

MINUTES OF THE RULES CHANGE COMMITTEE 127th SPECIAL MEETING (No. 2017-05)	
Meeting Date & Time:	17 March 2017, 9:00 AM to 4:00 PM
Meeting Venue:	19/F PEMC Conference Room, Robinsons Equitable Tower, Ortigas Center, Pasig City
Attendance List	
In-Attendance	Not In-Attendance
Rules Change Committee Principal Members: Maila Lourdes G. de Castro, Chairperson – Independent Concepcion I. Tanglao – Independent Allan C. Nerves–Independent Abner B. Tolentino – Generation (PSALM) Theo Cruz Sunico – Generation (1590 EC) Jose P. Santos –Distribution (INEC) Ludovico D. Lim – Distribution (ANTECO) Lorreto H. Rivera – Supply (TPEC) Ambrocio R. Rosales – System Operator (NGCP) Isidro E. Cacho – Market Operator (PEMC)	Francisco Leodegario R. Castro, Jr. – Independent Jose Ildebrando B. Ambrosio – Generation (Northwind) Ciprinilo C. Meneses – Distribution (MERALCO) Juanito O. Tolentino, Jr. – Distribution (MECO)
PEMC – Market Assessment Group (MAG) Chrysanthus S. Heruela Elaine D. Gonzales Geraldine A. Rodriguez Ma. Delia B. Arenos Karen A. Varquez Dece Marwil B. Falar Divine Gayle C. Cruz Aldjon Kenneth M. Yap	
PEMC – Legal Atty. Caryl Miriam L. Mateo	

PEMC – Enforcement and Compliance Office

Atty. Rachel P. Anosan

Atty. Hazel Gubaton

PEMC-Corporate Planning and Communications

Atty. Phillip C. Adviento

Eric U. Luis

PEMC – Billing, Settlement and Metering Department

Renato Afurong

Jerahmeel Mendoza

DOE Observers

Ferdinand B. Binondo

Kenneth P. Reforma

1 There being a quorum, RCC chairperson, Atty. Maila Lourdes G. de Castro, commenced with the
2 meeting at approximately 9:00 AM. At this juncture, Ms. Geraldine A. Rodriguez informed the
3 RCC that the Secretariat received a letter from NGCP addressed to the PEMC President thru the
4 RCC seeking clarifications regarding the Retail Rules/Manuals. Said letter is being requested for
5 inclusion in the agenda for the body's discussion and information. Noting the information given,
6 the RCC subsequently adopted the proposed agenda, as revised.

1. Matters Arising from the Previous Meeting**1.1. Finalization of the Proposed Amendments to the WESM and Retail Rules and
Various Manuals for the Implementation of WESM Design Enhancements:****(a) Dispatch Protocol Manual, Issue 12****(b) Load Forecasting Methodology Manual, Issue 2****(c) Billing and Settlements Manual, Issue 4**

14 Ms. Karen A. Varquez and Mr. Edward I. Olmedo from the Philippine Electricity Market
15 Corporation (PEMC) spearheaded the discussion on the updates on the development
16 of the WESM Design Study (WDS) rules change proposals based on the RCC
17 instructions given during its meeting last 03 March 2017.

Section/Provision	RCC Comments /Action Items (03 March 2017)	Updates/Requests for Clarification by PEMC (WDS-TWG)	Discussion
4.4.1 DAP Table	Provide DAP timeline details to RCC	Done	Ms. Varquez informed the RCC that PEMC already added a new table providing the DAP periods.
10.1.2 Preparation and Use of the WESM Merit Order Table - Background	<p>Clarify how Pmin will be ranked in the WMOT.</p> <p>The RCC was informed that the same will be discussed during the next MO-SO Coordination Group Meeting.</p> <p>To note future rules change if there are any changes to the current provisions</p>	<p>WMOT is based on generation offers, without consideration of the Pmin.</p> <p>SO: In actual application, emergency procedures will apply.</p> <p>SO suggestion: Ranking based on offers, which are below Pmin, may not need to be shown. This will not be used anyway.</p> <p>MO suggestion: Excess generation section will have to be revised to consider that Pmin will not be considered in the scheduling.</p>	<p>In relation to the discussion on the WESM Merit Order Table, it was recalled that Mr. Ambrocio Rosales previously inquired about how Pmin will be ranked in the WMOT. Ms. Varquez clarified that the ranking will still be based on generation offers. Mr. Rosales stated that the concern regarding the implementation of zero (0) Pmin is the hierarchy as to which generators shall be shut down, whenever shutting down generators becomes necessary. He suggested reviewing the emergency procedures during excess generation as the same already provides the hierarchy for shutting-down generators by curtailing generators based on their offers in the Merit Order Table (MOT), followed by preferential dispatch generators and lastly, the Pmin of the generators. Mr. Rosales added that it may be added in the procedures that during excess generation, fast-start generators can be shut down first to address the emergency.</p> <p>Referring to Mr. Rosales' inquiry in the ranking of Pmin, Mr. Isidro Cacho explained that the MOT provides the hierarchy of offers until zero Pmin that may be considered when shutting down generators. However, the</p>

