

**MINUTES OF THE 99th MEETING OF THE RULES CHANGE COMMITTEE**  
**Regular Meeting No. 2015-04**

<b>Meeting Date&amp; Time:</b>	08 April 2015
<b>Meeting Venue:</b>	9th Floor PEMC Training Rooms 2&3
<b>Attendance List</b>	
<b>In Attendance</b>	<b>Not In Attendance</b>
<b>Committee Members:</b> Maila Lourdes G. De Castro, Acting Chairperson – Independent Concepcion I. Tanglao, Member – Independent Joselyn D. Carabuena, Member – Generation (PSALM) Jose Ferlino P. Raymundo, Member – Generation (SMC Global) Theo Cruz Sunico, Member – Generation (1590 EC) Jose P. Santos, Member – Distribution (INEC) Lorreto H. Rivera, Member – Supply (TPEC) Ambrocio R. Rosales, Member – System Operator (NGCP) Isidro E. Cacho, Jr., Member – Market Operator (PEMC)  <b>Alternate Member:</b> Ryan S. Morales, Alternate – Distribution (MERALCO)	Francisco L. R. Castro, Jr., Member – Independent Ciprinilo C. Meneses, Member – Distribution (MERALCO) Gilbert A. Pagobo, Member – Distribution (MECO)
<b>PEMC</b> Chrysanthus S. Heruela - MAG Geraldine A. Rodriguez – MAG Ma. Delia Arenos – MAG Romellen C. Salazar – MAG Caryl Miriam Y. Lopez – Legal Marcial J. Jimenez – TOD Edward I. Olmedo –TOD	
<b>Others: (DOE/ ERC Observers/Other Resource Persons):</b> Ferdinand B. Binondo – DOE Alfie Miras – SNAP Lew Lopez – APC Dennis dela Serna – APC Roel Calano – GMCP	

There being a quorum, Acting Chairperson Atty. Maila Lourdes de Castro called the meeting to order at around 9:00 AM.

1 **I. AGENDA:**

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- 3 The Proposed Agenda for the 99th RCC Meeting was approved, as amended.
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## II. REVIEW, CORRECTION AND APPROVAL OF THE MINUTES OF THE 98th RCC MEETING

The RCC reviewed the Minutes of the 98<sup>th</sup> RCC Meeting. The Minutes of the 98<sup>th</sup> RCC Meeting was approved, with amendments specified below:

- Page 3, paragraph 4: Relatedly, Ms. Joselyn Carabuena expressed that the DOE Circulars are, to some extent, ~~tailor-made~~ pertain to the Power Sector Assets and Liabilities Management (PSALM) Corporation and the National Power Corporation (NPC) to address its delinquent customers.

Page 6, bullet 1: Mr. Rosales similarly opined that the registered ramp rates should be the technical ramp rate of Generators which, Atty. Layugan stated, is a result of testing. Mr. Rosales further commented that as a strategy to maximize generation, the ramp rate can be changed in their nomination with different settings and not based on technical capability. For example, when the unit is projected to increase its output, the ramp rate that will be nominated would have fast ramp up rate and when it is projected to decrease its output, the nomination would have very slow ramp down rate say 0.1 per second.

- Page 10, last paragraph: On Section 4.3 regarding the *List of Significant Variations*, PIPPA recommended adding under the category "System Operator" the following reports: (1) MRU Dispatched; (2) Ancillary Services; (3) Actually Dispatched; (4) Congestion Reports; and (5) Re-dispatched Generators in accordance to WMOT due to instances when frequency deviates beyond 59.7 Hz and 60.3 Hz.

## III. BUSINESS ARISING FROM THE PREVIOUS MEETING

### 1. Updates from the Sub-Committees in relation to the Proposed Amendments to the Rules on Disconnection

Mr. Theo Sunico informed the body that the Sub-Committee on Disconnection for the WESM met on March 17 to draft the revised proposal to the WESM Rules. Said revised proposal already incorporates the previous discussions of the RCC. However, Mr. Sunico requested the deferment of the posting of the proposal for comments, pending receipt of further comments that will be submitted by PEMC. As expressed by Mr. Isidro Cacho, PEMC is reviewing the relevant ERC documents, such as the Distribution Services and Open Access Rules (DSOAR) and other ERC guidelines, to determine if the Generator Proposal will have an impact on, or will be inconsistent with said ERC documents.

Noting the request from the Sub-Committee for Wholesale Disconnection, the RCC agreed to defer the publication of the Proposed Amendments to the WESM Rules on Wholesale Disconnection pending PEMC's submission of comments on the draft Proposal from the Sub-Committee for Wholesale Disconnection.

Relatedly, the Sub-Committees on Disconnection for RCOA likewise agreed to meet on 15 April to finalize the Proposal for the Retail and DU disconnection. Participants for said meeting include members from the Supply and DU sectors, as well as the SO and MO.

