Minutes of the 105th Meeting of the Rules Change Committee
Regular Meeting No. 2015-10

Meeting Date & Time:	07 October 2015 - 09:00AM to 01:50 PM
Meeting Venue:	Training Room 2&3, 9/F Robinsons Equitable Tower, Ortigas Center, Pasig City

Attendance List

In-Attendance	Not In-Attendance
Technical Committee Principal Members: Maila Lourdes G. de Castro, Chairperson--Independent Francisco Leodegario R. Castro, Jr., Member--Independent Allan C. Nerves, Member –Independent Joselyn D. Carabuena, Member -- Generation (PSALM) Jose Ferlino P. Raymundo, Member -- Generation (SMC) Global Theo Cruz Sunico, Member -- Generation (1590 EC) Ciprinilo C. Meneses, Member--Distribution(MERALCO) Jose P. Santos, Member–Distribution(INEC) Lorreto H. Rivera, Member --Supply (TPEC) Ambrocio R. Rosales, Member --System Operator (NGCP) Isidro E. Cacho, Jr., Member -- Market Operator (PEMC) Alternate Members:	Gilbert A. Pagobo – Distribution—MECO Concepcion I. Tanglao, Member–Independent Ludovico D. Lim, Member –Distribution (ANTECO)
PEMC – Market Assessment Group (MAG) Geraldine A. Rodriguez Romellen C. Salazar **PEMC – Legal** Sheryll M. Dy **PEMC – TOD** Edward I. Olmedo	
Others: **DOE Observer(s)** Ferdinand B. Binondo Lorelei Moya **Petron Corporation**	

Pablito Enriquez Rolando Evangelista Mark Tristan Caparas Geb Bunado Gerald Santayana Don Vic Quezon

There being a quorum, Chairperson Atty. Maila Lourdes de Castro called the meeting to order at around 9:00 AM.

The RCC approved the Agenda as amended.

1. Reading, Review and Approval of the Minutes of the Minutes of the 104th RCC Meeting

The RCC reviewed the minutes of the 104th RCC Meeting held on 02 September 2015 and approved the same with minor clerical revisions.

2. Matters Arising from the Previous Meetings

3.1. RESA's Proposed Amendment to the Retail Rules on Retail Disconnection: Result of Board Review Committee (BRC) Meeting Presentation by the RCC

Mr. Isidro Cacho discussed with the RCC the result of the presentation before the BRC of the Retail Electricity Suppliers Association's (RESA) Proposed Amendment to the Retail Rules on Retail Disconnection as endorsed by the RCC. Mr. Cacho shared that the general comment of the BRC and its basis for remanding the proposal was that the provisions being proposed are beyond the scope of the market. He cited as an example the proposed Section 2.7.1.1 on the grounds for disconnection which covers even the violation of contracts under the OATS rule. For the other provisions, on the other hand, Mr. Cacho stated that the BRC did not raise any issue.

Ms. Lorreto Rivera recalled that the the decision to include some of the details in the proposal, particularly, the grounds for disconnection specified under Section 2.7.1.1, emanated from the ERC's comment that the proposal should be consistent with the DSOAR. Otherwise, she stated that, PEMC's comments to revise/simplify the proposal would have been acceptable tor RESA.

Ms. Rivera further informed the RCC that discussions are currently on-going between RESA and the ERC relative to the retail disconnection proposal. In view of this, she relayed RESA's request to defer RCC discussion the matter, pending the final result of discussions between the parties.

The RCC noted the information from Mr. Cacho and Ms. Rivera.

Following the discussions, the RCC agreed to defer further deliberations on the matter pending the result of the discussions between RESA and ERC on the matter.

Atty. de Castro requested for a formal communication from RESA, through Ms. Rivera, regarding its request to defer the RCC's discussions on the Proposed Amendment to the Retail Rules on Retail Disconnection. The request was duly noted by Ms. Rivera.

3.2. Petron's Proposed Amendment to the WESM Rules on Cogeneration

Atty. de Castro acknowledged presence of representatives from Petron during the meeting to take part in the RCC's deliberations relative to the Proposed Amendment to the WESM Rules on Cogeneration. She likewise acknowledged receipt of comments on the said proposal from PEMC and the DOE.

