

MINUTES OF THE RULES CHANGE COMMITTEE 128th REGULAR MEETING (No. 2017-06)	
Meeting Date & Time:	11 April 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: Francisco Leodegario R. Castro, Jr. – Independent Concepcion I. Tanglao – Independent Allan C. Nerves–Independent Abner B. Tolentino – Generation (PSALM) Theo Cruz Sunico – Generation (1590 EC) Ciprinilo C. Meneses – Distribution (MERALCO) 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)	
PEMC – Market Assessment Group (MAG) Chrysanthus S. Heruela Elaine D. Gonzales Geraldine A. Rodriguez Ma. Delia B. Arenos Karen A. Varquez Divine Gayle C. Cruz Aldjon Kenneth M. Yap	
PEMC – Legal Atty. Caryl Miriam L. Mateo	

PEMC – Enforcement and Compliance Office

Atty. Hazel Lopez

PEMC – Corporate Planning and Communication

Katrina Garcia-Amuyot

Maricel A. Portillo

DOE Observers

Ferdinand B. Binondo

Kenneth P. Reforma

1 There being a quorum and in the absence of Chairperson Maila G. de Castro, Ms. Concepcion I.
2 Tanglao (Independent) called the meeting to order at approximately 9:17 AM and facilitated the
3 review of the minutes of the previous meetings. Mr. Francisco L.R. Castro, Jr. (Independent)
4 thereafter presided over the rest of the meeting.

5 **1. Review of the Minutes of the Previous Meetings**

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7 The minutes of the 125th meeting held on 20 February 2017 was approved as revised. During
8 the review, the RCC also agreed to make further edits to certain provisions in the proposed
9 amendments to the Dispatch Protocol Manual regarding WESM design enhancements.

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11 The minutes of the 126th meeting held on 03 March 2017 was approved as submitted.

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14 **2. Business Arising from Previous Meetings**

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16 **2.1. Draft RCC Resolution No. 2017-04 on the Proposed Amendments to the Retail**
17 **Rules and Manual on Metering Standards and Procedures relative to (a) Back-up**
18 **Meters, (b) Audit findings and (c) WESM Design Enhancements**

19 To finalize the proposal, the Secretariat provided the body with minor clarifications based on
20 consultations with the PEMC-Billing, Settlement and Metering Department, and likewise
21 requested the approval of the RCC on suggested further changes to the same. Approved
22 modifications to the proposal are as follows:
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RCC-approved amendments (20 Feb 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
<p>4.4.1 xxx</p> <p>d) Certification on Meter Test Results from the Energy Regulatory Commission with its corresponding seal; Meter Testing</p> <p><u>For Contestable Customers having an average monthly peak demand of 1MW and above, the Retail Metering Services Provider shall submit all prior test results of its meter within the last two (2) years.</u></p> <p><u>The Retail Metering Services Provider shall also submit the recent Meter Test Results or any notice of change on the metering facilities as part of its continuing compliance.</u></p>	<p>The RCC agreed to transfer the 2nd paragraph as new Section 8.5.4, as revised (see below), since Section 4.4.1 only pertains to metering registration requirements.</p>	<p>4.4.1 xxx</p> <p>d) Certification on Meter Test Results from the Energy Regulatory Commission with its corresponding seal; Meter Testing</p> <p><u>For Contestable Customers having an average monthly peak demand of 1MW and above, the Retail Metering Services Provider shall submit all prior test results of its meter within the last two (2) years.</u></p> <p><u>The Retail Metering Services Provider shall also submit the recent Meter Test Results or any notice of change on the metering facilities as part of its continuing compliance.</u></p>
<p>5.3.1.2</p> <p>The Retail Metering Services Provider shall submit the metering data in the meter data exchange format prescribed by the Central Registration Body.</p>	<p>Clarification from PEMC-BSMD:</p> <p>Data exchange format refers to the format and the data languages that need further discussion with the RMSP. The format shall be compatible with the requirement of the CRB, while the meter data language would depend on the meter data type available from the RMSP which may be adapted by the CRB. There are several RMSPs with different meter data languages.</p>	<p>5.3.1.2</p> <p>The Retail Metering Services Provider shall submit the metering data in the meter data exchange a format prescribed by the Central Registration Body.</p>

RCC-approved amendments (20 Feb 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
5.3.2.2 (Diagram of the CRB's data exchange protocol – Appendix C)	<i>For further clarity, the RCC revised the diagram depicting the data exchange protocol, which specifically pertains to the metering process between the Contestable Customer/Retail Electricity Supplier, RMSP and the CRB.</i>	
New section	<i>Mr. Ludovico Lim (ANTECO) clarified that there is currently no provision that requires the periodic conduct and submission of Meter Test Results as such tests would necessitate shutting down the facility resulting to power interruptions. He suggested that the submission of Meter and Instrument Transformer Test Results be only required whenever there would be changes in the metering facility. The RCC hence agreed to revise the new Section 8.5.4.</i>	8.5.4 Reportorial Requirements <u>The Retail Metering Services Provider shall also submit the recent Meter Test Results or a report on any notice of change in the metering facilities and the new Meter and Instrument Transformer Test Results to the Central Registration Body as part of its continuing compliance.</u>

The RCC thereafter revised the draft subject resolution, specifically on its recommendation to include a transitory provision in the resulting DOE Department Circular related to the requirement for the RMSPs to submit meter data for the 5-minute dispatch interval (i.e., allow RMSPs to submit 5-minute interval meter data by dividing the current 15-minute interval meter data by 3 until such time that the RMSPs are able to upgrade their meters).

