

| MINUTES OF THE 93rd MEETING OF THE RULES CHANGE COMMITTEE Regular Meeting No. 2014-12 | |
|--|---|
| Meeting Date& Time: | 01 October 2014 |
| Meeting Venue: | 9th Floor PEMC Training Rooms 2&3 |
| Attendance List | |
| In-Attendance | Not In-Attendance |
| Committee Members: Rowena Cristina L. Guevara --Chairperson/ Independent Maila Lourdes G. De Castro --Independent Francisco L. R. Castro, Jr. --Independent Concepcion I. Tanglao --Independent Joselyn D. Carabuena --Generation -- PSALM Jose Ferlino P. Raymundo --Generation -- SMC Global Theo Cruz Sunico -- Generation -- 1590 EC Lorreto H. Rivera --Supply --TPEC Ciprinilo C. Meneses --Distribution, MERALCO Jose P. Santos --Distribution --INEC Isidro E. Cacho, Jr. -- Market Operator --PEMC Alternate Members: | Sulpicio C. Lagarde, Jr. --Distribution -- CENECO Gilbert A. Pagobo -- Distribution -- MECO Ambrocio R. Rosales --System Operator --NGCP |
| PEMC – Market Assessment Group (MAG): Elaine D. Gonzales Geraldine A. Rodriguez Romellen C. Salazar Hiyasminh Aleia D. Dagum Dece Marwil M. Bongcawel | |
| Others: (MO/ SO/ DOE/ ERC Representatives): Nelson Canlas - ERC Lorelie B Moya - DOE Renato B. Afurong - PEMC-BSMD John Paul S. Grayda - PEMC-BSMD Jordan Orillaza - WESM TC Joebet Del Rosario - MERALCO Melchor Lubet - MERALCO Edgar Vargas - MERALCO Rommel Yap - MERALCO Albert Cancino - MERALCO Rienzi Zano - SNAP | |

There being a quorum, Chairperson Dr. Rowena Cristina L. Guevara called the meeting to order at around 9:00 AM.

I. AGENDA:

The Proposed Agenda for the 93rd RCC Meeting was approved as amended.

II. REVIEW, CORRECTION AND APPROVAL OF THE MINUTES OF THE 91st and 92nd RCC MEETING

The RCC reviewed the Minutes of the 91st and 92nd RCC Meetings. The Minutes of the 91st and 92nd RCC Meetings were approved as amended.

III. BUSINESS ARISING FROM THE PREVIOUS MEETING

1. Proposed Amendments to the WESM Rules on the Adoption o a Disconnection Policy

The RCC recalled that the proposal was submitted in December 2013. The same was remanded since there were provisions in the proposal which were deemed not implementable. A sub-committee was formed to enhance the proposal. The MO and the SO submitted their comments which were considered as inputs to the proposal. The proposal was revised and was published for comments sometime in June 2014. The proposal was approved by the RCC in the meeting held in July. However in the process of finalizing the proposal, the Secretariat noted some inconsistencies between the proposal and the DOE Circular pertaining to disconnection, thus, it was referred back to the RCC for further review.

The Secretariat likewise informed the RCC of additional comments submitted by MERALCO and PEMC relative to the Proposal.

In the absence of a representative from the SO, and noting that several concerns on disconnection can only be addressed by the SO, the RCC agreed to defer the discussion on the matter for the next RCC meeting.

2. Proposed Amendments to the WESM Manual on Administered Price Determination Methodology

The RCC noted receipt of comments from the DOE, SNAP, and BATELEC. The RCC discussed each of the comments submitted by the parties.

- Sec. 1: Purpose - The RCC accepted DOE suggestion to revise the provision, as follows:

The purpose of this document is to specify the procedure for the establishment of the administered price that will be used by the Market Operator for the settlement of energy and reserve transactions during market suspension or intervention. by the System Operator in or suspension of the market.

- Sec. 3: Purpose - The RCC accepted DOE suggestion to revise the provision, as follows:

Public



Under the WESM Rules, the administered price shall be used for settlement in cases where there is intervention in the market declared by either the Market Operator or the System Operator or where the market is suspended by the ERC (WESM Rule 6.2.3 and 6.89.3.1). The administered price applies when the Market Operator is not able to generate or determine the price for energy or for reserve for any given trading interval that intervention or suspension is in effect.

