

## MINUTES OF THE 30<sup>th</sup> MEETING OF THE RULES CHANGE COMMITTEE

Date : 13 January 2010  
Time : 9:00 A.M.  
Venue : PEMC Board Room  
18<sup>th</sup> Floor, Robinsons-Equitable Tower  
Ortigas Center, Pasig City

### **MEMBERS PRESENT:**

Epictetus E. Patalinghug	-	Acting Chairperson/Independent
Gloria P. Gerilla-Teknomo	-	Independent
Cherry Aquino-Javier	-	Generation Sector – AES
Ralph T. Crisologo	-	Generation Sector – SNAP
Liberty Z. Dumlao	-	Generation Sector – PSALM
Vicente C. Sioson	-	Distribution Sector – MERALCO
Jose P. Santos	-	Distribution Sector – INEC
Conrado D. Pecjo	-	Supply Sector – Angeles Power, Inc.
Robinson P. Descanzo	-	Market Operator – PEMC

### **MEMBERS NOT PRESENT:**

Alfredo L. Licudine, Jr.	-	Generation Sector – NPC
Raul Joseph G. Seludo	-	System Operator – NGCP

### **OBSERVERS PRESENT:**

Eduardo B. Fernandez	-	DOE
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### **OTHERS PRESENT:**

Henry V. dela Cruz	-	NGCP
Michael L. Pascual	-	NGCP
Roberto Jimenez	-	NGCP
Sheila P. Ingco	-	PEMC – ECO
Ma. Cristina T. Suralvo	-	PEMC – ECO
Hilary Romeli C. Florendo	-	PEMC – ECO
Mark Anthony C. Andrada	-	PEMC – ECO
Isidro E. Cacho, Jr.	-	PEMC – MO
Philip Adviento	-	PEMC – MAG

### **SECRETARIAT**

Elaine D. Gonzales	-	PEMC – MAG
Karen D. Abregana	-	PEMC – MAG
Rheinhardt O. Banogon	-	PEMC – MAG

After determining the presence of a quorum, the 30<sup>th</sup> meeting of the Rules Change Committee was called to order by the Acting Chairperson Mr. Epictetus E. Patalinghug, at about 9:17 A.M. The following agenda items were discussed:

#### **1. Adoption of the Provisional Agenda**

The Provisional Agenda for the 30<sup>th</sup> RCC Meeting was presented and approved.

#### **2. Reading and Approval of the Minutes of the 29<sup>th</sup> RCC Meeting**

The Minutes of the 29<sup>th</sup> RCC meeting was presented and approved, as amended.

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### 3. Main Business

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
A. SO Presentation on SO Detailed Protocol of Must-Run Units (MRUs)	<p>Upon the request of the RCC, Mr. Roberto Jimenez from Network Operation Division (NOD) of National Grid Corporation of the Philippines (NGCP) presented the internal System Operator (SO) procedure for Must Run Unit (MRU) designation, for information of the body.</p> <p>The following are the details of the presentation:</p> <ul style="list-style-type: none"> <li>• The MRU protocol is to guide and allow the SO to select and designate the generating unit that will operate as Must Run Unit for any relevant Trading Interval and shall be enforced by the SO in order to reflect the designated MRU in the preparation of the Real Time Dispatch (RTD) Schedule of the Market Operator (MO).</li> <li>• The following are the three main criteria which are the bases for the SO in designating Must Run Units: <ol style="list-style-type: none"> <li>1. Thermal Limits of Transmission Line and Power Equipment;</li> <li>2. Inadequate levels of reserve/scheduled energy; and</li> <li>3. System Voltage Requirement</li> </ol> </li> <li>• Details of the procedure for the determination of MRU were discussed as follows: <ol style="list-style-type: none"> <li>1. The NOD/LSO shall verify and update the present status of the transmission network, e.g. scheduled planned activity of line/equipment, lines/equipment on forced outage.</li> <li>2. NOD/LSO shall use the Day Ahead Projection (DAP) run (the latest DAP run 4 hours before the current time) to assess the security and reliability requirement of the Grid.</li> <li>3. The NOD/LSO shall conduct contingency analysis using the DAP schedule to test if the security and reliability of the Grid are not violated. <ul style="list-style-type: none"> <li>- If the DAP run is N-1 compliant, then there is no need to nominate an MRU.</li> <li>- If it is not N-1 compliant, then NOD shall</li> </ul> </li> </ol> </li> </ul>	<p>The RCC agreed to hold off the discussion of the MRU Protocol until the PEMC submits its proposed revisions to the MRU Manual to the RCC.</p>

