

MINUTES OF THE RULES CHANGE COMMITTEE 132nd REGULAR MEETING (No. 2017-10)	
Meeting Date & Time:	10 August 2017, 9:00 AM to 11:50 AM
Meeting Venue:	9/F PEMC Training Rooms 2 and 3, Robinsons Equitable Tower, Ortigas Center, Pasig City
Meeting with Transition Committee Date & Time:	10 August 2017, 12:20 PM to 1:40 PM
Meeting Venue:	18/F PEM Board 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 Francisco Leodegario R. Castro, Jr. – Independent Allan C. Nerves–Independent Theo Cruz Sunico – Generation (1590 EC) Abner B. Tolentino – Generation (PSALM) Jose Ildebrando B. Ambrosio – Generation (Northwind) Ciprinilo C. Meneses – Distribution (MERALCO) Jose P. Santos –Distribution (INEC) Lorreto H. Rivera – Supply (TPEC) Isidro E. Cacho – Market Operator (PEMC) Alternate Members: Henry V. dela Cruz – System Operator (NGCP) Aris Policarpio – Generation (Vivant)	
PEMC – Legal Caryl Miriam L. Mateo Sheryll M. Dy	

PEMC – Billing, Settlement and Metering Department

Renato B. Afurong
Richard Glenn C. Araullo

Transition Committee

Oscar E. Ala
Rauf A. Tan
Francis Saturnino C. Juan
Jose Mari T. Bigornia

Transition Committee Chief of Staff

Ma. Rene Ann Lourdes A. Garcia

PEMC – Market Assessment Group (MAG)

Chrysanthus S. Heruela
Elaine D. Gonzales
Divine Gayle C. Cruz
Aldjon Kenneth M. Yap

DOE Observers

Ferdinand B. Binondo
Ann Margaret Andres

- 1 There being a quorum, Chairperson Maila G. de Castro (Independent) called the meeting to order
2 at 9:30 AM. There being no other matters to be added in the proposed agenda, the RCC adopted
3 the same as presented.
4

5 **1. Review of the Minutes of the Previous Meetings**
6

- 7 The RCC reviewed the minutes of the 131st Meeting held on 07 July 2017 and approved the
8 same as submitted.



2. Business Arising from Previous Meetings

2.1. Finalization of the Proposed Amendments to the WESM Manual on Metering Standards and Procedures relative to WESM Design Enhancements

As requested during the previous meeting, Mr. Richard Glenn C. Araullo (PEMC) presented the diagrams and detailed sample calculation for site-specific loss adjustment (SSLA), which was agreed to be appended in the WESM Manual on Metering Standards and Procedures.

For presentation purposes, PEMC likewise presented the calculation for three (3) metering points using the following:

- SSLA Computation for 5-minute dispatch interval using actual 5-minute meter readings from the main meters of the metering points; and
- SSLA Computation for 1-hour dispatch interval using actual 15-minute meter readings from the backup meters of the same main meters of the metering points

The sample calculation also detailed the computations for transformer losses, line currents and line losses. From these, the adjusted active power and adjusted active energy per metering point were derived, which were then used to calculate the SSLA for each metering point.

Sum of the 12 Intervals 5-Minute Energy vs. 1 Hour Trading Interval

Energy	Sum of the 12 Intervals 5-Minute Energy	1 Hour Trading Interval (Sum of the 4 intervals 15-Minute Energy)	Difference (kWh)	% Difference
kWh-M1	900.000000	900.000000		
Line Losses	0.465201	0.464553	0.000647	0.139375%
Core Loss	0.000000	0.000000	0.000000	0.000000%
Copper Loss	0.000000	0.000000	0.000000	0.000000%
Adjusted-kWh	900.465201	900.464553	0.000647	0.000072%
kWh-M2	1,872.000000	1,872.000000		
Line Losses	15.093461	15.030792	0.062669	0.416936%
Core Loss	0.000000	0.000000	0.000000	0.000000%
Copper Loss	0.000000	0.000000	0.000000	0.000000%
Adjusted-kWh	1,887.093461	1,887.030792	0.062669	0.003321%
kWh-M3	1,951.200000	1,951.200000		
Line Losses	18.443175	18.398223	0.044952	0.244331%
Core Loss	2.434870	2.434870	0.000000	0.000000%
Copper Loss	2.823069	2.814527	0.008543	0.303524%
Adjusted-kWh	1,974.901115	1,974.847619	0.053495	0.002709%

