

**Minutes of the 105th Meeting of the Rules Change Committee
Regular Meeting No. 2015-10**

Meeting Date & Time:	07 October 2015 - 09:00AM to 01:50 PM
Meeting Venue:	Training Room 2&3, 9/F Robinsons Equitable Tower, Ortigas Center, Pasig City

Attendance List
In-Attendance
Not In-Attendance
Technical Committee

Principal Members:

Maila Lourdes G. de Castro, Chairperson--Independent
Francisco Leodegario R. Castro, Jr., Member--Independent
Allan C. Nerves, 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)

Gilbert A. Pagobo – Distribution—MECO
Concepcion I. Tanglao, Member--Independent
Ludovico D. Lim, Member --Distribution (ANTECO)

Alternate Members:

PEMC – Market Assessment Group (MAG)

Geraldine A. Rodriguez
Romellen C. Salazar

PEMC – Legal

Sheryll M. Dy

PEMC – TOD

Edward I. Olmedo

Others:
DOE Observer(s)

Ferdinand B. Binondo
Lorelei Moya

Petron Corporation
Mentor

Pablito Enriquez
Rolando Evangelista
Mark Tristan Caparas
Geb Bunado
Gerald Santayana
Don Vic Quezon

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

The RCC approved the Agenda as amended.

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4 **1. Reading, Review and Approval of the Minutes of the Minutes of the 104th RCC Meeting**

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6 The RCC reviewed the minutes of the 104th RCC Meeting held on 02 September 2015 and
7 approved the same with minor clerical revisions.

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9 **2. Matters Arising from the Previous Meetings**

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11 **3.1. RESA's Proposed Amendment to the Retail Rules on Retail Disconnection: Result**
12 **of Board Review Committee (BRC) Meeting Presentation by the RCC**

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14 Mr. Isidro Cacho discussed with the RCC the result of the presentation before the BRC
15 of the Retail Electricity Suppliers Association's (RESA) Proposed Amendment to the Retail
16 Rules on Retail Disconnection as endorsed by the RCC. Mr. Cacho shared that the
17 general comment of the BRC and its basis for remanding the proposal was that the
18 provisions being proposed are beyond the scope of the market. He cited as an example
19 the proposed Section 2.7.1.1 on the grounds for disconnection which covers even the
20 violation of contracts under the OATS rule. For the other provisions, on the other hand,
21 Mr. Cacho stated that the BRC did not raise any issue.

22
23 Ms. Lorreto Rivera recalled that the the decision to include some of the details in the
24 proposal, particularly, the grounds for disconnection specified under Section 2.7.1.1,
25 emanated from the ERC's comment that the proposal should be consistent with the
26 DSOAR. Otherwise, she stated that, PEMC's comments to revise/simplify the proposal
27 would have been acceptable for RESA.

28
29 Ms. Rivera further informed the RCC that discussions are currently on-going between
30 RESA and the ERC relative to the retail disconnection proposal. In view of this, she relayed
31 RESA's request to defer RCC discussion the matter, pending the final result of discussions
32 between the parties.

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34 The RCC noted the information from Mr. Cacho and Ms. Rivera.

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36 Following the discussions, the RCC agreed to defer further deliberations on the matter
37 pending the result of the discussions between RESA and ERC on the matter.

Atty. de Castro requested for a formal communication from RESA, through Ms. Rivera, regarding its request to defer the RCC's discussions on the Proposed Amendment to the Retail Rules on Retail Disconnection. The request was duly noted by Ms. Rivera.

3.2. Petron's Proposed Amendment to the WESM Rules on Cogeneration

Atty. de Castro acknowledged presence of representatives from Petron during the meeting to take part in the RCC's deliberations relative to the Proposed Amendment to the WESM Rules on Cogeneration. She likewise acknowledged receipt of comments on the said proposal from PEMC and the DOE.

Mr. Cacho discussed with the RCC the comments submitted by PEMC, as follows.

- PEMC recommends that the current classification of generating units, in consideration of the must and priority dispatch generators, be retained.

Gen type	Offer
Scheduled Generating Unit	Maximum Available Cap
Non scheduled Generating Unit	Target Loading Level
Must Dispatch	Target Loading - forecast
Priority	Target

- To address the concern of Petron/other cogeneration facilities on its inability to offer its maximum capacity, pursuant to the must offer rule, due to the nature of their plants being cogeneration facilities, PEMC suggests that a qualification to the rules be made that insofar as co-generation facilities are concerned, the following guidelines be adopted, relative to its offers/nominations:

Plant type	Classification	Category	Class	Offer/Nomination
Cogeneration	Embedded or directly connected	Fit eligible	Preferential	Net of load
		Not fit eligible : less than or equal 10MW	Non-Scheduled	Net of load
		Not fit eligible: greater than 10MW	Scheduled	Net of load

- Embedded generating units which are not cogeneration facilities will be guided as follows:

Plant type	Classification	Category	Class	Offer/Nomination
Embedded	Not Cogeneration	Fit Eligible	Preferential	Gross
		Not fit eligible : less than or equal 10MW	Non Scheduled	Gross
		Not fit eligible: greater than 10MW	Scheduled	Gross

