

**MINUTES OF THE 102nd MEETING OF THE RULES CHANGE COMMITTEE
Regular Meeting No. 2015-07**

Meeting Date& Time:	01 July 2015
Meeting Venue:	9th Floor PEMC Training Rooms 2&3
Attendance List	
In Attendance	Not In Attendance
<p>Committee Members: Maila Lourdes G. de Castro, Chairperson-- Independent Francisco Leodegario R. Castro, Jr., Member-- 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) Ciprinilo C. Meneses, Member -- Distribution (MERALCO) 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)</p> <p>Alternate Member:</p>	<p>Gilbert A. Pagobo – Distribution--MECO</p>
<p>PEMC Geraldine A. Rodriguez – MAG Divine Gayle Cruz – MAG Kathleen Estigoy – MAG Caryl Miriam Y. Lopez -- Legal Edward I. Olmedo – TOD Marcial J. Jimenez –TOD</p>	
<p>Others: (DOE/ ERC Observers/Other Resource Persons): Ferdinand B. Binondo -- DOE Alfie Miras – SNAP Leo Robel, Jr. – SNAP Dominic Pacaba – SNAP</p>	

There being a quorum, 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 102nd RCC Meeting was approved, as presented, with changes
 4 in the order of discussion/presentation.
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7 **II. REVIEW, CORRECTION AND APPROVAL OF THE MINUTES OF THE 101st RCC**
 8 **MEETING**

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10 The RCC reviewed the Minutes of the 101st RCC Meeting held on 03 June 2015 and approved
11 the same with the following revisions.
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- 13 • **Page 13, line 22:** In relation to the concern of Mr. Rosales, Mr. Cacho inquired from
14 the DOE representative on the status of the central scheduling of energy and
15 reserve market, which implementation was deferred by the DOE for the period after
16 summer.
17
- 18 • **Page 25, line 405:** ~~XXX Ms. Carabuena raised a similar concern relative to the~~
19 ~~discussions on the effectivity of the switch. She stated that in their case the case of~~
20 ~~one of the RE developers in the off-grid area. their difficulty lies from the fact~~
21 ~~that it takes took 2 years from the time it applied from with the DOE before they it~~
22 ~~are was issued the required certificate for the switch.~~
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- 24 • **Page 27, line 505:** In response to Mr. Meneses, Mr. Jalocon clarified that the penalty
25 is not imposed on a per interval basis. Rather, the determination whether or not the
26 generator exceeds the 18% provision of the Grid Code will be done on an annual basis,
27 and in such case, the Generator may be sanctioned.
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29 30 **III. BUSINESS ARISING FROM THE PREVIOUS MEETING**

31 32 33 **1. Proposed Amendments to the WESM Rules on Wholesale Disconnection:** 34 **Updates from the Sub-Committee on Wholesale Disconnection** 35

36 Mr. Theo Sunico presented the revised Proposed Amendments to the WESM Rules on
37 Wholesale Disconnection as a result of the discussions held between members of the Sub-
38 Committee on Wholesale Disconnection and PEMC. As explained by Mr. Sunico, some of
39 the details reflected in the original PIPPA proposal were cut down as these will instead be
40 reflected in the appropriate market manuals later on through another proposal, once the
41 amendments to the Rules are approved. The revised proposal ensures that the terms of
42 physical disconnection for wholesale is implementable, and, as far as possible, the flow
43 between how disconnection is implemented for the wholesale and retail sectors are also
44 harmonized. Finally, the revised proposal clarifies some of the terms used in relation to
45 disconnection.
46

47 Below are the discussions arising from the presentation made by Mr. Sunico.
48

- 49 • Atty. Maila de Castro inquired if the term default, specifically in the proposed WESM
50 Rules Clause 2.9.1.2, pertains to financial default only or to other kinds of default as
51 well, such as technical default (grid-related). Mr. Sunico and Mr. Jose Ferlino
52 Raymundo replied that the term default, as used in the proposal, is primarily in
53 consideration of the financial aspect or non-payment.
54
- 55 • Under WESM Rules Clause 2.9.1.4, Atty. de Castro inquired if in the case of multiple
56 parties having grounds for disconnection, any or all of them can request for
57 disconnection. Mr. Sunico responded that any one of the parties may request for

58 disconnection. Further on provision 2.9.1.4, Atty. Maila suggested revising the
59 wordings, as follows: "If the grounds for disconnection are available to several parties,
60 each any party may request for disconnection in accordance with the procedure set
61 forth in WESM Rules Clause 2.9.2."

- 62
- 63 • Relative to the proposed WESM Rules Clauses 2.9.3.2 and 2.9.2.4 where multiple
64 parties are involved, Atty. de Castro inquired on what would be the recourse of a
65 disconnected WESM member or a WESM member for disconnection in instances
66 where the parties already agree, except for one, on the reconnection or on the
67 revocation of disconnection, which disagreement is due to deterioration of the
68 relationship between the parties involved.

69
70 Mr. Sunico responded that such detail is not included as the proposal was merely
71 aligned with the DOE Department Circular on disconnection, which did not also
72 specify such details. He expressed his concern that reflecting the details mentioned
73 by Atty. de Castro may have some implementation issues, such as with regard to
74 informing the NSP what all parties agreed upon, as well as on making it compliant
75 with the contract between parties. He stated that a Generator or Supplier may not be
76 privy of the contract provisions of its Customer with other Generators or Suppliers.

77
78 Atty. de Castro suggested revising the relevant provisions above so as to make the
79 consent for revocation and/or reconnection not necessarily mandatory but ministerial,
80 only in the sense that once a disconnected WESM member or a WESM member for
81 disconnection has complied with the provisions of the rules, then all it has to do is
82 provide its supplier with a document or any supporting data for the consent to be
83 given.