Section/Provision	RCC Comments /Action Items (03 March 2017)	Updates/Requests for Clarification by PEMC (WDS-TWG)	Discussion
			<p>guiding criteria in shutting generators from the Pmin to the zero level will be that which are in the emergency procedures.</p> <p>Atty. De Castro then clarified if the intention is to incorporate the procedures in the DPM. Mr. Cacho answered that the intention is to include the procedures for constraining off generators in the DPM to address certain cases, such as a situation when a coal-fired power plant has a higher price in the MOT but may not be shut down as it may be needed in the next intervals.</p> <p>Dr. Allan Nerves inquired if an emergency will be declared if excess generation occurs in the system. Mr. Rosales explained that excess generation may already be seen during the day-ahead market projections (DAP). He also raised that the ranking for the Pmin may also be helpful in the MO's determination of excess generation during the DAP. Mr. Cacho stated that generators also have a part in responding to foreseen excess generation since CVCs are also included in the DAP. In response, Mr. Theo Sunico inquired how they would be able to respond for cases where all generators offered at the lower floor cap, since technically all these generators will be considered in the MOT. Mr. Cacho explained that in cases like these, the management for excess generation shall be followed. For the SO, Mr. Rosales reiterated</p>

Section/Provision	RCC Comments /Action Items (03 March 2017)	Updates/Requests for Clarification by PEMC (WDS-TWG)	Discussion
			<p>that the MO shall be able to initially mitigate the excess generation upon seeing such cases in the DAP. Mr. Cacho explained that the MO is only limited to ranking the generators through its submitted offers.</p> <p>Mr. Olmedo explained that the harmonization of the procedures has yet to be done by the MO which will eventually clarify the final procedures for excess generation.</p> <p>The RCC agreed to re-discuss the matter pending the harmonization of the said procedures.</p>
13 Start Up And Shutdown Of Generating Units - General Procedures	Start-up and shutdown will not be managed through over-riding constraints.	<p>PEMC requested confirmation from Mr. Rosales whether the submission of start-up/shutdown profile is still required? If yes, will it be required for fast-start plants?</p> <p>Subsequent figures/provisions on over-riding constraints for start-up/shutdown were also deleted.</p>	<p>For the concerns regarding this matter, Mr. Rosales recommended that clearance be secured by the generator from the System Operator whenever it intends to start-up or shutdown to ensure the security of the grid. Mr. Olmedo and Atty. Caryl Miriam Lopez raised that the one-hour timeline prescribed for seeking the clearance of generators to start-up may conflict with the generator's scheduling. Mr. Rosales explained that whenever a generator has been scheduled but the same is assessed to affect the system security of the grid, the SO will opt not to dispatch the said generator.</p> <p>Mr. Abner Tolentino, on the other hand, opined that the shutting down of generators is currently managed through offers. According to him, generators really shut down their</p>

Section/Provision	RCC Comments /Action Items (03 March 2017)	Updates/Requests for Clarification by PEMC (WDS-TWG)	Discussion
			<p>facility in consideration of the operational capacity of its power plants (e.g. hydropower plant – 17-18 hours a day). In consideration of such limitations, he clarified if there is still a need for clearance for such cases. Mr. Rosales explained that this provision will protect the security of the grid since the sudden shutdown of generators may cause automatic load dropping (ALD) in the system.</p> <p>Mr. Olmedo clarified if the provision regarding the clearance for generators shutting down will still be applicable. Mr. Rosales explained that the 7-day timeline is provided in the grid code.</p> <p>Mr. Olmedo also informed the RCC that the procedures for emergency, load shedding and excess generation are planned to be integrated in the DPM to harmonize the procedures. He further explained that the intention is to provide procedures for DAP and real-time.</p> <p>The RCC then agreed to await further revisions to the DPM subject for discussion in the next RCC meeting.</p>
15 Reserves	Use PGC terms	<p>Already revised other provisions using regulating and contingency reserves.</p> <p>PEMC flagged to the RCC that the WESM Rules use other terms.</p>	The RCC agreed that the terminologies for reserve categories were agreed to be aligned with the Philippine Grid Code 2016 edition.

Agreements/Action Plans:

The RCC agreed to re-deliberate on the Dispatch Protocol Manual upon the submission by PEMC of further revisions as a result of the above discussions.

19 (b) Load Forecasting Methodology Manual, Issue 2

Section/Provision	RCC Agreement/Action Item	Updates/Requests for Clarification by PEMC (WDS-TWG)	RCC Discussion
On the proposed deletion of forecast tolerance range for Customer forecasts	<p>There should be a provision on penalties for erroneous customer forecasts.</p> <p>This is in reference to the comment from Aboitiz Power, as follows:</p> <p><i>"Will there be penalties imposed for erroneous data in the submission of forecasted data from customers? It is essential for the customer to have a provision for the improvement of their data submissions."</i></p>	<p>PEMC suggests to instead encourage customers to submit their own forecast. Standards and penalties may be developed in the future with adequate historical data on customer forecasts.</p>	<p>On the comment of Aboitiz Power, Mr. Olmedo explained that there are no penalties to be imposed for erroneous customer forecasts.</p> <p>The main intention is to encourage customers to submit their own forecasts in order to avoid abrupt changes in the forecasted load of the Market Operator.</p>

Agreements/Action Plans:

The RCC noted the response of PEMC to the concern raised by Aboitiz Power.

20 (c) *Billing and Settlement Manual*

Section/Provision	RCC Comments /Action Items	Updates/Requests for Clarification	RCC Discussion
9. Bilateral Contract Declaration	Consider revising Sections 9.1.6 and 9.2.2 Atty. Maila commented that "enrolled to not require confirmation" as used in the provision may still be improved.	Done	The RCC adopted the clerical revisions to the Billing and Settlements Manual
9.3 Line Rental Calculation for Energy Transactions	Mr. Ferdinand Binondo requested for sample calculations on line rental. Mr. Meneses requested clarification on his understanding of the sample LR computation on 09 March 2017.	File sent to RCC on 08 March 2017. PEMC confirmed that Mr. Meneses' understanding of the sample LR computation is correct.	

