

MINUTES OF THE 57TH MEETING OF THE RULES CHANGE COMMITTEE

Date : 11 January 2012
Time : 9:00 A.M.
Venue : PEMC Board Room
18th Floor, Robinsons-Equitable Tower
Ortigas Center, Pasig City

MEMBERS PRESENT:

Rowena Cristina L. Guevara	-	Chairperson/Independent – UP
Francisco L.R. Castro Jr.	-	Independent – The Herma Group
Maila Lourdes G. de Castro	-	Independent – Unitel Productions, Inc.
Cherry Aquino-Javier	-	Generation Sector – AES
Cynthia R. Encarnacion	-	Generation Sector – NPC
Liberty Z. Dumlao	-	Generation Sector – PSALM
Ralph T. Crisologo	-	Generation Sector – SNAP
Ciprinilo C. Meneses	-	Distribution Sector – MERALCO
Jose P. Santos	-	Distribution Sector – INEC
Sulpicio C. Lagarde Jr.	-	Distribution Sector – CENECO
Conrado D. Pecjo	-	Supply Sector – Angeles Power, Inc.

MEMBERS NOT PRESENT:

Epictetus E. Patalinghug	-	Independent – UP
Augusto D. Sarmiento	-	Distribution Sector – DECORP
Robinson P. Descanzo	-	Market Operator – PEMC
Raul Joseph G. Seludo	-	System Operator – NGCP

ALTERNATE MEMBERS PRESENT:

Isidro E. Cacho	-	Market Operator – PEMC
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OBSERVERS PRESENT:

Ferdinand B. Binondo	-	DOE (<i>Alternate</i>)
Luningning G. Baltazar	-	DOE

OTHERS PRESENT:

Meleusipo E. Fonollera	-	Technical Committee Chairperson
Caryl Miriam Y. Lopez	-	PEMC – Legal
Edward I. Olmedo	-	PEMC – TOD
Ermelindo R. Bugaoisan, Jr.	-	NGCP – SO
Fidel Dagsaan	-	NGCP – SO

SECRETARIAT

Geraldine A. Rodriguez	-	PEMC – MAG
Shalom Grace A. Tomas	-	PEMC – MAG
Dece Marwil M. Bongcawel	-	PEMC – MAG

After determining the presence of a quorum, the 57th RCC meeting was called to order by Chairperson Dr. Rowena Guevara, at about 9:20 A.M.

Not

1. Adoption of the Proposed Agenda

The Proposed Agenda for the 57th RCC Meeting was presented and approved.

2. Review, Correction and Approval of the Minutes of the 56th RCC Meeting

The Minutes of the 56th RCC Meeting was approved, as presented.

3. Business Arising from the Previous Meeting

- a. Dr. Guevara informed the body of MERALCO's submission of its letter formally withdrawing its intention to submit a rules change proposal on prudential requirements.
- b. **NGCP's Comments on the RCC-approved Proposed WESM Rules Change on Audit Provisions and Dispute Resolution Provisions**

In its letter dated 26 December 2011, the National Grid Corporation of the Philippines (NGCP) posed its objections to the inclusion of the System Operator in the audit or review activities by the PEM Audit Committee (PAC) citing that the Energy Regulatory Commission (ERC) is the entity which has the sole regulatory power over the regulation of the transmission business of NGCP and thus, any external audit on the System Operations should be done by the ERC. Mr. Ermelindo Bugaoisan remarked that the statement in the letter only serves to reiterate the stand/position previously taken by the NGCP.

Mr. Ralph Crisologo clarified that the RCC is not contesting the fact that the audit on NGCP operations is under the purview of the ERC, but only sought to include in the audit activities of the PAC the portion of system operations that interfaces with the market operations. At this juncture, Dr. Guevara informed the NGCP-SO representatives that the RCC has already submitted and presented the proposed WESM Rules Change on Audit Provisions to the PEM Board during its meeting last 05 December 2011, during which the NGCP representative requested for the deferment of its approval.