Comparing the results of the computation, it was noted that the calculation of SSLA using 5-minute metering readings provides higher SSLA values ranging from 0.00072% to 0.003321%. Mr. Ciprinilo C. Meneses (MERALCO) opined that considering the 0.2% accuracy

standards for metering equipment, the presented difference may be considered negligible. Mr. Isidro E. Cacho (PEMC-Market Operator) acknowledged that one might question the very small sample of metering points used in the calculation, but he argued that the meter readings collected were from revenue meters which have very high accuracy standards. Mr. Renato B. Afurong (PEMC) also commented that not all metering points were applied with SSLA anyway since others are already co-located with market trading nodes.

There having no further concerns raised, the RCC approved the inclusion of the SSLA sample computation using the actual 5-minute meter readings as appendix of the WESM Manual on Metering Standards and Procedures.

The RCC likewise reviewed and thereafter approved the draft RCC Resolution No. 2017-11 approving the Proposed Amendments to the WESM Manual on Metering Standards and Procedures for submission to the PEM Board.

Agreements/Action Plans

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|---|
| a) The RCC adopted the sample SSLA calculation using 5-minute meter data to be included as appendix in the WESM Manual on Metering Standards and Procedures. |
| b) The RCC approved for submission to the PEM Board the draft RCC Resolution No. 2017-11 approving the Proposed Amendments to the WESM Manual on Metering Standards and Procedures. |

2.2. RCC Resolution No. 2017-09 – Proposed Amendments to the WESM Rules and WESM Manuals regarding Market Surveillance and Enforcement and Compliance

The Secretariat informed the RCC that the proposals related to (i) market surveillance initiated by the Market Surveillance Committee, and (ii) enforcement and compliance initiated by PEMC have already been approved separately by the body during its 131st RCC Meeting held on 07 July 2017. Upon review of the amendments, the Secretariat recommended for the concurrent submission of the amendments to the PEM Board as the WESM Rules amendments relevant to both proposals coincide with each other.

Following the recommendation, the RCC approved the presented draft RCC Resolution No. 2017-09 approving the Proposed Amendments to the WESM Rules and WESM Manuals regarding Market Surveillance and Enforcement and Compliance.

Agreements/Action Plans

The RCC approved for submission to the PEM Board the draft RCC Resolution No. 2017-09 approving the Proposed Amendments to the WESM Rules and WESM Manuals regarding Market Surveillance and Enforcement and Compliance

2.3. RCC Resolution No. 2017-10 – Proposed Amendments to the WESM Manual on Market Operator Information Disclosure and Confidentiality for the Implementation of Enhancements to WESM Design and Operations

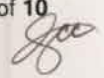
Agreements/Action Plans

The RCC approved for submission to the PEM Board the draft RCC Resolution No. 2017-10 approving the Proposed Amendments to the WESM Manual on Market Operator Information Disclosure and Confidentiality for the Implementation of Enhancements to WESM Design and Operations

2.4. Action on the Proposed Amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding Bilateral Contract Quantity declaration and Line Rental Calculation

As a background, the Secretariat informed the RCC that the proposed amendments to the WESM Manuals on: 1) Registration, Suspension and De-registration Criteria and Procedures; and 2) Billing and Settlement on Bilateral Contract Quantity (BCQ) Declaration and Line Rental Calculation, have been deferred by the Board Review Committee (BRC) during its deliberation on 18 January 2017. This is to await the proposed further amendments to the same Manuals related to the enhancements to WESM Design and Operations (WDO). The Secretariat noted that the Billing and Settlement Manual has been accordingly amended incorporating the necessary changes covering the mentioned deferred amendments on BCQ declaration and line rental calculation, and likewise the amendments related to WESM design enhancements. These amendments were already submitted to the PEM Board. On the other hand, the Secretariat informed the RCC that, per the WESM Design Study Technical Working Group, the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures will not need amendments to facilitate the enhancements to WESM design. Hence, the proposed changes to the Registration Manual are still currently pending with the RCC.

