

Rules Change Committee

# 2015 Semestral Report

(July to December 2015)

This Report is prepared by the Philippine Electricity Market Corporation-  
Market Assessment Group for the Rules Change Committee.

**December 2015**

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## I. INTRODUCTION

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In compliance with its mandate under the WESM Rules<sup>1</sup> and the WESM Manual on the Procedures for Changes to the WESM Rules (Rules Change Manual), the Rules Change Committee (RCC) submits this Report, covering the period July to December 2015. This report sets out the following:

- i. All Market Rules and Manuals change proposals which have been submitted to and deliberated upon by the RCC for the covered period; and
- ii. Status of RCC ppriorities outlined in the 2015 RCC Work Plan.

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## II. ACCOMPLISHMENTS AND WORK PROGRESS

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The RCC met six (6) times during the period July to December 2015, to discuss and deliberate upon several amendments to the WESM Rules and Manuals, which are aimed at enhancing market design, as well as refining processes and operations appropriate for the current market setting.

The RCC activities for the covered period are discussed in detail in the succeeding sections.

### II.A. Approved Amendments

#### 1. Proposed Amendment to the WESM Rules on Wholesale Disconnection

The Proposed Amendment to the WESM Rules on Wholesale Disconnection was submitted to the Rules Change Committee by the Philippine Independent Power Producers Association (PIPPA), through AES Philippines, in December 2013, and was discussed by the RCC in several meetings from then, onwards.

The proposal seeks to integrate the DOE's disconnection policy under DOE Department Circular No. DC2010-05-0006 and its implementing guidelines under DOE Department Circular No. DC2010-08-10, primarily to address the existing leakages in the electric power system due to unauthorized withdrawal of electricity and unmetered and unbilled consumption on facilities connected to the grid. It likewise aims to compel WESM members to comply with the provisions of the EPIRA and other related laws, rules, and regulations. On the part of PEMC, said proposal would address audit findings relative to the continuous withdrawal of power from the grid by defaulting WESM members. Finally, through this proposal, the Generators seek to lessen any third party intervention in the implementation of disconnection.

For the relevant period of 2015, the RCC continued its discussions on the Proposal in several RCC meetings. As a result of discussions at the Sub-committee level, the RCC came out with a revised and enhanced proposal covering the following areas:

- i. Grounds for suspension and disconnection;

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<sup>1</sup> WESM Rules, Clause 8.6.5



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- ii. Procedures for suspension and disconnection;
- iii. Procedures for reconnection; and
- iv. Definition of terms (Glossary)

During the 102<sup>nd</sup> RCC meeting held on 01 July 2015, the RCC approved the posting of the proposal in the market information website to solicit comments of participants and interested parties. Following the RCC's approval, the proposal was published in the market information website on 20 July 2015, with notice of publication sent to Participants on 22 July 2015.

On 02 September 2015 during the 104<sup>th</sup> RCC Meeting, the RCC deliberated upon the proposal and gave due course to the comments received relative thereto.

In the RCC's discussions, the Energy Regulatory Commission (ERC) raised that disconnection that would affect an end-user, whether for Captive or Contestable Customers, falls within the ERC's jurisdiction. The ERC cited Commonwealth Act (CA) 146 as basis for such jurisdiction, stating that said law defines what regulation (as against policy) covers, to include a public utility under a public service and to be rendered to an end-user. As such, the rules and guidelines on transmission and distribution, which are of public service character and currently regulated by the ERC, and any related rule such as on disconnection would fall within the ERC's jurisdiction. Thus, effectively, any deviation, modification, and/or addition to the rules and regulation involving transmission and distribution, including disconnection should be consulted with the ERC.

The Department of Energy (DOE) for its part stated that the proposal, which emanated from the DOE's directive to the RCC to make said proposal consistent with the DOE's policy, is something that the DOE can discuss with the regulator, as may be necessary.

The Generators, on the other hand, remained strong in their position that the proposal is reasonable and necessary to address the continuous withdrawals of power from the grid by defaulting WESM members, which cost is borne by and shared among Generators in each billing month. The Generators assured that disconnection, as proposed, follows the due process and is the last resort for Generators after all possible remedies have been exhausted.

Given the difficulty of deciding on the matter with many valid concerns being raised by the different parties, the RCC decision relative to the proposal was put into a vote, to determine whether or not the proposal will be approved and endorsed to the PEM Board.

With a vote of 9-2-3 (approve/endorse to the PEM Board-disapprove-abstain), during its meeting on 02 September 2015, the RCC approved the Proposed Amendment to the WESM Rules on Wholesale Disconnection<sup>2</sup> and agreed on its endorsement to the PEM Board<sup>3</sup>, for the latter's approval.

Subsequently, the PEM Board approved the Proposed Amendment to the WESM Rules on Wholesale Disconnection, as revised, during the PEM Board meeting held on 28 September 2015 and endorsed the same to the DOE for its corresponding approval.

<sup>2</sup> Approved through RCC Resolution No. RCC-RESO-15-12

<sup>3</sup> Approved by the PEM Board on 28 September 2015, and was endorsed to the DOE for its approval and promulgation.

## **2. Proposed Amendment to the Retail Rules on Retail Disconnection**

Parallel to PIPPA's Proposed Amendment to the WESM Rules on Wholesale Disconnection, on 06 August 2014, the RCC received the Retail Electricity Suppliers Association's (RESA) Proposed Amendment to the Retail Rules on Retail Disconnection. RESA's proposal intends to include in the Rules a policy for disconnection on the retail side in consideration of the implementation of the retail competition.

The Proposal from RESA emanated from its comments to the PIPPA's proposal on disconnection. The RCC, upon reviewing RESA's comments, deemed that said comments were already in the nature of a proposal as it recommends for parallel provisions for disconnection on the Retail Rules applicable to retail customers. Thus, in response to the RCC's recommendation, RESA submitted a separate proposal to the RCC for disconnection on the retail side.

RESA's Proposed Amendment to the Retail Rules on Retail Disconnection sought to:

- i. Incorporate a disconnection policy in the Retail Rules in consideration of the retail competition open access, and align said rules with that of disconnection for the wholesale segment and with the guidelines specified under the Distribution Services Open Access Rules (DSOAR);
- ii. Address the continuous withdrawal of power from the grid by defaulting, suspended WESM members; and
- iii. Lessen any third party intervention in the implementation of disconnection.

On 06 July 2015, the proposal was published for comments of participants and interested parties. In response to the RCC's call for comments, written submissions of their comments were received from PEMC and MERALCO.

During the 104<sup>th</sup> RCC meeting held on 02 September 2015, the RCC deliberated upon the proposal and gave due course to the comments received from the parties.

In the course of discussions, the RCC accepted PEMC's proposed revisions, as these merely shortened and simplified the wordings of RESA's proposed provisions but, retained the essence of the original proposed wordings by RESA. Moreover, the proposal was already made consistent with the DSOAR basing it from MERALCO's comments and inputs, and at the same time, satisfies the requirements or the Suppliers' obligations under the WESM and with the Central Registration Body (CRB).

On the part of the ERC, it posed its position that disconnection covering end-users falls within the ERC's jurisdiction. As such, the ERC stated that the proponent may go directly to the ERC for any proposal on disconnection, including revisions to the guidelines specified under the DSOAR covering, among other things, the grounds and procedures for disconnection.

On the part of the RCC, it invoked its obligations under the WESM Rules and the procedures specified under Manual of Procedures for Changes to the WESM Rules, for it to act upon any proposed Rules and Manual amendment submitted to it—whether to approve or disapprove the proposal, and report its decision to the PEM Board for its appropriate action.

Following the discussions, given the difficulty of deciding on the matter and with major and valid concerns being raised by the parties, the RCC decision on the matter was put into a vote to determine whether or not the proposal will be approved and endorsed to the PEM Board.

