

MINUTES OF THE 45th MEETING OF THE RULES CHANGE COMMITTEE

Date : 09 March 2011
Time : 9:30 A.M.
Venue : PEMC Training Rooms 2&3
9th Floor, Robinsons-Equitable Tower
Ortigas Center, Pasig City

MEMBERS PRESENT:

Epictetus E. Patalinghug	-	Acting Chairperson/Independent – UP
Cherry Aquino-Javier	-	Generation Sector – AES
Ralph T. Crisologo	-	Generation Sector – SNAP
Liberty Z. Dumlao	-	Generation Sector – PSALM
Alfredo L. Licudine, Jr.	-	Generation Sector – NPC
Augusto D. Sarmiento	-	Distribution Sector – DECORP
Jose P. Santos	-	Distribution Sector – INEC
Raul Joseph G. Seludo	-	System Operator – NGCP
Conrado D. Pecjo	-	Supply Sector – Angeles Power, Inc.

MEMBER/S NOT PRESENT:

Vicente C. Sioson	-	Distribution Sector – MERALCO
Robinson P. Descanzo	-	Market Operator – PEMC

ALTERNATE MEMBER/S PRESENT:

Ciprinilo C. Meneses	-	Distribution Sector – MERALCO
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OBSERVERS PRESENT:

Mylene C. Capongcol	-	DOE
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OTHERS PRESENT:

Felixberto U. Bustos, Jr.	-	PEM Audit Committee
Gloria Victoria Y. Taruc	-	PEM Audit Committee
Rachel P. Anosan	-	PEMC – CorpPlan
Senen D. Fenomeno	-	PEMC – CorpPlan
Caryl Miriam Y. Lopez	-	PEMC – Legal
Mark Anthony S. Actub	-	NGCP
Josena Paz Uybarreta	-	NGCP

SECRETARIAT

Elaine D. Gonzales	-	PEMC – MAG
Geraldine A. Rodriguez	-	PEMC – MAG
Karen D. Abregana	-	PEMC – MAG

After determining the presence of a quorum, the 45th Rules Change Committee meeting was called to order by the Acting Chairperson Prof. Epictetus E. Patalinghug, at about 9:49 A.M. The following agenda items were discussed:

1. Adoption of the Proposed Agenda

The Proposed Agenda for the 45th RCC Meeting was presented and approved, as amended. The RCC agreed to discuss the business arising in the following order:

- a. WESM Manual on Registration, Suspension and Deregistration Criteria and Procedures

- b. Proposed Changes to the WESM Rules on Various Audit Provisions

2. Review, Correction and Approval of the Minutes of the 43rd and 44th RCC Meeting

- a. The Minutes of the 43rd RCC Meeting was approved, as presented.
- b. **Minutes of the 44th RCC Meeting.** The RCC agreed to defer reading of and requested instead the Secretariat to send through email the Minutes of the 44th meeting. It was further agreed that the RCC shall send their comments before 23 March 2011 and if no comments are received by March 23, then the minutes shall be deemed approved.

3. Matters Arising from the 44th RCC Meeting

a. WESM Manual on Registration, Suspension and Deregistration Criteria and Procedures

Atty. Rachel Anosan provided her response/clarifications on the comments/concerns raised by MERALCO and the Market Surveillance Committee (MSC), which the Secretariat received on 19 January and 08 March 2011, respectively.

MERALCO's comments:

- On MERALCO's recommendation to incorporate in the Manual the procedures in applying for as a Direct and as an Indirect WESM member, Atty. Anosan reiterated her previous statement that the requirements and procedures are the same for both categories except for the prudential requirement. Moreover, documents that are required to be submitted by those applying for any of the categories are the same except that they fill out two different forms, samples of which were shown to the body.

On Mr. Ralph Crisologo's inquiry on whether PEMC will consider the recommendation of MERALCO, Atty. Anosan replied that the Manual could be revised; however, she could not assure that revising the Manual will address MERALCO's issue, especially if the issue they see is a fundamental difference between the two categories. As was previously stated, procedurally, PEMC does not treat the Indirect and Direct Member differently.

