

**MINUTES OF THE 82nd MEETING OF THE RULES CHANGE COMMITTEE**

<b>Meeting Date &amp; Time:</b>	08 January 2014 – 09:00 AM to 12:00 noon
<b>Meeting Venue:</b>	PEMC Board Room, 18 <sup>th</sup> Floor, Robinsons Equitable Tower, Ortigas Center, Pasig City

**Attendance List**
**In-Attendance**
**Rules Change Committee Members**

Rowena Cristina L. Guevara --Chairperson/ Independent --UP  
 Francisco L. R. Castro, Jr. --Independent--Tensaiken Consulting  
 Maila Lourdes G. De Castro --Independent  
 Concepcion I. Tanglao --Independent  
 Joselyn D. Carabuena --Generation -- PSALM  
 Jose Ferlino P. Raymundo --Generation -- SMC Global  
 Jose P. Santos --Distribution --INEC  
 Sulpicio C. Lagarde, Jr. --Distribution --CENECO  
 Isidro E. Cacho, Jr. -- Market Operator --PEMC  
 Ambrocio R. Rosales --System Operator --NGCP  
 Lorreto H. Rivera --Supply --TPEC

**Not In-Attendance**

Gilbert A. Pagobo -- Distribution --MECO  
  
 Ciprinilo C. Meneses -- Distribution MERALCO  
  
 Theo Cruz Sunico -- Generation -- 1590 EC

**Rules Change Committee Alternate Members**
**PEMC – Market Assessment Group (MAG)**

Geraldine A. Rodriguez  
 Romellen C. Salazar

**PEMC – Legal**

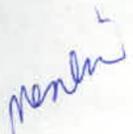
Maria Lourdes San Andres Sabundayo

**ERC Observer(s)**
**DOE Observer(s)**

Ferdinand B. Binondo

**Others Present**

There being a quorum, Chairperson Dr. Rowena Cristina L. Guevara called the meeting to order at around 9:00 AM.



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2 **1. Adoption of the Proposed Agenda**  
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4 The Proposed Agenda for the 82nd RCC Meeting was approved, as amended.  
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7 **2. Review, Correction, and Approval of the Minutes of the 80th RCC Meeting**  
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9 The Minutes of the 81st RCC Meeting was approved, as amended. Corrections made  
10 are as follows:  
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12 ➤ Page 3, line 36

13 "Mr. Ambrocio Rosales, however, stated that dispatch instructions focus more  
14 on the implementation of dispatch schedules **but for the case on ILD, if**  
15 **ever, would be classified as an instruction from the System Operator**  
16 **since the SO simply issued instruction to ILD to be switched off, and not**  
17 **on the ancillary.** He explained that issuing Dispatch Instructions to ILD is not a  
18 normal or regular activity by the SO, but such can happen and when it does,  
19 all that is needed is to specify the contact person in the ILD. He further opined  
20 that an instruction given to ILDs can be classified as a scheduled instruction  
21 and not a dispatch instruction because such is not a case of dispatch, rather,  
22 the SO merely asks the ILD to be switched off."

23 ➤ Page 2, line 24

24 "Mr. Rosales raised that retaining the MW **target loading to be monitored**  
25 **for compliance to dispatch tolerance at the end of the trading hour**  
26 **only** Hr, as he proposed, in the monitoring of target loading has **would have**  
27 huge implications for **other** generators **specifically ranked in the highest**  
28 **order in the Merit-Order Table** because the non-complying generators who  
29 take advantage within the intra-hour causes the other generators ~~not to be~~  
30 dispatched to deviate from their dispatch schedules. He stated that with his  
31 proposal, **the generators should be monitored in terms of the MWhr**  
32 **delivered within the interval and not in MW only as the target loading at**  
33 **the end of the interval. He further explained that** even if the generator  
34 fails to observe the required linear ramping, it can still meet its target if it runs  
35 within its scheduled energy from the start until the end of the interval."

36 ➤ Page 4, line 48

37 "The RCC thus agreed to revise the proposal to remove the MO in the  
38 provision as proposed by Mr. Cacho. Mr. Rosales."

39 ➤ Page 4, line 52

40 **"He explained that the current criteria allows a Generator to be covered**  
41 **by imposition of Security Limit even it is under** He added that the  
42 Regulatory and Commercial Testing was included as criteria for the  
43 imposition of Over-riding Constraint Limit because this was removed as one  
44 of the criteria for non-security related concerns. **Since this case is a non-**  
45 **security related matter, he recommends that the use of security limit**  
46 **focus only on security-related concerns and for non-security issues, it**  
47 **should be treated as overriding constraint limit."**

48 ➤ Page 12, line 20

49 "Mr. Rosales explained that it is **in** the **Grid Owner's** sub-station **facility**  
50 **where the disconnection (i.e. switching-off) of power is being realized to**  
51 **isolate the the Customer,** for non-payment and not the SO that is capable  
52 of opening the grid on the side of the Customer."