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	<p>determine whether there is a threat in the system security.</p> <ol style="list-style-type: none"> <li>4. If the NOD determines that there is a threat in the system security, then the NOD together with the Power Network Planning Division (PNPD) will verify the conditions criteria as specified in the Must Run Unit Criteria, namely: Thermal Limits, Insufficient Reserve/Scheduled Energy, and System Voltage Requirement.</li> <li>5. Upon conducting study, the NOD/LSO shall determine the following pre-emptive measures based on the result of the contingency simulation tests such as: <ol style="list-style-type: none"> <li>a. Constraint-ON generators</li> <li>b. Constraint-OFF generators</li> </ol> <p>Mr. Jimenez further explained that the SO conducts contingency simulation test or otherwise called load flow study with the aid of a power network tool. With this tool, SO can directly identify a particular spot in the system where there is a violation.</p> </li> <li>6. OPS-PNPD/LSO to designate generating unit/s to be used as MRU upon availability declaration of the Generator/s.</li> <li>7. OPS-PNPD/LSO on duty upon recommendation from NOD/LSO shall coordinate with the Generator/s for possible MRU nomination.</li> <li>8. Upon determination of generating unit/s to be used as MRU, PNPD shall reflect the nominated MRUs in the Security Limit (MO-SO Data Interchange).</li> <li>9. OPS-PNPD/LSO to transmit defined MRU to MO through MO-SO Data Interchange for inclusion in the RTD schedule.</li> <li>10. NOD/LSO shall receive the RTD schedule from MO on an hourly basis.</li> <li>11. NOD/LSO shall assess and evaluate the RTD schedule to verify if the security and reliability of the Grid are met.</li> <li>12. If NOD/LSO determines that the security and</li> </ol>	

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	<p>reliability of the Grid are met, then it will log/record the generating unit/s specified under the category of MRUs.</p> <p>If the result of the security assessment shows violations on N-1 compliance, then the following procedures shall be observed:</p> <ol style="list-style-type: none"> <li>1. NOD/LSO shall intervene with the RTD schedule as issued by MO.</li> <li>2. NOD/LSO shall notify the Market Operator that the RTD is not implementable and shall declare Market Intervention.</li> <li>3. NOD/LSO shall issue System Advisory to all concerned groups.</li> <li>4. NOD/LSO shall prepare Market Intervention Report.</li> </ol> <p>If the SO verifies the non-availability of generating unit/s that will run as MRU, then the following procedures shall apply:</p> <ol style="list-style-type: none"> <li>1. NOD/LSO shall apply Demand Control Measures to mitigate the effects of the threat in system security.</li> <li>2. NOD/LSO shall implement the Manual Load Dropping Procedure.</li> </ol> <p>The following were the issues/points/concerns that ensued during the course of the presentation:</p> <ul style="list-style-type: none"> <li>• For clarification purpose, Mr. Jimenez explained that N-1 compliance connotes that in case there is a failure of one component in the Grid, e.g. transmission line, the grid or the network will still be in the normal state.</li> <li>• On Mr. Vicente Sioson's inquiry regarding the thermal limit set by the SO, Mr. Jimenez explained that based upon the standard set by the Grid Code, the capacity of the equipment must not exceed 100% of its current capacity.</li> <li>• Ms. Cherry Javier inquired how does SO determine which generating unit will be designated to run as MRU for a particular hour.</li> </ul>	

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	<ul style="list-style-type: none"> <li>• Mr. Jimenez clarified that the SO determines the MRUs based on the merit order table (in which generators are arranged from generators with cheapest to the most expensive offer) prepared and provided by the MO.</li> <li>• Mr. Robinson Descanzo identified a number of issues that need to be resolved or integrated in the MRU Protocol: <ul style="list-style-type: none"> <li>- Why is MRU being nominated using DAP when DAP is not a commitment market?</li> <li>- How come the RTD solution is not feasible when it already contains all the information? Why does SO designate an MRU during real time and not an hour before?</li> </ul> </li> <li>• Ms. Gloria Teknomo inquired whether SO can nominate an MRU which is not indicated in the merit order table.</li> <li>• Mr. Descanzo explained that there are instances that a generating unit not included in the merit order table is called to run as MRU because of its criticality in the system.</li> <li>• On Ms. Javier's query whether a generator can refuse to run as MRU, Mr. Jimenez cited Limay which has already refused to run during the last two or three days of operation.</li> <li>• Mr. Ralph Crisologo pointed out that there is no provision in the WESM MRU Manual that penalizes generators which are being designated but refuse to run as MRU. He proposed to impose specific penalty for these generators, based on emergency conditions of dispatch.</li> <li>• Whereas there is a gray area between when to apply load drop and when to call market intervention, Mr. Descanzo proposed to further look into the market intervention and manual load dropping procedure of the SO.</li> <li>• Mr. Descanzo inquired whether the reserve capacity can be utilized in case there is an unavailability of MRU.</li> <li>• Mr. Jimenez clarified that reserve capacity utilizes generating units are usually expensive.</li> </ul>	