- On MERALCO's request for clarification as to the purpose of requiring the "supply customers" of the Retail Electricity Supplier (RES) to have remote telemetering units, revenue metering facilities and communication links with the MO and SO, Atty. Anosan explained that currently, PEMC is under the assumption that if a RES becomes a WESM customer, they would be allowed to become wholesale customers; thus, it is given that they should also comply with the technical and prudential requirements. She clarified, however, that the proposed provisions in the Manual do not refer to the customers of the RES market but to the RES that are allowed to have wholesale customers. In which case, Mr. Ciprinilo Meneses commented that there is a need to redefine that the "supply customers" does not refer to the end users but to the RES entity itself.

If the Manual refers to those who are qualified for WESM registration, which are essentially the entities that are physically connected to the grid, as what Atty. Anosan has stated, then, Mr. Crisologo wanted to find out under what rules does the RES operate.

Atty. Anosan explained that presently, what are required to become WESM members are those entities connected to the grid. However, the RES are qualified to become WESM members under the Supply category. The WESM is a physical market, and thus does not directly deliver the electricity to the suppliers but rather to the customers. In order for WESM to account for that transaction, those customers must have the same facility and qualification as those of WESM members, which is essentially connection to the grid. The Manual does not refer to customers that WESM could not account for, such as end users in the contestable market. As it appears, the supply customers being referred to by MERALCO are not the WESM customers, but rather the ones that the wholesale aggregator will enroll for the RES. She further clarified that the RES market will be covered by a separate set of rules.

So as to avoid confusion and as there are still issues that need to be resolved, the Acting Chairperson suggested deleting all provisions pertinent to RES and amend the Manual once the ERC has issued its rules on the RES, to which the RCC agreed. It was further agreed that references to the Wholesale Aggregator (WA) be retained.

- One of the recommendations provided by MERALCO is to delete the provision disallowing Trading Participants registered as Customer and Network Service Provider (NSP) to register as Metering Service Providers (MSP).

Mr. Meneses conveyed that MERALCO's position is that they be allowed to register as MSP as well because technically and financially, they are qualified.

Ms. Cherry Javier commented that the concept of Customer and NSP registering as MSP is covered under the contestable market and the appropriate time to discuss this matter is when the open access is already implemented.

Mr. Crisologo expressed his reservation on the MERALCO's proposal to allow NSP to register as MSP. He viewed that the concept defeats the purpose of check and balance. On this, Mr. Meneses explained that presently, MERALCO provides metering services to its own customers. He assured the body, however, that MERALCO is being regulated by the ERC (e.g. checking of the metering facilities, accuracy of the meters). MERALCO's position is that if ERC allows them to be their own metering provider for their customers, then they should also be allowed to be a metering provider for other customers upon implementation of open access.

Atty. Anosan remarked that the issue on allowing DUs to be MSP for their contestable customers is separate from what is being discussed in the Manual. The context of what is being proposed in the Manual is that the DU is not allowed to be the MSP for itself. In response, Mr. Meneses suggested revising the pertinent provisions in the Manual because as worded, it is not being explicitly explained.

Atty. Liberty Dumlao seconded the opinion given by Mr. Meneses because she noted that the way it is stated in the Manual implies that the NSP will never be allowed to register as MSP.

- On MERALCO's proposed change in terminology (Indirect member as non-trading participants and direct member as trading participants), which was raised during the 2011 RCC Planning Session and included in the 2011 Work Plan, Atty. Anosan remarked that this would need a change in the WESM Rules.

- Atty. Anosan remarked that proposed revisions will be submitted to incorporate the following:
 - Clarification on the procedure in applying for direct and indirect member;
 - Removal of all references to the RES;
 - Clarification that NSP will not be allowed to become MSP for itself; and
 - Inclusion of glossary of terms.

MSC's comments:

- Atty. Anosan noted MSC's comments to delete "Trading Participants" from the following provision:

"This Manual presents the criteria, guidelines and procedures for the registration, suspension and de-registration by the Market Operator of WESM Members and Trading Participants."

- On MSC's view that "Pmax" is also known as the "registered capacity" that requires a Certificate of Compliance (COC) during application in the WESM, Atty. Anosan remarked that the MSC is introducing a concept of Pmax that is not how the WESM defines it. Pmax and Pmin are strictly operating limits which could change. On the other hand, Pmax is not necessarily the installed capacity that is reflected in the COC. She explained that the reason why changes in operating limits are required to be submitted is because they will serve as a validation of generators bids and offers. Further, it is important that both MO and SO have access to this information.