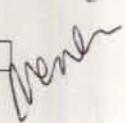
84
85 As a comment to the above suggestion, Mr. Sunico expressed his concern that in
86 cases where there is one other party to verify the need to do the disconnection, this
87 situation gives rise to the question as to who will confirm whether the documentation
88 for disconnection or reconnection is correct.

89
90 To address the above concerns, Atty. Caryl Lopez-Mateo suggested the following
91 wordings (in red font) to be included in WESM Rules Clauses 2.9.2.4 and 2.9.3.2.

92
93 **2.9.2.4 In case the disconnection was requested by multiple parties, the**
94 **disconnection shall not be implemented when all such parties provide the**
95 **Network Service Provider their written consent to cancel the disconnection,**
96 **which consent shall not be unreasonably withheld.**

97
98 **2.9.3.2 In case the disconnection was requested by multiple parties, the WESM**
99 **Member shall only be reconnected when all such parties provide the Network**
100 **Service Provider with their written consent to the reconnection, which consent**
101 **shall not be unreasonably withheld.**

102
103 Atty. Lopez-Mateo expressed that the additional wordings are more descriptive but
104 less binding. Atty. de Castro concurred with the suggested wording provided by Atty.
105 Lopez-Mateo.



- 107 • Ms. Concepcion Tanglao inquired on the mechanism that will be used to implement
108 the proposed Clause 2.9.1.2, when a Customer's contract with its existing supplier is
109 about to expire, and said Customer is already in the process of contracting with
110 another party. She was concerned if the proposal provides for a mechanism for
111 transition from the current supplier to the new one.
112

113 In response to Ms. Tanglao's concern, Atty. de Castro stated that such details can be
114 integrated into the appropriate market manual instead of the WESM Rules.
115

116 Mr. Sunico shared that the point of Ms. Tanglao was also one of the points raised
117 during the discussions of the Sub-Committee on disconnection. Ms. Lorreto Rivera
118 expressed that physical disconnection is necessary to facilitate the transfer of
119 obligations or exposure in the following billing month. Otherwise, the supplier will
120 continue to be liable for the exposure especially for the Indirect WESM member with
121 whom it has bilateral contract. Atty. Lopez-Mateo added that the provision provides
122 for a last resort or remedy if the current supplier does not want to continue being
123 charged or exposed in behalf of the Customer, especially when the contract between
124 the two parties is expiring. Thus, to avoid such a situation, what the Customer can do
125 knowing that its contract is expiring, is to get a new supplier ahead of time or register
126 as a Direct WESM member. Mr. Sunico also stated that the proposal also provides
127 for procedures for staying the disconnection that provides a remedy that may address
128 the concern of Ms. Tanglao.
129

130 Ms. Tanglao acknowledged the explanations provided above. Again, she emphasized
131 that the proposal should probably consider the transition period while the Customer
132 is getting a new supplier, to avoid interruption in service that results in a huge impact
133 in the operations, for example, of a manufacturing plant. She thus, requested that
134 such details be considered in the drafting of the proposal in the market manual.
135
136

137 Following the discussions, the RCC approved the posting of the proposal, as revised proposal
138 based on the suggestions discussed, in the WESM market information website to solicit
139 comments of Participants and interested parties. The Secretariat was requested to finalize
140 the matrix of proposed amendments for final confirmation of the RCC on the version that will
141 be published.
142

143 The instructions were duly noted by the Secretariat. Atty. de Castro thanked Mr. Sunico for
144 the presentation that he made in behalf of the Sub-Committee in wholesale disconnection.
145
146

147 **2. Updates from MO-SO on the Study on Dispatch Tolerance**

148 Mr. Edward Olmedo made a follow-up presentation on the result of the further study of MO-
149 SO on dispatch tolerance, per plant, as previously instructed by the RCC. Below are the
150 highlights of his presentation:
151

- 152
- 153 1. There is indeed a correlation between the performance of a generating unit with
154 respect to the MW level of its dispatch;
155

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- 156 2. Some generators, particularly the large ones, are actually capable of performing way
157 better than the current 3% tolerance. In fact, there may be a need to lower the 3% for
158 large ones;
159
160 3. Small generating units are having a hard time complying with the 3% tolerance; and
161
162 4. It is suggested that a 1 MW tolerance be used for small generators.
163

164 Mr. Olmedo expressed that further study is intended to be undertaken by the MO and SO
165 regarding the impact on pricing and system operations if the +/-3% tolerance limit is relaxed.
166 It is hoped that the study will be presented in the next RCC meetings, upon seeking the
167 necessary clearance from PEMC.
168

169 In the course of discussions, the observer from SN Aboitiz Power (SNAP) initially requested
170 for the excel data used by Mr. Olmedo, for their further reference and evaluation. Following
171 this request, the other entities and members of the RCC also inquired if they can be provided
172 with the data and presentation shown by Mr. Olmedo.
173

174 Mr. Cacho responded, in relation to the above requests, that the MO may have to check on
175 the provisions on information disclosure and confidentiality before the data is provided to the
176 Generators/RCC. Mr. Olmedo expressed that the request would have to be cleared with
177 PEMC Legal. The RCC concurred and requested the Secretariat to seek legal opinion from
178 PEMC. The instruction was duly noted.
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181 **3. Proposed Amendments to the MRU-MSU Manual regarding Payment of MSUs to** 182 **Displaced Generators** 183

184 Ms. Geraldine Rodriguez stated that relative to the RCC-Proposed Amendments to the MRU-
185 MSU Manual, comments were received from PIPPA, APC, SNAP, and DOE.
186

