

**WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE**

RESOLUTION NO. 2013-05

Proposed Additional Clause 4.4.4 in the WESM Rules

WHEREAS, on 20 March 2013, the Philippine Electricity Market submitted to the Rules Change Committee (RCC) for consideration and approval, the proposed inclusion of an additional clause in the WESM Rules (4.4.4) to address the condition when there is only one Metering Services Provider (MSP);

WHEREAS, at present, the National Grid Corporation of the Philippines (NGCP) is the only MSP authorized by the Energy Regulatory Commission (ERC) and registered with the Market Operator (MO);

WHEREAS, NGCP has registered as a Customer Trading Participant in the WESM, trading its facilities at Itogon and Talavera Stations. NGCP is also serving as MSP to both facilities;

WHEREAS, in its discussion paper, PEMC stated that the amendment has been proposed through the PEMC – NGCP Coordinating Committee;

WHEREAS, the proposed additional clause reads as follows:

"If a Trading Participant is also a Metering Services Provider and there is only one Metering Services Provider registered with the Market Operator (in the Transmission Level), then it shall be allowed to provide metering services on an interim basis for a market trading node assigned to it or a connection point that it owns until another Metering Services Provider becomes authorized by the ERC and is registered with the Market Operator upon which the metering services shall be transferred to another Metering Services Provider following the applicable procedure."

WHEREAS, during the 73rd RCC Meeting held on 03 April 2013, the proposed amendments were presented by PEMC to the RCC, for discussion;

WHEREAS, one of the matters discussed is that it is only fair to require all entities injecting to and/or withdrawing energy from the grid to be metered and registered in the WESM;

WHEREAS in the same meeting, the RCC agreed to publish the proposal in the WESM public information website to solicit comments from market participants and other interested parties;

WHEREAS, the proposal was posted in the public information website on 03 April 2013 and the notification-email requesting comments from interested parties was issued on the same day;

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WHEREAS, the RCC gave due course to the comments submitted by SN Aboitiz Power, Inc. (SNAP) on the proposal and the response provided by PEMC during its 74th Meeting held on 15 May 2013;

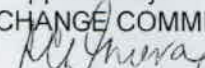

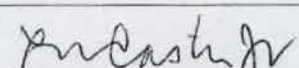


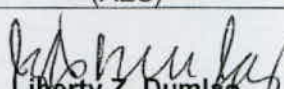
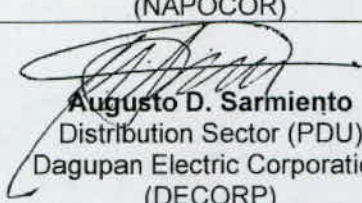
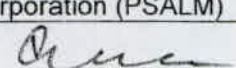

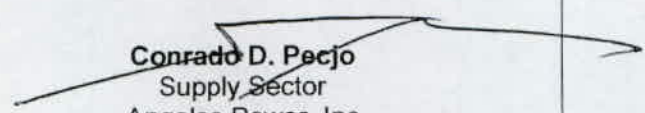
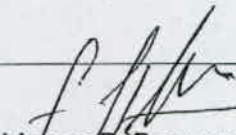
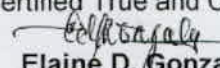
WHEREAS, in the same meeting, the RCC, after its deliberation on the matter, agreed to adopt the proposed amendments, as originally submitted;

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

RESOLVED, that the proposed amendment to the WESM Rules, for the inclusion of additional clause 4.4.4 (attached as Annex "A"), is hereby adopted and approved;

RESOLVED FURTHER, that the above proposed amendment to the WESM Rules be endorsed to the PEM Board for approval.

Done this 15 May 2013, Pasig City.

<p>Approved by: RULES CHANGE COMMITTEE  Rowena/Cristina L. Guevara Chairperson University of the Philippines (UP)</p>	
<p>Members:</p>	
 Epictetus E. Patalinghug Independent University of the Philippines (UP)	 Francisco L.R. Castro, Jr. Independent Tensaiken Consulting
 Maifa Lourdes G. de Castro Independent	 Cherry Aquino-Javier Generation Sector AES Philippines (AES)
Cynthia R. Encarnacion Generation Sector National Power Corporation (NAPOCOR)	 Liberty Z. Dumlaog Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
 Augusto D. Sarmiento Distribution Sector (PDU) Dagupan Electric Corporation (DECORP)	 Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)
 Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)	Sulpicio C. Lagarde Jr. Distribution Sector (EC) Central Negros Electric Cooperative, Inc. (CENECO)
 Conrado D. Pecjo Supply Sector Angeles Power, Inc	
Raul Joseph G. Seludo Transmission Sector National Grid Corporation of the Philippines (NGCP)	 Robinson P. Descanzo Market Operator Philippine Electricity Market Corporation (PEMC)
	<p>Certified True and Correct:</p>  Elaine D. Gonzales RGC Secretary PEMC



REQUEST FOR AMENDMENTS OR CHANGES TO THE WESM MANUALS

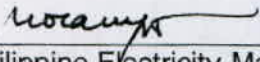
Proposals made only under this prescribed form shall be accepted and considered as submitted:

This request for amendments to the WESM Rules can be submitted to:

PEM Board

Attention: **PEM Committee Secretariat**
Philippine Electricity Market Corporation
18/F Robinsons Equitable Tower
ADB Avenue, Ortigas Center
Pasig City, 1605 Philippines
Email address: rcc@wesm.ph
Fax Number: (+632) 395-2704

I. Proposer's Information

Name	Melinda L. Ocampo
Designation	President
Signature	
Company	Philippine Electricity Market Corporation
Company Address	9 th and 18 th F Robinsons-Equitable Tower, ADB Ave., Ortigas Center, Pasig City 1600
Telephone No.	6318734 local 210, 3952699 local 257
Fax. No.	6360873
Email Address	mlocampo@wesm.ph

II. WESM Manual Amendments Information

Title of WESM Manual being commented: WESM Rules

Nature of Request (please indicate with x)

☒ Addition ☐ Alteration ☐ Deletion ☐ Clarification ☐ Clerical Correction

III. Proposed Amendment

Title	Section	Provision	Proposed Amendment	Rationale
	4.4.4	(new)	If a <i>Trading Participant</i> is also a <i>Metering Services Provider</i> and there is only one <i>Metering Services Provider</i> registered with the <i>Market Operator</i> (in the Transmission Level), then it shall be allowed to provide <i>metering services</i> on an interim basis for a <i>market trading node</i> assigned to it or a connection point that it owns until another <i>Metering Services Provider</i> becomes authorized by the <i>ERC</i> and is registered with the <i>Market Operator</i> upon which the <i>metering services</i> shall be transferred to another <i>Metering Services Provider</i> following the applicable procedure.	NGCP had already registered as a Customer Trading Participant. This registration has taken precedence over the provisions of the WESM Rules aiming for more than one MSP.

Note: For convenience, please underline and put in bold letters the proposed changes to the WESM Manual.

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IV. Proposed Scheme to Monitor the Effectiveness of the Proposed Changes to the WESM Rules

If the proposed Clause is approved, the NGCP shall strictly comply with the requirements of the WESM Rules, Philippine Grid Code (PGC), and Philippine Distribution Code (PDC), when installing meters and associated equipment (i.e. instrument transformers, lightning arrester, communication link, and physical and data security) for its own facilities.

The NGCP shall submit formal registration of its other or future metering points complete with diagrams for PEMC to determine the market trading node(s). PEMC shall review the technical compliance of the registered metering points, and shall recommend revisions to the Market Network Model (MNM) if the metering point locations are found to be outside the boundaries of the current MNM version.

V. Referral

MAG Date Received: 20 March 2013 ref

Proposed Amendment: ☐ Urgent ☐ Minor ☒ General

A. For Urgent Amendment (For the use of PEMC President only)

Date Referred to PEMC President	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Certifies as urgent	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Convene the RCC within 48 hrs.		
Remarks:		

B. For Minor and General Amendment (For the use of RCC only)

Date Referred to RCC:	<u>20 March 2013 ref</u>
Remarks:	

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Action taken:	
Request for comments:	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Request written comments from: <input type="checkbox"/> DRG <input type="checkbox"/> MSC <input type="checkbox"/> PA <input type="checkbox"/> MO <input type="checkbox"/> ECO <input type="checkbox"/> RCC <input type="checkbox"/> TC <input type="checkbox"/> Other PEM Board Committees <input type="checkbox"/> Other Interested Parties
For further review of the Technical Sub-Committee:	<input type="checkbox"/> Yes Assigned to: <input type="checkbox"/> SO Sub-Committee <input type="checkbox"/> MO Sub-Committee <input type="checkbox"/> Metering Sub-Committee <input type="checkbox"/> Billing and Settlement Sub-Committee <input type="checkbox"/> Legal and Regulatory Sub-Committee <input type="checkbox"/> No
For public consultation:	<input type="checkbox"/> Yes <input type="checkbox"/> No
RCC Resolution:	<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Disapproved
RCC Resolution No.:	Resolution No. 2013-05
Date of Resolution:	15 May 2013
RCC Meeting No.	74th
Date of endorsement to the PEM Board:	17 May 2013



**Wholesale Electricity
Spot Market**

RCC/WESM-IVR-12/05

**Amendments in the WESM Rules
Additional Clause 4.4.4
Melinda L. Ocampo**

March 7, 2013

I. SUMMARY OF THE PROPOSED RULES AMENDMENTS

WESM Rules 2.3.6 **Metering Services Provider** identifies who and states the qualifications for an MSP in the WESM:

- 2.3.6.1 A person or an entity intending to provide metering services in accordance with chapter 4 shall secure an authorization from the ERC.
- 2.3.6.2 A person or an entity authorized by the ERC to provide metering services shall register with the Market Operator as a Metering Services Provider.

WESM Rules 4.4.1 restates the qualifications for an MSP in the WESM:

Other than *TRANSCO*, a *Metering Services Provider* is a person or entity who:

- (a) Is authorized by the *ERC* to provide *metering services*;
- (b) Is registered with the *Market Operator* as a *Metering Services Provider*, and
- (c) Is required to have the qualifications and adhere to any performance standards by the *Market Operator* in relation to *Metering Services Providers*.