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3 **3. Business Arising from the Previous Meeting**  
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6 **o Proposed Amendment to the Manual on Load Forecasting Methodology:**  
7 **Comments of SNAP**  
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9 The RCC referred to the comments submitted by SNAP relative to the subject  
10 proposed amendment. The RCC deliberated upon each of the comment received  
11 and revised the proposal based on the discussions and agreements as reflected in  
12 the table below.  
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Section	Proposed Amendments	SNAP Comments	RCC Comments
4.2.2 and 4.2.3	<p>4.2.2 The SDLF calculates <i>Demand Forecasts</i> based on historical demand and weather data. Weather data used is forecasted daily. The demand profile consists of actual <i>Hourly Average Loads</i>, type of day (normal day and/or holiday), and actual weather data for the day (which has been previously saved in the Market Management System's database). SDLF extracts the historical data that is deemed to be the curve of best fit<sup>3</sup>, and then applies customer provided factors to produce the <i>Demand Forecasts</i> for each <i>Forecast Area</i>.</p> <p>4.2.3 Given a daily forecasted weather data, the SDLF calculates <i>Demand Forecasts</i> based on</p>	<p>Section 4.2.2 and 4.2.3 are nearly the same, except for a rephrasing of "Weather data used is forecasted daily". Unless purposely intended, we suggest elimination of either section or integration of the two.</p>	<p>Agreed with the comments and proposed the deletion of 4.2.3 . As a result, renumbering was made on provisions affected.</p>

<sup>3</sup>Curves of best fit are identified through statistical curve fitting.



	<p>historical demand and weather data. The demand profile consists of actual <i>Hourly Average Loads</i>, type of day (normal day and/or holiday), and actual weather data for the day (which has been previously saved in the Market Management System's database). SDFL extracts the historical data that is deemed to be the curve of best fit<sup>4</sup> and then applies customer provided factors to produce the <i>Demand Forecasts</i> for each <i>Forecast Area</i>.</p>		
4.2.4.a	<p>4.2.4 Procedure for Day-Ahead Forecast</p> <p>a) Through the Market Management System's <i>Similar Day Load Forecast</i> (SDFL) module, the <i>Market Operator</i> shall select a set of <i>Daily Demand Profiles</i> based on the following conditions</p> <ul style="list-style-type: none"> <li>i. <i>Similar Day load profile pattern</i> (Sun, Mon, Tue-Wed-Thurs, Fri, Sat, and holiday)</li> <li>ii. <i>Special Events</i>, (e.g. boxing event)</li> <li>iii. <i>Temperature</i></li> <li>iv. <i>Humidity</i></li> <li>v. <i>Other Weather</i></li> </ul>	<p>Clarification, what are under 'Other Weather Conditions', suggestion include vii. Climate conditions</p>	<p>RCC did not consider the suggestion to include additional conditions such as Climate conditions deeming that weather conditions is sufficient. The RCC suggested though that instead of a boxing event as the example of a special event, the earth hour be used instead.</p>

<sup>4</sup> Curves of best fit are identified through statistical curve fitting.



	conditions vi. Other Factors as deemed appropriate by the Market Operator		
4.2.4.b	The SDF module shall initially prepare a set of <i>Demand Forecasts</i> by averaging the Daily <i>Demand Profiles</i> selected in item 1.	Clarification, what is being referred to as item 1? Is it section 4.2.4.a?	PEMC clarified that what is being referred to as item 1 is item i under 4.2.4 a.
5.1.1	<i>Demand Forecasts</i> for the next hour in each <i>Forecast Area</i> shall be determined by the <i>Market Operator</i> using the <i>Load Predictor</i> (LDP) module of the <i>Market Management System</i> .	Suggestion - space between Area and Shall "Area shall"	Okay. For clerical revision as suggested.  <i>Demand Forecasts</i> for the next hour in each <i>Forecast Area</i> shall be determined by the <i>Market Operator</i> using the <i>Load Predictor</i> (LDP) module of the <i>Market Management System</i> .
5.2.5.b	5.2.5 LDP Algorithm a) The following algorithm xxxx .. b) Target loads are derived using different load shapes. There is at least 7 load shapes in the MMS corresponding to the seven days in a week (Monday to Sunday). xxx	Suggestion, replace "There is" with "There are".	Okay. For clerical revision as suggested.  5.2.5 LDP Algorithm a) The following algorithm xxxx .. b) Target loads are derived using different load shapes. There <b>are is</b> at least 7 load shapes in the MMS corresponding to the seven days in a week (Monday to Sunday). xxx
6	Pursuant to WESM Rules Clause 3.5.4.1, the Market	Suggestion, replace "Which are either" with	Okay. For revision as suggested.



	Operator shall prepare a <i>Net Load Forecast</i> , which are either <i>Unrestrained</i> or <i>Restrained</i> . Both shall be provided by the Market Operator in the market projections (WAP and DAP) and the Real-Time Dispatch (RTD).	"which is either"	Pursuant to WESM Rules Clause 3.5.4.1, the Market Operator shall prepare a <i>Net Load Forecast</i> , which <b>are is</b> either <i>Unrestrained</i> or <i>Restrained</i> . Both shall be provided by the Market Operator in the market projections (WAP and DAP) and the Real-Time Dispatch (RTD).
7.1.4.	Each Customer that intends to participate in this optional program shall require approval from the <i>Market Operator</i> for accounting and validation purposes.	Suggestion, replace the word 'require', the word 'seek' or 'obtain' is deemed more appropriate.	Okay. For revision as suggested  Each Customer that intends to participate in this optional program shall <b>obtain require</b> approval from the <i>Market Operator</i> for accounting and validation purposes.
8.1.2	Such weather information shall be obtained from a reliable source deemed appropriate by the <i>Market Operator</i> . Prospective weather data providers are listed in of this <i>Market Manual</i> .	Missing statements/reference in "listed in of this Market Manual".	Okay. For revision as suggested  Such weather information shall be obtained from a reliable source deemed appropriate by the <i>Market Operator</i> . Prospective weather data providers are listed in <b>Appendix B</b> of this <i>Market Manual</i> .

