (b) The expected flow of energy into the sending node multiplied by the <i>ex-ante nodal energy settlement price</i> at that node of the <i>market network line</i> as determined by the <i>market dispatch optimization model</i>.</p>	<p>Calculation of Line Rental Trading Amounts</p> <p>3.13.12</p> <p>The <i>Market Operator</i> shall calculate the line rental trading amounts for each bilateral contract associated with the delivery of the bilateral contract quantities (BCQ) through the <i>transmission line</i> in the <i>market network model</i> as: (a) The expected flow of energy out of the <i>receiving node of the market network line</i> as determined by the <i>market dispatch optimization model</i> multiplied by the <i>ex-ante nodal energy settlement price</i> at that node; less (b) The expected flow of energy into the sending node multiplied by the <i>ex-ante nodal energy settlement price</i> at that node of the <i>market network line</i> as determined by the <i>market dispatch optimization model</i>.</p> <p><u>For settlement purposes, the aggregate ex-ante energy trading amount for each trading participant with bilateral contracts and trading interval will be determined as:</u></p> <p><u>(a) the sum of the ex-ante energy trading amounts for each market trading node for which the trading participant is responsible calculated in</u></p>	<p>Calculation of Line Rental Trading Amounts</p> <p>3.13.12</p> <p>The <i>Market Operator</i> shall calculate the line rental trading amounts for each bilateral contract associated with the delivery of the bilateral contract quantities (BCQ) through the <i>transmission line</i> in the <i>market network model</i> as: (a) The expected flow of energy out of the <i>receiving node of the market network line</i> as determined by the <i>market dispatch optimization model</i> multiplied by the <i>ex-ante nodal energy settlement price</i> at that node; less (b) The expected flow of energy into the sending node multiplied by the <i>ex-ante nodal energy settlement price</i> at that node of the <i>market network line</i> as determined by the <i>market dispatch optimization model</i>.</p> <p><u>For settlement purposes, the aggregate ex-ante energy trading amount for each trading participant with bilateral contracts and trading interval will be determined as:</u></p> <p><u>(a) the sum of the ex-ante energy trading amounts for each market trading node for which the trading participant is responsible calculated in</u></p>

Original Provision	Proposed Amendments as initially submitted (12 Jan 2016)	RCC-approved Proposed Amendments (09 Nov 2016)
	<p>accordance with <u>WESM Rules Clause 3.13.8</u>; less</p> <p>(b) <u>the sum of bilateral contract trading amounts of the trading participant for each bilateral contract associated with the delivery of the bilateral contract quantities calculated as the bilateral buy quantity, if the trading participant is the buyer in the bilateral contract, or bilateral sell quantity, if the trading participant is the seller in the bilateral contract, multiplied by the ex-ante nodal energy settlement price at the node specified in WESM Rules Clause 3.13.1.1(b).</u></p>	<p>accordance with <u>WESM Rules Clause 3.13.8</u>; less</p> <p>(b) <u>the sum of bilateral contract trading amounts of the trading participant for each bilateral contract associated with the delivery of the bilateral contract quantities calculated as the bilateral buy quantity, if the trading participant is the buyer in the bilateral contract, or bilateral sell quantity, if the trading participant is the seller in the bilateral contract, multiplied by the ex-ante nodal energy settlement price at the node specified in WESM Rules Clause 3.13.1.1(b).</u></p> <p><u>For informational purposes, the Market Operator shall calculate line rental trading amounts for each bilateral contract quantity declaration.</u></p>
<p>Glossary</p> <p>Line Rental</p> <p>The economic rental arising from the use of a <i>transmission line</i>, calculated as the difference in value between flows out of the <i>receiving node</i> of that line and flows into the <i>sending node</i>, in accordance with clause 3.13.12.</p>	<p>Glossary</p> <p>Line Rental</p> <p>The economic rental arising from the use of a <i>transmission line</i>, calculated as the difference in value between flows out of the <i>receiving node</i> of that line and flows into the <i>sending node</i>, in accordance with clause 3.13.12.</p>	<p>Glossary</p> <p>Line Rental</p> <p>The economic rental arising from the <u>use of a transmission line</u>, calculated as the difference in value between flows out of the <u>receiving of bilateral contract quantities from a market trading</u> node of that line and flows into the <u>sending node</u>, in accordance with clause <u>3.13.11 the selling trading participant to a market trading node of the buying trading participant.</u></p>

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On the concern regarding whether or not it is still necessary to re-publish in the market website the revised proposed changes to the WESM Rules to solicit stakeholders' comments, Atty.



