

MINUTES OF THE 41ST MEETING OF THE RULES CHANGE COMMITTEE

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

MEMBERS PRESENT:

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

MEMBER/S NOT PRESENT:

Vicente C. Sioson	-	Distribution Sector – MERALCO
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OTHERS PRESENT:

Senen D. Fenomeno	-	PEMC – MO
Celina R. Encarnacion	-	PEMC – Legal
Gladys G. Nebab-Zamora	-	PEMC – Legal
Hilary Romeli C. Florendo	-	PEMC – ECO
Bienvenido C. Mendoza	-	PEMC – MAG
Roel B. Calano	-	PEMC – BSMD
Dennis de la Serna	-	Aboitiz Power Corporation
Pablo B. Anido	-	PSALM
Henry V. dela Cruz	-	NGCP
Ambrocio R. Rosales	-	NGCP
Michael L. Pascual	-	NGCP

SECRETARIAT

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

After determining the presence of a quorum, the 41st Rules Change Committee meeting was called to order by the Acting Chairperson Prof. Epictetus E. Patalinghug, at about 9:20 A.M. The following agenda items were discussed:

1. Adoption of the Proposed Agenda

The Proposed Agenda for the 41st RCC Meeting was presented and approved.

2. Reading and Approval of the Minutes

The Minutes of the 39th RCC Meeting was presented and approved, subject to the clarifications on a statement made by Atty. Debora Layugan on Aboitiz Power Corporation's proposal to address issues on the "Must-Offer" rule, which reads as follows:

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"Atty. Layugan shared that another underlying reason for the must-offer rule is that the reduction in the offered quantities will not amount to anti-competitive behavior. She expressed her concern that with the proposed rules changes where everything is already written in the rules, the burden of proving that the reduction is valid is already cancelled."

3. Business Arising from the 39th and 40th RCC Meeting

a. Proposed Amendments to the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution due to Congestion for Energy Transaction in the WESM

Mr. Roel B. Calano presented the results of the simulation on the following four (4) scenarios that might possibly occur with the integration of Visayas grid in the WESM:

1. PSM is manifested in Luzon while the HVDC power flow is from Luzon to Visayas;
2. PSM is manifested in Luzon while the HVDC power flow is from Visayas to Luzon;
3. PSM is manifested in Visayas while the HVDC power flow is from Luzon to Visayas;
and
4. PSM is manifested in Visayas while the HVDC power flow is from Visayas to Luzon

As a summary, the regional application of PSM shall be applied as follows:

- a) Where generation quantity is exported from the region with congestion to the non-congestion region, the following shall apply:
 - The generator total trading amount in the congested region shall be calculated using the substitute (PSM) price
 - The generator trading amount corresponding to the exported quantity (export trading amount) will be deducted from the generator total trading amount that will be collected from the customers of the congested region.
 - The export trading amount shall be determined by multiplying the export metered quantities by the nodal or normal price of the non-administered region
 - The export trading amount will be collected from the customers of the non-congestion region
 - The non-congested or normal region will be settled using the normal price.
- b) Where generation quantity is imported from the non-congestion region, the following shall apply:
 - The generator total trading amount in the congested region shall be calculated using the substitute (PSM) price
 - The trading amount corresponding to the imported quantity (import trading amount) will be added to the generator total trading amount that will be collected from the customers of the congested region
 - The import trading amount shall be determined by multiplying the import metered quantities by the nodal price of the non-administered region

On Mr. Calano's presentation on the proposed settlement mechanism for item a, Mr. Augusto Sarmiento observed that the customers of the congested region will pay for the differential export trading amount and will, thus, be charged a certain amount for a certain power that they did not use in the first place. He further noted that the proposed mechanism is contrary to the previous agreement made by the RCC during its 39th meeting that the differential export trading amount will be charged to the importing region.

On the issue on which should be the correct price for the HVDC, Ms. Cherry Javier asserted that HVDC should be priced whatever is the price of the normal (non-congested) region because it is determined using the price determination methodology where the market system condition is normal. She added that the normal price could either be higher or lower than the PSM price.

Mr. Robinson Descanzo advised the body that the issue raised by Mr. Sarmiento was also raised during the previous meeting. However, because of the limitation of the current settlement system as expressed by Mr. Calano, it was proposed to retain the existing settlement system rather than introducing a new one. Noting this, Mr. Descanzo suggested for the body to approve the regional application as proposed and assess its impact during implementation.

Following the recommendation made by Mr. Descanzo, the RCC approved the proposed amendments on the Price Substitution Methodology Manual (*copy of RCC Resolution 2010-12 attached as Annex A*).

b. Proposed Urgent Amendments to the WESM Dispatch Protocol Manual, Issue 5.0 and Procedure for Determining Ex-Post Nodal Energy Prices, Issue 1.0 regarding the Exclusion of Contingency List as Input in the RTX Process

Mr. Senen D. Fenomeno presented, for discussion and approval the PEMC's proposal to remove the contingency list as input in the ex-post (RTX) process. The said amendment was proposed in order to better reflect the WESM Rules Clause 3.10.6 (d) where the ex-post nodal energy price for each market trading node shall be determined assuming "a market network configuration and network state which the Market Operator, in consultation with the System Operator, in its reasonable option determines to best represent network conditions pertaining for the duration of the trading interval, as provided for by the procedures developed under clause 3.10.7".

It must be noted that the said proposal was already submitted and presented to the RCC during its Special Meeting on 04 October 2010; however, in light of the imminent integration of Visayas grid in the WESM, the PEMC resubmitted the rules change proposal as URGENT AMENDMENTS on 11 October 2010.

As a background, Mr. Fenomeno explained that the scheduling process for the ex-ante (RTD) includes a list of probable contingency events to ensure that the resulting schedules will be valid and implementable as well as to ensure that the system remains in normal operating condition in the event of a contingency. Given that the ex-post process is used only for the purposes of determining prices for settlement, the Market Operator (MO) views that there is no need to include the list of contingency event in the RTX process. Mr. Fenomeno further clarified that occurrence of contingency, if any, will be reflected in the system snapshot (real-time data).

On the premise that the contingency list is one of the reasons for the occurrence of pricing error notices (PEN), Mr. Ralph Crisologo viewed that the contingency list should be reviewed rather than proposing to remove it from the RTX process. He added that there should be an assessment so as to identify which should not be part of the contingency list.