The NGCP likewise submitted its comments on the proposed WESM Rules Change on Dispute Resolution Provisions, although in general, it finds the said proposal in order and acceptable. Dr. Guevara also informed the NGCP-SO representatives that the RCC has already finished its deliberations, except for Section 3.3.3.7 which the RCC during its last meeting referred to PEMC-Legal for the appropriate language. In this regard, the PEMC-Legal's proposed language was shown as follows:

*"Any dispute between the System Operator and the Ancillary Services Provider in relation to the determination of a payment under an for spot market ancillary services **agreement** shall be determined by the Dispute Resolution Administrator in accordance with clause 7.3."*

Atty. Liberty Dumlao raised the possibility of the SO and Ancillary Service Providers wanting some other arbiters or tribunal to settle their disputes. She thus suggested adding a colatilla to the above-revised provision to clarify that in cases where the Ancillary Services Procurement Agreement (ASPA) already stipulates that disputes be settled outside of the WESM dispute resolution process, then the provisions in the ASPA on the matter shall prevail. Following Atty. Dumlao's recommendation, Section 3.3.3.7 was revised to read as follows:

*"Any dispute between the System Operator and the Ancillary Services Provider in relation to the determination of a payment ~~under an for spot market~~ ancillary services ~~agreement~~ shall be determined by the Dispute Resolution Administrator in accordance with clause 7.3, **unless otherwise provided in the Ancillary Services Procurement Agreement (ASPA).**"*

Having finalized the pending item, the RCC confirmed its 05 December 2011 approval of the proposed WESM Rules Change on Dispute Resolution provisions and accordingly approved and signed the RCC Resolution on the same, for endorsement to the PEM Board.

c. Proposed Amendments to the WESM Manual on Management of Must Run Units

Market Surveillance Committee's (MSC) Response to RCC's Request for Comments

To recall, the RCC requested for MSC's inputs in relation to the new Section 5.6 which is proposed to be read as follows:

"The Market Operator shall determine if the SO has properly used the MRU in accordance with this Manual and shall make a report if the SO had directed any generator for MRU service other than for reliability and localized problems."

The RCC viewed that the responsibility in determining whether the SO has appropriately utilized the MRU is within the scope of the MSC's functions. In its memorandum to the RCC dated 05 December 2011, the MSC expressed its agreement with the RCC's view and thus proposed for the revision of the above provision as follows:

"The Market Surveillance Committee shall monitor the SO's compliance with the MRU Manual."

While agreeing with the proposed wording of the MSC, Mr. Crisologo manifested that he doesn't agree with the interpretation of the MSC that there is a need to consult the Grid Management Committee (GMC) on how they supervise as regards grid reliability and security, citing that what the RCC intended with the proposed provision is for the MSC to determine whether the designation of MRUs by the SO is in accordance with the MRU Manual.

On Mr. Ciprinilo's Meneses suggestion to include a time element in the provision, Dr. Guevara stated that the word "monitor" already denotes a task done on a regular basis.

Mr. Sulpicio Lagarde inquired on how a utility like CENECO could access the monitoring reports done by the MSC, citing that he wants to relate these reports to the erratic behavior of market prices. In response, Dr. Guevara suggested for Mr. Lagarde to raise his concerns directly to the MSC.

There being no further comments, the RCC accepted the MSC's above-cited proposed rewording of Section 5.6.

Results of the Simulation on Generators' Proposed New MRU Pricing Mechanism

Following the agreement made by the RCC during its 56th meeting, Mr. Edward Olmedo presented the results of the simulation of the proposed new MRU pricing mechanism introduced by the generators.

Highlights of the presentation are as follows:

- ☐ It was instructed that for the purposes of this simulation, the Nominated Price shall be based on the ERC-approved contract rates for energy or ancillary as follows:

- ✓ Coal: **3.3746, 4.2510, 6.8214, 5.2310**
- ✓ Geothermal: **4.8554**
- ✓ Hydro: **2.1443, 6.2185**
- ✓ Diesel: **7.3285**

It was noted that since there were 4 Nominated Prices provided for coal, the PEMC-TOD used the mean of these 4 prices in the simulation and the same was used for the Natural Gas. Further, it was noted that the PEMC-TOD made use of the MRU data from the December 2010 billing period for the simulation.

- ☐ Challenges in the use of the proposed pricing mechanism were emphasized by the TOD , as follows:

- ✓ Need for a Software for MRU/Must Stop Unit (MSU) Determination
- ✓ Coordination with respect to the determination of generating units designated as MRUs or MSUs, which may require hourly and daily validation with SO
- ✓ Determination of MRU and MSU level.