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56 **2. Proposed Amendments to the Administered Price Determination Methodology**  
57 **Manual: Updates on the Revised Proposal by PIPPA**  
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59 The RCC deferred the discussions on the matter, following the request from the Generators.  
60 Mr. Jose Ferlino Raymundo explained that the Proposal, which emanated from 1590 EC, is  
61 still being finalized. He informed the RCC that several meetings were already conducted by  
62 the PIPPA Technical Working Group (TWG) handling the revised Proposal on APDM based  
63 on previous RCC discussions and recommendations to equate Administered Price (AP) with  
64 the Nominated Price (NP). He likewise relayed that in one of those meetings, a new Proposal  
65 for amendments to the APDM Manual in relation to line rental during AP situations surfaced,  
66 which was submitted as a comment to PEMC's proposal to the APDM Manual (see  
67 discussions on PEMC's Proposed Amendments to the APDM Manual). Mr. Raymundo  
68 explained that whether the 1590 EC formula or the PEMC formula for APDM is adopted, the  
69 proposal by PIPPA will still be applicable.  
70

71 Mr. Raymundo further expressed that the revised proposal on APDM by PIPPA/1590EC on  
72 the Nominated Price will be submitted to the RCC once it is finalized.  
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74 The information from Mr. Raymundo was noted by the RCC.  
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76 Following the request from the Generators, the RCC agreed to defer further discussions on  
77 the matter.  
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80 **3. Proposed Amendments to the Manual on the Management of Must-Run Units**  
81 **and Must Stop Units Issue 5**  
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83 The Secretariat explained that PEMC's Proposed Amendments to the MRU-MSU Manual  
84 Issue 5 is in compliance with ERC's order for PEMC to reflect the detailed procedures for the  
85 computation of the Generation Price Index (GPI). The Secretariat further explained that in  
86 response to the RCC's call for comments on the Proposal, PIPPA submitted its comments  
87 which, in general, states that the current pricing mechanism based on GPI needs updating.  
88 Said comments of PIPPA is in consideration of the expiration of the NPC Transition Supply  
89 Contracts. Moreover, according to PIPPA, the current GPI pricing mechanism is not sufficient  
90 to compensate generating units, which are usually designated as MRUs, for costs incurred in  
91 running the plants.  
92

93 The RCC recalled that PIPPA already previously submitted comments in relation to the  
94 previous proposal for amendments recently approved by the PEM Board, wherein PIPPA  
95 recommended a pricing mechanism based on Nominated Price to replace the GPI. Mr.  
96 Raymundo admitted that this time, for the current proposal by PEMC, PIPPA was unable to  
97 recommend an alternative pricing mechanism. He expressed that once PIPPA has finalized  
98 the Generators' proposed formulation of the Nominated Price, it can perhaps submit a  
99 proposal to amend the MRU-MSU in order to align the pricing mechanism in the MRU-MSU  
100 manual with PIPPA's proposal for amendments to the APDM.  
101

102 After giving due course on the proposal and the comments received from PIPPA, the RCC  
103 approved the Proposed Amendments to the MRU-MSU Issue 5.0 and likewise agreed on its  
104 endorsement to the PEM Board for approval. Further, the RCC noted that PIPPA's comments

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will be considered in future discussions once the Generators have submitted their pending proposal on APDM.

On a related note, Mr. Raymundo inquired if the Proposal, once endorsed by the RCC and approved by the PEM Board, will have to go through the ERC approval. He expressed that the recently approved MRU-MSU Manual Issue 5 has not yet been filed before the ERC.

In response, Atty. Caryl Lopez-Mateo explained that only amendments related to price requires filing before the ERC. Mr. Cacho explained that in the case of the approved MRU-MSU Manual Issue 5, it is already in effect, in consideration of the PEM Board approval and publication requirements, except for those provisions related to pricing and formula, which will be filed before the ERC upon the DOE's directives and granting of authority to PEMC to file the same. In so far as the non-price related provisions are concerned, these have already taken effect 15 days upon publication of the revised Manual.

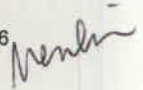
Relatedly, Mr. Jose Santos inquired if the payment, as price takers, for non-security related dispatch is already in effect, pending the filing with the ERC of the relevant provisions in the MRU-MSU Manual Issue 5. Mr. Raymundo responded that under the MRU-MSU Manual Issue 5, non-security related dispatch is no longer paid as MRU and is effectively now paid as a price taker. Ms. Geraldine Rodriguez added that the RCC agreed to put in writing that non-security related dispatch will be paid as a price taker. Said amendments were incorporated in the on-going Proposal by PEMC in the Dispatch Protocol Manual. She reiterated that based on discussions and agreement by members of the RCC, in the meantime that said proposal has not been passed, by default, non-security related dispatch of Generators will be paid as a price-taker.