Agreements/Action Plans:

The RCC adopted the clerical revisions to the Billing and Settlements Manual.

1.2. Finalization of Proposed Amendments to the WESM Manual on Metering Standards and Procedures relative to:
(a) RCC-approved amendments pertaining to Back-up Meters and MSP Performance Rating
(b) WESM Design Enhancements

Ms. Rodriguez facilitated the discussion of the proposed amendments to the WESM Manual on Metering Standards and Procedures and the proposed WESM Design enhancements to the said manual. As a background, Ms. Rodriguez stated that the RCC has previously approved several amendments to the said manual, however the said amendments have yet to consider the WDS proposals for the said manual. During the finalization of the amendments, the RCC decided to align the provisions of the above-named manual with the proposed enhancements to the WESM design and operations. According to her, the agreement of the RCC was to consolidate the proposed amendments to come up with a new version of the manual.

The RCC noted the following differences between the RCC-approved amendments and the PEMC's proposal related to WESM Design enhancement as follows:

1. Terms that have already been defined in the WESM Rules were no longer included in the portion of definitions under the WDS proposed market manual, unlike the RCC-approved version which still carried all definitions regardless of whether the same have already been defined in the WESM Rules;
2. Formulas as revised by the Technical Committee and approved by the RCC were still for the one (1) hour trading interval unlike the WDS proposal which already revised the formulas considering the proposed changes to the dispatch interval; and
3. Clerical amendments on the usage of "dispatch interval" instead of "trading interval" have already been made in the WDS proposed version.

Ms. Rodriguez further noted that there were certain changes to the Metering Manual as approved by the RCC which were not in the original version of the Metering Manual used by the WDS TWG as basis for their revisions. Thus, the said updated version may need to be further reviewed considering that this was not considered previously by the WDS-TWG as this version was still being finalized. Mr. Cacho agreed that the same shall be reviewed by the WDS-TWG since the resolution for the meter data gathering is still an issue with regard to the implementation of the said enhancements.

Considering the information above, the RCC agreed on the need to have the consolidated matrix containing both the proposals reviewed and thus requested the PEMC to undertake the said review for consistency of provisions with the upcoming environment of the new Market Management System.

Agreements/Action Plans:
The RCC agreed to transmit the proposed amendments to PEMC, for its subsequent review of the same for consistency with the implementation of enhancements to WESM Design Operations.

1.3. Finalization of Proposed Amendments to the Retail Metering Manual relative to:

- (a) Back-up Meters (proposed by MERALCO in 2014)
- (b) Audit findings
- (c) WESM Design Enhancements

Mr. Renato B. Afurong initiated the discussion on the proposed amendments to the Retail Manual on Metering Standards and Procedures with responses to the RCC instructions.



Section & Title	Original Provision	Proposed Amendment	Rationale	RCC agreements	RCC Discussion
4.4.1 (e) Submission of Application Form and Pertinent Documents	<p>d) <i>Retail Metering Services Provider</i> test and calibration reports of <i>instrument transformers</i> and <i>meters</i>;</p> <p>e) Pro-forma Agreement between the <i>Contestable Customer</i> or <i>Supplier</i> and its <i>Retail Metering Services Provider</i>, and;</p> <p>f) Documentation of other special features of the meter</p>	<p>d) <i>Retail Metering Services Provider</i> test and calibration reports of <i>instrument transformers</i> and <i>meters</i>; <u>Instrument Transformer Testing</u></p> <p><u>For Metering facilities whose Instrument Transformers are connected to 69 kV and above, the RMSP shall submit the manufacturer's test and calibration reports and updated test every 5 years reckoning from the last testing date of such Instrument Transformer.</u></p> <p><u>For Metering facilities whose Instrument Transformers are connected to 34.5 kV and below, the RMSP shall submit the manufacturer's test and calibration reports. Thereafter, condition-based maintenance shall be regularly conducted such as Phase Angle Test including thermal scanning. The frequency of test shall be based on the utility's Meter Trouble Reports and Maintenance Policy.</u></p> <p><u>If during the regular testing, the revenue meters are found to have abnormal test results, the instrument transformers should be isolated (de-energized) and tested for accuracy.</u></p> <p>f) Pro-forma Agreement between the <i>Contestable Customer</i> or <i>Supplier</i> and its</p>	As recommended by the auditor in the Second Metering Arrangement Review (7.1.2.2 RCOA-RCC-02: Instrument Transformer Testing).	<p>RCC:</p> <ol style="list-style-type: none"> 1. Adopt revised proposal 2. Add proviso that RMSPs or Contestable Customers may have their instrument transformers tested more frequently than every 15 years. <p>e) <i>Retail Metering Services Provider</i> test and calibration reports of <i>instrument transformers</i> and <i>meters</i>; <u>Instrument Transformer Testing</u></p> <p><u>For Metering Instrument Transformers, the Retail Metering Services Provider shall submit to the Central Registration Body the pre-installation manufacturer's test and calibration reports and updated accuracy test (Ratio Accuracy Test or Transformation Ratio Test). A RMSP or Contestable Customer may have its instrument transformer re-tested prior to the registration.</u></p> <p><u>Condition-based maintenance shall be regularly conducted such as Phase Angle Test including thermal scanning. The frequency of test shall be based on the utility's Maintenance Policy. If found with abnormal test</u></p>	<p>The RCC discussed the appropriate timeline for the testing of the same. Ms. Divine Gayle Cruz informed the RCC that the previous timeline is set every five (5) years. Mr. Afurong mentioned that the fifteen (15)-year timeline is adopted in the Philippine Grid Code (PGC). Mr. Ludovico Lim opined that the manual is for the retail market which makes it inapplicable to refer the same to the PGC. Atty. De Castro inquired about the probable conflict if the retail manual is referred to the PGC. Mr. Lim stated that the provided timeline, in any case, does not stop the DU/ECs from having its instrument transformer tested. He then recommended that a testing before the said application be requested by the RMSP or the Contestable Customer for the instrument transformers upon submission of the said application.</p>