67 Mr. Cacho expressed that PEMC's recommendation to classify the scheduled and non-
68 scheduled generating units based on size of above 10MW and 10MW or below,
69 respectively, is a bit arbitrary and is subject for further review and validation.
70

71 In terms of the submission of quantities in the market, Mr. Cacho explained that as
72 proposed by PEMC, cogeneration facilities will not be subject to the current definition of
73 Maximum Available Capacity. Thus, cogeneration plants will be allowed to offer its net
74 load (i.e net of requirements of its energy host) or the actual quantity that it will be injecting
75 to the grid. At the same time, cogeneration plants will be required to submit their projected
76 load and net injection on a day-ahead and week-ahead basis for purposes of monitoring.
77

78 Mr. Cacho further explained that for plants that are not cogeneration but are embedded,
79 and whose generation is not dependent on the energy host, the existing rules would apply
80 in terms of submission of offers.
81

82 To operationalize this, PEMC proposes to add an additional rule on cogeneration relative
83 to the said plant's submission of projected net load. For the embedded generation, the
84 same rules on submission of gross generation in consideration of the limitations defined
85 under the maximum available capacity will apply. Moreover, for cogeneration facilities, an
86 additional provision stating that they should submit their capacity net of load shall be
87 proposed. Mr. Cacho explained that for non-scheduled and preferential dispatch
88 generators, their submission to the market, will be quantity without a corresponding price.
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90 Following the discussion above, Mr. Ferdinand Binondo likewise presented the DOE's
91 comments, summarized as follows.
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- 93 • Add an additional category of generating units under clause 2.3.1.2 of the WESM
94 Rules, which is "5) *An embedded generating unit.*"
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- 96 • Under the proposed new clause 2.3.1.7, further classify an embedded generation
97 unit, as follows:
 - 98 a) If the aggregate generation capacity is below 10MW, it shall be registered
99 as non-scheduled generating unit, but may, at its option, be classified as
100 a scheduled generating unit; or
 - 101 b) If the aggregate generation capacity is 10MW or more, it shall be registered
102 as a scheduled generating unit.
- 103
- 104 • Under the proposed new clause 3.5.5.12, state that embedded generations, which
105 are registered as scheduled generating units shall submit to the Market Operator
106 for each trading interval its projected generation quantities for onsite consumption.
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108 Mr. Cacho stated that DOE's recommendation is, in some way, the same as PEMC's
109 recommendation. He explained that the only difference is that the DOE is recommending
110 an additional category of generating plants, which is "embedded generating unit," while
111 PEMC proposes to retain the current classifications and just add relevant rules that will
112 apply to cogeneration facilities in terms of its participation in the market. Further,
113 cogeneration facilities may, where applicable, be classified under any of the existing
114 categories of plants as defined in the WESM Rules.

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Mr. Binondo agreed that the DOE's recommendations are, more or less, the same as that of PEMC's, except for the differing interpretations of what an embedded generating unit is. He shared that from the DOE's perspective, embedded generators are those plants synchronized with the grid and which are supplying energy to its own industrial plant. Mr. Binondo expressed that this interpretation of an embedded generator is the same as that of other markets such as the Australia and Singapore markets. Mr. Binondo raised that even embedded generators that are not cogeneration facilities may experience the same difficulties as Petron, in complying with the must offer rule. Thus, what the DOE wishes to address through its recommendation, is the concern of embedded generations as whole, and not just cogeneration facilities, regardless of the fuel type of the plant.

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Mr. Ambrocio Rosales commented, that from the System Operator's perspective, the plant classified as embedded generation should be connected to the Distribution Utility system and should not be supplying power to the grid. Otherwise, without these conditions, the plant cannot fall under the category embedded.

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Mr. Binondo responded that the Singaporean and Australian markets measure the power exported by embedded generation to the grid based on their net output. Moreover, these markets refer to requirement of their load as onsite consumption, which they require for submission, to monitor the output of the embedded generation when they submit their offers in the market. Mr. Binondo further stated that the DOE views that based on the definition of what a cogeneration facility is, the reason for such types of plants' difficulty in complying with the must offer rule is not due to its being a cogeneration facility, but perhaps, more on the type of technology. He expressed that, for instance, the combined heat and power plant, because it produces both electrical and heat energy or because it is efficient, is being classified as a cogeneration facility. However, it does not necessarily mean that with such peculiarity, it can no longer control its output, because such output can be defined by the cycles involved in the plant's processes or by the way the plant is designed. Finally, Mr. Binondo stated that the Renewable Energy (RE Act) recognizes only cogeneration facilities that are using renewable types of energy, which does not include the coal plants.

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On the part of Petron, Mr. Rolando Evangelista expressed no objection on PEMC's comments and recommendations and stated that Petron has no issue as far as its commitment in offering its net generation is concerned. He clarified that the gross generation of Petron, which is required for submission in the market, is inclusive of its internal utilization or the requirements of its energy host. Mr. Evangelista stated, however, that with regard to commitment, the market has to understand that the dynamics in the operation of the embedded load, which in some instances, would require their plant to shift power, thus affecting the plant's net output for the day. Thus, from his perspective, it is more an issue of reporting what the plant cannot offer due to its circumstances, so long as its reasons are explainable and technically valid, rather than an issue of commitment.

