

MINUTES OF THE 34th MEETING OF THE RULES CHANGE COMMITTEE

Date : 02 June 2010
Time : 9:00 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
Gloria P. Gerilla-Teknomo	-	Independent – CPI Energy Phils., Inc.
Ralph T. Crisologo	-	Generation Sector – SNAP
Liberty Z. Dumlao	-	Generation Sector – PSALM
Alfredo L. Licudine, Jr.	-	Generation Sector – NPC
Vicente C. Sioson	-	Distribution Sector – MERALCO
Augusto D. Sarmiento	-	Distribution Sector – DECORP
Jose P. Santos	-	Distribution Sector – INEC
Raul Joseph G. Seludo	-	System Operator – NGCP
Robinson P. Descanzo	-	Market Operator – PEMC
Conrado D. Pecjo	-	Supply Sector – Angeles Power, Inc.

MEMBER/S NOT PRESENT:

Cherry Aquino-Javier	-	Generation Sector – AES
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OBSERVERS PRESENT:

Eduardo B. Fernandez	-	DOE (Alternate)
Debora T. Layugan	-	ERC

OTHERS PRESENT:

Ruth C. Perez	-	DOE
Rogelio M. Avenido	-	Dispute Resolution Group
Rachel P. Anosan	-	PEMC – MO
Isidro E. Cacho, Jr.	-	PEMC – MO
Renato B. Afurong	-	PEMC – BSMD
Gladys G. Nebab-Zamora	-	PEMC – Legal
Ma. Cristina T. Suralvo	-	PEMC – ECO
Mark Anthony C. Andrada	-	PEMC – ECO
Phillip C. Adviento	-	PEMC – MAG

SECRETARIAT

Chrysanthus S. Heruela	-	PEMC – MAG
Karen D. Abregana	-	PEMC – MAG
Rheinhardt O. Banogon	-	PEMC – MAG

After determining the presence of a quorum, the 34th Rules Change Committee meeting was called to order by the Acting Chairperson Mr. Epictetus E. Patalinghug, at about 9:10 A.M. The following agenda items were discussed:

1. Adoption of the Provisional Agenda

The Provisional Agenda for the 34th RCC Meeting was presented and approved.

2. Reading and Approval of the Minutes

The Minutes of the 33rd RCC Meeting was presented and approved.

3. Matters Arising from the Previous Minutes

a. MERALCO's Comments on the Proposed Amendments to the WESM Rules concerning Alternative Dispute Resolution Process. As agreed upon during the previous RCC meeting on 05 May 2010, the Acting Dispute Resolution Administrator (DRA) Engr. Rogelio Avenido was invited to provide his views on MERALCO's comments on the Proposed Amendments to the WESM Rules concerning Dispute Resolution Process. The following were the salient points/comments raised by MERALCO in its email dated 13 April 2010 and Engr. Avenido's corresponding response:

- MERALCO noted that with the proposed changes in Section 7.3.2.5, the DRA now merely recommends/nominates persons who will constitute the Dispute Resolution group (DRG) and the power to appoint or confirm the said nomination stays with the PEM Board. If the rationale behind this amendment is to ensure that some members of the DRG has sufficient experience in the legal profession, this goal may not be achieved by merely requiring the DRA to nominate at least two members of the Philippine Bar. Thus, MERALCO suggested that there must be a parallel provision requiring at least two (2) members of the Philippine Bar to be part of the DRG. Engr. Avenido posed no objection. However, he suggested rewording the title of Section 7.3.2.5 from "Appointment of Dispute Resolution Administrator and Panel Group" to "Appointment of Dispute Resolution Administrator and Dispute Resolution Group Members."
- On MERALCO's comment that they wished to be clarified on whether the phrase "previous dispute resolution processes" appearing in Section 7.3.4.3 (b)(3) refers to any negotiations undertaken by the parties to resolve their disputes prior to its referral to the Dispute Resolution Administrator, Engr. Avenido clarified that negotiations may be undertaken by the disputing parties in accordance with their internal dispute management system, without notifying the DRA. In case the parties are unable to resolve their dispute, then any party in dispute can refer the dispute to the DRA using the forms for Mediation process.
- MERALCO further suggested to revise Section 7.3.4.3 (b)(3) to read as follows: "The results of any previous dispute resolution processes of the parties or other WESM members undertaken pursuant to the WESM Rules in respect of the dispute."
- MERALCO commented that since the members of the Dispute Resolution Panel (DRP) were the three (3) remaining members of the DRG after the selection process under Section 7.3.5.1, the word "appointed" may no longer be appropriate and should be changed. Thus, MERALCO recommended replacing the phrase "appointed to" in Section 7.3.5.2.1 with the word "constituting" which will now read as: "Each party to a dispute may petition to the Dispute Resolution Administrator for the removal of any one person constituting the Dispute Resolution Panel stating the reasons why that person should be replaced. The Dispute Resolution Administrator may replace the person in question for valid reasons."
- MERALCO likewise suggested replacing the word "appointed" in Section 7.3.5.3 with "constituted", to read as follows: "A person who has previously served on a Dispute Resolution Panel is not precluded from being constituted to another Dispute Resolution Panel established in accordance with clause 7.3.5.1."