#### **4. Proposed Amendments to the Administered Price Determination Methodology Manual by PEMC**

The RCC discussed the PEMC's Proposed Amendments to the APDM Manual and gave due course to the comments received from PIPPA and SNAP. In the previous discussion (refer to III-2), it was noted that PIPPA's comment constitutes a new proposal on the settlement for AP with particular focus on the load, as it eliminated line rental during AP situations.

Based on presentations made by Mr. Jonathan dela Vina of PEMC-CPC and Mr. Millan Libongco of PEMC-BSMD, the PEMC's Proposal can be summarized, as follows.

- i. For process improvement and fairness - Provides for Administered Price in instances when a generating plant has not produced electricity for the last previous four weeks;
- ii. For removal of cross-subsidy - Ensures appropriate settlement in trading intervals when regional administered pricing is applied and the administered region exports energy to the non-administered region;
- iii. For clarity - Includes additional terms in the formula for calculating the settlement amount in consideration of bilateral contracts to be consistent with Section 4.2.4 of the APDM Manual; and
- iv. For transparency and recognition of appropriate account - Integrates costs attributable to bilateral contract quantities when price differences between Administered region and Non-Administered region occur due to difference in pricing mechanisms. Instead of being called **Line Rental amount**, it is



proposed that the customer administered settlement amounts be accounted as  
**“amounts associated with bilateral contract quantities.”**

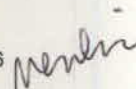
The affected provisions are detailed in the following matrix as shown in the presentation:

No.	Title	Provisions Affected	Rationale
1	Generator Administered Prices - Average Ex-Post Nodal Energy Price	Section 4.2; addition of new provision	For process improvement and fairness - Provides for alternate values when a generating plant has not produced electricity for the last previous four weeks, resulting to indeterminate values.
2	Regional Application of Market Suspension or Intervention	Clause 4.2.5.2 and Appendix A	For process improvement. Removal of cross-subsidy.
3	Customer Settlement Amounts	Clause 4.2.2.1	For clarity
4.	Computation of Line Rental	Section 4.2.6, Clause 4.2.7.2, and Clause 4.2.7.3	For recognition of true costs – restated as computation of amounts associated with bilateral contract quantities

Mr. Roel Calano, who was also present during the meeting to explain PIPPA's comments on the proposal, made a brief presentation. The proposal focuses on the load rather than the generator and essentially explains a recommended settlement option by the load considering spot quantity without consideration of line rental. He explained that in times of AP events, there is no nodal price, only system price, and line rental should not be a consideration because line rental only happens when there is loss and congestion. Below are the highlights of the presentation made by Mr. Calano.

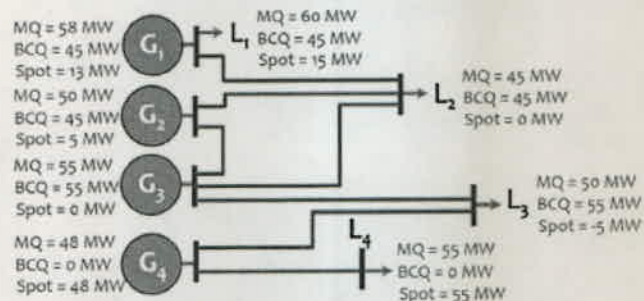
### Salient Features of the APDM

- ❖ APDM are governed by the historical price of the generator
- ❖ There are no Nodal Prices for the Load
- ❖ There is no Net Settlement Surplus (NSS)
- ❖ Causers Pay
- ❖ Bilateral Contract Quantity (BCQ) was already served at contract Price, thus line rental should not be influence by the market prices
- ❖ Inter region APDM apply



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### Calculation of Administered Price



Administered Price of  $G_1$  = Php 1.0 per kwh  
 Administered Price of  $G_2$  = Php 2.0 per kwh  
 Administered Price of  $G_3$  = Php 3.0 per kwh  
 Administered Price of  $G_4$  = Php 4.0 per kwh

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### Calculation of Settlement Amount of Generator

#### Generator Settlement

$TA = \text{Spot} \times \text{Admin Price}$

$TA_{G1} = 13 \times 1 = \text{Php } 13$

$TA_{G2} = 5 \times 2 = \text{Php } 10$

$TA_{G3} = 0 \times 3 = \text{Php } 0$

$TA_{G4} = 48 \times 4 = \text{Php } 192$

$TTA = TA_{G1} + TA_{G2} + TA_{G3} + TA_{G4}$

$TTA = 13 + 10 + 0 + 192 = \text{Php } 215$

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### Determination of Administered Price

$$AP_{Gen-i} = \frac{\sum_{D=1}^4 EPP_{Gen-i,D} * MQ_{Gen-i,D}}{\sum_{D=1}^4 MQ_{Gen-i,D}} \quad SA_{Load-j} = \left( \frac{\sum_{i=1}^n AP_{Gen-i} * MQ_{Gen-i}}{\sum_{j=1}^m MQ_{Load-j}} \right) * MQ_{Load-j}$$