- Section 3.3: The RCC agreed with the DOE on the use of the term "termination." Relative to the DOE's comment that "conditions to cease MI and suspension be incorporated in the WESM Rules as a reference of this Manual" Mr. Cacho was requested to give an overview on when a market intervention is declared. Mr. Cacho explained that a market intervention is declared by the MO if the MDOM cannot come up with a feasible dispatch/schedule. He added that on the part of SO, a problem in the grid can also be a cause for declaring a market intervention, that is, even if a schedule is provided by the MO, because such schedule cannot be implemented by the SO. On Dr. Guevara's question on when the market intervention will cease, Mr. Cacho responded that the market intervention issued by the MO will cease once the MO can come up with a feasible schedule for an interval.

In relation to the above, Dr. Guevara inquired if conditions for the termination of market intervention are still necessary, giving her opinion that the market intervention should be considered as terminated once the condition that produced it already ceased to exist. Mr. Nelson Canlas stated that there are provisions in the Administered Price Determination Methodology Manual which specifies the conditions on when the market intervention should be called. Mr. Cacho added that even the WESM Rules states provisions as to when a market intervention and suspension should be called, but there are no rules as to when the same should be terminated. Ms. Luningning Baltazar expressed that the suggestion of the DOE to define the conditions for the termination of the MI and suspension is for purposes of consistency and clarity.

In the end, the RCC agreed on the suggestion of the DOE as stated in its comments.

- Mr. Canlas stated that only the ERC can lift market suspension. However there are no clear provisions in the Rules on who should advise/recommend the lifting. The current practice is that the ERC closely coordinates with the SO as to the conditions of the system, which becomes its basis for lifting the suspension. Mr. Canlas expressed that given the current practice, they are concerned about the ERC getting false information and thus believed that provisions to cover this procedure should be included in the Rules, particularly that the SO should issue an advice to the ERC.
- Relative to Sec. 3.3.2, Mr. Cacho asked for clarification from the DOE if the intent of the DOE comment is for both the MO and SO to recommend or for each to have its own and independent recommendation. Ms. Baltazar responded that since the provision indicates the use of "and/or" then this means that one or both can recommend. Mr. Cacho on the other hand suggested getting the recommendation from both instead of the MO or SO

only. Based on the comments of the PEMC and DOE, the RCC agreed to revise the provision, as follows:

3.3.2 ERC Initiated Market Suspension

The Market Operator and the System Operator shall monitor the conditions that triggered the Market Suspension. Once the SO and the MO determines that the conditions for which the ERC declared Market Suspension no longer exist and that the market is capable of (i) receiving and processing market offers and/or bid information; (ii) generating a market schedule and determining the price for energy and reserve; and, (iii) dispatching the system in accordance with the WESM Rules, the Market Operator and the System Operator shall recommend to the ERC to lift the suspension of operations of the spot market.

The market shall immediately resume operations when the ~~end~~ termination of Market Intervention has been declared or when Market Suspension has been lifted by the ERC.

- As an answer to the comment of SNAP on Sec. 3.3.2, on the provision of timely updates to participants, Mr Cacho stated the MO sends out updates to participants on an hourly basis through an advisory, which is part of the protocol of the MO. The RCC agreed to revise the proposal as follows:

3.3.2 System Operator Initiated Intervention

The System Operator shall monitor and provide timely update to the Market Participants through the Market Operator regarding the conditions that triggered the Market Intervention, and the System Operator shall declare the ~~end~~ termination of intervention once it is determined that:

- (a) the grid is capable of returning to the Normal State as defined in the Philippine Grid Code ~~the~~;
- (b) the grid is restored to a safe and reliable state;
- (c) the situation which has an adverse effect on electricity supply or which poses a significant threat to the power system security no longer exists; and,
- (d) ~~the threat to system security no longer exists;~~

On the SNAP's comments relative to the basis of the lifting of market intervention, the RCC agreed, based on the MO's response, that the same is already addressed by the proposed provisions under Sec. 3.3.2 a-c.

