

## MINUTES OF THE 29<sup>th</sup> MEETING OF THE RULES CHANGE COMMITTEE

Date : 02 December 2009  
Time : 9:30 A.M.  
Venue : PEMC Board Room  
18<sup>th</sup> Floor, Robinsons-Equitable Tower  
Ortigas Center, Pasig City

### **MEMBERS PRESENT:**

Gloria P. Gerilla-Teknomo	-	Independent
Cherry Aquino-Javier	-	Generation Sector – AES
Ralph T. Crisologo	-	Generation Sector – SNAP
Liberty Z. Dumlao	-	Generation Sector – PSALM
Alfredo L. Licudine	-	Generation Sector – NPC
Vicente C. Sioson	-	Distribution Sector – MERALCO
Jose P. Santos	-	Distribution Sector – INEC
Conrado D. Pecjo	-	Supply Sector – Angeles Power, Inc.
Raul Joseph G. Seludo	-	Transmission Sector – NGCP
Robinson P. Descanzo	-	Market Operator – PEMC

### **MEMBERS NOT PRESENT:**

Epictetus E. Patalinghug	-	Acting Chairperson/Independent
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### **ALTERNATE MEMBERS PRESENT:**

Ciprinilo C. Meneses	-	Distribution Sector – MERALCO
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### **OTHERS PRESENT:**

Ruth C. Perez	-	DOE
Meleusipo E. Fonollera, Sr.	-	Technical Committee
Carlito C. Claudio	-	Technical Committee
Edgar Graciolo F. Alcazar	-	Technical Committee
Sheila P. Ingco	-	PEMC – ECO
Ma. Cristina T. Suralvo	-	PEMC – ECO
Hilary Romeli C. Florendo	-	PEMC – ECO
Mark Anthony C. Andrada	-	PEMC – ECO
Celina R. Encarnacion	-	PEMC – Legal
Patrick S. Fernandez	-	PEMC – IMD
Isidro E. Cacho, Jr.	-	PEMC – MO
Arnel N. Almaden	-	PEMC – MAG
Elizabeth Milo	-	PEMC – MAG

### **SECRETARIAT**

Ma. Delia B. Arenos	-	PEMC – MAG
John Mark S. Catriz	-	PEMC – MAG
Karen D. Abregana	-	PEMC – MAG
Rheinhardt O. Banogon	-	PEMC – MAG

In the absence of the Acting Chairperson Professor Epictetus E. Patalinghug, the Rules Change Committee designated Ms. Gloria P. Gerilla-Teknomo as the Presiding Officer for the 29<sup>th</sup> RCC Meeting. After determining the presence of a quorum, the 29<sup>th</sup> meeting of the Rules Change

Committee was called to order by Ms. Teknomo, at about 9:30 A.M. The following agenda items were discussed:

**1. Adoption of the Provisional Agenda**

The Provisional Agenda for the 28<sup>th</sup> RCC Meeting was presented and approved.

**2. Reading and Approval of the Minutes of the 28<sup>th</sup> RCC Meeting**

The Minutes of the 28<sup>th</sup> RCC meeting was presented and approved, as amended.

**3. Matters Arising from the Previous Minutes**

**a. Presentation on Board Structure and Processes**

Following the RCC's request during its 28<sup>th</sup> Meeting, PEMC Corporate Secretary Atty. Claudette G. Ubaldo presented, for the information of the RCC, the current structure and composition of as well as the business processes practiced by the interim PEM Board.

Atty. Ubaldo also informed the RCC that the Board recently approved to have DOE representative to sit as resource person in all PEM Board Committees and Subcommittees.

**4. Main Business**

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
A. PEMC Manifestation on MRU	<p>Atty. Celina R. Encarnacion wanted to be clarified on the reason or issues behind the inclusion of PEMC Manifestation on MRU in the RCC agenda.</p> <p>Mr. Ralph Crisologo explained that the RCC wanted to be clarified on the way the RCC has been cited in PEMC Manifestation on MRU as one of the reasons for the delay in PEMC's submission to the ERC of the Detailed Protocol for the Determination of MRU.</p> <p>Atty. Encarnacion cited Paragraphs 3-5 of the Manifestation, which explain the suspension of RCC proceedings. She also explained that PEMC has to make its filings with the ERC and explain why PEMC has not been able to comply within the regulatory time period.</p> <p>Ms. Cherry Javier pointed out that since the Detailed Protocol of MRU is still not on the table of the RCC, the RCC is thus not the reason for the delay, to which Mr. Crisologo seconded that it should have been clarified</p>	<p>The RCC agreed to request the SO to give a presentation on the Detailed Protocol of the Must Run Units during the next RCC meeting.</p>