Mr. Cacho discussed with the RCC the comments submitted by PEMC, as follows.

- PEMC recommends that the current classification of generating units, in consideration of the must and priority dispatch generators, be retained.

Gen type	Offer
Scheduled Generating Unit	Maximum Available Cap
Non scheduled Generating Unit	Target Loading Level
Must Dispatch	Target Loading - forecast
Priority	Target

- To address the concern of Petron/other cogeneration facilities on its inability to offer its maximum capacity, pursuant to the must offer rule, due to the nature of their plants being cogeneration facilities, PEMC suggests that a qualification to the rules be made that insofar as co-generation facilities are concerned, the following guidelines be adopted, relative to its offers/nominations:

Plant type	Classification	Category	Class	Offer/Nomination
Cogeneration	Embedded or directly connected	Fit eligible	Preferential	Net of load
		Not fit eligible : less than or equal 10MW	Non-Scheduled	Net of load
		Not fit eligible: greater than 10MW	Scheduled	Net of load

- Embedded generating units which are not cogeneration facilities will be guided as follows:

Plant type	Classification	Category	Class	Offer/Nomination
Embedded	Not Cogeneration	Fit Eligible	Preferential	Gross
		Not fit eligible : less than or equal 10MW	Non Scheduled	Gross
		Not fit eligible: greater than 10MW	Scheduled	Gross

Mr. Cacho expressed that PEMC's recommendation to classify the scheduled and non-scheduled generating units based on size of above 10MW and 10MW or below, respectively, is a bit arbitrary and is subject for further review and validation.

In terms of the submission of quantities in the market, Mr. Cacho explained that as proposed by PEMC, cogeneration facilities will not be subject to the current definition of Maximum Available Capacity. Thus, cogeneration plants will be allowed to offer its net load (i.e net of requirements of its energy host) or the actual quantity that it will be injecting to the grid. At the same time, cogeneration plants will be required to submit their projected load and net injection on a day-ahead and week-ahead basis for purposes of monitoring.

Mr. Cacho further explained that for plants that are not cogeneration but are embedded, and whose generation is not dependent on the energy host, the existing rules would apply in terms of submission of offers.

To operationalize this, PEMC proposes to add an additional rule on cogeneration relative to the said plant's submission of projected net load. For the embedded generation, the same rules on submission of gross generation in consideration of the limitations defined under the maximum available capacity will apply. Moreover, for cogeneration facilities, an additional provision stating that they should submit their capacity net of load shall be proposed. Mr. Cacho explained that for non-scheduled and preferential dispatch generators, their submission to the market, will be quantity without a corresponding price.

Following the discussion above, Mr. Ferdinand Binondo likewise presented the DOE's comments, summarized as follows.

- Add an additional category of generating units under clause 2.3.1.2 of the WESM Rules, which is "5*) An embedded generating unit.*"

- Under the proposed new clause 2.3.1.7, further classify an embedded generation unit, as follows:
  a) If the aggregate generation capacity is below 10MW, it shall be registered as non-scheduled generating unit, but may, at its option, be classified as a scheduled generating unit; or
  b) If the aggregate generation capacity is 10MW or more, it shall be registered as a scheduled generating unit.

- Under the proposed new clause 3.5.5.12, state that embedded generations, which are registered as scheduled generating units shall submit to the Market Operator for each trading interval its projected generation quantities for onsite consumption.

Mr. Cacho stated that DOE's recommendation is, in some way, the same as PEMC's recommendation. He explained that the only difference is that the DOE is recommending an additional category of generating plants, which is "embedded generating unit," while PEMC proposes to retain the current classifications and just add relevant rules that will apply to cogeneration facilities in terms of its participation in the market. Further, cogeneration facilities may, where applicable, be classified under any of the existing categories of plants as defined in the WESM Rules.

