



MINUTES OF MEETING

Rules Change Committee

152nd Regular Meeting No. 2019-05

17 May 2019, 9:00 AM – 3:00 PM

19/F Executive Board Room, Robinsons Equitable Tower
Ortigas Center, Pasig City

Agenda	Presenter	Action Required
I. Call to Order		
II. Determination of Quorum		There being a quorum, Dr. Allen Nerves (Independent) called the meeting to order at around 11:15 AM.
Attendance List		
In-attendance	Not In-attendance	
<p><u>Rules Change Committee</u></p> <p><i>Principal Members:</i></p> <p>Maila Lourdes G. de Castro, Chairperson – Independent Concepcion I. Tanglao – Independent Allan C. Nerves – Independent Abner B. Tolentino – Generation (PSALM) Cherry A. Javier – Generation (APC) Jose Ildebrando B. Ambrosio – Generation (NorthWind) Dixie Anthony R. Banzon – Generation (MPPCL) Jose P. Santos – Distribution (INEC) Ricardo G. Gumalal – Distribution (ILPI) Virgilio C. Fortich, Jr. – Distribution (CEBECO III) Lorreto H. Rivera – Supply (TPEC) Ambrocio R. Rosales – System Operator (NGCP) Isidro E. Cacho – Market Operator (IEMOP)</p>	<p>Francisco Leodegario R. Castro, Jr. – Independent</p>	
<p><i>Alternate Member(s):</i></p> <p>Ryan S. Morales – Distribution (MERALCO)</p> <p><i>Observers:</i></p> <p>Ryan Jasper Villadiego</p>		

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Market Corporation

<u>PEMC – Market Assessment Group (MAG)</u>		
John Mark S. Catriz Marcial Brummel J. Jimenez Romellen C. Salazar Divine Gayle C. Cruz		
<u>PEMC– Legal</u>		
Monica M. Martin		
<u>IEMOP</u>		
Valfia U. Gregorio		
Agenda	Presenter	Action/s Taken
III. Adoption of the Agenda	Secretariat	Approved as revised
Agenda	Presenter	Action/s Taken
IV. Review of the Minutes of the Previous Meeting (151st Meeting, 12 April 2019)	Secretariat	Approved as revised
V. New Business		
Agenda	Presenter	Action/s Taken
5.1 Proposed Amendments to the WESM Rules on the WESM Compliance Officer Accreditation Program	Geraldine Rodriguez (PEMC)	(i) Approved for publication

- 1
- 2 Ms. Geraldine Rodriguez presented the proposal in behalf of PEMC which mainly aims to
- 3 mandate PEMC to develop an accreditation program with the end view of keeping the WESM
- 4 Compliance Officers informed of their respective company's obligations in the market.
- 5



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- 6 *Please find Annex A – Presentation on the Proposed Amendments to the WESM Rules on the*
7 *WESM Compliance Officer Accreditation Program*
8
9 Following the presentation, the RCC approved the publication of the proposal in the PEMC
10 website, to solicit comments from participants and interested parties.

VI. Matters Arising from Previous Meetings		
Agenda	Presenter	Action/s Taken
6.1 Proposed New Market Manual on Prolonged Market System Failure	PEMC & IEMOP TWG (proponents)	Approved as presented, for transmittal to the PEM Board as an urgent amendment

11 Mr. John Mark S. Catriz provided a background on the proposal, explaining that the original
12 proposal was presented to the RCC in its March 2019 meeting. However, due to the objections
13 of the System Operator (SO) on the use of unconstrained solution for dispatch schedule, the
14 proposal was revised and consulted with the SO accordingly to address the comments raised
15 during that meeting. The conceptual framework was then presented to and approved by the
16 RCC in its previous meeting held in 12 April 2019.