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Following the discussion on the matter, the RCC approved the proposed amendment to the Manual on Load Forecasting Methodogy, as revised, with consideration to the

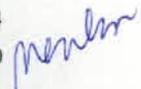


1 comments of SNAP. The RCC passed a Resolution adopting the proposed  
2 amendments as revised and endorsing said proposal to the PEM Board.

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4 **o Proposed Amendment to the Manual on Market Network Model Criteria and**  
5 **Procedures: Comments on SNAP and PEMC's Corresponding Response to**  
6 **SNAP's Comments**  
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8 The RCC referred to the comments submitted by the SN Aboitiz Power (SNAP) and  
9 the PEMC's corresponding response to said comments relative to the subject  
10 proposed amendment. The RCC deliberated upon each of the comments received  
11 and revised the proposal based on the discussions and agreements as reflected in  
12 the table below.  
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Section	Provision	SNAP Proposed Amendments	SNAP Comments	PEMC Response to SNAP Comments	RCC Deliberation on SNAP Comments and Proposed Revisions
1.2.3	The responsibilities of the Market Operator, the System Operator and the Trading Participants in the development, revision and maintenance of the MNM	The responsibilities of the Market Operator, the System Operator, <b>Network Service Providers</b> , and the Trading Participants in the development, revision and maintenance of the MNM	The Network Service Provider is not referred to in the Purpose section of the Manual, but they are assigned a major responsibility in section 4.5.2	Noted to include Network Service Provider as:  <i>The responsibilities of the Market Operator, the System Operator, <b>Network Service Providers</b>, and the Trading Participants in the development, revision and maintenance of the MNM</i>	Agreed to include Network Service Provider. Provision to read as:  The responsibilities of the Market Operator, the System Operator, <b>Network Service Providers</b> , and the Trading Participants in the development, revision and maintenance of the MNM
4.5.2	Network Service Providers shall .... On the results of market impact study emanating from section 0 of this Market Manual	Network Service Providers shall .... On the results of market impact study emanating from <b>section 0</b> of this Market Manual	Clarification, what is section 0 of this Market Manual?	Document Auto link feature - <b>Section 0</b> refers to <b>Section 4.6 – Market Impact Study</b>	Document Auto link feature - <b>Section 0</b> refers to <b>Section 4.6 – Market Impact Study</b>
4.5.3	The official notification from the System Operator... The list of required information from the System Operator is described in 0.	The official notification from the System Operator... The list of required information from the System Operator is described in <b>0</b> .	Clarification, what does 0 of this Market Manual refer to?	Document Auto link feature – <b>0</b> refers to <b>Appendix A</b>	Document Auto link feature – <b>0</b> refers to <b>Appendix A</b>
Section 4.5.5, table 1 MNM development table	Changes initiated by the either the System Operator or the Market Operator	Changes initiated by <b>the</b> either the System Operator or the Market Operator	For clarity of statement	Noted	Accepted – to be amended



Section	Provision	SNAP Proposed Amendments	SNAP Comments	PEMC Response to SNAP Comments	RCC Deliberation on SNAP Comments and Proposed Revisions
5.2.1	Any reconfiguration of any part of the transmission or sub-transmission system notified to the Market Operator that may affect the dispatch and that are permanent in nature.		Please re-phrase for clarity. Possible missing terms.	Proposed to be revised as:  <i><b>Network development refers to Any any reconfiguration of any part of the transmission or sub-transmission system notified to the Market Operator that may affect the dispatch and that are permanent in nature.</b></i>	Proposed to be revised as:  <u><b>Network development is Any reconfiguration of any part of the transmission or sub-transmission system notified to the Market Operator that may affect the dispatch and that are permanent in nature. The Market Operator should be notified as the network development may affect the dispatch and are permanent in nature.</b></u>
5.10.1	The Market Operator, System Operator, Network Service Providers, Metering Service Provider and Trading Participants shall continuously coordinate with the market Operator with regard to maintenance, revision, publication, and other necessary action regarding the MNM based on the WESM Timetable.	The <b>Market Operator</b> , System Operator, Network Service Providers, Metering Service Provider and Trading Participants shall continuously coordinate with the market Operator with regards to maintenance, revision, publication, and other necessary action regarding the MNM based on the WESM Timetable.	To eliminate redundancy with respect to mention of Market Operator.	Noted to exclude <b>Market Operator</b>	Agreed to exclude <b>Market Operator</b>
6.1.1	Each <i>node</i> in the MNM, in physical terms, represents <i>energy</i> injection or withdrawal through power		Please re-phrase for clarity. Possible missing terms, articles, and/or punctuation.	Proposed to be revised as:  <i><b>The Market Trading Node <del>Each node in the MNM, in</del></b></i>	Proposed to be revised as:  <u><b>The Market Trading Node <del>Each node in the MNM, in</del></b></u>

