

1
2 **1. Adoption of the Proposed Agenda**

3
4 The Proposed Agenda for the 71st RCC Meeting was approved, as presented.

5
6 **2. Review, Correction and Approval of the Minutes of the 70th RCC Meeting**

7
8 The Minutes of the 70th RCC Meeting was approved, as presented.

9
10
11 **3. Business Arising from the Previous Meeting**

12
13 **A. Proposed Rules Change on the Registration of Ramp Rates**

14
15 • **Update from the PEMC-ERC-NGCP-DOE Meeting**

16
17 As discussed by the RCC in its previous meeting, updates from the PEMC-ERC-
18 NGCP-DOE Coordination Meeting held on 04 February 2013 were requested by Dr.
19 Guevara from Atty. Jose Isabelo P. Tomas II and Mr. Ferdinand B. Binondo.

20
21 Atty. Tomas informed the RCC that during the meeting, the group discussed several
22 issues relating to the generators' registration data but nothing has been finalized yet.
23 He stated that the ERC emphasized that while it makes use of the data embodied in
24 the Certificate of Registration (COC), the ERC does not solely rely on the same but
25 also refers to the data submitted to them annually/intra-year.

26
27 Mr. Binondo, for his part, stated that among the action items identified during the said
28 meeting is that the MO will be providing ERC with the detailed registration requirements
29 in the WESM, for inclusion in the data to be required by the ERC from generators
30 relative to their intra-year/yearly updating of COC data.

31
32 The RCC noted the update provided by both the ERC and the DOE. Dr. Guevara then
33 requested the NGCP-SO to comment on the proposal, since it was noted that the
34 NGCP-SO representative was not present in the RCC's previous meeting. Mr.
35 Ambrosio R. Rosales responded by saying that that the NGCP-SO does not make use
36 of the ramp rate data in its implementation of the merit order table/actual dispatch since
37 what it monitors is the generators' compliance with the +/-3% dispatch tolerance limit. If
38 used as reference, the SO merely considers the ramp rate data on endpoints and not
39 necessarily on breakpoints.

40
41 Mr. Isidro E. Cacho clarified that the proposal is helpful in ensuring the consistency of
42 data/information being used by both the MO and the SO in the activities related to the
43 scheduling and actual dispatch of plants.

44
45 The RCC then agreed to proceed with the posting of the rules change proposal in the
46 market information website, as agreed upon by the RCC in its last meeting.

47
48
49 **B. Proposed Amendments to the Registration Manual**

50
51 At the onset of the discussion relative to the proposed amendments to the WESM
52 Registration Manual, Ms. Cynthia R. Encarnacion raised the related issue on plants
53 under testing and commissioning and requested the NGCP-SO to clarify on their
54 protocol regarding the matter. Mr. Rosales explained that the NGCP-SO clears the said
55 plants in terms of their scheduling and testing to ensure that these will not cause any

1 disturbance to the grid. He further explained that before any test is conducted, the
2 corresponding application for membership of the said plants with the WESM should
3 have been approved first.

4
5 Responding to the said explanation, Mr. Ralph T. Crisologo shared the experience of
6 his own company during the testing stage of one of its plants. He explained that during
7 this stage, there is no assurance that the generator will be paid for the power it injected
8 to the grid, since registration with the WESM is a requisite before testing and payment
9 can be allowed. However, Mr. Crisologo pointed-out that a plant cannot be registered in
10 the WESM without the issuance by the ERC of the Certificate of Compliance (COC),
11 which in turn also requires plants to undergo testing as a pre-condition.

12
13 Ms. Cherry Aquino-Javier, for her part discussed that generators under testing and
14 commissioning are being dispatched as Must Run Units (MRU) and are thus covered
15 by the payment mechanism on Generator Price Index (GPI) which represents the
16 blended price of bilateral and spot energy purchases.

17
18 She further explained that the RCC addressed this issue by submitting a proposal in
19 2011 on MRUs which will re-classify generators under testing and commissioning as
20 price takers, separating them from those compensated using the MRU formula as a
21 result of the NGCP-SO's dispatch instructions. She clarified that the same was arrived-
22 at by the RCC considering that the computation for GPI is higher than market prices, to
23 the disadvantage of customers. Mr. Augusto D. Sarmiento countered that he does not
24 recall the RCC having proposed to have the MRUs paid as price-takers.

25
26 Dr. Guevara then went-back to the discussion on the proposed amendments to the
27 Registration Manual and requested Mr. Crisologo to present his draft proposal,
28 following the RCC's discussion and agreements in its 71st Meeting.

29
30 Mr. Crisologo then presented the following proposed amendments to Section 3.1 on
31 Registered Capacities of the Manual:
32

3.1.1	The <i>Trading Participant</i> wishing to change the registered capacities data of its generating unit/s shall make a request in writing to the <i>Market Operator</i> . Such changes shall be in accordance with either the latest Certificate of Compliance (COC) issued by the ERC or a certification of generator capability test to be issued jointly by the DOE, ERC and SO. The conduct of testing shall be based on the internationally-accepted testing procedures as required in the COC, and the cost of testing shall be the responsibility of the applicant.
3.1.2	Changes shall be approved by the <i>Market Operator</i> and confirmed by the PEM Board. <u>The Market Operator shall approve the changes provisionally and shall be effective eight (8) days after receipt of the request or at a later date indicated in the request.</u>
3.1.3	<u>The Trading Participant shall submit all the documents required by the ERC to effect changes in the Certificate of Compliance (COC) within sixty (60) days from the effective date of the change in registered data. Proof of submitted required documents to ERC shall be provided by the Trading Participant to the Market Operator. Once the approved/updated COC from the ERC has been received, the Trading Participant shall immediately submit to the Market Operator the ERC updated COC in order to effect the requested changes as final.</u>

33
34 Mr. Crisologo explained that the premise for the above proposals are the following RCC
35 agreements as discussed in its last meeting:

gr

- Additional capacity is good for the system;
- If the additional capacity is merely an expansion of an existing plant's capacity, the same should be included as soon as possible as an added capacity to the grid;
- The said additional capacity should be treated differently from the usual rigid application process for COCs, considering that the latter includes the running of several tests and the conduct of inspection;
- There should be a timeline within which all documentary requirements should be submitted to the ERC for the corresponding update in its COC data.

Other considerations factored into the submitted proposal were the following:

- The proposed provisional approval was lodged with the MO because of the initial discussion that the SO did not want to be responsible for the same;
- Inclusion of an 8-day effectivity period upon receipt of the request, in consideration of the MO software requirement for a 7-day waiting period before the increase in capacity can be integrated in the system;
- Inclusion of the provisional approval period which lasts 60 days covering the number of processing days for the final approval of the generator's COC with the ERC;
- Clarification that DOE was not included among the agencies to which the updated COC data shall be submitted, considering that the generators are required to submit to DOE its operational status on a daily basis.