With a vote of 11-1-1 (approve/endorse to the PEM Board—disapprove—abstain), in that same meeting, the RCC approved the Proposed Amendment to the Retail Rules on Retail Disconnection<sup>4</sup> and agreed on its endorsement to the PEM Board<sup>5</sup>, for the latter's approval.

The proposal was subsequently transmitted to the PEM Board. During the RCC's presentation of the proposal at the Board Review Committee (BRC), it was decided upon by the body to remand the proposal back to the RCC for further study. The BRC gave their comment that some of the proposed provisions in the RESA's proposal, in particular, the grounds for disconnection, are beyond the scope of the market.

When the matter was brought to the table during the RCC meetings held on 07 October and 04 November, the Supply Sector representative apprised the RCC of the ongoing discussions between the ERC and RESA in relation to the Proposed Amendment to the Retail Rules on Retail Disconnection. Thus, RESA requested for the deferment of further discussions on the proposal pending the results of the ERC-RESA discussions. On the basis of this request, the RCC agreed to defer its discussions on the matter.

### **3. Proposed Amendment to the WESM Rules on Submission of Standing Bids Offers**

The Proposed Amendment to the WESM Rules on the Submission of Standing Bids and Offers was initiated by the RCC to address the situation where Generators fail to submit and/or update their standing offers in the market. The proposal also seeks to address the current limitation of the Market Management System (MMS) where participants are required to set an end-date for their standing offers. Moreover, with this proposal, the RCC hopes to avoid undeclared capacities in the market, which could result in poor market projections and artificial shortage in capacities, which is particularly important to the System Operator (SO) in determining the required level of reserves.

The RCC discussed the proposal in several meetings beginning 04 February 2015 and subsequently published the proposal in the market information website on 14 May 2015 to solicit comments of Participants and interested parties with corresponding notice sent to Participants the following day.

During the 102<sup>nd</sup> RCC Meeting held on 01 July 2015, the RCC deliberated upon the Proposed Amendment to the WESM Rules on the Submission of Standing Bids and Offers. After giving due course to the comments received from the parties, the RCC approved the Proposed Amendment to the WESM Rules on the Submission of Standing Bids and Offers<sup>6</sup>.

<sup>4</sup> Approved through RCC Resolution No. RCC-RESO-15-13

<sup>5</sup> Remanded to the RCC by the Board Review Committee (BRC) through a Memo to the RCC dated 28 September, for the RCC's further review/deliberations on the grounds for retail disconnection as specified in the proposal.

<sup>6</sup> Approved through RCC Resolution No. RCC-RESO-15-08 and once again, through RCC-RESO-15-10 incorporating it in the Proposed Amendment on Preferential Dispatch as instructed by the BRC.



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The proposal was subsequently endorsed to the PEM Board<sup>7</sup> for its approval. During the RCC's presentation at the BRC, the body decided to remand the Proposed Amendment to the WESM Rules on the Submission of Standing Bids and Offers back to the RCC, with instructions for the RCC to incorporate it with then ongoing discussions on the Proposed Amendment to the WESM Rules on Preferential Dispatch.

In response to the BRC's instruction, the RCC incorporated the proposal on submission of offers with the one on preferential dispatch, and renamed it to Proposed Amendment to the WESM Rules on Preferential Dispatch, Fit-All Collection Implementation, and Submission of Standing Offers, which the RCC subsequently approved and endorsed to the PEM Board, for the latter's corresponding approval.<sup>8</sup>

#### **4. Proposed Amendment to the WESM Rules and Market Manuals on Must-Run Units and Must-Stop Units (MRU-MSU) and Dispute Resolution Regarding MRU Verification**

The Proposed Amendment to the WESM Rules and Market Manuals on MRU-MSU and Dispute Resolution Regarding MRU verification emanated from the PEM Board's directive to the RCC for the inclusion of a prescriptive period of two weeks, from the issuance of the relevant report from the SO, for the Generators to controvert or raise issues on the SO's Dispatch Deviation Report. Otherwise, the report relative to a Generator's data shall be deemed final. Said directive was given by the PEM Board on 29 September 2014 during the RCC's presentation of its proposed amendment regarding MRUs.

In compliance with said PEM Board's directives, the RCC initially proposed amendment to the relevant provisions of the WESM Rules, and Market Manuals on Billing and Settlement and Dispute Resolution. Following the RCC's approval on 06 May 2015 during the RCC's 100<sup>th</sup> Meeting, subject to the incorporation of amendments discussed by the Committee, the proposal was published in the market information website on 14 May 2105, with notice sent to Participants the following day.

During the 100<sup>th</sup> RCC meeting held on 01 July 2015, the RCC deliberated upon the proposal, giving due course to the comments received from the parties.

In the course of RCC's deliberations, the RCC agreed to propose additional amendments to the MRU-MSU Manual, revising the relevant provisions that specify that failure of Generators to flag to the Market Operator of any discrepancy from the SO's report within the prescribed time frame deems the same final, following the previous instructions of the PEM Board.

On the other hand, the RCC agreed to leave out the corresponding proposed amendments to the Billing and Settlement Manual as the WESM members' responsibility of validating the SO's report is already proposed in the WESM Rules.

Following the discussions, in the same meeting, the RCC approved the Proposed Amendment to the WESM Rules and Market Manuals on MRU-MSU and Dispute

<sup>7</sup> Remanded by the BRC to the RCC through a Memo dated 23 July 2015 to harmonize it with DOE DC2015-03-001 and incorporate it in the Proposed Amendment to the WESM Rules on Preferential Dispatch and Fit-All Collection.

<sup>8</sup> See discussion under item 6 of this section

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Resolution<sup>9</sup>, as revised, and agreed on its endorsement to the PEM Board<sup>10</sup> for its approval.

The proposal was approved during the PEM Board meeting held on 24 July 2015 and was subsequently endorsed to the DOE for its corresponding approval.

**5. Proposed Amendment to the MRU-MSU Manual Regarding Settlement by MSUs of Displaced Generators**

The Proposed Amendment to the MRU-MSU Manual regarding Settlement by MSUs of Displaced Generators (DG) was initiated by the RCC, following PEMC's presentation of the detailed formulation for the settlement of Displaced Generators, which formulation was included as an Annex of the draft proposal for filing with the ERC. Said ERC filing is PEMC's next step following approval by the PEM Board and subsequently by the DOE on the MRU amendments. The PEMC presentation sought to get the RCC's confirmation that the detailed formulation for the MSU and DG settlement is correct and aligned with the principles approved by the RCC in relation to the MRUs.

In the course of discussions, the RCC incorporated major revisions in the formulation for the payment to displaced generators and thereafter, agreed to initiate a proposal for amendments to the MRU-MSU Manual based on inputs provided by PEMC.

The proposal aims to:

- i. Clarify the calculation of amounts due to Displaced Generators to be settled by the MSU under Sections 10.1 and 10.2 of the MRU-MSU Manual ;
- ii. Clarify that the settlement formula in the relevant sections of the MRU-MSU Manual apply only for positive ex-post price (EPP), otherwise, there will be zero settlement due to the Displaced Generator and correspondingly, no amount will be collected from the MSU;
- iii. Provide that payment to Displaced Generators are to be settled through the WESM's settlement process;
- iv. Clarify that there will be no payment to a Displaced Generator if the difference between its ex-ante quantity (EAQ) and the adjusted Metered Quantity (MQ) is less than the approved dispatch tolerance of the EAQ; and
- v. Introduce the factor "b" to be multiplied to the MQ of the Generator in the settlement formula to account for the difference between the RTU and meter locations.