On the query of Atty. Liberty Dumlao and Mr. Crisologo as to the reason of the inclusion of contingency list in the RTX process, Mr. Descanzo responded that the contingency list was included in order to extensively implement N-1 contingency.

There being no objections, the RCC approved the proposed urgent amendments to the WESM Dispatch Protocol Manual, Issue 5.0 and Procedure for Determining Ex-Post Nodal Energy Prices, Issue 1.0 regarding the removal of contingency list from the RTX process (*copy of the RCC Resolution 2010-13 attached as Annex B*).

c. Proposed New WESM Manual on the Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-run

The proposed new WESM Manual, similar to the rules changes proposal in the preceding item, was already submitted and presented to the RCC during its Special Meeting on 04 October 2010. It was resubmitted by PEMC as URGENT AMENDMENTS on 11 October 2010 in light of the forthcoming launching of WESM Visayas commercial operations.

Mr. Fenomeno presented, for discussion and approval, the details of the proposed amendments, which include the rationale and the contents of the new WESM Manual:

- Rationale:
 - Compliance with WESM Rules clause 3.10.5 (a) 2nd paragraph, as amended by DOE Circular No. DC 2010-03-0004 dated 21 March 2010, where the Market Operator is directed to develop and publish the procedures for the determination of market re-run prices. Such procedures shall provide the criteria and conditions for the market re-run and timetable for implementation.
- Contents of the new WESM Manual:
 - Criteria that will guide the Market Operator in determining whether or not the market prices are in error as would warrant the issuance of a pricing error notice (PEN) and the application of the corresponding substitute prices;
 - Guidelines for the performance by the Market Operator of a re-run of the Market Dispatch Optimization Model in cases where a pricing error notice is issued for the ex-post market runs;
 - Guidelines for applying the rules on price substitution as set forth in the WESM Rules and in the PSM Manual; and
 - Guidelines for the application of the WESM Rules clause 3.9.6 and 3.10.5 and the Manual when either the Visayas or the Mindanao grids are integrated in the WESM.
- The list of erroneous and inconsistent data that can result to a pricing error, which forms part of the WESM Manual as Appendix, was also presented:
 - Improper use of security limits
 - Conflicting outage schedule and security limit nomination
 - Outage schedule is inconsistent with actual outages
 - Bad and non-updating system snapshot data
 - Errors resulting from limitations of Market Network modeling

The following were the salient points raised by the body:

- Mr. Raul Joseph Seludo sought clarification on the rationale behind the inclusion of transmission constraint group as one of the conditions that would warrant the issuance of non-congestion pricing errors.

In response, Mr. Fenomeno explained that there is a function in the MMS that groups several transmission lines and sets a combined limit (e.g. 10,000MW). Pricing error

occurs upon violation of the combined limit. He clarified, however, that the said functionality is currently not being used.

- Mr. Descanzo noted that there is a need to define localized constraint in the Manual so as to clarify that there are certain violations in contingency base case and transmission constraint that are localized, in which case the price substitution methodology shall not apply.
- Mr. Ambrocio Rosales posed his nonconcurrency with the inclusion of the proposed "improper use of security limits" as one of the erroneous data that can result to a pricing error. He viewed that the proposed phrase connotes an oversight by the System Operator (SO) which in actuality are errors brought about by conflicting generator offers and security limits imposed by SO.
- Mr. Rosales wanted to be clarified as to the cause of pricing error, whether it is due to HVDC nomination or due to MMS computation.

Mr. Fenomeno clarified that HVDC nomination not met causes the pricing error. He added that the fact that the nomination is not met does not mean an error in the nomination itself.

Mr. Rosales observed that the way the pricing error is being issued seems to imply SO as being the cause of such. Noting Mr. Rosales concerns, Mr. Descanzo suggested improving the method of reporting the pricing error.

- Ms. Javier requested clarification as to when the market re-run is really performed since she came across a manual that states that the market re-run shall be performed at least seven days after the relevant trading interval.

Mr. Descanzo expressed to look into it as there is also a provision in a manual that says all re-runs should be completed prior to the issuance of final settlement.

Noting the suggestions/concerns raised by the body, the RCC agreed to approve the proposed new WESM Manual on Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run (*copy of the RCC Resolution 2010-14 attached as Annex C*), subject to the following revisions:

- Replace the word "believed" in proposed Section 5.1.2 with "determined", to read as follows:

"Non-congestion pricing errors are those that occur when there are no ex-ante prices or ex-post prices determined or communicated within the timetable or when such prices are ~~believed~~ determined to be in error but are otherwise not classified as network congestion pricing errors under the PSM Manual."

- For clarity purposes, include definition of localized constraint in proposed Section 6.1.1.
- Replace the proposed phrase "improper use of security limits" in Item 1 of Appendix A with "conflicting generator offers and security limits data".

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d. PEM Board Approved-Proposed Changes to Section 9 of the Metering Manual regarding the Allocation of Transformer Losses in Site Specific Loss Adjustment (SSLA)

Following the PEM Board's directive during its 51st meeting on 25 August 2010 for the RCC to discuss further the proposed revised formula for allocating the transformer core loss to each metering point in Section 9 of the Metering Manual, Mr. Emmanuel Sotomil, the former Chairman of the now defunct RCC Metering Subcommittee, was invited to provide his comments/clarifications on the rationale and details of the proposed revisions.

As a background, Mr. Sotomil provided that the specific issue on the SSLA procedure is on the allocation of the transformer core loss to the load served by a power transformer. The procedure, he explained, provides for equal sharing of the transformer core loss among loads with non-zero consumption. If several loads of different sizes (either small or large loads), are connected to same power transformer and with equal sharing of the core loss, the small loads will be burdened by the same amount of the core loss as the large loads. The Subcommittee, thus, proposed the allocation of core loss to the various meter loads in proportion to their metering consumption in order to correct said procedure. For a load with zero consumption, the Subcommittee proposed to allocate the transformer core loss based on historical load share that is established over the past six months.

To further enlighten the body, Mr. Sotomil presented a case where large and small loads are being served by same power transformer. Using the procedure where the core loss is distributed equally among the loads, results showed that the smallest load receives the highest increase in its metered consumption whereas for the large loads, the share of core loss translates to much smaller increases in their billed quantities.

