

<b>MINUTES OF THE RULES CHANGE COMMITTEE 136<sup>th</sup> REGULAR MEETING (No. 2017-14)</b>	
<b>Meeting Date &amp; Time:</b>	08 December 2017, 9:00 AM to 10:00 AM
<b>Meeting Venue:</b>	19/F Conference Room, Robinsons Equitable Tower, Ortigas Center, Pasig City
<b>Attendance List</b>	
<b>In-Attendance</b>	<b>Not In-Attendance</b>
<p><b>Rules Change Committee</b></p> <p><b>Principal Members:</b></p> <p>Maila Lourdes G. de Castro, Chairperson – Independent                      Francisco Leodegario R. Castro, Jr. – Independent                      Allan C. Nerves–Independent                      Abner B. Tolentino – Generation (PSALM)                      Jose Ildebrando B. Ambrosio – Generation (Northwind)                      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)</p>	<p>Concepcion I. Tanglao – Independent                      Juanito O. Tolentino, Jr. – Distribution (MECO)</p>
<p><b>Other attendees:</b></p> <p><b>PEMC – Legal</b></p> <p>Sheryll M. Dy</p>	
<p><b>PEMC – Market Assessment Group (MAG)</b></p> <p>Divine Gayle C. Cruz</p>	

**DOE Observers**Ferdinand B. Binondo  
Ann Margaret Andres

1 There being a quorum, Chairperson Maila Lourdes G. de Castro called the meeting to order at  
2 around 9:00 AM. The RCC then reviewed the proposed agenda and agreed to adopt the same  
3 as revised.

4 **1. Review of the Minutes of the Previous Meeting**

5 The RCC reviewed the Minutes of the 135<sup>th</sup> RCC Meeting held on 10 November 2017 and  
6 subsequently approved the same as submitted.

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

8 **2.1. Draft RCC Resolution No. 2017-12: Proposed Amendments to the WESM Rules and**  
9 **WESM Manual of Procedures for Changes to the WESM Rules Issue 2.0**

10 The Secretariat presented to the RCC minor revisions to the proposed amendments for  
11 enhancement as regards the procedure for processing urgent amendments in Section  
12 7.2 of the subject Manual based on the recommendation received from the DOE. The  
13 discussion are as follows

- 14 • On Section 7.2 a):

15 The provision now reads:

16  
17  
18 *“a) Upon receipt of a proposal for an urgent amendment, the Committee*  
19 *Secretariat shall immediately transmit the proposal to the ~~President-Rules~~*  
20 ***Change Committee to assess the proposal, via electronic or similar***  
21 ***medium, subject to Section 3. and-if upon determination that the same***  
22 ***proposal constitutes an urgent amendment, the ~~President-Rules Change~~***  
23 ***Committee shall certify as such giving notice to the President and the***  
24 ***proponent. and immediately direct the ~~Committee Secretariat to convene the~~***  
25 ***Committee.”***

26  
27 Atty. De Castro inquired if the RCC has already discussed on the specific  
28 procedures in assessing the proposal or if the same will just be part of the RCC's

29 internal rules. The Secretariat answered that it may just be part of the RCC's  
30 internal rules. It was also clarified by the Secretariat that the assessment shall  
31 solely be done via electronic or similar medium and that there is no need for the  
32 committee to convene.

33

- 34 • On Section 7.2 b) and c):

35

36 The provision now reads:

37

38 *"b) The Committee shall **convene** within forty eight (48) hours from **the***  
39 ***certification of the proposal as urgent amendment** receipt of the proposal*  
40 *~~convene~~ and render its decision to determine whether the proposal*

41

42 *~~i) falls within the definition of an urgent amendment set forth in Section 3~~*  
43 *~~hereof;~~*

44

45 *ii) satisfies the criteria set forth in Section 4 hereof; ~~and~~*

46

47 *~~iii) has an impact on prices, and/or on the reliability and quality of electricity~~*  
48 *~~service, and the nature of the impact.~~*

49

50 *c) In its ~~evaluation~~ **deliberation**, the Committee ~~may~~ **shall** –*

51

52 *i) take into account any information and document which it reasonably*  
53 *considers to be relevant for its consideration of the proposal;*

54

55 *ii) consult with persons who are likely to be affected by the proposal; ~~and~~*

56

57 *iii) seek such information and views from any person with expertise;*

58

59 ***iv) in the event of approval of the urgent rules change, the reasons for***  
60 ***its adoption;***

61

62 ***v) in the event of rejection of proposal for urgent rules change, the***  
63 ***reasons for its rejection.***

64 There being no other matters left for discussion, the RCC approved the revisions to the  
65 proposal and the draft Resolution for submission to the PEM Board.