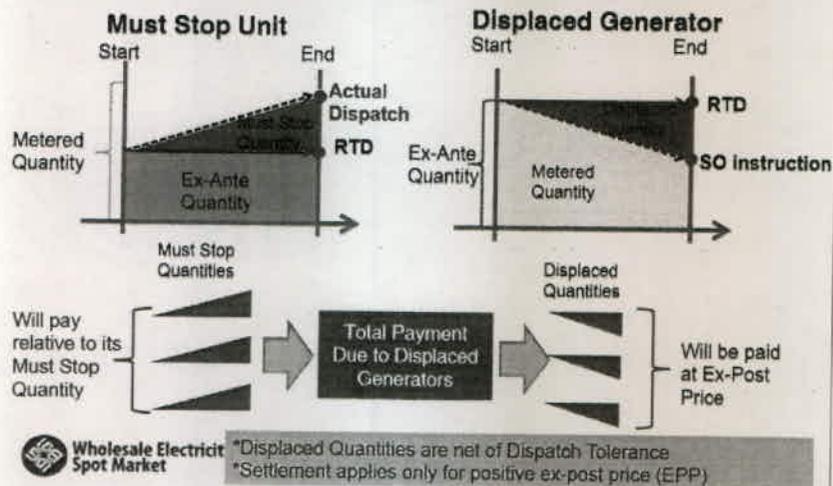
Figure 1 below summarizes the RCC's proposal.

<sup>9</sup> Approved through RCC Resolution No. RCC-RESO-15-09

<sup>10</sup> Approved on the PEM Board on 24 July 2015 and was endorsed to the DOE for its corresponding approval.

Fig. 1 Settlement Mechanism between the MSU and Displaced Generator (DG)

### Illustration on Settlement Mechanism



The RCC discussed the proposal in several meetings and was published for comments on 25 May 2015.

For the relevant period covered by this report, the RCC discussed the proposal during its 102<sup>nd</sup> and 103<sup>rd</sup> RCC meetings held on 01 July and 05 August 2015, respectively.

On 01 July 2015, the RCC deliberated upon the proposal and gave due course to the comments received from the parties. During this meeting, the RCC deferred its decision on the proposal following a request from the MERALCO representative in the RCC. The MERALCO representative proposed to revise the calculation of MSU payment under Section 10.2 of the MRU-MSU Manual, in consideration of the Generators being displaced as a result of the increasing output of variable renewable energy (VRE).

In the succeeding RCC meeting on 05 August, the MERALCO representative presented his counter-proposal, which is essentially, to compensate the Displaced Generator even if the cause of its being displaced is the VRE's injection of power to the grid.

The RCC rejected the counter-proposal presented by the MERALCO representative for the following reasons.

- i. The proposed payment mechanism in relation to the MSU and Displaced Generator is primarily to impose discipline among Generators for them to comply with their dispatch schedules, and not merely to ensure that Displaced Generators always get paid for their lost opportunity; and
- ii. There will be instances when Displaced Generators will not get compensated, or, when their displaced amount will not be equal to the compensation that they will receive due to several factors, including, among other things, the effect of giving



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priority to the VREs in the dispatch of Generators as provided for under the Renewable Energy (RE) Law and the DOE's policy for must dispatch and priority dispatch Generating units, as well as the SO's actions in ensuring security and reliability of the grid, which required the SO to constrain-on or constrain-off some Generators at times.

Following the discussions, the RCC approved the Proposed Amendment to the MRU-MSU Manual Regarding the Settlement by MSU of the Displaced Generators<sup>11</sup>, and agreed on the endorsement of said proposal to the PEM Board<sup>12</sup>, for its approval.

The proposal was approved by the PEM Board during its meeting held on 28 August 2015 and was subsequently endorsed to the DOE for corresponding approval.

**6. Proposed Amendment to the WESM Rules on Preferential Dispatch, Fit-all Collection Implementation and Submission of Standing Offers**

On 29 May 2015, the RCC received PEMC's Proposed Amendment to the WESM Rules on Preferential Dispatch and Fit-All Collection Implementation. PEMC's submission of said proposal is in compliance with the DOE Department Circular No. DC2015-03-001, which directs PEMC to "undertake necessary amendment to the WESM Rules and pertinent market manuals to implement the must dispatch and priority dispatch of eligible renewable energy plants in the WESM." Once the proposed amendments to the WESM Rules are approved, PEMC intends to also submit its proposal for amendment to the relevant market manuals necessary to operationalize the rules relating to the must dispatch and priority dispatch (collectively termed as preferential dispatch) generating units. The proposal likewise incorporates the RCC's Proposed Amendment to the WESM Rules for the Submission of Standing Offers.<sup>13</sup>

The Proposed Amendment to the WESM Rules on Preferential Dispatch, Fit-All Collection Implementation, and Submission of Standing offers involves the following changes in the rules:

- Incorporates the implementation of must dispatch and priority dispatch of Variable Renewable Energy (VRE) sources.
- Involves changes relating to the following:
  - ❖ Registration;
  - ❖ Submission of data, (including submission of standing offers);
  - ❖ Scheduling and pricing;
  - ❖ Dispatch implementation; and
  - ❖ Information disclosure
- Registration: Removes the "New and Renewable Energy Generating Unit with Intermittent Energy Resource (NRE-IER)" as a generator category and replaces it with the following additional categories of generating units: 1) Must Dispatch Generating units; and 2) Priority Dispatch Generating Units

<sup>11</sup> Approved through RCC Resolution No. RCC-RESO-15-11.

<sup>12</sup> Approved by the PEM Board on 28 August 2015 and subsequently endorsed the proposal to the DOE for its corresponding approval.

<sup>13</sup> See discussion under item 3 of this section.



Original		Proposed	
Generator Category	Description	Generator Category	Description
<u>Scheduled</u>	<ul style="list-style-type: none"> <li>Competitive participation</li> </ul>	<u>Scheduled</u>	<ul style="list-style-type: none"> <li>Competitive participation</li> </ul>
<u>Non-Scheduled</u>	<ul style="list-style-type: none"> <li>For very small plants</li> <li>Can register as scheduled</li> </ul>	<u>Non-Scheduled</u>	<ul style="list-style-type: none"> <li>For very small plants</li> <li>Can register as scheduled</li> </ul>
<u>New and Renewable Energy Generating Unit with Intermittent Energy Resources (NRE-IER)</u>	<ul style="list-style-type: none"> <li>For RE plants</li> <li>Can register as scheduled</li> </ul>	<u>Must Dispatch</u>	<ul style="list-style-type: none"> <li>For wind, solar, ROR hydro and ocean plants</li> <li><b>Can register as scheduled or non-scheduled</b></li> </ul>
		<u>Priority Dispatch</u>	<ul style="list-style-type: none"> <li>For FIT-eligible biomass plants</li> <li><b>Can register as scheduled or non-scheduled</b></li> </ul>

- Submission of Data: Provides for the Implementation of Forecast Accuracy Standards in accordance with the Philippine Grid Code (PGC), which standards shall be reviewed annually by PEMC, and the compliance to which shall be reported by PEMC to the PEM Board and the DOE on a monthly and annual basis.
- Submission of Standing Offers: Incorporates the RCC proposal on standing offers to ensure that standing offers apply until revised or updated by the Participant.
- Scheduling and Pricing: Preferential Dispatch Generators will be price-takers; RTD schedule may be lower than submitted projected output or nomination if there are constraints (e.g., line congestion) subject to the hierarchy<sup>14</sup> below (per DC2015-03-0001).

1	Pmin of scheduled generating units
2	Must dispatch generating units
3	Priority dispatch generating units
4	Non-scheduled generating units
5	Market offers of scheduled generating units beyond Pmin

<sup>14</sup> The hierarchy is contained in the interim protocol submitted to the DOE in compliance to DC2015-03-0001. The interim protocol implements preferential dispatch pending the approval of the detailed policy and the completion of the new MMS.



Scheduling and Pricing: Preferential Dispatch and Non-Scheduled Generator Inputs

<b>Preferential Dispatch</b>	Projected Output	Actual Injection (RTU)
<b>Non-Scheduled</b>	Nomination of Loading Level	Actual Injection (RTU)

- Dispatch Implementation: Requires the SO to dispatch must-dispatch generating units at their maximum available capacity, thus effectively, allowing the SO to re-dispatch other plants in doing so; Likewise, allows the SO to re-dispatch preferential dispatch generating units when the grid is not in Normal State; Requires Trading Participants to submit a written report to the MO with supporting documents immediately within the following day after occurrence of a significant event that may materially change the state of their facilities.
- Information Disclosure: a) Inclusion of the preferential dispatch generator schedules in the real-time dispatch (RTD), real-time ex-post dispatch (RTX), day-ahead projection (DAP), and week-ahead projection (WAP) publications; and b) provision to National Transmission Corporation (TransCo), as FIT-All Administrator, to access the settlement information of FIT-eligible plants in relation to FIT Implementation.