She remarked that adopting MSC's recommendations is not for her to decide, and thus left it to the RCC to decide on whether or not to consider those recommendations.

Ms. Javier shared that prior to MO's approval of changes in Pmin and Pmax, SO conducts certain tests to validate the operating limits, and thus, a COC need not be required. Atty. Dumlao viewed that requiring a COC might be impracticable.

Mr. Crisologo believed that the MSC just wants to capture the issue of verification since in the COC rules, there is a verification done by a third party.

- On the issue of new generating facilities that are under Commissioning with pending COC applications, Atty. Anosan shared that PEMC encountered this problem when the Visayas market was launched. Because they have to be accounted for and WESM cannot do away with them being considered in the WESM scheduling process, what the PEMC did was to include them in the Market Network Model (MNM) and register in the market system as if they are registered WESM members. As they are not registered WESM members, the issue is on the pricing and settlement side, which would entail a procedure or a separate manual by itself not for registration but for scheduling and settlement purposes.
- Following the comments raised, it was agreed that Atty. Anosan will review the Manual to consider the comments made by the MSC, particularly on the issue of new generating facilities that are under commissioning with pending COC application, as well as consistency of registration data with the COC issued by the ERC.

Atty. Anosan, on the other hand, expressed the issues will have to be discussed within PEMC but otherwise, she left it to the RCC to decide whether or not to adopt the suggestions made by the MSC.

The RCC approved, in principle, the new Manual, subject to revisions to reflect the comments made by MERALCO and Market Surveillance Committee.

b. Proposed Changes to the WESM Rules on Various Audit Provisions

Prof. Felixberto Bustos and Atty. Gloria Taruc, members of the PEM Audit Committee (PAC), provided the RCC with the rationale of the proposal to change various audit provisions in the WESM Rules, in particular, the inclusion of a provision which requires an audit on other WESM service providers, i.e. SO.

Prof. Bustos viewed that the whole philosophy of the audit should be changed so that instead of looking at MO, SO, MSP, when audit is conducted, the whole system should be looked into, as well.

Atty. Taruc enlightened the body that the proposed policy to conduct an SO and MSP audit was an offshoot of the Deloitte report. Based on the Deloitte report, there is a need to go into the System Operator to ascertain the veracity of the information being thrown by the SO to the MO. While the PAC acknowledges the fact that the ERC has jurisdiction over the National Grid Corporation of the Philippines (NGCP), they also wished to note that NGCP is likewise a participant in the WESM. It is on the basis that the PAC would like to have an SO audit for purposes of finding out whether the information submitted by the SO to the MO is valid. Atty. Taruc likewise shared that the PAC has discussed and considered the following options:

1. ERC would push for SO audit, which is actually anchored on its mandate;
2. It is also feasible and viable for the DOE to have a policy direction on the conduct of SO audit given its mandate to ensure sufficient energy supply.

Atty. Taruc informed the RCC that previously, the PAC has engaged in several meetings with NGCP where the PAC was informed that NGCP has given its consent to conduct an SO audit and that the audit cost will be borne by them. She stressed that the PAC will not be encroaching on the jurisdiction of the ERC

To further enlighten the body, Prof. Bustos cited what transpired during the 1st MO audit where the accuracy of all settlement transactions could not be verified because the auditor was not able to look into the complete flow of the transaction. Prof. Bustos noted that the major component of that transaction is the data that comes from the meter.

Ms. Javier suggested to enumerate and specify the processes that will be covered by the audit and clearly define the scope of the SO audit in relation to the market operations. Atty. Dumlao commented that perhaps it should be the Trading Participants who must identify the certain processes that need to be audited. Prof. Bustos responded that while he totally agrees and believes in identification of specific processes, he viewed, however, that it is not practical at this time. The whole layout must be looked at first before coming up with specific processes.

Atty. Mark Actub, NGCP's lawyer, remarked that the first thing that should be looked into is whether the NGCP can be audited by PEMC through an independent auditor. While NGCP fully understands the rationale as to why certain entities would want to look into how NGCP

conducts its internal processes, the NGCP viewed, however, that the appropriate entity to direct the SO audit is the ERC. Atty. Actub also wanted to correct the assumption that NGCP is withholding information. NGCP is willing to cooperate but it is their position that the conduct of an audit must be within the bounds of the law.