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	<ul style="list-style-type: none"> <li>• Mr. Crisologo further explained that the Grid Code lays down specific causes before the five (5) reserves for ancillary can be used. Thus, there is a need to redefine “reserve capacity” under the Grid Code.</li> <li>• Mr. Sioson suggested that the RCC form/create an Ad hoc Committee or a Technical Working Group (TWG) from among themselves, in lieu of the MO/SO Sub-Committee, to come up with the detailed protocol on MRU as directed by the ERC.</li> <li>• The RCC concurred with Mr. Sioson’s recommendation to create an Ad hoc Committee and requested the Secretariat to check the procedures/mechanics to be followed in creating such committee.</li> <li>• The Secretariat advised the RCC that the ERC Order was directed to PEMC, thus, PEMC shall be responsible for the drafting of the revisions to the MRU Manual.</li> </ul>	
B. Proposed Changes to Information Disclosure and Confidentiality Manual	<p>Mr. Isidro Cacho requested that the proposed changes to the Information Disclosure and Confidentiality Manual be presented in the next RCC meeting. He explained that the said Manual does not yet reflect the changes/revisions made in the Market Information Catalogue, which was already discussed and approved by the RCC during its 29<sup>th</sup> meeting on 02 December 2009.</p> <p>Pending the incorporation of the revisions made in the Catalogue, the RCC deferred to the next meeting the discussion of the IDC Manual.</p>	<p>The RCC deferred the discussion of the proposed changes to Information Disclosure and Confidentiality Manual pending the incorporation of the revisions made in the Market Information Catalogue which was initially approved by the RCC during its 29<sup>th</sup> Meeting on 02 December 2009.</p>
C. Proposed Changes to the WESM Rules on Renewable Energy Resources	<p>The body requested Mr. Crisologo to expand the definition of non-scheduled generating units, to which he acceded. His inputs/recommendations will then be disseminated to the RCC for further review and comments.</p>	<p>RCC to further discuss the proposed changes, particularly on the definition on non-scheduled generating units.</p>
D. Proposed Prescribed Form for Requests for	<p>Following the agreement arrived at by the RCC during its previous meeting, the Secretariat apprised the RCC that the proposed Prescribed Form for Requests for Investigation (RFI) was published in the RCC web</p>	<p>The RCC approved the adoption of the proposed Prescribed Form for Requests for</p>



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Investigation	<p>forum on 04 December 2009 to solicit comments from the market participants and other interested parties. However, during its period of publication, there were no comments received from the market participants and other participants.</p> <p>There being no further comments from the body, the RCC agreed to adopt the proposed prescribed RFI form in the Market Surveillance, Compliance and Enforcement Market Manual.</p> <p>The RCC noted PSALM's reservation as communicated by Atty. Dumlao in her email and during the discussion of the matter.</p>	Investigation in the MSCEM Manual.
E. Market Participant Survey Questionnaire on the Proposed Compliance Officer	<p>Copies of the Market Participant Survey Questionnaire on the Proposed Compliance Officer were furnished to the body, for review and approval.</p> <p>The RCC approved the said survey questionnaire to be released to the Presidents of the Trading Participants.</p>	The RCC approved the draft Market Participant Survey on the Proposed Compliance Officer, to be sent out to the Presidents of the Trading Participants.

#### 4. Other Matters

##### a. **RCC Planning Session**

The Secretariat recommended rescheduling the RCC Planning Session at a later date instead of having it conducted on 20 January 2010 as was agreed upon by the body during its previous meeting. The Secretariat explained that DOE's recommendation/advice was sought regarding the RCC Planning Session. As per discussion with the DOE, the DOE advised to wait for the final audit report which will be presented before the PEM Board on 27 January 2010, so that the RCC can incorporate in their Work Plan possible recommendations for rules changes.

Following the Secretariat's recommendation, the RCC agreed to move the Planning Session on 10 February 2010. Likewise, the RCC agreed to discuss the following matters during the session:

- i. 2009 RCC Work Plan Issues to be included in the 2010 RCC Work Plan
- ii. NSS Zero-Retention
- iii. Price Substitution Mechanism
- iv. Final Audit Report
- v. DOE Presentation on WESM Policy Development

##### b. **Protocol during RCC meetings**

During the course of the discussion, Mr. Eduardo Fernandez of the DOE inquired on the presence of protocol on the conduct of RCC meetings. The Acting Chairperson replied that he exercises discretion in making it a free-wheeling discussion as long as the comments

are within the bound of the presentation. The Acting Chairperson also clarified the status of Mr. Fernandez as attendee of the RCC meetings. Mr. Crisologo interjected that DOE's attendance is by virtue of a PEM Board Minutes of Meeting. Atty. Liberty Dumlao clarified that it was a PEM Board decision which authorizes DOE and ERC to be present during the RCC meetings. It was agreed upon by the Committee that in the spirit of collegiality and professionalism, any member or observer may speak and comment on the presentation but not on the members of the Committee.

## 5. Adjournment

There being no matter to be discussed, the meeting was adjourned at 2:00 P.M.

Prepared by:

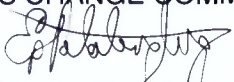
  
**Rheinhart O. Banogon**

Noted by:


**Elaine D. Gonzales**




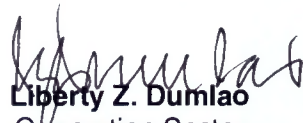
Approved by :  
RULES CHANGE COMMITTEE

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

Members:


  
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Generation Sector  
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**Ralph T. Crisologo**  
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**Liberty Z. Dumlao**  
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**Vicente C. Sioson**  
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