

**MINUTES OF THE 100th MEETING OF THE RULES CHANGE COMMITTEE  
Regular Meeting No. 2015-05**

<b>Meeting Date&amp; Time:</b>	06 May2015	
<b>Meeting Venue:</b>	9th Floor PEMC Training Rooms 2&3	
<b>Attendance List</b>		
<b>In Attendance</b>		<b>Not In Attendance</b>
<b>Committee Members:</b> Maila Lourdes G. de Castro --Chairperson, Independent Francisco L. R. Castro, Jr. -- Independent Concepcion I. Tanglao --Independent Joselyn D. Carabuena --Generation -- PSALM Jose Ferlino P. Raymundo --Generation -- SMC Global Theo Cruz Sunico -- Generation -- 1590 EC Ciprinilo C. Meneses --Distribution --MERALCO Jose P. Santos --Distribution --INEC Lorreto H. Rivera --Supply--TPEC Ambrocio R. Rosales --System Operator --NGCP Isidro E. Cacho, Jr. -- Market Operator--PEMC  <b>Alternate Member:</b>		Gilbert A. Pagobo – Distribution--MECO
<b>PEMC</b> Chrysanthus S. Heruela -- MAG Geraldine A. Rodriguez -- MAG Romellen C. Salazar -- MAG Caryl Miriam Y. Lopez -- Legal Marcial J. Jimenez -- TOD		
<b>Others: (DOE/ ERC Observers/Other Resource Persons):</b> Ferdinand B. Binondo -- DOE Atty. Debora Anastacia T. Layugan -- ERC		

There being a quorum, Chairperson Atty. Maila Lourdes de Castro called the meeting to order at around 9:00 AM.

1 **I. AGENDA:**

2

3 The Proposed Agenda for the 100thRCC Meeting was approved, as presented.

4

5

6 **II. REVIEW, CORRECTION AND APPROVAL OF THE MINUTES OF THE 99thRCC**  
 7 **MEETING**

8

9 The RCC reviewed the Minutes of the 99<sup>th</sup> RCC Meeting. The Minutes of the 99<sup>th</sup> RCC Meeting  
10 was approved, with amendments as follows:

- 11
- 12 • Page 11: However, in recognition of the concerns pointed out by SNAP in its proposal,  
13 the RCC agreed to request the SO in coordination with the MO, to review the dispatch  
14 tolerance limit for each plant type and location. **This is in recognition of the WESM**  
15 **Rules provision that the SO shall develop the dispatch tolerance limits for each**  
16 **type of plant and location. In addition, SNAP agreed that it will submit a**  
17 **recommended, parallel computation of its threshold level, in absolute MW, as**  
18 **regards its dispatch tolerance limits. The SNAP's own computation shall serve**  
19 **as input to the joint SO-MO study on dispatch tolerance limits.**

20 As suggested by Mr. Ambrocio Rosales **and concurred by the RCC**, the MO and SO  
21 shall use the historical data on dispatch deviations of plants for its study and present  
22 the initial results to the RCC **in the next meeting** to determine if there is a need to  
23 create a TWG **or pursue the RCC's request for the Technical Committee to**  
24 **conduct said study.**

- 25
- 26 • Page 15: XXX She explained that this is on the basis of WESM Rules provision that  
27 the RCC membership shall mirror the PEM Board membership, wherein Independent  
28 members of the PEM Board shall be independent from the power sector and the  
29 government. **The RCC expressed its thanks to Dr. Guevara for her invaluable**  
30 **contribution to the RCC during her stay as the RCC Chairperson.**

31

32 **III. BUSINESS ARISING FROM THE PREVIOUS MEETING**

33

34 **1. Updates from the Sub-Committees in relation to the Proposed Amendments to**  
35 **the WESM Rules on Disconnection**

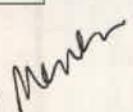
36

37 The RCC acknowledged receipt of comments of PEMC on the Proposed Amendments to the  
38 WESM Rules on Wholesale Disconnection. Mr. Isidro E. Cacho discussed said comments in  
39 behalf of PEMC. Following the discussions, the RCC made revisions to the additional  
40 amendments by PEMC, as follows:

41

<p><b>2.7.1 Grounds for Suspension</b></p> <p>(d) Failure to replenish security or comply with a margin call under clauses 3.15.6.3 and 3.15.11.3.; and</p>	<p>(d) Failure to replenish security <b>deposit</b> or comply with a margin call under clauses 3.15.6.3 and 3.15.11.3.; and</p>
<p>2.7.2.2 Except as may be provided under the <i>Retail Rules</i>, upon issuance of a <i>Suspension Notice</i>, the <i>Market Operator</i> shall send request for disconnection of the suspended <i>Trading Participant</i> to the <i>Network Service Provider</i> in accordance with clause 2.9.2.1 .</p>	<p>2.7.2.2 Except as may be provided under the <i>Retail Rules</i>, upon issuance of a <i>Suspension Notice</i>, the <i>Market Operator</i> shall send <b>a</b>request for disconnection of the suspended <i>Trading Participant</i> to the <i>Network Service Provider</i> in accordance with clause 2.9.2.1 .</p>
<p><b>2.9.1 Grounds For Disconnection</b></p>	<p><b>2.9.1 Grounds <b>F</b>or Disconnection</b></p>