On the issue on how SO conducts its internal business processes, Atty. Actub apprised the body that for two years, the NGCP is being mandated by ERC to file their annual verification report covering both commercial and technical issues. Likewise, he informed the RCC that there is a full disclosure as to how NGCP conduct its business in terms of managing the ancillary.

He further wanted to correct the impression that NGCP is uncooperative. He clarified that NGCP is very much willing to provide any information in order to have a full audit of the MO. He made known to the body that in the letter of the NGCP President to the DOE Secretary dated 04 January 2011, the President has expressed NCCP's willingness to provide information. In addition, the President also expressed his agreement/willingness to have the MSP be audited with the condition that it would be within the bounds of the law.

In addition to Atty. Actub's statement, Atty. Josena Uybarreta of NGCP clarified that one of NGCP's condition to its agreement is that the conduct of MSP audit would be under the supervision of DOE jointly with NGCP, but PEMC as an observer. However, as far as the audit of the SO as proposed presently is concerned, the NGCP does not agree. The NGCP would only be helping out in terms of providing data relevant to any actions that SO has made in the past for validation.

Atty. Taruc, on the other hand, explained that the subject of whether or not the SO should be subjected to audit by the PAC would be addressed through a change in the WESM Rules, to which Atty. Uybarreta clarified that any agreement the NGCP may have with regard to the audit is on voluntary basis and not by way of amending the WESM Rules. It was further clarified that the January 4 letter of NGCP was written in the context that there was already an audit made on the market operations and the MO needed necessary information to complete the audit.

Mr. Crisologo commented that it appears that NGCP's position does not take into major consideration the fact that the market, of which NGCP is part of, is composed of players. He viewed that any decision by NGCP for purposes of its mandate affect the entire market as a whole.

Noting the conflicting positions of the SO, who expressed reservation about subjecting itself to audit by PAC, and of the stakeholders, who on one hand viewed that there is a need for SO audit, the Acting Chairperson suggested for PAC and NGCP to meet in order to set parameters as well as for NGCP to set aside legalities and instead focus on the social benefits and objective of the WESM.

Atty. Actub reiterated the position of NGCP, which is non-negotiable, that the audit should not be in the guise of WESM Rules amendments. Noting this, Atty. Taruc requested the NGCP to revise Section 1.4.6 (a) of the WESM Rules and provide another sentence to the effect that the essence would be validation of information emanating from the SO and MSP. The PAC will likewise be sending revisions where the word "audit" will no longer be mentioned. Section 1.4.6 is being proposed to be revised as follows:

"The PEM Auditor to oversee the conduct of audits, by independent auditors, of the operation of the spot market, and of the Market Operator, System Operator, and

Metering Service Providers in accordance with clause 1.5, and the selection and audit process in the PEM Audit Manual."

Following the suggestion made by the Acting Chairperson for a conduct of PAC-NGCP meeting, the RCC agreed to defer discussion on the proposed revisions to some provisions that involve or discuss SO and MSP audit.

Subsequently, the RCC proceeded with the discussion of the proposed revisions to Sections 1.5.2 (a) and 4.5.5.4.

- Atty. Dumlao expressed her reservation on the proposed use of the word "oversee" in Section 1.5.2. She mentioned that the previous RCC had already suggested for the PAC to conduct the audit themselves.

As there were no further objections, the RCC accepted the use of the word "oversee".

- The RCC also accepted the use of the phrase "as may be practicable" in Section 4.5.5.4, only under the condition it is less than annually, as suggested by Mr. Crisologo.

Section 4.5.5.4 is proposed to be revised to read as follows:

"The PEM Auditor, in consultation with the Market Operator and Metering Services Providers, shall review the security arrangements and requirement of metering installations annually, or as may be practicable."

Mr. Crisologo requested information on the time and amount spent on the 1st MO audit.

It was also during the discussions over the proposed revisions that the RCC raised the need for an updated copy of the WESM Rules, incorporating the latest approval of the DOE. As a case in point, the PAC's first submission of its proposal did not take into account the revised WESM Rules on audit approved by the DOE on 21 March 2010.