187 As for the DOE's comments, Mr. Ferdinand Binondo expressed that the main point the DOE
188 would like to convey is that the value of the +/-3% dispatch tolerance as referred to in the
189 formula for payment to displaced generators need not be specified under the WESM Rules
190 so as not to give the impression that such value is constant for all Generators. He explained
191 that Generators may actually get different dispatch tolerance levels pursuant to existing
192 provisions of the Rules.
193

194 Moving forward, the RCC went through each of the comments submitted by the parties. Below
195 are the RCC's comments and discussions that followed.
196

- 197 • Mr. Raymundo recognized that Section 10.2 pertains to the difference between the
198 MSU and Displaced Generator quantities. He therefore inquired about who will be
199 liable to compensate the Displaced Generator if, for example, the Displaced
200 Generator amount or quantity is larger than that of the MSU.
201

202 Mr. Marcial Jimenez responded that based on the current formula, the concept of pro-
203 rating will be applied to pay the Displaced Generator. Thus, in the case mentioned by
204 Mr. Raymundo when the MSU amount or quantity is less than the MSU, effectively,
205 the deficient amount will still be shouldered by the MSU. As a follow-up, Mr.

206 Raymundo commented that the MSU should not pay the deficient quantity or amount
207 if such deficiency was not caused by the MSU. Further, Mr. Raymundo raised the
208 case of a Displaced Generator amount or quantity being less than that of the MSU.
209 Mr Jimenez said in response, that the price is still factored in the formula (EAQ-MQ),
210 thus, if the Displaced Generator price is zero, effectively, there is no lost opportunity
211 on its part and it does not need to be compensated by the MSU.

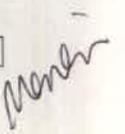
212
213 Further on the above, Mr. Raymundo inquired on how the Displaced Generator will
214 be compensated if the cause of its being displaced is the System Operator.

215
216 From the MO's perspective, Mr. Cacho stated that the compensation mechanism
217 specified under Section 10.2 is a way of giving incentive to or disciplining Generators
218 for them to comply with their RTD schedules. He opined, therefore, that in the spirit of
219 fairness, regardless if the Displaced Generator amount or quantity is larger than the
220 MSU, the MSU should pay the exactly that amount or quantity.

221
222 Mr. Rosales, for his part, stated that there are several factors which cause the
223 displacement of generators. He expressed that the Generators should also consider
224 that there are instances when there will be an MSU but no Displaced Generator, and
225 in such case, everything is absorbed by the reserve, which is a result of the
226 Generator/s not complying with the RTD instructions of the System Operator. Mr.
227 Rosales, thus, expressed his opinion that it should be the MSU who should bear all
228 the costs for non-compliance with the RTD, and not the SO nor the Displaced
229 Generator. Mr. Raymundo acknowledged that based on the explanation of the MO
230 and SO, the current compensation mechanism is actually a form of penalty to the
231 MSU for its non-compliance to the RTD instructions of the SO. On a related note, Mr.
232 Rosales opined that deviations to the 3% dispatch tolerance should not be allowed
233 as this affects in the total injections in the grid.

234
235 • Further on Section 10.2, Mr. Meneses raised another issue in relation to the injection
236 of power by renewable energy such as solar and wind. He stated that in the case of
237 one of the Generators whom MERALCO has existing bilateral contract with, it is
238 frequently being asked to decrease its output due to the increasing output of
239 Renewable Energy (RE) being injected in the grid. Since the REs are enjoying the
240 benefits of being **must-dispatch** and priority-dispatch, they cannot be penalized to
241 compensate those who were asked to stop or reduce their output. He expressed that
242 the RCC should consider revising the compensation formula under Section 10.2,
243 taking into account the increase in number of REs, which causes some Generators to
244 reduce their output and the clearing price to go down.

245 In addition to the concern raised by Mr. Meneses, Mr. Cacho likewise stated
246 the possibility for an increase in the reserve requirements due to the additional
247 variability brought about by the REs. He emphasized that such increase in
248 reserve requirements would translate to additional costs that the Customers
249 would have to bear.



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- On a related concern, Mr. Raymundo inquired if the Generator that was asked to stop or reduce its output, due to an additional injection of the RE, but did not stop, should be considered as MSU. He opined that the same should not be called a must-stop since it is merely complying with its RTD.

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In response to the above, Mr. Rosales stated that the increasing output of REs and not necessarily the MSU may cause many Displaced Generators. He explained that for priority dispatch generation units, there is a clear protocol that during emergency and when the frequency is already beyond normal, the SO can already instruct a generation unit from the MOT to stop or reduce its output. Must-dispatch generation units, however, are more complicated because their injection to the grid is more unpredictable. For instance, even when a renewable energy source has zero schedule in the market, it can still come in, for instance, with a 100MW injection. Thus, in the absence of downward regulation, the frequency will go up, which would eventually lead the System Operator, as necessary, to require one or more Generators in the MOT to be constrained-off. This explains the instance where there are Displaced Generators but no MSUs. Further, this may also answer the previous concern on why or how the System Operator causes the Displaced Generator. Mr. Rosales expressed that perhaps this problem will be resolved eventually by shortening the dispatch interval to 5 minutes or 15 minutes.

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Mr. Cacho expressed that the on-going proposal for amendments in relation to preferential dispatch, which will be deliberated upon by the RCC in August, specifically address the concerns being raised by the parties. Noting this information, Atty. de Castro requested that the MO already consider the discussions and comments of the body when the matter on preferential dispatch is discussed by the RCC in the next meeting.