<p>2.9.1.2 <i>Direct WESM member</i> transacting on behalf of an <i>Indirect WESM member</i> may request the disconnection of such <i>Indirect WESM member</i> due to:</p> <ul style="list-style-type: none"> <li>(a) failure of the <i>Indirect WESM member</i> to comply with the required financial and technical obligations in accordance with existing contracts; or</li> <li>(b) termination or expiration of existing <i>bilateral contracts</i> with the <i>Indirect WESM member</i>,</li> </ul> <p>Provided, that the <i>Direct WESM member</i> shall continue to be liable for payment obligations of such <i>Indirect WESM member</i> incurred prior to the disconnection.</p>	<p>2.9.1.2 <u>A</u> <i>Direct WESM member</i> transacting on behalf of an <i>Indirect WESM member</i> may request the disconnection of such <i>Indirect WESM member</i> due to</p> <p><del>(a.) failure of the <i>Indirect WESM member</i> to comply with the required financial and technical obligations in accordance with existing contracts; or</del>  <del>(b.) termination or expiration of existing <i>bilateral contracts</i> with the <i>Indirect WESM member</i>,</del></p> <p>Provided, that the <i>Direct WESM member</i> shall continue to be liable for payment obligations of such <i>Indirect WESM member</i> incurred prior to the disconnection.</p>
<p>2.9.1.3 <i>Direct WESM Members with bilateral contracts</i> with customers who are <i>Direct WESM members</i> may request for the disconnection of such customer due to the latter's failure to comply with the required financial and technical obligations in accordance with existing <i>bilateral contracts</i>.</p>	<p>2.9.1.3 <i>Direct WESM Members with bilateral contracts</i> with customers who are <i>Direct WESM members</i> may request for the disconnection of such customer due to <del>latter's failure to comply with the required financial and technical obligations in accordance with</del> <u>termination of existing <i>bilateral contracts</i>.</u></p>
	<p><u>2.9.1.4 If the grounds for disconnection are available to several parties, each party may request for disconnection in accordance with the procedure set forth in clause 2.9.2.</u></p>
<p>2.9.2.1 If any of the grounds for disconnection occur under clause 2.9.1, the <i>Market Operator</i> or <i>WESM member</i> as the case may be, shall send a notice of disconnection to the <i>WESM member</i> sought to be disconnected, and a written request for disconnection to the <i>Network Service Provider</i>. A copy of the request shall be furnished to the <i>DOE</i>.</p>	<p>2.9.2.1 If any of the grounds for disconnection occur under clause 2.9.1, the <i>Market Operator</i> or <i>WESM member</i> as the case may be, shall send a <u>written</u> notice of disconnection to the <i>WESM member</i> sought to be disconnected, and a written request for disconnection to the <i>Network Service Provider</i>. A copy of the request shall be furnished to the <i>DOE</i>. <u>If the party requesting for disconnection is other than the <i>Market Operator</i>, a copy of the request for disconnection shall also be furnished to the <i>Market Operator</i>.</u></p>
<p>2.9.2.3 The <i>Network Service Provider</i> shall not execute request for the disconnection if it is notified by the <i>Market Operator</i> or the <i>WESM member</i> requesting for disconnection, as the case may be, of the following:</p> <ul style="list-style-type: none"> <li>(a) registration in the <i>WESM</i> for cases falling under clause 2.7.3.1(a);</li> <li>(b) revocation of the <i>Suspension Notice</i> in accordance with clause 3.15.8.2;</li> <li>(c) remedy of non-compliance in case of failure to meet technical obligations and/or settlement of outstanding</li> </ul>	<p>2.9.2.3 The <i>Network Service Provider</i> shall not execute a request for the disconnection if it <u>is notified receives written notice by from</u> the <i>Market Operator</i> or the <i>WESM member</i> requesting for disconnection, as the case may be, of the following:</p> <ul style="list-style-type: none"> <li>(a) registration in the <i>WESM</i> for cases falling under clause 2.9.1.1(a);</li> <li>(b) revocation of the <i>Suspension Notice</i> in accordance with clause 3.15.8.2 <u>for cases falling under 2.9.1.1(b);</u></li> </ul>



<p>financial obligations or the execution of special payment agreements for cases falling under clauses 2.9.1.2(a) and 2.9.1.3; or</p> <p>(d) execution of a new <i>bilateral contract</i> of the <i>Indirect WESM member</i> with another <i>Direct WESM member</i> or renewal of an existing <i>bilateral contract</i> for cases falling under clause 2.9.1.2(b).</p>	<p><del>(c) remedy of non-compliance in case of failure to meet technical obligations and/or settlement of outstanding financial obligations or the execution of special payment agreements for revocation of the request for disconnection or execution of a new <i>bilateral contract</i> of the <i>Indirect WESM member</i> with another <i>Direct WESM member</i> for cases falling under clauses 2.9.1.2; or</del></p> <p>(d) <del>execution of a new <i>bilateral contract</i> of the <i>Indirect WESM member</i> with another <i>Direct WESM member</i> or renewal of an existing <i>bilateral contract</i> revocation of the request for disconnection</del> for cases falling under clause 2.9.1.3.</p>
<p>2.9.2.4 In case the disconnection was requested by multiple parties, the disconnection shall not proceed when all parties notify in writing the Network Service Provider of their consent to stay the disconnection.</p>	<p>2.9.2.4 In case the disconnection was requested by multiple parties, the disconnection shall not proceed be implemented when all notify in writing the Network Service Provider of their consent to stay the disconnection such parties provide the Network Service Provider their written consent to cancel the disconnection.</p>
<p>2.9.3.1 If the Network Service Provider is notified by the Market Operator or the WESM member who requested for disconnection as the case may be, of any of the grounds which would have otherwise stayed the disconnection under clause 2.9.2.3, the Network Service Provider shall reconnect the disconnected WESM member.</p>	<p>2.9.3.1 If the Network Service Provider is notified in writing by the Market Operator or the WESM member who requested for disconnection as the case may be, of any of the grounds which would have otherwise stayed the disconnection under clause 2.9.2.3, the Network Service Provider shall reconnect the disconnected WESM member.</p>
<p>2.9.3.2 In case the disconnection was requested by multiple parties, the WESM member shall only be reconnected when all parties notify the Network Service Provider of their consent to the reconnection.</p>	<p>2.9.3.2 In case the disconnection was requested by multiple parties, the WESM member shall only be reconnected when all parties notify in writing the Network Service Provider of their consent to the reconnection.</p>
<p><b>2.9.4 Procedure Development</b></p> <p>The Rules Change Committee shall develop the detailed procedures for disconnection and reconnection.</p>	<p><b>2.9.4 Procedure Development</b></p> <p>The Rules Change Committee <del>SO and the MO,</del> <u>in consultation with the WESM members,</u> shall develop the detailed procedures for disconnection and reconnection, consistent with the prevailing laws, rules, issuances and guidelines of the DOE and the ERC.</p>
<p><b>GLOSSARY</b></p> <p>To insert "(as defined in the Retail Rules)" at the end of each term being proposed to be added in the WESM Rules Glossary, as follows:</p>	<p><b>GLOSSARY</b></p> <p>To insert "(as defined in the Retail Rules)" at the end of each term being proposed to be added in the WESM Rules Glossary, as follows:</p>