Mr. Crisologo stressed that the RCC, being mandated to review any amendments to the WESM Rules, should have a copy of the updated WESM Rules, even just for reference only.

Ms. Karen Abregana explained to the body the PEM Audit structure, which was prepared following the request of the RCC during its previous meeting. The PEM Auditor is the Chairman of the PAC. The PAC, just like the RCC and the rest of the Committees, is under the administrative authority of the PEMC President. The PAC conducts audits as required under the WESM Rules and PEM Audit Manual, while the Board Audit Committee (BAC) takes charge of other statutory audits such as financial and legal audits. The PAC also engaged the services of the Internal Audit Department (IAD), which directly reports to the BAC, to conduct reviews of the internal processes of PEMC. Prof. Bustos currently sits as Chairman of the PAC and member of the BAC.

The RCC deferred further discussion and approval of the proposal, subject to the arrangement between NGCP and the PEM Audit Committee (PAC) regarding the implementation of reviews/audits.

4. Main Business

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
A. Update on PEM Board-approved Urgent Amendments	<p>Ms. Abregana provided an update on the following PEM Board-approved urgent amendments:</p> <ol style="list-style-type: none"> 1. WESM Rules and Dispute Resolution Market Manual, which the Board approved on 25 August 2010; 2. Dispatch Protocol and the Procedure for Determining Ex-Post Nodal Energy Prices (Removal of Contingency List from the Ex-Post (RTX) Process); 3. New WESM Manual on the Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run, which the Board approved on 27 October 2010; 4. Administered Price Determination Methodology (APDM) Manual; <p>Items 2-4 were approved by the PEM Board on 27 October 2010.</p> <p>Ms. Elaine Gonzales explained that the amendments under Item 1 are no longer effective since the 6-month effectivity period has already lapsed. Under Section 7.4 (b) of the Rules Change Manual, the urgent amendment shall be effective for a period of not more than six months from publication or until such time that a general amendment on the same matter has been approved and effective, whichever comes first.</p> <p>Although not stated or required in the Rules Change Manual, Ms. Gonzales wanted to know whether the RCC will require the original proponents to resubmit the PEM Board-approved amendments to the RCC as general amendments for another round of discussion. As an alternative, the RCC may also review the rules change process to consider automatic approval of the PEM Board-approved urgent amendments especially if no significant or major issues arose during implementation.</p> <p>Atty. Dumlao viewed that the original proponents must be required to resubmit and that there has to be a form of recommendation from them whether or not to regularize the amendments.</p> <p>Ms. Gonzales likewise inquired as to how the RCC should proceed with Item No.1 given that its effectivity period has already lapsed and that no resubmission from the Dispute Resolution Group (DRG) was made.</p>	<ul style="list-style-type: none"> • The RCC instructed the Secretariat to publish the following PEM Board-approved Urgent Amendments to solicit comments from interested parties, as required under the General Amendment process; • RCC shall conduct an automatic review of the PEM Board-approved Urgent Amendments, 3 months after the Board approval, with a recommendation from the original proponents; • For PEM Board-approved Urgent Amendments awaiting ERC approval such as the Administered Price Determination Methodology Manual, the RCC agreed to go through the General Amendment process while awaiting the ERC decision.

Mr. Crisologo suggested for RCC to subject it to the general amendment process and that the rule that will be maintained is the one that was approved by the PEM Board.

The Acting Chairperson deemed that the RCC has no legal right to extend the effectivity since the Manual is clear on the effectivity period. For that reason, the RCC agreed to release the previous set of procedures and restudy the PEM Board-approved amendments.

Atty. Dumlao remarked that the RCC should be vigilant in the future so as to avoid issues such as this. In this regard, she proposed for RCC to adopt an automatic review process.

Regarding Item no. 4, Ms. Gonzales informed the RCC that it was submitted by PEMC to the ERC, for approval. Pending the ERC's approval on the said item and considering that its effectivity shall be until 26 April 2011 only, she thus sought action from the RCC on the matter. In response, the RCC agreed to regularize the PEM Board-approved amendments to the APDM Manual.

Ms. Gonzales apprised the RCC that Items No. 2 and 3 were resubmitted by PEMC as general amendments, details of which will be discussed in the succeeding item of the agenda.