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- Under Section 10.3, Mr. Raymundo suggested revising the term RTU reading, for consistency, since its unit is in MW, while metered quantity is in MWh. As agreed, the provisions was revised, as follows:

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To account for the difference of the location of RTU and Meter, the factor “b” is multiplied to the Metered Quantity of the generator. This shall be calculated as the average ratio between the interpolated RTU readings and metered quantities of the generator for one year when it is generating power or with positive values for both RTU and Meter. For new generators without one year historical data, its factor “b” in the interim shall be equal to 1.00 or otherwise provided by generators based on applicable tests.

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The RCC likewise agreed on the inclusion of the definition of “interpolated RTU reading” in the formula.

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- At this point Mr. Meneses again raised his concern on Section 1.2 and requested the RCC to defer its decision/approval on this Section only, stating that the settlement formula specified under the Section needs major revisions to consider Variable

Meneses

296 Renewable Energy (VRE). He opined that the best solution to address the concern
297 on VREs is to tie it up with the net settlement surplus (NSS), such that all payments
298 by MSUs and compensations for the Displaced Generators will have to go through the
299 NSS. This is also in recognition that there will always be an imbalance in the amount
300 or quantity between these two.

301
302 Mr. Meneses further clarified that his proposal is not necessarily to change the
303 formula, rather, to course through all payments and compensation through the NSS,
304 and not from the MSU directly to the Displaced Generator. He emphasized that all
305 costs will be recovered from the Generators and nothing from the consumer.

306
307 Mr. Rosales, for his part, stated that the main objective of this settlement mechanism
308 for the MSU and Displaced is to penalize the non-complying generator—the MSU—
309 that results in Displaced Generators, and sometimes, absorbs the reserve. He opined
310 that these MSUs should in fact be required to pay for the ancillary instead of
311 recovering its costs from the Customers. Mr. Rosales, thus, opined that the one is to
312 one formula should be retained.

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314 In response, Mr. Jimenez stated that there will be instances that the Displaced
315 Generator amount will not be equivalent to that of the MSU, and vice versa, in
316 consideration of the RTD (i.e. EAQ) vis-à-vis the MQ. Further, there are other factors
317 affecting the EAQ, such as the difference in the location of the RTU and meter. As
318 for the suggestion of Mr. Meneses to course the NSS the settlement of the MSU and
319 Displaced Generators, he commented that this may not be feasible since the NSS is
320 currently shared by both the Generators and the Customers.

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322 The RCC noted the above discussions.

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324 In consideration of the request of Mr. Meneses, the RCC agreed to defer its submission of
325 the Proposal to the PEM Board. The RCC requested Mr. Meneses to present his proposal,
326 through a formula, to consider the VREs. Mr. Meneses noted the RCC requested and stated
327 that he will make the presentation in the next RCC meeting.

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329 The rest of the Proposed Amendments to the MRU-MSU Manual, as revised, were approved
330 by the Committee.

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333 **4. RCC-Proposed Amendments to WESM Rules on Standing Bids and Offers:
334 Comments of PIPPA, PEMC, and DOE**
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336 Ms. Rodriguez stated the comments relative to the Proposal were received from PIPPA and
337 PEMC. Additional comments were also received from the DOE.

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339 Below are the result of RCC deliberations relative to the proposal and comments received.

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341 • Mr. Cacho, based on PEMC's comments, suggested the review of other related
342 provisions of the Rules and market manuals (e.g. Dispatch Protocol Manual) in
343 relation to the submission of offers, to ensure consistency. Particularly, the provisions
344 on the cancellation of standing bids/offers specified under the Dispatch Protocol
345 Manual should be revised/deleted if the intent of the RCC-proposal is to ensure that
346 there is always standing offers. He stated that currently, the Dispatch Protocol Manual

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347 provisions specify certain conditions, such as over-generation, wherein Generators
348 may be allowed to cancel their offers.

349

350 • Mr. Francisco Castro inquired on how Generators are informed when there is over-
351 generation based on week-ahead and day-ahead projections. Mr. Cacho responded
352 that part of the MO obligations as specified in the manual is to publish/advise
353 participants if the day-ahead (using the 16:00 DAP run) projections indicate over-
354 generation.

355

356 • Under Section 3.5.11.6, PEMC suggested additional revisions, as explained by Mr.
357 Cacho, requiring the Trading Participants to submit a written report to the Market
358 Operator with supporting data immediately within the following trading day after the
359 occurrence of a significant event, the objective of which is to facilitate the smooth
360 conduct of investigations by having the data available to the Enforcement and
361 Compliance Office (ECO) given the pro-active submission of such data by the
362 Generators.

363

364 Mr. Raymundo, in reference to the week-ahead horizon, commented that it will be
365 very difficult for the Generator to report any probability of material adverse change in
366 the state of their facilities. Mr. Cacho clarified that the provision stated by Mr.
367 Raymundo is the current provision in the Manual and emphasized that what PEMC is
368 proposing as an additional change is the submission of a post-report.

369

370 Noting that the problem seems to be the week-ahead horizon, Mr. Meneses
371 suggested limiting the coverage of the provision to planned activities only. He agreed
372 that unplanned or unscheduled activities will be very difficult to project.

373

374 Further, Mr. Castro, as concurred to by Mr. Meneses, suggested defining what is
375 significant in the context of the subject provision. Mr. Meneses opined that as worded,
376 the term "significant" may be subject to different interpretations.

377

378 Relative to the discussions, Mr. Rosales stated that if the intent of the proposal is, as
379 stated by Mr. Cacho, that the required report be used for ECO investigations, the
380 provision may be vague and the justification weak since it talks about the week-ahead
381 horizon, within which period many events could take place. Mr. Rosales opined that
382 what the Generators should be required to submit, for purposes of investigation, is
383 not a study but a post-event report specifying, for example, the reasons for the plant
384 outage which led to the adverse effects in the supply capacity.