Another case was likewise presented where the smallest load has zero consumption. The results showed that equal allocation of core loss has minimal effect on metering points with usually high reading. In cases where the large load has zero consumption, there is a significant increase in the metered consumption of a small load.

The following were the points/comments raised by the body:

- On Mr. Crisologo's inquiry on whether the core loss is correlated with the usage, Mr. Sotomil clarified that the core loss has nothing to do with the consumption. If such is the case, Mr. Crisologo expressed his reservation on the proposal to allocate the core loss in terms of ratio and proportion. He noted that the loads are paying based not on use but on connection.

Mr. Sotomil replied that the clamor of the affected parties to allocate the core loss in proportion to the metered quantities caused the proposed amendments.

- In cases where one meter registers zero consumption and will not be allotted the core loss, Mr. Sarmiento viewed that it is unfair to the other customers who are connected to the same power transformer. Since the basis in coming up with a capacity is the submitted forecast demand (contract specification for the demand and energy) which is updated every year by the customers, he proposed that the allocation of the core loss should be based proportionately on the contracted and not on the metered.

Mr. Sotomil stated that Mr. Sarmiento's suggestion is not so much different from the Subcommittee's proposal to use historical load share which will be established over a six (6) months period prior to the event during which the meter registers zero consumption. He added that if a particular metering facility has no consumption, it will

be allocated a core loss share that is based on contracted demand data or historical share data, whichever is available.

Mr. Sarmiento proposed to use twelve-month moving average instead of 6 months so as to address seasonality, to which the RCC agreed.

Following the discussion, the RCC agreed to maintain the proposed revised formula as submitted earlier to the Board, subject to revision to use twelve-month moving average for the computation of historical load share. Likewise, the RCC agreed to present again to the PEM Board the rules change proposal so as to clarify further its details and rationale.

e. Proposed Changes to the WESM Manual of Procedure on Start-up and Shutdown of a Generating Unit and to the Dispatch Protocol Manual regarding the Must-Offer Rule

Mr. Dennis de la Serna provided his response/clarifications on the comments/concerns/issues raised by several members of the RCC (which were received by the Secretariat through electronic mail) on the Aboitiz Power's proposed amendments to address the generator issues on the Must-Offer rule.

- In its comments, MPPCL proposed that the generator's run from its synchronization to the start of the next trading interval should be paid using the MRU compensation mechanism and that if MRU pricing will not cover the short run marginal cost of the generators, then the difference can be recovered through the additional compensation mechanism. Mr. de la Serna expressed his concern on the proposed additional mechanism given that historically, there is an issue on how is it being paid off or being implemented by the MO.

Mr. Descanzo opined that the Aboitiz Power's proposal to pay the generating unit based on its short run marginal cost can be addressed through the Pmin Decommitment option previously proposed by MO. In response to Mr. Crisologo's suggestion to pursue the said proposed option, Mr. Descanzo clarified that PEMC has yet to submit its position on the Aboitiz Power's proposal.

Mr. de la Serna suggested to await PEMC's proposal on Pmin Decommitment before proceeding with the discussion on the proposal to pay the generators based on its short run marginal cost.

- Mr. de la Serna asserted that the Aboitiz Power stands by its position that coal constraints should be included in the definition of maximum available capacity. He maintained that there will be instances of coal supply shortage despite plant's forecast.

He likewise brought up the comments raised by PSALM during the previous meeting to also consider natural gas issues in the definition of the plant's maximum available capacity.

Mr. Seludo reiterated SO's comments that coal supply requirements can be forecasted and is within the control of the generating plants, to which Ms. Javier disagreed. She asserted that it is not that easy to procure coal as it usually takes about one month for coal supply to arrive.

Noting the issues raised by the generators, the Acting Chairperson remarked that, in order to minimize uncertainty, the industry should have a planning capability to

centralize the procurement of coal, where the purchase of coal is passed on to a centralized agency and where generators pay a certain cost for such service.

- On Mr. Vicente Sioson's comment that an important foundation of a free and competitive market is the availability of many suppliers, Mr. de la Serna argued that if it really is a free market, then generators should be allowed to cancel their offers and should not always be compelled to offer whatever capacity. Further, he related some issues of the generators such as the requirement to run even if there is more than enough power supply as well as the requirement to offer their capacity at Pmin and get paid less than the operating cost. Mr. de la Serna also surmised that the issue on cancellation of offer is also joined with Pmin issues which may be addressed through the Pmin Decommitment option.

Mr. de la Serna refuted SO's comments that fast-start generators will not be dispatched if there is enough supply to meet the demand. He asserted that these generators are being dispatched at their Pmin level.

On the proposal to compensate the generators which request for cancellation of offers was not approved by SO, Mr. Rosales clarified that SO's functions do not include approval or disapproval of said request by the generators. He reasoned that SO has to comply with the dispatch schedule and will only intervene in case of emergency.

On Ms. Javier's query as to which generators are shut down during instances where all plants are available but there is more than enough supply to meet the demand, Mr. Rosales explained that SO will prioritize dropping generators with the highest price offer, as indicated in the Merit Order Table. Mr. Descanzo further clarified that such is the case if there is no security constraint; however, if there is security constraint, the generator with no impact on system security will be shut down first.

Noting Ms. Javier's query, Mr. de la Serna stressed the need for a protocol that allows the generators during certain situations to be able to cancel their bids. He added that generators should not be constrained to offer their maximum available capacity at all times. He also rationalized that fast-start generators should be allowed to cancel their offers since they can ramp up and down faster compared to coal-fired.

Mr. Descanzo opined that the proposed additional compensation for generators which are not allowed to cancel their offers is difficult to implement. He added that there is a need to tackle and address issues on Pmin and Pmax first.

- On the query of Mr. Descanzo on how to address the issue of non-compliance of the generators to the Must-Offer rule, Mr. Hilary Florendo explained that there is provision in the Market Surveillance, Compliance and Enforcement Market (MSCEM) Manual that requires the WESM members, MO, and SO to self-report if they were not able or will be unable to comply with the provisions of the WESM Rules and Market Manuals. This self-reporting is in a form of Non-Compliance Notice. He likewise cited Section 9.2.2 of the WESM Manual which lists down the details that need to be included in the submission of the Non-Compliance Notice.