- On MERALCO's inquiry on whether the written notice under Section 7.3.5.8 is different from the "Reply" contemplated under Section 9.6.3 of the Dispute Resolution Market Manual, Engr. Avenido clarified that the written notice of the parties is the same as the reply to the DRP after ten (10) days of receipt of DRP notification.
- MERALCO noted that while Section 7.3.10.1 provides that a resolution of the DRP should be binding on the parties to the dispute, it is silent however on the effect of any "agreement" reached by the parties as a result of the mediation process. MERALCO proposed that the "agreement/s" between the disputing parties resulting from mediation process shall likewise be binding and enforceable upon the parties to the disputes. Engr. Avenido explained that the agreement reached during the mediation process is binding and that there is a Mediation Form which reports the outcome of the mediation process as well as the agreements reached by disputing parties.
- Considering that in the proposed amendment, members of the DRP are not being appointed by the DRA, MERALCO viewed that the phrase "including the reasons why the Dispute Resolution Administrator decided to appoint particular people to the Dispute Resolution Panel" in Section 7.3.11.2 is no longer appropriate and should be revised. MERALCO suggested to rephrase Section 7.3.11.2 as follows: "Subject to clause 5.3, the details and results of each dispute which the Dispute Resolution Panel resolves (including the reasons why a member of the Dispute Resolution panel was replaced, if any) shall be published and made available to WESM Member as soon as practicable after the resolution of the dispute by the Dispute Resolution Panel."
- Engr. Avenido replied that the DRA, with the proper complement of DRG members, appoints the DRP from among the 7 DRG members except for the member who was designated as the Mediator for the same case raised for arbitration. He added that the DRG members are nominated by the DRA, subject to the appointment by the PEM Board.

There being no further comments from the body, the RCC agreed to adopt the proposed rules change, incorporating MERALCO's comments and suggestions. Accordingly, the RCC approved and signed the Resolution 2010-05 on the proposed rules change, for endorsement to the PEM Board.

- b. Proposed Changes to Information Disclosure and Confidentiality Manual.** Following the RCC's recommendation during the previous meeting to delete reference to the "System Operator" in Section 5.3.2 (a) of the WESM Rules, Atty. Rachel P. Anosan suggested for the RCC to approve the proposed changes to Information Disclosure and Confidentiality Manual even the deliberations on the proposed rules change are still ongoing. She viewed that any possible change in Section 5.3.2 of the WESM Rules will not have any bearing on the contents of the Manual.

In light of the previous discussion by the RCC as regards the correct interpretation of the provision in Section 5.3.2 (a) of the WESM Rules, Atty. Anosan enlightened the body that upon checking the DOE website, the said section is read as follows:

"Subject to clause 5.3.3.1, this clause 5.3 does not prevent:

- a) The disclosure of information (confidential or otherwise) between any one or more of the following:
 - (1) ERC and the DOE;

- (2) The System Operator;
 - (3) The Market Surveillance Committee; and
 - (4) Any other person or entity, including but not limited to a committee appointed by the PEM Board in accordance with these WESM Rules,
- for the purposes of:
- (5) The operation, security and planning of the power system in accordance with the Grid Code;
 - (6) Complying with any other instrument (including any contractual instrument or understanding governing the relationship between the parties detailed in clauses 5.3.2(a)(1) to (5); and
 - (7) Any other circumstances which, in the reasonable opinion of the Market Operator, is necessary to assist the Market Operator in establishing and operating the WESM objectives;"

Based on how the provision is written, Atty. Anosan surmised that the provision refers to the sharing of information of the entities stated in Section 5.3.2(a) 1 to 4 for the purposes provided in Section 5.3.2(a) 5 to 7.

On Atty. Liberty Dumlao's query on whether there is an existing provision that will caution the System Operator from disclosing confidential information to other entities, Atty. Anosan cited Section 5.3.3.1 which states that "Any entity who receives information disclosed in accordance with clause 5.3.2 (a): (a) shall not disclose the information to any person, except as provided by the WESM Rules; and (b) shall not use the information for the purposes for which it was disclosed under clause 5.3.2 (a)."