Mr. Cacho commented as follows:

- The PEMC Registration Group might require some additional documents. The same should be explicitly provided for in the proposal;
- The terminology registered capacity data as used under Section 3.1.1 refers not only to the increase in capacity but collectively refers to the generator's PMin, PMax and ramp rates. Since the change in PMin is a major operations and market issue, it was suggested to make an expressed qualification that the proposal puts premium only on the increase in capacity.

Dr. Guevara expressed the opinion that the manner by which the proposal was presented might be construed as a proposal which limits a generator's ability to decrease its capacity. Dr. Guevara suggested to include a separate provision on the prescribed process for all other requests for change in registered capacities data, except for the request for increase in PMax, which requires another process.

With the assistance of Atty. Maila Lourdes G. de Castro in the final crafting of the language of the proposal consistent with the RCC's discussion on the matter, the RCC agreed to adopt as its own rules change proposal the following, as revised:

- Section 3.1.1 -

The *Trading Participant* wishing to change the registered capacities **increase the registered maximum available capacity (PMax)** of its generating unit/s shall submit a request in writing to the Market Operator. Such changes shall be in accordance with either the latest Certificate of Compliance (COC) issued by the ERC or a certification of generator capability test to be issued jointly by the DOE, ERC and SO. The conduct

1 of testing shall be based on the internationally-accepted testing
2 procedures as required in the COC, and the cost of testing shall be the
3 responsibility of the applicant.
4

5 • Section 3.1.2 -

6 The Market Operator shall approve the changes provisionally upon
7 submission of complete documents as may be required by the MO,
8 and the changes shall be effective eight (8) days after receipt of the
9 request or at a later date indicated in the request (Effective Date of
10 Change).

11
12 • Section 3.1.3 -

13 The Trading Participant shall submit all the documents required by
14 the ERC to effect changes in the Certificate of Compliance (COC)
15 within fifteen (15) days from the Effective Date of the Change in
16 registered data. Proof of submitted required documents to ERC shall
17 be provided by the Trading Participant to the Market Operator. Once
18 the approved/updated COC from the ERC has been received, the
19 Trading Participant shall immediately submit to the Market Operator
20 the ERC updated COC in order to effect the requested changes as
21 final. Trading Participants will be informed by the MO of the change
22 in registered data through system messages and the market
23 information website.

24
25 • Section 3.1.4 -

26 The Market Operator may revoke or modify the provisional approval if
27 there is a proof that the new registered data cannot be attained.

28
29 • Section 3.1.5 -

30 The Trading Participant wishing to change the registered capacities
31 of its generating unit/s, other than increasing its Pmax, shall make a
32 request in writing to the Market Operator. Such changes shall be in
33 accordance with either the latest Certificate of Compliance (COC)
34 issued by the ERC or a certification of generator capability test to be
35 issued jointly by the DOE, ERC and SO. The conduct of testing shall
36 be based on the internationally-accepted testing procedures as
37 required in the COC, and the cost of testing shall be the
38 responsibility of the applicant.

39
40 • Section 3.1.6 (originally Section 3.1.2) -

41 Changes shall be approved by the Market Operator and confirmed by
42 the PEM Board.

43
44 The RCC further agreed to post the above proposed amendments in the market
45 information website and to solicit comments from interested parties on the same,
46 subject to the submission of the corresponding Discussion Paper on the proposal. Mr.
47 Crisologo was then requested by Dr. Guevara to prepare the Paper and submit the
48 same through email within the week.
49

50
51 **C. Proposed Rules Change on the Segregation of Line Rental**

52
53 At the outset, Ms. Encarnacion acknowledged the inputs of PSALM, EC and DU Sector
54 representatives in the presentation. She then went-on to discuss with the RCC the

1 group's inputs on Line Rental. She explained that they opted to first discuss inputs and
2 corresponding issues for the RCC's appreciation before submission of a rules change
3 proposal. Ms. Encarnacion also requested the RCC to validate and raise clarifications
4 on the group's observations and comments.
5

6 The RCC noted that there was a previous submission from the RCC on the subject
7 which was already approved by the PEM Board in August 2011. The RCC noted
8 however, that the proposal, as approved by the PEM Board is still pending before the
9 ERC, for decision.
10

11 At this juncture, Atty. Tomas went out of the PEM Board Room and excused himself
12 from the discussion considering that line rental is still subject of a case pending before
13 the ERC.
14

15 Ms. Encarnacion discussed as follows:
16

- 17 • It was only during the establishment of the WESM that additional charges with
18 regard to congestion were imposed. Additionally, adjusted meter quantities were
19 also computed by adding the value on the site specific loss adjustment (SSLA)
20 which represents the adjustment of the raw meter quantity accounting only from the
21 delivery point to the market trading node (MTN).
- 22 • It was expressed that one request arising from the above set-up is for the inclusion
23 of the line loss in the SSLA in the computation for Line Rental (LR) since the
24 formula for the latter is line loss plus congestion.
- 25 • Raised the issue of customers declaring higher bilateral contract quantities (BCQ),
26 causing the generator to be billed additional line rental.
- 27 • Raised the observation as regards the multiple resource nodes of MERALCO, with
28 only the WESM spreading the quantities among the nodes. It was explained that
29 MERALCO does not pre-define the node assigned for each of its generators.
- 30 • Pointed-out that PEMC should segregate the LR into line loss and congestion,
31 otherwise, it cannot be concluded that there is indeed double charging.
32

33 In the course of the RCC's discussion, several related issues were also raised. some of
34 which are as follows:
35

- 36 • Mr. Sulpicio C. Lagarde stated that the SSLA is an unnecessary expense and that
37 for his cooperative, owing to its fourteen (14) delivery points, the corresponding
38 SSLA values account for around 1% System Loss (SL). He countered that the
39 house load consumption of the NGCP, which is the metering point after the MTN,
40 should be metered in order to ensure the accuracy of the reading on the SSLA.
- 41 • Reacting to the flow of discussion, Ms. Javier clarified whether the proposal is that
42 all NSS and LR should be on the account of the NGCP-SO. Dr. Guevara clarified
43 that there is no proposal yet.
- 44 • Mr. Sarmiento discussed the relevant historical background which led to the
45 determination of the metering point after the MTN, which was determined to be the
46 NGCP Substation, upon the establishment of the WESM in 2006, and after most
47 DUs/ECs' failure to comply with the EPIRA pre-requisite to define asset boundaries
48 first, before transmission facilities could be divested in their favor. He also informed
49 the RCC of the NGCP's intent to transfer all meters at the MTN. For Dagupan Light,
50 Mr. Sarmiento shared that they requested to retain the metering with the NGCP so
51 that their DU can still enjoy the flexibility of load shifting. Mr. Lagarde for his part
52 shared that his EC agreed with the NGCP but only for 3 and not for all its 14
53 delivery points. However, NGCP responded officially that the same cannot be
54 facilitated as the NGCP was still awaiting the approval of its CAPEX at that time.