Mr. Binondo agreed that the DOE's recommendations are, more or less, the same as that of PEMC's, except for the differing interpretations of what an embedded generating unit is. He shared that from the DOE's perspective, embedded generators are those plants synchronized with the grid and which are supplying energy to its own industrial plant. Mr. Binondo expressed that this interpretation of an embedded generator is the same as that of other markets such as the Australia and Singapore markets. Mr. Binondo raised that even embedded generators that are not cogeneration facilities may experience the same difficulties as Petron, in complying with the must offer rule. Thus, what the DOE wishes to address through its recommendation, is the concern of embedded generations as whole, and not just cogeneration facilities, regardless of the fuel type of the plant.

Mr. Ambrocio Rosales commented, that from the System Operator's perspective, the plant classified as embedded generation should be connected to the Distribution Utility system and should not be supplying power to the grid. Otherwise, without these conditions, the plant cannot fall under the category embedded.

Mr. Binondo responded that the Singaporean and Australian markets measure the power exported by embedded generation to the grid based on their net output. Moreover, these markets refer to requirement of their load as onsite consumption, which they require for submission, to monitor the output of the embedded generation when they submit their offers in the market. Mr. Binondo further stated that the DOE views that based on the definition of what a cogeneration facility is, the reason for such types of plants' difficulty in complying with the must offer rule is not due to its being a cogeneration facility, but perhaps, more on the type of technology. He expressed that, for instance, the combined heat and power plant, because it produces both electrical and heat energy or because it is efficient, is being classified as a cogeneration facility. However, it does not necessarily mean that with such peculiarity, it can no longer control its output, because such output can be defined by the cycles involved in the plant's processes or by the way the plant is designed. Finally, Mr. Binondo stated that the Renewable Energy (RE Act) recognizes only cogeneration facilities that are using renewable types of energy, which does not include the coal plants.

On the part of Petron, Mr. Rolando Evangelista expressed no objection on PEMC's comments and recommendations and stated that Petron has no issue as far as its commitment in offering its net generation is concerned. He clarified that the gross generation of Petron, which is required for submission in the market, is inclusive of its internal utilization or the requirements of its energy host. Mr. Evangelista stated, however, that with regard to commitment, the market has to understand that the dynamics in the operation of the embedded load, which in some instances, would require their plant to shift power, thus affecting the plant's net output for the day. Thus, from his perspective, it is more an issue of reporting what the plant cannot offer due to its circumstances, so long as its reasons are explainable and technically valid, rather than an issue of commitment.

Moving forward, Atty. de Castro stated that one of the issues raised by the DOE in the earlier part of the discussion is on the definition of the cogeneration. Thus, she inquired from the body if they have other thoughts on the matter.

Mr. Binondo clarified that the DOE does not have any issue on the definition. However, he stated that cogeneration may still be very vague for it to be treated as a classification for generation units, as there is still no existing law or provision with clear policies on cogeneration. The DOE views that Petron's concerns, specifically its compliance to the must offer rule, shall be addressed by examining issues of embedded generation. Thus, it is the DOE's recommended approach to address the issue on embedded generation and not look at cogeneration per se.

In relation to the DOE's recommendation to add "embedded generating unit" as another category of plants, Mr. Rosales commented that such would only complicate the categorization of plants, because embedded generating units may also fall, for instance, under the scheduled generation category. Mr. Binondo responded that the proposed clause 2.3.1.7 indicated that embedded generation unit may be subject to the sub categories specified under that clause.

Mr. Ciprinilo Meneses commented that one of the angles that the RCC should look into is how the Enforcement and Compliance Officer (ECO) treats cogeneration facilities—whether or not the ECO gives more leeway for said types o plants' compliance to the must offer rule. Mr. Meneses opined that if the market recognizes that a certain plant, say a cogeneration plant, is not as capable as a regular generator to offer its maximum available capacity, then the rules that apply to that plant should not be as strict as it would apply to the other generator types. Mr. Meneses likewise opined that the peculiarity of a plant may not be sufficient as reason for exemption to a certain rule. He cited for instance, that there are certain plants located in a rainy area that its coal fuel often gets wet thus affecting its ability to comply with RTD instructions. However, that plant does not request to be classified as "a plant located in a very rainy area" for it to be exempted from the RTD. He expressed that there are also peculiarities that hit other normal plants.