On this matter, Dr. Guevara wanted to be clarified on whether the MRU and MSU levels are already given in the previous reports. Mr. Olmedo clarified that the report, which is provided by the SO, consists of two columns of data: the RTD and the actual dispatch of generators. Although the report specifies which generators are called as MRUs, there is no distinction, however, on the level of MRU. To clarify, he explained that there may be generators with offers in the market and at the same time are requested to run beyond their offers, as such, there is a need to define which level will be subject to or paid at the normal market prices and which level will be subject to the MRU pricing mechanism.

- ✓ Prerogative of the generators to file for additional compensation given the proposed new mechanism.

Ms. Cherry Javier clarified that the proposed new pricing mechanism will no longer necessitate the additional compensation mechanism.

- ☐ The results of simulation show that the settlement amount increased by 14.57% when computed using the proposed new MRU pricing mechanism. Mr. Olmedo emphasized that for the December 2010 billing period, only the oil-based plants have filed for the additional compensation, thus, he's not taking away the possibility of other generators' filing for the same which will subsequently change the results of the simulation.

Based on the results of the simulation, Mr. Crisologo believed that the proposed new MRU pricing mechanism will address the undercompensation concerns of the generators. On the contrary, Mr. Meneses viewed that with the implementation of the new mechanism, the geothermal plants will be overcompensated because the proposal does not distinguish whether the plants are called to run for system requirements or to satisfy contractual arrangements. He asserted that geothermal plants which are

scheduled for start-up or shutdown should not be compensated using the MRU pricing mechanism but should be price takers. Ms. Javier clarified that the proposal is specific in that generators scheduled for start-up and shut down shall be price takers.

Dr. Guevara requested the PEMC-TOD to conduct additional simulation using the data of another billing period where all generators called as MRUs had already filed for additional compensation, to which the PEMC-TOD agreed. It was agreed that results of this simulation be presented in the next RCC meeting.

Mr. Olmedo expressed that there is a need to coordinate with the SO to improve the manner by which the MRU report is being presented. Mr. Bugaoisan seconded, citing that refinements may include revising the remarks portion of said report to accommodate all necessary information.

On the matter of MRU level determination, Mr. Isidro Cacho informed the body that the ERC directive relative to MRU includes a mechanism by which the final MRU quantity is determined. Bearing in mind that there are details in the MRU settlement procedures that the RCC needs to understand, he suggested for the RCC to request the PEMC Billing and Settlement to present its internal procedures on the same, to which the RCC agreed.

In consideration of the objectives of the WESM for sustainable, efficient, transparent and competitive market, Dr. Guevara inquired on whether there is a way to ensure that the proposed new MRU pricing mechanism will remain consistent with the objective of sustainability. Mr. Crisologo replied that the proposal is consistent with the objective of sustainability, citing the possibility that generators often called to run as MRUs may back out of the operations eventually if not paid the correct amount.

On Dr. Guevara's query on the effect of the proposal to the electricity prices, Mr. Meneses stated that he's not discounting the possibility that prices during periods with MRUs will be higher than those periods without MRUs.

MRU Data Verification Process

As requested by Dr. Guevara during the last RCC meeting, Ms. Javier suggested the following rewording of the proposed Section 9.2.2, as follows:

"The end-of-the-day summary report shall be used by MO to validate the MRU data submitted by SO."

Dr. Guevara inquired with the PEMC-TOD whether the above proposed provision is feasible, to which Mr. Cacho replied that it is. He expounded that what the MO could do is to compare the data generated by the Market Management System (MMS) with the data provided by SO. He clarified, however, that there are no other means to validate the data of SO, adding that the same is made basis in the determination of the final MRU quantity for settlement. If such is the case, Dr. Guevara gathered that it won't make sense for the RCC to put a provision on the verification of MRU because the process of verification requires two different sources of data.

Mr. Crisologo stated that there are actually different sources of data: the real-time data from SO generated by the SCADA system and the metered data from the Metering Services Group (MSG) of NGCP. Further, he mentioned the possibility of the RTU reading delivering a data different from the verbal dispatch instructions of SO.

