

**WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE**

RESOLUTION NO. 2013-07

Proposed Amendments to Clause 3.13.6 of 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 amendments to Clause 3.13.6 of the WESM Rules;

WHEREAS, the proposal intends to introduce more solid basis for the netting of bidirectional energy flows in a trading interval recorded in the meter as read in Clause 3.13.6 of the WESM Rules;

WHEREAS, the Market Operator has observed that there are customers injecting energy to the grid as recorded in their meter;

WHEREAS, the above-cited energy injections could be valid if these are the results of: (a) an embedded generator whose generation is above the requirement of the local load; or (b) excess energy withdrawn from an adjacent metering/connection point serving the same load;

WHEREAS, the Market Operator has also observed injections to the grid by a certain customer that falls under neither of the above cases:

WHEREAS, the Market Operator in its further review of the case of the said identified customer noted the following:

- a) the customer has two (2) metering points connected to different market trading nodes.
- b) the customer has no embedded generator;
- c) the injections are neither the result of excess withdrawals for there are meter (15-minute) intervals where both meters are simultaneously injecting.

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

WHEREAS, during the discussion, it was explained that the proposal aims to discourage meter tampering and other forms of pilferage in connection with RA 7832. Secondly, it addresses the requirement that all embedded generators should register with the ERC and secure the corresponding Certificate of Compliance;

WHEREAS, the proposed amendment would require all customers that will register in the WESM, to inform the Market Operator of any embedded generator facility and provide evidence of the embedded generator registration with the ERC so as to provide the Market Operator with a legal basis in settling the energy injected;

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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;

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;

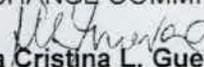
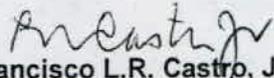
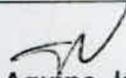
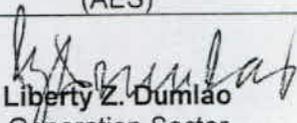
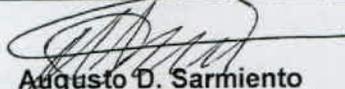
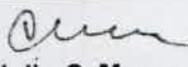
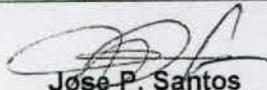
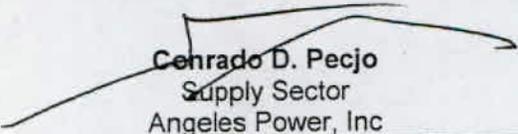
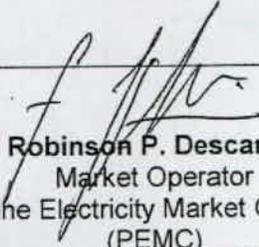
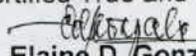
NOW THEREFORE, we, the undersigned and in behalf of the sector we represent, hereby resolve as follows:

RESOLVED, that the proposed amendments to Clause 3.13.6 of the WESM Rules (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.

BAR

Approved by: RULES CHANGE COMMITTEE  Rowena Cristina L. Guevara Chairperson University of the Philippines (UP)	
Members:	
Epictetus E. Patalinghug Independent University of the Philippines (UP)	 Francisco L.R. Castro, Jr. Independent Tensaiken Consulting
 Maila Lourdes G. de Castro Independent	 Cherry Aquino-Javier Generation Sector AES Philippines (AES)
Cynthia R. Encarnacion Generation Sector National Power Corporation (NAPOCOR)	 Liberty Z. Dumlao Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
 Augusto D. Sarmiento Distribution Sector (PDU) Dagupan Electric Corporation (DECORP)	 Cipriniio 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)
 Cenrado 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)
	Certified True and Correct:  Elaine D. Gonzales ROC Secretary PEMC

BMRJ

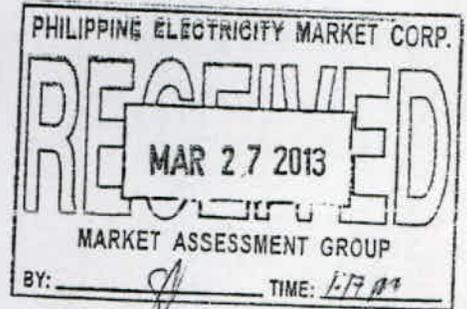


REQUEST FOR WESM RULES AMENDMENTS

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 addresses: rcc@wesm.ph
 Fax Number: (+632) 395-2704



I. Proposer's Information

Name	Melinda L. Ocampo
Designation	President
Signature	<i>[Signature]</i>
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 Rules Amendment Information

Topic	: Netting of bi-directional energy flows recorded in the meter
Nature of Request (please indicate with x)	
<input checked="" type="checkbox"/> Addition <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Clarification <input type="checkbox"/> Clerical Correction	