181 Mateo recommended no longer having the proposal posted considering that the changes were
182 essentially non-substantive. The current timeline of BCQ declaration will be retained, line
183 rental trading amounts remain to be a component in the computation of ex-ante trading
184 amounts, and the Market Operator will still be responsible for calculating for and providing line
185 rental trading amounts but only as supporting information. Mr. Cacho also informed that the
186 agreements made by the RCC with the amendments to the WESM Rules on BCQ declaration
187 and line rental calculation will be carried-over to the proposed further amendments to the
188 WESM Rules relative to the WESM design enhancements (discussed below), which are
189 expected to soon be endorsed to the PEM Board.

190
191 The RCC agreed with no longer re-publishing the proposal and thus approved the Proposed
192 Amendments to the WESM Rules, as revised, for endorsement to the PEM Board.

193

Agreements/Action Plans:

- (a) For the Secretariat to finalize the subject proposed amendments to the WESM Rules based on the RCC's latest discussions on the matter.
- (b) For the Secretariat to draft the corresponding RCC Resolution approving the proposal for submission to the PEM Board.

194

195

196 **(b) Proposed Amendments to the WESM Market Manuals on Bilateral Contract**
197 **Declaration and Line Rental Calculation**

198
199 Mr. dela Viña presented the proposed amendments to the affected WESM manuals
200 related to the amendments to the WESM Rules on Bilateral Contract Declaration and Line
201 Rental Calculation.

202

203 **▪ WESM Manual on Registration, Suspension and De-Registration Criteria and**
204 **Procedures Issue 2.0**

205

206 ✓ Provides option to the Trading Participants whether or not a daily confirmation
207 would be required for the bilateral contract

208 ✓ Provides option to the Trading Participant to declare if the supply contract is
209 metered quantity-based

210

211 So as not to significantly change the processes of counter-parties, Mr. dela Viña stated
212 that the Market Operator will provide counter-parties the option upon registration to either:
213 [i] confirm the selling Trading Participants' BCQ declaration by default, but may still nullify
214 the same within that trading day if it needs to do so, or to [ii] confirm the declared BCQ
215 daily within the prescribed timeline.

216
217 Ms. Rivera inquired how the MO will handle the confirmation of multiple suppliers (i.e.,
218 primary and secondary supplier). Mr. dela Viña stated that only the supplier registered in
219 the WESM will be the one to confirm the declared BCQ since it would be the named
220 Trading Participant 'seen' in the market. Mr. Cacho stated that those cases should be
221 already addressed upon registration.

- 222
- 223 ▪ WESM Manual on Billing and Settlement Manual Issue 4.0
 - 224
 - 225 ✓ Provides the detailed procedures, conditions and requirements for the declaration
226 and confirmation of bilateral contract data and adjustments by WESM Participants
 - 227 ✓ Provides the procedure for calculating the line rental trading amount of sellers,
228 buyers and buyers with multiple nodes
 - 229 ✓ Requires the Market Operator to calculate line rental trading amounts for
230 information purposes considering its removal from the WESM Rules
 - 231 ✓ Global adoption from the WESM Rules of the timeline for the declaration of BCQ

232 In terms of BCQ declaration, Mr. Cacho explained that counter-parties will have an
233 equivalent of the Market Participants' Interface where they would be able to verify the
234 selling Trading Participants' submission. Mr. dela Viña also clarified that if the buying
235 Trading Participant opted to perform daily confirmation (as enrolled during registration),
236 then the MO will not account the declared BCQ during settlement if no confirmation is
237 received from that Trading Participant. In this case, the price of the entire volume of
238 electricity bought is the spot market price. On the other hand, if the buying Trading
239 Participant opted to confirm declared BCQs by default (as enrolled during registration),
240 then the MO will account the declared BCQ during settlement even without the
241 confirmation of that Trading Participant unless the same nullified the submitted BCQ. If
242 the declared BCQ is nullified by a counter-party, the selling Trading Participant will be
243 allowed to re-declare within the prescribed timeline.

244

245 On the part of suppliers, Ms. Rivera asked if it is possible for a supplier, a direct customer,
246 who fully contracted the entire capacity of a certain generator to declare the BCQ in the
247 WESM by themselves, such that confirmation will no longer be necessary. Mr. dela Viña
248 responded that from the point of view of the Market Operator, it should be aware of the
249 buyer and seller.