The body approved the draft RCC Resolution No. 2017-05, as revised, for submission to the PEM Board.

Agreements/Action Plans

The RCC adopted further changes to the proposed amendments and approved the draft RCC Resolution No. 2017-05, as revised for clarity, on the Proposed Amendments to the Retail Rules and Retail Manual on Metering Standards and Procedures.

2.2. Finalization of Proposed Amendments to the WESM Rules and Various Manuals for the Implementation of WESM Design Enhancements – Dispatch Protocol Manual Issue 12 (Proposed Dispatch Protocol Manual Issue 13)

Mr. Edward I. Olmedo (PEMC) led the discussion on the remaining provisions of the proposed amendments to the Dispatch Protocol Manual (DPM) that have yet to be finalized by the RCC. Mr. Olmedo presented further proposed revisions and incorporated the same into the DPM in compliance with the RCC instructions during its 127th meeting held on 17 March 2017.

The highlights of the discussion are as follows:

Provisions/Further Amendments	Discussions/Agreements (11 Apr 2017)
<p>Section 7.6.2</p> <p>The types of <i>over-riding constraints</i> that may be imposed in the <i>market dispatch optimization model</i> include the following:</p> <p>a. Security Limits - The <i>System Operator</i> may impose security limits to override the <i>generation offers</i> and address possible threats in <i>system security</i>.</p> <p>i. <i>Generation Limits</i> – involves the minimum and maximum operating limits for <i>generation</i>. Security limits for generating units shall also include scheduled <i>must-run units</i> <u>in accordance to Section 17.2.</u></p>	<p>PEMC: Section 17.2 pertains to the selection criteria for using <i>Must-Run Units</i></p> <p>RCC: Agreed with revision.</p>
<p>Section 11.3.1</p> <p>System Operator. The <i>System Operator</i>, in coordination with the <i>Market Operator</i>, shall be responsible for the following:</p> <p>a. xxx</p> <p>b. xxx</p> <p>c. xxx</p> <p>d. xxx</p> <p>e. Reporting events and actions made within each one (1) hour interval after that one (1) hour interval.</p>	<p>The RCC agreed to retain the original provision regarding reportorial requirements following the comment from Mr. Ambrocio Rosales (NGCP-System Operator) that the SO cannot presently report "events and actions made within" 5-minute dispatch intervals. He added that the current provision is also consistent with the requirement of the Grid Code.</p>



Provisions/Further Amendments	Discussions/Agreements (11 Apr 2017)
<p>Section 11.6.4</p> <p>In cases when normal market conditions prevail but there is an imbalance in supply and demand within the <i>dispatch interval</i> and all available reserves have been exhausted, the <i>System Operator</i> may issue re-dispatch instructions. The <i>System Operator</i> shall constrain-on or constrain-off generators using the WMOT in accordance with Section 11.6.1. Only constrained-on generators that are out-of-merit shall be designated as <i>must-run units</i>, and shall be settled in accordance with the Price Determination Methodology.</p> <p>Section 11.6.5</p> <p>In an event where all available reserves have been exhausted to address a threat in system security covered under Section 11.6.2, the <i>System Operator</i> may designate <i>generating units</i> to operate on <i>must-run unit</i> and they shall be re-dispatched out of merit to ensure the reliability and security of the <i>grid</i> in accordance with the selection criteria provided in Section 17.2. Generating units re-dispatched as must-run units shall be settled as must-run units in accordance with the Price Determination Methodology.</p>	<p><i>PEMC: The provisions were revised since the DPM is intended to not touch upon settlement. All such matters are covered in the Price Determination Methodology Manual.</i></p> <p><i>RCC: Agreed with the deletion.</i></p>
<p>Section 11.7.2</p> <p>The <i>System Operator</i> shall designate generating units to operate as <i>must-run units</i> and shall issue re-dispatch instructions to <i>generating units</i> out of merit to comply with the following operating requirements in Section 17.3:</p> <p>a. System Voltage Requirement — this refers to the required voltage control and reactive power which the <i>System Operator</i> may need to take into account for the reliability of the <i>Grid</i>.</p>	<p><i>PEMC: Deleted the enumeration of the criteria and referred to relevant section to avoid repetition.</i></p> <p><i>RCC: Agreed with revision</i></p>