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III. Proposed Amendment

Title	Section	Provision	Proposed Amendment	Rationale
<p>Defining the Gross Ex-Post Energy Settlement Quantity for Market Trading Nodes</p>	<p>3.13.6</p>	<p>For each trading interval, the gross ex-post energy settlement quantity for each market trading node shall be determined by the Market Operator as follows:</p> <p>(a) If the market trading node is defined under clause 3.2.2.1 as lying on the boundary of the power system operated by the System Operator, the gross ex-post energy settlement quantity for the market trading node is the net metered flow into the power system operated by the System Operator through the associated meter;</p> <p>(b) If the market trading node is defined under clause 3.2.2.2 as a generator node lying on the interface between networks, apparatus or equipment operated by parties other than the System Operator the gross ex-post energy</p>	<p>For each trading interval, the gross ex-post energy settlement quantity for each market trading node shall be determined by the Market Operator as follows:</p> <p>(a) If the market trading node is defined under clause 3.2.2.1 as lying on the boundary of the power system operated by the System Operator, the gross ex-post energy settlement quantity for the market trading node is the net metered flow into the power system operated by the System Operator through the associated meter, <u>provided however, that if the market trading node is a customer node, and there is no ERC-registered embedded generation facility associated with that node, or the source of injection cannot be traced, any injection shall not be accounted for in determining the gross ex-post energy settlement quantity for that node</u></p> <p>(b) (As written)</p>	<p>To introduce more solid basis for the netting of bidirectional energy flows in a trading interval recorded in the meter as read in Clause 3.13.6 of the WESM Rules.</p>

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settlement quantity for the market trading node is the net metered flows through the associated meter from the Generation Company to the Customer side of the meter; and

- (c) If the market trading node is defined under clause 3.2.2.2 as a customer node lying on the interface between networks, apparatus or equipment operated by parties other than the System Operator the gross ex-post energy settlement quantity for the market trading node is the negative of the amount determined for the corresponding generator node in 3.13.6 (b).

- (c) (As written)

- (d) If the net metered flows registered through a meter is inconsistent with the expected power flows at the market trading node to which that meter is associated, the Metering Services Provider shall determine and shall notify the Market Operator and the relevant Trading Participant the appropriate manner of determining the gross ex-post settlement quantity for that market trading node.

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

IV. Referral

Date Received by MAG : 27 March 2013 gr

Proposed Amendment: Urgent Minor General

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

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

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

Date Referred to RCC:	<u>27 March 2013</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"/> TC <input type="checkbox"/> MO <input type="checkbox"/> ECO <input type="checkbox"/> MAG <input type="checkbox"/> Other PEM Board Committees <input type="checkbox"/> Other Interested Parties
For further review of the Technical Sub-Committee/s:	<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 Number:	Resolution No. 2013-07
Date of Resolution:	15 May 2013
RCC Meeting No.:	74th
Date of endorsement to the PEM Board:	17 May 2013

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**Wholesale Electricity
Spot Market**

RCC/WESM - WRC - 13/07

**Amendments to
Clause 3.13.6 of the WESM Rules
Philippine Electricity Market Corporation**

March 27, 2013

I. SUMMARY OF THE PROPOSED AMENDMENT

This proposed amendment intends to introduce more solid basis for the netting of bidirectional energy flows in a trading interval recorded in the meter as read in Clause 3.13.6 of the WESM Rules:

Defining the Gross Ex-Post Energy Settlement Quantity for Market Trading Nodes

For each *trading interval*, the *gross ex-post energy settlement quantity* for each *market trading node* shall be determined by the *Market Operator* as follows:

- (a) If the *market trading node* is defined under clause 3.2.2.1 as lying on the boundary of the *power system* operated by the *System Operator*, the *gross ex-post energy settlement quantity* for the *market trading node* is the net metered flow into the *power system* operated by the *System Operator* through the associated meter;
- (b) If the *market trading node* is defined under clause 3.2.2.2 as a *generator node* lying on the interface between *networks*, apparatus or equipment operated by parties other than the *System Operator* the *gross ex-post energy settlement quantity* for the *market trading node* is the net metered flows through the associated meter from the *Generation Company* to the *Customer* side of the meter; and
- (c) If the *market trading node* is defined under clause 3.2.2.2 as a customer node lying on the interface between *networks*, apparatus or equipment operated by parties other than the *System Operator* the *gross ex-post energy settlement quantity* for the *market trading node* is the negative of the amount determined for the corresponding *generator node* in 3.13.6 (b).

II. BACKGROUND

In performing the above clause, the Market Operator has observed that there are customers injecting energy to the grid as recorded in their meter. The injections could be valid if these are the results of:

- A. An embedded generator whose generation is above the requirement of the local load (see Figure 1).
- B. Excess energy withdrawn from an adjacent metering/connection point serving the same load (see Figure 2).