EPP = Ex-Post Price  
AP = Administered Price  
D = number of historical trading days to be considered  
i = Generator resources (Suppliers)  
MQ = Meter Quantity  
SA = Settlement Amount  
n = number of generator resources with positive meter quantity  
m = number of load resources with negative meter quantity  
j = Load resources (Customers)

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### Calculation of Administered Price – Option 1

#### Load Settlement

$$SA_{Load-j} = \left( \frac{\sum_{i=1}^n AP_{Gen-i} * MQ_{Gen-i}}{\sum_{j=1}^m MQ_{Load-j}} \right) * MQ_{Load-j} \quad AP_{Gen-i} = \frac{\sum_{D=1}^4 EPP_{Gen-i,D} * MQ_{Gen-i,D}}{\sum_{D=1}^4 MQ_{Gen-i,D}}$$

#### Load Settlement with Bilateral

$$AP_{Load-j} = \frac{\sum_{i=1}^4 AP_{Gen-i} * MQ_{Gen-i}}{\sum_{j=1}^4 MQ_{Load-j}} = \frac{58 * 1 + 50 * 2 + 55 * 3 + 48 * 4}{60 + 45 + 50 + 55} = 2.45$$

$$SA_1 = 2.45 * 60 * 1 * 45 = 102.14 \quad SA_2 = 2.45 * 45 * 2 * 45 = 20.36$$

$$SA_3 = 2.45 * 50 * 3 * 55 = -42.38 \quad SA_4 = 2.45 * 55 * 4 * 0 = 134.88$$

$$TTA = TA_{L1} + TA_{L2} + TA_{L3} + TA_{L4}$$

$$TTA = 102.14 + 20.36 + (-42.38) + 134.88 = \text{Php } 215$$

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### Calculation of Administered Price – Option 2

#### Load Settlement

$$SA_{Load-j} = \left( \frac{\sum_{i=1}^n AP_{Gen-i} * Spot_{Gen-i}}{\sum_{j=1}^m Spot_{Load-j}} \right) * Spot_{Load-j} \quad AP_{Gen-i} = \frac{\sum_{D=1}^4 EPP_{Gen-i,D} * MQ_{Gen-i,D}}{\sum_{D=1}^4 MQ_{Gen-i,D}}$$

#### Load Settlement with Bilateral

$$\text{Total Spot Quantity} = Spot_{L1} + Spot_{L2} + Spot_{L3} + Spot_{L4}$$

$$\text{Total Spot Quantity} = 15 + 0 + (-5) + 55 = 65$$

$$SA_1 = \left( \frac{215}{65} \right) * 15 = 49.62 \quad SA_2 = \left( \frac{215}{65} \right) * 0 = 0.0$$

$$SA_3 = \left( \frac{215}{65} \right) * (-5) = -16.54 \quad SA_4 = \left( \frac{215}{65} \right) * 55 = 181.92$$

$$TTA = TA_{L1} + TA_{L2} + TA_{L3} + TA_{L4}$$

$$TTA = 49.62 + 0.0 + (-16.54) + 181.82 = \text{Php } 215$$

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Option 1 (Allocation using MQ but with Line Rental)		Option 2 (allocation using Spot without Line Rental)	
Spot Quantity, MW	Settlement Amount, PHP	Spot Quantity, MW	Settlement Amount, PHP
15	102.14	15	49.62
0	20.36	0	0
-5	-42.38	-5	-16.54
55	134.88	55	181.92
65	215	65	215

Mr. Calano emphasized that during administered price situations, the market is unable to generate a price at the load side. Further, since the APDM applies cost allocation, effectively, when there is no price, it is not possible to generate surplus.

Atty. Lopez-Mateo commented that perhaps Generators should consider that they should take a share in the losses based on their bilateral contracts, considering the losses by virtue of the difference between the Generator's megawatt (MW) and the metered quantity (MQ) of the Load. She opined that somebody has to pay for the losses of the directly affected party. Mr. Cacho expressed that the matter is an issue of whether the allocation of losses should be based on MQ or net of bilateral contracts.

Mr. Raymundo stated the PIPPA's recommendation will benefit the DUs. He thus expressed that the RCC can perhaps consider incorporating the PIPPA's recommendation in the ongoing PEMC proposal, which is already subject for the RCC's approval. Mr. Cacho stated that the PEMC's proposal, in general, is to provide clarifications in the current procedure. He expressed that the recommendation embodied in PIPPA's comment will entail a substantial change in the PEMC's proposal, in case the RCC agrees to incorporate said recommendations in the PEMC's proposal. Ms. Rodriguez concurred with Mr. Cacho and stated that relative to the RCC's procedure, when major and substantial changes are made in any proposal for amendments, as in previous cases, the RCC reposts the proposal in the market information website, to solicit comments once again. Thus, the RCC has two options relative to the PEMC's proposed amendments to the APDM Manual: 1) to approve the Proposal, as submitted by PEMC; or 2) to approve the Proposal, as revised, incorporating the recommendations made by PIPPA.