Section	Provision	SNAP Proposed Amendments	SNAP Comments	PEMC Response to SNAP Comments	RCC Deliberation on SNAP Comments and Proposed Revisions
	transformers or switching equipment. The transformers and switching equipment connect the transmission network operated by the <i>System Operator</i> and generating equipment, distribution network operated by <i>Network Service Provider</i> and load customers.			<i>physical terms, represents a power substation onto which energy is injection injected or withdrawal withdrawn through power transformers or switching equipment. The transformers and switching equipment connect the transmission network operated by the System Operator and generating equipment, distribution network operated by Network Service Provider and load customers.</i>	<i>physical terms, represents a power substation onto which energy is injection injected or withdrawal withdrawn through power transformers or switching equipment. The transformers and switching equipment connect the transmission network, the generating equipment, the distribution network and load customers.</i>
6.7.2	The Market Operator and the System Operator, in coordination with the Trading Participant, shall determine the MTN based on the criteria set out in Section <b>Error!</b> Reference souce not found. of this document.	The Market Operator and the System Operator, in coordination with the Trading Participant, shall determine the MTN based on the criteria set out in Section <b>Error!</b> <u>Reference souce not found.</u> of this document.	Please replace with the correct section for reference.	Document Auto link feature – Section <b>Error!</b> <u>Reference source not found 0</u> refers to Section 7.4 Criteria For Definition of MTN	Document Auto link feature – Section <b>Error!</b> <u>Reference source not found 0</u> refers to Section 6.4 Criteria For Definition of MTN

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In the course of discussion of the transmission line, Mr. Lagarde touched on the issue of SSLA. Mr. Lagarde commented that since NGCP contributes to the downstream system loss through the operation of its equipment, the market should be able to measure such consumption and charge it to NGCP. Mr. Cacho explained in response that currently, NGCP has already registered some of its load by installing necessary meters to account for its consumption and drawings from the grid. He stated, however, he does not have information whether they have completed the installation of meters in all metering points. At this point, Dr. Guevara suggested that Mr. Lagarde raise the issue with the PEMC or NGCP President in order to fast-track the installation of NGCP's meters for its equipment.

Following the discussion, the RCC approved the proposed amendment to the Manual on the Market Network Model Criteria and Procedures, as revised, following the

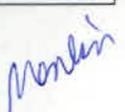


1 deliberations on the comments submitted. The RCC passed a Resolution adopting  
2 the revised proposal and its endorsement to the PEM Board.

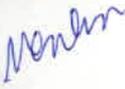
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5 **o Proposed Amendment to the Manual on the Management of Procedure for**  
6 **Load Shedding**

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8 The RCC noted that no comment was received relative to the proposed amendment  
9 to the Manual on Management of Procedure for Load Shedding. The RCC conducted  
10 a review of said proposal and made revisions thereto. The table below reflects the  
11 RCC's agreements relative to its deliberations on the subject proposal.  
12

Title	Section	Provision	Proposed Amendment	RCC Proposed Amendment (08 January 2014)
<b>Section Renumbering</b>		Original Section Numbers (Table of Contents)  Section 1- Introduction Section 2- Definition of Terms Section 3-Objective Section 4- Scope Section 5- Responsibilities 5.1- System Operator 5.2 Market Operator 5.3 WESM Participants Section 6- Pre/Conditions/Pre-Requirements Section 7- ALD Procedure Section 8: MLD Procedure Attachment A: Load Shedding Allocation Program	New Section Numbers: (Table of Contents) Section 1- Introduction 1.1 Background 1.2 Purpose 1.3 Scope Section 2- Definition, References and Interpretation 2.1 Definitions 2.2 References 2.3 Interpretation  Section 3- Responsibilities Section 4- Load Shedding Procedure 4.1 Pre/Conditions/Pre-Requirements to Load Shedding 4.2 MLD Procedure 4.3 ALD Procedure  Section 5- Review, Revision and Amendments Section 6- Publication and Effectivity	
<b>New Section</b>	<b>SECTION 3 RESPONSIBILITIES</b>	<b>Introduction</b>  Load shedding, as defined in the WESM Rules, is reducing or disconnecting load from the system. This action is conducted by the System Operator in response to:  a. An overall shortage of energy at a node or in a region specified in	<u>Introduction</u> <u>1.1 Background</u>  Load-shedding, as defined in the WESM Rules, is reducing or disconnecting load from the system. This action is conducted by the System Operator <u>1.1.1 WESM Rules Clause 3.9.1 state that the System Operator may direct a WESM Member to conduct load shedding</u> in response	<b>1.1. BACKGROUND</b>  1.1.1.  <u>WESM Rules Clause 3.9.1 states that the System Operator may direct a WESM Member to conduct load shedding</u> in response to <u>the following:</u>  a)An overall shortage of energy <u>at a node or</u> in a region specified in the