		<p><i>Retail Metering Services Provider, and;</i></p> <p>g) Documentation of other special features of the meter</p>		<p>results, the instrument transformers shall be isolated (de-energized) and tested for accuracy.</p> <p>f) Pro-forma Agreement between the <i>Contestable Customer</i> or <i>Supplier</i> and its <i>Retail Metering Services Provider</i>, and;</p> <p>g) Documentation of other special features of the meter</p>	
4.4.3 Testing	<p>In addition to the transmittal of the notification of conformance to the <i>Retail Metering Services Provider</i>, the <i>Central Registration Body</i> shall also request the <i>Retail Metering Services Provider</i> to perform commissioning tests and subsequent <i>End-to-End Test</i> on the metering installation for registration.</p> <p>Upon notification from the <i>Central Registration Body</i>, the <i>Retail Metering Services Provider</i> shall then conduct the required tests.</p>	<p>In addition to the transmittal of the notification of conformance to the <i>Retail Metering Services Provider</i>, the <i>Central Registration Body</i> shall also request the <i>Retail Metering Services Provider</i> to perform commissioning tests and subsequent <i>End-to-End Test</i> on the metering installation for registration.</p> <p>Upon notification from the <i>Central Registration Body</i>, the <i>Retail Metering Services Provider</i> shall then conduct the required tests.</p> <p><u>The <i>Retail Metering Services Provider</i> shall demonstrate the transmission of the required (secured) format of the meter data from the metering facilities to <i>Central Registration Body</i>'s database via the Data Exchange Protocol prescribed by the <i>Central Registration Body</i>.</u></p>	<p>To align this provision with the current metering practice.</p>	<p>Retain original provision with revision:</p> <p>In addition to the transmittal of the notification of conformance to the <i>Retail Metering Services Provider</i>, the <i>Central Registration Body</i> shall also request the <i>Retail Metering Services Provider</i> to perform commissioning tests and subsequent <i>End-to-End Test</i> on the metering installation for registration.</p> <p>*****</p> <p>RCC:</p> <ol style="list-style-type: none"> Place revised proposal below in a more appropriate section in the <i>Retail Manual</i>. PEMC to define Data Exchange Protocol procedures <p><u>The <i>Retail Metering Services Provider</i> shall demonstrate the transmission of transmit the meter data from the</u></p>	<p>Ms. Cruz presented the revised provision considering the instructions of the RCC on the same.</p> <p>In defining the data exchange protocol, Mr. Afurong explained that the protocol contains the procedures for transmitting the data to the Market Operator. Atty. De Castro then inquired if there is a need for the procedures to be included in the manual. She further recommended that the process of data exchange protocol be defined internally, not necessarily to be included in the manual. Mr. Lim, on the other hand, suggested that for the sake of transparency, it is better if the same is annexed in the manual.</p> <p>The RCC then agreed that the procedures for data exchange protocol shall be included in the retail manual.</p>

				<p>metering facilities to <u>Central Registration Body's</u> database via the data exchange protocol prescribed by the <u>Central Registration Body</u>.</p> <p>For cases of questionable meter data and the <u>Central Registration Body</u>, if it so requires the submission of secured meter data language, the <u>Retail Meter Service Provider</u> shall submit and open the secured meter data language in the presence of the <u>Central Registration Body</u> using the <u>Retail Meter Service Provider</u> software for purposes of validation.</p> <p><i>Suggestion: add revised proposal above under Sec 5.3.2.2 - Submission</i></p>	
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Agreements/Action Plans:

The RCC requested for the proponent's response and further revisions to the manual by 22 March 2017 for review and approval of the body.

63 **3. New Business**

64 **3.1. Proposed Amendments to the WESM Rules and Market Surveillance, Enforcement**
65 **and Compliance Market Manual Issue 3.0**

66 The RCC deliberated on the proposed amendments to the WESM Rules and the proposed
67 WESM Manual on Market Surveillance, giving due consideration to the comments
68 received from the DOE.

✓ On the replacement of "PEM Committees" with "WESM Governance Committee":

Mr. Binondo stated that in the Guidelines Governing the Constitution of PEM Committees and the WESM Rules, the terms "PEM Board Committees" or "PEM Committees" are interchangeably being utilized. He also stated that if the amendment shall be carried by the RCC, then the following must be considered:

1. The term must be reflected in all the affected clauses and provisions; and
2. The term "WESM Governance Committee" must be defined in the WESM Rules

Mr. Binondo also inquired on the rationale of changing the terms. The Secretariat explained that the reason is to differentiate the WESM Governance Committees with the other committees also assisting the PEM Board such as the Board Review Committee, Selection Committee and etc.

Considering the discussions above, the RCC adopted DOE's suggestion.