385

386 Mr. Cacho opined there is no harm providing such advice to the MO and SO as
387 specified in the current provisions of the Manual. He stated that perhaps, the intent of
388 the original rules is that when the plant foresees that it will encounter any problem,
389 then it should inform the MO and SO immediately.

390

391 Following the discussions and to address the concerns of the MO and the Generators,
392 Mr. Meneses suggested rewording the provision for clarity on what report will be
393 submitted and when it should be submitted (see table below for the revised wordings).
394 Further, Mr. Raymundo suggested reviewing the Dispatch Protocol Manual to check
395 for consistency and the justification for the proposal.

396



397 • Relative to Section 3.5.5, Mr. Raymundo stated that the requirement of submitting
 398 standing offers during scheduled shutdown should be removed, explaining that since
 399 it is already known that the Generator will be on shutdown on a certain date within the
 400 week ahead horizon, submitting forecasts to the Market Operator for purposes of
 401 compliance with the requirement to submit standing offers will only distort the MO's
 402 projections. Thus, in these instances, the Generator shall be allowed to cancel its
 403 standing offers for the week-ahead. He stated that the current practice of Generators
 404 is to cancel the day-ahead only since Generators are not allowed to cancel week-
 405 ahead projections. Further, Generators are allowed to cancel only in instances when
 406 there is over-generation, thus, complicating the requirements of the manual even
 407 more.

408
 409 Mr. Binondo, inquired how the RCC can ensure, given its proposal, that generators
 410 will submit their standing offers. For his part, Mr. Binondo opined that if the rationale
 411 of the proposal is that standing offers expire due to the limitations of the current MMS,
 412 then it will suffice to propose that trading Participants *shall ensure* submission of their
 413 standing offers.

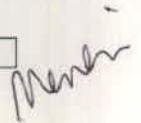
414
 415 Mr. Raymundo reiterated that the Generators' concern is the accuracy of the week-
 416 ahead projection when the submission of offers is required even for Generators that
 417 are on scheduled shutdown.

418
 419 Mr. Cacho stated that when a plant is on scheduled outage, it is no longer considered
 420 in the schedule produced by the Market Operator. Mr. Rosales stated that the
 421 Generators should not be concerned about their standing offers during planned
 422 outage because the capacity nominated in their standing offers will not be picked up
 423 by the MMS when on outage, based on the current hierarchy. Mr. Cacho stated that
 424 as long as the MO and SO are informed of the outage schedule of the plant, then its
 425 standing offers will no longer be picked up in the scheduling.

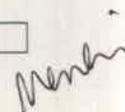
426
 427 Following the discussions, the RCC approved the revised proposal specified below and
 428 agreed to endorse the same to the PEM Board, for the latter's approval. The RCC likewise
 429 agreed to look into the Dispatch Protocol Manual later on to review the relevant provisions
 430 needing revisions for consistency with this Proposal.

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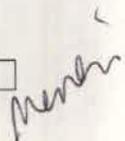
Title	Section	Original Provision	RCC- Approved Amendments
3.5.5 Generation Offers and Data	3.5.5.1	Each <i>Scheduled Generation Company</i> including <i>Generation Companies</i> with <i>bilateral contracts</i> shall submit a standing <i>generation offer</i> for each of its <i>scheduled generating units</i> for each <i>trading interval</i> in each <i>trading day</i> of the week in accordance with the <i>timetable</i> .	Each <i>Scheduled Generation Company</i> including <i>Generation Companies</i> with <i>bilateral contracts</i> shall submit a standing <i>generation offer</i> for each of its <i>scheduled generating units</i> for each <i>trading interval</i> in each <i>trading day</i> of the week in accordance with the <i>timetable</i> . The standing generation offer shall apply until revised or updated by the Scheduled Generation Company.
	3.5.5.4	Each Non-Scheduled Generation Company shall submit a standing schedule of loading levels for each of its non-scheduled generating	Each Non-Scheduled Generation Company shall submit a standing schedule of loading levels for each of its non-scheduled generating



Title	Section	Original Provision	RCC- Approved Amendments
		units for each trading interval in each trading day of the week in accordance with the timetable.	units for each trading interval in each trading day of the week in accordance with the timetable. <u>The standing schedule shall apply until revised or updated by the Non-Scheduled Generation Company</u>
3.5.7 Generation Company Reserve Offers	3.5.7.2	When applicable, subject to clause 3.3.4.2, each <i>Scheduled Generator</i> registered as an <i>Ancillary Services Provider</i> in respect of a <i>reserve facility</i> in a particular <i>reserve region</i> shall submit a standing <i>reserve offer</i> for each of its relevant <i>reserve facilities</i> in respect of that <i>reserve region</i> for each <i>trading interval</i> for each day of the week in accordance with the <i>timetable</i> .	When applicable, subject to clause 3.3.4.2, each <i>Scheduled Generator</i> registered as an <i>Ancillary Services Provider</i> in respect of a <i>reserve facility</i> in a particular <i>reserve region</i> shall submit a standing <i>reserve offer</i> for each of its relevant <i>reserve facilities</i> in respect of that <i>reserve region</i> for each <i>trading interval</i> for each day of the week in accordance with the <i>timetable</i> . <u>The standing reserve offer shall apply until revised or updated by the Scheduled Generator registered as an Ancillary Services Provider.</u>
3.5.11 Revision of Market Offers/Bids	3.5.11.6		<p><i>Trading Participants</i> shall immediately advise the <i>System Operator</i> and <i>Market Operator</i> of any circumstances which threaten a significant probability of material adverse change in the state of their facilities in any <i>trading interval</i> of any trading day in the current <i>week-ahead market horizon</i>.</p> <p><u>After the occurrence of the significant event referred to above, the Trading Participant shall submit a written report to the Market Operator with supporting data immediately within the following trading day.</u></p>
APPENDICES Appendix A			
Appendices to Chapter 3			
	Appendix A1.	Information to be Supplied with Offers to Supply and to Buy Electricity	xx
	A1.1	<p>Generation Offer</p> <p>Generation offers:</p> <p>(a) Shall include the location of the <i>connection point</i> and relevant <i>market network node</i>;</p> <p>(b) Shall include the <i>pricing zone</i> of the <i>connection point</i>,</p> <p>(c) May include up to ten (10) <i>energy offer</i> blocks per</p>	<p>Generation Offer</p> <p>Generation offers:</p> <p>(a) Shall include the location of the <i>connection point</i> and relevant <i>market network node</i>;</p> <p>(b) Shall include the <i>pricing zone</i> of the <i>connection point</i>,</p> <p>(c) May include up to ten (10) <i>energy offer</i> blocks per</p>