However, WESM Rules 4.4.2 states the exemption:

A *Generation Company* or *Customer* which is involved in the trading of energy shall not be registered as a *Metering Services Provider* for any *market trading node* assigned to it.

And WESM Rules 4.4.3 further states that:

If a *Trading Participant* is a *Customer* and also a *Network Service Provider*, the *Trading Participant* may register as a *Metering Services Provider* only for connection point that it does not own.

The above Clauses in the WESM Rules are harmonized if there are more than one MSP authorized by the ERC and registered with the Market Operator. Conflict will arise if only one MSP is authorized and registered but is also required to register as a Trading Participant.

An additional Clause 4.4.4 should be in the WESM Rules which states exemption from Clauses 4.4.2 and 4.4.3 in the event that only one MSP is registered with the Market Operator but is also required to register as a Trading Participant. The proposed clause shall also state when the exemption will cease.

II. BACKGROUND

To date, the National Grid Corporation of the Philippines (NGCP) is the only MSP authorized by the ERC and registered with the Market Operator. Citing Section

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3.3 Directly-connected end-users (non-utility) of the DOE Circular 2006-06-0008, as the requirement which states that:

All end-users, other than generation companies or distribution utilities, which are directly connected to the national grid, shall register as WESM members. It is provided, however, that said entities need not trade directly in the WESM but they shall ensure that their total electricity requirements are fully covered by bilateral power supply contracts.

The NGCP had recently also registered as a Customer Trading Participant in the WESM, trading the facilities at the 23 kV Itogon, and 13.8 kV Talavera starting February 26, 2012. Both facilities are formerly under the Default Wholesale Supplier (DWS) account of the National Power Corporation (NPC). NPC had already refused to continue trading for the said facilities of NGCP. Even with the transfer of account, the default MSP for the facilities is also NGCP and this clearly violates WESM Rules 4.4.3. Other NGCP facilities (i.e. offices, control centers, laboratories) in the Luzon and Visayas are now being installed with WESM-compliant meters and are for registration, with NGCP also being the MSP.

The detailed qualifications for an MSP are stated in the "Guidelines for the Issuance of Certificate of Authority for WESM Metering Service Providers" by the ERC and in Section 4 of the "Metering Standards and Procedures" Market Manual by PEMC.

III. THE PROPOSED RULES CHANGE

The PEMC – NGCP Coordinating Committee proposes that the additional Clause 4.4.4 be read as:

If a Trading Participant is also a Metering Services Provider and there is only one Metering Services Provider registered with the Market Operator (in the Transmission Level), then it shall be allowed to provide metering services on an interim basis for a market trading node assigned to it or a connection point that it owns until another Metering Services Provider becomes authorized by the ERC and is registered with the Market Operator upon which the metering services shall be transferred to another Metering Services Provider following the applicable procedure.

IV. BACKGROUND AND DESCRIPTION OF THE PROPONENT

Ms. Melinda L. Ocampo is the current President of PEMC. The PEMC is a non-stock non-profit organization established in 2003 thru the EPIRA to operate the Philippine WESM. PEMC has been commercially operating the WESM since June 26, 2006.

V. CONCLUSIONS AND RECOMMENDATIONS

This additional Clause to the WESM Rules is practical given that NGCP had already registered as a Customer Trading Participant. This registration has taken precedence over the provisions of the WESM Rules aiming for more than one MSP. It is only fair that all entities injecting to and/or withdrawing energy from the grid be metered and registers in the WESM.

The NGCP shall strictly comply with the requirements of the WESM Rules, Philippine Grid Code (PGC), and Philippine Distribution Code (PDC), when installing meters and associated equipment (i.e. instrument transformers, lightning arrester, communication link, and physical and data security) for its own facilities. The Section 2 of the Metering Standards and Procedures adopts Philippine and international standards that supplement the harmonized minimum requirements for metering installation set by the WESM Rules, PGC, and PDC.

The NGCP shall submit formal registration of its other or future metering points complete with diagrams for the Market Operator to determine the market trading node(s). The Market Operator shall review the technical compliance of the registered metering points, and shall recommend revisions to the Market Network Model (MNM) if the metering point locations are found to be outside the boundaries of the current MNM version.

For the advantages, the metered quantities for the usage of NGCP would minimize the energy being considered as part of the system loss (administrative). The registration of NGCP as Customer will also lower the probability of settlement deficit of total trading amounts (TTA).

It is recommended as stated in the proposed Clause that the metering services for the metering points being traded by NGCP shall be transferred immediately to, when another MSP becomes authorized by the ERC and registered with the Market Operator.

VI. REFERENCES

- A. Wholesale Electricity Spot Market Rules (as Amended by DOE DC No. 2006-05-0006 dated 5 May 2006)
- B. Philippine Grid Code (Amendment No. 1 April 2, 2007)
- C. Philippine Distribution Code
- D. DOE Circular 2006-06-0008
- E. Guidelines for the Issuance of Certificate of Authority for WESM Metering Service Providers
- F. Metering Standards and Procedures