Provisions/Further Amendments	Discussions/Agreements (11 Apr 2017)
<p>b. Thermal Limits of Transmission Line and Power Equipment — this refers to the dispatch limitations of generators affected by the actual condition of the transmission lines and/or power equipment.</p> <p>c. Real-power Balancing and Frequency Control — this refers to the energy requirement to maintain supply-demand balance.</p>	
<p>Section 11.7.3</p> <p>The System Operator shall select generating units to operate as must-run units and shall be re-dispatched out of merit in accordance with the criteria in Section 17.</p>	<p>PEMC: <i>deleted the subject provision since it is already covered in the preceding section.</i></p> <p>RCC: <i>agreed with deletion</i></p>
<p>Section 11.7.4 (to be re-numbered as 11.7.3)</p> <p>The System Operator shall designate a generating units to operate as constrain-on, constrain-off or must-run units and shall issue re-dispatch instruction to the generating unit that would be out of merit in accordance with the following procedure:</p> <p>a) The System Operator shall inform the generating unit that it will be designated as constrain-on, constrain-off or must-run unit prior to the start of its operation as a must-run unit or during the real time condition. The duration of the must-run unit designation as well as the revised target MW loading shall also be communicated to the generating unit/plant. xxx</p>	<p>PEMC: <i>Based on previous discussions, the revisions were reflected to consider that constrain-on and constrain-off generating units, aside from MRUs, may also be re-dispatched by the SO</i></p> <p>RCC: <i>agreed with revision with further change:</i></p> <p>11.7.4 11.7.3. xxx</p> <p>a) The System Operator shall inform the generating unit that it will be designated as constrain-on, constrain-off or must-run unit prior to the start of its operation as a must-run unit or during the real time condition. The duration of the must-run unit designation as well as the revised re-dispatched target MW loading shall also be communicated to the generating unit/plant. xxx</p>
<p>Section 11.7.5 (to be re-numbered as 11.7.4)</p> <p>Generators whose generating plants were called as must-run units and received re-dispatch instruction must immediately and strictly comply</p>	<p>PEMC: <i>Proposed revisions for clarity.</i></p> <p>RCC: <i>agreed with revision with further change:</i></p> <p>11.7.5 11.7.4 Generators whose generating plants were called as must-run units and received re-dispatch instruction must shall</p>



Provisions/Further Amendments	Discussions/Agreements (11 Apr 2017)
with the corresponding <i>dispatch instructions</i> of the <i>System Operator</i> .	immediately and strictly comply with the corresponding <i>dispatch instructions</i> of the <i>System Operator</i> .
<p>Section 14.4.1</p> <p>Daily Operations Report. The <i>System Operator</i> shall prepare a daily report containing the summary of its hourly operations during each trading day. The <i>System Operator</i> shall submit to the <i>Market Operator</i> the Daily Operations Report not later than 0800H 1200H of the following trading day. xxx</p>	<p>PEMC: Suggest to move the deadline of the SO's submission of Daily Operations Report from 0800H to 1200H to ensure compliance.</p> <p>RCC: Agreed with the revision.</p>
<p>Section 18.1.5</p> <p>WESM Rules Clause 3.9.8.2 states that "during the hour ahead projection and/or <i>dispatch Interval</i>, if <i>Excess Generation</i> is imminent or is detected in the <i>Power System</i> by the <i>System Operator</i> in accordance with the <i>Grid Code</i> and it is established that the <i>Excess Generation</i> is being caused by a Generating System that is not following its dispatch schedule or not observing a linear <i>ramp rate</i>, then the <i>Generation Company</i> representing the Generating System in the market may be liable of a sanction under Clause 7.2. The <i>Generation Company</i> representing the Generating System that is not following its Dispatch Schedule or not observing linear ramp rate, however, shall compensate other <i>Generation System</i> that has been constrained-off by the <i>System Operator</i>. Such conditions shall also be considered in the procedures to be developed under Clause 3.9.8.2".</p>	<p>Mr. Rosales clarified that <i>excess generation</i> occurs when:</p> <ul style="list-style-type: none"> i. Total <i>Pmin</i> is greater than actual demand, which could be determined through DAP, or ii. A generator continues to inject to the grid or ramp up even when <i>excess generation</i> is already declared and regulating reserve is already depleted. <p>PEMC's suggestion, as stated by Mr. Olmedo, is to impose on the generators the observance of linear ramping towards their target loads when <i>excess generation</i> is declared during real-time dispatch. This comes from the previous agreement that generators will no longer be required to observe linear ramping during normal dispatch.</p> <p>Mr. Rosales responded that even when a generator ramps up linearly, that generator still injects power to the grid that increases the grid frequency and worsens the <i>excess generation</i>. He recommended simply deleting the entire section and the referred WESM Rules clause (re-numbered as 3.9.8.3) since those plants that are not following their dispatch schedules and causing <i>excess generation</i> will be tagged as non-compliant with the dispatch conformance standards anyway. Mr. Rosales stated that the</p>



Provisions/Further Amendments	Discussions/Agreements (11 Apr 2017)
	<p><i>definition of excess generation should only be limited to instances when actual demand is greater than the total Pmin.</i></p> <p><i>Mr. Rosales, however, raised the matter of addressing excess generation. He suggested that if excess generation is already imminent based on the MO's forecast, then the MO should already be able to assess and recommend to the SO the generators that may need to be curtailed to manage the excess generation. He opined that excess generation could be better managed if it is already addressed during day-ahead projection (DAP) than during real-time dispatch, when the condition is left for the SO to address. It is easier for the SO to make adjustments during real-time dispatch if the MO already provides the list of generators that may need to be shut-down, ranked in order of priority.</i></p> <p><i>Mr. Isidro Cacho (PEMC-Market Operator) stated that Trading Participants themselves should make adjustments to their offers accordingly when the occurrence of excess generation is anticipated. The MO provides various projections as well as prices and schedules for them to be able to make informed decisions and to react. This follows the design of the market that enables Trading Participants to respond using market signals, and in so doing, allows the market to self-correct as the time horizon becomes nearer to real-time dispatch.</i></p> <p><i>Mr. Olmedo further explained that when a generator is scheduled below its technical Pmin (as already allowed in the new market design), then it should revise its offer to be at a higher price to ensure that it would not be dispatched which, in turn, would enable it to shut-down as real-time dispatch draws nearer.</i></p> <p><i>Mr. Rosales replied that the issue is not for the participants to solve and the problem can only be addressed between the MO and the SO. He added that a generator cannot be expected to</i></p>