The Acting Chairperson moved for the conduct of votation after discussions on whether to remove the reference to System Operator. With a vote of 10-1, the RCC agreed to retain Section 5.3.2(a)(2)-System Operator in Section 5.3.2 of the WESM Rules. This agreement supersedes the previous recommendation by the RCC to remove the said section.

Mr. Vicente Sioson, who voted to remove the System Operator, remarked that he will be submitting to the RCC his dissenting opinion. He viewed that the information access of the System Operator must be limited to its system operation functions.

Following the votation, the RCC approved the Proposed Changes to Information Disclosure and Confidentiality Manual and signed the Resolution 2010-06 approving the same, for endorsement to the PEM Board.

4. Main Business

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
A. Proposed Changes to the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution	<p>As a background, Mr. Isidro Cacho explained that the Price Substitution Methodology Manual aims to:</p> <ul style="list-style-type: none"> • address the undesirable market pricing situations that arise due to the effects of congestion in the network or the power system; • establish criteria for determining what constitutes pricing errors arising from the effects of network congestion; and • set guidelines and procedures for the determination 	RCC's further deliberation on the Proposed Changes to the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution is subject to the submission of the

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
<p>due to Congestion for Energy Transaction in the WESM</p>	<p>of the substitute prices and quantities to be used for settlement of energy transactions.</p> <p>The scope of the Manual includes the following:</p> <ul style="list-style-type: none"> • settlement of energy transactions where a pricing error occurs either in the ex-ante or ex-post market runs due to constraint violation coefficients and extreme nodal price separations; and • transactions covered by bilateral contracts will continue to be settled outside of the settlement processes of the WESM. <p>Mr. Cacho presented to the body the features of the proposed amendments to the PSM Manual. The following were the highlights and the questions/clarifications that ensued during the course of his presentation:</p> <ul style="list-style-type: none"> • One of the changes in the PSM Manual is to specify the types of constraint violation coefficients associated with network congestion, namely: <ul style="list-style-type: none"> ✓ contingency constraint; ✓ base case constraint; ✓ transmission group constraint • Incorporating the ERC directive, the formulation for the price trigger is modified such that it is now the absolute value on the left side of the equation. • One of the enhancements in the manual is to provide that if the resulting highest marginal price (MCP_H) is equal to zero (0) but the results of the market runs indicate network congestion, pricing error due to congestion is still considered to have occurred and the methodology provided in the PSM Manual shall still apply. <p>Mr. Cacho elaborated that this is being applied by replacing the value of zero by a very low number which is approximately equal to 0.0001.</p> <p>Mr. Raul Seludo inquired during what instances does the MCP_H result to zero.</p> <p>Mr. Robinson Descanzo replied that MCP_H equals to zero during instances when a certain generator bids at zero, during off-peak conditions and there is an over-generation, and during periods when the ramp down rate is very low.</p>	<p>same by the PEMC to the RCC.</p>

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Issues/ Topics Discussed	Remarks	Agreement/ Action Item
	<p>Mr. Sarmiento expressed his concern on the use of 0.0001 when the MCP is zero. He viewed that it is not rational and may not be reflective of what is being captured which is the 20% discrepancy over the market price. He added that dividing the locational marginal price by 0.0001 would result to a value that is definitely higher than 1.2 and is thus more erroneous. He suggested establishing a threshold level during instances when the MCP equals to zero, instead that of replacing the zero MCP with a very low number.</p> <ul style="list-style-type: none"> • For purposes of clarity, the proposed revisions to the PSM Manual also include specifying the type of constraints which are not considered as network congestion, namely: <ul style="list-style-type: none"> ✓ Constraint indicated in the market runs that is actually caused by erroneous input data; ✓ Localized constraint; and ✓ Non-congestion related CVCs. • The revisions in the manual also include enumeration of categories/situations that fall under Non-Congestion Related PEN and Congestion Related PEN. <ul style="list-style-type: none"> ✓ Non-congestion Related PEN <ul style="list-style-type: none"> ○ Over-Generation – occurs when the total demand is lower than the aggregate of the minimum stable loading (Pmin) of all Generating Units, with the consideration of security limits (must run units) and outages. ○ Under-Generation – occurs when the total available supply (aggregate of generation offers and must-run level) is lower than demand during the trading hour. ○ HVDC Limit not met – occurs when nominated HVDC schedule is not met, thus Visayas price may impact the Luzon price and vice versa. ○ Erroneous Snapshot Data/Bad Data ○ Localized Congestion ✓ Congestion Related PEN <ul style="list-style-type: none"> ○ Base Case Constraint Violation ○ Contingency Constraint Violation ○ Transmission Constraint Group ○ Binding Constraint 	