Following the discussion, the RCC reached the following agreements:

- The RCC instructed the Secretariat to publish the following PEM Board-approved Urgent Amendments to solicit comments interested parties, as required under the General Amendment process:
 1. WESM Rules and Dispute Resolution Market Manual;
 2. Dispatch Protocol and the Procedure for Determining Ex-Post Nodal Energy Prices (Removal of Contingency List from the Ex-Post (RTX) Process;
 3. New WESM Manual on the Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run; and
 4. Administered Price Determination Methodology Manual.
- As a way forward, RCC shall conduct an automatic review of PEM Board-approved Urgent Amendments, 3 months after the Board approval.

	<p>In addition, RCC shall require the proponent to recommend whether or not to regularize the Board-approved urgent amendments, and provide an update of the status and assessment of the impacts of the amendments.</p> <ul style="list-style-type: none"> For PEM Board-approved Urgent Amendments awaiting ERC approval such as the Administered Price Determination Methodology Manual, the RCC agreed to go through the General Amendment process while awaiting the ERC decision. 	
<p>B. Resubmission of PEM Board-approved Urgent Amendments</p> <ol style="list-style-type: none"> Dispatch Protocol Manual and Determining Ex-Post Nodal Energy Prices regarding the Exclusion of Contingency List as Input in the RTX Process New WESM Manual on the Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run 	<p>Mr. Senen Fenomeno provided an update on the results of the removal of contingency as input in the RTX process, which was implemented starting 0100H of November 11, 2010. A graph was presented showing a decrease in pricing errors starting November 2010 until February 2011. However, he clarified, that there were still contingency-related pricing errors in the ex-ante. This is mainly because of contingency implemented on the transformers serving the loads.</p> <p>Mr. Crisologo inquired whether lower prices in the market can be attributed to the removal of the contingency list, apart from lower demand, to which Mr. Fenomeno replied that theoretically, there is an effect. He noted, however, that for the month of January and February, the market did not encounter significant congestions.</p> <p>As required under the General Amendment process, the RCC agreed to publish the proposed amendments in the WESM website for comments from interested parties.</p>	<p>RCC agreed to publish the two PEM Board-approved amendments in the WESM website to solicit comments from interested parties.</p>
<p>C. Proposed Changes to the WESM Rules and Billing & Settlement Manual</p>	<p>Mr. Jon Cleofas of AES-MPPCL presented, for discussion, the AES-MPPCL's proposed changes to the WESM Rules and Billing & Settlement Manual.</p> <p>As a background, under the present WESM Rules and Manuals, the following apply:</p>	<p>The RCC agreed to publish the Proposed Changes to the WESM Rules and Billing & Settlement Manual in the WESM</p>

	<ul style="list-style-type: none"> • Final statement adjustments are still considered valid even if issued 5 or 10 years after an error has been discovered; • The participant is liable for the interest from the time of the error until the time the WESM issues the final statement adjustment; • The WESM is not liable to issue the bill within a certain time frame even if the parties have already resolved that WESM will issue adjustments; • Uncertainty in final billing adjustments poses unnecessary risk to investors, as well as customers. <p>To solve the above issues, the AES-MPPCL thus proposed a 12-month calendar month validity period for the issuance of final statement adjustments.</p> <p>Mr. Cleofas also provided the impact of the proposed revisions to the Market Participants:</p> <ul style="list-style-type: none"> • Certainty that the final statements are already final after 12 calendar months; • Efficiency of issuance of WESM bill adjustments; • Certainty in the cash position of Market Participants <p>The following were the comments raised by the body:</p> <ul style="list-style-type: none"> • Mr. Alfredo Licudine inquired on the rationale of the proposed 12-month validity period when ideally, validity period should be shorter. <p>Ms. Javier that the proposal is consistent with the provision in the WESM Rules that the identification of errors is made within 12 months. She admitted, however, that MPPCL has also considered proposing shorter validity.</p> <p>Mr. Cleofas remarked that it is the discretion of the RCC whether to adopt the proposal or recommend a shorter period.</p> <p>In the case of the DUs, Mr. Augusto Sarmiento shared that the DU can still collect even 10 years after the error is discovered, with the condition that it can only collect a maximum of three months' worth of billing adjustments, regardless of how many months the error occurred.</p> <p>The RCC Acting Chairperson moved for the publication of the proposed changes in the WESM website in order to solicit comments from interested parties, to which the RCC agreed.</p>	<p>website, comments. for</p>
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D. 2011 RCC Work Plan	<p>The Acting Chairperson presented the 2011 RCC Work Plan, which was formulated during the 2011 RCC Planning Session held at PEMC Cebu Office in Cebu City last February 2011.</p> <p>Accordingly, the 2011 RCC Work Plan was approved by the RCC.</p>	The RCC approved the 2011 RCC Work Plan.
E. 2010 RCC Annual Report	<p>Copies of the draft 2010 RCC Annual Report were distributed to the RCC, for discussion and approval. To give ample time for the RCC to review, it was agreed that the Secretariat shall email the draft report, together with the Annexes, by 10 March 2011. As target date of submission to the PEM Board is prior to its meeting on 15 March 2010, it was further agreed that the RCC shall send their comments on or before 14 March 2011.</p>	<ul style="list-style-type: none"> • Secretariat shall email the draft Annual Report, with Annexes, by 10 March 2011. • RCC shall send their comments on or before 14 March 2011, for submission to the PEM Board.