The RCC approved the publication of the Proposed Amendment to the WESM Rules on Preferential Dispatch and Fit-All Collection Implementation following PEMC's presentation of the proposal during the 101<sup>st</sup> RCC Meeting held on 03 June 2015. The proposal was published for comments on 04 June, with notice sent to Participants the following day.

During the 103<sup>rd</sup> RCC Meeting held on 05 August 2015, the RCC deliberated upon the proposal, giving due course to the comments submitted by several parties. PEMC likewise presented its response and clarifications in the comments raised by the parties.

In the same meeting, the RCC approved the Proposed Amendment to the WESM Rules on Preferential Dispatch, and Fit-All Collection Implementation, incorporating the previous RCC proposal for Amendment to the WESM Rules on the pursuant to the BRC's directive to the RCC.<sup>15</sup> The RCC agreed to endorse the Proposed Amendment to the WESM Rules on Preferential Dispatch, Fit-All Collection Implementation, and Submission of Standing Offers<sup>16</sup>, as revised, to the PEM Board<sup>17</sup>, for its corresponding approval.

During its meeting held on 28 August 2015, the PEM Board approved the Proposed Amendment to the WESM Rules on Preferential Dispatch, Fit-All Collection Implementation, and Submission of Standing Offers, and subsequently, endorsed it to the DOE for the latter's corresponding approval.

<sup>15</sup> See discussion under item 3 of this section.

<sup>16</sup> Approved by through RCC Resolution No. RCC-RESO-15-10.

<sup>17</sup> Approved by the PEM Board on 28 August 2015 and was subsequently endorsed to the DOE for its corresponding approval.

## **II.B. On-Going Proposals / Discussions**

During the period covered in this report, the RCC discussed the following amendments to the WESM Rules and Manuals and other relevant matters.

### **1. Proposed Amendment to the Dispatch Protocol Manual (Proposed Dispatch Protocol Manual Issue 12)**

The Proposed Amendment to the Dispatch Protocol Manual was submitted by PEMC to the RCC on 01 December 2014, as part of the efforts of PEMC to address audit findings by the Independent Auditor during the 2<sup>nd</sup> Market Operations Audit and to restructure the manual in compliance with the recommended structure for all market manuals for better appreciation of the different processes in the WESM.

The Proposed Amendment to the Dispatch Protocol Manual was presented before the RCC during its 96<sup>th</sup> meeting held on 14 January 2015. In that meeting, the RCC agreed to incorporate in the proposal the necessary provision that would specify that plants on commissioning and testing shall be paid as price-takers following the approval of MRU amendment, which removed commissioning and testing of plants as criteria for MRUs. In that same meeting the RCC approved the posting of the proposal for comments of participants. On 26 January 2015, the Proposal was published in the market information website, with notice to participants sent on the same day.

During the 98<sup>th</sup> RCC meeting held on 04 March 2015, the RCC deliberated upon the proposal, giving due course to the comments received from the concerned parties. Finding merit on the comments received from the concerned parties, the RCC agreed to defer its decision on the matter and to revise the proposal further to reflect the RCC's discussions and agreements in that meeting. PEMC was requested, among other, to incorporate in the proposal the preparation of the WESM Merit Order Table (MOT) and SO's procedure in using the MOT as provided by the MO. To aid the MO in revising the proposal, the SO was likewise requested to provide its inputs relative to its own procedure in using the MOT provided by the MO. In addition, noting that PEMC's originally submitted proposal took off from the Dispatch Protocol Manual Issue 9, which version of the Manual was already overtaken by approval of several amendments to the same Manual, the RCC requested the MO to reflect the Proposal in the current Dispatch Protocol Manual Issue 11. The RCC finally agreed on reposting the revised proposal as Proposed Dispatch Protocol Manual Issue 12, for comments, once the revisions requested from the MO are effected.

The revised proposal was posted on 02 October 2015, after several presentations made by PEMC and discussions by the RCC. In response to the call for comments, written submissions were received from various parties, including the Technical Committee, MERALCO, Vivant, and North Luzon Renewable Energy Corp.

During the RCC's 106<sup>th</sup> Meeting held on 07 October 2015, upon request from the SO, the RCC discussed the comments submitted by the SO relative to the Proposed Amendment to the Dispatch Protocol Manual (Proposed Dispatch Protocol Manual Issue 12). The RCC, however, acknowledged that the Proposal will be discussed again once the commenting period for the proposal ends. In the discussion transpiring during that meeting, the RCC adopted some of the revisions recommended by the SO.

In the succeeding 107<sup>th</sup> RCC meeting held on 02 December 2015, the RCC acknowledged receipt of additional comments on the proposal which were received from several parties. However, as the proposal is intertwined with the ongoing proposals from the SO, particularly the one on WESM Rules Chapter 6 covering intervention and suspension, upon request from the SO representative, the RCC agreed to defer discussions on the Proposed Amendment to the Dispatch Protocol Manual for its meeting in January 2016, to harmonize it with the SO's proposals, which proposals will also be due for deliberations in January 2016.

**2. Proposed Amendments to the WESM Rules and Technical Committee Manual Issue 1**

The Proposed Amendment to the WESM Rules and Technical Committee Manual was submitted by the TC to the RCC on 5 September 2015. The TC's proposal is aimed to update the first issuance of the Technical Committee Manual and revise the procedures in the conduct of the technical study and review.

During the 105<sup>th</sup> RCC Meeting held on 07 October 2015, the proposal was presented before the RCC and which the RCC subsequently approved for posting in the market information website to solicit comments of participants and interested parties. The proposal was published on 08 October 2015.

In response to the RCC's call for comments, written submission was received from MERALCO. During the 107<sup>th</sup> RCC Meeting held on 02 December 2015, the RCC deliberated upon the proposal, giving due course to the comments of the body, including the one from MERALCO.

During that meeting, the RCC approved the TC's Proposed Amendment to the WESM Rules and TC Manual Issue, subject to the revisions discussed by the body. The RCC instructed the Secretariat to incorporate the revisions agreed upon during the meeting and provide the revised proposal to the RCC for further review and confirmation prior to endorsing the proposal to the PEM Board.

**3. Proposed Amendment to the WESM Rules on Battery Energy Storage System**

The Proposed Amendments to the WESM Rules on the Generation Company Reserve Offers / Battery Energy Storage System was received by the RCC from AES Philippines, Inc. on 11 July 2014. Said proposal sought to amend the WESM Rules to have a distinction between a Generation Company that is also certified as Ancillary Service Provider and a purely Ancillary Services Provider, such as the Grid Energy Storage System, in submitting offers for energy and reserve. This is in order to acknowledge the technical limitation of the Grid Energy Storage System in the WESM in view of the directive of the Department of Energy in its issuance of Department Circular No. DC2010-06-0007 entitled "Preparations for the Trading of Ancillary in the WESM."

The Proposal was published for comments on 07 August 2014 and was given due course by the RCC.

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In the course of the RCC's discussions, the issue on the classification of the battery energy storage arose, which led the RCC seeking assistance from the Grid Management Committee in determining the appropriate classification of such technology. The GMC in its response letter to RCC, expressed that it will consider the battery energy storage in the ongoing revisions of the Philippine Grid Code (PGC). On this basis, the RCC during its 95<sup>th</sup> meeting held on 03 December 2014, deferred its decision on the matter pending the ERC's approval and issuance of the amended Philippine Grid Code.