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	<p>Mr. Sioson commented that the term "Pricing Error Notice" is misleading and suggested that it should be termed as Pricing Re-run Notice.</p> <ul style="list-style-type: none"> • Revisions to the Manual also include the expansion of the Application and Reference Market Runs Table to provide additional details for determining which Price Substitution rule shall be applied. • The amendments to the manual also clarify that the substitute price for constrained-on generators shall be the offer price for the last offer block of the constrained on generators that was scheduled or cleared for dispatch in the constrained run. On the other hand, the market clearing price from the unconstrained solution shall be used for generators not affected by constraint. • Further clarification is made on Case 5 Condition under the Application and Reference Market Run Table in which the substitute load (customer) prices shall be calculated in trading intervals where both the following conditions are present: <ul style="list-style-type: none"> ✓ A non-congestion pricing error occurs in the ex-ante market run of a trading interval; and ✓ A congestion pricing error occurs in the ex-post market run for the same trading interval. • One of the revisions proposed in the Manual is to require the conduct of periodic review of the value of price trigger factor. It provides that PEMC shall conduct an assessment of the application of the price trigger and the results of the assessment shall be submitted to the WESM Technical Committee for evaluation and determination as to whether a change in the value of the price trigger is warranted. • Mr. Cacho presented the graph showing the percentage of occurrence of pricing error for the period January 2009 to April 2010. The graph shows that there was a high level of occurrence of pricing error from August 2009 up to the present. • Likewise, Mr. Cacho presented the graph showing the percentage of total monthly trading intervals during which the Price Substitution Methodology was applied. The graph indicates that the Price Substitution Methodology was applied with less 	

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	<p>frequency than the process provided for in WESM Rules 3.10.5 which reads as follows:</p> <p>“In the event where no ex-ante prices can be determined or communicated within the timeframe specified by the timetable, or the calculated prices are believed to be in error, as a result of load shedding, occurrence of constraints violation coefficients, or for any other reason:</p> <p>(a) The Market Operator may, as soon as possible after the end of a trading interval, issue a pricing error notice, in which case, the ex-post quantities and the ex post prices determined according to clause 3.10.7 shall also serve as ex-ante quantities and ex-ante prices. If no ex-post prices can be determined or the calculated prices are believed to be in error as a result of the imposition or relaxation of constraints pursuant to clause 3.5.13.1, the Market Operator shall re-run the Market Dispatch Optimization Model.</p> <p style="text-align: center;">xxx</p> <p>Mr. Sioson viewed that there must be a solution to address and mitigate the high level of pricing errors, i.e. establish a day-ahead market wherein prices between the customers are fixed.</p> <p>Mr. Descanzo remarked that based on the statistics shown, high level of pricing errors started last September 2009 when the NGCP imposed N-1 contingency, which is in accordance with the Grid Code Policy. He added that one of the possible solutions to mitigate pricing errors is to enhance the Grid Code such that partial compliance to N-1 will be allowed.</p> <p>Mr. Crisologo noted that aside from the review of the Price Substitution Methodology, the ERC has also requested PEMC to study further the application of customer zonal pricing.</p>	
B. Comments on the Proposed Amendments to the WESM Rules	The Secretariat informed the RCC that the Proposed Changes to the WESM Rules regarding the Creation of IPP Administrator as Another Category of WESM Membership submitted by AES-MPPCL was published in the RCC web forum last 06 May 2010 and that	The RCC agreed to defer the discussion on the Proposed Amendments to the WESM Rules

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
<p>regarding the Creation of IPP Administrator as Another Category of WESM Membership</p>	<p>deadline for submission of comments was on 06 June 2010.</p> <p>Considering that the AES-MPPCL representative in the RCC was not present and to further await comments from the market participants and other interested parties, the RCC agreed to defer the discussion on the said proposed rules change. The RCC agreed to conclude its discussion/deliberation on the proposed rules change by August, as indicated in the revised 2010 RCC Work Plan.</p>	<p>regarding the Creation of IPP Administrator as Another Category of WESM Membership.</p>
<p>C. Two Proposed Amendments Remanded to the RCC by the PEM Board</p>	<ul style="list-style-type: none"> Proposed Changes to the WESM Rules and PEM Audit Manual concerning Software Changes <p>Following the PEM Board's decision to remand to the RCC the Proposed Amendments to the WESM Rules and PEM Audit Manual concerning Software Changes, the RCC reviewed the said proposed changes, taking into consideration the Board's concerns on being made liable for acts which involve technical issues and affecting the technical operation of the Corporation.</p> <p>On the Board's concerns on being made liable for the implementation of software changes, Atty. Layugan commented that the act of delegating by the Board to the Management is in itself an assumption of liability, which is embodied in the Corporation Code.</p> <p>After due deliberation, the RCC agreed to maintain their previous decision to delete the MO-proposed Section 10.5.9 which provides for the limitation of liability of the PEM Board and the MO. The RCC thus resolved for the PEM Audit Manual to remain silent on the liability of the management and the PEM Board.</p> <p>To address the PEM Board's concern that software changes involve technicalities which they may not be fully competent of, the RCC reviewed proposed Section 10.5.3 of the PEM Audit Manual.</p> <p>Mr. Descanzo remarked that the responsibility for the approval of the implementation of software changes should still rest with the PEM Board. However, he suggested removing from the responsibility of the PEM Board the evaluation on whether the proposed software change is a minor or urgent software change. He added that there must be a group aside from that of the proponent that will evaluate and determine the</p>	<p>The RCC reached the following agreements:</p> <ul style="list-style-type: none"> <p>The RCC agreed to maintain their previous decision to delete MO-proposed Section 10.5.9 from the Proposed Changes to the PEM Audit Manual concerning Software Changes, which provides for the limitation of liability of the PEM Board the MO.</p> <p>As requested by the RCC Acting Chairperson, Atty. Liberty Dumlaog shall draft a clarification letter stating RCC's position on liability issues.</p> <p>The RCC agreed to resubmit to the PEM Board the proposed changes to Sections 7 and 9</p>