*Munir*

<p><b>Retail Rules.</b> The rules promulgated by the DOE governing the integration of retail competition in the operations and governance processes of the WESM and the management of the transactions of <i>Suppliers</i> and <i>Contestable Customers</i> in the WESM, and the operations of the <i>Central Registration Body</i> (As defined under the <i>Retail Rules</i>).</p> <p><b>Contestable Customers.</b> An electricity end user that is certified by the ERC as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market. (As defined under the <i>Retail Rules</i>)</p> <p><b>Central Registration Body.</b> The entity designated by the DOE to undertake the management of the required systems and processes and information technology system that is capable of handling <i>Customer switching</i> and information exchange as well as their transactions in the WESM. (As defined under the <i>Retail Rules</i>)</p> <p><b>Customer switching.</b> Commercial transfer of a Contestable Customer to another, other than a transfer to a <i>Supplier of Last Resort</i>. (As defined under the <i>Retail Rules</i>)</p> <p><b>Supplier of Last Resort.</b> An entity designated to serve Contestable Customers following a <i>Last resort supply event</i> in accordance with the <i>Retail Rules</i>. (As defined under the <i>Retail Rules</i>)</p>	<p><b>Retail Rules.</b> The rules promulgated by the DOE governing the integration of retail competition in the operations and governance processes of the WESM and the management of the transactions of <i>Suppliers</i> and <i>Contestable Customers</i> in the WESM, and the operations of the <i>Central Registration Body</i> (As defined under the <i>Retail Rules</i>).</p> <p><b>Contestable Customers.</b> An electricity end user that is certified by the ERC as having met the demand threshold for contestability as set out in the Act. Collectively, these end users make up the contestable market. (As defined under the <i>Retail Rules</i>)</p> <p><b>Central Registration Body.</b> The entity designated by the DOE to undertake the management of the required systems and processes and information technology system that is capable of handling <i>Customer switching</i> and information exchange as well as their transactions in the WESM. (As defined under the <i>Retail Rules</i>)</p> <p><b>Customer switching.</b> Commercial transfer of a Contestable Customer to another, other than a transfer to a <i>Supplier of Last Resort</i>. (As defined under the <i>Retail Rules</i>)</p> <p><b>Supplier of Last Resort.</b> An entity designated to serve Contestable Customers following a <i>Last resort supply event</i> in accordance with the <i>Retail Rules</i>. (As defined under the <i>Retail Rules</i>)</p>
--	--

42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59

The RCC instructed the Secretariat to furnish the Sub-Committee on Wholesale Disconnection a revised copy of the Proposal, for their further review in preparation for the continuation of the discussions on the matter in the next RCC meeting scheduled for June 2015. The instruction was duly noted by the Secretariat.

In relation to the discussions and agreements, Mr. Theo C. Sunico inquired if PEMC's comment already covered the procedures for disconnection. He recalled that in previous discussions on the matter, it was agreed that all requests for disconnection shall be coursed through the Market Operator. However, at more recent discussions of the Sub-Committee, this was superseded by the agreement that all requests for disconnection shall now be coursed through the Network Service Provider (NSP). Thus, Mr. Sunico inquired if PEMC likewise has comments on the recent agreement in terms of procedures.

Mr. Cacho responded that PEMC did not make any comment specific to the concern raised by Mr. Sunico. He expressed, however, that the agreements should already form part of the said procedures. Atty. Caryl Lopez-Mateo added that the extent of PEMC's comments relative to the procedures is the implementation of the five (5) workings days in terms of the sending

*Man...*

60 of written notices. She emphasized that PEMC's comments are focused more on the grounds  
61 for disconnection, the obligations of each party (who requests disconnection to whom), and  
62 whose obligation it is to disconnect. She expressed that the detailed procedures would  
63 depend on what the RCC thinks is appropriate.

64  
65 On the part of Atty. de Castro, she stated that the WESM Rules provisions for disconnection  
66 shall be in general wordings while the detailed and specific procedures shall be contained in  
67 the appropriate manual.

68  
69 The discussions were duly noted by Mr. Sunico. The RCC agreed to continue discussions on  
70 the matter in the next RCC meeting.

71  
72 For additional clarification, Mr. Jose Ferlino P. Raymundo inquired if it follows that when a  
73 customer is disconnected, it should also be suspended. In response, Atty. Mateo responded  
74 that indeed it should follow that when a generator initiates the disconnection of a certain  
75 customer, then that customer must also be suspended from trading in the market. On this  
76 note, Mr. Raymundo inquired if suspension for this case is necessary when in most instances  
77 a Customer is reconnected after a few days. Atty. Mateo responded that for payment default,  
78 WESM Rules Clause 3.15 requires the MO to issue a suspension notice and at the same  
79 time, publish such suspension. She recalled that the RCC previously disapproved PEMC's  
80 request to no longer publish suspension and the revocation of such suspension and instead,  
81 publish a notice in the market information website on the same. Mr. Sunico for his part stated  
82 that the objective of the Proposal on disconnection is to prevent those who have been found  
83 in violation from drawing electricity from the grid. Thus, he expressed that the procedures on  
84 the issuance of suspension notice and its publication as mentioned by Atty. Mateo may cause  
85 delay in the procedure for actual physical disconnection. Atty. Mateo responded that the  
86 effectivity of suspension should not necessarily be a pre-requisite for asking for disconnection  
87 from the NSP. She shared that PEMC's experience with the NGCP is that what the NGCP  
88 requires from PEMC is a proof of receipt of the disconnection notice issued to the party to be  
89 disconnected. She thus suggested putting this as part of the detailed procedure [in the  
90 Manual]. Mr. Sunico agreed to the suggestion of Atty. Mateo.

91  
92 At this point, the RCC agreed to continue with the discussions on the matter in the next  
93 meeting and proceeded with the next item in the Agenda.