Title	Section	Original Provision	RCC- Approved Amendments
		<p>(aggregate) unit. The maximum combined capacity of <i>generation</i> and <i>reserve offers</i> must not be less than the maximum available capacity of the generator.</p> <p>(d) Shall be for a minimum block size of one (1) MW;</p> <p>(e) Shall have monotonically increasing prices, starting from <i>zero generation</i>;</p> <p>(f) May include negative prices;</p> <p>(g) Shall include maximum up/down <i>ramp rates</i>;</p> <p>(h) Shall include a validity period of offers (e.g. valid for specified period or valid until offer is revised.); and</p> <p>(i) Shall include an operating range (upper and lower limit).</p>	<p>(aggregate) unit. The maximum combined capacity of <i>generation</i> and <i>reserve offers</i> must not be less than the maximum available capacity of the generator.</p> <p>(d) Shall be for a minimum block size of one (1) MW;</p> <p>(e) Shall have monotonically increasing prices, starting from <i>zero generation</i>;</p> <p>(f) May include negative prices;</p> <p>(g) Shall include maximum up/down <i>ramp rates</i>; and</p> <p>(h) Shall include a validity period of offers (e.g. valid for specified period or valid until offer is revised.); and</p> <p>(h) (i) Shall include an operating range (upper and lower limit).</p>
	A1.2	<p>Reserve Offers Regulation reserve offers from Generators shall consist of:</p> <p>(a) A maximum response level for the relevant reserve category (MW);</p> <p>(b) A minimum and maximum <i>energy dispatch</i> level (MW) at which any AGC reserve response will be available;</p> <p>(c) Up to 3 reserve offer blocks per aggregate unit (MW/block);</p> <p>(d) A minimum block size of one (1) MW;</p> <p>(e) Monotonically increasing prices starting from zero for the first offer block, which shall correspond to the mandatory <i>reserve</i> capability required from that <i>Generation Company</i> under its connection agreement; and</p> <p>(f) Shall include validity period of <i>reserve offers</i>;</p> <p>Contingency <i>reserve offers</i> from <i>Generation Companies</i> shall consist of:</p> <p>(a) A maximum response level for the relevant <i>reserve category</i> (MW);</p> <p>(b) A minimum <i>energy dispatch</i> level (MW) at which that maximum <i>reserve</i> response will be available;</p>	<p>Reserve Offers Regulation reserve offers from Generators shall consist of:</p> <p>(a) A maximum response level for the relevant reserve category (MW);</p> <p>(b) A minimum and maximum <i>energy dispatch</i> level (MW) at which any AGC reserve response will be available;</p> <p>(c) Up to 3 reserve offer blocks per aggregate unit (MW/block);</p> <p>(d) A minimum block size of one (1) MW; and</p> <p>(e) Monotonically increasing prices starting from zero for the first offer block, which shall correspond to the mandatory <i>reserve</i> capability required from that <i>Generation Company</i> under its connection agreement . ; and</p> <p>(f) Shall include validity period of <i>reserve offers</i>; and</p> <p>Contingency <i>reserve offers</i> from <i>Generation Companies</i> shall consist of:</p> <p>(a) A maximum response level for the relevant <i>reserve category</i> (MW);</p> <p>(b) A minimum <i>energy dispatch</i> level (MW) at which that maximum <i>reserve</i> response will be available;</p> <p>(c) Up to 3 <i>reserve</i> offer blocks per aggregate unit (MW/block);</p>



Title	Section	Original Provision	RCC- Approved Amendments
		(c) Up to 3 <i>reserve</i> offer blocks per aggregate unit (MW/block); (d) A minimum block size of one (1) MW; (e) Monotonically increasing prices starting from zero to the first offer block, which shall correspond to the mandatory <i>reserve</i> capability required from that <i>Generation Company</i> under its connection agreement. (f) Shall include validity period of <i>reserve offers</i> and (g) Operating range (upper and lower limit) Contingency <i>reserve offers</i> from Customers shall consist of: (h) A maximum response level for the relevant <i>reserve category</i> (MW); (i) A maximum proportion of the forecast/ <i>scheduled load</i> , which maybe interrupted (j) Up to 3 <i>reserve offer</i> blocks (MW/block) (k) A minimum block size of one (1) MW; (l) Monotonically increasing prices; and (m) Shall include validity period of <i>reserve offers</i> .	(d) A minimum block size of one (1) MW; (e) Monotonically increasing prices starting from zero to the first offer block, which shall correspond to the mandatory <i>reserve</i> capability required from that <i>Generation Company</i> under its connection agreement - ; and (f) Shall include validity period of <i>reserve offers</i> and (g) Operating range (upper and lower limit). Contingency <i>reserve offers</i> from Customers shall consist of: (h) A maximum response level for the relevant <i>reserve category</i> (MW); (i) A maximum proportion of the forecast/ <i>scheduled load</i> , which maybe interrupted (j) Up to 3 <i>reserve offer</i> blocks (MW/block) (k) A minimum block size of one (1) MW; and (l) Monotonically increasing prices; and (m) Shall include validity period of <i>reserve offers</i>.

