

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
<p>Rules Change Committee</p> <p>Principal Members:</p> <p>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)</p> <p>Alternate Members:</p> <p>Henry V. dela Cruz – System Operator (NGCP) Aris Policarpio – Generation (Vivant)</p>	<p>Concepcion I. Tanglao – Independent Juanito O. Tolentino, Jr. – Distribution (MECO) Ludovico D. Lim – Distribution (ANTECO) Ambrocio R. Rosales – System Operator (NGCP)</p>
<p>PEMC – Legal</p> <p>Caryl Miriam L. Mateo Sheryll M. Dy</p>	

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.

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

 10
 11 **2.1. Finalization of the Proposed Amendments to the WESM Manual on Metering**
 12 **Standards and Procedures relative to WESM Design Enhancements**

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

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

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

 22 The sample calculation also detailed the computations for transformer losses, line currents
 23 and line losses. From these, the adjusted active power and adjusted active energy per
 24 metering point were derived, which were then used to calculate the SSLA for each metering
 25 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%

 26 Comparing the results of the computation, it was noted that the calculation of SSLA using 5-
 27 minute metering readings provides higher SSLA values ranging from 0.00072% to
 28 0.003321%. Mr. Ciprinilo C. Meneses (MERALCO) opined that considering the 0.2% accuracy

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

35
36 There having no further concerns raised, the RCC approved the inclusion of the SSLA sample
37 computation using the actual 5-minute meter readings as appendix of the WESM Manual on
38 Metering Standards and Procedures.

39 The RCC likewise reviewed and thereafter approved the draft RCC Resolution No. 2017-11
40 approving the Proposed Amendments to the WESM Manual on Metering Standards and
41 Procedures for submission to the PEM Board.
42

Agreements/Action Plans
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.

43 **2.2. RCC Resolution No. 2017-09 – Proposed Amendments to the WESM Rules and**
44 **WESM Manuals regarding Market Surveillance and Enforcement and Compliance**

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

51 Following the recommendation, the RCC approved the presented draft RCC Resolution No.
52 2017-09 approving the Proposed Amendments to the WESM Rules and WESM Manuals
53 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

54 **2.3. RCC Resolution No. 2017-10 – Proposed Amendments to the WESM Manual on**
55 **Market Operator Information Disclosure and Confidentiality for the Implementation**
56 **of Enhancements to WESM Design and Operations**
57

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

58 **2.4. Action on the Proposed Amendments to the WESM Manual on Registration,**
59 **Suspension and De-registration Criteria and Procedures regarding Bilateral**
60 **Contract Quantity declaration and Line Rental Calculation**

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

76 Subsequently, the RCC approved the re-submission to the PEM Board of the RCC resolution
77 approving the proposed amendments to the WESM Manual on Registration, Suspension and
78 De-registration Criteria and Procedures regarding BCQ Declaration and Line Rental
79 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

80 **3. New Business**

81 **3.1. Draft Proposed Amendments to the Manual of Procedures for Changes to the**
 82 **WESM Rules Issue 2.0**

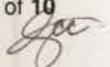
83
 84 The RCC reviewed the draft proposed amendments to the WESM Manual on Procedures for
 85 Changes to the WESM Rules as prepared by the Secretariat. The proposal intends to align
 86 the subject Manual with the WESM Rules on matters related to procedures on rules changes.

87 The highlights of the proposal are as follows:

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

100
 101 On the timeline for publication of the proposed amendments, the Secretariat also
 102 recommended for the following to reflect the current practice:
 103

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



104 The RCC agreed with the recommendation, pending the specific wording of the provision. The
105 Secretariat shall finalize the proposed amendments and will draft the corresponding
106 discussion paper and matrix, for the RCC's approval.
107

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.
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108 **4. Other Matters**

109 **4.1. PEM Board Updates**

110 Chairperson Atty. de Castro informed the RCC that the PEM Board convened on 28 July and
111 01 August 2017 but decided to defer all the items on its agenda, including the five proposed
112 amendments of the RCC.