## 94 95 96 **2. Updates from the Sub-Committees in relation to the Proposed Amendments to** 97 **the Retail Rules on Retail Disconnection**

98  
99 Ms. Lorreto Rivera reported to the RCC that the Sub-Committee was able to meet to discuss  
100 the Proposed Amendments to the Retail Rules on Retail Disconnection. She expressed that  
101 based on RESA's evaluation of MERALCO's comments, some of it are actually in the nature  
102 of a Proposal requiring more specific wordings, rather than just mere comments.

103  
104 Ms. Rivera shared that during the Sub-Committee meeting, there were certain matters which  
105 the body could not agree on. Thus, for convenience and to save on time, the body agreed to  
106 first combine MERALCO's comments, worded as appropriate for the Rules, with the original  
107 proposal submitted by RESA. She stated that the revised Proposal, which she crafted,  
108 considered the inclusion of the transmission service provider. She explained that under the  
109 first draft of RESA's proposal, customers that are directly connected with Transmission Supply  
110 Agreements (TSA) with the NGCP, have been included in the proposal. The Sub-Committee

111 also focused on the deletion of provisions that are more appropriate for inclusion in the  
 112 manuals instead of the Rules since these provisions were already too detailed for the Rules.  
 113 Thus, all provisions that were procedural in nature were excised from the proposal to be used  
 114 as reference for the formulation of a manual on the subject matter in the future. Additionally,  
 115 the revision of certain terms were made. Ms. Rivera stated that all these things are contained  
 116 in the revised proposal that was provided to the Secretariat and disseminated to the RCC.

117  
 118 Atty. de Castro thanked Ms. Rivera for the updates she provided. At this point, the RCC  
 119 proceeded with a detailed review of the Proposal submitted by Ms. Rivera. Below are the  
 120 revisions incorporated by the RCC during discussions on the matter.  
 121

Original Provision	Proposed Provision (with RCC revisions in green)	RCC Discussions and Agreements
<b>CHAPTER 2: REGISTRATION</b>	<b>Chapter 2: REGISTRATION, DE- REGISTRATION AND SUSPENSION</b>	
New Section	<p><b>2.7 DISCONNECTION</b></p> <p><b>2.7.1. General Provisions</b></p> <p><b>2.7.1.1. Grounds for Disconnection shall include, but is not limited to, the following:</b></p> <p><b>(a) Failure of the Contestable Customer and/or Supplier to comply with the financial and technical obligations under the OATS Rule, Grid Code, Distribution Code, WESM and Retail Rules, Wheeling and Connection Agreements and Retail Supply Contracts (RSC);</b></p> <p><b>(b) Failure of the Supplier to pay the TransmissionNetwork Service Provider and/or the Distribution Utility; and</b></p> <p><b>(c.) Failure of the Contestable Customer to pay the TransmissionNetwork Service Provider and/or the Distribution Utility; and</b></p> <p><b>(d.) Failure of the CC to comply with the registration requirements of the CRB.</b></p>	<ul style="list-style-type: none"> <li>On Section 2.7.1.1 (d): The RCC agreed to undertake a global change on the use of Network Service Provider (NSP) to replace all the terms pertaining to Transmission Service Provider (TSP) in relevant provisions relating to the proposal. This is to align the Proposed Amendments for the retail side with the agreements on the wholesale side. Atty. de Castro expressed that her understanding of the proposed clause 2.7.1.3 is that there is an instance of ineligibility, which the Contestable Customer is required to report to the CRB and the MO. She raised her concern in terms of checks and balances that would ensure involuntary ineligibility of CCs are reported to the concerned parties. She was also concerned of what would prompt the CC to report to the responsible parties its own instance of ineligibility as Contestable Customer.</li> <li>On a related concern, Ms. Carabuena inquired as to who would determine the CC's ineligibility. In response, Ms. Rivera stated that in the case of self-generating Customers, they may request from the ERC--the ERC being the responsible agency for issuing licenses--on the CC's personal capacity, to cease being an eligible CC. That is the case for the voluntary ineligibility for which the RES has no control, as the CC may inform directly the CRB of said intention to be ineligible.</li> <li>In relation to Section 2.7.1.2, PEMC-Legal, through Atty. Mateo, was requested to review the Retail Registration Manual for relevant provisions on the cessation of membership of a Contestable Customer. Said request emanated from the concerns raised in relation to the proposed provision requiring the Contestable Customers to report their instance of ineligibility to the concerned parties (CRB and MO).</li> </ul>
New Section	<p><b>2.7.1.2. The TransmissionNetwork Service Provider and/or the Distribution Utility where the Contestable Customer is connected to, has the responsibility to disconnect WESM members that fail to comply with their financial and technical obligations under the OATS Rules, the</b></p>	

*Mendoza*

	<p><u>Grid Code, the Distribution Code, the WESM and Retail Rules and their existing contracts with other WESM members (including RSC, Transmission Service Agreement (TSA), Distribution Wheeling Services Agreement (DWSA) and Connection Agreement (CA), among others).</u></p>	<ul style="list-style-type: none"> <li>Mr. Sunico stated that proposed clause 2.7.1 talks about the general provision regarding disconnection in the context of failure on physical obligations. In this regard, he suggested aligning this provision with clause 2.7.3. In response to the suggestion of Mr. Sunico, Mr. Cacho suggested an additional item (d) under clause 2.7.1 on the <i>failure of the CC to comply with the registration requirements of the CRB.</i></li> </ul>
<p><b>New Section</b></p>	<p><u>2.7.1.3. If at any time a Contestable Customer ceases to be eligible to be registered as a Trading Participant in accordance with the Retail Rules, that Contestable Customer or the Supplier shall inform the Market Operator and the CRB accordingly. As soon as practicable, after the Market Operator becomes aware that a Contestable Customer is no longer eligible to be registered, the Market Operator shall:</u></p> <p>(a) <u>issue a suspension notice in respect of that Trading Participant; and</u></p> <p>(b) <u>initiate disconnection of the Contestable Customer in accordance with clause 2.9 of the WESM Rules</u></p>	<ul style="list-style-type: none"> <li>Relative to the earlier concern of Atty. de Castro on why a CC would say it is non-compliant with the requirements of the CRB, she expressed her opinion that it might be better if someone else would initiate informing the CRB of the instance of ineligibility of the CC. Majority of the RCC agreed that it should be the CRB who should know the CC's ineligibility but the question remains on whose responsibility it is informing the CRB.</li> <li>On the part of the ERC, Atty. Layugan explained that the certificate of contestability issued by the ERC will be cancelled by the ERC, following the ERC's procedure, only in instances where the demand threshold of the CC equivalent to 1MW falls below this threshold level. In terms of eligibility, Atty. Layugan expressed that on the part of the ERC, there are no grounds for the cessation of ineligibility.</li> <li>Mr. Cacho expressed that the MO may be able to monitor the CC in terms of its compliance with the requirements of the CRB, such as the prudential security, only if the CC is a direct WESM member.</li> <li>In relation to the earlier concerns of Atty. de Castro, Mr. Chrysanthus S. Heruela expressed that the responsibility of informing concerned parties of the instance of ineligibility of the CC rests on the CC itself. However, other participants and the MO also have the responsibility of reporting to the CRB the ineligibility of the CC upon detection. In the same manner, the CRB has the responsibility to validate certain information submitted by other parties relative to the ineligibility of the CC. He stated that since there may be instances that incorrect information is provided to the CRB, he suggested crafting an additional provision that would protect the CRB and the market against these fraudulent information.</li> <li>Atty. de Castro expressed that her understanding of Mr. Heruela's explanation is that that the primary responsibility of informing the concerned parties rests on the CC, but in cases where it does not, then it should be the MO and the CRB who should check any relevant information about the CC's ineligibility. She inquired from PEMC, for clarity, if there are instances that a CC will</li> </ul>