**Agreements/Action Plans**

The RCC approved the revisions to the proposal and the draft Resolution for submission to the PEM Board.

66 **2.2. Draft RCC Resolution No. 2017-13: Proposed Amendments to the WESM Manual on**  
67 **Dispute Resolution regarding Mediation and Arbitration Procedures**

68 The Secretariat presented to the RCC the revised proposal to incorporate the agreement  
69 during the previous meeting to specify a timeline within which the Dispute Resolution  
70 Administrator should be able to determine whether a Request for Mediation (or Request  
71 for Arbitration in certain cases) involves a WESM dispute. The Secretariat also informed  
72 the RCC that the revisions have been reviewed and agreed with by the Dispute Resolution  
73 Administrator. Said timeline is incorporated in the following provisions in the subject  
74 Manual:

75 • Section 7.1.1:

76 When a dispute regarding one of the matters described in this Manual arises  
77 between and/or among WESM Members including the **System Operator** and  
78 **Market Operator**, the parties must go through the following steps:

79

80 xxx

81

82 (d) Should the parties decide to dispense with mediation and, **provided that there**  
83 **has been a determination by the DRA within ninety (90) calendar days from**  
84 **receipt of the dispute that the dispute same is a WESM dispute under**  
85 **Section 2.1(nn) of this Manual**, directly proceed to arbitration, the parties may  
86 elect to do so subject to the issuance by the **Dispute Resolution Administrator**  
87 of a certification stating that mediation is no longer a viable option for the parties.

88

89 • Section 8.4.3:

90 **Within ninety (90) calendar days from the receipt of the RM**, the DRA will  
91 assess the RM and determine whether the allegations and issues contained  
92 therein are considered a *WESM dispute* under Section 2.1 (nn) of this Manual  
93 covered by the dispute resolution procedures under the WESM Rules, taking into  
94 account:

95

96 (a) The type of dispute; and

97 (b) The parties involved.

98 There being no other matters left for discussion, the RCC approved the revisions to the  
 99 proposal and the draft Resolution for submission to the PEM Board.

<b>Agreements/Action Plans</b>
The RCC approved the revisions to the proposal and the draft Resolution for submission to the PEM Board.

100 **3. New Business**

101 **3.1. RCC Work Plan**

102 The Secretariat provided updates on the accomplishments of the RCC on the activities listed  
 103 in its 2017 Work Plan. Of the 26 proposals included in the Work Plan:

- 104 ▪ 16 proposals completed and endorsed to the PEM Board (via 13 RCC Resolutions)
- 105 ▪ 3 proposals requested by proponents to be removed from the Work Plan

<b>Proposed Amendments</b>	<b>Remarks</b>
Proposed Amendments related to Site-Specific Loss Adjustment (SSLA)	Already addressed through PEMC's amendments regarding Change in Metering Point Location
Proposed Amendments to the Financial Penalty Manual	WESM Penalty Manual c/o of the MSC is not required to go through the Rules Change process of the RCC
Proposed Amendments to the WESM Manuals regarding WESM Design Enhancements: (a) Ancillary Services Monitoring Manual (b) Guidelines on Significant Variations	Ancillary Services Monitoring Manual dependent on ERC issuances or orders on the reserve market

106 Atty. De Castro requested to include a statement in the 2017 RCC Work Plan that the  
 107 above-mentioned proposals have been requested by the proponent to be removed in the  
 108 work plan.

- 109           ▪ 2 proposals deferred as requested by the proponents

110

Proposed Amendments	Remarks
Proposed Amendments to the WESM Rules and Market Surveillance, Compliance and Enforcement Manual	Deferred pending finalization of amendments to the WESM Penalty Manual
Proposed Enforcement and Compliance Manual	Deferred pending finalization of amendments to the WESM Penalty Manual

111

- 112           ▪ 5 proposals not yet submitted to the RCC by proponents

113

- 114           ✓ Proposed WESM Rules revision regarding reportorial requirements of the Daily  
115           Significant Variations Report

- 116           ✓ Exclusion of Contestable Customers in Registering as Indirect / Direct WESM  
117           Members and Establishment of process for their mapping through their Retail  
118           Electricity Suppliers (RESes)

- 119           ✓ Representation of RESes in the WESM Model/ Operations

- 120           ✓ Proposed Amendments to Proposed Rules Changes to the WESM Rules, Retail  
121           Manual and PAC Market Manual

- 122           ✓ Proposed Amendments to the WESM Manuals and WESM Rules (as applicable)  
123           to enhance WESM design and operations and provide guidelines on the  
124           participation of BESS and other modes of operation in the WESM:

- 125                     (a) Registration Manual

- 126                     (b) Load Forecasting Manual

127

128           On the proposed amendments from the Retail Electricity Suppliers Association (RESA),  
129           Ms. Lorreto H. Rivera stated that she still has no updates on whether the same shall be  
130           recommended to be removed from the work plan of the RCC. Mr. Isidro E. Cacho Jr., on  
131           the other hand, stated that the PEMC Transition Committee tasked the PEMC Corporate  
132           Planning and Communications Department (PEMC – CPC) to draft the necessary  
133           proposals to the WESM Rules and relevant Market Manuals regarding the framework of  
134           participation of Retail Electricity Suppliers in the WESM.