Provisions/Further Amendments	Discussions/Agreements (11 Apr 2017)
	<p><i>voluntarily or unilaterally shut-down. The solution would be for the MO to produce a list of generators that may have to be shut-down ranked in order of priority during DAP. This will in turn be used by the SO during real-time dispatch.</i></p> <p><i>Mr. Ciprinilo C. Meneses (MERALCO) raised that a possible solution, though no longer allowed in the rules, is to dispense with offer price floor. He explained that Trading Participants should just be allowed to offer as low as it wants and based from these offers, the MO could produce a ranking of generators. He recommended considering the removal of offer price floor for the sole purpose of addressing excess capacity.</i></p> <p><i>Mr. Olmedo responded that though it might address the problem during DAP, it still cannot solve excess generation at real-time. He explained that if a generator already online is dispatched between OMW and Pmin and excess generation is declared during real-time, that generator would choose to generate towards its Pmin which would aggravate the situation. Moreover, the imposition of offer price floor has already undergone numerous studies and removing it might pose problems. Mr. Meneses agreed but raised that past deliberations on the same likely did not consider excess generation situations. Mr. Olmedo replied that even if all Trading Participants equally offered at the price floor (i.e., PhP -10,000), a ranking can still be produced once loss factor is accounted for, per current practice.</i></p> <p><i>Mr. Olmedo agreed with Mr. Rosales' earlier suggestion to have the WESM merit order table used as basis by the SO in determining which generators, ranked in order of priority, would have to be shut-down if excess generation is declared during real-time dispatch. Mr. Cacho, on the other hand, clarified that in cases when there is anticipated excess generation based on the DAP, Trading Participants are still responsible for responding accordingly.</i></p>

Provisions/Further Amendments	Discussions/Agreements (11 Apr 2017)
	<p><i>Noting the discussions, the RCC agreed to the following changes to the proposal:</i></p> <p>(1) <i>Delete the proposed Section 18.1.5 in the DP Manual and the reference Clause 3.8.9.3 (re-numbered clause 3.8.9.2) in the WESM Rules. The deletion of said clause will be an additional amendment in the previously RCC-approved rules change proposal pertaining to dispatch implementation and conformance standards in the enhanced WESM design environment.</i></p> <p>(2) <i>Reflect in Section 18 of the DPM that the WESM merit order table be used as basis by the SO in selecting which generators would have to be shut-down during excess generation in real-time dispatch.</i></p>

44 In addition to the foregoing changes, Mr. Olmedo explained that the MO and SO procedures
45 during excess generation and load shedding were both referred to the section on Emergency
46 Procedures since it already covers both said conditions.

47 PEMC shall submit to the RCC the revised proposed changes to the WESM Rules and the
48 DP Manual before the next RCC meeting.

Agreements/Action Plans

The RCC adopted further changes to the proposed amendments to the WESM Rules and the Dispatch Protocol Manual.
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49 **2.3. Proposed Amendments to the WESM Manuals on: (i) Billing and Settlement and (ii)**
50 **Load Forecasting Methodology regarding the Implementation of Enhancements to**
51 **WESM Design and Operations**

52 Noting that the RCC has already approved the proposed changes to the Billing and Settlement
53 and Load Forecasting Manuals related to the enhancement of WESM design and operations,
54 the Secretariat sought clearance from the body to already endorse the said manuals to the

PEM Board, instead of awaiting the approval of the proposed amendments to the other manuals that were concurrently submitted to the RCC.

Ms. Karen A. Varquez (PEMC) also informed the body that the RCC-approved changes to the Billing and Settlement Manual regarding WESM design enhancements will be harmonized with the DOE-approved changes to the same Manual in relation to preferential dispatch (see 'Other Matters').

The RCC subsequently approved the endorsement of the approved manuals to the PEM Board.

Agreements/Action Plans

The RCC approved for endorsement to the PEM Board the Proposed Amendments to the WESM Manuals on (i) Billing and Settlement and (ii) Load Forecasting Methodology regarding the Implementation of Enhancements to WESM Design and Operations

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

Atty. Hazel G. Lopez from PEMC–Enforcement and Compliance Office (ECO), presented the revised proposed amendments to the WESM Rules related to enforcement and compliance based on the discussions and agreements by the RCC during its previous meeting (127th) held on 17 March 2017.

Revisions were made to the following clauses:

WESM Rules Clause	Changes to Proposal (based on Mar 17 discussion)
Clause 7.2.5.5 (new, previously 1.6.3)	re-worded for clarity and added the provision that the WESM Penalty Manual shall be reviewed at least annually by the ECO in consultation with the Market Surveillance Committee.
Clause 7.2.4.8 (new)	added the provision that the MSC shall include in its report to the PEM Board if there is conflict between the findings or assessment of ECO and the MSC
Clause 7.2.4.9 (new)	added the provision that the MSC and the ECO shall endeavor to resolve any conflict between their findings and assessment, and if the conflict

	is not resolved, the matter shall be included in the MSC's report to the PEM Board
Clause 7.2.4.10 (new)	added the provision that the PEM Board could make its own findings or assessment should there be conflict between the ECO and the MSC's
Clause 7.2.4.11 (new)	re-worded to provide that the decision of the PEM Board on the contest shall be final and executory (proposed new provision originally specified the right of the WESM Member found to be in breach to contest the decision of the PEM Board)
Clause 7.2.5.6 (new, previously 1.6.3)	Original provision and proposed amendments to the same were deleted since it is no longer necessary, following the clarification that the WESM Penalty Manual shall follow the usual rules change process and effectivity date as with other Market Manuals (original provision states that the MSC shall provide the date when the penalty scheme and any changes thereto shall become effective).