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Moving forward, Atty. de Castro stated that one of the issues raised by the DOE in the earlier part of the discussion is on the definition of the cogeneration. Thus, she inquired from the body if they have other thoughts on the matter.

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Mr. Binondo clarified that the DOE does not have any issue on the definition. However, he stated that cogeneration may still be very vague for it to be treated as a classification for generation units, as there is still no existing law or provision with clear policies on cogeneration. The DOE views that Petron's concerns, specifically its compliance to the must offer rule, shall be addressed by examining issues of embedded generation. Thus, it is the DOE's recommended approach to address the issue on embedded generation and not look at cogeneration per se.

In relation to the DOE's recommendation to add "embedded generating unit" as another category of plants, Mr. Rosales commented that such would only complicate the categorization of plants, because embedded generating units may also fall, for instance, under the scheduled generation category. Mr. Binondo responded that the proposed clause 2.3.1.7 indicated that embedded generation unit may be subject to the sub categories specified under that clause.

Mr. Ciprinilo Meneses commented that one of the angles that the RCC should look into is how the Enforcement and Compliance Officer (ECO) treats cogeneration facilities—whether or not the ECO gives more leeway for said types o plants' compliance to the must offer rule. Mr. Meneses opined that if the market recognizes that a certain plant, say a cogeneration plant, is not as capable as a regular generator to offer its maximum available capacity, then the rules that apply to that plant should not be as strict as it would apply to the other generator types. Mr. Meneses likewise opined that the peculiarity of a plant may not be sufficient as reason for exemption to a certain rule. He cited for instance, that there are certain plants located in a rainy area that its coal fuel often gets wet thus affecting its ability to comply with RTD instructions. However, that plant does not request to be classified as "a plant located in a very rainy area" for it to be exempted from the RTD. He expressed that there are also peculiarities that hit other normal plants.

In response to Mr. Meneses' concerns above, Ms. Geraldine A. Rodriguez stated the ECO investigates non compliances on the basis of requests for investigations (RFIs) it receives. ECO then investigates the case on the basis of source documents submitted by the party being investigated, as well as available documents it has, vis-à-vis the existing provisions of the rules. She clarified that RFIs emanate from the MSC, which regularly reviews non-compliances to the must offer rule and the RTD instructions against the current provisions of the WESM Rules and Market Manuals. She explained that what the market wishes to address is subjecting generating plants to investigations over and over again for the same reason, which reason upon review and investigation by ECO, would later prove that the non-compliance to the must offer rule was indeed valid. Ms. Rodriguez added that what the proposal aims to address is that even at the start of the process, at the level of the MSC, an exemption is already granted by specifying in the rules that cogeneration units shall be allowed to submit their net output based on the load of their energy host.

Mr. Menses commented further that perhaps, the MSC should initiate, at its level, a way by which to cease the issuance of non-compliance to the cogeneration plants in terms of the must offer rule. Ms. Romellen Salazar responded that Petron's proposal, in fact, emanated from the MSC's instructions to Petron to submit a proposal to the RCC that



211 would exempt it from the must offer rule, in recognition that the concerns of Petron and
212 the reason for its inability to offer its maximum available capacity is indeed valid.

213
214 Further on the discussions, Mr. Binondo inquired if all cogeneration facilities have an
215 energy host. Mr. Cacho responded that based on the current definition under the RE Act,
216 a cogeneration facility has an associated industrial commercial heating or cooling process
217 through the sequential use of energy.

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219 Dr. Allan Nerves, for his part, suggested that generators be classified based on their
220 participation in the market rather than on the type of technology, to determine what rules
221 would apply based on their participation.

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223 Mr. Jose Ferlino Raymundo, for his part, stated that the rules amendment being proposed
224 by Petron seeks to address the difficulty of having to investigate and explain something
225 that occurs 24 hours for each of the 365 days of the year. He opined that regardless if the
226 classification is cogeneration or embedded, the submission of plants with similar
227 peculiarities as with Petron should be net of their load.

228
229 Mr. Rosales commented that hydro plants, that have constraints based on the availability
230 of water especially during summer months, do not request for a similar exemption from
231 the must offer rule. Mr. Cacho, on the other hand, responded that the limitations of hydro
232 plants are already addressed in the current definition of maximum available capacity.

233
234 On a final note, Mr. Evangelista expressed his thanks to the RCC for having identified the
235 issue on embedded generation. On the issue on cogeneration, he expressed that he is
236 not familiar with how it is defined in the generation industry. He stated that from the
237 perspective of the chemical and petro chemical industry, cogeneration is defined simply
238 as a power plant producing at least two (2) kinds of energy, which are typically steam and
239 power. He added that cogeneration plants should not be viewed based on a plants'
240 efficiency in using its steam energy, because in such case, in the language of a chemical
241 plant, it will be considered as a regeneration facility rather than a cogeneration plant. In
242 simple terms, cogeneration plant is defined as such when the different types of energies
243 produced are used in industrial applicatios."