135

136           On the proposed amendments regarding Daily Significant Variations Report, Mr. Cacho  
137           stated that PEMC is still drafting the said proposed amendments which intends to  
138           streamline the reportorial requirements which in some cases are being redundant. He  
139           further added that the intent is to merge the Daily Significant Variations Report with the  
140           Daily Market Update Report. He then proposed that this proposal be carried-over to the  
141           2018 RCC Work Plan.

142

143 On the proposed amendments from the PEM Audit Committee, the Secretariat informed  
144 the RCC that it will seek updates from the committee regarding the said proposal.  
145

146 On the proposed amendments regarding the participation of BESS in the WESM, the  
147 Secretariat informed the RCC that PEMC and the Technical Committee are currently  
148 working on a proposal regarding the same. Mr. Cacho then suggested to carry-over the  
149 activity to the 2018 Work Plan of the RCC.  
150

151 Preliminary inputs to the 2018 Work Plan were also discussed, as follows:  
152

- 153 ▪ Proposals carried over from the 2017 Work Plan (deferred proposals and those not  
154 yet submitted by the proponent)
- 155 ▪ Proposals remanded by the PEM Board for further study by the RCC and the Market  
156 Operator (e.g., regarding MSP Performance Rating, Registration Manual)
- 157 ▪ Rules Changes as required by the Transition to Independent Market Operator
- 158 ▪ Rules Changes as required by Audit Findings
- 159 ▪ Rules Changes as required by the Renewable Energy Market, Renewable Portfolio  
160 Standards and Green Energy Option Program
- 161 ▪ Rules Changes as required by the Reserve Market
- 162 ▪ Rules Changes as required by the Implementation of WESM Mindanao  
163

164 On the proposals remanded by the PEM Board for further study by the RCC and the Market  
165 Operator, Mr. Cacho updated the RCC that PEMC is currently looking into these matters and  
166 shall submit its proposal during the first quarter of 2018. Atty. De Castro requested for the  
167 Secretariat to include in the draft 2018 RCC Work Plan the reasons of the PEM Board in  
168 remanding the proposals.  
169

170 On the proposed Transition to an Independent Market Operator, Mr. Cacho informed the RCC  
171 that there will be a public consultation for the same to be held at the Legend Villas,  
172 Mandaluyong City. Upon approval of the transition plan, all PEMC departments involved in  
173 Market Operations will be transferred to the Independent Market Operator. Meanwhile, the  
174 Market Assessment Group (MAG) and Enforcement and Compliance Office (ECO) shall  
175 remain with PEMC. For the WESM Governance Committees, Mr. Cacho stated that the MAG  
176 will still be assisting the committees and that there will be no impact on the committees related  
177 to the said transition. Mr. Cacho also informed the RCC that there will be rules change  
178 proposals related to the following: 1) Transition to IMO; 2) Renewable Energy Market 3)  
179 Renewable Portfolio Standards; and 4) Green Energy Option Program. Mr. Ferdinand B.  
180 Binondo added that the Secretary of the Department of Energy will be signing a DOE  
181 Department Circular for these matters which shall be then translated into rules changes.  
182 Noting that the rules changes still have no target timelines, Atty. De Castro recommended to  
183 add in the draft work plan, the subject matters of the probable rules changes.  
184

185 On another note, Mr. Abner B. Tolentino recommended the inclusion of the rules changes  
186 related to the Ancillary Services. Mr. Cacho then suggested to just input rules changes for the  
187 Reserve Market to cover all related proposals. Mr. Cacho also recommended to include the  
188 necessary rules changes for the Implementation of WESM in Mindanao to limit the  
189 transactions in Mindanao only since there is still no physical connection of the Mindanao grid  
190 to the Luzon and Visayas grids.

191 The Secretariat informed the RCC that the working draft of the 2018 RCC Work Plan shall be  
192 finalized and submitted to the PEM Board on or before March 2018. The RCC noted the  
193 information and approved the working draft of the 2018 RCC Work Plan.