*Manila*

		<p>be ineligible to become a trading participant and therefore needs to be suspended and disconnected.</p> <ul style="list-style-type: none"> <li>• In response to Atty. de Castro, Mr. Cacho reiterated his earlier statement that if a CC has no Prudential Security as required under registration, or if the CC is an indirect member that has no counterparty, then it will be ineligible to become a trading participant.</li> <li>• At this point, Atty. Layugan remarked that the ERC has the jurisdiction and guidelines for physical disconnection of CC's and end-users, as embodied under RA 7832. She thereafter requested further discussions on the matter to be deferred in order for the ERC to harmonize the ERC's due process on physical disconnection of CC's and end-users with the RESA's proposal. Atty. Layugan expressed that the ERC shall draft and submit a position paper on the matter to the RCC.</li> </ul>
<p>New Section</p>	<p><u>2.7.1.4. Where a default event has occurred in relation to a Contestable Customer, the Market Operator shall follow the procedures set forth in the WESM Rules Clause 3.14.11.</u></p> <p><u>If the Contestable Customer is not directly connected to the Grid, then instead of the Transmission Network Service Provider, the Market Operator shall realize Clause 2.9 of the WESM Rules with the Distribution Utility.</u></p>	<p>Discussion of the succeeding sections were deferred following the ERC's request.</p>
<p>New Section</p>	<p><u>2.7.1.5. Notwithstanding that a person or an entity is suspended from participation in the spot market and disconnected from the grid or Distribution Utility, that person's or entity's obligations and liabilities which arose under the WESM Rules prior to the date on which that person or entity was suspended and disconnected remain unaffected.</u></p>	
<p>New Section</p>	<p><u>2.7.1.6. A Supplier (RES or Local RES) may issue a forty-eight (48) hour written Notice of Disconnection to a Contestable Customer in the event that such Contestable Customer fails to comply with the required financial and technical obligations to the Supplier, as provided under their existing contracts.</u></p> <p><u>Simultaneous to the issuance of the Notice of Disconnection to the relevant Contestable Customer, the issuing party shall copy furnish the Central Registration Body (CRB) and the</u></p>	

*Mendi*

	<u>TransmissionNetwork Service Provider and/or the Distribution Utility, where the concerned Contestable Customer is connected</u>
New Section	<u>2.7.1.7. A Contestable Customer that is an Indirect WESM Member and whose retail supply contract with a Supplier has terminated or expired, shall be disconnected unless it is able to enter into a new contract with a Supplier or switch to the SOLR.</u>
New Section	<u>2.7.2. Remedial Actions to Stay or Defer the Disconnection</u>
New Section	<p><u>2.7.2.1. The implementation of the disconnection may be deferred if any of the following conditions are present:</u></p> <p>(a) <u>Settlement/payment of the outstanding amount due and demanded was settled prior to the scheduled disconnection date. The requesting WESM Member that filed for disconnection shall immediately inform the CRB of the settlement/payment of the outstanding amount using the pro-forma Request for Disconnection Recall in Appendix [*] prior to the scheduled disconnection date in order for the <i>Distribution Utility</i> to defer the execution of such disconnection;</u></p> <p>(b) <u>Recalled Notice of Disconnection by the requesting WESM Member as a result of a Special Payment Agreement or Restructuring Agreement entered into by the contracting parties prior to the scheduled disconnection date. The requesting WESM Member shall immediately inform the CRB of the recall using the pro-forma Request for Disconnection Recall in Appendix [*] prior to the scheduled disconnection date in order for the <i>TransmissionNetwork Service Provider and/or Distribution Utility</i> to defer the execution of such disconnection;</u></p> <p>(c) <u>If there is proof of non-receipt of the Notice of Disconnection, the execution of the Notice of Disconnection may be deferred for up to forty-eight (48) hours from</u></p>