- Mr. Cacho stated that the current formula is just similar to the approved formula for reserve. Dr. Guevara inquired from the generators whether they agree on the formula. The generators did not show any disagreement on the formula.
- Mr. Canlas expressed that while the formula for reserve was approved, the generators still have an issue on the REFs. He stated that the SO, the MO and the generators have different determination of the REFs, an issue which causes the delay in the discussions on the REF determination. He stated further that the MO tries to correct the situation such that the Generators should be compensated only based on their actual capability. However, the parameters are still being questioned by the generators. Mr. Canlas shared

Public

that the issue on REF has been endorsed to the GMC and hopefully a resolution on the matter can be arrived at.

- Dr. Guevara requested the PEMC, through Mr. Cacho, to conduct a simulation on the formula being proposed by PIPPA, in comparison with the SNAP's suggested formula and the current formula applied in the market. Mr. Cacho raised his issue on the availability of nominated price. He expressed that the data should be coming from the generators. He inquired on what would be the basis for the nominated price. Mr. Sunico, in response to the concern raised by Mr. Cacho, stated that the nominated price is based on: 1) ERC-approved ancillary price for those that have ancillary contracts with NGCP; and 2) application with the ERC, on yearly basis, for those that do not have ancillary contracts. Mr. Sunico stated that the rationale for PIPPA's proposal is that the current formula does not address all the costs of the generators.
- Relative to the RCC's request to the MO for a simulation on nominated price as proposed, Dr. Guevara requested the PIPPA through Mr. Sunico, to provide the data on nominated price, which Mr. Sunico stated can be possibly computed based on technology type. Dr. Guevara requested that the data be lumped for each type of technology. Mr. Sunico responded that he will inquire from PIPPA if the same can be provided to the RCC/PEMC. Mr. Meneses expressed that MERALCO can probably provide the NP for coal, natural gas, and diesel plants based on their contracts with the generators.
- Dr. Guevara likewise requested PEMC to perform a similar simulation for the current offer price (COP) and the administered price of generators based on the current formula, proposed formula, and the suggested formula by SNAP. Relative to AZRP, Mr. Cacho expressed that the MO has no data on the same since the reserve market has not yet been implemented. In which case, the RCC agreed the AZRP should be equivalent to zero.
- Mr. Rienzi Zano clarified that TWAP pertains to the simple average of prices for a certain period. It was termed time-weighted average to distinguish it from LWAP. He added that it is just an internal convention of SNAP.
- Mr. Zano explained that water value is the shadow price of the system with regards to the incremental amount of energy coming from hydro power plants. It is a number based on opportunity. He added that even the WESM PDM (price determination methodology) works in the concept of shadow pricing or marginal costing. It is simply the price of the next generator that will suffice the demand. Relative to the question of Mr. Castro on how the shadow price relates to water elevation, Mr. Zano responded that as the water elevation decreases, the value of water increases. Thus, the two have inverse relationship. This means that if you are on a spilling level, it does not matter what the price will be in the market--you need to release that as energy. Effectively, you are willing to get any price in the market even if the water value is negative or zero. But if the water level is diminishing or at least at the minimum level, then the intention is to operate that water level only during peak period or when you can be at the optimum price. Mr. Zano explained that water value is a function of both clearing prices and volume of water. When asked if the water value is publicly available, Mr. Zano answered that it is not since it is proprietary information.

➤ Dr. Guevara requested Mr. Zano to provide to PIPPA the SNAP's nominated price for purposes of the simulation being asked by the RCC from PEMC. Mr. Zano requested to be given one week to be able to provide the date being requested by the RCC. This was noted by the RCC.

➤ Relative to the simulation, Dr. Guevara further requested PEMC not to use negative values for the AOP and AZNP. Mr. Cacho reiterated that the MO has no data on AZNP since the reserve market has not been implemented and, as agreed upon by the RCC, this should be equal to zero. Mr. Sunico agreed to keep the AZNP for purposes of simulation since the proposal is forward looking.. Relative to the last statement of Mr. Sunico, Dr. Guevara inquired on when the zonal price will be implemented. Mr. Cacho responded that this should happen once the PCRM is approved by the ERC. Mr. Canlas reiterated that the issue on REF should first be resolved. Dr. Guevara suggested to indicate in the submission to PEM Board, once the proposal is endorsed by the RCC, that AZRP should be zero until such time that the reserve market is implemented.

The RCC requested Mr. Cacho to present the simulation in the next RCC meeting scheduled for November.

The RCC thanked Mr. Zano for providing clarifications on the SNAP's comments relative to the PIPPA's proposed amendments on the Manual on APDM.