194 *Please find the attached Annex A. Draft 2018 RCC Work Plan*

#### 195 **4. Other Matters**

##### 196 **PEM Board Updates**

197 Dr. Allan C. Nerves (Independent) updated the RCC on the actions of the PEM Board  
198 regarding the RCC proposals during its meeting held on 06 December 2017, as follows:

199 *a) Proposed Amendments to the WESM Rules and Various WESM Manuals regarding*  
200 *Metering Standards and Procedures and Metering Point Location*

201 (i) *Regarding back-up meters and audit findings* – approved for endorsement to the  
202 DOE, provided that additional revision be made to specify that the technical standards of  
203 main and back-up revenue meters shall adhere to the prevailing standards in the  
204 Philippine Grid Code, and that the table of said technical standards, currently in the main  
205 body of the manual, be re-located as an Annex to the subject manual

206 (ii) *Regarding MSP performance rating* – remanded to the RCC and the Market  
207 Operator for further study

208 (iii) *Regarding enhancements to WESM design and operations* – approved for  
209 endorsement to the DOE

210 (iv) *Regarding metering point location* – approved for endorsement to the DOE  
211 *Proposed Amendments to the WESM and Retail Rules and Retail Manual on Metering*  
212 *Standards and Procedures for Clarifications on Retail Market Integration* – approved for  
213 endorsement to the DOE with the caveat that the technical standards in the Retail Rules  
214 and Retail Metering Manual that directly referenced the Philippine Distribution Code (PDC)  
215 shall only be effective once the latest version of the PDC has been approved.

216 On the direct referencing of the relevant market manuals to the PDC or the Philippine Grid  
217 Code (PGC), Mr. Binondo stated there has been an on-going discussion with the DOE

218 regarding the same since the PDC and PGC are only being reviewed more or less every six  
 219 (6) years. The concern mainly is that there may be DOE Circulars adopting enhancements to  
 220 the power system which will not be aligned with the provisions of the PDC or the PGC. He  
 221 further stated that the DOE will still thoroughly review the submitted amendments and consider  
 222 these cases.

223 The RCC noted the information.

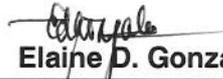
224 **5. Next Meeting**

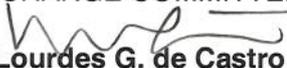
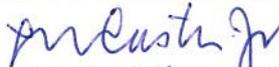
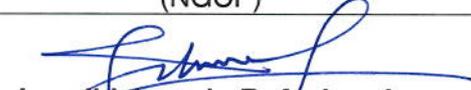
225 The RCC agreed to hold subsequent meetings on the following schedules:

- 226 • January 12, 2018
- 227 • February 2, 2018
- 228 • March 2, 2018

229 **6. Adjournment**

230 There being no other matters for discussion, the meeting was adjourned at around 10:00 AM.

Prepared By:	Reviewed By:	Noted By:
 <b>Aldjon Kenneth M. Yap</b>	 <b>Geraldine A. Rodriguez</b>	 <b>Elaine D. Gonzales</b>
<b>Analyst – Market Governance Administration Unit</b>	<b>Assistant Manager – Market Governance Administration Unit</b>	<b>Manager – Market Data and Analysis Division</b>
<b>Market Assessment Group</b>	<b>Market Assessment Group</b>	<b>Market Assessment Group</b>

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

Item	Proposed Amendment	Proponent	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
1	Proposed WESM Rules revision regarding reportorial requirements of the Daily Significant Variations Report	PEMC	Q1 2018	Q2 2018
2	Exclusion of Contestable Customers in Registering as Indirect / Direct WESM Members and Establishment of process for their mapping through their Retail Electricity Suppliers (RESes)	PEMC	Q1 2018	Q2 2018
3	Representation of RESes in the WESM Model/ Operations	PEMC	Q1 2018	Q2 2018
4	Proposed Amendments to Proposed Rules Changes to the WESM Rules, Retail Manual and PAC Market Manual	PAC	Q1 2018	Q2 2018
5	Proposed Amendments to the WESM Manuals and WESM Rules (as applicable) to enhance WESM design and operations and provide guidelines on the participation of BESS and other modes of operation in the WESM: (a) Registration Manual (b) Load Forecasting Manual	PEMC/TC	Q1 2018	Q2 2018
6	Rules Changes as required by the Transition to IMO	PEMC	2018	2018
7	Rules Changes as required by Audit Findings	PEMC	2018	2018



**Draft 2018 RCC Work Plan**

<b>Item</b>	<b>Proposed Amendment</b>	<b>Proponent</b>	<b>Date Submitted/ Proponent's Target Period of Submission to the RCC</b>	<b>RCC's Target Period of Submission to the PEM Board</b>
8	Rules Changes as required by RE Market, RPS and GEOP	PEMC	2018	2018
9	Rules Changes as required by the Reserve Market	PEMC	2018	2018
10	Rules Changes as required by Implementation of WESM Mindanao	PEMC	2018	2018