At this point, Ms. Concepcion Tanglao inquired if the PIPPA's recommendation will entail ERC's approval. Mr. Calano responded that ERC's approval is required since the PIPPA's proposal involves changes in the settlement formula. Mr. Ferdinand Binondo further inquired if the PEMC's proposal requires the ERC's approval as well. Mr. Cacho responded that since PEMC's proposal is in compliance with the ERC's directives, it will require the PEM Board's approval only. He reiterated that the PEMC's proposal is merely to reflect the detailed

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procedure for computing the GPI, as already directed by ERC, without any changes in the formula or pricing mechanism.

Ms. Rodriguez inquired if PIPPA's recommended formula for the removal of line rental as embodied in its comments should be treated separately with the Generator's on-going Proposal on APDM in relation to the Nominated Price, which is still being subject to revisions by PIPPA. Mr. Raymundo responded, and with concurrence from Mr. Cacho, that these two are different in nature and thus, should be treated separately. Mr. Cacho explained that the original proposal by Generators on Nominated Price has something to do with the determination of the Price that is to be used, while the subject of PIPPA's comment relative to PEMC's proposal is related to cost allocation. Mr. Raymundo clarified further, that the formula being introduced now by PIPPA will be applicable whether the GPI or the Nominated Price is adopted.

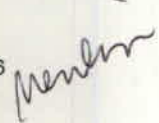
Mr. Raymundo opined that during AP situations, line rental should be removed. He stated, however, that since the formula being introduced by PIPPA in its comment to PEMC's proposal has an effect on the load side, then it is still the DUs that would be in a better position to determine which formula would be better for them. On this note, Atty. De Castro requested the DUs to put in writing their position relative to PIPPA's recommended formula, which was noted by Mr. Santos.

On the part of Ms. Lorreto Rivera, she opined that the RCC should perhaps set a deadline for DUs to confirm whether the comments of PIPPA should be submitted as a separate proposal, from DUs or as part of PIPPA's proposal (in relation to NP). She expressed agreement on PIPPA's recommendation, particularly on option two, as this would benefit the Customers. Ms. Rivera explained that whatever costs are shouldered by the DUs are merely passed on to customers. She stated that based on option two in the PIPPA's presentation, it makes sense getting covered by bilateral contracts to get shielded from high prices. Ms. Rivera expressed that she would bring the matter to RESA's knowledge, for consideration in coming up with a similar proposal for the Supply sector.

As a clarification, Mr. Calano stated that it is not correct to say that the PIPPA's recommendation is favorable to the DU's, explaining that the proposal is merely correcting the procedure and making it consistent with the net settlement allocation. He explained further that based on PIPPA's recommended formula, DU's settlement price would go down, but there will be DU settlement prices that would also go up based on the proposal.

Following the discussions, Atty. De Castro opined that the RCC may already approve the PEMC proposal, if that is the pleasure of the body, without having to wait for the DU's decision relative to the PIPPA's recommendation, also in consideration that the PIPPA recommendation substantially changes the PEMC proposal and further, it will have to go through the ERC's approval, in case approved by the RCC and subsequently by the PEM Board.

Based on the expressions made by Ms. Rivera, Mr. Raymundo inquired if there are restrictions in submitting joint proposals by the different sectors. Atty. De Castro responded that for as long as the sectors are in agreement, there is no problem submitting a joint proposal to the RCC. On this note, Mr. Raymundo stated that, if the Supply Sector will carry the PIPPA's recommended formula, then they will submit it as a proposal, and possibly, incorporate it in the pending proposal by PIPPA in relation to NP.



The RCC noted the expressions made by the parties.

At this point, following the discussions and after giving due course to the proposal and the comments received, the RCC approved the PEMC's proposed amendments to the APDM Manual, and agreed to endorse the same to the PEM Board, for its approval.

## 5. Proposed Amendments to the Dispatch Protocol Manual

- SNAP's Proposed Amendments to the Dispatch Protocol Manual in relation to Dispatch Tolerance

The RCC deliberated upon the proposal and gave due course on the comments received from the MSC and PEMC. The comments of the parties can be summarized as follows. Present during the meeting was Mr. Alfie Miras, who acted as resource person from SNAP to respond to concerns relative to the Proposal.