3. Proposed Amendments to the WESM Rules on Generation Company Reserve Offers / Battery Energy Storage System

The RCC commenced its discussions on the proposal by stating the issues raised during the time the proposal was presented by AES. Mr. Cacho shared that one of the characteristics of the BESS is that it can operate only for a maximum of 30 minutes. Thus, technically, it cannot be considered as a generator. He noted however that it can provide fast response at a limited time, and is able to provide frequency regulation. Mr. Cacho opined that given the characteristics of the battery energy storage system, it would be more appropriate if it will just get ancillary contract with NGCP instead of trading its capacity in the market.

Mr. Sunico added that the AES highlighted during its presentation that in order to participate in the reserve market, the participant has to have the capability to provide both capacity and energy. As expressed by AES, it will be in violation of the must-offer rule since the battery energy has very limited capacity that it may not be able to offer energy in the trading interval. Thus, its proposal is to amend the Rules to allow it to participate in the market without violating the Rules. The consideration is that the battery energy storage system is a new technology. The discussion during the AES presentation was that there are other Rules that will have to be amended, not just on submission of offers, if the proposal of AES will be accepted. Mr. Cacho added that under the PGC and the WESM Rules, the battery energy storage system has no specific guidelines.

Dr. Guevara opined that probably, the Proposal is the AES' way of getting the System Operator if it cannot get an ancillary contract with the NGCP. She expressed that probably, the DOE can intervene to somehow impose upon the NGCP to get

contracts with available technologies such as the battery energy storage system of the AES.

Mr. Meneses shared that the AES has made several presentations to MERALCO as they have been selling the technology to MERALCO. As he recalled, they have modules that can discharge for 1 to 4 hours. And even if the battery has one hour discharge, it has for example, 12 cells that can discharge sequentially so that it can operate continuously for 12 hours. Thus, it depends on how the battery cells will be arranged to have a long discharge time with small discharge capacity or large capacity with shorter time. He thus opined that there is no issue with the 30 minutes limitation of the battery.

Mr. Raymundo stated that BESS technology is similar to UPS. Dr. Guevara agreed but nonetheless opined that it cannot be classified based on current provisions of the PGC nor the Rules.

Mr. Meneses opined that there is no harm in changing the title from generation to ancillary because the basic WESM formula provides for penalties if you are given an RTD that you cannot comply with. So if they are unable to comply with their dispatch, then they will be penalized just like any ordinary market player. Dr. Guevara commented that the AES proposal makes sense, however, as commented by PEMC, it will entail changes to many other Rules.

Mr. Meneses suggested that in order not to require changing the Rules, the ERC may instead define battery as another form of generator. Mr. Cacho opined that the classification should be addressed by the ERC in the COC.

Mr. Meneses compared the battery with the solar panel, which has no moving parts, needs to recharge during the day and rest during night time. In effect the battery is similar to the solar panel. Mr. Cacho expressed that the difference between the two is that the solar panel is classified as renewable energy.

Ms. Carabuena opined that since this is a new technology that can and is willing to provide capacity, then it should be given a chance to participate in the market. Probably it can be given such exemption from the must offer rule similar to what was given to Malaya. She added that even self-generation facilities are issued a COC by the ERC.

Noting the comment of Ms. Carabuena, Dr. Guevara inquired from Mr. Canlas if the AES battery Energy Storage System has already been issued a COC. Mr. Canlas, upon checking with the ERC, stated that it has not yet been issued a COC. The Secretariat recalled that as mentioned by AES during its presentation, it intends to apply for a COC. However, at that time, it was still waiting for the System Impact Study which will be coming from the NGCP.

On the suggestion of Mr. Meneses to certify the battery system as a type of generator, Mr. Canlas responded that it has to qualify based on the classifications provided for under the rules. He added that the ERC has yet to see the specifications of the battery once the AES goes to the ERC to apply for a COC. But at the moment, the ERC may not yet be able to act on the suggestion of Mr. Meneses since no COC application has been filed yet by the AES. He added to inform the RCC that based on the provisions of the EPIRA, a generation company is an entity that is authorized by the Commission to operate a facility used to generate electricity.

Following the discussions above, the RCC agreed to ask the assistance of the WESM Technical Committee (TC) and the Grid Management Committee (GMC) in determining how the battery energy storage can be classified--whether the same can be classified as a generator. The RCC requested the Secretariat to prepare the letters to the TC and GMC, which was duly noted.