On Dr. Guevara's suggestion to reword Section 9.2.2 to require the validation of MRU quantity using the data from SO, MSG and MMS, Mr. Cacho clarified that detailed procedures relative to this will have to be formulated. Dr. Guevara requested the PEMC-TOD to draft the procedures in this regard. In the meantime, Section 9.3 on the Calculation of MRU Settlement Amounts is revised, to read as follows:

"MO will process data from SO, MSP and MMS as basis of settlement for MRU. For every billing period, the Market Operator will calculate the payments to be made to each designated MRU."

Accordingly, the RCC agreed to further deliberate the proposed amendments in the next meeting.

d. Proposed Amendments to the WESM Dispatch Protocol Manual on the Inclusion of Merit Order Table (MOT)

The RCC continued its deliberation on the proposed revisions to Section 4.2 of Appendix A.7 which were left unresolved in due consideration of the System Operator whose representatives were not able to attend during the previous RCC meeting.

Mr. Bugaoisan remarked that what the SO proposes is that whoever among SO or the Generators initiates the change in dispatch schedule shall communicate with the other party. He expounded that in cases where the Generators need to increase or decrease their generation schedule, the same should be communicated with the SO. On the other hand, if the SO sees the need to change the schedule of the Generators, then the same should likewise be communicated with the Generators.

Mr. Crisologo wanted to be clarified on whether there is still a need for Generators to communicate with SO first when the Generators are already informed and have already noted the change in their target loading levels for the next trading interval, to which Mr. Bugaoisan replied that there is still a need. Mr. Crisologo questioned however the need to communicate considering that these levels are already scheduled. He asserted that unless the generators will not be able to their schedules, there is no need for them to call the SO.

On the contrary, Mr. Bugaoisan stressed the need for constant communication between the SO and Generators to ensure the balance of supply and demand and to address certain variations during real time, citing that there are generators whose generation is higher or lower than their dispatch schedules, in which case the SO may have to advise these generators to ramp up/down to a certain level.

Mr. Cacho stated that one of the concerns of SO is the linear ramping, where there are generators that prematurely ramp up/down to their target level. Ms. Javier for her part commented that the definition of linear ramp rate is too broad. Further, she clarified that the AES-MPPCL has defined the slope per block of MW, e.g. increase of MW from 0-100 requires a certain ramp rate, and 100-200 requires another ramp rate and so on. Mr. Cacho disclosed that such are termed ramp rate breakpoints which the generators submit to the MO together with their offers.

Dr. Guevara suggested providing the SO with the said information.

Mr. Bugaoisan commented that what is being provided to the SO is only the registered maximum ramp rate. Mr. Fidel Dagsaan likewise raised the issue on the current one-hour

trading interval being more susceptible to the occurrences of intra-hour deviation/variations.

Based on the discussion, Mr. Meneses commented that it appears that the root cause of the problem is inadequate reserve capacity, citing that the variations as mentioned by SO should be taken care of by the reserves. On this matter, Atty. Layugan acknowledged that the ERC is cognizant of the issues on the reserve market implementation and the lack of contracted reserves. Mr. Bugaoisan clarified that while the required level of reserve has not yet been reached, the NGCP is exerting efforts to contract reserves (includes negotiating with prospective providers), only that there is not enough available.

Going back to the subject Section and noting the limitation of SO to migrate into a more automated process, Dr. Guevara inquired on whether the Generators are agreeable with the proposal of SO.

After due deliberation, the RCC agreed to adopt the proposal of SO to reword Section 4.2 as follows:

"The Trading Participants upon receipt of RTD shall communicate and seek clearance from System Operator the target loading levels for each trading interval. The System Operator shall issue dispatch instruction as required.

All dispatch instructions issued by the System Operator to Trading Participants shall be recorded thru Operator Logs and will be forwarded to MO for purposes of surveillance, audit, and settlement."

Mr. Meneses suggested to include the following provision in the said section, which the RCC accordingly approved:

"The MOT shall be maintained up to date by the MO and be made accessible in the website to all market participants."