Summary of Comments	
MSC	PEMC
<ol style="list-style-type: none"> <li>1. The Proposal is unclear as it did not specify what type of renewable energy is being referred to in the Proposal;</li> <li>2. The Proponent did not provide a justification for the proposed <i>dispatch tolerance limit</i> for renewable resources, which is the <b>max of the derived values of the +/-3% of RTD, or the minimum (+/-10% of the interconnection facilities, +/-0.1% of the peak demand));</b></li> <li>3. The proposed formula is not justified on the basis of the claim that the DTL should have considered technical constraints, such as meter accuracy, frequency fluctuations, etc, as the proposed formula did not at all consider the technical constraints as mentioned by the Proponent;</li> <li>4. The Proposal provided a description of the DTL for Renewables (REs) only, without specifying what is applicable for non-REs, and whether or not the +/-3% will be maintained for the latter; and</li> <li>5. There is inconsistency between the proposed formula and the narrative description of said formulation.</li> </ol>	<ol style="list-style-type: none"> <li>1. The WESM Rules provision requiring the setting of dispatch tolerance standards for each type of plant and location should be implemented;</li> <li>2. The applicability of the current DTL setting of +/- 3% may already be up for review having observed that some power plants' MW deviations are fairly consistent regardless of schedule, but the % deviation widely vary depending on the schedule;</li> <li>3. Instead of SNAP's Proposal to amend the Dispatch Protocol Manual, the power plant can instead request for a ruling on the appropriate dispatch tolerance from the System Operator, as provided under the WESM Rules provisions; and</li> <li>4. The proposal is not justified on the basis of meter inaccuracy as mentioned by SNAP.</li> </ol>

The Technical Committee, likewise, commented, in the context of its letter to the RCC requesting for clarifications relative to the RCC's request for a study on the applicability of the +/-3% dispatch tolerance limit per technology type, that under the WESM Rules, the SO has the responsibility to develop the dispatch tolerance standards, including the updating of the +/-3% limit.

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After conducting due deliberations on the proposal as well as on the comments received, and upon determining that the proposal lacked clarity and sufficient justifications, the RCC unanimously disapproved the Proposed Amendments to the Dispatch Protocol Manual in relation to Dispatch Tolerance and agreed to report the RCC's action to the PEM Board, for its information.

However, in recognition of the concerns pointed out by SNAP in its proposal, the RCC agreed to request the SO in coordination with the MO, to review the dispatch tolerance limit for each plant type and location. This is in recognition of the WESM Rules provision that the SO shall develop the dispatch tolerance limits for each type of plant and location. In addition, SNAP agreed that it will submit a recommended, parallel computation of its threshold level, in absolute MW, as regards its dispatch tolerance limits. The SNAP's own computation shall serve as input to the joint SO-MO study on dispatch tolerance limits.

As suggested by Mr. Ambrocio Rosales and concurred by the RCC, the MO and SO shall use the historical data on dispatch deviations of plants for its study and present the initial results to the RCC in the next meeting to determine if there is a need to create a TWG or pursue the RCC's request for the Technical Committee to conduct said study.

As regards the RCC's request to TC for a study, Ms. Tanglao inquired if the same is still necessary noting that the TC emphasized in its memo to the RCC the SO's responsibility to develop the dispatch tolerance limits for each plant and location as provided for under the WESM Rules. Mr. Cacho opined that the TC's letter is merely requesting for clarifications from the RCC and is not rejecting the RCC's request.

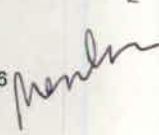
Following the discussions, the RCC agreed to write to TC to respond to the TC's request for clarifications on items (a) and (b) in its memo. The RCC's response will contain the points indicated below:

- On item (a), the RCC clarified that the main issue relative to SNAP's proposal is when the scheduled plant is dispatched at a lower MW level, which makes it difficult for some of them to comply with the dispatch tolerance limit currently set at +/-3%, while the RCC's request for the study is for the purpose of determining the DTL per plant/technology type; and
- On item (b), while SNAP's proposal pertains to RE's only, the intent of the RCC's request is for TC to study the applicable dispatch tolerance for each plant type.

However, following the RCC's discussions above, the RCC agreed that it will await the result of the SO and MO study on the dispatch deviations of plants based on historical data, to determine if there is a need for a TWG or further study by TC.

- PEMC's and RCC's Proposed Amendments to the Dispatch Protocol Manual

As a background, Mr. Olmedo explained that based on previous instructions from the RCC, PEMC revised the Proposed Amendments to the Dispatch Protocol Manual incorporating the previous RCC discussions and agreements, including, among others, the procedures for the preparation of the WESM merit order table.



Mr. Olmedo explained that the current Manual Issue is Issue 11, while the take off of the PEMC's original proposal is Issue 9 of the Manual because at the time that the proposal was being drafted by the PEMC, the succeeding issues of the Manuals have not yet been approved. He added that when the PEMC proposal was approved by the RCC for posting for comments, the RCC agreed to incorporate its own proposal on the payment for non-security related Dispatch as price takers.