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	<p>in the Manifestation.</p> <p>Mr. Crisologo inquired whether the ERC directive was directed to PEMC or SO.</p> <p>Atty. Encarnacion clarified that the ERC order to submit a Detailed Protocol was directed to PEMC.</p> <p>Mr. Raul Seludo emphasized that the SO will just be presenting to the MO its internal process flow for the designation of MRU, which will be subsequently integrated in the WESM Manual. Mr. Seludo informed the RCC earlier that the SO process flow was already presented to the MO and SO during the MO-SO Coordination Meeting on 06 October 2009.</p> <p>Atty. Liberty Dumlao further clarified the detailed protocol will not originate from PEMC, thus PEMC has to coordinate with the SO through the MO-SO Subcommittee. The detailed protocol will then be incorporated in the WESM Manual, which will have to pass through the RCC for approval.</p> <p>Mr. Crisologo proposed to have the detailed protocol of the SO be presented in the next RCC meeting</p> <p>Following Mr. Crisologo's proposal, the RCC agreed to request the SO to give a presentation on the Detailed Protocol of the Must Run Units during the next RCC meeting.</p>	
<p>B. Proposed Changes to the WESM Rules and PEM Audit Manual Concerning Software Changes</p>	<p>During its 28<sup>th</sup> meeting, the RCC agreed to defer the approval of the Proposed Changes to the WESM Rules and PEM Audit Manual concerning Software Changes, pending the incorporation of the following comments raised by the RCC:</p> <ul style="list-style-type: none"> <li>• Define Urgent and Minor Software Changes in the WESM Rules</li> <li>• Request the PEM Audit Committee (PAC) to review whether the 3-month period is sufficient time to conduct a special audit of an urgent software change;</li> <li>• Delete proposed Section 10.5.9, which pertains to PEM Board and Market Operation Liability, but to request comments and inputs from Legal</li> </ul>	<p>The RCC approved the proposed changes to the WESM Rules and PEM Audit Manual concerning Software Changes, as amended.</p>

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	<p>on the merit of such recommendation;</p> <ul style="list-style-type: none"> <li>• Proponent to submit a Discussion Paper</li> </ul> <p>Following the RCC's request for the Proponent to submit a Discussion Paper, Mr. Patrick S. Fernandez submitted a Discussion Paper based on the format provided by the RCC Acting Chairperson, copies of which were furnished to the body.</p> <p>On RCC's request to define Urgent and Minor Software Changes in the WESM Rules, Mr. Fernandez presented and briefly discussed to the body the new provision under Section 5.2.6.2.1 in the WESM Rules which defines the Urgent and Minor Software Changes.</p> <p>In response to RCC's request to review the 3-month period, the PAC commented that the three-month period should be sufficient provided that there is a retainer agreement with a local auditing firm and that the PEMC has an Internal Audit staff that has IT Audit expertise. The PAC recommended, however, having a provision in the Manual stating that the PAC can ask for another three-month extension.</p> <p>Taking into consideration the PAC's recommendation, the RCC agreed to provide a six-month period for the conduct of special audit of an urgent software change under Section 10.5.7(b).</p> <p>The Secretariat furnished the body a copy of PEMC Legal's response and/or comments to RCC's proposal to delete proposed Section 10.5.9. The following points were raised:</p> <ul style="list-style-type: none"> <li>• Minor changes will not give rise to a case against the PEM Board or the Market Operator as the changes do not affect market participants</li> <li>• Urgent changes are mandated to be performed so PEMC should not bear the risks of implementing these changes</li> <li>• Incorporation of exemptions from liability are not uncommon in contracts or manuals especially for highly technical or novel</li> </ul>	