Subsequently, the RCC expressed its agreement to approve the SO-MO-Generators consolidated proposed amendments on the inclusion of MOT in the Dispatch Protocol Manual, as amended by the RCC.

e. PEMC Comments on the Issues of NGCP-SO Visayas

The RCC discussed the issues of NGCP-SO Visayas as raised during the 06 July 2011 meeting of the RCC, together with the comments submitted by PEMC. Highlights of the discussion are as follows:

- On the suggestion to consider registration of ramp rates on a per generating unit basis, instead of the aggregate ramp rate of the whole plant

Mr. Meneses suggested that generators be required during registration to submit a graph/curve on ramp up/down rates (showing the change in MW versus time), to which the RCC agreed. Mr. Cacho remarked that such will have to be referred to the PEMC's Registration Group.

- On the request for the Market Operator (MO) to provide the SO with early RTD schedule

On the recommendation of PEMC to use the Day-Ahead Projections (DAP) for contingency planning of SO, Mr. Bugaoisan opined that this will touch on the Must-Offer Rule. He noted that the 12NN DAP will not suffice for the contingency planning of SO, citing that not all participants have submitted their offers during that time.

Similarly, Mr. Dagsaan raised the issue on the SO receiving the RTD schedules two minutes later than the trading participants (sometimes after the start of the trading interval), to which Mr. Cacho clarified that the delay could be attributed to the different channels by which the information is communicated, mentioning that said schedule is communicated to the trading participants through the WESM website and to the SO through the MO-SO interface.

Noting the latency of communication line going to the SO, Dr. Guevara inquired on whether it is possible for PEMC-IST Department to investigate the reasons for the latency in the NGCP'SO' receipt of the RTD schedules to which Mr. Cacho replied that the same will have to be referred to the PEMC-IST Department.

- On the suggestion for the next RTD to be within 15-20 minute ramping so as to adapt to steep rise and fall of intra-hour demand during peak and off-peak periods

Mr. Cacho stated that although the MMS supplier indicated that the software is capable of shortening the trading interval to as short as 5 minutes, the timelines set in the software were pegged based on the one-hour trading interval.

Noting the limitation of the current set-up of the MMS, the RCC agreed that shortening of the trading interval be considered in the design and specifications of the new MMS, which corresponding budget is awaiting the approval of the ERC.

f. PEMC-Legal's Response to RCC's Request re Exhaustive List of Suggested Revisions of WESM Rules and Market Surveillance, Compliance and Enforcement Market (MSCEM) Manual

In response to RCC's request for assistance in reviewing and updating the revision of the WESM Rules and MSCEM Manual arising from the PEM Board Directive to reflect the provisions of the PEMC-ERC Protocol in the WESM Rules and relevant manuals, Atty. Caryl Lopez shared that the PEMC-Legal noted that the current draft (which was made in 2008) may have to be revised to incorporate the recent PEM Board Resolution (made in 2011) that the result of ECO investigation of matters referred by the ERC be transmitted directly to the ERC. Likewise, she disclosed that in one of the ERC-MAG-ECO Coordination Meetings, the revision of the ERC-PEMC Protocol is being considered in light of the forthcoming appointment of the Independent Market Operator (IMO).

Dr. Guevara pointed out, however, that the appointment of IMO will not happen for at least another two years. She thus inquired on how the RCC should proceed, whether to wait for the appointment of IMO or move as directed by the PEM Board.

Atty. Lopez responded that it is up to the discretion of the RCC. She reminded the body that while the IMO appointment is forthcoming, there is also a standing PEM Board instruction for the RCC to amend the WESM Rules, which is meant to give the ECO the ability to receive the request from and subsequently transmit its report to the ERC without coursing the same through the PEM Board.

In consideration of the above-cited updates, Ms. Javier suggested for the RCC to write a memorandum to the PEM Board, requesting for guidance/direction on how the RCC should move forward, to which the RCC agreed. Dr. Guevara requested the Secretariat to draft the memorandum for this purpose.