✓ On WESM Rules Clause 1.6.2 – Responsibilities of the Market Surveillance Committee:

Original Provision	Proposed Amendment	Rationale	RCC Discussion
(new)	(d) <u>Review reports of investigation of breaches of the WESM Rules and Market Manuals carried out by the Enforcement and Compliance Office and, based on the results of such investigation, decide on the outcomes of the investigation and recommend imposition of sanctions or penalties if warranted.</u>	<u>Includes the MSC's function in reviewing ECO Investigation Reports on Breaches of the WESM Rules or Market Manuals.</u>	<p>Ms. Concepcion Tanglao inquired about the part of the clause which provides for the MSC to decide on the outcomes of the investigations and its subsequent recommendation for sanctions. Ms. Rodriguez suggested to revisit the provision once the RCC deliberates the ECO manual.</p> <p>During the discussion of the amendments to the WESM Rules related to Enforcement and Compliance, Atty. Rachel P. Anosan explained that indeed it is the MSC that will decide on the outcomes of the investigations of the ECO, on whether there is a breach or none, or whether penalties shall be imposed or not. Mr. Binondo inquired if the ECO will also be giving recommendations based on its investigations. Atty. Anosan confirmed that there will be recommendations from the ECO in its submitted report to the MSC.</p> <p>Mr. Rosales then inquired on cases where the recommendations of the MSC and ECO differ from each other. Atty. Anosan explained that a Clause</p>

			which provides that the MSC and ECO shall resolve the difference and if not resolved, the same shall be elevated to PEM Board for its decision.
<p>(d) Assist the PEM Board or the <i>Enforcement and Compliance Officer</i> to investigate and gather evidence of: <u>(As Amended by DOE DC No. 2006-01-001 dated 10 January 2006)</u></p> <p>(1) Unusual or suspicious behavior or activities of WESM members in the spot market;</p> <p>(2) Suspected or alleged breaches of the WESM Rules by WESM Members; and</p> <p>(3) Suspected or alleged anti-competitive behavior,</p> <p>e) xxx</p> <p>f) xxx</p>	<p>(d) (e) Whenever, the ERC so directs, assist in the investigation of possible anti-competitive behavior. Assist the PEM Board or the <i>Enforcement and Compliance Officer</i> to investigate and gather evidence of: <u>(As Amended by DOE DC No. 2006-01-001 dated 10 January 2006)</u></p> <p>(1) Unusual or suspicious behavior or activities of WESM members in the spot market;</p> <p>(2) Suspected or alleged breaches of the WESM Rules by WESM Members; and</p> <p>(3) Suspected or alleged anti-competitive behavior,</p> <p>(e) (f) xxx</p> <p>(f) (g) xxx</p>	<p>Sec. 2.4 of the PEMC-ERC Protocol provides that PEMC shall refrain from investigating the alleged anti-competitive behavior unless the ERC has consented/directed otherwise.</p>	<p>Mr. Binondo explained that the DOE recommends for the retention of <i>item d</i> which provides for the responsibility of the MSC in assisting the PEM Board and the ECO in its investigations. Ms. Maria Delia B. Arenos stated that the role of the MSC is to review the investigations and to validate the reports made by the ECO.</p>

Furthermore, the DOE also suggested that the following additional activities be included under the responsibilities of the MSC:

1. Monitor the activities of the Market Operator; and
2. Monitor the activities of the System Operator with respect to its obligations under the WESM Rules

The RCC opined that if such activities shall be added to the MSC's responsibilities, then the MSC must be informed of the same. The body then agreed to transmit the recommendation to the MSC for its appropriate actions.

✓ On WESM Rules Clause 6.9.4.1:

The proposed deletion of the items enumerated to be a part of the contents of a Market Intervention report was suggested to be retained for clarity. The Secretariat then informed the RCC that the enumeration of the MSC in the manual deletes *item d* of

the Market Intervention Report. For consistency, the RCC agreed to retain the original enumeration and reflect it also in the manual.

Clerical corrections have also been adopted by the RCC.

✓ On the amendments to the WESM Manual on Market Surveillance:

Atty. De Castro directed the Secretariat to align the amendments made in the WESM Rules with the relevant market manual.

Agreements/Action Plans:
The RCC agreed to re-deliberate the proposed amendments in its next scheduled meeting.

3.2. Proposed Amendments to the WESM Rules and Market Manual on Enforcement and Compliance

Atty. Anosan spearheaded the discussion on the proposed amendments to the WESM Rules and Market Manual on Enforcement and Compliance considering the comments received from the DOE and SN Aboitiz Power.

✓ On Clause 1.6.2:

Atty. Anosan explained that the proposal intends to reflect the actual procedures in the conduct of Enforcement and Compliance Office (ECO) investigations and the subsequent review of the MSC. Mr. Binondo inquired about the additional Clause which provides that the MSC may also conduct an investigation as directed by the ERC. Atty. Anosan explained that the Clause is for anti-competitive behaviour and is not for the conduct of investigation.

✓ On Clause 3.5.11.7:

Atty. Anosan discussed that the ECO amended the clause to imply that when a Trading Participant already complied with this clause, then it already is compliant with what is stated in the ECO manual regarding the must-offer rule. Regarding the DOE's comment on the timeline of submission, Atty. Anosan explained that the intention is to provide flexibility on the timeline since the new MMS has a feature wherein Trading Participants can already submit a reason/explanation within the day or immediately after the interval. Atty. De Castro then suggested to reword the timeline from "immediately within the following trading day" to "not later than the following trading day", for clarity.

135 The RCC also agreed to delete the phrase which differentiates the Market Operator
136 and Enforcement and Compliance Office, for clarity.

137 ✓ On Clause 7.2.1.1:

138 The RCC agreed to clarify the clause to provide that the PEM Board may course
139 through the Market Operator and/or the System Operator its directives to ensure that
140 all WESM Members comply with the WESM Rules and Manuals.