*Menh*

	<p><u>the actual receipt of the Notice of Disconnection; and</u></p> <p>(d) <u>In the case of the <i>Market Operator</i> as the requesting party, the disconnected <i>Contestable Customer</i> has remedied the default event, or satisfied the margin call or has complied with the membership criteria or requirement that gave rise to its suspension. The <i>Market Operator</i>, as the requesting party shall immediately inform the CRB, the <i>TransmissionNetwork Service Provider</i> and/or <i>Distribution Utility</i> of the registration of such person or entity to the WESM using the pro-forma Request for Disconnection Recall in Appendix [*] prior to the scheduled disconnection date in order for the <i>TransmissionNetwork Service Provider</i> and/or <i>Distribution Utility</i> to defer the execution of such disconnection.</u></p> <p>(e) <u>Recalled Notice of Disconnection by the requesting person or entity for any valid reason not stated above.</u></p>	
New Section	<p><u>2.7.2.2. The disconnected <i>Contestable Customer</i> shall continue to be liable for any and all of its outstanding obligations and liabilities of the disconnected <i>Customer</i> under the <i>WESM Rules, Retail Rules</i> and all other existing contracts.</u></p>	
New Section	<p><u>2.7.3. Reconnection</u></p>	
New Section	<p><u>2.7.3.1. The WESM Member requesting for a reconnection of person or entity shall submit its Notice of Reconnection and a letter-request to the CRB for the execution of the Request for Reconnection as provided for under Appendix [*]. The CRB shall then notify the <i>TransmissionNetwork Service Provider</i> and/or the <i>Distribution Utility</i> in writing for such reconnection.</u></p>	
New Section	<p><u>2.7.3.2. Within seven (7) days after the receipt of the Notice of Reconnection from the CRB, the <i>TransmissionNetwork Service Provider</i> and/or <i>Distribution Utility</i> shall execute the Reconnection of service. The <i>Market Operator</i>, in</u></p>	

*Merch*

	<p>coordination with the <u>Transmission Network Service Provider and/or Distribution Utility</u>, shall issue the Market advisory for such reconnection.</p>	
New Section	<p><u>2.7.3.3. In the case of the disconnected entity wherein its disconnection was requested by multiple parties, the reconnection will only be executed when all the requesting parties have issued both the Notice of Reconnection and letter-request to the CRB.</u></p>	
New Section	<p><u>2.7.3.4. Across instances, a reconnection fee shall be paid by the disconnected person or entity to either the Supplier (for Indirect WESM Members), or the</u></p> <p><u>2.7.3.5.</u></p> <p><u>2.7.3.6. Network Service Provider and/or Distribution Utility (for Direct WESM Members) prior to reconnection.</u></p>	

122  
123  
124  
125  
126  
127  
128  
129  
130  
131  
132  
133  
134  
135  
136  
137  
138  
139  
140  
141  
142  
143  
144  
145  
146  
147

At the point where the RCC was discussing Section 2.7.1.3 above, Atty. Layugan remarked that the ERC has the jurisdiction and guidelines for physical disconnection of CC's and end-users, as embodied under RA 7832. She thereafter requested further discussions on the matter to be deferred in order for the ERC to harmonize the ERC's due process on physical disconnection of CC's and end-users with the RESA's proposal. Atty. Layugan expressed that the ERC shall draft and submit a position paper on the matter to the RCC.

Following Atty. Layugan's request, the RCC agreed to suspend further discussions on the matter. Atty. de Castro inquired on the timeline on which the ERC intends to submit its position paper to the RCC. Atty. Layugan requested to be given two weeks as the matter needs to be consulted with the concerned department within the ERC. This was duly noted by the RCC.

The RCC agreed to await the position paper to be provided by the ERC and once available, forward a copy of the same to the Supply side to harmonize it with the Proposed Amendments initiated by RESA. On the part of Ms. Rivera, she expressed that the matter will also be reported to and consulted with RESA.

### **3. Updates on the Proposed Amendments to the Administered Price Determination Methodology Manual Relative to: a) Nominated Price and b) Removal of Line Rental During Administered Price Situations**

Mr. Raymundo requested the deferment of discussions on the Proposed Amendments to the Administered Price Determination Methodology Manual.

*Mendi*

148 He relayed that for the Proposed Amendments related to Nominated Price, the PIPPA-TWG  
149 has yet to come up and finalize the proposal for submission to the RCC due to the numerous  
150 number of comments they have been receiving on the matter.

151  
152 Relative to the proposal on the removal of line rental in the Customer's bill during administered  
153 price situations, Mr. Raymundo expressed that he has yet to confirm with Mr. Roel Calano of  
154 GN Power if the Proposal will be endorsed to the RCC by GN Power or by PIPPA jointly with  
155 DUs.

156  
157 It was agreed that the Proposed Amendments to the Administered Price Determination  
158 Methodology Manual be formally submitted to the RCC, in time for the next meeting.

159  
160 The information provided by Mr. Raymundo was duly noted by the RCC.

161  
162  
**4. Updates from PEMC on RCC's Proposed Amendments in Relation to the  
163 Submission of Standing Bids and Offers**  
164

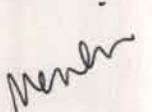
165  
166 Mr. Cacho presented the draft matrix of Proposed Amendments to the WESM Rules on the  
167 Submission of Standing Bids and Offers, as well as the discussion paper relative to the  
168 Proposal. The Proposal was drafted by PEMC in behalf of the RCC, based on previous  
169 discussions and instructions for PEMC to identify the necessary changes in the WESM Rules  
170 that would ensure that standing generation offers and their corresponding prices shall not  
171 expire in case generators fail to re-submit the same after the one year effectivity date. Mr.  
172 Cacho explained that in the event a generator has not updated its standing offer (i.e MW and  
173 price), its standing offer in the same period (hour, day, month) from the previous year shall  
174 apply in the current year until the generator renews its standing offer. This, he said, guarantees  
175 that there will always be a default standing offer in the WESM.

176  
177 For clarity, Mr. Cacho explained that in the current Market Management System (MMS),  
178 generators are required to set an end-date for their standing offers. With the proposed  
179 amendment, said end date is removed such that all standing offers submitted by the generator  
180 will be its standing offer until it is superseded by a new standing offer. However, generators  
181 are still allowed to update their offers in real-time prior to gate closure, which supersedes their  
182 standing offer for a particular trading interval. Failure of the generator to update its standing  
183 offer prior to gate closure converts that standing offer for that trading interval as a regular offer.

184  
185 Mr. Cacho further stated that the proposal includes the provision that standing schedules  
186 submitted by non-scheduled generating units and standing reserve offers submitted by  
187 scheduled generating units registered as Ancillary Services Provider shall apply until said  
188 generators have revised or updated the same.

189  
190 Mr. Raymundo commented that it is the generator's responsibility to submit its standing offers.  
191 Thus, the proposal of the RCC may only be absolving the generators of such responsibility.  
192 He expressed that most, if not all, generators submit standing offers. The problem, however,  
193 is the software limitation where an end-date for said standing offers is imposed. Further, Mr.  
194 Raymundo stated that generators admittedly fail to update their standing offer perhaps due to  
195 the lack of tracking or reminder that their standing offers have expired.

