



# Philippine Electricity Market Corporation

## WHOLESALE ELECTRICITY SPOT MARKET RULES CHANGE COMMITTEE

### RESOLUTION NO. 2014-11

#### Proposed Amendments to the WESM Rules on Clauses 3.2.1.4 and 3.2.1.5 on the Approval of Alterations to the Market Network Model (MNM)

**WHEREAS**, on 03 April 2014, the RCC received from the Philippine Electricity Market Corporation (PEMC) its proposed amendments to the WESM Rules, particularly Clauses 3.2.1.4 and 3.2.1.5 on the Approval of Alterations to the Market Network Model (ANNEX A) to adopt the recommendations of PA Consulting (PA) and to reflect the current process in implementing and approving MNM changes in the WESM Rules;

**WHEREAS**, during the 2012 Operational Audit, PA noted that all changes made to the MNM still need to be approved by the PEMC President and thereafter ratified by the PEM Board;

**WHEREAS**, following the results of the market operations audit, PA recommended that PEMC reconsider the need for MNM changes to undergo the highest level of approval considering the highly technical nature of the MNM and relative to the need to reduce the level of approvals required for MNM changes;

**WHEREAS**, PEMC, in agreement with the PA observation that most of the adjustments to the MNM are technical and operational in nature, has proposed revisions on Clauses 3.2.1.4 and 3.2.1.5 to state that any alteration to the MNM be implemented in accordance with the established Information and Communications Technology Change Management Process (ICMP) of the Market Operator;

**WHEREAS**, during the 87th RCC Meeting held on 07 May 2014, PEMC presented to the RCC its proposed amendments to the subject Clauses in the WESM Rules;

**WHEREAS**, during the same meeting, the RCC approved the publication of the proposal in the WESM website to solicit comments of participants and interested parties;

**WHEREAS**, on 08 May 2014, the proposal was published in the WESM website, with notification email sent the following day;

**WHEREAS**, in response to the call for comments on the proposed amendments to the WESM Rules, the DOE in its letter to the RCC dated 20 June 2014, advised that it interposes no objection to the proposed amendments to make necessary alteration on the MNM mandatory on the part of the Market Operator and the Systems Operator in accordance with the WESM Rules, but stressed on the need for Trading Participants to be informed in any modality of the alteration made in the MNM for transparency;

Proposed Amendments to WESM Rules Clauses 3.2.1.4 and 3.2.1.5 on the Approval of Alterations to the Market Network Model (MNM)

**WHEREAS**, during the 89th RCC Meeting held on 02 July 2014, the RCC deliberated upon the proposal and the remarks of the DOE;

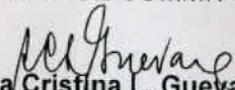
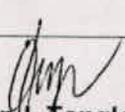
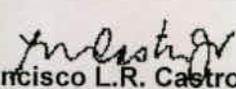
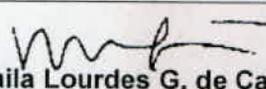
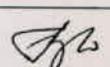
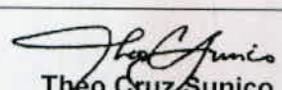
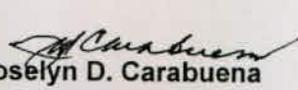
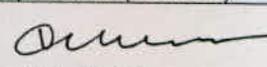
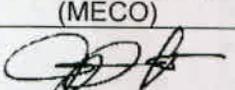
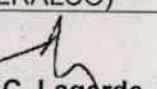
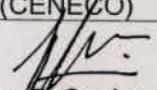
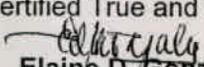
**WHEREAS**, during the same meeting, the RCC approved the subject Proposed Amendments to the WESM Rules, as submitted by the Proponent;

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

**RESOLVED**, that the Proposed Amendments to the WESM Rules Clauses 3.2.1.4 and 3.2.1.5 are hereby adopted and approved (ANNEX A);

**RESOLVED FURTHER**, that the attached Proposed Amendments to the WESM Rules Clauses 3.2.1.4 and 3.2.1.5 are hereby endorsed to the PEM Board for its approval.