244
245 At this point, Atty. de Castro thanked the body and the representatives from Petron for
246 giving their inputs. Having noted the issues and concerns raised, the RCC agreed to defer
247 its decision on the matter and remand the proposal to Petron for further enhancement
248 based on comments received from PEMC and DOE, and the discussions arising from
249 those comments.

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251 The RCC created a Sub-committee, composed of Mr. Francisco Castro, Ms. Concepcion
252 Tanglao, Mr. Jose Ferlino Raymundo, Mr. Ciprinilo Meneses, and Mr. Isidro Cacho,
253 together with Mr. Ferdinand Binondo, to work with Petron in crafting a revised proposal to
254 the WESM Rules that would address its concerns.

255
256 Atty. de Castro requested the Secretariat to coordinate the meeting of the Sub-Committee
257 and Petron, and have their output presented in the next RCC meeting.

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259 The agreements and instructions were duly noted by the parties.
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261 Atty. de Castro thanked the body and the representatives from Petron for taking part in
262 the RCC's discussions.
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264 **3.3. MO-SO Study on Dispatch Tolerance Standards: Presentation from the System**
265 **Operator of the results of its simulation**
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267 Mr. Rosales made a presentation on result of the System Operator's own assessment of
268 the $\pm 3\%$ dispatch tolerance, following the previous presentations made by the Market
269 Operator in relation to the MO-SO Study on Dispatch Tolerance. The SO's study seeks to
270 determine if there is a need to modify the existing threshold to further improve the
271 Generators' compliance to their RTD's target load, and to propose amendments to the
272 current market manual, if necessary, based on the results of the study.
273

274 The assumptions used in the SO's study are as follows:
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- 276 1. Two (2) types of Power plants were considered in the study: Coal & Gas Turbine
- 277 2. The Data used were the actual plant loadings at every 5-seconds intervals from
278 0000H to 2359H from Sept. 8-14, 2015 (1 week data)
- 279 3. Intervals with no change in RTD (previous RTD same as current) and those with
280 dispatcher intervention (e.g. hold load instructions) were not considered.
281

282 On the other hand, the methodology used by the SO is as follows:
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- 284 1. Intervals were split into two categories: *Increasing* RTD and *Decreasing* RTD.
- 285 2. Projected intra-hour RTD was formulated based on linear ramping and used to
286 assess compliance to dispatch tolerance at the intra-hour .
- 287 3. Estimates for the 15-minute ramp rates were computed by taking the actual plant
288 loading every 15 minutes for each interval
 - 289 • Four (4) ramp rates were computed at each interval

290 The following slides show the results of the SO's assessment:
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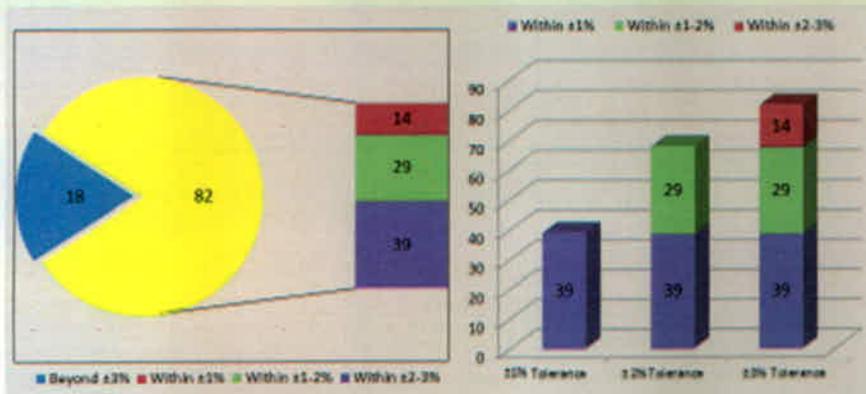
Assessment (GT type)

RTD Trend	Compliance							
	% of Data Above RTD				% of Data Below RTD			
	1%	2%	3%	> 3%	-1%	-2%	-3%	< -3%
Inc	18.78	31.88	36.44	6.48	20.27	35.95	45.34	11.74
Dec	17.30	23.67	24.25	0.17	22.5	36.56	45.34	30.24

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Assessment (GT type)

Average Percentage Distribution (Increasing RTD)