141 ✓ On Clause 7.2.5.4:

142 Regarding the Clause on breaches which have resulted to a financial loss, Atty. De
143 Castro clarified if the decision being referred in the clause is the recommendation on
144 the investigation or the decision of the PEM Board. Atty. Anosan that it is the PEM
145 Board's decision that is being referred to in the clause.

146 ✓ On Clause 7.2.5.5:

147 The RCC agreed that the promulgation of the WESM Penalty Manual should be
148 consistent with the process as provided in WESM Rules Chapter 8 – Rules Change
149 Process. The said Clause was then agreed to be reworded subject for further
150 deliberation of the RCC.

151 ✓ On Clause 7.2.4.9:

152 The RCC instructed the proponent to include provisions on cases where conflict
153 between the recommendation of the ECO and MSC may occur.

154 ✓ On Clause 7.2.4.11 and 7.2.5.6:

155 Recommended to be reworded, for clarity

156 ✓ On the proposed WESM Manual on Enforcement and Compliance:

157 Atty. Anosan discussed the responses to the comments submitted by SNAP as
158 follows:

SN ABOITIZ POWER COMMENTS - Manual

PROVISION	COMMENT	RESPONSE
<p>ECO Manual, Section 8.3.2 – Non-Compliance Reports</p> <p>To avoid duplication of reports, the significant event reports and supporting data submitted by Trading Participants in compliance with the requirements of WESM Rules clause 3.5.11.7 shall serve as non-compliance report for the event being reported. The Enforcement and Compliance Office may, however, require the Trading Participant to submit additional information or data in accordance with clause 8.4 of this Manual.</p>	<p>To avoid x x x shall serve as non-compliance report, <u>and vice versa</u> x x x</p> <p>Comment: Proposed wording indicates that the same non-compliance report could be used to comply with WESM Rules 3.5.11.7.</p> <p>ECO should also consider coordinating with other agencies to reduce amount of reporting required.</p>	<p>Suggested wording is acceptable, but it may not be appropriate though for a market manual to qualify a WESM Rule provision, so that the intent of the proposed ECO manual is that the WESM Rule-required report is the one that will serve as compliance with the manual-required report.</p> <p>SNAP was already informed that we have coordinated with DOE and ERC, but both are not amenable to have a common report.</p>



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SN ABOITIZ POWER COMMENTS - Manual

PROVISION	COMMENT	RESPONSE
<p>ECO Manual, Section 8.4.1 – Contents of Non-Compliance Reports</p> <p>The non-compliance report shall contain the following information, x x x</p> <p>a) x x x</p> <p>e) The measures taken or proposed to be taken to mitigate the impact of the non-compliance, as well as to avoid recurrence in the future; and</p>	<p>e) <u>Where appropriate, the measures taken</u> x x x</p> <p>Comment: Not all reasons for potential non-compliance can have appropriate measures to be taken to mitigate the impact of the non-compliance, as well as to avoid recurrence in the future (i.e., hydro constraints, resource limitation, etc.)</p>	<p>Suggested wording is acceptable.</p>



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SN ABOITIZ POWER COMMENTS - Manual

PROVISION	COMMENT	RESPONSE
<p>ECO Manual, Section 8.4.2 – Contents of Non-Compliance Reports.</p> <p>The Enforcement and Compliance Office may prescribe the format of the report and the details of the information that it requires for the purpose of facilitating submission and evaluation of the reports, and may modify the same from time to time. The Enforcement and Compliance Office shall notify all WESM members of the prescribed format and required information.</p>	<p><i>The Enforcement and compliance Office may prescribe the format of the report, after consulting WESM members and other agencies in the energy industry. x x x</i></p> <p><i>The prescribed format should be applicable to other agencies which use the same information and vice versa.</i></p> <p>Comment: The prescribed format should include reasons for non-compliance that are acceptable to the ECO and cover operations of different types of power plants. Prescribed format should be reviewed by the WESM Members to ensure that it covers different cases of possible non-compliance.</p> <p>Retain ECO Proposal</p>	<p>Requiring consultation with WESM members and government agencies would make revision of forms tedious and may not allow ECO to readily introduce enhancements.</p> <p>ECO or PEMC cannot bind government agencies. While required reports may deal with same subject matter, purpose for requiring the same would vary. Agencies would also have their own preference on format as they would have developed their own reporting systems.</p>

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SN ABOITIZ POWER COMMENTS - Manual

PROVISION	COMMENT	RESPONSE
<p>ECO Manual, Section 10.2.2 – Information Disclosure and Publication</p> <p>Copies of the following shall be provided by the Enforcement and Compliance Office upon request and, if so required by the Enforcement and Compliance Office, upon payment of reasonable fees to defray cost of retrieval, production and transmittal –</p> <p>a) Investigation reports and investigation review reports prepared in respect to an investigation for breach; and</p> <p>b) Assessment reports issued in respect to an application for exemption.</p>	<p>DELETE PROVISION</p> <p>Comment: The basis of the investigation report is the confidential information provided by the investigated party. If the report is available to anybody upon request, it would defeat the purpose of making the data confidential in nature.</p> <p>Retain ECO Proposal</p>	<p>ECO disagrees that the results of the investigation should be confidential. It may also not be entirely correct to say that the basis of the investigation is the confidential information provided by the participants.</p> <p>Section 10.2.3 excludes in the disclosure the submission of participants. The intention of excluding these is because it is recognized that the records submitted by the participants during the investigation may contain information that is not relevant to the investigations.</p>

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159 The RCC agreed to adopt the responses of ECO to the comments received from SNAP.



Agreements/Action Plans:

The RCC instructed the proponent to revise the proposal as agreed during the discussion and subject the same for review and approval in the next scheduled RCC meeting.