Done this 02 July 2014, Pasig City.

<p>Approved by:  <b>RULES CHANGE COMMITTEE</b></p>  <b>Rowena Cristina L. Guevara</b> Chairperson University of the Philippines (UP)	
<p>Members:</p>	
 <b>Concepcion M. Tanglao</b> Independent	 <b>Francisco L.R. Castro, Jr.</b> Independent Tensaiken Consulting
 <b>Maila Lourdes G. de Castro</b> Independent	 <b>Jose Ferlino P. Raymundo</b> Generation Sector SMC Global
 <b>Theo Cruz Sunico</b> Generation Sector 1590 Energy Corporation (1590 EC)	 <b>Joselyn D. Carabuena</b> Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
 <b>Gilbert A. Pagobo</b> Distribution Sector (PDU) Mactan Electric Company (MECO)	 <b>Ciprinilo C. Meneses</b> Distribution Sector (PDU) Manila Electric Company (MERALCO)
 <b>Jose P. Santos</b> Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)	 <b>Sulpicio C. Lagarde Jr.</b> Distribution Sector (EC) Central Negros Electric Cooperative, Inc. (GENECO)
 <b>Lorreto H. Rivera</b> Supply Sector TeaM (Philippines) Energy Corporation (TPEC)	 <b>Isidro E. Cacho Jr.</b> Market Operator Philippine Electricity Market Corporation (PEMC).
 <b>Ambrocio R. Rosales</b> Transmission Sector National Grid Corporation of the Philippines (NGCP)	
	<p>Certified True and Correct:</p>  <b>Elaine D. Gonzales</b> RCC Secretary PEMC



WHOLESALE ELECTRICITY SPOT MARKET  
RULES CHANGE COMMITTEE

RESOLUTION NO. 2014-10

**Proposed Amendments for the Inclusion of the Offer Price Cap in the WESM Rules and the Adoption of a New Manual for the Implementation of the Proposal on Offer Price Cap and Customer Price Dampener**

WHEREAS, on 29 April 2014, Aboitiz Power Corporation (APC) submitted its proposal for urgent amendments to the WESM Rules and a New Market Manual on Offer Price Cap and Customer Price Dampener (ANNEX A);

WHEREAS, the Proposed WESM Rules Changes seek to incorporate the "Offer Price Cap" in the WESM Rules;

WHEREAS, the Proposal further recommends a Customer Price Dampener to lessen the burden of high WESM prices to consumers particularly during peak intervals;

WHEREAS, on 05 May 2014, PEMC through its letter to the RCC Secretariat, advised that it could not certify the proposal as urgent as the proponent, although it had invoked that the urgent proposal was made in view of DOE's instructions on the matter, did not submit any document, despite being requested, to show the DOE's instructions or policy in this effect;

WHEREAS, on 07 May 2014, the Proponent made a presentation to the RCC regarding the proposal;

WHEREAS, during the same day, the RCC approved the publication of the Proposed Amendments to the WESM Rules and the proposed new Market Manual on Offer Price Cap and Customer Price Dampener ;

WHEREAS, on 08 May 2014, the Proposed Amendments were published in the WESM website to solicit comments of Participants and interested parties, with notification email sent on the following day;

WHEREAS, the RCC received comments, summarized as follows, within the deadline set for submission of the comments:

1) Department of Energy (DOE)--

*The DOE stated in its comments submitted that it "interposes no objection on the proposal to incorporate and define the Offer Price Cap on the WESM Rules" but "the price cap shall be incorporated in the WESM's Price Determination Methodology (PDM) and shall be subject to the approval of the ERC."*

*"As regard the proposed Trigger for the New Offer Price Cap which only considers prices during peak periods" it was recommended that "the RCC further study the effect to WESM prices. The exclusion of the off-peak intervals may still expose these periods to extremely high prices particularly when there are*