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	<p>developments</p> <ul style="list-style-type: none"> <li>Removal of provision might lead to an incongruous situation wherein the participants are, in effect, suing themselves (the PEM Board represent the industry, the sector and the company to which they are connected to)</li> </ul> <p>The RCC, however, agreed to stand by their decision to delete proposed Section 10.5.9, which they believe limits the liability of the PEM Board and Market Operator. The RCC further agreed that the resolution of the Committee to remove the proposed Section 10.5.9 be elevated to the PEM Board and to leave within the PEM Board's discretion whether to remove or not the said section.</p> <p>The RCC approved the proposal with the following amendments:</p> <ol style="list-style-type: none"> <li>Incorporation of the definition of Minor and Urgent Software Changes in the WESM Rules</li> <li>On Section 10.5.7(b), provided three-month extension for the conduct of special audit of an urgent software change as the original proposal provides the conduct of software audit within the period of three months</li> <li>Deletion of proposed Section 10.5.9 pertaining to PEM Board and Market Operation Liability.</li> </ol>	
C. Proposed Changes to the WESM Rules on Renewable Energy Resources	<p>Technical Committee (TC) Chairman Mr. Meleusipo E. Fonollera presented the proposed changes to the WESM Rules on Renewable Energy Resources, for discussion and approval of the body. Copies of the proposal as well as its corresponding discussion paper were furnished to the RCC.</p> <p>The following were the highlights of the presentation as well as the points/concerns raised by the body on the proposed amendments:</p> <ul style="list-style-type: none"> <li>On Section 1.2.2(i), Mr. Vicente C. Sioson recommended to retain the phrase "with the Act" in the proposed amendment as the Act refers to the EPIRA from which the WESM Rules emanated.</li> <li>Deletion of Section 2.3.1.2 (a) (3). The TC proposed to delete the 3<sup>rd</sup> classification of</li> </ul>	<p>The body agreed that the proposed amendments need further discussion and agreed on the following points:</p> <ul style="list-style-type: none"> <li>RCC to expand definition of non-scheduled generating units.</li> <li>RCC to submit their respective comments on the proposed</li> </ul>

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	<p>generating units which is RE generating unit with intermittent energy resource since it already falls under the non-scheduled generating unit classification.</p> <p>🚩 Mr. Robinson P. Descanzo agreed with the TC's proposal to delete RE generating unit as the 3<sup>rd</sup> classification of generating units. He suggested, however, to revise the definition of non-scheduled generating unit to allow the Renewable Energy with Intermittent Energy Resource (RE-IER) to be considered as non-scheduled generating unit.</p> <p>Mr. Descanzo cited Section 2.3.1.4 of the WESM Rules which states that: "A generating unit or a group of generating units connected at a common connection point with a nameplate rating and a combined nameplate rating of less than one tenth of one percent of the peak load in a particular reserve region, or less than ten percent of the size of interconnection facilities, whichever is lower, shall be classified as a non-scheduled generating unit, but may at its option be classified as a scheduled generating unit."</p> <p>Mr. Descanzo commented that under the RE Law, run-of-river plants are classified as RE-IER. However, under the current definition of non-scheduled generating units, run-of-river plants no longer qualify as such since they are big capacity plants.</p> <ul style="list-style-type: none"> <li>• Mr. Vicente Sioson commented that the proposed definition of RE generating unit with intermittent energy resource, which alludes that it can be considered as non-generating unit at any capacity, violates the technical limit set forth in the definition of the non-scheduled generating unit.</li> <li>• Mr. Carlito Claudio clarified that generating units (including conventional and RE generating units) with capacity of less than 1/10<sup>th</sup> of 1% of system demand, which is equivalent to 7 MW, will automatically be classified as non-scheduled generating units. Regular RE generating units with capacity of more than 7 MW will automatically be classified as scheduled generating unit. On the other hand, RE generating units with intermittent</li> </ul>	<p>amendments, particularly on the definition of non-scheduled generating units, through electronic mail.</p> <ul style="list-style-type: none"> <li>• Secretariat to furnish the NREB a copy of the proposed amendments for comments after finalization and approval of the proposal.</li> </ul>