4. New Business

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
<p>A. Proposed New Technical Committee Market Manual</p>	<p>The Chairman of the Technical Committee (TC) Mr. Meleusipo Fonollera was invited to give an overview of the proposed new Technical Committee Market Manual. In summary, the TC Market Manual establishes the following:</p> <ul style="list-style-type: none"> • Role of the TC in the performance of its functions and responsibilities pursuant to its mandates as provided for in the WESM Rules; • Scope and procedures in providing technical assistance to the PEM Board in relation to information technology, metering technology and data, and other technical matters relating to the spot market; • Scope, policies and procedures in providing support to the other WESM Governance Committees, PEMC or the market participants; • Responsibility of the TC in proposing amendments to the WESM Rules; and • Role of the TC regarding its support to the PAC in the conduct of audit. <p>Mr. Fonollera stressed that in the absence of a TC manual, there are no specific guidelines on what types of request for studies that the TC should accept and subsequently conduct. As a case in point, he shared that the TC had, in the past, no means to filter through requests for technical studies which led them to consider in its studies other non-technical matters such as commercial issues.</p> <p>Noting the current composition of the TC (which is composed of 2 independents, 1 representative from the Grid Management Committee, 1 from the Distribution Management Committee and 1 from the System Operator), Mr. Crisologo commented that there may be a need to review such composition to consider a slot for the generator sector, recalling that there were instances that the RCC referred to the TC issues relative to the generation, e.g., Pmin, Pmax, Ramp up/down rates, etc.</p> <p>Mr. Fonollera explained that if there are issues that</p>	<ul style="list-style-type: none"> • Subject to the TC's submission of the revised discussion paper, the RCC approved the publication of the proposed new TC Manual in the WESM website for comments from the market participants and other interested parties.

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	<p>none of the TC members have complete knowledge of, the TC usually engages the expertise of other resource persons. As regards the composition, he clarified that it is already provided for in the WESM Manual on the Guidelines for the Constitution of PEM Board Committees. On the other hand, Dr. Guevara suggested for Mr. Crisologo to put into writing his proposal to include the generator sector as part of the composition of the TC and submit the same to the PEM Board.</p> <p>On the proposal of TC to course through the PEM Board all requests for technical studies/reviews, Dr. Guevara commented that such process may be burdening for the PEM Board, to which Mr. Fonollera replied that such is proposed in order to avoid accepting studies that will require the TC to look into the commercial aspects.</p> <p>Mr. Crisologo pointed out that such is the dynamics of market studies; they will always include studies on the commercial impacts.</p> <p>Dr. Guevara suggested that instead of establishing certain boundaries that will limit the scope of the TC studies only to those technical in nature, the TC may include in the Manual an option to engage the expertise of other branches of PEMC, or other entities for that matter, to study certain issues that are beyond the area of TC's expertise.</p> <p>Mr. Meneses seconded citing that the Manual should not spend too much on specifying that the TC should not accept requests for studies that are non-technical matters.</p> <p>In consideration of Prof. Epictetus Patalinghug's comments as regards the content of the discussion paper in support of any rules change proposal submitted to the RCC, Dr. Guevara requested the TC to revise its discussion paper to give additional justifications for coming up with a Manual.</p> <p>Accordingly, the RCC approved the publication of the proposed new TC Manual, subject to TC's submission of its revised discussion paper as requested by Dr. Guevara.</p>	
B. 2011 RCC Semestral Report (July-December period)	<p>The RCC was furnished with a copy of the draft 2011 RCC Semestral Report, which details the various rules changes proposals and other items/issues deliberated and discussed by the RCC from July to December 2011.</p>	<ul style="list-style-type: none"> Approved, as amended, for endorsement to the PEM Board.

	<p>Upon review, the RCC approved the 2011 Semestral Report with minor changes in Annex A to reflect the dates of appointment of the newest members of the RCC, as well as the date of appointment of Dr. Guevara as the RCC Chairperson.</p> <p>Seeing that one of the items discussed and approved by the RCC is the Proposed New WESM Manual on the Segregation of Line Rental, Mr. Lagarde raised his concerns on the same. He asserted that the formula for the line rental computation is too complex to translate into something that can easily be understood by the very people paying for it. He likewise remarked that the Visayas ECs do not agree with the formulation of the line rental, particularly on the addition of the congestion cost as one of its component, citing that they are not supposed to be penalized for the congestion when it is an issue of transmission.</p> <p>Dr. Guevara recommended that Visayas ECs come up with a rules change proposal on the line rental formulation.</p> <p>Atty. Layugan, on the other hand, suggested that a seminar on the fundamentals of the line rental be conducted by PEMC first, after which the Visayas ECs could propose for rules change.</p> <p>Mr. Lagarde concurred with the suggestion of Atty. Layugan, adding that the seminar must likewise be well-attended by the PEMC top management.</p> <p>In this respect, Dr. Guevara requested Mr. Lagarde to write a formal letter requesting for the conduct of the said seminar for the 49 Visayas ECs. She likewise took note of RCC's interest to participate in the seminar.</p>	
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5. Other Matters