4. Proposed Amendments to the WESM Rules and WESM Manual on Metering Standards and Procedures

The RCC deliberated upon the consolidated proposal of the TC and PEMC, by Section, with consideration to the comments received from various parties. Below are the discussion on the comments and concerns raised relative to the Proposal.

WESM Rules

- Clause 4.5.1 - The RCC agreed on the suggestion of MERALCO to revise the TC proposal, based on MERALCO's comment. MERALCO stated that the meter should have a data logger capability.
- The RCC agreed to adopt PEMC's comments to change the definition of some terms to "as defined in the PGC."
- On the comment of the DOE to revise the definition of the Metering point, with DOE specifying that it should be located in the market trading node, Dr. Guevara inquired if it the suggestion meant having to relocate all the meters. She commented that if that is the case, then it will incur costs. Mr. Cacho explained that the MTN is also pegged at the RTU point, and the reason for having the SSLA is that the RTU point is not located at the metering point. Thus, if the metering point will be relocated then it would mean relocating the MTN, which is required to have an RTU point. Mr. Meneses commented that in terms of costs, this can be filed with the ERC to allow recovery of the costs. Dr. Guevara likewise commented that if the RCC accepts the DOE suggestion, they assume that the DOE will ensure that the requirement based on the Rules changes is feasible and implementable.

Mr. Renato Afurong explained that when it comes to MTN, both the customer and generator nodes should be considered. When it comes to customer node, the SSLA is applied thus it can be adjusted. But when it comes to generator node, which is the node located inside the generator, while the meter is located after the transformer, then if the metering point is located at the market trading node, the effect would be an increase in the MQ, which will increase the price of the generator. Mr. Cacho shared at this point that PEMC has a proposal in the Manual (on Section 2.2) on the location of metering point. The RCC agreed to adopt the suggestion of the DOE and to review the PEMC proposal upon discussion of Section 2 of the Manual.

- On the proposed definition of Transco, the RCC and TC agreed to the suggestion of the DOE to retain "both buyer and concessionaire."

WEM Metering Manual Section 1

- On the proposed definition on grounding, the PEMC comment stated that there is another definition of grounding under the PGC, while the TC is

Public

proposing a definition based on PEC. Chairman Orillaza of the Technical Committee stated that the PEC definition is more basic that is why it is being suggested by the TC to adopt said definition. On this note, Dr. Guevara inquired from Chairman Orillaza if they will be proposing a revision to the PGC since they would want to adopt a different definition for WESM. Noting that this was not the intention of the TC and with the opinion of the RCC that the PGC definition would be more appropriate since PEC is more on the installations of households and end-users, the RCC agreed to adopt the suggestion of the PEMC to adopt the PGC definition.

- On the comment of DOE on the definition of the metering point, it was noted that there was already an agreement in the prior discussions in the WESM Rules to adopt the DOE suggestion.

WESM Metering Manual Section 2

- On Section 2.1 the RCC agreed on the PEMC Proposal with revisions to incorporate the DOE suggestion to exclude Transco.
- On Section 2.2, on the location of metering point, the RCC agreed to adopt the TC proposal, but with revision to incorporate the PEMC's suggestion to remove the computation of SSLA for the generators. It was emphasized by Mr. Afurong that the consumption of the generator should not be included in the MQ since the customer will shoulder the losses of the generator if that happens. Mr. Raymundo shared that the transformer losses between the RTU, MTN and Metering point instead of being shouldered by the generators, because of the current set up, the losses are being shouldered by the customers. He stated that ideally the RTU should not be in the generator side. It should be in the metering point. However during the NPC times, the RTUs were located in the generator side. He commented that removing these from the generator side will incur a lot of costs. Dr. Guevara opined, however, that the RCC should send the message that the metering point should be located where it should be.
- On Section 2.3.1, the RCC adopted the TC proposal, with incorporation of the comments of MERALCO for item *d* on data logger, as follows: *d. Data Logger or any other data recording facility (as needed)*.
- On Section 2.1 the RCC agreed on the PEMC Proposal with revisions to incorporate the DOE suggestion to exclude Transco.
- The RCC likewise agreed to use the term tamper-resistant instead of tamper proof in the relevant sections of the Manual.