Section 9.2.2 reads as follows:

"The Non-Compliance Notice shall include:

- (a) The particular provisions that has not been or will be not be complied with;*
- (b) A description of the extent of non-compliance;*

- (c) *The reason for the non-compliance;*
- (d) *The remedial plan that will be taken to mitigate the effects of non-compliance or to achieve full compliance; and*
- (e) *The time frame, if not the actual date, by which compliance could be achieved."*

The RCC agreed to await first the submission of comments from other interested parties before rendering its decision on the Aboitiz Power's proposal on the "Must-Offer" rules.

4. Main Business

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
A. Proposed Amendments to the Administered Price Determination Methodology Manual (<i>Urgent Amendments</i>)	<p>Mr. Calano presented, for discussion and approval by the body, the proposed amendments to the Administered Price Determination Methodology Manual.</p> <p>He opened the discussion on the proposed amendments by providing a background on the administered price determination methodology:</p> <ul style="list-style-type: none"> • The administered price shall be used for settlement in cases where: <ul style="list-style-type: none"> - There is market intervention imposed by SO - There is declaration of market suspension by the ERC • The administered price applies when the MO is not able to generate or determine the price for energy for any given trading interval that intervention or suspension is in effect. • The price and schedule for a given price schedule or trading interval shall be equivalent to the load weighted average ex-post energy price of the corresponding trading interval of the four (4) preceding similar days, provided that the prices of these trading intervals are not administered prices. <p>Mr. Calano expounded that the administered price is currently calculated using the load weighted average of ex-post quantity. He emphasized that the proposed amendments to the APDM Manual include the use of the metered quantity in the calculation of the administered price since the ex-post quantity does not necessarily reflect the actual schedule of the generator during market intervention or suspension.</p> <p>Likewise, Mr. Calano detailed the proposed regional application of APDM, where, upon integration of Visayas grid in the WESM, APDM shall apply only to</p>	<p>The RCC approved the urgent amendments to the Administered Price Determination Methodology Manual, subject to the following revisions:</p> <ul style="list-style-type: none"> • Clarify in the APDM the treatment of cross declaration of BCQs between normal (non-administered) and administered regions; and • Specify that the rate that will be applied during the first month from the start of the WESM Visayas will be the TOU effective grid rate approved for the Visayas.

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the region where the market suspension or intervention is declared.

- Where generation quantity is exported from the administered region to the non-administered region, the following shall apply:
 - The generator trading amount corresponding to exported quantity ("export trading amount") shall be deducted from the generator total trading amounts
 - The trading amount will be allocated and collected from the customers of the administered (exporting) region
 - The export trading amount will be collected from the customers of the non-administered (importing) region
 - The export trading amount shall be determined by multiplying the export metered quantities by the nodal price at an assigned reference market trading node in the non-administered region
- Where generation quantity is imported from non-administered region to administered region, the following shall apply:
 - The trading amount corresponding to such quantity ("import trading amount") will be added to the generator total trading amount
 - The trading amount will be allocated and collected from the customers of the administered (importing) region
 - The import trading amount shall be determined by multiplying the import metered quantities by the nodal price at an assigned reference market trading node in the non-administered region.

Mr. Calano clarified that the same principle of the regional application of PSM is applied to APDM.

Mr. Calano also explained that part of the amendments to the Manual proposes that for the first month from the start of the WESM operations in the Visayas, the administered price that will be applied will be the effective grid rate approved for the Visayas.

Ms. Javier proposed to include in the proposed amendments to the APDM Manual the treatment of cross declaration of bilateral contract quantities (BCQs) between normal and administered regions.

Likewise, Mr. Alfredo Licudine suggested to specify in the APDM Manual that the rate that will be applied during the first month from the start of the WESM Visayas will be the Time-of-Use (TOU) effective grid rate approved for the Visayas.

	<p>There being no comments from the body, the RCC approved the urgent amendments to the Administered Price Determination Methodology Manual (<i>copy of RCC Resolution 2010-15 attached as Annex D</i>), subject to the following revisions:</p> <ul style="list-style-type: none"> - Clarify in the APDM the treatment of cross declaration of BCQs between normal (non-administered) and administered regions; and - Specify that the rate that will be applied during the first month from the start of the WESM Visayas will be the TOU effective grid rate approved for the Visayas. 	
<p>B. Presentation on the Refinement of the Automatic Load Dropping (ALD) and Manual Load Dropping (MLD)</p>	<p>As a background, Mr. Seludo explained that the SO came up with the proposed alternate Manual Load Dropping (MLD) scheme upon the request of the RCC to study the possibility of proposal to tie up the bilateral contracts with generators to the MLD. He likewise informed the body that MO was requested to provide the SO, for better analysis, the existing bilateral contracts with generator; however, due to certain confidentiality clauses, the MO was not able to provide said request. With regard to the RCC's request to refine the current MLD procedures to incorporate best practices, he clarified that SO has also requested the MO to look into it as he viewed that it is MO's responsibility to research on the existing practice of other markets.</p> <p>Mr. Seludo also clarified that the proposed MLD scheme that will be presented still needs further review and study.</p> <p>Mr. Rosales presented, for information of the body, the proposed refinement on the MLD procedures, as follows:</p> <ul style="list-style-type: none"> • Background <p>The current practice on MLD implementation is based on 75%-25% sharing policy, where the amount of load to be dropped is shared by MERALCO and NGCP at 75% and 25%, respectively.</p> <ul style="list-style-type: none"> • MLD Implementation <p>For customers scheduled by the SO, the MLD is implemented based on its Order of Priority:</p> <ol style="list-style-type: none"> 1) Residential 	