- 1 • Mr. Lagarde also shared that for yearend 2012, CENECO's total line rental cost was
2 PhP511 Million.
3

4 It was explained that to improve accuracy in measurement, the proposal should be the
5 possible conversion of the SSLA computation from kWh into price. Ms. Javier however
6 reminded the body that MERALCO had a similar proposal in year 2010 which was
7 disapproved after having found the same to be non-practicable. Dr. Guevara requested Ms.
8 Javier and any one from the RCC to revisit their documents and bring these to the attention
9 of the Committee for further study on whether or not the proposal is already feasible at this
10 time.

11
12 Dr. Guevara then inquired with the group on their action plan, considering that their
13 proposal was found-out to be non-feasible. The RCC then recalled that since the 2011
14 proposal on the segregation of line rental into congestion cost and line loss is already
15 lodged with the ERC, it may be best to consider writing an official inquiry to the
16 Commission as to the progress of the case. Ms. Javier however responded that the ERC
17 Decision on the subject, even if released, may no longer have any relevant impact
18 considering that contracts drawn up at present have already taken into account the cost of
19 line rental in the WESM.
20

21 Moving forward, Dr. Guevara then requested the group of Ms. Encarnacion to work on a
22 proposal, as a Subcommittee composed of PSALM, NPC, DU, EC and Supply sector
23 representatives, to be submitted in the next RCC Meeting in March 2013.
24

25 **D. Review of the WESM Manual of Procedures for Changes to the WESM Rules**

26
27 Dr. Guevara requested Mr. Sarmiento to render his report to the RCC on the result of
28 his review of the Rules Change Manual, consistent with the RCC Work Plan target for
29 possible rules change proposal on the Manual for Q1 of 2013. It was recalled that the
30 same follows the DOE directive during the RCC Planning Session held on 09 January
31 2013, to review the rules change process and revisit relevant provisions on the DOE's
32 authority to approve both the WESM Rules and manuals.
33

34 Mr. Sarmiento invited the RCC's attention to Sections 8 and 9 of the Rules Change
35 Manual, respectively. After the RCC's discussion on the matter, it was considered to
36 propose the amendment of Section 8 on the Amendments to WESM Manuals and
37 Guidelines as follows, once the complete review of the Manual has been completed:
38

39 Proposals for amendments to WESM Manuals and guidelines, regardless
40 of the type of amendment, shall be submitted and evaluated in the same
41 manner as amendments to the WESM Rules, except that such
42 amendments shall be considered up to and approved by the PEM Board
43 **and DOE only.**
44

45 Mr. Binondo expressed that other than the above concern, the DOE Power Bureau has
46 identified several provisions both in the WESM Rules and the Rules Change Manual
47 which are "inconsistent" and are thus needing clarification and harmonization. He cited
48 as example Chapter 8 of the WESM Rules, and suggested as amendment the inclusion
49 of the term "manual" in the said Chapter, considering that the same refers only to the
50 "WESM Rules" as the subject of the rules change process, without any mention of
51 "manuals"
52

53 Atty. Liberty Z. Dumlao stated that it is her understanding that all WESM manuals are
54 subsumed by the term "Rules" and as such, the insertion of the word "manuals" may no
55 longer be necessary. Mr. Binondo clarified the Bureau's preference for an explicit

1 statement providing that the rules change process also includes the "manuals" and
2 moreover, to explicitly provide that the DOE is the final approving authority for all
3 proposed amendments not only of the WESM Rules but also of market manuals.
4

5 Mr. Crisologo then proposed to instead amend the definition of "WESM Rules" in the
6 WESM Rules Chapter on "Glossary". Atty. Dumlao supported the suggestion and
7 expressed that the same is more practical considering its "global change"-impact on the
8 terminology. The RCC then agreed to consider proposing the following amendment on
9 the WESM Rules Chapter on Glossary:

10
11 **WESM Rules.** The detailed rules **including Market Manuals** that govern
12 the administration and operation of the *WESM*.
13

14 Mr. Binondo concurred with the suggestion but raised another suggestion regarding the
15 need to further clarify provisions which expressly state that it is the PEM Board which
16 promulgates the Rules and Manuals. He opined that the said provisions should be
17 amended since the authority to "promulgate" belongs only to the DOE in the form of its
18 issuance of Department Circulars.
19

20 At this juncture, Dr. Guevara requested Mr. Binondo to provide the RCC with a
21 complete listing of his proposed amendments considering that there may be several
22 proposed amendments on the Manual which the DOE may be able to bring into the
23 RCC's discussion. Dr. Guevara also took note that the provisions referred to by Mr.
24 Binondo were all amended per previously-issued DOE Circulars. She stated the
25 observation that amendments to the Rules can be made anytime through DOE
26 issuances.
27

28 Atty. de Castro then inquired whether the review of the rules is being delegated to the
29 RCC specifically or whether the DOE already has a list of "inconsistencies" in the
30 WESM Rules and manuals, for the RCC to use as basis in its review. Mr. Binondo
31 stated that, that although the DOE may initiate an amendment through a direct DOE
32 issuance, it is better that changes to the WESM Rules and manuals emanate from the
33 review of stakeholders.
34

35 Atty. Dumlao opined that for the purpose, it may be best if the DOE could issue policy
36 guidelines to assist the RCC on its recommendations. She explained that as observed,
37 there have been varying policy directions from different Department Secretaries.
38 Thus, she emphasized on the need for a directive from the DOE regarding the matter.
39

40 Mr. Binondo countered that the directive can be deduced from the opening remarks
41 delivered by Undersecretary Patricia Asirit during the RCC Planning Session held on
42 09 January 2013, when she requested the RCC to revisit the rules change process as
43 a whole, and clarified that the WESM Rules and market manuals should be submitted
44 to the DOE for final review and approval.
45

46 Dr. Guevara opined that at present, the clear policy direction is that everything in the
47 WESM Rules and manuals will have to be approved by the DOE and thus promulgated
48 in the form of a Department Circular.
49

50 At this juncture, the RCC noted that Mr. Meneses could no longer attend the meeting
51 and instead sent his own review of the Manual through email. The RCC then agreed to
52 assign the more comprehensive review of the Rules Change Manual to DU Sector
53 representatives - Mr. Sarmiento and Mr. Meneses, and PSALM representative - Atty.
54 Dumlao, for discussion in the next RCC Meeting in March 2013.
55

92

1 Dr. Guevara also requested the group to include in its review, the classification of
2 amendments into urgent and general amendments, considering the policy direction that
3 all provisions in the rules and manuals will have to go through the DOE for final
4 approval.