WESM Metering Manual Section 3

- The RCC likewise agreed to use the term tamper-resistant instead of tamper proof in the relevant sections of the Manual.
- On Section 3.1 the RCC agreed to adopt the PEMC Proposal over TC.

WESM Metering Manual Section 5

- On Section 5.3.1: In relation to the discussions on the proposal, Chairman Orillaza commented on the PEMC's proposal on Section 2.4.1 that the TC has reservations on the requirement for a back up revenue meter, raising his concern on the tie-breaker. Dr. Guevara responded that the back-up meter is used only in cases of failure of the main meter. Mr. Cacho added that the current rules already require a back-up meter. However, a different term, alternate meter, is being used.

Public

- On section 5.3.3, Mr. Afurong clarified that the installation of additional metering points is required whenever there is a new customer.

WESM Metering Manual Section 6

- On section 6.3, Mr. the RCC agreed to revise the proposal to include the DOE in the list of entities who are entitled to have access to the meter data. The RCC likewise agreed to reflect said change in the WESM Rules.
- On Section 6.3.3, the RCC agreed to revise the proposal to replace "zip" to "compressed" format.

WESM Metering Manual Section 7

- The RCC agreed to revise the term alternate check meter with back-up meter since it was clarified already by Mr. Afurong that the alternate meter simply refers to the back-up meter.
- On Section 7.4.3, Mr. Afurong stated that the "M" in the formula for Total Power refers to the meter multiplier. The body inquired if it is possible to consider the power factor for each phase. Mr. Afurong responded that the current practice of NGCP is to get the average power factor for each of the phase. Given the comment of the body, the RCC requested PEMC to check with NGCP if the suggestion of the TC and RCC to consider the power factor for each phase is feasible. This was noted by the PEMC. In addition to the discussions, PEMC clarified that the multiplier pertains to the ratio of CT. Mr. Afurong likewise reiterated that the PEMC uses the historical average in the computation of the power factor, further clarifying that PEMC does not compute it on a per phase basis. This was noted by the RCC. Noting the above discussions on the meter multiplier, Dr. Guevara suggested spelling out in the proposal that the multiplier is based on the CT.
- On the comment of Mr. Meneses on the average deviation, and his suggestion to already file a correction factor even if you are talking only of 1 interval, Mr. Afurong clarified that the interval in the PEMC proposal pertains to metering interval and not the trading interval. This means that one hour has four intervals with 15 minutes per interval.
- On the reconciliation of meter malfunction, the RCC agreed on the suggestion of Mr. Meneses that the reconciliation should be made earlier than one year because this can involve a large amount of data. The RCC agreed to shorten this to 3 months. It was clarified by the RCC that reconciliation is based on date of discovery and not the date of occurrence. In terms of settlement, this can happen later as long as the reconciliation is done within 6 months upon discovery.

WESM Metering Manual Section 9

- On Section 9.7.2, Mr. Meneses expressed that MERALCO cannot validate core loss and full load copper loss. Thus, it will not be able to provide valid and accurate data as proposed by TC. Mr. Afurong stated that the data is available with NGCP. The same is provided to PEMC. However, there is an agreement between PEMC and NGCP that such data cannot be disclosed to other parties. It should be requested directly from NGCP.

WESM Metering Manual Section 11

- On the flowchart in Chapter 11, the RCC agreed on the proposal of PEMC with minor revisions based on comments submitted by NGCP through PEMC.

Following the discussions above, the RCC approved the proposal and its endorsement to the PEM Board. The RCC, however, requested the Secretariat to send to the RCC the finalized proposal based on discussions, for concurrence of the RCC before the proposal is transmitted to the PEM Board. The RCC agreed to be given one week to review the finalized proposal which will be sent by Secretariat, for concurrence of the body. After which, if no further comments are received, the Secretariat may already proceed with the submission of the proposal to the PEM Board.

5. Proposed General Amendments to WESM Manuals on Dispatch Protocol and Constraint Violation Coefficients

As part of the revisions to the Agenda, Dr. Guevara informed the RCC that in relations to the Proposed Amendments on the MRU which was already endorsed and presented to the PEM Board, comments were received from the Distribution Management Committee. However, said comments were not considered in the RCC's deliberations when it approved the proposed amendments. When the matter was consulted to her by the Secretariat, she made a decision to already push through with the submission to the PEM Board for the following reasons: 1) its first comment is already addressed by the other provisions as proposed by the RCC, wherein the RCC made reference to the latest ASPP duly approved by the ERC, and 2) the second comment seemed incorrect since the suggestion of the DMC to make changes to the ASPP is not within the authority of the RCC--the comment should thus be directed to the ERC and not to the RCC.