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	<p>energy resource with capacity of more than 7 MW may opt to be classified either as a scheduled generating unit or a non-scheduled generating unit.</p> <ul style="list-style-type: none"> <li>• On RE-IER with capacity of more than 7 MW classified as non-scheduled generating unit, Mr. Sioson inquired whether there would be impacts on the system.</li> <li>• Mr. Claudio responded that in the proposed amendments, a provision was added in Section 2.3.1.5 which states that an RE generating unit with intermittent energy resource shall be classified as non-scheduled generating provided that the intermittent operation of the facility will have no material adverse impact on system security.</li> <li>• On the proposed changes to Section 3.7.3.1(e) which states that: "The loading levels for each non-scheduled and RE generating units with intermittent energy resource in accordance with clause 3.5.5.5", Ms. Cherry A. Javier suggested deleting "RE" since RE-IER already falls under the non-scheduled generating units.</li> <li>• Following Mr. Descanzo's recommendation, the RCC agreed to expand the definition of non-scheduled generating units.</li> <li>• RCC agreed to submit their respective comments and suggestions on the proposed amendments, particularly on the definition on non-scheduled generating units, through electronic mail.</li> <li>• Following Mr. Sioson's suggestion to endorse the proposal to the Non-Renewable Energy Board (NREB), the RCC requested the Secretariat to furnish the NREB a copy of the proposed amendments for comments after the proposal has been finalized and approved by the RCC.</li> </ul>	
D. Proposed Changes to Information Disclosure and Confidentiality Manual	<p>As a backgrounder, Mr. Isidro Cacho explained that the Market Information Disclosure and Confidentiality Manual provides the guidelines and procedures for the protection and disclosure of market information by the MO and by the WESM members. The Manual also includes a market information catalogue which provides the market information, its sources, how it is published, and who can access it.</p>	<p>The RCC approved the proposed changes to the Market Information Catalogue, as amended. Other proposed amendments to Information Disclosure</p>



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	<p>He explained that there is a need to update the manual to reflect current practice of publication, including ERC publication directives, which are not yet included in the Issue 1.0 Information Catalogue such as settlement surplus, MRU, PSM price substitution, outage schedule, security limits, and real-time advisories. The proposed amendments to the manual also aim to further enhance market transparency, without causing undue prejudice that may arise due to disclosure of participant information, by extending the list of market information classified as "Confidential Information with expiration".</p> <p>Further, the proposed amendments provide clauses which facilitate the permitted disclosure of market information (even prior to the proposed expiration of confidentiality) amongst or between bilateral contract counterparties, and between the direct WESM member and indirect/non-WESM member being for whom the direct WESM is trading and other government entities having jurisdiction over a Trading Participant.</p> <p>The following are the details of the proposed changes to the Information Disclosure and Confidentiality Manual as presented and explained by Mr. Cacho:</p> <ul style="list-style-type: none"> <li>• <i>Section 4.3 Information Considered as Confidential.</i> Addition of term and item and deletion of existing terms considered as irrelevant due to the approval of the ERC of a different methodology for MRU.</li> <li>• <i>Section 4.4.1 Information Considered as Not Confidential.</i> Addition of items or new provision to harmonize the manual with the publication directives of ERC.</li> <li>• <i>Section 4.5 Expiration of Confidentiality.</i> Addition of new provisions which: (a) reduce the confidentiality period of bids and offers from 30 days to 1 day; (b) provide Must-Run information; and (c) state that some settlement information be provided with expiration of confidentiality.</li> <li>• <i>Section 4.6 Permitted Disclosure of Confidential Settlement Data.</i> Addition of new provision that will allow disclosure of settlement data associated with the market participants even prior to the proposed expiration of confidentiality.</li> </ul>	<p>and Confidentiality Manual will be discussed during the next RCC meeting.</p>



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	<ul style="list-style-type: none"> <li>• <i>Section 5.3 Permitted Disclosures/Exceptions to Confidentiality.</i> Addition of provision to be consistent with the proposed Section 4.6.</li> <li>• <i>Section 6.2 Means of Disclosure.</i> Addition of other recipients and other electronic means of transmittal.</li> <li>• <i>Section 6.3 Updating of the Market Information Catalogue.</i> Revised the provision on the updating of the market catalogue from “every 6 months” to “from time to time” as the market information catalogue may be updated as necessary.</li> </ul> <p>To enlighten the body, the four classifications of information disclosure were explained:</p> <ol style="list-style-type: none"> <li>1. <b>Confidential.</b> Information classified as confidential will not be provided to any person or entity except the data owner and exceptions under the WESM Rules Section 5.3.2.</li> <li>2. <b>Confidential with expiration.</b> Information under this classification will not be provided to any person or entity except the data owner, PEMC, DOE and ERC. However, upon expiration of confidentiality period, the said information may be made available to the general public.</li> <li>3. <b>Confidential with Permitted Disclosure.</b> Information under this classification will not be provided to any person or entity except the data owner and exceptions under the WESM Rules Section 5.3.2 entitled Exceptions, and those included in the permitted disclosure clause of the IDC Manual.</li> <li>4. <b>Non-confidential (Public).</b> Non-confidential information may be provided to the general public.</li> </ol> <p>The proposed changes to the Market Information Catalogue were presented to the RCC, for their review. Upon deliberation and review, the RCC made the following revisions:</p> <ul style="list-style-type: none"> <li>• The RCC agreed to classify the Generator Pmin, Pmax, Ramp Up and Ramp Down Rates under the</li> </ul>	