Regarding Clause 7.2.4.11, Atty. Lopez explained that the remedy of the WESM Members found to be in breach will instead be specified in the PEMC-ERC Protocol, which is going to be revised.

There being no further comments from the body, the RCC approved the amendments to the WESM Rules and Market Manual on Enforcement and Compliance. The RCC agreed to endorse the approved amendments to the PEM Board once the proposals submitted by the MSC on the WESM Rules relating to market surveillance and proposed revisions to the Market Surveillance, Compliance and Enforcement Manual (MSCEM) have been revised, incorporating the RCC comments.

Agreements/Action Plans

- a) The RCC approved the endorsement to the PEM Board of the Proposed Amendments to the WESM Rules and Proposed Enforcement and Compliance Manual, as revised.
- b) The RCC agreed to submit the subject proposal to the PEM Board along with the MSC's Proposed Amendments to the WESM Rules and the MSCEM, which is still for finalization.

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

Ms. Maricel A. Portillo and Ms. Katrina G. Amuyot (PEMC–Corporate Planning and Communications) presented further revisions to the proposed amendments to the WESM Manual on Registration, Suspension and De-registration Criteria as instructed by the RCC during its meeting held on 17 March 2017.

The discussion resulted to the following changes in the proposal as follows:

RCC-approved amendments (17 Mar 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
<p>REGISTRATION OF SERVICES PROVIDERS</p> <p>2.7.2.4 (b)</p> <p><u>In accordance with the WESM Rules, a Trading Participant registered as a Customer as well as a Network Services Provider may not be registered as a Metering Services Provider in respect to any connection points that it owns. Provided, however, that if such Trading Participant is also a MSP and there is only one MSP registered with the Market Operator (at the Transmission Level), then it shall be allowed to provide metering services on an interim basis for a market trading node assigned to it or a connection point that it owns until another MSP becomes authorized by the ERC and is registered with the Market Operator upon which the metering services shall be transferred to another MSP following the applicable procedure (WESM Rules 4.4.3).</u></p>	<p><i>Mr. Meneses opined that if the exception described in the proposed addition to the provision only applies to the NGCP as it is the only MSP in the wholesale level, then should the provision be general in nature?. Mr. Castro responded that while the provision only applies to the NGCP at present, the provision should be contemplated as to consider the possibility that there might be another wholesale MSP aside from the NGCP in the future.</i></p> <p><i>The RCC adopted the suggested revision by the proponent to the proposed amendment, and agreed to reference the specific relevant WESM Rules clause for clarity:</i></p>	<p>A Trading Participant registered as a Customer as well as a Network Services Provider may not be registered as a Metering Services Provider in respect to any connection points that it owns subject to the exception provided for in the WESM Rules Clause 4.4.3.</p> <p><i>Note: The proposed additional sentence to the original provision (i.e., "Provided, however...") is the same sentence from WESM Rules Clause 4.4.3.</i></p>
Technical and Commercial Requirements (Facilities)	<ul style="list-style-type: none"> <i>The RCC agreed that all generating facilities should have</i> 	Technical and Commercial Requirements (Facilities)

RCC-approved amendments (17 Mar 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
<p>2.5.3.2 (a)</p> <p>Remote Terminal Telemetering Unit (RTU) devices compliant with the requirements of the relevant network service provider, and are capable of being monitored by the facilities of the System Operator. <u>This requirement may be subject to review for generation units classified as either non-scheduled or preferential dispatch</u></p>	<p><i>a remote terminal unit (RTU) for the proper monitoring of the System Operator of actual dispatch. Mr. Rosales explained that waivers are sometimes granted temporarily to some generators while the RTU installation has yet to be completed considering physical location, limitation in communication infrastructure and other relevant factors (i.e., run-of-river hydro). Mr. Olmedo added that the Market Operator accepts such temporary waivers and allows the generating unit to be registered in the WESM. In reality, however, there are generating units that still do not have RTUs for a long time due to physical limitations.</i></p> <p><i>Mr. Ferdinand Binondo (DOE) stated that if the Philippine Grid Code so requires the installation of RTUs, then it should be implemented with no exceptions. Should there be valid physical constraints resulting to non-installation, then the generating unit should comply with the requirement.</i></p> <p><i>Noting the proposed addition to the provision that the requirement for installing RTUs may be reviewed, Mr. Rosales stated that this may eventually give the impression that RTU installation is not strictly required. He also remarked that even preferential dispatch generating units should be firmly required to have RTUs not only because some of them</i></p>	<p>2.5.3.2 (a)</p> <p>Remote Terminal Telemetering Unit (RTU) devices compliant with the requirements of the relevant network service provider, and are capable of being monitored by the facilities of the System Operator. <u>This requirement may be subject to review by the Market Operator for generation units classified as—below 5MW and classified as either non-scheduled or preferential dispatch.</u></p> <p><u>In cases where the installation of the RTU has been waived, such waiver shall only be valid for twelve (12) months, after which, the Trading Participant shall be de-registered from the WESM.</u></p>