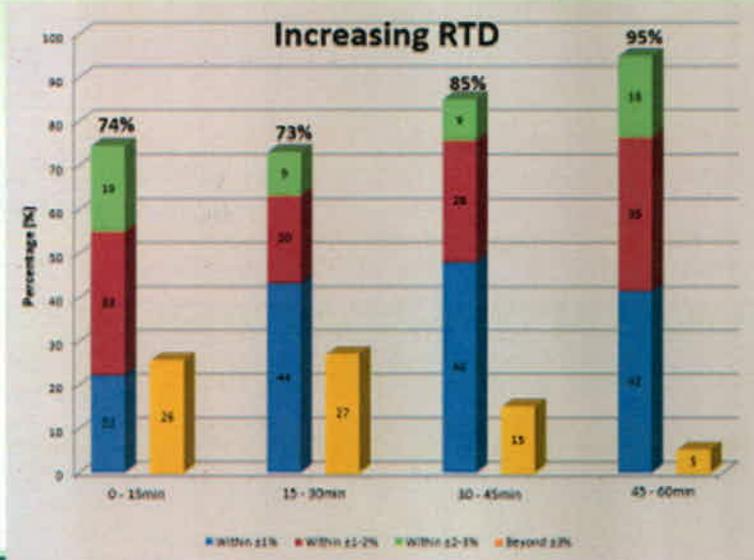


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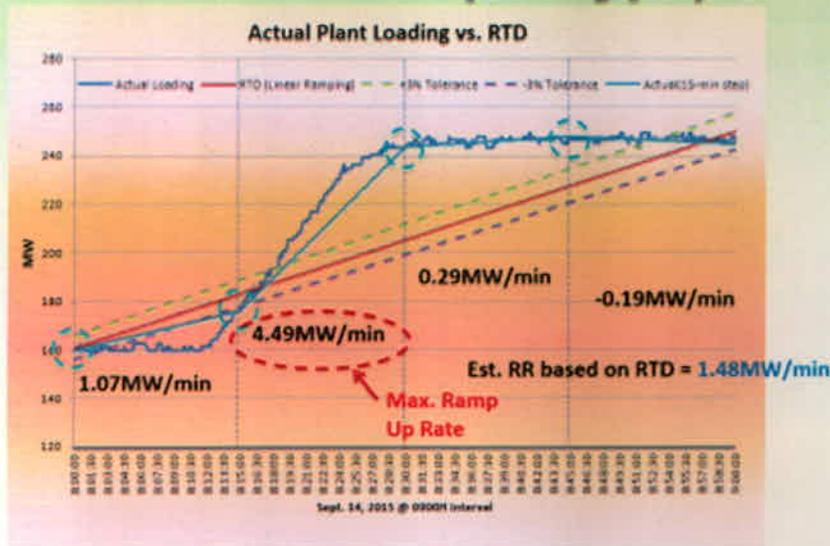
Assessment (GT type)

Compliance to $\pm 3\%$ Tolerance



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Assessment (GT type)



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Findings/Observations

- It was very evident that the actual ramp rates can be varied even below the calculated RTD ramp rate. This was observed especially during the last 15th minute observable period just to comply within the required dispatch tolerance.
- Also, it can be observed that whenever the actual ramp rates would be higher than the calculated ramp rates, the target load can be achieved earlier within the intra-hour (i.e. within the 2nd and 3rd 15th minute intervals) and maintain its load steadily just to keep compliant within the threshold at the end of the hour.

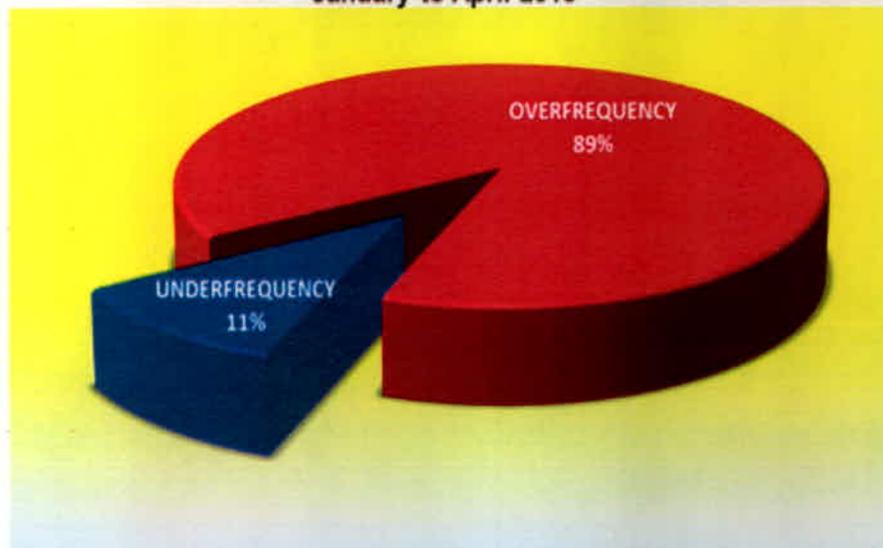
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Grid Impact of Allowing +3% or > 3% Dispatch Tolerance

- For an RTD of 8000MW plus 3% increased to its output generation equivalent to 240MW would result in a frequency rise of 1.09Hz at 22MW/0.1 Hz. Hence, if the frequency is at 60Hz, the resulting frequency would be 61.09Hz (excess generation)
- Actions to be done by the System operator is to constrain off generators ranked high in the merit order table or even to shutdown if already at pmin to be able to balance the supply and demand.

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Frequency Limit Violations January to April 2015



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Difficulty in the Dispatch Implementation

- Scheduling the RTD based on the target load and allowing to deviate to +3% from the target load would have difficulty in balancing the supply and demand since there is no downward adjustment. This would result in frequent constraining off of generators just to keep the frequency within normal range. Otherwise, the grid is exposed to "severe over frequency" due to excess generation which is detrimental to grid operations.