Subsequently, the RCC approved the re-submission to the PEM Board of the RCC resolution approving the proposed amendments to the WESM Manual on Registration, Suspension and De-registration Criteria and Procedures regarding BCQ Declaration and Line Rental Calculation to the PEM Board.



Agreements/Action Plans

The RCC agreed to re-submit to the PEM Board the Proposed Amendments to the WESM Registration Manual on BCQ Declaration and Line Rental Calculation

3. New Business
3.1. Draft Proposed Amendments to the Manual of Procedures for Changes to the WESM Rules Issue 2.0

The RCC reviewed the draft proposed amendments to the WESM Manual on Procedures for Changes to the WESM Rules as prepared by the Secretariat. The proposal intends to align the subject Manual with the WESM Rules on matters related to procedures on rules changes.

The highlights of the proposal are as follows:

- Global use/inclusion of the term "Market Manual" in the applicable provisions of the Manual
- Setting of a new timeline for:
 - ✓ Submission of RCC Semestral Report to the PEM Board
 - from end of June and December to end of July and January of the following year
 - ✓ Deliberation of Proposed Amendments
 - from sixty (60) days to ninety (90) days to align with the timeline set in the RCC work plan
- Provision of the following procedures to align with the WESM Rules:
 - ✓ Endorsement of the proposed amendments to the DOE
 - ✓ DOE's publication of the approved proposed amendments in two (2) newspapers of general circulation

On the timeline for publication of the proposed amendments, the Secretariat also recommended for the following to reflect the current practice:

Original	Proposed Amendment
Thirty (30) working days	Twenty (20) working days for the submission of comments and ten (10) working days for the proponent to respond on the received comments

The RCC agreed with the recommendation, pending the specific wording of the provision. The Secretariat shall finalize the proposed amendments and will draft the corresponding discussion paper and matrix, for the RCC's approval.

Agreements/Action Plans

The RCC agreed with the draft proposed amendments to the Manual of Procedures for Rules Change, and will subsequently review the corresponding discussion paper and matrix of the proposal upon submission of the Secretariat.

4. Other Matters**4.1. PEM Board Updates**

Chairperson Atty. de Castro informed the RCC that the PEM Board convened on 28 July and 01 August 2017 but decided to defer all the items on its agenda, including the five proposed amendments of the RCC.

As to the list of the new PEMC Board of Directors, the Secretariat shall transmit the same to the RCC upon collecting the information.

4.2. Meeting with the PEMC Transition Committee

After the introduction of the members of the RCC, Atty. de Castro presented an overview of the RCC, touching upon the following topics:

- WESM Governance Structure
- Responsibilities of RCC
- Members of RCC
- Rules Change Process
- Accomplishments of RCC (2005-2017)
 - ✓ Total Number of approved and disapproved Proposals
- On-going Activities of RCC
- RCC Work Plan for 2017

Based on the rules change process, Mr. Rauf A. Tan (Transition Committee) remarked that the process seems merely reactionary to any proposed policy change since the RCC is only at the receiving end of a submitted proposal. He inquired if the RCC does spearhead any change in the rules. Atty. de Castro clarified that the RCC, during the development of its work plan at the end of each year, identifies matters or rules that need to be amended and subsequently finds proponents for those proposals. The RCC looks at whether a proposal is

136 in line with what the market needs and, if so, includes it among the proposals to work on
137 throughout the following year. Atty. de Castro remarked that the rules change process might
138 be considered reactionary in terms of the need for a proponent, but is likewise proactive in
139 terms of the RCC's identification of what needs to be done during the development of its work
140 plan. She also clarified that policies coming directly from the DOE and the ERC, if
141 incorporating them in the WESM Rules and Manuals for implementation are deemed
142 necessary, also go through the rules change process.

143
144 Mr. Tan then inquired if a need for a proponent for a proposal to prosper is a good policy. Atty.
145 de Castro opined that it is a good way to start the rules change process since the proposals
146 would come from Market Participants themselves, who know first-hand what the problems
147 and issues are and have better understanding on what they and the market in general might
148 need.

149
150 Mr. Tan asked how the RCC prioritizes the lined-up proposals. Atty. de Castro answered that
151 proposals are categorized whether they are urgent, general or minor amendments so the RCC
152 could accordingly make adjustments on the schedule and frequency of their meetings. There
153 is also a different process for urgent proposals as these are no longer published in the market
154 website to solicit comments from Market Participants, which allows the RCC to proceed with
155 its deliberation on the urgent proposals and subsequent endorsement to the PEM Board.