196  
197 Atty. de Castro inquired on what could be the possible negative impact in market prices of  
198 removing expiry of standing offers. Mr. Cacho responded that the intent of the proposal is to



199 ensure that all generators have a default offer. The only possible negative impact that can be  
200 foreseen, as mentioned by Mr. Cacho, is that when generators set a high price for their  
201 standing offers which is then adopted in real-time. In certain instances, Mr. Cacho stated,  
202 prices for standing offers may not be reflective of the actual prices in real-time. On the inquiry  
203 if there is a mechanism to correct this problem, Mr. Cacho responded that currently, there is  
204 no mechanism other than setting an offer cap and floor price.

205  
206 Further on the discussions, Mr. Rosales commented that non-submission of standing offers  
207 would also affect the week-ahead and day-ahead projection used by the System Operator to  
208 determine if there will be under-generation for energy and insufficient capacity for reserve.

209  
210 Following the discussions, the RCC accepted the draft Proposed Amendments to the WESM  
211 Rules on the submission of standing bids and offers and agreed to carry the same as an RCC  
212 proposal, as previously agreed. The RCC likewise approved the posting of the proposal in the  
213 market information website, to solicit comments of participants and interested parties. At this  
214 point, Mr. Cacho requested the members of the RCC to likewise comment on the discussion  
215 as this reflects the RCC's rationale for the proposal. It was agreed that the Committee be given  
216 three days in order to provide further comments on the discussion paper, after which, the same  
217 shall be published together with the matrix of proposed amendments.

218  
219

220 **5. Updates from PEMC on RCC's Proposed Amendments to the WESM Rules and**  
221 **Applicable Market Manuals on the Verification of MRU Data Relative to PEM**  
222 **Board's Directives**

223

224 Mr. Cacho presented the draft matrix of Proposed Amendments to the WESM Rules and  
225 applicable market manuals on the verification of MRU data, as well as the discussion paper  
226 relative to the Proposal. The Proposal was drafted by PEMC in behalf of the RCC, based on  
227 previous discussions and instructions for PEMC to identify the necessary changes to the  
228 WESM Rules and applicable market manuals to reflect the directives of the PEM Board  
229 rendering as final the System Operator Report for MRU after the two-week period given to  
230 Generators to validate said report. However, the aforementioned directive was found to be in  
231 conflict with Clause 3.14.8.2 of the WESM Rules, to wit:

232

233 *"Disputes in respect of final statements or supporting data provided with them in accordance*  
234 *with WESM Rules Clause 3.14.5 shall be raised within twelve months of the relevant billing*  
235 *period."*

236

237 It was therefore proposed that disputes in relation to the SO MRU Report be raised by the  
238 generation company within two weeks upon its publication by the Market Operator, instead of  
239 within the prescribed twelve-month period. Otherwise, the report will be deemed final.

240

241 Further, the proposed amendment to clause 3.14.8.2 necessitated proposing changes to the  
242 relevant provisions under the Billing and Settlement and the Dispute Resolution Manuals.

243

244 Following the presentation, the RCC accepted the draft Proposal as crafted by PEMC, and  
245 likewise approved its publication in the market information website, for comments of  
246 participants and interested parties. At this point, Mr. Cacho requested the RCC to also provide  
247 comments on the discussion paper. It was agreed that the Committee will be given three days  
248 in order to provide further comments on the discussion paper. After which, the same shall be  
249 published together with the matrix of proposed amendments.

*Manh*

250  
251  
252  
253  
254  
255  
256  
257  
258  
259  
260  
261  
262  
263  
264  
  
265  
266  
267  
268  
269  
270  
271  
272  
273  
274  
275  
276  
277  
278  
279  
280  
281  
282  
283  
284  
285  
286  
287  
288  
289  
290  
291  
292  
293  
294  
295  
296  
297  
298

**6. Updates from PEMC on the RCC Proposed Amendments to the MRU-MSU Manual Issue 5.0 on the Payment of Displaced Generators and MSUs**

Mr. Marcial Jimenez presented the revised Proposed Amendments to the MRU-MSU Manual Issue 5.0 reflecting the RCC's comments from previous discussions on the matter. As a background, Mr. Jimenez explained that the proposal emanated from the RCC's instruction for PEMC to draft a proposal in the RCC's behalf, with the following objectives:

- Clarify the formula that would be implemented in the calculation of the settlement of amounts due to displaced generators; and
- Introduction of factor "b" in said formula in order to reflect the difference of location between RTU and metering point and therefore, account for the station use of generators.

It was recalled that the RCC's instruction to PEMC came about during PEMC's presentation of the draft attachment to the Proposal to be filed before the ERC on the detailed formulation on the concept of payment to MSUs and displaced generators (DG). Mr. Jimenez explained that when the RCC approved the MRU-MSU Manual Issue 5.0, a detailed formulation on the payment concept for the MSUs and DGs was not included. For purposes of filing with the ERC, PEMC thus, drafted the detailed formulation on the settlement amounts for MSUs and DG, which was then presented to the RCC for confirmation.

Following a series of discussions on the matter, Mr. Marcial Jimenez stated that the agreement of the RCC is to treat factor "b" as a static value after it has been determined using historical data (i.e. average ratio between RTU readings and metered quantities of generators for one year). In the case of new generators without historical data, their factor "b" in the interim would be equal to 1.0.

Relative to the removal of the 3% dispatch tolerance for the MSU, Mr. Rosales remarked that this may have a significant impact particularly for large generators. Mr. Jimenez explained that it was the RCC's decision not to apply the 3% dispatch tolerance to the MSU in the previous discussions on the matter.

Following the presentation and discussions, the RCC agreed to route to the Committee, through email, the revised proposal for further comments. The RCC members were given three (3) days to give further comments on the Proposal, after which the revised proposal will be published in the market information website for comments of participants and interested parties.