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
	<p>nature of the proposed software change.</p> <p>Mr. Sioson suggested for the Technical Committee to conduct the evaluation for recommendation for the PEM Board.</p> <p>The RCC agreed to delete the provision "The PEM Board shall evaluate whether the proposed software change is a minor software change or an urgent software change, as defined in this Section" from the proposed Section 10.5.3 of the Manual and to adopt the proposed rewording by Mr. Sarmiento which reads as follows: "Prior audit shall not be required where the software and/or system change proven to be urgent and/or minor as justified by the Market Operator after its evaluation, is approved by the PEM Board for implementation in accordance with this Manual."</p> <p>The RCC Acting Chairperson requested Atty. Dumlao to draft a clarification letter stating RCC's position on liability issues, to which she acceded.</p> <p>• Proposed Amendments to the Metering Manual</p> <p>Following the Board Review Committee's directive during its meeting on 26 April 2010 for the RCC and the Metering Subcommittee to review the Proposed Changes to the Metering Manual to incorporate recent developments in the industry and recent policy issuances by the government, Mr. Renato Afurong of the RCC Metering Subcommittee provided the RCC with a background on the proposed changes which were approved by the previous RCC on 11 February 2009.</p> <p>The proposed changes to the Metering Manual covers the following:</p> <ul style="list-style-type: none"> • Revisions to Section 7 on the Use of Meter Register Reading in Validation, Estimation and Editing (VEE); • Revisions to Section 9 on the allocation of transformer losses in Site Specific Loss Adjustment (SSLA) calculation; and • New Section 10 which establishes the procedures for the De-registration of Metering Installations <p>Mr. Afurong conveyed to the RCC that upon review, the RCC Metering Subcommittee noted that the</p>	<p>of the Metering Manual, with the exclusion of the proposed new Section 10.</p>

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
	<p>proposed changes to Sections 7 and 9 of the Metering Manual are not affected by the DOE Circular No. DC2010-05-0006 on Disconnection Policy. The proposed new Section 10, however, shall be subject for further review to consider the impact of the disconnection policy.</p> <p>In view of the foregoing, the RCC agreed to endorse anew to the PEM Board the proposed changes to Sections 7 and 9 of the Metering Manual, with the exclusion of the proposed new Section 10.</p>	
D. 2010 RCC Work Plan	<p>PEMC President Melinda L. Ocampo relayed to the RCC the PEM Board's decision to dissolve the RCC Subcommittees and recommendation for the subcommittees to be comprised of the existing RCC members. In light of this recent decision by the PEM Board, the RCC went over each item in their 2010 Work Plan, in which a number of items/issues for possible rules change were delegated to the different RCC Subcommittees, and identified and assigned Committee members who will be responsible for the study of each issue/item listed in the Work Plan.</p> <p>(The revised 2010 RCC Work Plan is attached as Annex "A").</p>	<p>Upon the agreement of the RCC, items/issues for review that were previously assigned to RCC Subcommittees are now delegated among RCC members, depending on their nature and scope.</p>

5. Other Matters

President Melinda Ocampo informed the RCC that in view of the PEM Board's directive to remand back to the RCC the Proposed Changes to the WESM Rules and PEM Audit Manual concerning Software Changes, she requested the Internal Audit Group to come up with a Change Management Procedure, which will be presented to the RCC upon finalization. She also relayed the PEM Board instruction for the RCC to meet more than once a month to adapt and modify the WESM Rules based on the existing design of the market.