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	<p>category Registration and Market Participant Data as Public Information.</p> <ul style="list-style-type: none"> <li>• The RCC agreed to classify the information on Customer Peak and Off-peak Demand as Public.</li> <li>• On the Generation Offers and Demand Bids which include information on energy and reserve offers submitted by generators and demand bids, the RCC agreed that the MO's proposal to shorten the confidentiality period to one day from 30 days be changed to 7 days.</li> <li>• On the System Snapshot Data under the category Transmission System Information provided by SO, the RCC suggested to emphasize and specify that the system snapshot data refers to the system demand total. It was also suggested to include Market Participants as one of the proposed recipients of the said information.</li> <li>• On the Must-Run Units category, the RCC proposed to provide additional row for information on Advisory with the classification of Confidential with Permitted Disclosure.</li> <li>• On the Real-time system conditions, the RCC proposed to revise the proposed classification Confidential with Expiration and retain the current classification which is Confidential with Permitted Disclosure.</li> <li>• The RCC recommended to provide additional row for information on System Conditions Advisory with the classification of Confidential with Expiration.</li> <li>• On information on Revenue Meter Data, the RCC proposed to indicate that the said information may be disclosed to the DOE and ERC as well as to recipients permitted by the data owner.</li> <li>• On information on quantities used for settlement and line rental trading amount and other line rental information under the Settlements category, the RCC proposed to retain the current classification which is Confidential rather than the proposal of the MO to have the classification changed to Confidential with expiration.</li> </ul> <p>Subsequently, the RCC approved the proposed</p>	

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	<p>changes to the Market Information Catalogue, which forms part of the Appendices in the Information Disclosure and Confidentiality Manual, as amended. Other proposed amendments to the IDC Manual will be discussed during the next RCC meeting.</p>	
<p>E. Proposed Amendment to the MSCEM Manual on Prescribed Form of Requests for Investigation</p>	<p>Atty. Dumlao, in her email dated 01 December 2009, conveyed PSALM's position on the inclusion in the agenda of the proposed Prescribed Form of Requests for Investigation. As mentioned in the email, PSALM believed that discussing the Form or any matter on PEMC/MSCECO's investigation authority and process would be premature at the RCC level considering the pending jurisdictional issue of PEMC's right to investigate before the Court of Appeals (CA). Further, it was mentioned that PSALM is under the impression that the existing MSCEM Manual had been formulated by the PEMC Management and has not undergone Legal Sub-Committee or RCC review, much less approved or ratified by the PEM Board.</p> <p>To clear up the issue on the validity of the MSCEM Manual, Atty. Encarnacion showed the body a copy of the Board's Resolution approving the MSCEM Manual.</p> <p>On the pending jurisdictional issue of PEMC's right to investigate before the CA, Atty. Encarnacion informed the body that the petition filed by PSALM, on the ground that PEMC is without jurisdiction to investigate breaches, has been denied by the CA. Copies of the Notice of Decision from the CA (Case No. 103355 dated 28 August 2009) were distributed to the body.</p> <p>Thereafter, Atty. Encarnacion presented, for discussion and approval of the body, the proposed amendment to the Market Surveillance, Compliance and Enforcement Market (MSCEM) Manual concerning a Prescribed Form of Requests for Investigation (RFI).</p> <p>Atty. Encarnacion explained that the proposed revisions to the MSCEM Manual prescribe a form for the filing of Requests for Investigation (RFI) of an alleged breach, abuse of market power or anti-competitive behavior with the PEM Board. Currently, RFI does not have a prescribed form. The proposal aims to improve efficiency and ensure expediency in the WESM investigation process as the proposed RFI</p>	<p>The RCC approved the publication of the proposal in the RCC forum for comments. The RCC Secretariat will then consolidate comments in the RCC forum for discussion in the next RCC meeting.</p>