Noting the information above, the rest of the RCC members concurred with the decision made by Dr. Guevara.

6. Proposed Amendments relative to Plants on Commissioning and Testing of Plants

Mr. Cacho reminded the RCC of the need to make a proposal on the inclusion and incorporation in the appropriate WESM Manual of the "Other Considerations (e.g. commissioning and testing of plants)" which were deleted as part of the MRU criteria. RCC requested PEMC to make a presentation in the next meeting regarding the issues on the matter to guide the RCC on in drafting the proposal. The request was noted by Mr. Cacho.

IV. NEW BUSINESS

1. Proposed Amendments to the Retail Rules on Disconnection Procedure

Mr. Zano presented the RESA's proposal for amendments to retail disconnection procedure, which is aimed at incorporating the retail customer in the disconnection procedure, noting that the contestable customers can also be members of the WESM

Ms. Rivera explained that the primary reason why they opted to submit a separate proposal from what was submitted by PIPPA is that based on initial discussions, the retail side might need to come up with its own proposal because most of the time they have different requirements and are governed by different sets of rules.

Based on the presentation made by Mr. Zano, the RCC commented that probably, the ineligibility of the customer should not be voluntarily submitted to the Central Registration Body (PEMC). Rather, a list of the eligible customers should instead be obtained from the ERC to be able to identify which are eligible and which are not when they go to PEMC to register in the WESM. Mr. Meneses similarly commented that there must be a provision for penalty for failure to declare such ineligibility.

Relative to Sec. 2.7.2.5, Mr. Meneses commented that notification by writing may not be feasible since the timeline is only 24 hours. The RCC agreed that the proposal may be revised such that the any other forms of notification such as email based on the registered email will be acceptable.

The comments were duly noted by Mr. Zano.

Following the presentation, the RCC approved the posting of the Proposal, as submitted, to solicit comments of participants. The RCC noted that the comments given above will be considered during the RCC's deliberation on the matter.

The RCC thanked Mr. Zano for the presentation.

2. Proposed Amendments to the Retail Manual on Metering Standards and Procedures

Mr. Joebet Del Rosario presented the MERALCO's Proposal for amendments to the Retail Metering Manual. He stated that the Proposal aims to minimize the financial burden of end-users, and to ensure a smooth implementation of the RCOA.

Following are the RCC's comments based on MERALCO's presentation:

- Since the provision of the metering data is a responsibility of the DU as the MSP, then back-up meter would benefit MERALCO more than the Contestable Customer. Ms. Rivera added that without the meter, no customer can be billed. Thus, if the back up meter would be of benefit to MERALCO, then the costs should be shared by MERALCO instead of just letting the Contestable Customers shoulder the costs of the equipment. In response the comment, MERALCO stated that they are regulated by the ERC thus, all charges to be made by MERALCO should be approved by the ERC. It was added that currently, the charge for back-up meter is not yet included in the charges that they recover. MERALCO added that there are rules which provide for the validation and estimation of consumption, thus, there will be no cases of no data.
- Since the Contestable Customers shoulder the costs of back up meters, then it follows that that Contestable Customer should own the back-up meter that it paid for. In response, MERALCO stated that their constraint is that if the ownership of the equipment is given to the Customer, then MERALCO will not have full access to the meter data.

Based on the comments and the response of MERALCO to the RCC's comments, Dr. Guevara expressed that the MERALCO should probably start filing with the ERC for the recovery of the cost of back-up meters to address the concerns raised by the RCC. MERALCO expressed that the difficulty of going to ERC lies on the situation that the installation of a back up meter is on a per request basis. Dr. Guevara however stated that the approval of the ERC can be sought only once for all requests for back-up meter.

Following the presentation and discussion above, the RCC approved the posting of the proposal for comments of participants. The RCC agreed to raise the comments above once the matter is deliberated upon by the RCC.

The RCC thanked Mr. Del Rosario and the other representatives from MERALCO.