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Recommendations

- To propose amendment for a rules change to strictly comply only to the target load with the dispatch tolerance compliance within the 0% and -3% thresholds.
- Dispatch tolerance shall still be observed but only for below the RTD schedule (-3% limit). This will allow plants to be Constrained On and provide additional power to augment the generation deficiency.
- For WESM to monitor the capability of plants to comply with the RTD-based ramping in order to minimize the effect of plant loading deviation to system frequency.

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Below are the details of the discussion which followed relative to the SO's presentation:

- In relation to the slide on frequency limit violations, Dr. Nerves inquired on how the percentages were derived, whether or not it is based on performance per trading interval. Mr. Rosales responded that the slide/pie chart reflected the performance in terms of power quality every 2-seconds, clarifying further that each time the frequency braches the 60.3Hz, it is counted as one (1) violation. He stated that this is how the ERC gauges the SO's performance in terms of power quality. Based on the SO's data, at 89% of the time, the system experiences over-frequency, while under-frequency is experienced 11% of the time.
- Mr. Rosales commented that even if the plants go beyond the 3% dispatch tolerance during intra-hour, the monitoring of compliance to the thresholds is based only on the top of the hour or end of trading interval. He noted that plants are being paid for their total energy.
- Mr. Rosales commented further that scheduling in the market is based on the target load. However, the problem is that during real time, plants may deviate from their target load because the rules allow them to do so, with the dispatch tolerance standards of $\pm 3\%$. Thus, Mr. Rosales raised his concern that if all plants will deviate by +3% from their target load, the frequency will go up, which is detrimental to system security. In such case, the SO's usual action to address over-frequency is to constrain-off generators. If the frequency is between 60.3 and 60.6Hz, the SO still observes the order of priority in the merit order table in constraining-off generators. However, when the frequency goes beyond 60.6 and the system is already in the emergency state,

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341 the SO may already constrain-off generators in any order of priority and in most cases,
342 call first those Generators ranked in the highest order of priority, or even shutdown
343 generators at Pmin if still necessary. Mr. Rosales expressed that over-frequency is
344 more difficult to address than under-frequency because there is currently no downward
345 regulation to address the over-frequency. Mr. Rosales stated that Generators should
346 try to understand that when Generators are asked to constrain-off, the SO is only trying
347 to balance the supply and demand. It should also be noted that such action is caused
348 by many factors, including the increase in output of Generators in the lower order of
349 priority in the merit order table who may be taking advantage of the allowed 3% upward
350 deviation. He remarked that implementing the reserve market may provide some relief
351 to all of these issues.

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- 353 • Mr. Cacho stated that the central scheduling of energy and reserve will be
354 implemented prior to the reserve market. He remarked that with central scheduling,
355 the problem with over-frequency can be addressed because it provides for a
356 mechanism on upward and downward regulation.
357
 - 358 • Still in relation to Mr. Rosales' remarks on the reserve market, Mr. Binondo informed
359 the RCC that the DOE is preparing its comments on the report submitted to it by PEMC
360 following the forum conducted by the DOE with the generators. Mr. Raymundo
361 expressed that the DOE give ample time for the generators to prepare for the
362 implementation of the reserve market. Mr. Binondo answered that there is already a
363 timeline for its implementation, as well as for the trial operations period as mentioned
364 by Mr. Cacho.
365
 - 366 • Further on under-frequency, Mr. Rosales stated that the same is easier to address
367 because the SO can easily ask a generator to constrain-on and increase its output,
368 which should be deemed as an opportunity on the part of that Generator.
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 - 370 • Mr. Meneses commented that the SO can perhaps consider incorporating in its
371 Ancillary Service Procurement Agreement (ASPA) the provision of downward
372 regulation to immediately address the problem, rather than wait until the central
373 scheduling gets implemented. Mr. Meneses also opined that changing the rules and
374 the $\pm 3\%$ threshold for dispatch tolerance is not necessary. He stated that what needs
375 to be done is improve enforcement and implementation, in particular, the SO practice
376 of dispatch tolerance compliance monitoring should be done on a 15 minute interval
377 basis instead of at the top of the hour only. If such can be done, the non-complying
378 Generators can be easily identified and the SO can ask them to reduce their output
379 even before the end of hour.
380
 - 381 • Mr. Rosales responding to the comment of Mr. Meneses, explained that the SO can
382 capture the data for every 15 minutes as suggested. However, the SO deems that
383 even if Generators comply with the 3% dispatch tolerance threshold, the issue cannot
384 be solved because that 3% level has an impact to the grid in real time, especially
385 when all generators deviate by 3% upward from their target load. Thus, he reiterated
386 the SO's recommendation to adopt the -3% and 0% threshold. Mr. Rosales expressed
387 that even the monitoring of the linear ramping of plants every 15 minutes is difficult to
388 implement, unless the new market monitoring system will be designed based on a 15-