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	<p>form lists down the details needed to formally initiate an investigation, which provides the distinction between simple written queries and formal requests for investigation of a WESM member, the Market Operator, or the System Operator.</p> <p>Mr. Crisologo asked how PSALM would be affected should the RCC agree and decide to push through with the deliberation of the proposed RFI Form.</p> <p>Atty. Dumlao asserted that PSALM questions the validity of the MSCEM Manual and the jurisdiction of PEMC, ECO, and MSC to investigate. She added that PSALM believes it is the ERC which has the exclusive jurisdiction to investigate breaches of the WESM Rules. She clarified, however, that it is not her intention to influence anyone in the RCC but is merely expressing the position of PSALM on the said matter.</p> <p>Mr. Crisologo then inquired how PEMC's investigation process would be affected should the RCC decide not to rule on the proposal.</p> <p>Atty. Encarnacion replied that the process of investigation would still follow even without the RFI Form.</p> <p>Mr. Sioson opined that the purpose of the RFI form is to systemize the investigation process.</p> <p>Notwithstanding PSALM's position on the matter, majority of the members of the RCC agreed to push through with the deliberation of the proposed RFI form.</p> <p>Ms. Arenos sought the approval of the RCC to publish the proposed amendment in the RCC forum for comments from interested parties.</p> <p>Following Ms. Arenos' request, the RCC approved the publication of the proposed amendment in the RCC forum for comments. The RCC then requested the Secretariat to consolidate the comments in the RCC forum for discussion in the next RCC meeting. The RCC further agreed that the adoption of the proposed revisions be decided in the next RCC meeting.</p>	



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<p>F. Proposed Changes to the WESM Rules concerning a Compliance Officer</p>	<p>Ms. Karen D. Abregana presented, for information and discussion of the body, the proposed changes to the WESM Rules concerning a Compliance Officer. She emphasized that the WESM Compliance Officer was proposed by former PEMC President Lasse A. Holopainen on 18 November 2008 to foster a culture of compliance in the WESM and increase market confidence.</p> <p>Ms. Abregana informed the body that the proposal was discussed by the previous RCC during its 20<sup>th</sup> meeting on 11 February 2009 and 21<sup>st</sup> meeting on 11 March 2009. During the RCC Planning Workshop Session on 29 April 2009, the RCC agreed to classify the proposed rules changes as one of the medium-priority issues in the 2009 RCC Work Plan and should have been discussed last September 2009.</p> <p>To further enlighten the body of the proposed Compliance Officer, Ms. Sheila Ingco explained that the intention of Mr. Holopainen to create a WESM Compliance Officer was to foster a culture of compliance and so as to encourage companies to create their own compliance programs.</p> <p>Ms. Teknomo wanted to know whether the proposed Compliance Officer will be under the PEMC organization or an independent entity.</p> <p>Ms. Ingco clarified that under the proposed new revision, each WESM member, the Market Operator, and the System Operator shall designate a Compliance Officer in their respective organizations. She added that the new provision in the WESM Rules also lists down the responsibilities of the Compliance Officer.</p> <p>Ms. Teknomo deduced that the proposed Compliance Officer entails a new budget for the organization.</p> <p>In response, Ms. Ingco cited the proposed Section 7.2.9.2, which states that the WESM member, the Market Operator and the System Operator may create a new position for this purpose or merely designate a senior officer to function as the Compliance Officer. The said section, however, was proposed to be deleted by the previous RCC during its 20<sup>th</sup> meeting.</p>	<p>Secretariat to send out letter/survey to the Trading Participants requesting for comments on the appointment of a Compliance Officer. Feedback from the Participants will be discussed in the next RCC meeting.</p>

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	<p>Ms. Ingco further informed the body that based on best practices, there are certain requirements for a Compliance Officer to be effective. First, a Compliance Officer must be independent. Thus, he is not allowed to supervise the group that he is supposed to monitor for compliance. Second, it is recommended that a Compliance Officer is a senior officer so as to give him clout within the corporation.</p> <p>On the proposal of the previous RCC to delete Section 7.2.9.2, Atty. Dumlao asserted that the idea of mandating a Compliance Officer is like an imposition which should not be given to a corporation by a third party. She cited PSALM which, as a government corporation, cannot just easily create positions.</p> <p>Mr. Crisologo inquired whether there are certain qualifications to be a Compliance Officer, in addition to being a senior officer.</p> <p>In response to Mr. Crisologo's query, Ms. Ingco enumerated the following qualifications of a Compliance Officer:</p> <ol style="list-style-type: none"> <li>1. Must be a person with high integrity;</li> <li>2. Must be knowledgeable of or willing to learn about the business where he is assigned as the Compliance Officer;</li> <li>3. Must have good communication skills; and</li> <li>4. Must understand the aspects of the WESM Rules</li> </ol> <p>Ms. Ingco clarified that the position of Compliance Officer does not require a certain expertise in terms of educational background. A Compliance Officer could be an engineer, an economist, or a lawyer. She added, however, that in some jurisdictions, they do not advise that the general counsel be the Compliance Officer since the role of the Compliance Officer is to avoid non-compliance and not to defend it.</p> <p>Mr. Crisologo inquired what is the liability of the corporation should it opt not to appoint or designate a Compliance Officer.</p>	