250

251 Seeing no further clarifications on the proposal from the body, the RCC approved the
252 publication of the proposed amendments to the WESM market manuals related to Bilateral
253 Contract Declaration and Line Rental Calculation in the Market Information Website to
254 solicit comments from WESM stakeholders.

255

Agreements/Action Plans:

For the Secretariat to publish in the Market Information Website the subject proposed amendments to the WESM Manuals, as approved by the RCC.

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2.4. Proposed Amendments to the WESM Rules on Price Determination Methodology

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Ms. Karen A. Varquez (PEMC) facilitated the line by line discussion of the proposed amendments to the WESM Rules, the bulk of which is due to the revisions on settlement calculation to more accurately reflect settlement amounts. Said proposed changes are summarized as follows:

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(a) Proposed amendments related to Price Determination Methodology

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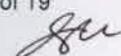
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- ✓ Revision on energy settlement calculation using aggregate trading amounts based on the prices and quantities for all dispatch intervals within a settlement interval, instead of using hourly schedule-weighted dispatch prices and metered quantities. Reflection of similar changes in the determination of Reserve Trading and Settlement Amounts
- ✓ Revision in the definitions of the terms "Energy Trading Amount" and "Reserve Trading Amount" for consistency with the revised settlement calculation
- ✓ Deletion of Clauses 3.4.2.2, 3.4.2.3 and 3.10.6 as the same are inapplicable with the revised settlement calculation
- ✓ Deletion of the terms "Energy Settlement Price" and "Reserve Settlement Price" since energy and reserve prices will no longer be determined per settlement interval

¹ DOE Department Circular No. DC2016-010-0014 - Adopting Further Amendments to the WESM Rules (Enhancements to WESM Design and Operations)

² DOE Department Circular No. DC2015-010-0015 dated 23 October 2015 - Providing policies for further enhancement of the wholesale electricity spot market (WESM) design and operations



- 289 ✓ Re-numbering of clauses and references
290 ✓ Deletion of provisions which are no longer relevant
291
292

293 (b) Proposed amendments related to Constraint Violation Coefficient
294

- 295 ✓ Clarification that market dispatches refer to the market projection and dispatch
296 scheduling processes
297 ✓ Clarification on the general criteria for performing manual market pricing re-runs
298 ✓ Re-numbering for consistency
299

300 (c) Proposed amendments related to Line Rental Calculation
301

- 302 ✓ Address the audit finding on the handling of bilateral contracts in the WESM by
303 specifying that bilateral contract quantities are not netted out of the ex-ante quantities.
304 ✓ Inclusion of MO's calculation of line rental trading amounts for BCQ on the
305 determination of energy trading amounts, for informational purposes
306 ✓ Definition of terms "bilateral buy quantity" and "bilateral sell quantity"
307 ✓ Deletion of phrases which are not relevant with the procedures
308 ✓ Re-numbering of clauses and references
309 ✓ Deletion of Clauses 3.13.7, 3.13.11, 3.13.15 and 3.13.15.2 due to inapplicability
310

311 Noting that the revised settlement calculation will be based on the aggregate trading amounts
312 determined every 5-minute dispatch interval, Mr. Binondo inquired if there will be an
313 alternative calculation in case Market Participants cannot comply with the 5-minute dispatch
314 interval. Atty. Mateo responded that PEMC ensured the changes to the settlement calculation
315 and the PDM in general are flexible enough so that the formulae will still be applicable
316 regardless of the duration of the dispatch and settlement intervals. Based from the comments
317 of the DU sector during previous RCC discussions, Ms. Elaine D. Gonzales (PEMC) stated
318 that some DUs could make a temporary work-around in the event they would not be ready to
319 comply by the target commercial operations of the New MMS in June 2017. Ms. Gonzales
320 added that PEMC recognizes that not all Market Participants may be able to readily meet the
321 demands of a shorter dispatch interval, but internal arrangements or work-arounds could be
322 made which could be documented in the WESM Metering Manual once the proposed
323 amendments to the same are eventually submitted by PEMC to the RCC.
324

325 As a general comment, Mr. Binondo suggested that the rationale for the proposal should be
326 re-stated so that it would not be interpreted that the WESM Rules is being aligned with the
327 market manuals (i.e., PDM); it should be the other way around. Ms. Varquez noted the
328 comment and replied that the final matrix of the proposed amendments shall provide the
329 revised rationale.
330

331 There being no further comments from the RCC, the body approved the proposed
332 amendments to the WESM Rules as presented for endorsement to the PEM Board. The body
333 also approved the corresponding RCC Resolution submitted by the Secretariat, with the latest
334 discussions already reflected in the same.
335

Agreements/Action Plans:

For the Secretariat to finalize and submit the corresponding RCC Resolution, as approved by the RCC, to the PEM Board.