- 389 minute dispatch interval, as it would already address the intra-hour variations and
390 improve grid operation.
391
- 392 • Dr. Nerves believed that the percentage will not matter because even if the 0%
393 threshold is adopted, the Generator can still breach that level during intra-hour and be
394 compliant at the end of hour.
395
 - 396 • Mr. Raymundo commented that if the 15 minute monitoring is implemented, the
397 Generator should likewise have a target every 15 minutes because that demand may
398 also vary within that short period of time. If the MSC monitors compliance to the linear
399 ramping and the demand changes within that 15-minute interval, then the Generator
400 will still be subject to investigation.
401
 - 402 • Mr. Alfie Miras raised that SNAP's primary concern is the handling of small dispatch
403 levels. He stated that the problem with percentages is that it would depend on the level
404 of the Generator's RTD. He stated that SNAP's difficulty is in complying with the 3%
405 threshold when dispatched at low levels. Mr. Rosales, on the other hand, stated the
406 difficulty of SO in maintaining grid security by trying to balance the supply and demand.
407 He stated that if the 3% threshold level will be maintained and all Generators will
408 deviate at that level, the frequency, for upward dispatch deviation, will go up and the
409 grid security will thus suffer. If that happens, the SO's natural reaction would be to
410 constrain of some Generators.
411
 - 412 • Mr. Meneses commented that the SO's practice of choosing Generators at the top of
413 the merit order to back down when grid frequency goes up may be unfair for that
414 Generator if it is complying with its RTD instructions. Thus, in such case where the
415 Generator at the top of the merit order is compliant, the SO should not base its action
416 on the merit order but rather, on the "moral order". Mr. Rosales responded that the SO
417 currently has no such capability. Mr. Raymundo stated that the need to ask some
418 Generators to back down may not always be caused by a Generator's non-compliance
419 to its RTD, as there are other factors such as forecast error. Moreover, per Mr.
420 Rosales, there are also renewable energy sources that need to be considered
421 because these sources are unpredictable and can come in to the grid at any time.
422
 - 423 • Mr. Raymundo suggested inviting a plant operator to discuss/make a presentation on
424 what happens in the control room, or how the plant operator reacts to certain
425 conditions that affect the real-time dispatch of a plant and its compliance to SO's
426 instructions.
427
 - 428 • On the part of the MO, Mr. Edward Olmedo stated that the MO's recommendations as
429 he had shown in his previous presentations to the RCC remain. That is, to adopt the
430 1MW dispatch tolerance for RTD of up to 50MW (Luzon) and up to 10MW (Visayas).
431 Moreover, for plants with RTD of more than these levels, the 3% threshold will be
432 maintained. As such, Mr. Olmedo expressed that the MO will prepare a
433 proposal/position paper, incorporating the recommendations of the SO. Moreover, the
434 data previously requested by the RCC on the bell curves will be provided to the RCC
435 through the Secretariat.
436

437 • Mr. Theo Sunico recalled that the 3% dispatch deviation standards is not part of the
438 Rules or Manuals, but was issued through a PEM Board Resolution. If under the Rules,
439 it should be the SO who should determine the appropriate dispatch tolerance of plants,
440 he inquired on the way forward for the recommendations that will be provided in the
441 MO-SO study. Mr. Cacho stated that the MO's adoption of the 3% threshold was
442 intended for the transitory period and subsequent to that, the SO has been tasked to
443 determine the appropriate dispatch deviation standards. He expressed that the intent
444 now of the proposal is to provide an enhancement to the current threshold level and
445 incorporate it in the rules and appropriate manuals.

446
447 Following the discussions, the RCC agreed as follows:

- 448
- 449 • Coordinate with Ms. Rivera and Mr. Raymundo for the plant operator to be invited
450 to the RCC to discuss their experiences inside the control room in terms of
451 reacting to certain plant conditions and in complying with SO's dispatch
452 instructions;
 - 453 • For the MO to submit its position paper to the RCC in relation to the
454 recommendations presented by the MO and SO relative to the dispatch tolerance
455 standards for plants, and present the same in the next RCC meeting. The position
456 paper, in particular, shall address the concerns raised by SNAP and at the same
457 time, incorporate the SO recommendations. Mr. Olmedo shall also provide the
458 data and bell curves previously requested by the RCC relative to the MO's
459 simulation on the Generator's compliance to the dispatch deviation standards.

462 3. New Business

463 WESM Technical Committee's Proposed Amendment to the WESM Rules and TC Manual 464 Issue 1

465
466 Ms. Hiyasminh Dagum presented the Technical Committee's (TC) Proposed Amendment to
467 the WESM Rules and TC Manual in behalf of the TC. The TC's Proposal aims to update the
468 first issuance of the TC manual and revise the procedures in conduct of technical study and
469 review. Ms. Dagum presented the major changes in the Rules and manual as proposed by
470 the TC. In the course of discussions, the RCC gave its comments as specified below.