Subsequently on 18 May 2015, the ERC approved Resolution No. 09, series of 2015, "A Resolution Adopting the Grid Management Committee's Recommendation Classifying the Battery Energy Storage System as a New Source of Frequency Control Ancillary Services and the Exemption Thereof from the Conduct of System Impact Study." The ERC Resolution, however, did not specify that the battery energy storage is purely for ancillary, which could have otherwise addressed the concern being raised by the AES Philippines in the proposed amendment it submitted to the RCC.

In order to determine the way forward on the Proposed Amendment to the WESM Rules on Generation Company Reserve Offers / Battery Energy Storage System following the ERC's issuance of Resolution No. 09, the RCC discussed the matter during its 106<sup>th</sup> meeting held on 04 November 2015. The RCC noted that the primary concern of AES is in complying with the provisions on the must offer rule, which same concern is being put forward by Petron in a similar proposal involving cogeneration facilities. Based on discussions, the RCC agreed to include in the ongoing discussions on Petron's proposal the concern of battery energy storage system at the RCC Sub-committee for cogeneration facilities.

**4. Proposed Amendments to the WESM Rules on Cogeneration Facilities**

The RCC received Petron Corporation's Proposed Amendment to the WESM Rules on Cogeneration on 24 July 2015. Said proposal aims to incorporate Combined Heat and Power (CHP) or Cogeneration Facility as an additional classification of a Generation Facility.

The proposal was presented during the RCC's 103<sup>rd</sup> Meeting held on 05 August 2015 and was approved for posting in the market information website to solicit comments of participants. Subsequently, the proposal was published on 07 August 2015, with notice to participants sent on August 10.

In response to the RCC's call for comments, written submissions were received from PEMC and DOE. During the RCC's 105<sup>th</sup> Meeting held on 02 October 2015, these comments were given due course. Based on recommendations given by the MO and the DOE, Petron Corporation shall revise the proposal accordingly, with the help of an RCC Sub-committee that was formed to aid in crafting the revised proposal, in coordination with Petron.

**5. Proposed Amendment to the WESM Rules Chapter on Intervention and Suspension, and Market Manual on Emergency Procedures and System Security and Reliability**



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On 22 July 2015, the National Grid Corporation of the Philippines (NGCP) submitted to the RCC its proposed amendment to the WESM Rules and market manuals, which covers the following:

- i. Proposed Amendment to the Manual on System Security and Reliability Guidelines
- ii. Proposed Amendment to the Manual on Emergency Procedures
- iii. Proposed Amendment to the WESM Rules Chapter 6 on Intervention and Suspension

The proposals from NGCP seek to reflect changes in the power industry practices brought about by the stricter implementation of applicable/ amended rules and increasing technical requirements.

These proposals were presented during the RCC's 103<sup>rd</sup> Meeting held on 07 August 2015. In that meeting, the RCC agreed not to post said proposals having noted that some of the provisions introduced by NGCP in the Rules and market manuals are inconsistent with the current, approved PGC, and that most of the NGCP's revisions are based on the proposed provisions in the ongoing amendment to the PGC, which amendment is still subject to ERC's approval. The NGCP was then instructed to amend its proposal and make it consistent with the current PGC.

In the following 104<sup>th</sup> RCC Meeting held on 02 September 2015, NGCP presented its revised proposal, which the RCC subsequently approved for posting to solicit comments, subject revisions incorporated by the RCC during discussions in that meeting.

On 28 October 2015, the NGCP's proposals were posted in the website for comments, with notice to participants sent the following day. The commenting period for the NGCP's proposed amendment shall end in December 2015, after which, it shall be deliberated upon by the RCC in January 2016.

## **6. Proposed Amendment to the WESM Rules for the Implementation of Enhancements to Market Design and Operations**

The RCC received PEMC's Proposed Amendment to the WESM Rules for the Implementation of Enhancements to Market Design and Operations on 1 December 2015. Said proposed changes are in accordance with the policies as provided for under DOE Circular No. DC2105-010-0015.

The proposed changes cover the following enhancements in WESM design and operations.

1. Shortening of trading and dispatch interval from one (1) hour to five (5) minutes.
2. Ex-ante pricing only for energy and reserves for every 5-minute dispatch interval.
3. One (1) hour settlement interval for settlement purposes based on weighted average of the 5-minute ex-ante prices.
4. Automatic pricing corrections.
5. Implementation of hourly day-ahead projections (DAP) with sensitivities and hour-ahead projections (HAP).
6. Implementation of nodal-based short-term demand forecasting.
7. Automatic dispatch conformance monitoring for energy and reserves

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During the RCC's 107<sup>th</sup> meeting held on 02 December 2015, the proposal was presented and discussed and was thereafter approved for posting in the market information website to solicit comments of participants. The proposal was published on 03 December 2015, Said proposal will be scheduled for deliberations, including comments that will be received relative thereto, once the 30-day commenting period ends.

#### **7. Proposed Amendment to the WESM Rules and Dispatch Protocol Manual Issue 11**

On 03 December 2015, the RCC received the TC's Proposed Amendment to the WESM Rules and Dispatch Protocol Manual Issue 11. The TC's proposal seek to amend Chapter 6 *Intervention and Market Suspension* of the WESM Rules and the Dispatch Protocol Manual, particularly Appendix B.1 *Market Intervention, Suspension & Restoration*, consistent with the provisions of the Philippine Grid Code (PGC) and with due consideration to the current practice of the *System Operator*. Major amendments cover *market suspension*, *market intervention* and market restoration procedures; and *market intervention* and/or *market suspension* declaration. The TC revised the process flow chart of the *market intervention* and/or *market suspension* declaration in Section 5 of Appendix B.1.

The TC's Proposed Amendment to the WESM Rules and Dispatch Protocol Manual Issue 11 was published on 08 December 2015 in the market information website to solicit comments of participants, following the RCC's approval for its publication through electronic mail. Said proposal will be deliberated upon by the RCC once the 30-day commenting period ends.

#### **8. MO-SO Study on Dispatch Tolerance Limits**

The MO-SO Study on Dispatch Tolerance Limits is an offshoot of SN Aboitiz Power's (SNAP) proposed amendment to the Dispatch Protocol Manual on Dispatch Tolerance Limits. Said proposal of SNAP was disapproved<sup>18</sup> by the RCC on 08 April 2015 due to lack of sufficient justification.

In recognition of the concerns raised by SNAP, including its difficulty in complying with the  $\pm 3\%$  dispatch tolerance limits during low levels of dispatch, the RCC with SO and MO, agreed to undertake a study for determining the applicable dispatch tolerance limits of plants.

During the RCC meetings held in June and September 2015, PEMC presented the results of the study it conducted as previously requested by the RCC, per plant type and per plant, respectively. The study essentially showed historical performance of plants (in %) vis-à-vis the different levels of deviations, from 0.25% to 4.00%. The study likewise attempted to find the MW deviation where the generating unit will be able to meet the dispatch tolerance limit at least 98% of the time.

Based on the results of simulations conducted by the MO, the following conclusions can be derived:

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<sup>18</sup> Disapproved by RCC through RCC Resolution No. RCC-RESO-15-07.



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- The +/- 3% dispatch tolerance is still acceptable for large plants since most of them are able to meet their targets within this range.
- For "smaller" generating units their dispatch tolerance should be "relaxed" a bit since the +/- 3%, when represented in terms of MW value, may seem a bit too stringent as opposed to larger generating units
- For further verification of SO, the 1 MW dispatch tolerance may be used instead of SNAP's proposal for generating units with a Pmax of up to 50 MW only (for Luzon) or 10 MW (for Visayas)

During the RCC's 105<sup>th</sup> Meeting held on 07 October 2015, the SO presented the results of its own simulations using data samples for coal and gas turbine plants. The data used for said simulations were the actual plant loadings every 5 second-interval for one week (0000H-2359H from Sept. 8-14, 2015). Intervals with no change in RTD (previous RTD same as current) and those with dispatcher intervention (e.g. hold load instructions) were not considered in the study. The SO's study used the following methodology:

- Intervals were split into two categories: *Increasing RTD* and *Decreasing RTD*
- Projected intra-hour RTD was formulated based on linear ramping and used to assess compliance to dispatch tolerance at the intra-hour.
- Estimates for the 15-minute ramp rates were computed by taking the actual plant loading every 15 minutes for each interval; and
- Four (4) ramp rates were computed at each interval.