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Briefly, the RCC reviewed the relevant provisions in the Dispatch Protocol Manual. Mr. Raymundo raised that in the current MMS allows for a cancellation facility / cancel feature. Mr. Cacho agreed with Mr. Raymundo that that the MMS indeed has a cancellation facility/ cancel feature. Nonetheless, Mr. Cacho expressed that the Market Operator will review the manual and the MMS and submit the necessary proposal to the RCC later on to tie up the proposed amendments to the rules with the MMS and the relevant manuals. Mr. Raymundo further stated that the current MMS does not allow submission of zero (0) capacity, thus, when the Generator submits its offer, it will be scheduled at its Pmin. Mr. Rosales stated that the limitations stated by Mr. Raymundo can perhaps be addressed in the new MMS.

5. RCC-Proposed Amendments to the WESM Rules and Market Manuals on Billing and Settlement and Dispute Resolution Management on Verification of MRU Data (with Comments)

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As a background, Ms. Rodriguez stated that the Proposal emanated from the PEM Board directives to the RCC to review the relevant provisions of the Rules and Manuals on the validity of the System Operator's Dispatch Deviation Report within which Participants are supposed to verify and bring up any discrepancy after the MO's publication of the same. Relative to the proposal, comments were received from DOE, PIPPA, APC, and PEMC.



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Below are the results of RCC deliberations and subsequent agreements relative to the discussions on the Proposal.

- The RCC adopted PEMC's suggestion to add a provision under WESM Rules Clause 3.5.13.1 on Over-riding Constraints, stating that it is the SO's obligation to submit a report on the actions it has taken related to the dispatch of MRUs and MSUs so as to aid in the proper settlement of said Generators. The proposal likewise requires the affected Generators to validate the same SO report within the prescribed timeline, otherwise, the report shall be deemed final and shall be used for settlement purposes.
- The RCC further agreed to delete certain provisions under the same WESM Clause 3.5.13.1 pertaining to the SO being allowed to relax existing constraints. Mr. Rosales explained that the relaxation of existing constraints is never performed by the SO. He said that if this is done, the SO will effectively push the grid to its limits that may result in blackouts.
- The RCC adopted the PEMC's suggestion to retain the original provision in the Billing and Settlement Manual Section 2, noting that the Trading Participant's responsibility to validate the SO report is already provided for under the WESM Rules. Thus, the RCC's original proposal for amendments to this Section was deleted.
- The RCC adopted the PEMC suggestion to revise Section 7.2.1 of the Dispute Resolution Manual, agreeing that the final SO report shall not be subject for dispute.
- The RCC adopted the PEMC's suggestion to include in the Proposal, the revisions to Section 9.2 of the MRU-MSU Manual, to specify that failure by the Generator to flag the Market Operator of any discrepancy from the SO report within the prescribed time frame deems the same final, which is the subject of the previous PEM Board directives to the RCC .

484 Following the discussions, the RCC approved the revised proposal for Amendment to the
485 WESM Rules, and Market Manuals on MRU-MSU and Dispute Resolution as specified below,
486 and agreed to endorse the same to the PEM Board, for the latter's approval.
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WESM Rules

Title	Section	Original Provision	Proposed Amendments
Chapter 3 The Market			
3.14 SETTLEMENT PROCESS			
	3.5.13.1	3.5.13.1 Over-riding Constraints Subject to clause 3.5.13.3, the <i>System Operator</i> may require the <i>Market Operator</i> to impose constraints on the power flow.	3.5.13.1 Over-riding Constraints Subject to clause 3.5.13.3, the <i>System Operator</i> may require the <i>Market Operator</i> to impose

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		<p>energy generation of a specific facility in the Grid to address system security threat, to mitigate the effects of a system emergency, or to address the need to dispatch generating units to comply with systems, regulatory and commercial tests requirements. The <i>System Operator</i> may also relax existing constraints or system requirements on power flows, energy generation and reserves if the <i>Market Operator</i> is unable to produce a feasible dispatch schedule.</p> <p>The <i>System operator</i>, in consultation with the <i>Market Operator</i> and the <i>Trading Participants</i>, shall develop the criteria and procedures for dispatch of generating units that are required to run as a result of the imposition or relaxation of constraints stated in the preceding paragraph, and the manner for compensating said units.</p>	<p>constraints on the power flow, energy generation of a specific facility in the Grid to address system security threat, to mitigate the effects of a system emergency, or to address the need to dispatch generating units to comply with systems, regulatory and commercial tests requirements. The <i>System Operator</i> may also relax existing constraints or system requirements on power flows, energy generation and reserves if the <i>Market Operator</i> is unable to produce a feasible dispatch schedule.</p> <p>The <i>System Operator</i>, in consultation with the <i>Market Operator</i> and the <i>Trading Participants</i>, shall develop the criteria and procedures for dispatch of generating units that are required to run as a result of the imposition or relaxation of constraints stated in the preceding paragraph, and the manner for compensating said units.</p> <p><u>The System Operator shall advise the Market Operator of the actions it has taken in relation to the foregoing, including but not limited to information necessary for the proper settlement of affected generating units, and the Market Operator shall publish the said information no later than one (1) week from the relevant trading day. For proper settlement of Must-Run Units and Must-Stop Units, Trading Participants shall review the information and notify the Market Operator of any discrepancies no later than two (2) weeks from the date of the publication, otherwise the information contained in the report shall be deemed final for use in the settlement of Must-Run Units and Must-Stop Units.</u></p>
	3.14.8.2	Disputes in respect of final statements or the supporting data provided with them in accordance with clause 3.14.5 shall be raised	Disputes in respect of <i>final statements</i> or the supporting data provided with them in accordance with clause 3.14.5

		within twelve months of the relevant billing period.	shall be raised within twelve months of the relevant billing period, <u>provided, however, that data contained in reports submitted by the System Operator pursuant to Clause 3.5.13.1 that have already become final shall not be subject of dispute.</u>
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MRU-MSU Manual