- 471
- 472 • Section 4.3.3: The RCC inquired on how the Secretariat ensures that a request for Study
473 to TC is included in its agenda. Ms. Rodriguez responded that all requests received by
474 the Secretariat are immediately transmitted to the TC thru email, and is automatically
475 included in the Agenda of the nearest TC meeting.
 - 476 • Section 4.3.6, the RCC commented that as worded, the proposed provision does not
477 clearly state that the entities with which TC may coordinate with in relation to its study, is
478 not limited to those specified under the provision.
 - 479 • Section 4.3.7: The RCC inquired if it would be appropriate to leave to the TC's discretion
480 whether or not to provide a copy of the technical review or study to PEM Board,
481 considering that the Technical Committee is a PEM Committee. The TC Secretariat noted

485 this comment and explained that based on the current procedures, TC review/study is
486 provided to the party who requested for the same. Moreover, the Secretariat stated that
487 perhaps, one of the things to be considered is confidentiality of the data used for such
488 technical review or study.
489

490 The comments were noted by the Secretariat for consideration once the RCC deliberates on
491 the matter. Following the presentation made by Ms. Dagum, the RCC approved the posting
492 of TC's Proposed Amendment to the WESM Rules and TC Manual Issue 1, to solicit
493 comments of participants and interested parties.
494

495 **4. Other Matters**

496 **4.1. DOE's presentation on clerical corrections to the WESM: For RCC's confirmation**

497 Ms. Lorie Moya presented the clerical corrections made by the DOE in the WESM Rules as
498 a result of the WESM Rules Review and Writeshop conducted by the DOE together with
499 PEMC. The presentation intended to get the RCC's confirmation that the corrections made by
500 the DOE are correct and acceptable to the RCC.
501

502 In the course of the presentation, noting that the DOE's direction is to insert the phrase
503 "WESM Rules Clause" in all reference to clause, Atty. de Castro suggested instead to insert
504 a provision at the beginning of the WESM Rules document stating something like "all
505 references to the clauses herein, refer to the WESM Rules, unless otherwise stated." Atty.
506 de Castro opined that inserting "WESM Rules" in every provision in the WESM Rules may be
507 redundant.
508

509 The RCC likewise noted that acronyms will be used only for the entities, that is, the DOE and
510 the ERC. In such case, since the market manuals normally use acronyms such as BCQ, MRU,
511 MSU, etc., Atty. Maila suggested that, to avoid doing a global change in all market manuals,
512 the acronyms be retained in the glossary of the WESM Rules.
513

514 The suggestions of the RCC were duly noted and accepted by the DOE.
515

516 Following the presentation of Ms. Moya, the RCC confirmed and accepted the clerical
517 corrections in the WESM Rules, as presented.
518

519 **4.2. BRC/PEM Board Updates for September 2015**

520 Ms. Rodriguez provided the following updates to the RCC.
521

- 522 • PEM Board approved the Proposed Amendment to the WESM Rules on Wholesale
523 Disconnection, except for the proposed Clause 2.9.1.3.
- 524 • BRC remanded the Proposed Amendment to Retail Rules on Retail Disconnection for
525 further review, as some of the proposed provisions were noted to be beyond the scope
526 of the market.
527

528 The RCC duly noted the information provided by the Secretariat, and thanked Mr. Cacho for
529 presenting in the BRC, and Dr. Nerves for presenting in the PEM Board.
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5. Next Meeting

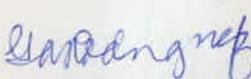
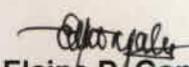
The RCC was reminded of the previous agreement to meet on the following dates in the succeeding months of 2015.

- 106th RCC Meeting – 04 November
- 107th RCC Meeting – 02 December

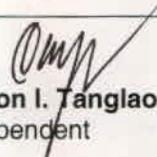
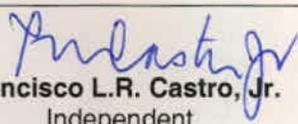
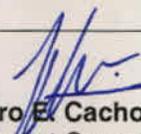
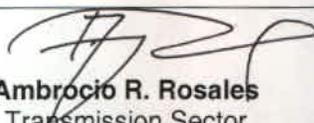
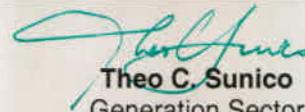
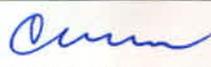
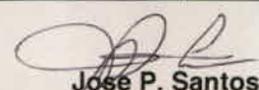
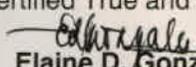
The Secretariat informed the RCC that the PEM Committee Christmas activity will coincide with the RCC's meeting in December. The information was noted by the RCC.

6. Adjournment

There being no other matter to be discussed, the meeting was adjourned at 1:50 PM.

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



Approved by: RULES CHANGE COMMITTEE  Maila Lourdes G. de Castro Chairperson Independent	
Members:	
 Concepcion I. Tanglao Independent	 Francisco L.R. Castro, Jr. Independent
Allan C. Nerves Independent	 Isidro E. Cacho, Jr. Market Operator Philippine Electricity Market Corporation (PEMC)
 Ambrocio R. Rosales Transmission Sector National Grid Corporation of the Philippines (NGCP)	Joselyn D. Carabuena Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
 Jose Ferlino P. Raymundo Generation Sector SMC Global	 Theo C. Sunico Generation Sector Vivant Corporation
 Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)	 Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)
Gilbert A. Pagobo Distribution Sector Mactan Electric Company (MECO)	Ludovico D. Lim Distribution Sector Antique Electric Cooperative, Inc. (ANTECO)
 Lorreto H. Rivera Supply Sector TeaM (Philippines) Energy Corporation (TPEC)	Certified True and Correct:  Elaine D. Gonzales RCC Secretary PEMC

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