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	<ul style="list-style-type: none">2) Commercial3) Industrial4) Voluntary Load Curtailment <ul style="list-style-type: none">• Possible scenarios where there are customers without bilateral contract and customers with bilateral contracts with generators<ul style="list-style-type: none">- Single generator with bilateral supply contract only with a single customer and connected to a single feeder- Mixed customers connected to a single feeder without bilateral supply contract with generators- Mixed customers connected to a single feeder and where a certain generator has bilateral contract with specified customers.- Mixed customers connected to a single feeder with bilateral supply contract with different generators- Customers with bilateral supply contract with different generators are connected to the same feeder as that of customer without bilateral contract• Proposed alternate MLD scheme during instances where Red Alert Notice is served due to generation deficiency as a result of supply shortfall<ol style="list-style-type: none">1. Determine what plant/s could have triggered the supply shortfall (i.e. the generator which causes the most recent brown out).2. Categorize the identified generator/s if with or without bilateral supply contract with the customer/s.3. Determine the amount and the duration of the Manual Load Dropping.<p>Using the forecasted demand, the amount of load to be shed is determined by subtracting the available supply capacity from the demand on a particular interval.</p> <ol style="list-style-type: none">4. Issue Red Alert Warning Notice before 1600H for the next day5. Issue Brown Out Schedule to all Area Control Centers (ACCs) and MERALCO SCC.6. ACCs to disseminate the Alert Notice to all corresponding substations under their area of responsibility.7. Substation/s to disseminate the information to their corresponding customer/s.8. Issue Demand Control Imminent Warning Notice 30 minutes before MLD implementation.9. Implement Manual Load Dropping.	
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10. Issue Market Intervention.

- Relevant Philippine Grid Code (PGC) provisions
 - Establish a "Priority Scheme" for Manual Load Dropping based on Equitable Load Allocation. (PGC 6.6.5.2)
 - If the System Operator has determined that the Manual Load Dropping carried out by the User is not sufficient to contain the decline in the Grid Frequency, the System Operator may disconnect the total Demand of the User in an effort to preserve the integrity of the Grid. (PGC 6.6.5.3)
 - If a User disconnected its Customers upon the instruction of the System Operator, the User shall not reconnect the affected Customers until instructed by the System Operator to do so. (PGC 6.6.5.2)

The following were the comments/issues raised by the body:

- Ms. Javier inquired as to whether the generator has the option to choose which customers to be dropped (e.g. delinquent customer) or whether the generator can provide the SO a list of customers to be prioritized during load dropping.

In response, Mr. Seludo cited clause 6.6.5.1 of PGC which states that *"The user shall make arrangement that will enable it to disconnect its customer immediately following the issuance by the System Operator upon instruction to implement manual load dropping."*

- Mr. Descanzo inquired whether SO can implement partial load dropping during instances where one of the generators of a customer with more than one supplier (supplied by more than one generator) is unable to deliver its capacity.

In response, Mr. Rosales remarked that the SO will not implement partial load dropping; instead the SO will require the customer to drop part of its load. However, there are no means by which the SO can monitor customer's compliance to said requirement.

- On Mr. Sarmiento's query on whether the MLD block with the proposed new scheme will be harmonized with the ALD block, Mr. Rosales replied that it is difficult to ascertain at this stage. He added that the proposed MLD scheme needs to be

	<p>established first.</p> <ul style="list-style-type: none"> • Mr. Rosales raised the following issues that need to be addressed first in order to refine the proposed alternate MLD procedure: <ul style="list-style-type: none"> - Full disclosure of a complete list of customers with Bilateral Supply Contract with generators or vice versa. - Who will provide the nomination of customers with bilateral supply contracts? - Customers with multiple contracts - Validity of existing contracts and its expirations - Entry of new contracts - Multiple connections with single control feeder - No control feeder to isolate the customer - Industrial customers will be affected - Actual monitoring of compliance to MLD schedule <p>Mr. Seludo expressed that the proposed alternate procedure was presented in order for the RCC to see its complexity and that a number of issues has to be addressed before the SO can fully come up with a final document. Further, he viewed that the proposed alternate scheme needs cooperation and agreement of every generator.</p>	
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5. Other Matters

- a) The RCC Acting Chairperson informed the RCC of the PEM Board's approval on the RCC-approved Proposed Amendments to the WESM Rules and PEM Audit Manual concerning Software Changes during its meeting on 05 October 2010.
- b) Mr. Fenomeno informed the RCC of the PEM Board's decision to remand the RCC-approved **Proposed Amendments to the WESM Dispatch Protocol Manual on the fixed HVDC scheduling** for further discussion to include the concerns raised by NGCP-SO. Further, he apprised the RCC of the results of the discussion between the MO and SO during their coordination meeting on 12 October 2010 at Cebu City, where the SO expressed their agreement on the proposed revisions subject to the addition of a new section in the Dispatch Protocol Manual which will further elaborate the proposed HVDC power flow scheduling.

Accordingly, he presented the draft contents of the new section which are still subject to further refinement and review by PEMC and NGCP-SO. The new section will contain the following:

- Purpose:
 - To describe how the power flow through Leyte-Luzon HVDC link is scheduled.

- Scope:
 - The section will cover all activities relating to the scheduling of the power flow through the Leyte-Luzon HVDC transmission line.
- Responsibilities of the Market Operator and the System Operator
- Two modes of HVDC scheduling:
 - Variable Mode – which is the current practice where schedule of power flow is determined through simultaneous dispatch optimization of Luzon and Visayas regions as a single market. Mr. Fenomeno clarified that this is the ideal mode of operation with the integration of Visayas grid in the WESM.
 - Fixed mode – which will be implemented through the use of security limits functionality of the MMS. This mode will be used as a form of price mitigation during market intervention, market suspension and other conditions where isolation of price between regions is necessary. During market intervention or suspension, the SO will determine the schedule of HVDC transmission line.

Mr. Descanzo further explained that with the variable mode, the resulting schedule will be based on price competition. However, there will be instances where power flow will vary from time to time (e.g. Luzon to Visayas, Visayas to Luzon), thus, the fixed mode was proposed in order to provide option to control the power flow.

Mr. Rosales viewed that the responsibility of inputting the fixed HVDC schedule should rest with the MO. He likewise suggested not to involve SO in coming up with schedule to avoid occurrences of pricing error due to SO nomination. He stressed that SO's functions should be confined to the implementation of dispatch schedule being generated and provided by the MO.

As the proposed new section needs further refinement and review by both SO and MO and in view of the PEM Board's directive to discuss the said proposal during its next Board meeting on 21 October 2010, Ms. Javier suggested for the RCC to approve the proposal through *ad referendum*.

Following Ms. Javier's recommendation, the RCC Acting Chairperson requested PEMC to submit the revised rules change proposal on fixed HVDC scheduling before the October 21 Board meeting and moved for its possible approval through *ad referendum*, to which the RCC agreed.

6. Next Meeting

The RCC agreed to hold its next meeting on 10 November 2010.