In the above cases, the Market Operator further validates the injections by comparing the proximity between meter data provided by the Metering Services Provider and the snapshot data provided by the System Operator. However, the Market Operator has also observed instances where injections to the grid fall in neither of the above cases. An example is a customer with two (2) metering points connected to different market trading nodes. The customer has no embedded generator, and upon reviewing the historical meter data, the injections

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are not the result of excess withdrawals since there are meter (15-minute) intervals where both meters are simultaneously injecting (see Figure 3). The Market Operator, acting on the information and with the agreement of the Direct Trading Participant responsible on behalf of the customer, settled only the withdrawals from the grid recorded in the two meters.

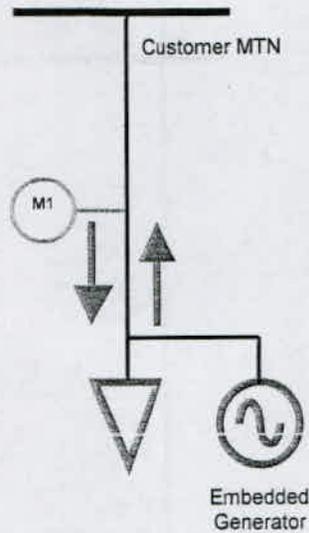


Figure 1

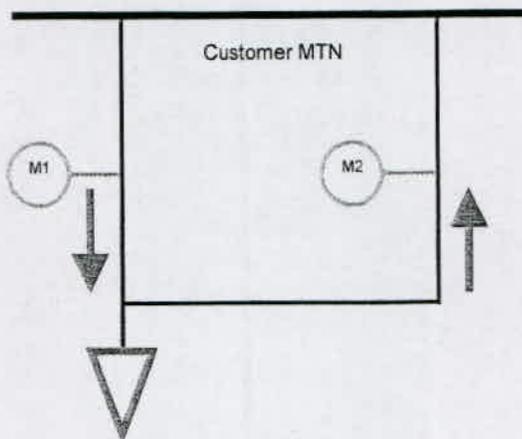


Figure 2

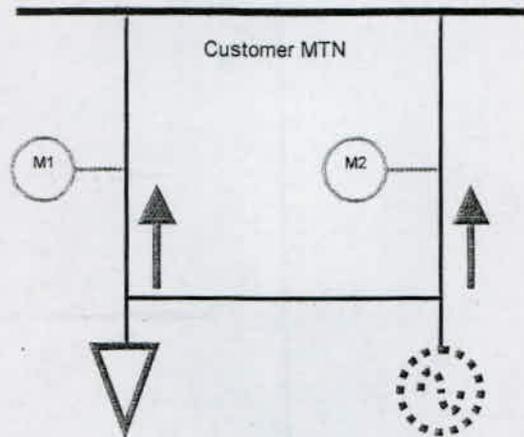


Figure 3

III. THE PROPOSED AMENDMENT

Clause 3.13.6 (a) is proposed to be read as follows:

- (a) If the *market trading node* is defined under clause 3.2.2.1 as lying on the boundary of the *power system* operated by the *System Operator*, the *gross ex-post energy settlement quantity* for the *market trading node* is the net metered flow into the *power system* operated by the *System Operator* through the associated meter, provided however, that if the market trading node is a customer node, and there is no ERC-registered embedded generation facility associated with that node, or the source of injection cannot be traced, any injection shall not be accounted for in determining the gross ex-post energy settlement quantity for that node
- (b) (As written)
- (c) (As written)
- (d) If the net metered flows registered through a meter is inconsistent with the expected power flows at the market trading node to which that meter is associated, the Metering Services Provider shall determine and shall notify the Market Operator and the relevant Trading Participant the appropriate manner of determining the gross ex-post settlement quantity for that market trading node.

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

In the proposed amendment, all customers that will register to the WESM, shall be required to inform the Market Operator of any embedded generator facility and provide evidence of the embedded generator registration with the ERC. Although the Market Operator can always determine the technical validity of the injected energy by comparing the meter data with the snapshot data, this requirement is for the Market Operator to have a legal basis in settling the energy injected.

Further, the Section 2, Article 1 of the revised COC (Certificate of Compliance) Rules of the ERC provides:

“No person may engage in the Generation of Electricity as a Generation Company unless it has secured a COC from the ERC to operate facilities used in the Generation of Electricity.”

In the event that the energy injected is also not the result of excess energy withdrawn, then the proposed Clause 3.13.6 (a) intends to discourage meter tampering and other forms of pilferage in connection with the Republic Act No. 7832, also known as the “Anti-Electricity and Electric Transmission Lines/Materials Pilferage Act of 1994”.