Title	Section	Provision	Proposed Amendment	RCC Proposed Amendment (08 January 2014)
		<p>the market network model, or</p> <p>b. Other network conditions, as determined by the System Operator in accordance with the procedures established under the Grid Code and the Distribution Code.</p> <p>Load shedding is also implemented by the System Operator upon advice from the Market Operator in the event that:</p> <p>a. day ahead projections performed using the market dispatch optimization model, or</p> <p>b. dispatch optimization performed prior to commencement of each trading interval,</p> <p>indicate that nodal energy prices are expected to be equal to, or exceed nodal value of lost load (VoLL) at any customer nodes in the market network model.</p>	<p>to <u>the following:</u></p> <p>a) An overall shortage of energy at a node or in a region specified in the market network model; or</p> <p>b) Other network conditions, as determined by the System Operator's accordance with the procedures established under the Philippine Philippine Grid Code and Philippine Philippine Distribution Code.</p> <p><b><u>1.1.2 WESM Rules 3.9.2 state that the Market Operator shall provide an load shedding</u></b> is also implemented by the System Operator upon advice from the Market Operator in the event that: <b><u>based on the results of Day-Ahead projections performed using the market dispatch optimization model, or dispatch optimization performed prior to commencement of each trading interval, and Real-Time Dispatch, particularly for nodes that</u></b> indicate that nodal energy prices expected to be equal to, or exceed, Nodal VoLL at any customer nodes in the market network model.</p> <p><b><u>1.1.3 WESM Rules Clause 3.9.3 state that the System Operator shall consider the following criteria in initiating load shedding</u></b></p> <p>a) <b><u>Initiate load shedding at the nodes advised by the Market Operator, or at other nodes after taking account of the load shedding targets from the relevant dispatch optimization, and any</u></b></p>	<p>market network model; or</p> <p>b) <b><u>An overall shortage of energy at a node specified in the market network model; or</u></b></p> <p>c) <del>b)</del> Other network conditions, as determined by the System Operator's accordance with the procedures established under the Grid Code and Distribution Code.</p> <p><b><u>1.1.2 WESM Rules 3.9.2 states that the Market Operator shall inform the System Operator on the likelihood of load shedding</u></b> is also implemented by the System Operator upon advice from the Market Operator in the event that: <b><u>based on the results of Day-Ahead Projections performed using the market dispatch optimization model, or dispatch optimization performed prior to commencement of each trading interval, and Real-Time Dispatch, particularly for nodes that</u></b> indicate that nodal energy prices <b><u>are</u></b> expected to be equal to, or exceed, Nodal VoLL at any customer nodes in the market network model.</p> <p><b><u>1.1.3 WESM Rules Clause 3.9.3 states that the System Operator shall consider the following criteria in initiating load shedding</u></b></p> <p>a) <b><u>Initiate load shedding at the nodes based on information provided by the Market Operator, or at other</u></b></p>



Title	Section	Provision	Proposed Amendment	RCC Proposed Amendment (08 January 2014)
			<p><u>other considerations which they consider relevant under the Philippine Grid Code and Philippine Distribution Code and any other applicable regulatory instrument.</u></p> <p>b) <u>Initiate load shedding in response to any other circumstances which it reasonably considers necessitates such action under the Philippine Grid Code and Philippine Distribution Code or any other applicable regulatory instrument.</u></p>	<p><u>nodes after taking account of the load shedding targets from the relevant dispatch optimization, and any other considerations which they consider relevant under the Philippine Grid Code and Philippine Distribution Code and any other applicable regulatory instrument.</u></p> <p>b) Initiate _____ load shedding _____ in response to any other circumstances which it reasonably considers necessitates such action under the Philippine Grid Code and _____ Philippine Distribution Code or any other applicable regulatory instrument.</p>

Title	Section	Provision	Proposed Amendment	RCC Proposed Amendment (08 January 2014)
<i>Responsibilities</i>	3	<b>System Operator</b>  (b) Declare an emergency when it determines the existence of a situation which has an adverse material effect on electricity supply or which poses as a significant threat to system security.	3.1 System Operator 3.1.2 <del>Declare an emergency</del> <b><u>Recognize the operating state to be in an emergency condition</u></b> when it determines the existence of a situation which has an adverse material effect on electricity supply or which poses as a significant threat to system security.	
<i>Responsibilities</i>	3		<b>New Provision</b>  Responsibilities of Market Operator a) xx b) xx c) <b><u>Issue market advisory to WESM Members</u></b>	
<i>MLD Procedure</i>	4	Implement measures as provided for in Clauses 7.6.1.4 Frequency Control and Voltage Control of the Grid Code, or Clause 6.5.2 Response to an Emergency and 6.6.5 Intervention due to System Security Threat of the WESM Rules	Implement measures as provided for in Clauses <del>7</del> <b><u>6</u></b> .6.1.4 <b><u>and 6.6.1.5 of the</u></b> Frequency Control and Voltage Control of the <u>Philippine</u> Grid Code, or Clause 6.5.2 Response to an Emergency and 6.6.5 Intervention due to System Security Threat of the WESM Rules	
<i>Review, Revision and Amendment</i>	New Section 5		<b><u>Amendments to this Market Manual shall be done in accordance with Chapter 8 of the WESM Rules and the provisions of the Rules Change Manual.</u></b>	
<i>Publication and Effectivity</i>	New Section 6		<b><u>This Manual shall take effect fifteen (15) days from its publication on the website, or as provided by the PEM Board, whichever comes earlier.</u></b>	

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The DOE representative Mr. Ferdinand Binondo raised that the proposed changes to the Manual already used the term WESM member, which is inconsistent with the relevant Sections in the WESM Rules on load forecasting. In this regard, the RCC agreed to make the corresponding changes to the WESM Rules to replace "Trading Participants" with "WESM member" under Clause 3.9.1 and 3.9.4.



1 Upon checking the definitions in the WESM Rules, the RCC noted the need to review  
2 and possibly revise the definition of a WESM member- that it should refer to "a  
3 person or entity" rather than "a person" only. The RCC also noted that all the  
4 definitions and the corresponding use of terms must be made part of the  
5 harmonization of the WESM Rules and Market Manuals.  
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7 The RCC noted the issues raised by Mr. Lagarde as well as the SO on the pro-rated  
8 implementation of load shedding among Customers. Mr. Lagarde stated that  
9 Customers that have bilateral contracts with generators should not be subjected to  
10 load shedding. Mr. Rosales, however, stated that due to unavailability of certain  
11 information about bilateral contracts between Customers and Generators, the  
12 System Operator **has no option but is forced** to implement the **existing** load shedding  
13 **scheme which was patterned** on a pro-rated basis **since** as the SO **is blind on the** **has**  
14 **no** information on the **bilateral agreements between the** Customers of Generators.  
15 **which cause deficiency of capacity in the market.** Mr. Rosales additionally  
16 exemplified a Customer who has a bilateral contract with a Generator, **in which if a**  
17 **generator caused the** deficiency in power for one month, for instance, **he** then posed  
18 the question on whether such Customer would **also** agree to be load shed for the  
19 entire duration **while** that its generation is down. He, therefore, commented on the  
20 difficulty of implementing the suggestion of Mr. Lagarde.  
21