7. Adjournment

There being no matter to be discussed, the meeting was adjourned at 4:20 P.M.

Prepared by:

Rheinhart O. Banogon

Rheinhart O. Banogon


Noted by:

Elaine D. Gonzales


Elaine D. Gonzales


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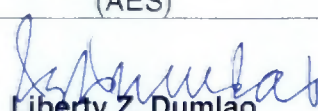
Approved by:
RULES CHANGE COMMITTEE

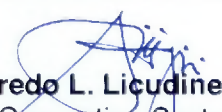

Epictetus E. Patalinghug
Acting Chairperson
Independent
University of the Philippines
(UP)

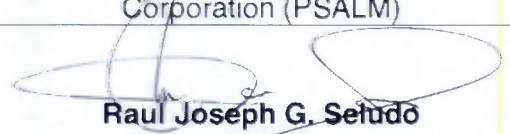
Members:

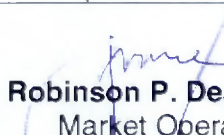

Cherry Aquino-Javier
Generation Sector
AES Philippines
(AES)


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


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

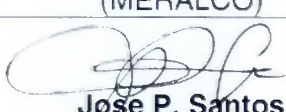

Alfredo L. Licudine, Jr.
Generation Sector
National Power Corporation
(NAPOCOR)



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, Inc.
(INEC)


Conrado D. Pecjo
Supply Sector
Angeles Power, Inc.

Annex A



Philippine Electricity Market Corporation

WHOLESALE ELECTRICITY SPOT MARKET RULES CHANGE COMMITTEE

RESOLUTION NO. 2010-12

Proposed Amendments to the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM

WHEREAS, the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM (the "Manual") provides the guidelines and criteria for determining what constitutes pricing errors arising due to congestion in the network as well as the guidelines and procedures for the determination of the substitute prices and quantities to be used for settlement of energy transactions in trading intervals where there is pricing error due to network congestion;

WHEREAS, there is a need to amend the Manual to make the provisions consistent with the Energy Regulatory Commission (ERC) Decision (dated 16 February 2009) and Order (dated 17 August 2009) in ERC Case No. 2008-051 RC on the supplemental application for the approval of the price determination methodology for the WESM, as well as to harmonize the methodology with WESM Rules Clause 3.10.5 on the declaration of pricing error notices (PEN);

WHEREAS, during the 35th RCC Meeting on 16 June 2010, the Philippine Electricity Market Corporation (PEMC) submitted and presented its proposed amendments on the Manual to the Rules Change Committee (RCC) for consideration and approval;

WHEREAS, during the said 35th meeting, the RCC directed the PEMC Market Operations Group to study and validate the price spread threshold value that will be used to determine whether the methodology provided for in the Manual shall apply when the Market Clearing Price (MCP) is zero due to congestion;

WHEREAS, during the 37th RCC Meeting on 04 August 2010, the RCC approved, as amended, the proposed mathematical formula put forth by the PEMC-MO for the determination of the price spread threshold value during trading intervals with zero MCP;

WHEREAS, during the 38th RCC Meeting the PEMC Billing, Settlement and Metering Department (BSMD) presented the principle of the proposed settlement mechanism for the regional application of Price Substitution Methodology (PSM) upon integration of the Visayas grid in the WESM;

WHEREAS, during the 39th RCC Special Meeting on 08 September 2010, the PEMC MO and BSMD presented the proposed new Section 8 in the Manual which provides the settlement mechanism for the regional application of PSM;

WHEREAS, during the said 39th meeting, the RCC requested the PEMC BSMD to conduct a simulation of the proposed mechanism;

WHEREAS, during the 40th RCC Special Meeting on 04 October 2010, the PEMC BSMD presented the detailed formulation of the proposed settlement mechanism;

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Rules Change Committee

Resolution No. 2010-12

Proposed Amendments to the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM

WHEREAS, during the said 40th meeting, the RCC approved the proposed settlement mechanism and other proposed amendments to the Manual, subject to the inclusion of the detailed formulation of the settlement mechanism as Appendix of the Manual

WHEREAS, during the 41st RCC Meeting on 13 October 2010, the RCC agreed to adopt the revised proposed amendments, incorporating the RCC comments/suggestions

NOW THEREFORE, we, the undersigned and in behalf of the sector we represent, hereby resolve as follows:

RESOLVED, that the proposed amendments to the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM (attached as Annex 'A'), as revised by the RCC, are adopted and approved in full.

RESOLVED FINALLY, that the proposed amendments to the WESM Manual on the Methodology for Determining Pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM be endorsed to the PEM Board for approval.

Done this 13 October 2010, Pasig City.

Rules Change Committee

Resolution No. 2010-12

Proposed Amendments to the WEEM Manual on the Methodology for Determining Pricing Errors and Price Substitution Due to Competition for Energy Transactions in the WEEM

<p>Approved by:</p> <p>RULES CHANGE COMMITTEE</p> <p><i>[Signature]</i> Epictetus E. Palathingay Acting Chairperson Independent University of the Philippines (UP)</p>	
Members	
<p><i>[Signature]</i> Cherry Aquino-Javier Generation Sector AFIS Philippines (AFIS)</p>	<p><i>[Signature]</i> Ralph T. Crisologo Generation Sector SN Abaco Power (SNAP)</p>
<p><i>[Signature]</i> Liberty Z. Dumlao Generation Sector Power Sector Asset and Liabilities Management Corporation (PSALM)</p>	<p><i>[Signature]</i> Alfredo L. Licudine, Jr. Generation Sector National Power Corporation (NAPCOR)</p>
<p><i>[Signature]</i> Raul Joseph G. Setido Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	<p><i>[Signature]</i> Robinson P. Descanto Market Operator Philippine Electricity Market Corporation (PEMC)</p>
<p>Vicente C. Sison Distribution Sector (POU) Meralco Electric Company (MERALCO)</p>	<p><i>[Signature]</i> Augusto D. Sarmiento Distribution Sector (POU) Dagupan Electric Corporation (DECORP)</p>
<p><i>[Signature]</i> Jose P. Sanida Distribution Sector (EC) Boons North Electric Cooperative (BNEC)</p>	<p><i>[Signature]</i> Conrado D. Pecjo Supply Sector Angara Power, Inc.</p>
	<p>Certified True and Correct:</p> <p><i>[Signature]</i> Elaine D. Cortezales RCC Secretary PEMC</p>