a. 2012 RCC Planning Session on 18 January 2012

Dr. Guevara reminded the RCC of the schedule of its Planning Session which will be held on 18 January 2012, 9AM. She informed the body that the MAG has engaged the services of Prof. Benjie Sandoval from the UP College of Business Administration to facilitate the planning session. In addition, she disclosed that she has taken the initiative to invite DOE Undersecretary Josefina Asirit to give a keynote speech, in order for the RCC to understand where the DOE is steering the industry. In relation to this, Mr. Castro suggested inviting PEMC President Melinda Ocampo as well to attend the planning session, to which the RCC agreed.

In preparation for the said planning session, Dr. Guevara requested the RCC members to ponder on the issues/topics that must be prioritized and therefore be included in the RCC Work Plan for the year.

b. PEMC-Internal Audit Department (IAD) Comments on the Publication of RCC Minutes

The RCC agreed with the final recommendation of the PEMC-IAD to continue to publish in the WESM website the RCC Minutes of the Meetings, as indicated in its Final Audit Report.

c. ERC Process regarding Orders to PEMC

Ms. Javier shared that they have just learned of the ERC directive for PEMC to come up with mitigating measures for the energy market. In this regard, she wanted to be clarified on the process, that is, whether or not PEMC submissions should go through the approval process of the RCC before they are put forward to the ERC. She stressed that they, as market participants, were only informed of such ERC directive only after the ERC has already approved the PEMC study.

On the last statement, Atty. Layugan pointed out that Ms. Javier is no longer speaking as a member of the RCC but as a market participant, in which case they should have intervened. As regards the process, Atty. Layugan stated that it is up to the internal procedures of PEMC to determine to whom the study should be turned over and to whom it should direct to complete whatever directive the ERC has. She noted that the subject at hand is part of a case filed by PEMC before the ERC and the RCC is not a party to it, and as such, it is not appropriate for the ERC to mention or endorse it to the RCC.

Mr. Cacho for his part clarified that if PEMC's compliance to the ERC directive requires a WESM Rules or Manuals change, then it will go through the RCC process.

Atty. Layugan informed the body that the ERC will be holding a public consultation on the study on mitigating measures submitted by PEMC, where every market participant will be given the opportunity to raise its respective concerns/issues.


6. Next Meeting

- a. The RCC agreed to hold its next regular meeting on 08 February 2012.


7. Adjournment

There being no other matter to be discussed, the meeting was adjourned at 3:10 P.M.

Prepared by:


Rheinhart O. Bahogon

Reviewed by:



Geraldine A. Rodriguez

Noted by:

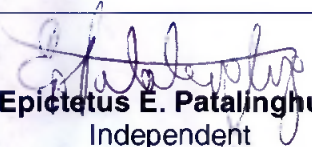

Elaine D. Gonzales


Chair


Approved by:
RULES CHANGE COMMITTEE



Rowena Cristina L. Guevara
Chairperson
Independent
University of the Philippines
(UP)

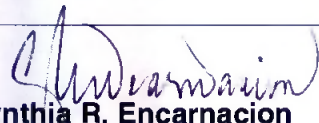
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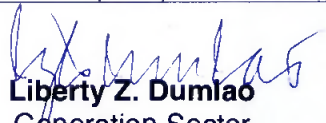

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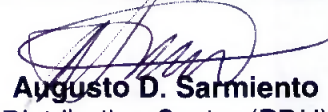

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Generation Sector
AES Philippines
(AES)


Cynthia R. Encarnacion
Generation Sector
National Power Corporation
(NAPOCOR)


Liberty Z. Dumlaog
Generation Sector
Power Sector Assets and Liabilities Management
Corporation (PSALM)

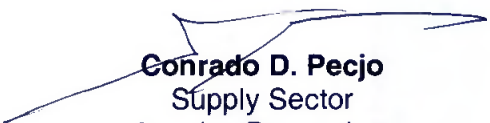

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