Based on its own simulations, the SO found that: a) it was very evident that the actual ramp rates can be varied even below the calculated RTD ramp rate, especially during the last 15<sup>th</sup> minute observable period just to comply within the required dispatch tolerance; and b) whenever the actual ramp rates would be higher than the calculated ramp rates, the target load can be achieved earlier within the intra-hour (i.e within the 2<sup>nd</sup> and 3<sup>rd</sup> 15<sup>th</sup> minute intervals) and maintain its load steadily just to keep compliant within the threshold at the end of the hour.

On the basis of the above findings, the SO recommended as follows:

- To propose an amendment to the rules for strict compliance to the target load with the dispatch tolerance compliance within the 0% and -3% thresholds.
- Dispatch tolerance shall still be observed but only for below the RTD schedule (-3% limit). This will allow plants to be Constrained On and provide additional power to augment the generation deficiency.
- For WESM to monitor the capability of plants to comply with the RTD-based ramping in order to minimize the effect of plant loading deviation to system frequency.

Following the simulations conducted individually by the MO and the SO, in that same meeting the RCC requested the MO-SO to come up with a position paper that would integrate the results of their study and to reflect the final recommendations on the dispatch tolerance limits that will be adopted in a subsequent proposal in the WESM Rules and relevant market manuals that will be drafted by the RCC.

Subsequently on 04 November 2015 during the 106<sup>th</sup> RCC Meeting, PEMC presented the position paper relative to the MO-SO study on Dispatch Tolerance limits, which integrated



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the recommendations provided in the previous presentations made by the MO and the SO. The position paper essentially recommended the adoption of a dispatch tolerance limit of  $\pm 1.5\%$  of RTD or 1MW, whichever is higher. For the RCC's appreciation of how monitoring of dispatch deviation is done in other markets, PEMC likewise presented the dispatch conformance standards adopted by the Australian Energy Market Operator (AEMO), which applies a two-trigger mechanism—small and large error trigger—in identifying severity of non-compliances, based on a five-minute dispatch interval. PEMC cited that said dispatch conformance standards may be adopted by the WESM as it closely enters the stage of a shortened dispatch interval.

In that same meeting, the RCC agreed to get the inputs / comments of Generators by setting a meeting with the Generator members of PIPPA. On 17 November 2015, the MO and SO met with PIPPA and presented the recommended dispatch tolerance standards for plants as a result of the MO-SO study. PIPPA expressed that it will submit its position paper on the matter.

During the RCC's 107<sup>th</sup> Meeting held on 02 October 2015, the Generator representative from PIPPA conveyed that PIPPA is still on a deciding stage regarding its comments on the recommended dispatch tolerance standards presented by PEMC.

### 9. Proposed Re-Dispatch Manual

The RCC received PEMC's Proposed Amendment to the MRU-MSU Manual, which proposal essentially recommended giving the responsibility to the MO in identifying those Generators that were re-dispatched by the SO "out-of-merit" based on the regional MOT, with the validation from SO that said Generators were indeed re-dispatched. By having been identified as an MRU with reference to the WESM MOT, said plants will be paid based on the prevailing Generation Price Index (GPI), with the option to still claim for additional compensation.

The proposal is PEMC's response to the clamour of Visayas Generators who are often re-dispatched but are apparently, most of the time, paid much lower than the cost of their fuel.

During the 106<sup>th</sup> RCC Meeting held on 04 November 2015, PEMC presented its proposal. The RCC, however, agreed not to post the proposal for the following reasons:

- It is possible that those plants re-dispatched and not in merit were indeed re-dispatched but not necessarily to address security concerns as required to be considered as "MRU";
- Possibility exists that the MO may tag a certain plant as MRU using the WESM MOT which SO, on the other hand, may not necessarily consider as MRU when referring to the regional MOT, a situation which may only confuse participants;
- SO re-dispatches generators based on MOT to address security concerns, and thus, from SO's perspective, these re-dispatched generators are in merit, but which may be out of merit when using the WESM MOT.

In view of the discussions, the RCC agreed as follows:



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- There should be proper and just compensation for generating plants but the proposal to appropriately compensate re-dispatched generators based on regional MOTs should not be included in the MRU-MSU Manual but in an appropriate manual, whatever that manual may be.
- Instead of posting the MO's proposal, for comments of participants, the RCC recommended formulating an alternative proposal through a new manual to address the issues identified. Since the Generators are the ones directly affected by the issue on compensation, PEMC suggested the proposal come from the Generators, but nonetheless committed to help out the in formulating such proposal.

As a way forward, the RCC requested the Generators, in coordination with PEMC, to formulate the appropriate payment mechanism and reflect it in the appropriate market manual. A small group discussion between PEMC and members of the PIPPA was held on 17 November 2015, where Generators agreed to draft the Generator's proposal based on the inputs that will be submitted by PEMC.

During the 107<sup>th</sup> RCC Meeting held on 02 December 2015, PEMC presented the general principles of the proposal on the constrained dispatch, which shall include the MRU and MSU. In that meeting the Generators agreed to await the final inputs from PEMC and after which, craft their proposal.

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### III. WAY FORWARD

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Mindful of the remaining deliverables in the updated 2015 Work Plan as herein appended, the RCC agreed to adopt as carry-over activities for 2016 the said deliverable items.



# Philippine Electricity Market Corporation

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## ANNEX A: Members of the RCC

Sector	Representative Organization	Members	
		Regular	Alternate
Independent		Atty. Maila Lourdes G. de Castro (Chairperson)	-
		Francisco L.R. Castro, Jr.	-
		Concepcion I. Tanglao	-
		Dr. Allan C. Nerves	-
Market Operations	Philippine Electricity Market Corporations (PEMC)	Isidro E. Cacho, Jr.	Edwin N. Mosa
System Operations	National Grid Corporation of the Philippines (NGCP)	Ambrocio R. Rosales	Ermelindo R. Bugaoisan, Jr.
Generation	SMC Global Power	Jose Ferlino P. Raymundo	Jinky Rose L. Go
	Power Assets & Liabilities Management (PSALM) Corporation	Joselyn D. Carabuena	-
	1590 Energy Corporation	Theo C. Sunico	Aris V. Policarpio
Distribution	PDU – Manila Electric Company (MERALCO)	Ciprinilo C. Meneses	Ryan S. Morales
	PDU – Mactan Electric Company (MECO)	Gilbert A. Pagobo	Juanito O. Tolentino, Jr.
	EC – Ilocos Norte Electric Cooperative (INEC)	Jose P. Santos	Roy Rosario F. Alimbuyuguen
	EC – Antique Electric Cooperative (ANTeCO)	Ludovico D. Lim	-
Supply	TeaM (Philippines) Energy Corporation	Lorreto H. Rivera	Ernesto N. Padilla, Jr.
Observers	Department of Energy (DOE)	Usec. Mylene C. Capongcol	Ferdinand B. Binondo Luningning Baltazar
	Energy Regulatory Commission (ERC)	Atty. Debora T. Layugan	-