22 Mr. Cacho for his part expressed that the Market Operator's hands are tied with  
23 regard to providing the information required by the SO due to certain provisions on  
24 Confidentiality, in particular, those that pertain to Settlement.  
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26 Noting all the concerns raised by the parties, the RCC suggested that Mr. Lagarde  
27 raise his concerns in the next WESM Participants meeting and state that if the  
28 Customers would like to avoid the pro-rated basis for load shedding, they should  
29 waive some provisions on Confidentiality to allow the MO to provide necessary  
30 information to SO for the SO to **study the possibility of implementing the customer-**  
31 **generator load shedding scheme or one (1) is to one (1) scheme. be able to choose**  
32 **which Customers it will load shed.**  
33

34 Mr. Rosales likewise expressed that the implementation of **proposed** load shedding  
35 **scheme (i.e. 1:1)** as desired by the DU sector would require some policy changes.  
36

37 Following the discussion, the RCC approved the proposed amendment on the  
38 subject, as revised, with the corresponding changes to the WESM Rules. The RCC  
39 passed a resolution adopting the revised proposal and its endorsement to the PEM  
40 Board.  
41

42  
43 **o Proposed Amendment to the Manual on the Methodology for Pricing Errors**  
44 **and Price Substitution Due to Congestion for Energy Transactions in the**  
45 **WESM**  
46

47 The RCC, having no further comments on the proposed amendment to the subject  
48 Manual, approved the proposal as submitted by PEMC. The RCC passed a  
49 Resolution adopting the proposal and its endorsement to the PEM Board. After  
50 which, the RCC proceeded with its deliberation on the proposed amendment on  
51 PEN\_MRR, with the comments received from Trading Participants.  
52  
53

1           o **Proposed Amendment to the WESM Rules and the Manual on Pricing Error**  
2           **Notice Market Re-Run**

3  
4           The RCC deliberated upon the comment received from APC on the proposed  
5           amendment to the WESM Rules relative to PEN-MRR. Below are the result of RCC  
6           discussion and agreement on the coment of APC.  
7

Section	Original Provision	RCC-Approved Proposed Amendments for Posting	APC Proposed Amendments	RCC Agreement 08 January 2014
<b>3.10.5 Pricing Error Notice</b>	<p><b>Pricing Error Notice</b></p> <p>In the event where no <i>ex-ante prices</i> can be determined or communicated within the timeframe specified by the <i>timetable</i>, or the calculated prices are believed to be in error, as a result of <i>load shedding</i>, occurrence of <i>constraints violation coefficients</i>, or for any other reason:</p> <p>(a) The <i>Market Operator</i> may, as soon as possible after the end of a <i>trading interval</i>, issue a <i>pricing error notice</i>, in which case, the <i>ex-post quantities</i> and the <i>ex post prices</i> determined according to clause 3.10.7 shall also serve as ex-ante quantities and ex-ante prices. If no ex-post prices can be determined or the calculated prices are believed to be in error as a result of the imposition or relaxation of constraints pursuant to clause 3.5.13.1, the <i>Market Operator</i> shall re-run the <i>Market Dispatch Optimization Model</i>.</p> <p>The <i>Market Operator</i> shall develop and publish the procedures for the determination of the market re-run prices.</p>	<p><b>Pricing Error Notice</b></p> <p>3.5.1 In the event where no <i>ex-ante prices</i> can be determined or communicated within the timeframe specified by the <i>timetable</i>, or the calculated prices are believed to be in error, as a result of <i>load shedding</i>, occurrence of <i>constraints violation coefficients</i>, or for any other reason:</p> <p>(a) The <i>Market Operator</i> may, <del>as soon as possible</del> <u>after the end of a trading interval</u>, issue a <i>pricing error notice</i>, in which case, the <i>ex-post quantities</i> and the <i>ex-post prices</i> determined according to Clause 3.10.7 shall also serve as ex-ante quantities and ex-ante prices. If no ex-post prices can be determined or the calculated prices are believed to be in error as a result of the imposition or relaxation of constraints pursuant to clause 3.5.13.1, the <i>Market Operator</i> shall re-run the <i>Market Dispatch Optimization Model</i>. <u>However, if the pricing error is due to the occurrence of a constraint violation on load-end equipment in the Market Network</u></p>	<p><b>Pricing Error Notice</b></p> <p>3.10.5-1 In the event where no <i>ex-ante prices</i> can be determined or communicated within the timeframe specified by the <i>timetable</i>, or the calculated prices are believed to be in error, as a result of <i>load shedding</i>, occurrence of <i>constraints violation coefficients</i>, or for any other reason:</p> <p>(a) The <i>Market Operator</i> may, as soon as possible <del>after the end of a trading interval</del>, issue a <i>pricing error notice</i>, in which case, the <i>ex-post quantities</i> and the <i>ex post prices</i> determined according to clause 3.10.7 shall also serve as ex-ante quantities and ex-ante prices. If no ex-post prices can be determined or the calculated prices are believed to be in error as a result of the imposition or relaxation of constraints pursuant to clause 3.5.13.1, the <i>Market Operator</i> shall re-run the <i>Market Dispatch Optimization Model</i>. <u>However, if the pricing error is due to the occurrence of a constraint violation on load-end equipment in the Market Network</u></p>	<p>Approved and adopted APC Proposal for a), as follows:</p> <p><b>Xxx</b></p> <p>a) The <i>Market Operator</i> may, as soon as possible <del>after the end of a trading interval</del>, issue a <i>pricing error notice</i>, in which case, the <i>ex-post quantities</i> and the <i>ex post prices</i> determined according to clause 3.10.7 shall also serve as ex-ante quantities and ex-ante prices.</p> <p><b>XXX</b></p> <p><u>However, if the pricing error is due to the occurrence of a constraint violation on load-end equipment in the Market Network Model, the Market Operator shall apply the formula as defined in the WESM Manual on Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run for the nodes affected, or if the pricing error is due to network congestion resulting in extreme nodal price separations, the Market Operator shall apply price substitution mechanisms as defined</u></p>