Annex B



Philippine Electricity Market Corporation

WHOLESALE ELECTRICITY SPOT MARKET RULES CHANGE COMMITTEE

RESOLUTION NO. 2010-13

Proposed Amendments to the WESM Manual on Dispatch Protocol, Issue 5.0 and Procedure for Determining Ex-Post Nodal Energy Prices, Issue 1.0 regarding the Removal of Contingency List from the Ex-Post Process

WHEREAS, the WESM Manual on Dispatch Protocol provides the scheduling and dispatch procedures that shall be followed during WESM operation, emergency situations, market suspension and restoration;

WHEREAS, the WESM Manual on Procedure for Determining Ex-Post (RTX) Nodal energy Prices provides the procedure for determining ex-post nodal energy price and for establishing the network configuration and constraints to be assumed;

WHEREAS, there is a need to amend both Manuals to conform with the Clause 3.10.6 (d) of the WESM Rules as well as to address the frequency of occurrence of constraint violation coefficients and pricing errors arising due to contingency constraints imposed by the System Operator (SO);

WHEREAS, the PEMC proposed to exclude contingency list as input in the ex-post process consistent with WESM Rules Clause 3.10.6 (d) where the ex-post nodal energy price for each market trading node shall be determined assuming "a market network configuration and network state which the Market Operator, in consultation with the System Operator, in its reasonable option determines to best represent network conditions pertaining for the duration of the trading interval, as provided for by the procedures developed under clause 3.10.7;

WHEREAS, on 01 October 2010, the Philippine Electricity Market Corporation (PEMC) submitted to the Rules Change Committee (RCC) its proposed amendments to the Manuals;

WHEREAS, during the 40th RCC Special Meeting on 04 October 2010, the proposed amendments were presented to the RCC, for discussion and approval;

WHEREAS, with the imminent integration of the Visayas grid in the WESM, the proposed amendments are deemed urgent and necessary to the WESM Visayas commercial operations;

WHEREAS, on 11 October 2010, the PEMC re-submitted the proposed amendments to the RCC as URGENT Amendments per certification by the PEMC President pursuant to Section 3.1 of the Manual of Procedures for Changes to the WESM Rules;

WHEREAS, during the 41st RCC Meeting on 13 October 2010, the RCC agreed to adopt the proposed amendments;

NOW THEREFORE, we, the undersigned and in behalf of the sector we represent, hereby resolve as follows:

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Rules Change Committee

Resolution No. 2010-13

Proposed Amendments to the WESM Manual on Dispatch Protocol, Issue 5.0 & Procedure for Determining Ex-Post Nodal Energy Prices, Issue 1.0

RESOLVED, that the proposed amendments to the WESM Manual on Dispatch Protocol, Issue 5.0 (attached as Annex "A") and Procedure for Determining Ex-Post Nodal Energy Prices, Issue 1.0 (attached as Annex "B"), are adopted and approved in full.

RESOLVED FINALLY, that the proposed amendments to the WESM Manual on Dispatch Protocol, Issue 5.0 and Procedure for Determining Ex-Post Nodal Energy Prices, Issue 1.0 be endorsed to the PEM Board for approval.

Done this 13 October 2010, Pasig City

Page 2 of 3

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Rules Change Committee
Resolution No. 2010-13
Proposed Amendments to the WESM Manual on Dispatch Protocol, Issue 5.0 & Procedure for Determining Ex-Post Nodal Energy Prices, Issue 1.0

<p>Approved by:</p> <p>RULES CHANGE COMMITTEE</p> <p><i>[Signature]</i> Epictetus E. Petalinghug Acting Chairperson Independent University of the Philippines (UP)</p>	
Members	
<p><i>[Signature]</i> Cherry Aquino-Javier Generation Sector AES Philippines (AES)</p>	<p><i>[Signature]</i> Ralph T. Crisologo Generation Sector SN Abote Power (SNAP)</p>
<p><i>[Signature]</i> Liberty Z. Dumiao Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>	<p><i>[Signature]</i> Alfredo L. Ugalde, Jr. Generation Sector National Power Corporation (NAPOCOR)</p>
<p><i>[Signature]</i> Raul Joseph G. Soludo Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	<p><i>[Signature]</i> Robinson P. Descenzo Market Operator Philippine Electricity Market Corporation (PEMC)</p>
<p><i>[Signature]</i> Vicente C. Sison Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>	<p><i>[Signature]</i> Augusto D. Sarmiento Distribution Sector (PDU) Dagupan Electric Corporation (DECORP)</p>
<p><i>[Signature]</i> Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative (INEC)</p>	<p><i>[Signature]</i> Conrado D. Pecjo Supply Sector Angeles Power, Inc.</p>
	<p>Certified True and Correct:</p> <p><i>[Signature]</i> Elaine D. Gonzales PCC Secretary PEMC</p>

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Annex C



**Philippine Electricity
Market Corporation**

**WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE**

RESOLUTION NO. 2010-14

**Proposed New WESM Manual on the Criteria and Guidelines for the Issuance of
Pricing Error Notices and Conduct of Market Re-Run**

WHEREAS, there is a need to establish criteria and guidelines for issuance of pricing error notices (PEN) and conduct of market re-run so as to provide transparency on how the Market Operator (MO) issue pricing errors, conduct market re-run and apply the price substitution rules in relation to WESM Rules Clauses 3.9.6 and 3.10.5 and the WESM Manual on Methodology for Determining Pricing Errors and Price Substitution Due to Congestion for Energy Transactions in the WESM;

WHEREAS, on 01 October 2010, the Philippine Electricity Market Corporation (PEMC) submitted to the Rules Change Committee (RCC) its proposed new Manual on the Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run (the "Manual"), for consideration and approval;

WHEREAS, during the 40th RCC Special Meeting on 04 October 2010, the proposed new Manual was presented to the RCC, for discussion and approval;

WHEREAS, with the imminent integration of Visayas grid in the WESM, the proposed amendments are deemed urgent and necessary to the WESM Visayas commercial operations;

WHEREAS, the proposed Manual incorporates the regional treatment of identification and declaration of pricing errors to allow the pricing error to be declared in the affected region only while preserving the valid prices in other regions;

WHEREAS, on 11 October 2010, the PEMC re-submitted the proposed Manual to the RCC as URGENT Amendments per certification by the PEMC President pursuant to Section 3.1 of the Manual of Procedures for Changes to the WESM Rules;

WHEREAS, during the 41st RCC Meeting on 13 October 2010, the RCC agreed to adopt the proposed Manual, incorporating the RCC comments/suggestions;

NOW THEREFORE, we, the undersigned and in behalf of the sector we represent, hereby resolve as follows:

RESOLVED, that the proposed new Manual on the Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run (attached as Annex "A"), are adopted and approved in full;

RESOLVED FINALLY, that the proposed new Manual on the Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run be endorsed to the PEM Board for approval.