17
18 The main idea highlighted in that presentation was the use of the new Market Management
19 System (NMMS) to produce an hour-ahead projection (HAP) for those intervals experiencing
20 prolonged market system failure. Based on that presentation, PEMC and IEMOP proceeded
21 with the drafting of the concrete proposal for the relevant provisions of the WESM Rules and
22 the proposed new market manual on Market Intervention due to Prolonged Market System
23 Failure (PMSF).

24
25 At this point, Mr. Marcial Brummel J. Jimenez proceeded with the presentation of the proposal,
26 highlighting the changes made from what was originally submitted to the RCC. The highlights
27 of the revisions made are as follows:

28
29 Section 6 of the Proposed PMSF:

- 30
31
- Trading Participants (TPs) to submit data such generation offers, nomination of loading level, and projected output, as applicable.
 - Market Operator (MO) to use the new MMS HAP to determine schedules using the latest data from the SO and TPs. Since the market will run as in “in normal condition”
- 32
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- 35 during prolonged market system failure, the submission of required data and timelines
36 of submission still apply.
- 37 • Consideration of the schedule of ancillary services providers in line with the
38 implementation of the Protocol for Central Scheduling of Energy and Reserves.
 - 39 • SO to implement the dispatch as in normal condition, to include the re-dispatch
40 process, designation of Must-Run Units (MRUs), and compliance with the dispatch
41 schedule
 - 42 • SO to monitor compliance and report non-compliance of TPs with the dispatch
43 schedules or SO instructions
 - 44 • TPs to comply with schedules and SO dispatch instructions

45 Section 7 of the Proposed PMSF:

- 46 • Calculation of trading amounts for generators and customers will be similar with how it
47 is done in a normal condition
- 48 • To apply prices determined by the ERC when the conditions for the application of pre-
49 emptive measures occur.

50
51
52
53 The RCC observed that except for the presence of prolonged market system failure,
54 everything else in the proposal referred to having a normal condition. Dr. Allan C. Nerves then
55 inquired on the identification of normal condition, and if such is defined in the proposed
56 manual. Mr. Catriz and Mr. Jimenez jointly responded that normal condition in the context of
57 the proposal means that a particular dispatch interval is “not under market intervention.” On
58 the question of Ms. Javier on whether or not the prolonged market system failure is an instance
59 of Market Intervention, Mr. Catriz clarified that it is market intervention in the strict sense of
60 the word, but the mechanism to be used in scheduling and pricing will be the normal process.

61
62 Considering that in the proposal, the parallel use of the new and current Market Management
63 System (MMS), Mr. Ryan S. Morales inquired on the mechanism which shall be implemented
64 during the commercial operations of the new MMS. Mr. Jimenez explained that the proposed
65 mechanism shall only be applicable for the current MMS and shall be abolished once the new
66 MMS is in place. This shall then be reflected in the proposal for clarity.

67
68 Without any more concerns or objections from the body, and since the proposal is bound for
69 endorsement to the PEM Board upon the RCC’s approval, Mr. Catriz relatedly informed the
70 body of the letter from the DOE addressed to PEMC and IEMOP.

71
72 In summary, the DOE stated in its letter that “*the proposal may not be considered as an urgent*
73 *amendment taking into consideration its effect on the market design, pricing and scheduling,*

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74 *notwithstanding its impact to dispatch implementation.”* The DOE enjoined the parties to
75 instead work together to ensure continuous availability of the MMS and its associated market
76 systems to prevent the occurrences of market interventions. The DOE believed that the issue
77 being addressed by the proposal can only be resolved by the eventual commercial operation
78 of the new MMS. The DOE stated, nonetheless, that the RCC may continue to discuss the
79 proposal under the general amendment procedure.

80
81 In consideration of the foregoing, the RCC discussed on whether or not to take the route of an
82 urgent amendment. The body recalled that this was certified by the RCC previously as an
83 urgent amendment in consideration of the nature of the proposal and it being a mechanism
84 directed by the PEM Board to address urgent concerns caused by the market system failure.