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3. New Business

341 **3.1. Proposed Amendments to the Manual on Criteria and Guidelines for the Issuance**
342 **of Pricing Error Notices and conduct of Market Re-run and Manual on**
343 **Methodology for Determining Pricing Errors and Price Substitution Due to**
344 **Congestion for Energy Transactions in the WESM**
345

346 Mr. Rhe-An Abrasia and Mr. Marcial Jimenez presented PEMC's proposed amendments to
347 the WESM Manuals on Criteria and Guidelines for the Issuance of Pricing Error Notices and
348 Conduct of Market Re-run; and Methodology for Determining Pricing Errors and Price
349 Substitution Due to Congestion for Energy Transactions in the WESM. The proposal intends
350 to provide the actual timeline for the Market Operator's publication of the Pricing Error Notice
351 and Price Substitution in the Market Information Website.
352

353 The RCC approved the publication of the proposed amendments to the Market Information
354 Website as submitted to solicit comments from Market Participants and interested parties.
355

Agreements/Action Plans:

For the Secretariat to publish in the Market Information Website the subject proposed amendments to the WESM Manuals, as approved by the RCC.

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3.2. Review of RCC Work Plan

The RCC reviewed the status of its work plan for the year 2016, with the agreements enumerated below:

363 ✓ On the part of PEMC, Mr. Cacho informed the RCC that the dates of submission of the
364 proposed amendments to the following manuals are being requested to be changed to the
365 4th Quarter of the current year:

- 366
- 367 a) Retail Manual for Metering Standards and Procedures
 - 368 b) Registration, Suspension and De-Registration Criteria and Procedures Manual
 - 369 c) Market Network Model Development And Maintenance Criteria and Procedures
370 Manual

371

372 Mr. Cacho stated that some deliverables committed by PEMC for the year were dependent
373 on approvals/actions from external entities (i.e., ERC, BIR), so said proposals were tagged
374 as deferred in the Work Plan.

375

376 ✓ The RCC Secretariat was tasked to confirm and seek updates from the concerned sector
377 representatives on the proposals to the WESM Rules and Market Manuals listed in the
378 Work Plan.

379

380 Noting that the timelines of the other committed deliverables as reflected in the RCC Work
381 Plan have also lapsed, the Secretariat was instructed to also verify with the concerned parties
382 regarding updates on these commitments.

383

Agreements/Action Plans:
(a) For the Secretariat to finalize the revisions to the 2016 RCC Work Plan per the RCC discussions.
(b) For the Secretariat to seek from concerned RCC representatives updates on their sector's respective deliverables.

384

385

386 **4. Next Meeting**

387 The RCC agreed to hold its next meetings on the following dates:

388

- 389 • 07 December 2016
- 390 • 13 January 2017
- 391 • 03 February 2017

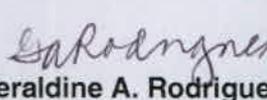
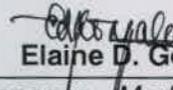
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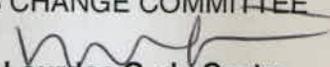
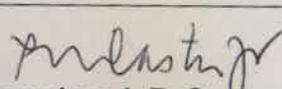
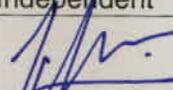
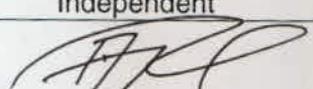
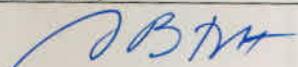
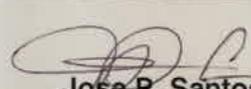
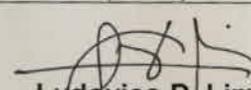
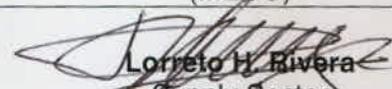
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394 **5. Adjournment**

395

396 There being no other matter to be discussed, the meeting was adjourned at around 4:45 PM.

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Market Assessment Group	Market Assessment Group	Market Assessment Group

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