<p>Such procedures shall provide the criteria and conditions for the market re-run and the timetable for implementation.</p> <p>(b) If no <i>pricing error notice</i> is issued within the time specified in the foregoing paragraph, the <i>ex-post prices</i> and quantities shall serve as <i>ex-ante prices</i> and quantities and shall stand irrespective of the outcome of any subsequent investigations or resolutions of any dispute.</p> <p>(c) Should the pricing error also include <i>reserves</i>, the <i>reserve quantity</i> and price determined in the <i>ex-post</i> run shall serve as the <i>reserve quantity</i> and prices.</p>	<p><u>Model, or if the pricing error is due to network congestion resulting in extreme nodal price separations, the Market Operator shall apply price substitution mechanisms to determine the appropriate ex-ante or ex-post price.</u></p>	<p><u>Model, the Market Operator shall apply the formula as defined in the WESM Manual on Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run for the nodes affected, or if the pricing error is due to network congestion resulting in extreme nodal price separations, the Market Operator shall apply price substitution mechanisms as defined in the Price Substitution Methodology Manual to determine the appropriate ex-ante or ex-post price.</u></p>	<p><u>in the Price Substitution Methodology Manual to determine the appropriate ex-ante or ex-post price.</u></p>
	<p>The <i>Market Operator, in consultation with the WESM Members and subject to the approval of the PEM Board, ERC, and DOE,</i> shall develop and publish the procedures for the determination of the market re-run prices <u>and substitute prices.</u> Such procedures shall provide the criteria and conditions for the market re-run and <u>the application of substitute prices including</u> the timetable for implementation.</p>	<p>The <i>Market Operator, in consultation with the WESM Members and subject to the approval of the PEM Board, ERC, and DOE,</i> shall develop and publish the procedures for the determination of the market re-run prices <u>and substitute prices.</u> Such procedures shall provide the criteria and conditions for the market re-run and <u>the application of substitute prices including</u> the timetable for implementation.</p>	<p>xxx</p>
	<p>(b) If <u>a pricing error is determined but</u> no <i>pricing error notice</i> is issued within the time specified in the foregoing paragraph, <b>the Market Operator shall issue the pricing error notice prior to the issuance of the preliminary settlement for the relevant billing period.</b> ¶The <i>ex-post prices</i> and quantities shall serve as <i>ex-ante prices</i> and quantities and shall stand irrespective of the outcome of any subsequent investigations or</p>	<p>(b) If <u>a pricing error is determined but</u> no <i>pricing error notice</i> is issued within the time specified in the foregoing paragraph, <b>the Market Operator shall issue the pricing error notice prior</b></p>	<p>Retain original proposal for b).</p>



		<p>resolutions of any dispute. (c) Should the pricing error also include <i>reserves</i>, the <i>reserve</i> quantity and price determined in the <i>ex-post</i> run shall serve as the <i>reserve</i> quantity and prices.</p>	<p><u>to the issuance of the preliminary settlement for the relevant billing period.</u> The <i>ex-post</i> prices and quantities shall serve as ex-ante prices and quantities and shall stand irrespective of the outcome of any subsequent investigations or resolutions of any dispute. (c) Should the pricing error also include <i>reserves</i>, the <i>reserve</i> quantity and price determined in the <i>ex-post</i> run shall serve as the <i>reserve</i> quantity and prices.</p>	
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Following the discussions, the RCC approved the proposed amendments to the WESM Rules relative to PEN-MRR, as revised, with due consideration to the comments of SNAP. The RCC passed a Resolution adopting the proposed amendment and its submission to the PEM Board.

o **Proposed Amendment to the WESM Rules and the Billing and Settlement Manual Relative to Prudential Requirement**

The RCC noted that there were no further comments received relative to the subject proposal within the deadline set for submission of comments, apart from the comment received from BATELEC II which was already deliberated upon by the RCC in the previous meeting. Noting this information, the RCC approved the proposal, as discussed and agreed previously. The RCC passed a Resolution adopting the proposed amendment to the WESM Rules and the Billing and Settlement Manual relative to Prudential Requirement.

o **Proposed Amendment to various Market Manuals Relative to the Management of Must-Run Units**

Ms. Geraldine Rodriguez informed the RCC that upon reviewing the matrices on the proposed amendment to the Dispatch Protocol Manual's relevant Appendices, it was observed by the Secretariat that the proposal took off from Issue 6.0 of the Manual instead of the latest Issue which is Issue 8.0. In this regard, the Secretariat sought the guidance of the RCC on the way forward with regard to the proposal noting that the proposed amendment submitted by the MRU sub-committee was reflected in the old issue of the Manual which has already been revised.