RCC-approved amendments (17 Mar 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
	<p><i>already have relatively substantial megawatt capacities, but also due to their intermittent behavior that the SO should be able to monitor.</i></p> <p><i>Mr. Meneses suggested that a size of a generating unit be defined, above which no temporary waivers could be issued for the installation of RTUs. He added that the duration of the validity of the waiver could also be set.</i></p> <p><i>Mr. Rosales stated that the review of the installation requirement should be conducted by the MO, for the purpose of registration, in coordination with the SO to ensure that the installation will be complied with should the review result to the issuance of a waiver by the SO.</i></p> <p><i>The RCC agreed with the suggestion to provide a validity period for such waiver and the criteria by which the same will be allowed. Generating units with capacities of below 5MW was set for which the requirement for RTU installation may be reviewed since these are classified as small generators in Visayas and Mindanao.</i></p> <ul style="list-style-type: none"> <i>Upon the observation of Mr. Binondo that the term "Terminal" was proposed to be changed to "Telemetry", the RCC agreed to retain the original term to be</i> 	

RCC-approved amendments (17 Mar 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
	<i>consistent with the Philippine Grid Code.</i>	
<p>CHANGE IN LEVEL OF PARTICIPATION AND CHANGE OF COUNTERPARTY OF INDIRECT WESM MEMBERS</p> <p>3.4.1. xxx 3.4.2. xxx</p> <p>3.4.3 The change of the Direct Member counterparty of an Indirect Member may <u>be</u> effected by any of the following means –</p> <p>3.4.3.1 By joint notice to the Market Operator stating the effective date of the change by the following –</p> <p>3.4.3.1 <u>By submission of Notice in the form prescribed by the Market Operator stating the effective date of the change by the following –</u></p> <p>a) <i>Indirect WESM Member</i></p> <p>b) New Direct WESM member/Trading Participant counterparty signifying its agreement to transact for and in on behalf of the <i>Indirect WESM member</i>, and</p> <p>c) Previous counterparty that it will no longer trade on behalf of the <i>Indirect Member</i>.</p> <p>The change shall be effective on the date stated by the parties in the notice to the <i>Market Operator</i> or, if not stated, on the start of the immediately succeeding WESM</p>	<ul style="list-style-type: none"> Mr. Theo Sunico (Vivant) raised whether the provisions would still be relevant if the ERC already ruled that NSPs do not have the authority to disconnect a Contestable Customer. Mr. Meneses opined that the request to change counter-party would already take place after the ERC already allowed the disconnection. Therefore, the provisions could not be interpreted as encroaching upon the matter on disconnection. Regardless, Mr. Castro stated that the provisions cannot be removed altogether, but how disconnection would be implemented is entirely another issue. The RCC revised the proposed amendments for clarity and enhancement. 	<p>CHANGE IN LEVEL OF PARTICIPATION AND CHANGE OF COUNTERPARTY OF INDIRECT WESM MEMBERS</p> <p>3.4.1 In all cases, The notice to the Market Operator shall <u>as much as practicable, be made at least two (2) weeks prior to the effectivity of any change or termination.</u></p> <p>(re-numbering)</p> <p>3.4.3 3.4.4 <u>The change of the Direct Member The counterparty of an Indirect Member may be changed be effected by any of the following means –</u></p> <p>3.4.3.1 3.4.4.1 <u>By submission of Notice in the form prescribed by the Market Operator stating the effective date of the change by any of the following –</u></p> <p>a) <i>Indirect WESM Member</i></p> <p>b) New Direct WESM member/Trading Participant counterparty signifying its agreement to transact for and</p>

RCC-approved amendments (17 Mar 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
<p>billing month following receipt of the notice by the <i>Market Operator</i>.</p> <p>3.4.3.2. By notice from the Indirect WESM member and the new Direct WESM member counterparty if the change is due to the deregistration, suspension or cessation of registration of the Direct WESM member counterparty. The change shall become effective not later than the effective date of the deregistration, suspension or cessation of WESM membership of its previous counterparty. If the party expects that the change will take effect on an earlier date, the written confirmation of the change from the previous counterparty shall likewise be submitted.</p> <p>3.4.3.3 3.4.3.2 By notice from the Direct WESM Member counterparty if the Indirect Member has been or will be disconnected. The notice shall be accompanied by... xxx</p> <p>3.4.3.4 3.4.3.3 In all cases, the notice to the Market Operators shall,... xxx</p>		<p>in <u>on</u> behalf of the <i>Indirect WESM member</i>, and-or</p> <p>c) Previous counterparty indicating that it will no longer trade on behalf of the <i>Indirect Member</i>.</p> <p>The change shall be effective on the date stated by the parties in the notice to the <i>Market Operator</i> or, if not stated, on the start of the immediately succeeding WESM billing month following receipt of the notice by the <i>Market Operator</i>.</p> <p>3.4.3.2. By notice from the Indirect WESM member and the new Direct WESM member counterparty if the change is due to the deregistration, suspension or cessation of registration of the Direct WESM member counterparty. The change shall become effective not later than the effective date of the de-registration, suspension or cessation of WESM membership of its previous counterparty. If the party expects that the change will take effect on an earlier date, the written confirmation of the change from the previous counterparty shall likewise be submitted.</p> <p>3.4.3.3 3.4.4.2 By notice from the <i>Direct WESM Member</i> counterparty accompanied by the confirmation from</p>