5
6
7
8

4. New Business

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
<p>A. PEM Board Update</p>	<ul style="list-style-type: none"> ▪ Ms. Javier provided the RCC with an update on the PEM Board deliberations relative to the RCC's rules change proposals during its 78th PEM Board Meeting held on 31 January 2013. Specifically, Ms. Javier apprised the RCC of the following PEM Board action taken: <ul style="list-style-type: none"> ▪ Proposed amendments to the registration and settlement provisions in the WESM Rules- approved; ▪ Proposed reduction of the minimum offer block size and contingency offer block size from 5MW to 1MW- approved; ▪ Proposed amendments to the Rules Change Manual- deferred discussion for next PEM Board Meeting to clarify the intent of the subject matter more particularly the proposed amendment on Section 10 in relation to the comments made by the DOE. 	<ul style="list-style-type: none"> ▪ Noted the following PEM Board action taken on the RCC proposals. ▪ Having noted the DOE's discussion/position on the matter, as explained by Mr. Binondo, the RCC agreed as follows: <ul style="list-style-type: none"> ○ That approved amendments in the WESM Rules are already embodied in DOE Circulars which are published in two (2) newspapers of general circulation as required by law; ○ That it is the DOE's policy to review and approve both proposed changes to the WESM Rules and Manuals, and to have both embodied in duly-published Circulars. ▪ The RCC then agreed to recommend to remove from Section 10 the requirement on the publication of Advisories on Amendments, since approved amendments, specifically on the WESM Rules, are already embodied in DOE Circulars. This effectively modifies the definition of "publish", as defined in Section 2 of the Manual, thus addressing the IAD audit observation to harmonize the two sections. ▪ The RCC further agreed to recommend the following proposed amendment to PEM Board, in consideration of the above: <ul style="list-style-type: none"> ▪ Section 10- Subject to Section 7.4, consolidated amendments shall be published on a monthly basis in the WESM website. Advisories on amendments shall be published on a regular basis in one (1) newspaper of general circulation.

9
10

1 **5. Other Matters**

2
3 **A. Initial Review of the Retail Rules from the Generators Point of View**

4
5 Ms. Javier presented to the RCC the *Initial Review of the Retail Rules from the*
6 *Generators' Point of View*, which details the additional risks on the part of the
7 generators arising from the current Retail Rules, as follows:

- 8
9
 - 10 • Registration Requirements for contestable customers with multiple delivery points;
 - 11 • Switch request for contestable customer with outstanding obligations to current
12 suppliers;
 - 13 • Trading limits of RES with respect to contestable customers;
 - 14 • Generators BCQ declaration to contestable customers without them having any
15 contractual obligations; and
 - 16 • Continuous supply obligations of RES to contestable customers versus generator
17 obligations to RES.

18 The RCC noted the presentation of the generator sector and agreed to invite PEMC
19 representatives in the next RCC Meeting to respond to the issues raised.

20
21 **B. Update on the 2013 RCC Work Plan**

22
23 Mr. Cacho informed the RCC that the rules change proposal on the Net Settlement
24 Surplus (NSS) which was originally targeted for submission to the RCC during Q1 of
25 2013 will instead be submitted directly with the ERC as the proposed revised Flowback
26 Mechanism on the NSS, in compliance with the ERC directive on the subject.

27
28 Dr. Guevara requested PEMC to then update the RCC on the scheduled hearing dates
29 on the same and correspondingly requested the Secretariat to reflect the said change
30 in the RCC 2013 Work Plan.

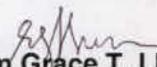
31
32 **6. Next Meeting**

33
34 The RCC agreed that its next meeting will be on 06 March 2013, 9:00 A.M.

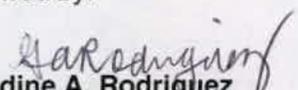
35
36 **7. Adjournment**

37
38 There being no other matter to be discussed, the meeting was adjourned at around
39 2:30 P.M.

40
41
42 Prepared by:

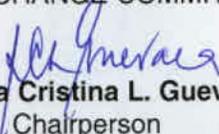
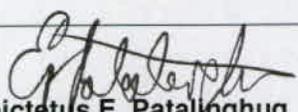
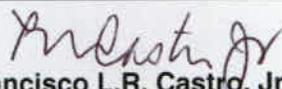
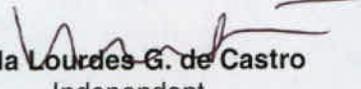
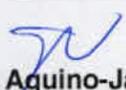
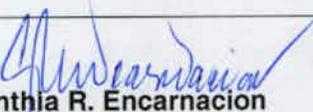
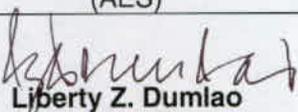
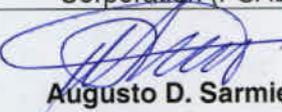
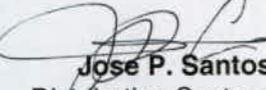
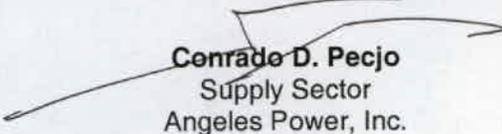
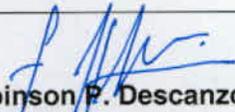
43
44 
45 **Shalom Grace T. Llamzon**
46 Market Governance Analyst

47
48
49 Reviewed by:

50
51 
52 **Geraldine A. Rodriguez**
53 Assistant Manager
54 Market Governance and Administration

Noted by:

55 
56 **Elaine D. Gonzales**
57 Manager
58 Market Data and Analysis

<p>Approved by: RULES CHANGE COMMITTEE</p>  <p>Rowena Cristina L. Guevara Chairperson Independent University of the Philippines (UP)</p>	
<p>Members:</p>	
 <p>Epictetus E. Patalinghug Independent University of the Philippines (UP)</p>	 <p>Francisco L.R. Castro, Jr. Independent Tensaiken Consulting</p>
 <p>Maila Lourdes G. de Castro Independent Unitel Productions, Inc.</p>	 <p>Cherry Aquino-Javier Generation Sector AES Philippines (AES)</p>
 <p>Cynthia R. Encarnacion Generation Sector National Power Corporation (NAPOCOR)</p>	 <p>Liberty Z. Dumiao Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>
<p>Ralph T. Crisologo Generation Sector SN Aboitiz Power (SNAP)</p>	 <p>Augusto D. Sarmiento Distribution Sector (PDU) Dagupan Electric Corporation (DECORP)</p>
<p>Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>	 <p>Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)</p>
 <p>Sulpicio C. Lagarde Jr. Distribution Sector (EC) Central Negros Electric Cooperative, Inc. (CENECO)</p>	 <p>Conrado D. Pecjo Supply Sector Angeles Power, Inc.</p>
<p>Raul Joseph G. Seludo Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	 <p>Robinson P. Descanzo Market Operator Philippine Electricity Market Corporation (PEMC)</p>

Attachments:

- (1) Presentation on Line Rental
- (2) Presentation on the Initial Review on the Retail Rules from the Generators Point of View

Line Rental

By: RCC Small Group

Line Rental and System Loss

Definition of Terms

Line Rental trading amount is the economic rental arising from the use of a transmission line, calculated as the difference in value between flows out of the receiving node of that line and flows into the sending node.