He explained that what will be incorporated in the Proposal are the recent amendments in the Dispatch Protocol Manual, including the General Amendments (from Issue 9 to Issue 10) in relation to the Reserve Market involving the addition of Appendix A.12, which is just the same as the Urgent Amendments that was approved by the RCC and subsequently by the PEM Board as Urgent Amendments. He explained that further revisions to the Manual were approved by the RCC and the PEM Board to incorporate changes relative to MRU, which is now embodied in the current Dispatch Protocol Manual Issue 11.

To incorporate all these recently approved changes in the Dispatch Protocol Manual in the PEMC's proposal, Mr. Olmedo stated that aside from the revisions as instructed by the RCC, he revised the Manual further to consider the above-mentioned approved changes in the Manual.

Noting the above information from Mr. Olmedo, the RCC agreed to repost the proposed amendments in the website for comments, for purposes of transparency. Considering that the PEMC's proposed revisions is an overhaul of the Manual with the new formatting and section re-numbering, the RCC determined that it will be difficult to put the proposal in the matrix form and thus, agreed to publish the Manual as revised, together with a summary of changes made to the Manual.

#### **6. Draft RCC-Proposed Amendments to the WESM Rules Relative to Standing Bids and Offers**

Mr. Cacho presented the draft Proposal for amendments to the WESM Rules as instructed by the RCC, to incorporate that standing bids and offers will have no expiration. Said proposal is in preparation for the implementation of the new MMS.

The Proposal emanated from the previous RCC discussion when it was noted that some Generators fail to submit or update their standing offers, which impacts on the scheduling in the market.

Following the presentation, the RCC concurred on the Proposal. It was agreed that the same will be carried as an RCC Proposal. The MO, through Mr. Cacho, was requested to finalize the proposed amendments to the WESM Rules on Standing Bids and Offers, and prepare the necessary matrices and discussion paper.

The proposal will be endorsed to the RCC later for approval of its publication.

#### **7. Draft RCC-Proposed Amendments to the WESM Rules and Applicable Market Manuals in Relation to the PEM Board Directives to Review and Propose Changes to Relevant Provisions in the WESM Rules and Affected Market Manuals on the Prescriptive Period for the Validation of MRU/MSU Data.**

Relative to the PEM Board directives and the RCC's request to the MO to craft the Proposal for the RCC, Mr. Cacho presented the draft Proposal to the following Manuals:

- WESM Rules
- Billing and Settlement Manual
- Dispute Resolution Manual
- Administered Price Determination Methodology Manual

The RCC concurred with the PEMC Proposal, subject to consultation with the Customers.

The RCC requested PEMC to finalize the Proposal based on the requirements of the RCC, including the matrix of proposed amendments and discussion paper, and present the same in the next RCC meeting for decision on its publication for comments.

#### **8. Result of PEMC Simulations Relative to RCC's Request on the Computation of the EAQ of Generators Based on the Suggested Factor "b" that will be Incorporated in the Formula for MSUs and DGs**

Mr. Marcial Jimenez of PEMC presented the result of the simulations previously requested by the RCC, relative to the revision on the formula for Ex Ante Quantity (EAQ) of the Must- Stop Unit (MSU) and Displaced Generators (DGs), to account for the house load of Generators based on the suggested factor "b."

Following the presentation made by Mr. Jimenez, the RCC concurred with the revised formula as presented. The RCC requested PEMC to finalize the proposal based on the RCC's requirements (matrix of proposed amendments and discussion paper) and provide the same to the RCC. It was agreed that the same shall be carried as an RCC proposal.

### **IV. NEW BUSINESS**

#### **1. APC's Proposed Amendments to the WESM Rules and the Billing and Settlement Manual**

Mr. Lew Lopez presented the APC's Proposed Amendments to the WESM Rules and the Billing and Settlement Manual, to seek the RCC's approval on its posting to solicit comments of participants.

The proposed amendments seek to harmonize the requirements of the Bureau of Internal Revenue (BIR) for claiming deductible expenses in order that affected WESM members/Trading Participants may be able to provide sufficient documentation in claiming deductible expenses from the BIR and ensure that deductible expenses are recognized. The term "WESM member" and "Trading Participant" are used merely to reflect the manner of usage in the WESM Rules and market manuals.

Following the presentation from Mr. Lopez, the RCC approved the publication of APC's Proposed Amendments to the Billing and Settlement Manual, to solicit comments of participants.



**2. APC's Proposed Amendments to the WESM Rules and Manuals on MRU-MSU and APDM**

Mr. Lew Lopez then presented the APC's Proposed Amendments to the WESM Rules and the Manuals on MRU-MSU and the APDM, to seek the RCC's approval on its posting to solicit comments of participants.

The Proposal involves the setting of a timeline for the filing of claims to ensure transparency in the settlement process and efficient operation of the WESM.

Following the presentation from Mr. Lopez, the RCC approved the publication of APC's Proposed Amendments to the MRU-MSU Manual.