RCC-approved amendments (17 Mar 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
		<p>the Network Service Provider if that the Indirect Member has been or will be disconnected. The notice shall be accompanied by a confirmation from the relevant Network Service Provider that the Indirect WESM member is already disconnected from the transmission or distribution system or that it has received a request for such disconnection.</p> <p>In this case, the change shall take effect upon disconnection of the <i>Indirect WESM member</i>. Mere notice to the <i>Market Operator</i> will not relieve the <i>Direct WESM member</i> of its obligations to the WESM as counterparty.</p> <p>3.4.3.3 In all cases, the notice to the Market Operators shall, as much as practicable, be made prior to the effectivity of the change or termination.</p>
<p>5.2.1 Requirements for Cessation of Registration/Notice to the Market Operator</p> <p>5.2.1.4. If the WESM Member wishes intends to cease to be registered because of the transfer of its facilities to another person or entity, the requirements on transfer of facilities shall likewise apply. as a Trading Participant as a result of retirement or closure of its generation facilities classified as</p>	<p><i>Mr. Cacho explained that PEMC is withdrawing the proposed amendments in Section 5.2.1.4 since the new Market Management System is already capable of automatically removing a Trading Participant's standing and regular offers from the system once it has been de-registered from the WESM.</i></p>	<p>5.2.1 Requirements for Cessation of Registration/Notice to the Market Operator</p> <p>5.2.1.4. If the WESM member wishes intends to cease to be registered because of the transfer of its facilities to another person or entity, the requirements on transfer of facilities shall likewise apply.</p>

RCC-approved amendments (17 Mar 2017)	RCC Discussion (11 Apr 2017)	RCC-approved amendments (11 Apr 2017)
<u>scheduled facilities that are injecting power to the grid, it shall likewise ensure the removal or cancellation of all its standing and regular offers from the Market Management System (MMS) starting on the date stated in the notice submitted by the WESM Member or on such other date as may be notified by the Market Operator.</u>		

Having no further concerns, the RCC approved the proposal, as revised, amending the WESM Manual on Registration, Suspension and De-registration Criteria for endorsement to the PEM Board.

Agreements/Action Plans

The RCC adopted further changes to the proposal and approved, for endorsement to the PEM Board, the Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures.

3. New Business

3.1. Proposed Amendments to the WESM Manual on Information Disclosure and Confidentiality regarding the Implementation of WESM Design Enhancements

Ms. Varquez presented PEMC's proposal to amend the WESM Manual on Information Disclosure and Confidentiality, which aims to:

- provide amendments to the publication of market information classification, categories, and requirements for the implementation of the enhanced WESM Design Operation; and
- align the said IDC Manual with the prescribed formatting of Market Manuals.

The summary of the proposal is as follows:

Section	Proposed Change	Rationale
3 – Definitions	Added subsections on References and interpretation	For consistency with the formatting of Market Manuals
	Included that definitions under other Market Manuals shall apply	Scope of the IDC manual covers publication requirements under the WESM Rules and WESM Manuals
	Deleted defined terms under the WESM Rules	For consistency with the proposed changes made previously
4 – Confidential Information	Deleted references to RTX	Consistent with the ex-ante only enhanced market design
	Added publication of the following public information: <ul style="list-style-type: none"> • final nodal energy dispatch prices and reserve dispatch prices, which covers other market prices (e.g. PSM, AP) 	Consistent with the approved PDM Issue 1 under DOE DC 2017-03-0001.
	<ul style="list-style-type: none"> • unpaid settlement amounts and related information 	Per DOE DC 2013-07-0018 issued on 26 July 2013
	<ul style="list-style-type: none"> • Information on real-time system condition 	Per WESM Rule 3.11.1.1 (h) as revised by DOE DC 2016-10-0014
	Specified the expiry of the confidentiality of the following information: <ul style="list-style-type: none"> • Schedules from Market projections 	Consistent with the current treatment of WAP and DAP
	<ul style="list-style-type: none"> • Generator and line outages 	To provide more information to Trading Participants and interested parties on the availability of generators and transmission lines
6 – Market Information Catalogue	Added a new market information category, i.e. Others	To cover market information that are published by the MO that are not from any market process

Section	Proposed Change	Rationale
	<ul style="list-style-type: none"> • Provided the additional market information available due to the implementation of enhanced WESM design and operations • Added market information which are useful for Trading Participants and interested parties • Relaxed the information classification of market information/data 	<ul style="list-style-type: none"> • To ensure that Trading Participants can make informed decisions • To allow interested parties to conduct studies on the WESM

The RCC approved the publication of the proposed amendments in the market website, as submitted, to solicit comments from WESM Members and stakeholders.

Agreements/Action Plans

The RCC approved the publication in the market website of the Proposed Amendments to the WESM Manual on Information Disclosure and Confidentiality regarding the Implementation of WESM Design Enhancements for comments of WESM Members and stakeholders.