Mr. Crisologo remarked that the RCC supports the PEM Board's directive for the RCC to hold meetings more than once a month and that the RCC had, in fact, agreed the previous year to hold bimonthly meetings. He added that the Secretariat declined, however, because they also provide technical support to other WESM Governance Committees and thus could not accommodate the conduct of bimonthly meetings. He further disclosed that his principal is proposing for each generation company to support RCC meetings with their own staff. President Ocampo responded that she will discuss the feasibility of such proposal with the PEMC Officers.


6. Next Meeting

The RCC agreed to hold its 35th meeting on 21 June 2010.


7. Adjournment

There being no matter to be discussed, the meeting was adjourned at 3:45 P.M.

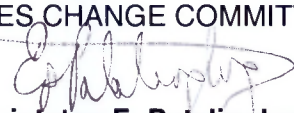
Prepared by:


Rheinhart O. Banogon


Noted by:



Delia B. Arenos

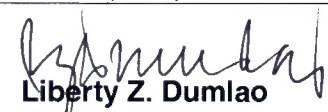
Approved by :
RULES CHANGE COMMITTEE

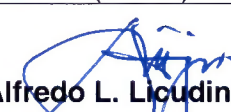

Epictetus E. Patalinghug
Acting Chairperson
Independent
University of the Philippines
(UP)

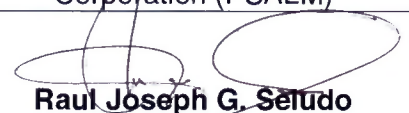
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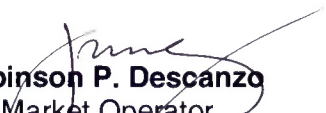

Cherry Aquino-Javier
Generation Sector
AES Philippines
(AES)

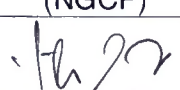

Ralph T. Crisologo
Generation Sector
SN Aboitiz Power
(SNAP)

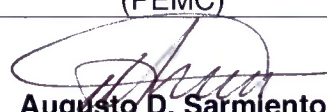

Liberty Z. Dumlaog
Generation Sector
Power Sector Assets and Liabilities Management
Corporation (PSALM)

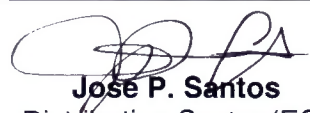

Alfredo L. Licudine, Jr.
Generation Sector
National Power Corporation
(NAPOCOR)



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



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


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


Augusto D. Sarmiento
Distribution Sector (PDU)
Dagupan Electric Corporation
(DECORP)


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


Conrado D. Pecjo
Supply Sector
Angeles Power, Inc.


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

ANNEX “A”
2010 RCC Work Plan

Item	Issue/Proposed Rules Change	Target	Responsible Party	Deliverables	Remarks/Status
G O V E R N A N C E					
G1	Proposed Amendments to the Market Surveillance, Compliance and Enforcement Market Manual regarding a Prescribed Form for Requests for Investigation	January	PEM Legal		<ul style="list-style-type: none"> Approved during the 30th RCC Meeting on 13 January 2010 Approved by the PEM Board during its 47th Board Meeting on 27 April 2010
G2	RCC Internal Rules	March	RCC	Proposed Changes to the Rules Change Manual and Adoption of the RCC Internal Rules	<ul style="list-style-type: none"> RCC Internal Rules approved during the 31st RCC Meeting on 10 March 2010
G3	Review of Rules Change Process	March	RCC		
G4	Proposed WESM Compliance Officer for WESM Members, MO & SO	June or upon completion of accomplished survey form	PEMC		<ul style="list-style-type: none"> Approved during the 32nd RCC Meeting on 07 April 2010 Endorsed to the PEM Board on 28 April 2010 Awaiting PEM Board approval
G5	Proposed Changes to the WESM Rules on WESM Audit	July	MAG & PAC	Presentation to the RCC	<ul style="list-style-type: none"> Submitted to the previous RCC on Feb 26, 2008 To be reviewed by PAC
G6	Proposed Amendments to the WESM Rules concerning Alternative Dispute Resolution Provisions	June	DRG & RCC		<ul style="list-style-type: none"> Remanded to the RCC by the PEM Board during its 44th Board Meeting on 24 February 2010 for further deliberation so as to





Legend:




	Awaiting submission of proposals from concerned parties		RCC-disapproved proposed amendments
	RCC-approved amendments for endorsement to the PEM Board		Deferred by the RCC
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2010 RCC Work Plan