# Philippine Electricity Market Corporation

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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
I. Proposed Amendment Approved by the RCC and the PEM Board, and/or the DOE						
1	Proposed Amendment to WESM Rules on Wholesale Disconnection	-	WESM Rules	Generation / PIPPA	DONE	<ul style="list-style-type: none"><li>-Approved by the RCC on 02 September 2015 through RCC-RESO-2015-12</li><li>-Approved by the PEM Board on 28 September 2015 and endorsed to the DOE</li><li>-Awaiting the DOE's approval</li><li>-Formulation of the Corresponding Manual Amendment to be discussed at the Sub-Committee and for submission to the RCC by 1<sup>st</sup> Q 2015.</li></ul> <p>The RCC agreed during its 2016 planning that the manual amendment is contingent with the DOE's approval on the Rules.</p> <ul style="list-style-type: none"><li>- The DOE is expected to issue the DOE decision on the amendment soon which is an ongoing discussion at the DOE.</li></ul>
2	Revisit the rules change process(Amendments to Chapter 8 of WESM Rules and Rules Change Manual)	-	WESM Rules and Market Manual	PEMC	DONE	<ul style="list-style-type: none"><li>-Approved by the RCC on 14 January 2015</li><li>-Approved by the DOE on 29 June 2015 through DC2015-07-0013</li><li>-In view of the approved Rules Change Process approved by the DOE, RCC in coordination with PEMC will submit the corresponding Manual amendments consistent with the WESM Rules provisions per DOE approval. Manual amendments to be submitted within the 1<sup>st</sup> Q of 2016.</li></ul>



# Philippine Electricity Market Corporation

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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
3	Provision of Renewable Energy Market in the WESM Rules (Implementation of Preferential Dispatch of Renewable Energy Resources)	-	WESM Rules and Market Manual	PEMC	DONE	-Approved by the RCC on 05 August 2015 -Approved by the PEM Board on 28 August 2015 -Endorsed to the DOE, for approval -Corresponding Manual changes to be submitted by PEMC to the RCC upon DOE's approval of the WESM Rules amendment
4	Proposed Amendments to the Billing and Settlement Manual		Market Manual	PEMC	DONE	-Approved by the RCC on 8 April 2015 through RCC-RESO-2015-03 -Approved by the PEM Board on 28 April 2015
5	Guidelines on Significant Variations		Market Manual	PEMC	DONE	-Approved by the RCC on 8 April 2015 through RCC-RESO-2015-04 -Approved by the PEM Board on 28 April 2015
6	Proposed Amendments to Dispatch Protocol Manual on Dispatch Tolerance Limits		WESM Manual	SNAP	DONE	Disapproved by the RCC on 8 April 2015 through RCC-RESO-2015-07 and was endorsed to the PEM Board, for information for the 28 April 2015 PEM Board -A counter proposal will be submitted by RCC (through MO and SO) as a result of the joint MO-SO study on Dispatch Tolerance Standards, targeted for the 2 <sup>nd</sup> Q 2016
7	Proposed Amendments to MRU-MSU Manual Issue 5.0		WESM Manual	PEMC	DONE	Submitted to RCC in compliance with ERC order to PEMC; Approved by the RCC on 8 April 2015 through RCC-RESO-2015-06 Approved by the PEM Board on 28 April 2015



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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
8	Proposed Amendments to the WESM Rules on Submission of Offers		WESM Rules	RCC	DONE	-Approved by the RCC on 01 July 2015 through RCC-RESO-2015-08 -Incorporated in PEMC's Proposed Amendment to WESM Rules on Preferential Dispatch as instructed during the BRC meeting held on 20 July 2015 (refer to RCC-RESO-2015-10) -Approved by the PEM Board on -Endorsed to the DOE, for approval
9	Proposed Amendments to the WESM Rules and Manuals on MRU-MSU and Dispute Resolution on the Verification of MRU Data		WESM Rules and Manual	RCC	DONE	-Approved by the RCC on 01 July 2015 through RCC-RESO-2015-09 -Approved by the PEM Board on 24 July 2015 -Endorsed to the DOE, for approval -Per DOE information during the RCC planning this was approved by the DOE and just awaiting the publication of the pertinent DOE Department Circular
10	Proposed Amendments to the MRU-MSU Manual on Settlement by MSU of Displaced Generators		WESM Manual	RCC	DONE	-Approved by the RCC on 05 August 2015 through RCC-RESO-2015-11 -Approved by the PEM Board on 28 August 2015 -Endorsed to the DOE, for approval
11	Proposed Amendments to the WESM Rules and Registration Manual on the Registration of Ramp Rates		WESM Rules and Manual	RCC	DONE	Approved by the RCC on 04 March 2015 through RCC-RESO-201-02 -During the PEM Board Meeting held on 28 April 2015, the PEM Board deferred the matter pending the DOE and ERC determination of the appropriate minimum



# Philippine Electricity Market Corporation

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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
						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. -Per information relayed by the DOE during the planning, the matter will be discussed by the ERC with the GMC. The DOE will follow up with the ERC on the status of the proposal.
12	Proposed Amendment to the APDM Manual (to correct the utilization of zero values in the calculation of prices based on the previous four weeks, same day, same hour)		Market Manual	PEMC	DONE	-Approved by the RCC on 08 April 2015 through RCC-RESO-2015-05 -Approved by the PEM Board on 28 April 2015 -For PEMC filing with ERC, for approval, on the relevant provisions in the Manual (filed by PEMC on and was concluded during the 1 <sup>st</sup> public hearing on Wednesday of the previous week, with MERALCO and VECO as interveners)
13	Proposed Amendment to the APDM Manual (Sections 4.2..2; 4.2.2.1; 4.2.6, 4.2.7.2, 4.2.7.3)		Market Manual	PEMC	DONE	
II. Ongoing Proposals						
1	Dispatch Protocol Manual	1 <sup>st</sup> Q	Market Manual	PEMC	Ongoing	-Submitted by the PEMC to the RCC in December 2014. The RCC incorporated additional amendments to reflect the payment for plants on Commissioning and Testing.



# Philippine Electricity Market Corporation

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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
						<p>-During the 99<sup>th</sup> RCC Meeting, the RCC instructed the MO to revise the Proposal according to the agreements during the discussions, including the procedure on how the SO utilizes the WMOT provided by the MO, and likewise, to reflect the proposed amendments in the current version of the Manual (Issue 11); reflected in the Issue 12 of the Manual</p> <p>-reposted as Proposed Dispatch Protocol Manual Issue 12, for comments</p> <p>-For deliberations in January 2016 RCC Meeting together with the relevant proposals from NGCP</p>
2	System Security and Reliability	1 <sup>st</sup> Q	WESM Rules and Market Manual	SO	Ongoing	<p>-Published for comments. Submitted together with Proposed Amendment to WESM Rules Chapter 6 (Intervention and Suspension) and Manual on Emergency Procedures (see item 15 in this list and item 12 in the list of Additional Proposed Amendment Deliberated Upon by the RCC below)</p>
3	Emergency Procedures	1 <sup>st</sup> Q	WESM Rules and Manual	SO	Ongoing	<p>Published for comments. Submitted together with Proposed Amendment to WESM Rules Chapter 6 (Intervention and Suspension) and Manual on System Security and Reliability Guidelines (see item 16 in this list and item 12 in the list of Additional Proposed Amendment Deliberated Upon by the RCC below)</p>



# Philippine Electricity Market Corporation

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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
4	Proposed Amendment to the WESM Rules Chapter on Intervention and Suspension	1 <sup>st</sup> Q	WESM Rules	SO	Ongoing	Posted for comments. Submitted together with Proposed Amendment to the Market Manuals on Emergency Procedures and on System Security and Reliability Guidelines (See items 15 and 16 above)
5	Proposed Amendments to the WESM Rules on the Submission of Offers of Battery Energy Storage Systems	1 <sup>st</sup> Q	WESM Rules	AES	Ongoing	Per ERC/GMC, for consideration in the revisions of the PGC. -For discussion at the RCC Sub-Committee, as agreed during the 106 <sup>th</sup> RCC meeting in November 2015, following ERC's issuance of Resolution No. 09, Series of 2015 Targeted for the 1 <sup>st</sup> Q 2016 based on agreements during the RCC Planning
6	Proposed Amendment to the WESM Rules on Cogeneration	1 <sup>st</sup> Q		Petron / RCC Sub-Committee	Ongoing	For Discussion at the RCC Sub-Committee together with Petron
7	Proposed Amendment to the WESM Rules and Technical Committee Manual Issue 1	1 <sup>st</sup> Q	WESM Rules and Market Manual	WESM TC	Ongoing	Published for comments
8	Proposed Amendment to the WESM Rules for the Implementation of Enhancements to Market Design and Operations	1 <sup>st</sup> Q	WESM Rules	PEMC	Ongoing	Published for Comments
9	Proposed Amendment to the WESM Rules and the Dispatch Protocol Manual	1 <sup>st</sup> Q	WESM Rules and Market Manual	WESM TC	Ongoing	Published for Comments