3.2. Proposed General Amendments to the WESM Manuals on Price Determination Methodology and Constraint Violation Coefficient and Pricing Re-run regarding Implementation of WESM Design Enhancements *(previously submitted as urgent amendments and approved by the RCC per RCC Resolution No. 2017-03)*

Ms. Varquez presented PEMC's proposal to amend the WESM Manuals pursuant to the DOE's instructions to PEMC to submit the proposal further amending the CVC and the PDM Manuals, previously submitted as an urgent proposal, as a general rules change proposal. Ms. Varquez informed the RCC that the same has already been approved by the RCC as an urgent proposal during its 125th regular meeting held on 20 February 2017. Considering the DOE's correspondence dated 10 March 2017, PEMC is re-submitting the proposal as a general amendment.

The proposal aims for the following:

- **Price Determination Methodology**

1. revise the formula for the Non Administrative Region Price Adjustment (NARAPA) to ensure that there is no cross-subsidy when the region under market intervention or market suspension is exporting power to the non-administered region; and

2. include provisions on additional compensation for constrain-on generating units and deletion of provision on administered pricing for isolated portions of the grid.

- **Constraint Violation and Pricing Re-run**

1. clarify the definition of branch group as used in the manual

2. distinguish the priority among the thermal contingency and thermal base case constraints of transmission equipment, such as line, transmission, and branch group

Ms. Varquez clarified that PEMC is not withdrawing its submission of the proposal as an urgent amendment and is leaving up to the PEM Board any further action on the same.

Having no further comments on the subject matter, the RCC approved the publication of the proposal in the market website to solicit comments from the WESM Members and stakeholders.

Agreements/Action Plans
The RCC approved the publication in the market website of the Proposed General Amendments to the WESM Manuals on Price Determination Methodology and Constraint Violation Coefficient and Pricing Re-run regarding Implementation of WESM Design Enhancements for comments of WESM Members and stakeholders.

4. Other Matters

Ms. Geraldine A. Rodriguez informed the RCC of the following matters:

a) Tentative schedules of PEM Board and related meetings:

- PEM Board Dry Run – Tuesday, **18 April, 2017**
- Board Review Committee – Thursday, **20 April, 2017**
- PEM Board Meeting – Tuesday, **25 April, 2017**

- b) Recent DOE Department Circulars - Advanced copies of the DOE Department Circulars DC 2017-03-0001 and DC 2017-03-0002 approving the (1) proposed Price Determination Methodology Manual and amendments to the Constraint Violation Coefficient Manual regarding the implementation of enhancements to WESM design and operations, and (2) amendments to various WESM Manuals regarding Preferential Dispatch, were received by the MAG, although these circulars have yet to be published in newspapers of general circulation per procedure.

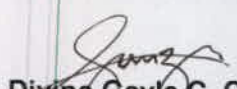

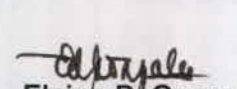
With the approval of the amendments regarding preferential dispatch, the RCC was informed that the proposed amendments to the various manuals that are currently being discussed regarding WESM design enhancements would still have to be incorporated with said DOE-approved changes.

5. Next Meeting

The RCC initially agreed to hold its regular meeting on either **15 (Monday) or 19 (Friday) May 2017**, finalization of which shall be subject to the availability of the body.

6. Adjournment

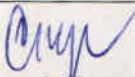
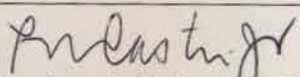


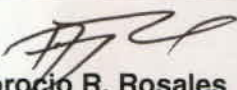
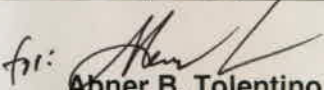
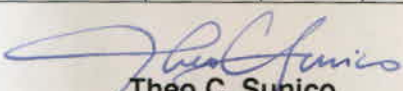


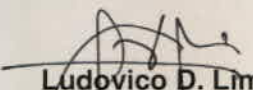
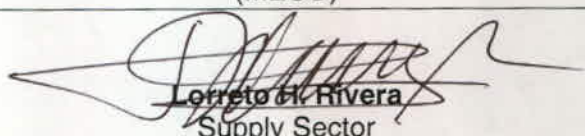
There being no other matter to be discussed, the meeting was adjourned at around 3:31 PM.

Prepared By:	Reviewed By:	Noted By:
 Divine Gayle C. Cruz Analyst – Market Governance Administration Unit	 Geraldine A. Rodriguez Assistant Manager – Market Governance Administration Unit	 Elaine D. Gonzales Manager – Market Data and Analysis Division
Market Assessment Group	Market Assessment Group	Market Assessment Group

Approved by:
RULES CHANGE COMMITTEE

Maila Lourdes G. de Castro
Chairperson
Independent

Members:

 Concepcion I. Tanglao Independent	 Francisco L.R. Castro, Jr. Independent
 Allan C. Nerves Independent	 Isidro E. Cacho, Jr. Market Operator Philippine Electricity Market Corporation (PEMC)
 Ambrocio R. Rosales Transmission Sector National Grid Corporation of the Philippines (NGCP)	 Abner B. Tolentino Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
Jose Ildebrando B. Ambrosio Generator Sector NorthWind Power Development Corp. (NorthWind)	 Theo C. Sunico Generation Sector Vivant Corporation
 Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)	 Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)
Juanito O. Tolentino, Jr. Distribution Sector (PDU) Mactan Electric Company (MECO)	 Ludovico D. Lim Distribution Sector (EC) Antique Electric Cooperative, Inc. (ANTECO)
 Loretto H. Rivera Supply Sector TeaM (Philippines) Energy Corporation (TPEC)	