In response to Mr. Meneses' concerns above, Ms. Geraldine A. Rodriguez stated the ECO investigates non compliances on the basis of requests for investigations (RFIs) it receives. ECO then investigates the case on the basis of source documents submitted by the party being investigated, as well as available documents it has, vis-à-vis the existing provisions of the rules. She clarified that RFIs emanate from the MSC, which regularly reviews non-compliances to the must offer rule and the RTD instructions against the current provisions of the WESM Rules and Market Manuals. She explained that what the market wishes to address is subjecting generating plants to investigations over and over again for the same reason, which reason upon review and investigation by ECO, would later prove that the non-compliance to the must offer rule was indeed valid. Ms. Rodriguez added that what the proposal aims to address is that even at the start of the process, at the level of the MSC, an exemption is already granted by specifying in the rules that cogeneration units shall be allowed to submit their net output based on the load of their energy host.

Mr. Menses commented further that perhaps, the MSC should initiate, at its level, a way by which to cease the issuance of non-compliance to the cogeneration plants in terms of the must offer rule. Ms. Romellen Salazar responded that Petron's proposal, in fact, emanated from the MSC's instructions to Petron to submit a proposal to the RCC that

would exempt it from the must offer rule, in recognition that the concerns of Petron and the reason for its inability to offer its maximum available capacity is indeed valid.

Further on the discussions, Mr. Binondo inquired if all cogeneration facilities have an energy host. Mr. Cacho responded that based on the current definition under the RE Act, a cogeneration facility has an associated industrial commercial heating or cooling process through the sequential use of energy.

Dr. Allan Nerves, for his part, suggested that generators be classified based on their participation in the market rather than on the type of technology, to determine what rules would apply based on their participation.

Mr. Jose Ferlino Raymundo, for his part, stated that the rules amendment being proposed by Petron seeks to address the difficulty of having to investigate and explain something that occurs 24 hours for each of the 365 days of the year. He opined that regardless if the classification is cogeneration or embedded, the submission of plants with similar peculiarities as with Petron should be net of their load.

Mr. Rosales commented that hydro plants, that have constraints based on the availability of water especially during summer months, do not request for a similar exemption from the must offer rule. Mr. Cacho, on the other hand, responded that the limitations of hydro plants are already addressed in the current definition of maximum available capacity.

On a final note, Mr. Evangelista expressed his thanks to the RCC for having identified the issue on embedded generation. On the issue on cogeneration, he expressed that he is not familiar with how it is defined in the generation industry. He stated that from the perspective of the chemical and petro chemical industry, cogeneration is defined simply as a power plant producing at least two (2) kinds of energy, which are typically steam and power. He added that cogeneration plants should not be viewed based on a plants' efficiency in using its steam energy, because in such case, in the language of a chemical plant, it will be considered as a regeneration facility rather than a cogeneration plant. In simple terms, cogeneration plant is defined as such when the different types of energies produced are used in industrial applicatios."

At this point, Atty. de Castro thanked the body and the representatives from Petron for giving their inputs. Having noted the issues and concerns raised, the RCC agreed to defer its decision on the matter and remand the proposal to Petron for further enhancement based on comments received from PEMC and DOE, and the discussions arising from those comments.

The RCC created a Sub-committee, composed of Mr. Francisco Castro, Ms. Concepcion Tanglao, Mr. Jose Ferlino Raymundo, Mr. Ciprinilo Meneses, and Mr. Isidro Cacho, together with Mr. Ferdinand Binondo, to work with Petron in crafting a revised proposal to the WESM Rules that would address its concerns.

Atty. de Castro requested the Secretariat to coordinate the meeting of the Sub-Committee and Petron, and have their output presented in the next RCC meeting.

The agreements and instructions were duly noted by the parties.

Atty. de Castro thanked the body and the representatives from Petron for taking part in the RCC's discussions.

3.3. MO-SO Study on Dispatch Tolerance Standards: Presentation from the System Operator of the results of its simulation

Mr. Rosales made a presentation on result of the System Operator's own assessment of the ±3% dispatch tolerance, following the previous presentations made by the Market Operator in relation to the MO-SO Study on Dispatch Tolerance. The SO's study seeks to determine if there is a need to modify the existing threshold to further improve the Generators' compliance to their RTD's target load, and to propose amendments to the current market manual, if necessary, based on the results of the study.