85
86 Following the discussions, the RCC approved the proposal as presented and its endorsement
87 to the PEM Board. Atty. De Castro stated that when the RCC presents the proposal to the
88 PEM Board, it shall recognize the DOE letter as discussed. The RCC then left the decision to
89 the PEM Board if it will approve the proposal as an urgent amendment, or, as a general
90 amendment considering the recommendations of the DOE.

91
92 At this point, the RCC Chair requested for the availability of the independent members to
93 present the matter, along with the other RCC matters, to the PEM Board. Dr. Nerves then
94 confirmed his availability on the scheduled PEM Board meeting on May 29, and requested
95 the Secretariat to provide him the presentation materials once these are available.

Agenda	Presenter	Action/s Taken
6.2 Proposed Amendment to the Market Manual on Administered Price Determination Methodology	PEMC-IEMOP TWG	Deferred for discussion.

96 Mr. Isidro Cacho clarified that the presentation made previously by IEMOP regarding the
97 APDM manual were concepts that can guide the proponent, whether it is PEMC or Aboitiz
98 Power Corporation (APC) through Mrs. Cherry A. Javier, in drafting a concrete proposal. Ms.
99 Javier then confirmed that they will submit a proposal in this regard, and requested for the
100 matter to be deferred for discussion in the meantime.

101
102 There being no objection, the RCC agreed to defer the discussion of the matter pending the
103 said submission from APC.

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Agenda	Presenter	Action/s Taken
6.3. Proposed Urgent Amendments to the Billing and Settlement Manuals – approval on erratum	IEMOP (proponent)	Approved for endorsement to the PEM Board as amended

104 The Secretariat requested for the approval on the following changes to Section 7.4.1 (h) of
105 the recently approved urgent amendments to the Billing and Settlement Manual.
106

WESM BILLING AND SETTLEMENT MANUAL

Change Requested

PEM Board-Approved Urgent Amendment (27 March 2019)	Correction
<p>Section 7.4.1 (h)</p> <p>The projected final energy dispatch price associated with a bilateral contract quantity from a counterparty for a dispatch interval shall be equal to the final energy dispatch price of the <u>customer node</u> of the contract identified during enrollment of the bilateral contract at the same dispatch interval and most recent same date.</p>	<p>Section 7.4.1 (h)</p> <p>The projected final energy dispatch price associated with a bilateral contract quantity from a counterparty for a dispatch interval shall be equal to the final energy dispatch price of the <u>reference node</u> of the contract identified during enrollment of the bilateral contract at the same dispatch interval and most recent same date.</p>



Proposed Amendments to Billing and Settlement Manual | 19

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108
109
110 The Secretariat informed that the change is being requested to correct the clerical error in
111 said manual and reflect the term “reference node” instead of “customer node” in Section
112 7.4.1 (h).
113

114 In view of the foregoing, the RCC approved the change above and agreed to endorse the
115 same to the PEM Board for approval.



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Agenda	Presenter	Action/s Taken
6.4. Implementation of the Urgent Amendments to the Billing and Settlement Manual on Initial PR Calculation	IEMOP (proponent)	Noted by the RCC. For IEMOP to provide information to the PEM Board.

116 Ms. Valfia Gregorio, in behalf of IEMOP, made a presentation regarding the practical
117 application, of the approved urgent amendments to the Billing and Settlement Manual on the
118 calculation of initial PR under the current WESM design and operations. She noted that the
119 approved amendments were hinged on the commercial operations of the new MMS.
120

121 *Please find Annex B - Presentation Implementation of the Urgent Amendments to the Billing*
122 *and Settlement Manual on Initial PR Calculation*
123