Done this 13 October 2010, Pasig City.

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Rules Change Committee

Resolution No. 2010-14

Proposed New Manual on the Criteria and Guidelines for the Issuance of Pricing Error Notices and Conduct of Market Re-Run

<p>Approved by:</p> <p>RULES CHANGE COMMITTEE</p> <p><i>[Signature]</i> Epictetus E. Patalinghug Acting Chairperson Independent University of the Philippines (UP)</p>	
<p>Members:</p>	
<p><i>[Signature]</i> Cherry Aquino-Javier Generation Sector AES Philippines (AES)</p>	<p><i>[Signature]</i> Ralph T. Crisologo Generation Sector SN Abotiz Power (SNAP)</p>
<p><i>[Signature]</i> Liberty Z. Dumalo Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>	<p><i>[Signature]</i> Alfredo L. Licudine, Jr. Generation Sector National Power Corporation (NAPOCOR)</p>
<p><i>[Signature]</i> Raul Joseph G. Saludo Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	<p><i>[Signature]</i> Robinson P. Descanzo Market Operator Philippine Electricity Market Corporation (PEMC)</p>
<p>Vicente C. Sison Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>	<p><i>[Signature]</i> Augusto D. Sarmiento Distribution Sector (PDU) Dagupan Electric Corporation (DECORP)</p>
<p><i>[Signature]</i> Jose P. Santos Distribution Sector (IEC) Ilocos Norte Electric Cooperative (INEC)</p>	<p><i>[Signature]</i> Conrado D. Pecjo Supply Sector Angeles Power, Inc.</p>
<p>Certified True and Correct:</p> <p><i>[Signature]</i> Elaine O. Gonzales RCC Secretary PEMC</p>	

Annex D



**Philippine Electricity
Market Corporation**

**WHOLESALE ELECTRICITY SPOT MARKET
RULES CHANGE COMMITTEE**

RESOLUTION No. 2010-15

Proposed Changes to the Administered Price Determination Methodology Manual

WHEREAS, Clause 6.2.3 and Clause 6.8.3.1 of the WESM Rules provide that the administered price shall be used for settlement in cases where there is intervention in the market by the System Operator (SO) or where the market is suspended by the Energy Regulatory Commission (ERC);

WHEREAS, the WESM Manual on the Administered Price Determination Methodology (the "Manual") provides the concept and procedures for determining the administered price that will be used during market suspension and intervention;

WHEREAS, there is a need to reflect the actual dispatch of the generator during market intervention or suspension in the Administered Price Determination methodology;

WHEREAS, with the imminent integration of Visayas in the WESM, there is a need to avoid or eliminate the adverse effects of abnormal market results in one region to influence the other region that has normal market results, to eliminate the cross subsidy between two regions and to mitigate the impact of pricing during market intervention or market suspension thereby preserving the prices of one region with normal results;

WHEREAS, on 08 October 2010, the Philippine Electricity Market Corporation (PEMC) submitted its proposed urgent amendments to the Manual, for consideration and approval of the Rules Change Committee (RCC);

WHEREAS, on 11 October 2010, PEMC President Melinda L. Ocampo certified the proposed amendments to the Manual as "URGENT";

WHEREAS, during its 41st Meeting on 13 October 2010, the PEMC Billing, Settlement and Metering Department (BSMD) presented the principle of regional application of market suspension or intervention upon integration of the Visayas grid in the WESM;

WHEREAS, during the said 41st meeting, the RCC agreed to adopt the proposed rules changes, incorporating the RCC comments/suggestions;

NOW THEREFORE, we, the undersigned and in behalf of the entities we represent, hereby resolve as follows:

RESOLVED, that the proposed amendments to the WESM Manual on the Administered Price Determination Methodology (attached as Annex "A"), as revised by the RCC, are adopted and approved in full;

RESOLVED FINALLY, that the proposed amendments to the WESM Manual on the Administered Price Determination Methodology be endorsed to the PEM Board for approval.

Done this 13 October 2010, Pasig City.

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Rules Change Committee
Resolution No. 2010-15
Proposed Changes to the Administered Price Determination Methodology Manual

<p>Approved by:</p> <p>RULES CHANGE COMMITTEE</p> <p><i>[Signature]</i> Epictetus E. Palatichug Acting Chairperson Independent University of the Philippines (UP)</p>	
<p>Members:</p>	
<p><i>[Signature]</i> Cherry Aquino-Javier Generation Sector AES Philippines (AES)</p>	<p><i>[Signature]</i> Ralph T. Crisologo Generation Sector SN Abotiz Power (SNAP)</p>
<p><i>[Signature]</i> Liberty Z. Dumilao Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p>	<p><i>[Signature]</i> Alfredo L. Licudine, Jr. Generation Sector National Power Corporation (NAPOCOR)</p>
<p><i>[Signature]</i> Raul Joseph G. Saludo Transmission Sector National Grid Corporation of the Philippines (NGCP)</p>	<p><i>[Signature]</i> Robinson P. Descenzo Market Operator Philippine Electricity Market Corporation (PEMC)</p>
<p><i>[Signature]</i> Vicente C. Sison Distribution Sector (PDU) Manila Electric Company (MERALCO)</p>	<p><i>[Signature]</i> Augusto D. Samllento Distribution Sector (PDU) Dagupan Electric Corporation (DECORP)</p>
<p><i>[Signature]</i> Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative (INEC)</p>	<p><i>[Signature]</i> Conrado D. Pecjo Supply Sector Angeles Power, Inc.</p>
	<p>Certified True and Correct:</p> <p><i>[Signature]</i> Elaine D. Gonzales RCC Secretary PEMC</p>