5. Other Matters

a. **NGCP Paper on Manual Load Dropping**

The Secretariat furnished the RCC with a copy of the SO's position paper on Manual Load Dropping. The submission is in compliance with the agreement during the 2011 RCC Planning Session that SO shall submit a position paper on the issue of Manual Load Dropping, for submission to the PEM Board.

The Acting Chairperson requested the Secretariat to submit the paper to the PEM Board, for information and presentation.

b. **D+1 BCQ Declaration**

Mr. Crisologo apprised the body that there was a letter from the DOE addressed to PEMC enforcing D+1 BCQ declaration. One of his concerns is that there are existing contracts and arrangements made based on the redeclaration issue. In addition, he wanted to know whether the RCC should make a stand on this matter.

To enlighten the body, Mr. Sarmiento shared that in the case of DECORP, they declare their nomination within five days from the end of the billing period. Thus, technically, the D+1 BCQ Declaration is not implemented. He further opined that enforcing it is not practicable at this time because PEMC does not operate on a 24/7 basis. Since, the D+1 BCQ declaration is not doable, there is a need to amend the WESM Rules.

The Acting Chairperson suggested for DECORP to either submit a proposed rules change to address the issue or elevate the matter directly to the DOE, to which Mr. Sarmiento responded that DECORP would have to review the appropriate rules for the BCQ declaration.

Ms. Javier remarked that the issue is included in the 2011 RCC Work Plan, in which DECORP is the assigned/responsible party. The issue is one of the priority items identified by the RCC.

6. Next Meeting

The RCC agreed to hold its next meeting on 06 April 2011, 9:00 AM with the following agenda:

- a. PEM Board-approved Urgent Amendments
- b. Proposed new WESM Manual on Registration, Suspension and Deregistration Criteria and Procedures

7. Adjournment

There being no matter to be discussed, the meeting was adjourned at 3:00 P.M.


Prepared by:


Rheinart O. Banogon


Reviewed by:


Geraldine A. Rodriguez


Noted by:



Elaine D. Gonzales

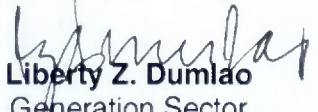
Approved by:
RULES CHANGE COMMITTEE


Epictetus E. Patalinghug
Acting Chairperson
Independent
University of the Philippines
(UP)


Members:


Cherry Aquino-Javier
Generation Sector
AES Philippines
(AES)


Ralph T. Crisologo
Generation Sector
SN Aboitiz Power
(SNAP)

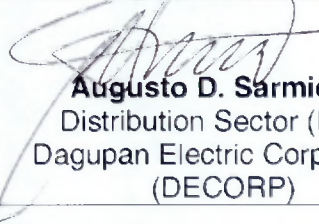

Liberty Z. Dumlao
Generation Sector
Power Sector Assets and Liabilities Management
Corporation (PSALM)

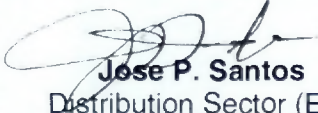
Alfredo L. Licudine, Jr.
Generation Sector
National Power Corporation
(NAPOCOR)



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