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	<p>Following Mr. Crisologo's inquiry, Atty. Dumlao opined that it would be best to seek the opinions and position of their respective organizations on the proposed Compliance Officer before the RCC can take its action.</p> <p>Following Atty. Dumlao's suggestion, the RCC agreed to request the respective presidents of the trading participants to give their comments and position on the proposed designation of a Compliance Officer. After the agreement has been reached, the RCC directed the Secretariat to send out letter/survey to the Trading Participants requesting for comments on the appointment of a Compliance Officer. Feedback from the Participants will be discussed in the next RCC meeting.</p>	

## 5. Other Matters

The following are the major points that were raised by the body during the course of the meeting:

### a. **Email Discussions**

The RCC agreed that official email discussions pertaining to topics discussed during the RCC meeting be attached in the Minutes of the Meeting. This is after Mr. Crisologo raised his concern on the need to document RCC email discussions so as not to lose track of the said discussions. Further, Mr. Sioson suggested that the sender should indicate whether the email is official or not.

The RCC also agreed that email discussions that need action/decision by the RCC must be part of the agenda for the next meeting.

### b. **Minutes of the Meeting**

The RCC requested the Secretariat that the Minutes of the Meeting be released three days before the RCC meeting through electronic mail, so as to give the Committee ample time to review the Minutes and make corrections as necessary.

### c. **RCC Planning Session**

The RCC agreed to hold its Planning Session on 20 January 2010.

### d. **Setting of the Agenda**

Mr. Crisologo brought to light the matter raised by Dir. Mylene C. Capongcol in her email dated 25 November 2009 on who should initiate the preparation of Agenda for the RCC meeting. Mr. Crisologo wanted to be clarified on how the RCC should go about setting the agenda.

Ms. Arenos explained that the RCC agrees on the provisional agenda for the next meeting. Should there be changes or additional items that need to be discussed, the RCC Secretariat will seek the approval of the RCC Chairperson for inclusion in the next RCC meeting.

**e. RCC Meetings Schedule**

The RCC agreed to hold the succeeding RCC meetings from 9:00 A.M. to 1:00 P.M.

**6. Next RCC Meeting**

The RCC agreed to hold its 30<sup>th</sup> Meeting on 13 January 2010.

**7. Adjournment**

There being no matter to be discussed, the meeting was adjourned at 3:54 P.M.

Prepared by:


**Rheinhard O. Banogon**

Noted by:


**Elaine D. Gonzalez**





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 Crisologo**  
Generation Sector  
SN Aboitiz Power  
(SNAP)


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

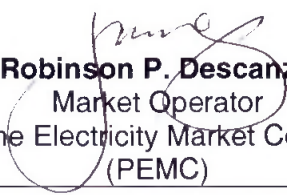
  
**Alfredo L. Licudine, Jr.**  
Generation Sector  
National Power Corporation  
(NAPOCOR)

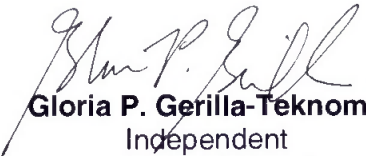
  
**Raul Joseph G. Seludo**  
Transmission Sector  
National Grid Corporation of the Philippines  
(NGCP)

  
**Vicente C. Sioson**  
Distribution Sector (PDU)  
Manila Electric Company  
(MERALCO)

  
**Jose P. Santos**  
Distribution Sector (EC)  
Ilocos Norte Electric Cooperative  
(INEC)

  
**Conrado D. Pecjo**  
Supply Sector  
Angeles Power, Inc.

  
**Robinson P. Descanzo**  
Market Operator  
Philippine Electricity Market Corporation  
(PEMC)

  
**Gloria P. Gerilla-Teknomo**  
Independent  
CPI-Energy Phils., Inc.