113 As to the list of the new PEMC Board of Directors, the Secretariat shall transmit the same to
114 the RCC upon collecting the information.
115

116 **4.2. Meeting with the PEMC Transition Committee**

117
118 After the introduction of the members of the RCC, Atty. de Castro presented an overview of
119 the RCC, touching upon the following topics:
120

- 121 • WESM Governance Structure
- 122 • Responsibilities of RCC
- 123 • Members of RCC
- 124 • Rules Change Process
- 125 • Accomplishments of RCC (2005-2017)
- 126 ✓ Total Number of approved and disapproved Proposals
- 127 • On-going Activities of RCC
- 128 • RCC Work Plan for 2017

129
130 Based on the rules change process, Mr. Rauf A. Tan (Transition Committee) remarked that
131 the process seems merely reactionary to any proposed policy change since the RCC is only
132 at the receiving end of a submitted proposal. He inquired if the RCC does spearhead any
133 change in the rules. Atty. de Castro clarified that the RCC, during the development of its work
134 plan at the end of each year, identifies matters or rules that need to be amended and
135 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 a written summary of issues related to Retail Electricity Suppliers with regard to
177 the market.

178

179 Mr. Tan then asked the RCC members' opinion on what foremost changes to the existing
 180 rules are necessary. Mr. Meneses, for his part, opined that the procurement of ancillary
 181 services should be via a market mechanism instead of being contracted by the NGCP, as
 182 currently the case. This would help lessen the price of using ancillary services, especially with
 183 the increasing demand for them with the injection of variable renewable energy in the grid.
 184

185 Mr. Theo C. Sunico (Vivant) likewise added that there should finally be a disconnection policy
 186 in the wholesale and retail level for non-paying customers. He remarked that there are
 187 currently no specific procedures to effect physical disconnection of such errant customers,
 188 who could then still continuously draw power from the grid. The corresponding costs from this
 189 is then shared among the generators. Mr. Sunico clarified that the representatives of the
 190 generation and supplier sectors in the RCC had principally worked together to introduce
 191 disconnection policies which the RCC submitted to the PEM Board and later on endorsed to
 192 the DOE, but the DOE disapproved the proposal as it felt that there are still issues that needs
 193 to be addressed. On this issue, the ERC had likewise clarified that there is an existing law
 194 prohibiting disconnection of customers that supersedes any relevant provision on the matter
 195 that might be introduced in the WESM Rules.
 196

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

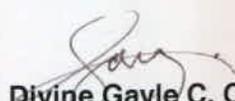
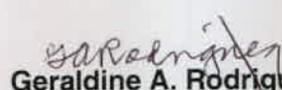
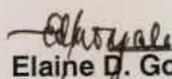
199 **5. Next Meeting**

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

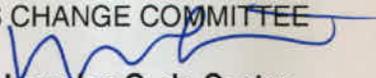
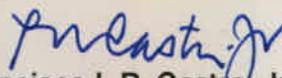
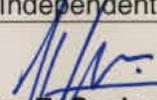
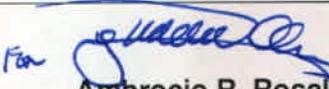
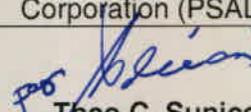
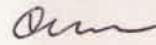
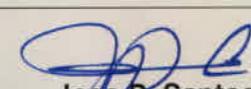
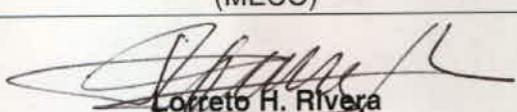
- 201 • September 1
- 202 • October 6
- 203 • November 10
- 204

205 **6. Adjournment**

206 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



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)
 Loreto H. Rivera Supply Sector TeaM (Philippines) Energy Corporation (TPEC)	