Formula: $L/R = BCQ (EAP_c - EAP_L)$

System Loss: In the Grid Code, it is the Energy injected into the Grid by Generating Plants plus or minus the energy transported through Grid interconnections minus the total Energy delivered to Distributors and End-users.

Example Luzon 2.98%:

Visayas: 3.67%

Transmission Input (Received Energy)

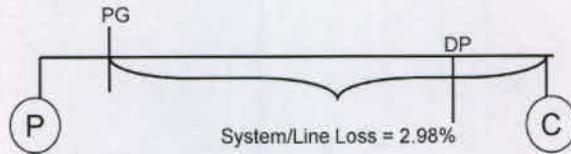
- NPC Plants and Contracted IPPs
- Other IPPs
- Leyte-Luzon Submarine Cable

Transmission Output (Delivered Energy)

- Delivery to Grid Users
- Leyte-Luzon Submarine Cable
- Delivery KPSPP
- Delivery to NGCP Facilities

Line Loss vs Line Rental

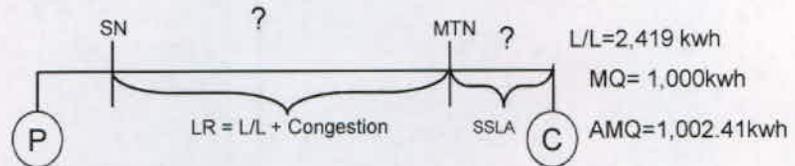
Pre-WESM



Generation: 1,003kwh
 TOU = P2.50
 P2,507.50
 =====

MQ : 1,000kwh
 TOU = P2.50
 P2,500.00
 =====

WESM



Generation: 1,003kwh
 Nodal Price = P2.00

Figure 1: One plant one customer with single node

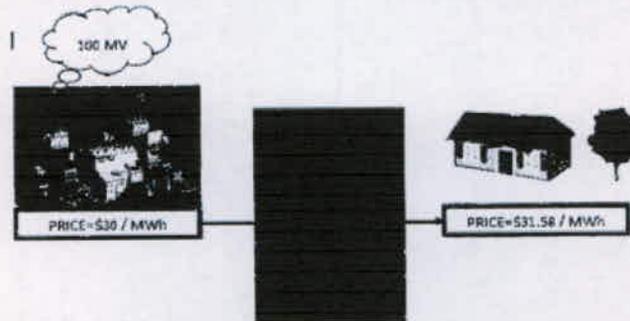
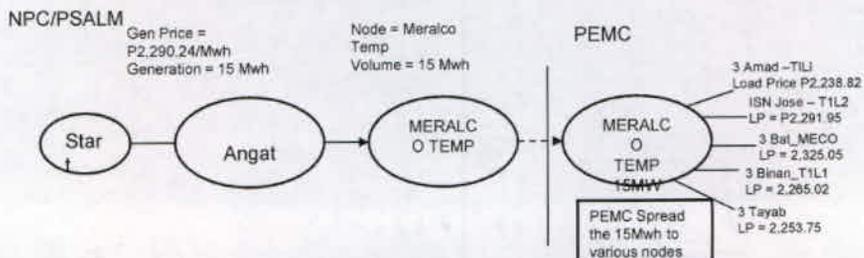


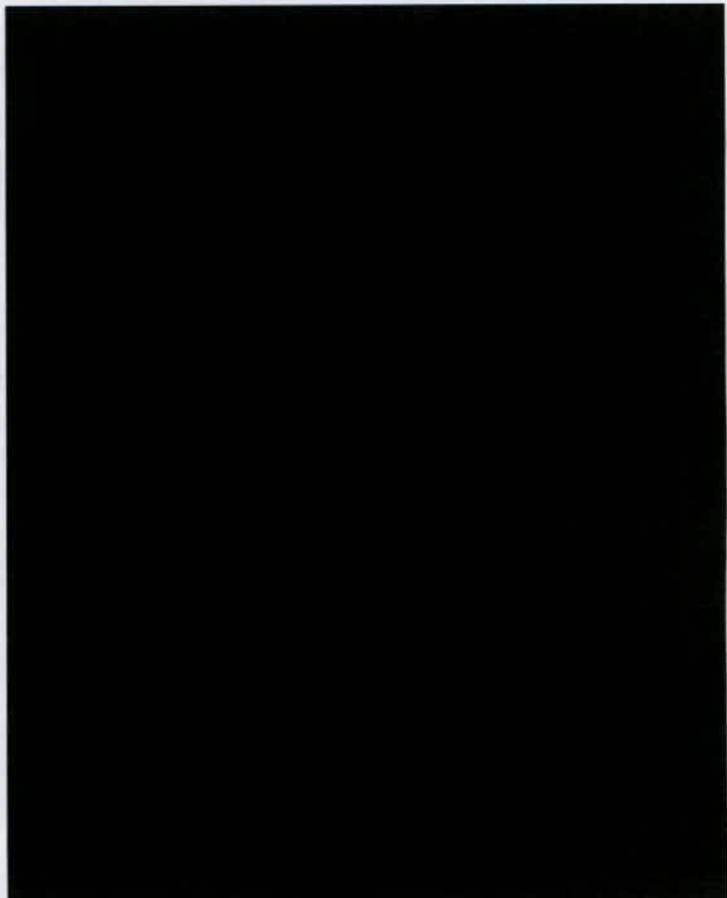
Figure 2: One plant, one customer with dummy node with multiple resource nodes



**Summary of Line Rental
and Net Settlement
Surplus for the year 2012**

Plant Side		
	TOTAL FOR YEAR 2012	
	TA	NSS
Angat and Power Barge 101, 102 & 103	2,004,381,864.57	9,365,584.41
Load Side:		
	TOTAL FOR YEAR 2012	
	LR	NSS
LUZON CUSTOMERS		
DWS	(26,116,704.96)	8,723,111.64
BTP1	-	2,348.73
BEP2	(8,871,712.27)	1,736,899.99
SUNPOWER	(31,362,989.97)	2,665,291.44
Sub Total	(66,351,407.20)	13,127,651.80
VISAYAS CUSTOMERS		
AGC	-	-
BEI	(98,308.22)	10,960.10
CTPP1_SS	-	201,416.21
CTPP2_SS	-	254,191.14
ESAMELCO	(11,817,206.74)	821,517.44
LEYECO 3	(287,968.98)	(11,717.65)
LIDE	(56,929.37)	(4,280.11)
MARCELA	(262,570.65)	27,929.46
NORSAMELCO	(11,931,843.26)	1,104,192.78
ORICA	(704,812.67)	14,169.29
PMSC	11,092.80	14,533.44
PMSC_BOHOL	(832,415.28)	103,505.23
SC GLOBAL	(82,629.17)	(6,420.71)
SAMELCO 1	(8,939,990.98)	875,744.34
SOLECO	(3,187,263.90)	295,435.80
SPMI	(67,205.49)	(11,887.42)
TAIHEYO	2,914,794.30	257,010.32
VOMI	(18,479.11)	(927.39)
WATERFRONT	(1,303,290.97)	91,880.49
Sub Total	(36,665,027.71)	4,037,252.76
TOTAL	(103,016,434.91)	8,063,545.42