124 Ms. Gregorio expressed that the equivalences presented and the transitory provision will be
125 part of the general amendments that IEMOP will submit to the RCC in June 2019. Mr. Cacho
126 added that the general idea of the urgent amendment on initial PR calculation was for it to be
127 applied to WESM Mindanao participants upon commercial operations of the new MMS.
128 However, upon IEMOP's review of how the amendments are worded, it did not specify that
129 the implementation of the initial PR calculation is for the new MMS. The IEMOP thus
130 interpreted it as applicable even in the current MMS, thus the need for the equivalences for it
131 to be operationalized.
132

133 Atty. Monica M. Martin, however, recommended that there should be a legal basis for the
134 equivalences to be implemented, and that it should be approved and reflected in the RCC
135 resolution.
136

137 With this information, the RCC agreed that it cannot act on the matter since the amendment
138 was already endorsed to and approved by the PEM Board. The RCC then agreed that IEMOP
139 should inform the PEM Board directly of the matter. Meanwhile, the RCC will await IEMOP's
140 submission of the general amendments for the body to be able to act on the matter.
141

142 Mr. Cacho acknowledged the instruction and agreed for IEMOP to present the matter in the
143 next PEM Board meeting.
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VII. Other Matters		
Agenda	Presenter	Action/s Taken
DOE Letters: a. Forecast Accuracy Standards b. Embedded Generators c. Extended Testing and Commissioning Contingency Plan	Secretariat	Noted by the RCC

145 The Secretariat informed the body of the highlights of the letters of the DOE as well as on
146 actions already undertaken by PEMC on the following matters:

- 147
148 a. Forecast Accuracy Standards
149 b. Embedded Generators
150 c. Extended Testing and Commissioning
151 d. Contingency Plan
152

The RCC noted the information provided.

Agenda	Presenter	Action/s Taken
VIII. Next Meeting	Secretariat	The RCC noted the following of the next RCC meetings: <ul style="list-style-type: none"> ▪ June 21 ▪ July 19 ▪ August 16
IX. Adjournment		The RCC meeting was adjourned at around 2PM.

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Prepared by:

[REDACTED]
Romellen C. Salazar

Specialist

Market Assessment Group – Rules Review Division

Reviewed by:

[REDACTED]
John Mark S. Catriz

Manager

Market Assessment Group – Rules Review Division

Noted by:

[REDACTED]
Elaine D. Gonzales

Acting Head

Market Assessment Group



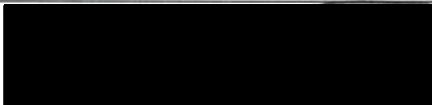


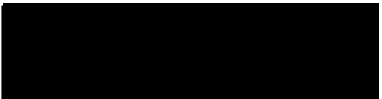





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Approved by: THE RULES CHANGE COMMITTEE	
Independent Members:	
 Maila Lourdes G. de Castro Chairperson	Francisco L.R. Castro, Jr.
 Allan C. Nerves	 Concepcion I. Tanglao
Generation Sector Members:	
 Dixie Anthony R. Banzon Masinloc Power Partners Co. Ltd. (MPPCL)	 Abner B. Tolentino Power Sector Assets and Liabilities Management Corporation (PSALM)
Jose Ildebrando B. Ambrosio NorthWind Power Development Corp. (NorthWind)	 Cherry A. Javier Aboitiz Power Corp. (APC)
Distribution Sector Members:	
 Virgilio C. Fortich, Jr. Cebu III Electric Cooperative, Inc. (CEBECO3)	Ryan S. Morales Manila Electric Company (MERALCO)
 Ricardo G. Gumalal Iligan Light and Power, Inc. (ILPI)	 Jose P. Santos Ilocos Norte Electric Cooperative, Inc. (INEC)






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Supply Sector Member:	
 Lorfero H. Rivera	
TeaM (Philippines) Energy Corporation (TPEC)	
Market Operator Member:	
 Isidro E. Cacho, Jr.	
Independent Electricity Market Operator of the Philippines (IEMOP)	
System Operator Member:	
 Ambrocio R. Rosales	
National Grid Corporation of the Philippines (NGCP)	