*number*

1 Noting the information above, the RCC instructed the Secretariat to rselect the latest  
2 RCC discussion and agreed proposed revisions in the Issue 8.0 of the Dispatch  
3 Protocol Manual's relevant matrices. The RCC agreed that for provisions where  
4 difficulty is encountered in transposing the RCC discussions in the Issue 8.0 of the  
5 Manual due to considerable differences in the wordings, the RCC discussion shall  
6 prevail.

7  
8 The Secretariat further noted for information of the RC that Issue 7.0 of the Manual  
9 incorporated revisions on the Merit Order Table while Issue 8.0 incorporated the  
10 revisions on the submission of bids and offers based on reasonable estimate.

11  
12 The RCC agreed to defer further discussions on the matter for next meeting and  
13 requested the Secretariat to make the necessary revisions in the matrices as  
14 instructed. The Secretariat was instructed to consult with concerned members of the  
15 MRU Sub-committee on the matter before presenting the revised matrices in the next  
16 RCC meeting scheduled for February 2014. Noting the developments on the MRU  
17 and PEN\_MRR tasks of the RCC relative to the DOE directives on the same, the  
18 Secretariat was also instructed to draft a letter addressed to the DOE Secretary  
19 providing him updates on the matter. The instructions were duly noted by the  
20 Secretariat.

21  
22 In relation to the revisions being made on the Dispatch Protocol Manual, Mr. Cacho  
23 informed the RCC that there is an impending submission of PEMC on the revision on  
24 the same Manual in compliance with the Audit findings of PA Consulting and to  
25 implement the new format of Market Manuals as part of the harmonization TWG  
26 efforts, as well as to incorporate relevant provisions on the Reserve Market in said  
27 manual.

28  
29 Noting the information above, the RCC requested Mr. Cacho to make a presentation  
30 on the Reserve Market in the next RCC meeting, which he duly noted.

31  
32 Dr. Guevara expressed that given these recent developments, the RCC will have to  
33 defer its submission of the proposed amendments relative to MRU, awaiting the  
34 revised matrices on the Appendices and the incorporation of the revisions to the  
35 Dispatch Protocol Manual mentioned by Mr. Cacho which shall be presented to and  
36 discussed by the RCC.

37 Relative to the RCC's approval of the various proposed amendments discussed  
38 above, the Secretariat informed the RCC of the following schedule of the Board  
39 Review Committee (BRC) and PEM Board meetings.

- 40  
41
- 42 • 16 January : BRC meeting
  - 43 • 23 January: PEM Board meeting
- 44

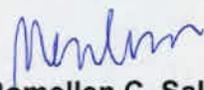
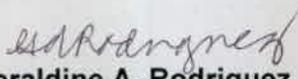
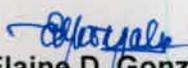
#### 45 **4. Next Meeting**

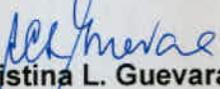
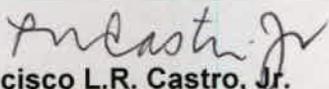
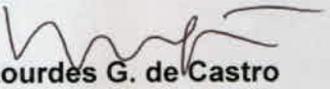
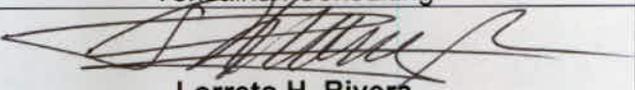
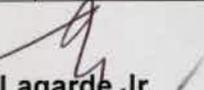
46  
47 February 5-- 83rd Regular RCC Meeting  
48 March 12- 84th Regular RCC Meeting

#### 49 **5. Adjournment**

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51  
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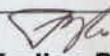
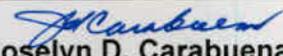
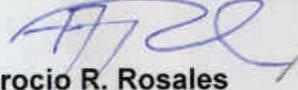
- 1 There being no other matter to be discussed, the meeting was adjourned at around  
2 11:50 AM.

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

Approved by: RULES CHANGE COMMITTEE  <b>Rowena Cristina L. Guevara</b> Chairperson Independent University of the Philippines (UP)	
Members:	
 <b>Concepcion I. Tanglao</b> Independent	 <b>Francisco L.R. Castro, Jr.</b> Independent Tensaiken Consulting
 <b>Maila Lourdes G. de Castro</b> Independent	 <b>Lorreto H. Rivera</b> Supply Sector TeaM (Philippines) Energy Corporation
 <b>Jose P. Santos</b> Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)	<b>Ciprinilo C. Meneses</b> Distribution Sector (PDU) Manila Electric Company (MERALCO)
 <b>Sulpicio C. Lagarde Jr.</b> Distribution Sector (EC) Central Negros Electric Cooperative, Inc. (CENECO)	<b>Gilbert A. Pagobo</b> Distribution Sector Mactan Electric Company (MECO)





<p> <b>Jose Ferlino P. Raymundo</b> Generation Sector SMC Global</p>	<p> <b>Joselyn D. Carabuena</b> Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>
<p> <b>Ambrocio R. Rosales</b> Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	<p><b>Theo C. Sunico</b> Generation Sector 1590 Energy Corporation</p>
<p> <b>Isidro E. Cacho, Jr.</b> Market Operator Philippine Electricity Market Corporation (PEMC)</p>	