3.3. Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria

Atty. Phillip C. Adviento from PEMC – Corporate Planning and Communication led the discussion on the proposed amendments to the WESM Manual on Registration Suspension and De-registration Criteria giving due consideration to the comments received from the DOE and SN Aboitiz Power.

✓ On Section 2.7.2.4.b:

On the DOE's recommendation to include the specific WESM Rules Clause for reference in this section, Atty. Adviento explained that the intention in not specifying the WESM Rules Clause is to avoid changing the said reference in case the numbering of the WESM Rules is changed. Mr. Binondo opined that the manual should only contain the procedures and further details of the WESM Rules Clause. However in this case, the manual copied the entire WESM Rules Clause. The RCC then recommended to just cite the applicable Clause in the provision, for clarity.

✓ On Section 2.5.3.2.a:

Atty. Adviento explained that the proposal arose from the cases where the MO allows generators with waivers to be registered in the WESM. He further sought for the SO's recommendation on the same. Mr. Binondo opined that for as long as generators are directly-connected to the grid then it must be installed with an RTU. Considering the discussions, Mr. Rosales agreed to provide inputs on RTU requirement for non-scheduled or preferential dispatch generators.

✓ On Section 3.3.1.1:

Atty. Adviento discussed that if the DOE's recommendation on the exclusion of ERC's certification is to be adopted, PEMC's concern will be on the treatment of applications with ERC certifications based on NGCP capability tests without undergoing third party tests considering the absence of third party test procedures, yet to be issued by ERC. Mr. Binondo then suggested to refer the provision to the ERC regulations for the issuance of the Certificate of Compliance.

*The Trading Participant ~~wishing~~ **intending** to change the registered capacities of its generating unit/s shall make a request in writing to the Market Operator. Such changes shall be in accordance with either the latest Certificate of Compliance (COC) issued*

by the ERC or a certification of generator capability test to be issued jointly by the DOE, ERC and SO. The conduct of testing shall be based on the internationally-accepted testing procedures as required in the COC, and the cost of testing shall be the responsibility of the applicant. **by the ERC of the new registered capacity, in accordance with the ERC regulations on issuance of Certificate of Compliance.**

✓ On Section 3.4.3:

Considering the DOE's comment on the effectivity date, PEMC recommended the retention of the proposed language in observance of the start and end of billing period in the WESM.

3.4.3 The change of the Direct Member counterparty of an Indirect Member may **be** effected by any of the following means -

3.4.3.1 By submission of Notice in the form prescribed by the Market Operator stating the effective date of the change by the following - ~~By joint notice to the Market Operator stating the effective date of the change by the following-~~

a) Indirect WESM Member

b) New Direct WESM member/Trading Participant counterparty signifying its agreement to transact for and in **on** behalf of the Indirect WESM member, ~~and~~
c) ~~Previous counterparty that it will no longer trade on behalf of the Indirect Member.~~

The change shall be effective on the ~~date stated by the parties in the notice to the Market Operator or, if not stated, on the~~ start of the immediately succeeding WESM billing month following receipt of the notice by the Market Operator.

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✓ On Section 3.5.1.1:

Atty. Adviento stated that PEMC is amenable with the comments received from SNAP considering the confidentiality of the requirements.

3.5.1.1. Trading Participants that wish **intend to have** their transactions with their bilateral power supply contract customers (the "supply customers") ~~to be~~ accounted for in the WESM settlements shall notify and enroll such supply customers with **by submitting a notice in the form prescribed by the Market Operator**

3.5.1.2. The notice to the Market Operator shall include the following -

a) details on the duration of the supply contract,

b) ~~desired the effective date on which the bilateral contract transactions are to be accounted for in the WESM settlements. To the extent practicable, the effective date shall coincide with the start of a WESM billing month,~~

c) identification of the market trading node or nodes of the buying or selling trading participant associated with the supply contract whose ex-ante energy settlement price will be used as reference for the supply contract during settlements Trading Participant that shall be responsible for the payment of line rental trading amounts and for the net settlement surplus/deficit allocations,

d) indication of whether the bilateral contract quantities submitted by the selling participant would require confirmation by the buying participant in accordance with the billing and settlement timetable.

e) **copy of the supply contract excluding attachments that contain confidential, proprietary, and private information; and**

e)f) written confirmation by the customer of the notice and the foregoing information.

✓ On Section 5.2.1.4:

Mr. Binondo explained that the DOE's suggestion is to retain the original provision since the responsibility to cancel should not be given to the Trading Participants (TP). Mr. Eric Louis explained that it is not part of the MO's responsibility to override the offers of the TP since there has already been a standing offer even though the TP has already been de-registered. Atty. Adviento explained that the MO has no authority to override the offers of the TP. Atty. De Castro inquired if there is a way where the MO can cancel the offers on its own. Mr. Cacho stated that the inquiry of Atty. De Castro shall be validated with the IT department.

The CPC shall then revise the section considering the discussions above.

Please refer to the attached Annex for the complete details of the changes to the proposal as discussed by the RCC.

Agreements/Action Plans:
The RCC agreed to re-deliberate on the above proposal once the revisions considering the recommendations of the body have been submitted by PEMC to the RCC.

4. Other Matters

4.1 Updated RCC 2017 Work Plan (as of 17 March 2017)

Ms. Cruz presented the updated RCC work plan for 2017. For the target completion set in the 1st Quarter, the following were the agreements of the RCC:

1. WESM Manual on Metering Standards and Procedures

- The RCC agreed to reschedule the target completion to 2nd Quarter.