Sample of Multiple Nodes





CENTRAL NEGROS ELECTRIC COOPERATIVE, INC.
Bacolod City

Subject: **Line Rental Cost, Bilateral Contract Quantity & Line Rental Rate - Year 2012**

Submitted by: **General Manager Office**

Report Date: **CENECO - Utility Economics Section**

CENECO BCQ and Line Rental for Year 2012

Total Line Cost W/ VAT

Month	SGO	KPC (40 MW)	KPC (24 MW)	PSAM	Total Line Rental Cost w/ VAT
25-Jan-12	Php3,582,510.85	Php25,348,722.09	Php1,784,801.04	Php1,111,219.11	Php29,827,252.09
25-Feb-12	Php3,129,380.14	Php23,281,204.44	Php1,624,243.08	Php1,144,007.39	Php28,178,835.05
25-Mar-12	Php3,381,300.48	Php11,111,471.44	Php4,018,700.50	Php1,711,071.06	Php20,222,543.48
25-Apr-12	Php3,092,179.41	Php16,781,220.28	Php4,340,933.41	Php2,213,017.94	Php26,427,340.04
25-May-12	Php4,409,316.18	Php22,587,743.67	Php1,271,617.26	Php4,867,364.59	Php33,135,441.60
25-Jun-12	Php3,071,852.74	Php11,980,362.48	Php4,149,921.18	Php1,900,000.90	Php21,102,137.30
25-Jul-12	Php4,729,362.72	Php6,721,377.24	Php1,206,304.70	Php4,717,717.72	Php17,374,762.36
25-Aug-12	Php1,964,817.44	Php4,571,444.96	Php1,011,000.31	Php4,793,131.41	Php12,340,404.12
25-Sep-12	Php1,321,170.17	Php16,294,335.34	Php1,739,809.30	Php4,118,342.36	Php19,473,657.17
25-Oct-12	Php1,036,525.09	Php14,912,837.68	Php4,964,814.94	Php4,838,006.49	Php25,752,184.20
25-Nov-12	Php1,818,011.12	Php13,331,527.29	Php4,443,320.04	Php4,243,300.11	Php23,835,168.56
25-Dec-12	Php1,116,862.12	Php14,734,430.71	Php4,581,300.80	Php4,730,811.39	Php25,163,425.01
Total	Php33,034,715.48	Php214,621,936.40	Php11,044,623.07	Php11,686,841.01	Php261,387,116.96

Month	SGO	KPC (40 MW)	KPC (24 MW)	PSAM	KCO (BWH)	Month
25-Jan-12	7,440,000	29,760,000	14,880,000	22,900,917	75,200,917	25-Jan-12
25-Feb-12	7,400,000	29,220,000	14,600,000	19,150,440	71,370,440	25-Feb-12
25-Mar-12	6,940,000	25,800,000	10,330,000	9,125,303	41,220,303	25-Mar-12
25-Apr-12	7,440,000	29,410,000	14,710,000	13,275,829	64,835,829	25-Apr-12
25-May-12	7,200,000	28,420,000	14,260,000	11,118,326	61,008,326	25-May-12
25-Jun-12	7,440,000	26,950,000	11,130,000	8,804,949	54,324,949	25-Jun-12
25-Jul-12	7,200,000	12,020,000	5,300,000	8,130,125	33,650,125	25-Jul-12
25-Aug-12	7,440,000	28,070,000	13,610,000	8,098,871	58,218,871	25-Aug-12
25-Sep-12	7,040,000	29,760,000	14,130,000	8,811,179	60,161,179	25-Sep-12
25-Oct-12	7,150,000	24,800,000	13,440,000	9,127,315	54,517,315	25-Oct-12
25-Nov-12	7,440,000	24,010,000	11,480,000	9,341,992	51,841,992	25-Nov-12
25-Dec-12	7,300,000	31,020,000	11,750,000	8,405,153	49,485,153	25-Dec-12
Total	87,760,000	399,861,000	193,890,000	134,511,190	884,072,288	Total

Month	SGO	KPC (40 MW)	KPC (24 MW)	PSAM	TOTAL	Month
25-Jan-12	0.8833	0.8843	0.8931	1.0386	0.8671	25-Jan-12
25-Feb-12	1.4865	1.2967	1.5901	1.8741	1.5801	25-Feb-12
25-Mar-12	0.4715	0.5811	0.5831	0.8452	0.6367	25-Mar-12
25-Apr-12	0.4109	0.5660	0.5680	0.7900	0.5708	25-Apr-12
25-May-12	0.8224	0.7903	0.7903	0.8604	0.7900	25-May-12
25-Jun-12	0.8817	0.8661	0.8661	0.9394	0.8415	25-Jun-12
25-Jul-12	0.6554	0.6377	0.6377	0.6827	0.6627	25-Jul-12
25-Aug-12	0.2667	0.3097	0.3097	0.4891	0.3174	25-Aug-12
25-Sep-12	0.4198	0.5473	0.5473	0.7184	0.5363	25-Sep-12
25-Oct-12	0.5082	0.4739	0.4739	1.0444	0.7106	25-Oct-12
25-Nov-12	0.5142	0.5444	0.5444	0.8484	0.6148	25-Nov-12
25-Dec-12	0.7101	0.7644	0.7644	0.9168	0.8206	25-Dec-12
Total	6.8842	6.9264	6.9264	8.8182	6.7486	Total

Prepared By: Checked By:

1.1

SAMPLE SUMMARY OF SETTLEMENT DATA - INDIRECT WESM VISAYAS
26 November to 26 December 2012