156
157 Asked regarding the likelihood of an RCC-approved proposal actually being adopted or
158 disapproved by the DOE, Atty. de Castro remarked that there is always a DOE observer
159 present during its meetings who would make significant inputs as to ensure that the
160 deliberation and the RCC's output would be aligned with the DOE's policy direction. This
161 increases the possibility that the proposal approved by the RCC would be eventually adopted.

162
163 Noting that only 4% of the proposals from 2005 to 2017 were disapproved, Dr. Allan Nerves
164 (Independent) clarified that some proposals are actually modified during the rules change
165 process to, as much as possible, ensure that the change introduced would be feasible and
166 will be approved by the DOE.

167
168 Mr. Tan inquired how disagreements within the RCC are resolved, to which Atty. de Castro
169 replied that, first and foremost, the discussions would center on what rules would be
170 responsive to the needs of the market. However, if necessary, the RCC would put a
171 contentious issue into a vote, where an issue needs a majority vote to be approved. The RCC
172 Chair would decide one way or another if there is a tie vote.

173
174 Reviewing the RCC work plan and noting that among the proposals lined-up is the *Exclusion*
175 *of Contestable Customers in Registering as Indirect/ Direct WESM Members*, Mr. Tan
176 requested for a written summary of issues related to Retail Electricity Suppliers with regard to
177 the market.

Mr. Tan then asked the RCC members' opinion on what foremost changes to the existing rules are necessary. Mr. Meneses, for his part, opined that the procurement of ancillary services should be via a market mechanism instead of being contracted by the NGCP, as currently the case. This would help lessen the price of using ancillary services, especially with the increasing demand for them with the injection of variable renewable energy in the grid.

Mr. Theo C. Sunico (Vivant) likewise added that there should finally be a disconnection policy in the wholesale and retail level for non-paying customers. He remarked that there are currently no specific procedures to effect physical disconnection of such errant customers, who could then still continuously draw power from the grid. The corresponding costs from this is then shared among the generators. Mr. Sunico clarified that the representatives of the generation and supplier sectors in the RCC had principally worked together to introduce disconnection policies which the RCC submitted to the PEM Board and later on endorsed to the DOE, but the DOE disapproved the proposal as it felt that there are still issues that needs to be addressed. On this issue, the ERC had likewise clarified that there is an existing law prohibiting disconnection of customers that supersedes any relevant provision on the matter that might be introduced in the WESM Rules.

There being no further matters for discussion, the RCC briefing with the Transition Committee was adjourned at 1:20 PM.

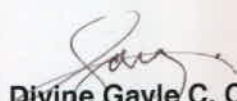
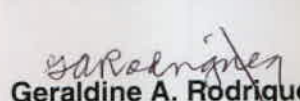
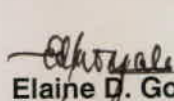
5. Next Meeting

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

- September 1
- October 6
- November 10

6. Adjournment

There being no other matters to be discussed, the meeting was adjourned at around 1:40 PM.

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

<p>Approved by:</p> <p>RULES CHANGE COMMITTEE</p> <p><i>[Signature]</i></p> <p>Maila Lourdes G. de Castro Chairperson Independent</p>	
<p>Members:</p>	
<p>Concepcion I. Tanglao Independent</p>	<p><i>[Signature]</i></p> <p>Francisco L.R. Castro, Jr. Independent</p>
<p><i>[Signature]</i></p> <p>Allan C. Nerves Independent</p>	<p><i>[Signature]</i></p> <p>Isidro E. Cacho, Jr. Market Operator Philippine Electricity Market Corporation (PEMC)</p>
<p><i>[Signature]</i></p> <p>Ambrocio R. Rosales Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	<p><i>[Signature]</i></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><i>[Signature]</i></p> <p>Theo C. Sunico Generation Sector (Vivant Corporation)</p>
<p><i>[Signature]</i></p> <p>Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>	<p><i>[Signature]</i></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><i>[Signature]</i></p> <p>Loretto H. Rivera Supply Sector TeaM (Philippines) Energy Corporation (TPEC)</p>	