2. Retail Manual on Metering Standards and Procedures

- The RCC agreed to submit the same during the 1st Quarter of 2017. The RCC also directed the Secretariat to facilitate the finalization of the proposal on or before 22 March 2017.

For the 3rd and 4th Quarter, Atty. De Castro recommended to add a note that the target periods will depend on the submission of the proponents to the RCC.

The RCC subsequently approved the work plan, as amended.

4.2 NGCP letter seeking clarifications on Retail Rules/Manuals

The Secretariat informed the RCC of a letter received from NGCP addressed to the PEMC President thru the RCC regarding certain clarifications by NGCP relative to the Retail Rules/Manuals.

Essentially, the NGCP requested clarification on whether it shall be the Retail Meter Service Provider for the following Contestable Customers:

1. Existing Customer of a Distribution Utility (DU) which has dedicated meter owned and maintained by NGCP;
2. Directly-connected to NGCP's sub-transmission lines which are not yet divested to the qualified DUs; and
3. Connected to divested sub-transmission lines pending the relocation of Grid/WESM Metering facilities by totalization of metering at new connection points.

The Secretariat also advised the RCC of a letter from the DOE dated 03 March 2016 which in effect already responded to the NGCP's concerns as listed above, as follows:

- ✓ For items 1 and 2, the DOE stated that the NGCP may continue to serve as MSP until such time that the sub-transmission assets, including metering facilities, are

295 transferred to a qualified DU, after which, the DU shall now serve as the MSP for the
296 said customers.

297 ✓ For item 3, the DU shall act as the default Metering Service Provider prior to the
298 implementation of competitive metering services as directed under Section 9.1 of
299 Department Circular No. 2012-05-0005.

300 Further, the RCC was informed that PEMC shall also be responding to the NGCP letter.

301 The RCC duly noted the information and updates given regarding the matter.

302 **4.3 DOE's Letter regarding the Proposed Urgent Amendments to the Market Manuals**

303 The Secretariat informed the RCC regarding the DOE's comments on the Proposed
304 Urgent Amendments to the WESM Manuals on Price Determination Methodology and
305 Constraint Violation Coefficient and Pricing Re-run.

306 The DOE opined that the above amendments did not have to be considered urgent due
307 to the pending promulgation of the said manuals. It further recommended to the RCC to
308 facilitate the proposals as general amendments and consider the same as an addendum
309 to the initial submission to the department.

310 The DOE also suggested revisions on the submitted amendments as follows:

311 • Price Determination Methodology:

- 312 1. Suggest to use absolute value instead of reversing the variables of the equation
- 313 2. Include provisions to clarify that the "must-run unit" and "constrain-on generators"
- 314 should only be dispatched if reserves have already been exhausted

315 • Constraint Violation Coefficient and Pricing Re-run:

- 316 1. Clarification on the separation of transformer and line constraint considering that both
- 317 have the same CVCs
- 318 2. Clerical corrections

319 The RCC noted the DOE's recommendations.

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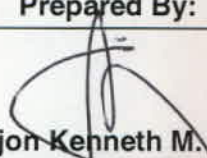

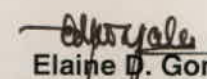
321 **5. Next Meeting**

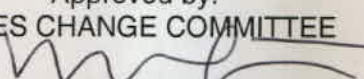
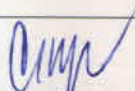


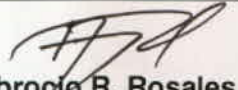
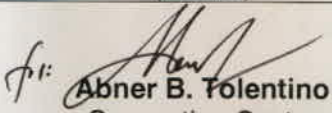
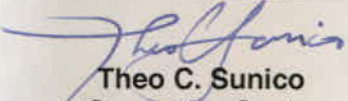
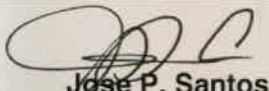
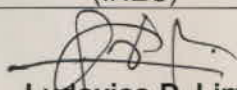
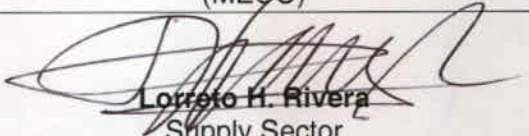
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- 323 • **Tuesday, 11 April 2017**
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6. Adjournment

There being no other matter to be discussed, the meeting was adjourned at around 4:30 PM.

Prepared By:	Reviewed By:	Noted By:
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<p>Approved by:</p> <p>RULES CHANGE COMMITTEE</p>  <p>Maila Lourdes G. de Castro Chairperson Independent</p>	
<p>Members:</p>	
 <p>Concepcion I. Tanglao Independent</p>	<p>Francisco L.R. Castro, Jr. Independent</p>
 <p>Allan C. Nerves Independent</p>	 <p>Isidro E. Cacho, Jr. Market Operator Philippine Electricity Market Corporation (PEMC)</p>
 <p>Ambrosio R. Rosales Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	 <p>Abner B. Tolentino Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>
<p>Jose Ildebrando B. Ambrosio Generator Sector NorthWind Power Development Corp. (NorthWind)</p>	 <p>Theo C. Sunico Generation Sector Vivant Corporation</p>
<p>Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>	 <p>Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)</p>
<p>Juanito O. Tolentino, Jr. Distribution Sector (PDU) Mactan Electric Company (MECO)</p>	 <p>Ludovico D. Lim Distribution Sector (EC) Antique Electric Cooperative, Inc. (ANTECO)</p>
 <p>Lorrato H. Rivera Supply Sector TeaM (Philippines) Energy Corporation (TPEC)</p>	