**V. OTHER MATTERS**

**1. Updates on the DOE's Public Consultation in Relation to the Roles of IPPs, IPPA's and Generators**

Ms. Tanglao shared that the DOE conducted public consultations on March 30-31, which she was asked to attend in behalf of Dr. Rowena Guevara, then Chair of RCC, on the following subjects:

- WESM Accreditation Program
- WESM Industry Code of Ethics
- Roles and Responsibilities of Generation Companies, IPP Administrators, and Plant Operators

The information was noted by the body. The RCC requested for a copy of the presentation materials during the public consultations. Following the RCC's request, the Secretariat expressed that copy of the presentation will be provided to the RCC.

**2. Updates on the Membership Composition of the RCC**

Ms. Rodriguez informed the RCC that with the recent appointment of Dr. Rowena Cristina L. Guevara as Undersecretary of the DOST, her position as Independent Member and Chairperson of the RCC is deemed vacant. She explained that this is on the basis of WESM Rules provision that the RCC membership shall mirror the PEM Board membership, wherein Independent members of the PEM Board shall be independent from the power sector and the government. The RCC expressed its thanks to Dr. Guevara for her invaluable contribution to the RCC during her stay as the RCC Chairperson.

In view of the above, the RCC agreed that the three Independent Members of the RCC shall take turns in acting as Chairperson of the RCC for a period of 6-months each, until a new Chairperson is appointed by the PEM Board.

The RCC voted Atty. Maila De Castro as the Acting Chairperson for the current period.

### 3. Schedule of the Next PEM Board Meeting

Ms. Rodriguez informed the RCC of the schedule of the PEM Board meeting for April 2015, as follows:

BRC: April 23, 10:00AM  
PEM Board: April 28, 12 noon

The Secretariat was requested by the RCC to finalize the list of RCC Agenda items for the PEM Board, and on the basis of which the Independent members shall agree on presenters for said matters.

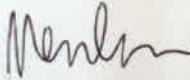
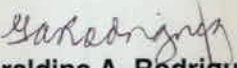
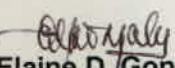
### VI. NEXT MEETING

The RCC was reminded of the previous agreement to meet on the following dates in the succeeding months of 2015:

- 100<sup>th</sup> RCC Meeting – May 6
- 101<sup>st</sup> RCC Meeting – June 3
- 102<sup>nd</sup> RCC Meeting – July 1

### VII. ADJOURNMENT

There being no other matters at hand, the meeting was adjourned around 3:15 PM.

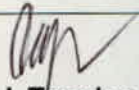
Prepared By:	Reviewed By:	Noted By:
 <b>Romellen C. Salazar</b>	 <b>Geraldine A. Rodriguez</b>	 <b>Elaine D. Gonzales</b>
<b>Analyst – Market Governance Administration Unit</b> <b>Market Assessment Group</b>	<b>Assistant Manager – Market Governance Administration Unit</b> <b>Market Assessment Group</b>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




Approved by:  
**RULES CHANGE COMMITTEE**

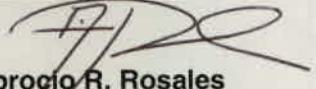
**Maila Lourdes G. de Castro**  
Acting Chairperson, Independent

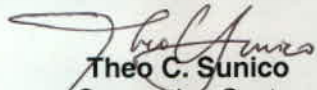
**Members:**


  
**Concepcion I. Tanglao**  
Independent

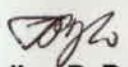
**Francisco L.R. Castro, Jr.**  
Independent  
Tensaiken Consulting

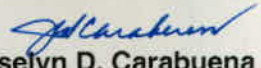
  
**Isidro E. Cacho, Jr.**  
Market Operator  
Philippine Electricity Market Corporation  
(PEMC)

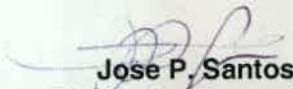
  
**Ambrocio R. Rosales**  
Transmission Sector  
National Grid Corporation of the Philippines  
(NGCP)

  
**Theo C. Sunico**  
Generation Sector  
1590 Energy Corporation

  
**Lorreto H. Rivera**  
Supply Sector  
TeaM (Philippines) Energy Corporation

  
**Jose Ferlino P. Raymundo**  
Generation Sector  
SMC Global

  
**Joselyn D. Carabuena**  
Generation Sector  
Power Sector Assets and Liabilities Management  
Corporation (PSALM)

  
**Jose P. Santos**  
Distribution Sector (EC)  
Ilocos Norte Electric Cooperative, Inc.  
(INEC)

**Ciprinilo C. Meneses**  
Distribution Sector (PDU)  
Manila Electric Company  
(MERALCO)

**Gilbert A. Pagobo**  
Distribution Sector  
Mactan Electric Company  
(MECO)