V. OTHER MATTERS

1. Status of RCC Work Plan

The RCC agreed to revise the Work Plan based on inputs and updates provided by the respective parties.

2. PEM Board Updates

Ms. Rodriguez and the RCC members who presented the proposal before the BRC and the PEM Board informed the RCC of the result of the presentation to the PEM Board of the Proposed Amendments endorsed by the RCC.

➤ On the proposed amendments on the CVC and Dispatch Protocol Manual

The Secretariat informed the RCC of the PEM Board's approval of the proposal, including the request for extension of the effectivity of the approved urgent amendments until such time that the general amendments have taken effect.

➤ On the proposed amendments relative to MRU

Mr. Castro informed the body that the proposal was approved by the PEM Board. Mr. Cacho stated that while the proposal was approved, additional comments and instructions were given by the PEM Board, which should be addressed by the RCC.

Mr. Castro informed the RCC that one of the comments of the PEM Board is what is what if the SO is the one that caused for a generator to gain or lose. Mr. Sunico recalled that when the matter was discussed and the SO was asked if there are instances that such case happen, Mr. Rosales responded that there are none. Thus, the generators have no basis to contest that, unless an audit of the SO is conducted. Mr. Cacho stated that the SO audit is within the ERC jurisdiction.

The RCC noted the updates provided above.

VI. NEXT MEETING

The RCC agreed to meet on the following dates for the remaining months of 2014:

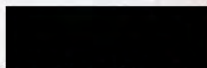
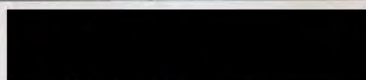
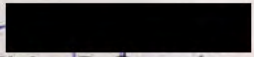
Public

643
644
645
646
647
648
649
650
651
652
653
654
655
656

- November 5
- December 3

VII. ADJOURNMENT


There being no other matters at hand, the meeting was adjourned around 3:30 PM.

| Prepared By: | Reviewed By: | Noted By: |
|---|--|--|
|  Romellen C. Salazar <i>Analyst – Market Governance Administration Unit</i> Market Assessment Group |  Geraldine A. Rodriguez <i>Assistant Manager – Market Governance Administration Unit</i> Market Assessment Group |  Elaine D. Gonzales <i>Manager – Market Data and Analysis Division</i> Market Assessment Group |


Public

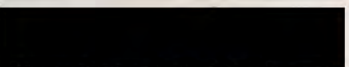



Approved by:
RULES CHANGE COMMITTEE

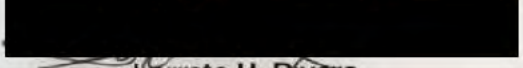

Rowena Cristina L. Guevara
Chairperson
Independent
University of the Philippines
(UP)

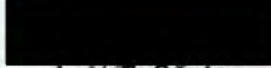
Members:

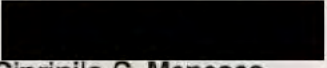

Concepcion I. Tangiao
Independent


Francisco L.R. Castro, Jr.
Independent
Tensaiken Consulting


Maila Lourdes G. de Castro
Independent

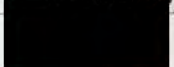

Lorreto H. Rivera
Supply Sector
TeaM (Philippines) Energy Corporation

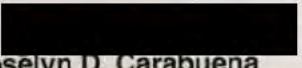

Jose P. Santos
Distribution Sector (EC)
Ilocos Norte Electric Cooperative, Inc.
(INEC)



Ciprinilo C. Meneses
Distribution Sector (PDU)
Manila Electric Company
(MERALCO)


Sulpicio C. Lagarde Jr.
Distribution Sector (EC)
Central Negros Electric Cooperative, Inc.
(CENECO)

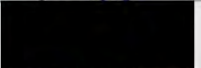
Gilbert A. Pagobo
Distribution Sector
Mactan Electric Company
(MECO)


Jose Ferlino P. Raymundo
Generation Sector
SMC Global


Joselyn D. Carabuena
Generation Sector
Power Sector Assets and Liabilities Management
Corporation (PSALM)


Ambrocio R. Rosales
Transmission Sector
National Grid Corporation of the Philippines
(NGCP)


Theo C. Sunico
Generation Sector
1590 Energy Corporation


Isidro E. Cacho, Jr.
Market Operator
Philippine Electricity Market Corporation
(PEMC)

Public