Title/Section		Original Provision	PEMC Comments / Additional Proposal
Settlement of Must Run Units	9.2	9.2 Verification of MRU Data	9.2 Verification of MRU Data
		9.2.1 The System Operator shall submit all reports of MRU events to the Market Operator for purposes of MRU settlement. 9.2.2 The Generators shall endeavour to validate all System Operator reports of MRU events within two weeks after the Market Operator publishes these reports. 9.2.3 Discrepancies shall be reported by the Generator to the Market Operator for settlement before the end of the next billing period.	9.2.1 The System Operator shall submit all reports of MRU events to the Market Operator for purposes of MRU settlement. 9.2.2 The Each Generators shall endeavour to validate <u>all the data related to MRU contained in the Dispatch Deviation Report and System Operator Report of MRU events, as published by the Market Operator in the Market Information Website, and report a</u> Any discrepancy in these reports shall be reported by the Generator to the Market Operator within two weeks after the Market Operator's publishes publication of these reports. <u>Failure by the Generator to report to the Market Operator any discrepancy within the period defined herein shall render the MRU data relative to the Generator final.</u> 9.2.3 Discrepancies shall be reported by the Generator to the Market Operator for settlement before the end of the next billing period.

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Dispute Resolution Manual



Title/Section	Section	Original Provision	Proposed Amendments
7.2 Disputes with the MO on Settlement and Payments	7.2.1	7.2.1 Disputes between a WESM Member and the MO related to a final settlement statement or its supporting data must be referred to the DRA within twelve (12) months from receipt of such final settlement statement and/or its supporting data. The WESM Member shall notify the MO of its dispute of the final statement or part of the supporting data.	7.2.1 Disputes between a WESM Member and the MO related to a final settlement statement or its supporting data must be referred to the DRA within twelve (12) months from receipt of such final settlement statement and/or its supporting data. The WESM Member shall notify the MO of its dispute of the final statement or part of the supporting data, <u>provided, however, that data contained in reports submitted by the System Operator pursuant to Clause 3.5.13.1 that have already become final shall not be subject of dispute.</u> The WESM Member shall notify the MO of its dispute of the final statement or part of the supporting data.

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IV. OTHER MATTERS

1. Schedule of Next BRC and PEM Board Meeting

Ms. Rodriguez informed the RCC of the schedule of the BRC and PEM Board meetings on July 20 and July 23, respectively.

V. NEXT MEETING

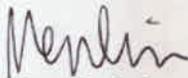
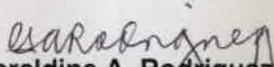
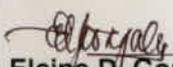
The RCC was reminded of the previous agreement to meet on the following dates in the succeeding months of 2015:

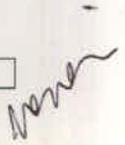
- 103rd RCC Meeting – 05 August
- 104th RCC Meeting – 02 September
- 105th RCC Meeting – 07 October
- 106th RCC Meeting – 04 November
- 107th RCC Meeting – 02 December

VI. ADJOURNMENT

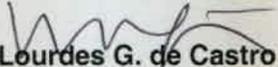
Memo

521 There being no other matters at hand, the meeting was adjourned around 2:30 PM.

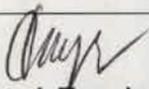
Prepared By:	Reviewed By:	Noted By:
 Romellen C. Salazar	 Geraldine A. Rodriguez	 Elaine D. Gonzales
Analyst – Market Governance Administration Unit Market Assessment Group	Assistant Manager – Market Governance Administration Unit Market Assessment Group	Manager – Market Data and Analysis Division Market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

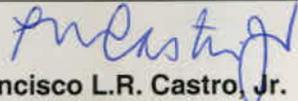


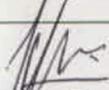
Approved by:
RULES CHANGE COMMITTEE

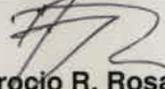

Maila Lourdes G. de Castro
Chairperson, Independent

Members:

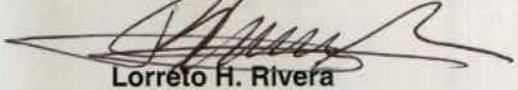

Concepcion I. Tanglao
Independent


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

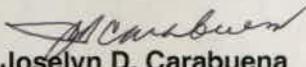

Isidro E. Cacho, Jr.
Market Operator
Philippine Electricity Market Corporation
(PEMC)


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

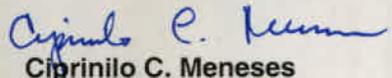

Theo C. Sunico
Generation Sector
1590 Energy Corporation


Lorréto H. Rivera
Supply Sector
TeaM (Philippines) Energy Corporation


Jose Ferlino P. Raymundo
Generation Sector
SMC Global Power

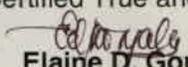

Joselyn D. Carabuena
Generation Sector
Power Sector Assets and Liabilities Management
Corporation (PSALM)


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)

Certified True and Correct:


Elaine D. Gonzales
RCC Secretary
PEMC

Meneses