Item	Issue/Proposed Rules Change	Target	Responsible Party	Deliverables	Remarks/Status
					incorporate new developments in the market and the power industry <ul style="list-style-type: none"> Approved during the 34th RCC meeting on 02 June 2010 For endorsement to the PEM Board, pending completion of RCC signatories
G7	Proposed Changes to the WESM Rules regarding the Creation of IPP Administrator as Another Category of WESM Membership	August	MPPCL		<ul style="list-style-type: none"> Awaiting comments from the market participants and other interested parties
G8	Review and harmonization of WESM Rules with other rules (e.g. DOE proposed policy development recommendations)	Dec.	RCC	Findings and proposals	
O P E R A T I O N S					
O1	Proposed Changes to the Information Disclosure and Confidentiality Manual	March	MO		<ul style="list-style-type: none"> Approved, in principle, during the 33rd RCC Meeting on 05 May 2010 Approved during the 34th RCC meeting on 02 June 2010 For endorsement to the PEM Board, pending completion of signatories
O2	Renewable Energy Resources	March	MAG & TC	<ul style="list-style-type: none"> Treatment of RER under the WESM regime taking into account the provisions of the RE Law wrt: <ul style="list-style-type: none"> Dispatching/Scheduling Pricing and Settlement 	<ul style="list-style-type: none"> Last discussed during the 29th RCC Meeting on 02 December 2009 Deferred, in view of the formulation of the RE Market by

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2010 RCC Work Plan

Item	Issue/Proposed Rules Change	Target	Responsible Party	Deliverables	Remarks/Status
					the Department of Energy
O3	Performance evaluation of Metering Service Provider (MSP)	2Q	Metering Subcom	<ul style="list-style-type: none"> Development of Criteria for establishing Performance Measures Recommendation on Performance measures 	<ul style="list-style-type: none"> Approved during the 33rd RCC Meeting on 05 May 2010 Endorsed to the PEM Board on 03 June 2010
O4	Removal of Application of Site Specific Loss Adjustment (SSLA) for Generators	2Q	Metering Subcom		<ul style="list-style-type: none"> The RCC, during its 33rd Meeting on 05 May 2010, agreed to close the discussion with the agreement to retain the application of SSLA for generators in the Metering Manual
O5	Proposed Changes to the WESM Rules and PEM Audit Manual concerning Software Changes	June	RCC	Implementation of minor and urgent software changes without prior audit, upon the approval of the PEM Board	<ul style="list-style-type: none"> Approved by the RCC on 10 March 2010 during its 31st Meeting Endorsed to the PEM Board on 12 April 2010 Remanded by the PEM Board to RCC during its 47th Board Meeting on 27 April 2010 Per discussion during the 34th RCC meeting on 02 June 2010, resubmit with recommended changes; Atty. Lib to draft clarification letter on liability issues

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2010 RCC Work Plan

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O6	Proposed Changes to the Metering Manual	July	RCC and RCC Metering Subcom	<ul style="list-style-type: none"> To improve the settlement of metered quantities and make the process more equitable to the Trading Participants <ul style="list-style-type: none"> Allocation of transformer losses in the SSLA process Resolution of case where there is no available load profile metered data To create a means to drop from the list of officially registered Metering Installations (MI) those MI which are no longer included in the energy settlement in the WESM 	<ul style="list-style-type: none"> Approved by the RCC during its 20th Meeting on 11 February 2009 Remanded to the RCC, as recommended by the Board Review Committee (BRC) on 26 April 2010, for further deliberation so as to incorporate recent developments in the power industry and recent issuances by the government Per discussion during the 34th RCC meeting, resubmit to the PEM Board the proposed changes in Section 7 and Section 9 of the Metering Manual except the proposed new Section 10, which shall be subject for further review
O7	Visayas WESM	July		<ul style="list-style-type: none"> Identification of issues 	<ul style="list-style-type: none"> Request presentation from DOE and MO (c/o Mr. Ed Fernandez of DOE)
O8	Proposed Changes to the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution due to Congestion for Energy Transactions in the WESM; PEN/PS	3Q (July)	PEMC (MO)	Proposed changes to the WESM Manual to reflect ERC decision	<ul style="list-style-type: none"> Under review by PEMC Awaiting proposal from PEMC-MO RCC priority for discussion, as directed by the PEM Board during its 46th Board Meeting on 25 March 2010