# Philippine Electricity Market Corporation

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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
III. Others						
1	Proposed Amendment to Retail Rules on Retail Disconnection	-	Retail Rules / Market Manual	RESA	Deferred	<ul style="list-style-type: none"><li>-Approved by the RCC on 02 September 2015 through RCC-RESO-2015-13</li><li>-Remanded during the BRC meeting held on 21 September 2015, for further review of RCC</li><li>-RESA requested for deferment of further discussions on the matter pending the results of discussions between ERC and RESA</li><li>Per Supply sector/RESA representative, the matter has yet to be decided during the RESA's planning sometime in December 2015 or 1<sup>st</sup> Q 2016. It has yet to be decided whether it will push through with the amendment to the Rules or re-route it to the ERC.</li></ul>
2	Proposed Amendments to Wholesale Metering Manual	-	WESM Rules and Market Manual	PEMC / WESM-TC	Deferred	<ul style="list-style-type: none"><li>-Carry-over from 2014.</li><li>-RCC decision was deferred awaiting the results of Metering Review.</li><li>-Per latest information from the RCC Secretariat during the 106<sup>th</sup> and 107<sup>th</sup> RCC meeting held on 04 November 2015 and 02 December 2015, the Metering Review Report is still being finalized by the Auditor.</li></ul>



# Philippine Electricity Market Corporation

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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
3	Incorporate policies on the reserves market in the WESM Rules	-	WESM Rules	DOE/ PEMC	Pending/ Deferred	·Carry-over from 2014 ·Contingent with the ERC's approval of PCRM
4	Proposed Amendments to the Retail Metering Manual	-	Market Manual	MERALCO	Deferred	·Carry-over from 2014. ·Submission to PEM Board was deferred awaiting the results of Metering Review. ·Per latest information from the RCC Secretariat during the 106 <sup>th</sup> RCC meeting held on 04 November 2015, the Metering Review Report is still being finalized by the Auditor.
5	Proposed Amendments to the WESM Rules and the Billing and Settlement Manual	1 <sup>st</sup> Q	WESM Manual	APC	Deferred	The RCC, during its 101 <sup>st</sup> RCC meeting held on 3 June 2015, deliberated on the Proposal including the comments received.  The RCC incorporated its revisions and agreed to return the Proposal to APC for further revision, to incorporate the RCC's comments.  -Per PSALM rep, since this is more on the BIR requirements, this should not be integrated in the WESM Rules or Manuals, to avoid having to change the rules or manuals every time the BIR rules change. It was clarified that PSALM's comments were supposedly intended to support PEMC's comment on APC's proposal.



# Philippine Electricity Market Corporation

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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
6	Proposed Amendment to the WESM Rules and Manuals on MRU-MSU and APDM	1 <sup>st</sup> Q	WESM Manual	APC	Deferred	<p>The RCC, during its 101<sup>st</sup> RCC meeting held on 3 June 2015, deliberated on the Proposal including the comments received.</p> <p>The RCC incorporated its revisions and agreed to return the Proposal to APC for further revision, to incorporate the RCC's comments.</p> <p>-Per PSALM representative, the design of statement of account will be provided to the RCC.</p>
7	Proposed Amendment to the Administered Price Determination Methodology Manual in relation to Market Intervention and Suspension	-	WESM Manual	PIPPA / SMC Global	Withdrawn	<p>The Generator representatives from PIPPA conveyed during the RCC's 107<sup>th</sup> RCC Meeting held on 02 December 2015 and 2016 RCC Planning that PIPPA's position has changes. Thus, PIPPA will submit an entirely new proposal, depending on what will be agreed upon by members of PIPPA. This will be included in generator's pipeline for 2016.</p>
8	Revision in the Line Rental Formula for the Elimination of BCQ (Line Rental formula revision)	-	WESM Manual	DU Sector / INEC	Withdrawn	<ul style="list-style-type: none"><li>· Carry-over from 2014;</li><li>· As conveyed by the DU /EC representative during the RCC planning.</li></ul>
9	Site Specific Loss Adjustment (SSLA)	4 <sup>th</sup> Q 2015	WESM Manual	DU Sector	Carry-over	<ul style="list-style-type: none"><li>· Carry-over from 2014;</li><li>· During the 107<sup>th</sup> RCC Meeting, the representative from DU/ EC conveyed that</li></ul>



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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
						the proposal will be submitted to the RCC by December 2015 and will be presented in the RCC's scheduled meeting in January 2016. For submission in Dec. 2015
10	Manual on Procedure on Start-Up and Shut-Down (abolition of Manual)	--	Market Manual (abolition)	PEMC	Carry-over	-Manual is already incorporated in the Dispatch Protocol Manual as proposed by PEMC; Manual on Start-up and Shut-down procedure will be proposed for deletion by PEMC upon approval of Proposed Amendment to the Dispatch Protocol Manual (item 12 -contingent with the approval of ongoing proposal by PEMC on Dispatch Protocol Manual
11	WESM Consultation Guidelines	2 <sup>nd</sup> Q	Market Manual	RCC	Carry-over	-During the 101 <sup>st</sup> RCC meeting, the RCC agreed to constitute a Sub-Committee to review the Manual and draft the necessary Proposed Amendments
12	Ancillary Services Monitoring Manual	-	Market Manual (abolition)	MO-SO	Carry-over	-The RCC noted that the proposal is -Per MO representative in the RCC, amendment to the ASM Manual will be covered as part of the WESM design. PEMC will propose revisions to the existing manual. However, PEMC foresees that it will be a total overhaul. The old manual will thus effectively be abolished with the development of an entirely different manual. The proposal for the abolition of the Manual



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## ANNEX B: Status of the 2015 RCC Work Plan

Item	Proposed Amendment	RCC Target	Deliverables	Responsible Party	Status	Remarks
						will be contingent with the approval of the new Manual on Ancillary Services Monitoring Manual. He old manual is no longer applicable because of the changes to the ASPP and the new MMS, as well as the GMC revisions on the Grid Code.

All items in this Work Plan which were not approved yet or was not yet submitted by the Proponent will be included in the 2016 RCC Work Plan as carry-over activities.



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Approved by:  
RULES CHANGE COMMITTEE

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

Members:

 <b>Concepcion I. Tanglao</b> Independent	 <b>Francisco L.R. Castro, Jr.</b> Independent
 <b>Allan C. Nerves</b> Independent	 <b>Isidro E. Cacho, Jr.</b> Market Operator Philippine Electricity Market Corporation (PEMC)
 <b>Ambrojo R. Rosales</b> Transmission Sector National Grid Corporation of the Philippines (NGCP)	 <b>Joselyn D. Carabuena</b> Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
 <b>Jose Ferlino P. Raymundo</b> Generation Sector SMC Global	 <b>Theo C. Sunico</b> Generation Sector Vivant Corporation
<b>Ciprinilo C. Meneses</b> Distribution Sector (PDU) Manila Electric Company (MERALCO)	 <b>Jose P. Santos</b> Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)
<b>Gilbert A. Pagobo</b> Distribution Sector Mactan Electric Company (MECO)	 <b>Ludovico D. Lim</b> Distribution Sector Antique Electric Cooperative, Inc. (ANTECO)
 <b>Lorreto H. Rivera</b> Supply Sector TeaM (Philippines) Energy Corporation (TPEC)	<p>Certified True and Correct:</p> <b>Elaine D. Gonzales</b> RCC Secretary PEMC