Resource Name	Meter ID	Customer	EAGSW	EAETA	MG	Imbalance	EPETA	TA	BCO	XAPBABUY	LR	LR/xapbabuy
7BOHOL_T1L1	MF3MBOHBECD1	BEI	24.04	(109,189.52)	22.08	(1.95)	(230.71)	(109,420.22)	23.49	168,243.73	(17,253.29)	@ 10.28
5NAGATRI_SS	MF3MCT1CTP102	CTPP1_SS	450.43	(4,064,071.27)	2,812.54	2,362.11	(10,256,127.69)	(14,319,198.96)	-	-		
5CTPP2_SS2	MF3MCT2CTP203	CTPP2_SS	329.14	(2,296,326.69)	2,107.21	1,778.07	(7,819,429.20)	(10,617,804.68)				
5CTPP2_SS2	MF3MCT2CTP204	CTPP2_SS	178.42	(1,762,111.63)	1,196.72	1,016.29	(4,573,879.23)	(6,335,990.66)				
4WRIGH_T3L2	MF3MVRISAM01	ESAMELCO	1,583.06	(9,003,628.07)	1,575.10	(7.96)	(194,961.08)	(9,198,579.15)				
4WRIGH_T3L2	MF3MVRISAM02	ESAMELCO	2,076.32	(12,527,893.33)	2,168.83	(7.49)	(253,748.91)	(12,781,642.24)				
4WRIGH_T3L2	MF3MVRISAM03	ESAMELCO	1,697.03	(9,763,267.43)	1,891.92	(5.11)	(193,846.89)	(9,957,134.32)	4,371.19	24,188,019.12	(1,989,243.39)	@ 0.0438
4ORMOC_T3L2	MF3MORCUIDE01	UDE		(1,189,263.69)	221.49	(3.40)	5,554.66	(1,153,829.18)	284.90	1,296,905.10	(82.91)	@ 0.0004
4WRIGH_T1L1	MF3MVRINORS01	NORSAMELCO	2,261.31	(13,699,369.52)	2,296.31	24.00	(377,467.90)	(14,076,836.42)				
4WRIGH_T1L1	MF3MVRINORS02	NORSAMELCO	1,517.16	(8,695,024.26)	1,531.96	14.80	(253,205.74)	(8,948,230.00)				
4WRIGH_T1L1	MF3MVRINORS03	NORSAMELCO	1,133.05	(6,770,222.81)	1,142.82	9.77	(177,792.37)	(6,948,005.18)				
4WRIGH_T1L1	MF3MVRINORS04	NORSAMELCO	1,119.33	(6,980,624.76)	1,126.60	7.27	(141,141.56)	(6,994,766.32)	4,998.88	27,220,584.40	(1,293,888.40)	@ 0.0475
1BTFP_T3L4	MF3MANLVOBE01	ORICA	81.43	(436,118.16)	80.59	(0.89)	908.67	(435,109.49)	216.00	1,134,999.25	(9,406.58)	@ 0.0083
5NAGA_T1L1	MF3MVRINORS01	PMGC	584.80	(3,307,093.21)	580.36	(4.45)	18,629.14	(3,288,464.07)	250.15	1,497,195.36	9,871.16	@ 0.0066
TUBAY_T3L3	MF3MORCPMS01	PMGC_BOHOL	191.90	(1,182,906.11)	200.53	8.63	(48,151.42)	(1,211,057.53)	223.00	1,329,627.21	(130,639.91)	@ 0.0963
4ORMOC_T3L2	MF3MORCOCOC01	SC GLOBAL	467.29	(2,602,144.78)	461.39	(5.91)	17,789.56	(2,584,355.22)	453.53	2,546,476.32	4,866.67	@ 0.0019
4WRIGH_T1L1	MF3MVRISAM101	SAMELCO 1	2,448.89	(15,524,535.26)	2,462.00	13.11	(344,109.80)	(15,868,645.06)				
4WRIGH_T1L1	MF3MVRISAM102	SAMELCO 1	1,780.05	(10,176,508.50)	1,784.86	4.79	(221,000.36)	(10,397,508.86)				
4WRIGH_T1L1	MF3MVRISAM103	SAMELCO 1	722.09	(4,288,645.28)	724.52	2.43	(74,297.86)	(4,362,943.14)	4,396.33	24,554,787.96	(1,188,410.81)	@ 0.0476
4ORMOC_T3L2	MF3MVRISAM01	SPMI	671.30	(3,780,166.67)	662.07	(9.22)	22,144.09	(3,758,022.57)	665.54	3,237,569.35	7,946.79	@ 0.0021
5NAGA_T1L1	MF3MVRISAM101	TAHEYO	9,667.31	(52,079,257.35)	9,541.78	(125.53)	900,227.07	(51,578,030.27)	5,836.67	31,217,247.96	265,229.62	@ 0.0082
4ORMOC_T3L2	MF3MORCOCOM01	YONI	126.78	(651,213.38)	125.64	(1.14)	929.80	(650,303.58)	174.96	765,018.80	5,378.04	@ 0.0070
5MCTAN_T1L1	MF3MVRISAM01	WATERFRONT	876.27	(5,115,453.14)	863.42	(12.85)	73,066.86	(5,042,386.27)	814.26	4,668,698.49	(129,687.46)	@ 0.0275
TOTAL			29,988.21	(175,626,063.95)	35,268.70	5,855.59	(24,089,189.67)	(199,715,253.62)	22,730.91	124,325,334.88	(6,525,223.27)	@ 0.03

1.2

SAMPLE SUMMARY OF SETTLEMENT DATA - INDIRECT WESM VISAYAS								
26 November to 25 December 2012								
Customer	NET TA	MRU	NSS	NSS RET	PSM	TOTAL before VAT	VAT	TOTAL
BEI	58,823.50	902.26	1,066.52	(26.64)	(195.36)	60,570.28	4,530.26	65,100.54
CTPP1_SS	(14,319,198.96)	160,736.19	11,378.76	2,739.26	(405,155.51)	(14,559,500.26)	(1,088,680.40)	(15,648,180.65)
CTPP2_SS								
CTPP2_SS	(16,953,795.74)	180,463.01	13,686.23	2,763.14	(578,949.02)	(17,336,832.38)	(1,296,242.18)	(18,632,074.56)
ESAMELCO								
ESAMELCO								
ESAMELCO	(7,749,336.39)	338,008.70	111,895.09	1,610.94	(237,517.56)	(7,535,339.22)	(563,466.21)	(8,098,805.43)
LIDE	143,075.91	10,857.10	413.93	41.36	(1,361.64)	153,026.66	11,437.26	164,463.92
NORSAMELCO								
NORSAMELCO								
NORSAMELCO								
NORSAMELCO	(6,844,243.52)	362,708.80	141,761.34	(457.13)	(250,054.99)	(6,570,285.50)	(640,664.71)	(9,210,970.21)
ORICA	699,889.76	4,330.48	930.20	108.67	(5,072.05)	700,187.06	52,338.21	752,525.28
PMSC	(1,791,298.69)	35,893.81	1,567.11	560.01	(127.13)	(1,753,414.89)	(131,128.05)	(1,884,542.94)
PMSC_BOHOL	118,569.60	12,126.37	11,930.95	(392.22)	(6,528.27)	135,706.51	10,174.81	145,881.32
SC GLOBAL	(37,876.90)	28,305.30	537.71	63.91	(8,766.89)	(17,736.87)	(1,330.80)	(19,067.67)
SAMELCO 1								
SAMELCO 1								
SAMELCO 1	(6,074,309.12)	329,155.70	117,755.17	(831.97)	(225,051.83)	(5,853,282.05)	(437,532.13)	(6,290,814.18)
SPMI	(20,463.22)	39,571.61	948.85	165.86	(16,224.63)	3,998.47	266.53	4,264.99
TAIHEYO	(20,360,782.29)	545,387.23	20,220.28	8,838.46	(64,732.63)	(19,871,069.95)	(1,486,231.94)	(21,357,300.90)
VOMI	114,715.02	4,832.05	313.27	49.95	(6,332.56)	113,577.63	8,487.39	122,065.02
WATERFRONT	(373,687.79)	54,151.14	8,711.00	782.35	(12,396.82)	(322,440.12)	(24,164.28)	(346,604.39)
TOTAL	(75,389,918.74)	2,117,429.77	443,106.41	16,015.85	(1,838,466.91)	(74,651,833.62)	(5,582,206.21)	(80,234,039.84)