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O9	WESM Rules on Disconnection	August	PEMC Legal	Include Visayas concerns	<ul style="list-style-type: none"> RCC priority for discussion, as directed by the PEM Board during its 46th Board Meeting on 25 March 2010 Upon the agreement by the RCC during its 32nd Meeting on 07 April 2010, discussion is deferred until the issuance of circular on DWS and Disconnection Policy by the DOE During the 34th RCC Meeting on 02 June 2010, RCC agreed to request the PEMC Legal Department to interpret DWS and Disconnection Policy circular issued by the DOE (request for a presentation)
O10	Security Limit settling/imposition of constraints in the system	3Q	RCC MO & SO Members	<ul style="list-style-type: none"> Incorporation of detailed mechanics and procedure in the Dispatch Protocol (Related to O18) 	<ul style="list-style-type: none"> To check proposed revisions to the Dispatch Protocol Manual being reviewed by PEMC
	Overriding Constraint		RCC MO & SO Members	<ul style="list-style-type: none"> Guidelines/criteria on what constitutes an over-riding constraints Publication of general description of the nature of circumstances which will cause SO to impose or relax a constraint (WESM Rules 3.5.13.3) 	<ul style="list-style-type: none"> Publication completed; Analysis to be pursued
	SO discretion & MRU (Intervention of SO on dispatch of generator resulting to non-compliance of generator dispatch with WESM's RTD resulting to		RCC MO & SO Members	Guidelines/criteria on SO Discretion to ensure transparency	

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
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

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2010 RCC Work Plan

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O11	imbalance) Ramp rate	3Q	Technical Committee	<ul style="list-style-type: none"> Impact/Issues on pricing and scheduling based on current rules Development of Rules to mitigate impact on pricing and scheduling 	<ul style="list-style-type: none"> MO presented, for information, the proposed rules changes on ramp rates to the RCC during its 24th Meeting RCC directed the MO/SO Subcommittees to review the issue, in coordination with the Technical Committee To request presentation during the 1st quarter To check TC's target date
O12	Submission of bilateral contract data	3Q	Billing and Settlement headed by RCC MO member	<ul style="list-style-type: none"> Feasibility of Day-Ahead declaration of BCQ 	<ul style="list-style-type: none"> Request presentation
O13	Net Settlement Surplus (NSS)	3Q	PEMC Billing & Settlement		<ul style="list-style-type: none"> Under review by PEMC
O14	WESM Dysfunctionalities cited by the SWRRC	3Q	PEMC MO	<ul style="list-style-type: none"> Feasibility of integrating DU Facilities in the MNM (Integration of DU in the WESM MNM) wrt: <ul style="list-style-type: none"> - Revenue Metering - Data collection, Processing and settlement - Impact and treatment of DU losses Policy recommendations to effect rules changes 	<ul style="list-style-type: none"> MO Update presented to the RCC during the 22nd RCC Meeting on 13 May 2009 Request for an update from MO Request update from Legal

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

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O15	Reserve Dispatch Protocol	3Q	MO/SO/B&S	<ul style="list-style-type: none"> Development of Reserve Dispatch Protocol <ul style="list-style-type: none"> Operations Planning Coordination/workflow Timetable Intervention Treatment of Contracts vs. Spot Monitoring and Compliance 	<ul style="list-style-type: none"> Subject to the submission of the Dispatch Protocol to the RCC by the Subcommittees To check if consistent with the proposed revisions on Dispatch Protocol Manual currently being reviewed by PEMC
O16	Review of Automatic Load Dropping (ALD) / Manual Load Dropping (MLD)	3Q	RCC MO & SO Members	<ul style="list-style-type: none"> List of current issues wrt to ALD/MLD Review of Management Procedure for Load Shedding (Prioritization of BCQ) Short/Medium term development requirements for the participation of ILD 	<ul style="list-style-type: none"> RCC priority for discussion, as directed by the PEM Board during its 46th Board Meeting on 25 March 2010 Awaiting proposal
O17	MMS Enhancements Implementation (Pmin Decommitment)	3Q	PEMC (MO)		<ul style="list-style-type: none"> MO presented, for information, the proposed rules changes on Pmin de-commitment to the RCC during its 24th Meeting MO has yet to submit the proposed rules changes
O18	Price adjustment in lieu of SSLA	3Q	DUs Members c/o MERALCO	Determination of Feasible alternative Options to SSLA (Short/Medium/Long term options) including infra and cost impact	<ul style="list-style-type: none"> Cross reference with DOE policy development (Item 1)
O19	Wholesale Aggregators	3Q	Legal/BS/MO/ RCC Supply Member	Harmonize WESM Rules with ERC guidelines on WA	<ul style="list-style-type: none"> Request presentation of issues/concerns from the registered WA

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O20	Limit Pmin	3Q	Technical Committee	Develop criteria for submission to TC	<ul style="list-style-type: none"> Request presentation from the TC
O21	RE Market Rules	4Q	PEMC		<ul style="list-style-type: none"> To request for policy direction from DOE Request presentation from Mr. Mario Marasigan of DOE
O22	VoLL Pricing	4Q	RCC MO/SO Members	<ul style="list-style-type: none"> Application of Price Substitution Mechanism for other PEN intervals (aside from PS for congestion) Other options 	<ul style="list-style-type: none"> Request presentation from the MO on possible Voll prices to be used

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