**IV. OTHER MATTERS**

**1. PEM Board Updates on Action of the PEM Board on the RCC-Endorsed Proposed Amendments**

Atty. de Castro apprised the RCC of the results of the presentations made before the PEM Board held on 28 April 2015, relative to five RCC-endorsed proposals for amendment and the RCC's report on the disapproval of one proposal, summarized as follows:

*Mendi*

	<b>Proposed Amendment</b>	<b>RCC-Action</b>	<b>PEM Board Action</b>
1	Proposed Amendment to the Billing and Settlement Manual	Approved and endorsed to PEM Board, for approval	Approved as presented.
2	Proposed Amendment to the Manual on the Guidelines for Significant Variations	Approved and endorsed to PEM Board, for approval	Approved as presented
3	Proposed Amendments to the MRU-MSU Manual Issue 5.0	Approved and endorsed to PEM Board, for approval	Approved subject to the extent that is consistent with the ERC order as mentioned in the proposal
4	Proposed Amendment to the Administered Price Determination Methodology Manual	Approved and endorsed to PEM Board, for approval	Approved with modification on the terminology referring to "Line Rental" as "Pricing Mechanism Differential" rather than the "Amounts Associated with Bilateral Contracts"
5	Proposed Amendments to the WESM Rules and Manual on the Registration of Ramp Rates	Approved and endorsed to PEM Board, for approval	Deferred by the PEM Board pending the DOE and ERC determination of the appropriate minimum and maximum level of bandwidth for ramp up and ramp down rates. PEM Board agreed that the matter be elevated to and discussed with the DOE and ERC (through the GMC) for the formulation of possible bandwidth protocol in determining the ramp up and ramp down rates.
6	Proposed Amendments to the Dispatch Protocol Manual	Disapproved and submitted a report to the PEM Board, for information	Noted by the PEM Board

300

301

The PEM Board updates were duly noted by the members of the RCC.

302

303

304

## **2. PEM Board Updates on the Appointment and Re-Appointment of RCC members**

305

306

307

The Secretariat informed the RCC of the re-appointment of Atty. Maila de Castro as Independent member of the RCC, and her appointment as the new RCC Chairperson replacing Dr. Rowena Cristina Guevara. The Secretariat likewise informed the body of the re-appointment of Mr. Francisco Castro in his post as Independent member, as well as the appointment of the new alternate members, as follows:

308

309

310

311



312

313

- Mr. Aris Policarpio (Generation- Vivant / official alternate of Mr. Theo Sunico)

314

- Mr. Juanito Tolentino Jr (Distribution – MECO / official alternte of Mr. Gilbert Pagobo)

315

The RCC congratulated Atty. de Castro and Mr. Castro for their re-appointment to the RCC.

316

317

318

#### V. NEXT MEETING

319

320

The RCC was reminded of the previous agreement to meet on the following dates in the succeeding months of 2015:

321

322

323

- 101<sup>st</sup> RCC Meeting – June 3

324

- 102<sup>nd</sup> RCC Meeting – July 1

325

- 103<sup>rd</sup> RCC Meeting – 05 August

326

- 104<sup>th</sup> RCC Meeting – 02 September

327

- 105<sup>th</sup> RCC Meeting – 07 October

328

- 106<sup>th</sup> RCC Meeting – 04 November

329

- 107<sup>th</sup> RCC Meeting – 02 December

330

331

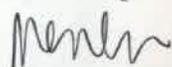
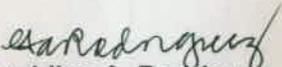
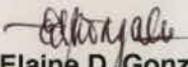
332

#### VI. ADJOURNMENT

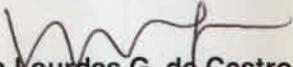
333

334

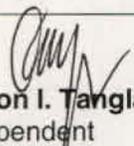
There being no other matters at hand, the meeting was adjourned around 3:15 PM.

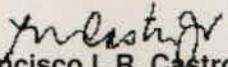
Prepared By:	Reviewed By:	Noted By:
 <b>Romellen C. Salazar</b>	 <b>Geraldine A. Rodriguez</b>	 <b>Elaine D. Gonzales</b>
<b>Analyst</b> – <b>Market Governance Administration Unit</b> <b>Market Assessment Group</b>	<b>Assistant Manager</b> – <b>Market Governance Administration Unit</b> <b>Market Assessment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

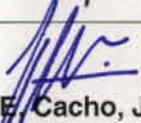
Approved by:  
RULES CHANGE COMMITTEE

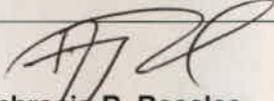
  
**Maila Lourdes G. de Castro**  
Chairperson, Independent

Members:

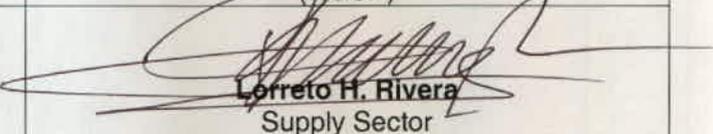
  
**Concepcion I. Tanglao**  
Independent

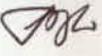
  
**Francisco L.R. Castro, Jr.**  
Independent

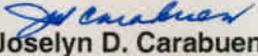
  
**Isidro E. Cacho, Jr.**  
Market Operator  
Philippine Electricity Market Corporation  
(PEMC)

  
**Ambrocio R. Rosales**  
Transmission Sector  
National Grid Corporation of the Philippines  
(NGCP)

**Theo C. Sunico**  
Generation Sector  
1590 Energy Corporation

  
**Lorreto H. Rivera**  
Supply Sector  
Team (Philippines) Energy Corporation

  
**Jose Ferlino P. Raymundo**  
Generation Sector  
SMC Global Power

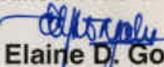
  
**Joselyn D. Carabuena**  
Generation Sector  
Power Sector Assets and Liabilities Management  
Corporation (PSALM)

  
**Jose P. Santos**  
Distribution Sector (EC)  
Ilocos Norte Electric Cooperative, Inc.  
(INEC)

  
**Ciprinilo C. Meneses**  
Distribution Sector (PDU)  
Manila Electric Company  
(MERALCO)

**Gilbert A. Pagobo**  
Distribution Sector  
Mactan Electric Company  
(MECO)

Certified True and Correct:

  
**Elaine D. Gonzales**  
RCC Secretary  
PEMC