Sample of SSLA

SUMMARY OF METER READINGS

Delivery Date 20121225
Trading Part DWS

Resource Ref	Meter Name	Hour 1					Hour 2					Hour 3				
		Raw Value (kWh)	Line Losses (kWh)	Core Loss (kWh)	Copper Loss (kWh)	Adjusted Value (kWh)	Raw Value (kWh)	Line Losses (kWh)	Core Loss (kWh)	Copper Loss (kWh)	Adjusted Value (kWh)	Raw Value (kWh)	Line Losses (kWh)	Core Loss (kWh)	Copper Loss (kWh)	Adjusted Value (kWh)
TLAT PHLEK	M32MB08P251	19,110.00	241.96	-	-	19,351.99	19,068.00	241.19	-	-	19,309.19	18,816.00	235.17	-	-	19,051.17
3BA T11	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3BA T21	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3BA T22	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
THEPAO T11	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SCALAU T11	M32MB08P251	12,757.50	-	-	-	12,757.50	12,611.13	-	-	12,611.13	12,703.43	-	-	-	12,703.43	
CLARK T11	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CLARK T12	M32MB08P251	12,810.00	-	-	-	12,810.00	12,474.00	-	-	12,474.00	12,285.00	-	-	-	12,285.00	
TLAT T12	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TLAT T13	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3ORMAT 01	M32MB08P251	2,401.00	0.05	-	-	2,401.05	2,411.00	0.05	-	2,411.05	2,422.00	0.05	-	-	2,422.05	
TLAT PHLEK	M32MB08P251	1,188.50	1.50	-	-	1,190.00	1,188.50	1.50	-	1,190.00	1,176.00	1.27	-	-	1,177.27	
IMEX 004	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IMEX 005	M32MB08P251	658.00	1.81	-	-	659.81	671.00	1.89	-	672.89	717.00	2.51	-	-	719.40	
IMAKA T12	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
00708 T12	M32MB08P251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOLENG T21	M32MB08P251	22,564.00	-	-	-	22,564.00	21,504.00	-	-	21,504.00	20,540.00	-	-	-	20,540.00	
00708 T11	M32MB08P251	2,075.89	-	-	-	2,075.89	2,060.00	-	-	2,060.00	2,152.00	-	-	-	2,152.00	



For questions and comments, please email:
cyn_encarnacion@yahoo.com.ph

Initial Review of the Retail Rules from the Generators Point of View

Presentation to the RCC

Feb 13, 2013

Objectives of the Review

- To assess if there are additional generator risks with the current Retail Rules;
- To seek clarification from WESM on the assessed additional risks;
- To propose improvements, in coordination with WESM, if needed;
- The following should not in any way delay the implementation of RCOA, it is just to clearly define, or improve the process if needed.

Identified Generator Risks

- Registration Requirements for contestable customers with multiple delivery points
- Switch request for contestable customer with outstanding obligations to current suppliers
- Trading limits of RES with respect to contestable customers
- Generators BCQ declaration to contestable customers without them having any contractual obligations
- Continuous supply obligations of RES to contestable customers versus generator obligations to RES

Registration Requirements for contestable customers with multiple delivery points

- **Current Provision:**

2.2.1 Contestability of electricity end users shall be certified by the ERC and only the end users that have been issued certification of contestability shall be registered and shall be permitted to transact, directly or indirectly, in the WESM; Provided, however, that a directly-connected end user is required to register in the WESM pursuant to WESM Rules clause 2.2.4.2 whether or not it is certified by the ERC as a Contestable Customer.
- **Risk Identified:**

In the event of default by an entity with multiple delivery points, the disconnection process applied for this is not defined.
- **Actions Needed:**

Define whether membership is on a per company or per delivery point basis.

Switch request for contestable customer with outstanding obligations to current suppliers

- **Current Provision:**

3.2.2 (c) the Contestable Customer shall be responsible for ensuring that it has fully complied with its obligations to the incumbent Supplier and the new Supplier, including but not limited to the payment of outstanding obligations and posting of security deposits.

- **Risk Identified:**

The contestable customer can switch suppliers even with outstanding obligations.

- **Actions Needed:**

Clarification on approval of switch request for a contestable customer with outstanding obligations to a supplier or generator given that there is no third party confirmation of contestable customer compliance.

Trading limits of RES with respect to contestable customers

- **Current Provision:**

3.3.13.2 The amount of security that will be required of a Supplier shall be determined based on aggregate trading limits and maximum exposure determined in accordance with Chapter 3 of the WESM Rules of all Contestable Customers for which such Supplier is transacting.

- **Risks Identified:**

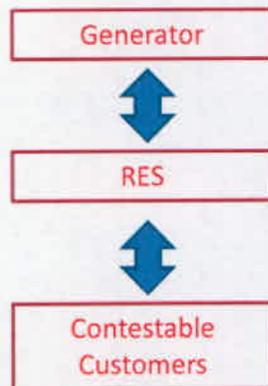
If contestable customer is a direct WESM member, and contracted a percentage of its load to RES. Thus, in essence RES has no spot exposure since its contestable customer is a direct WESM member.

- **Actions Needed:**

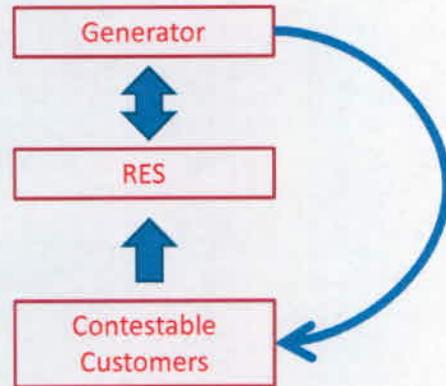
Clarification on the application of aggregated trading limits for a RES with a combination of Contestable Customers that are Direct and Indirect WESM Members.

Generator BCQ Declaration

- Contractual Design



- WESM Design



Generator BCQ Declaration- Risks identified

- If generator is on outage schedule and cannot supply BCQ to contestable customers, how can the RES be able to satisfy its contractual obligations to its contestable customers when it cannot even buy from WESM?
- What entity will absorb this risk if the generator has no contractual obligation with the contestable customer?

Generator BCQ Declaration- Actions Needed

- Clarification on the process to be utilized by the RES during scenarios wherein its generator is on outage and the Retail Supply Contract is guaranteed supply.
- Discussion of the contractual relations between a RES and Generator in relation to the operation of the WESM.