The assumptions used in the SO's study are as follows:

1. Two (2) types of Power plants were considered in the study: Coal & Gas Turbine
2. The Data used were the actual plant loadings at every 5-seconds intervals from 0000H to 2359H from Sept. 8-14, 2015 (1 week data)
3. Intervals with no change in RTD (previous RTD same as current) and those with dispatcher intervention (e.g. hold load instructions) were not considered.

On the other hand, the methodology used by the SO is as follows:

1. Intervals were split into two categories: *Increasing* RTD and *Decreasing* RTD.
2. Projected intra-hour RTD was formulated based on linear ramping and used to assess compliance to dispatch tolerance at the intra-hour .
3. Estimates for the 15-minute ramp rates were computed by taking the actual plant loading every 15 minutes for each interval
    - Four (4) ramp rates were computed at each interval

The following slides show the results of the SO's assessment:

Assessment (GT type)

RTD Trend	Compliance							
	% of Data Above RTD				% of Data Below RTD			
	1%	2%	3%	> 3%	-1%	-2%	-3%	< -3%
Inc	18.78	31.88	36.44	6.48	20.27	35.95	45.34	11.74
Dec	17.30	23.67	24.25	0.17	22.5	36.56	45.34	30.24

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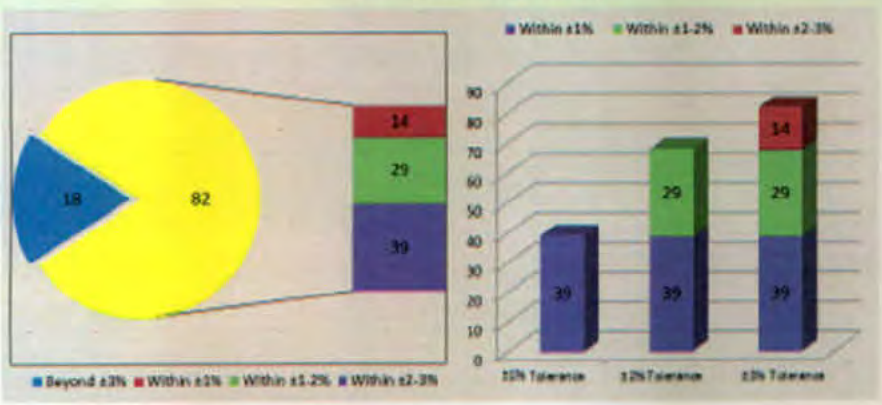
Assessment (GT type)

Average Percentage Distribution (Increasing RTD)



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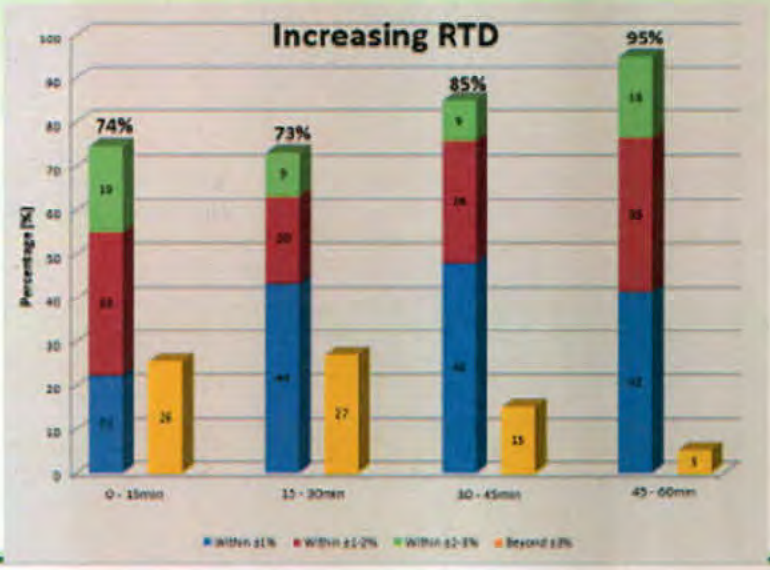
Assessment (GT type)

Compliance to ±3% Tolerance



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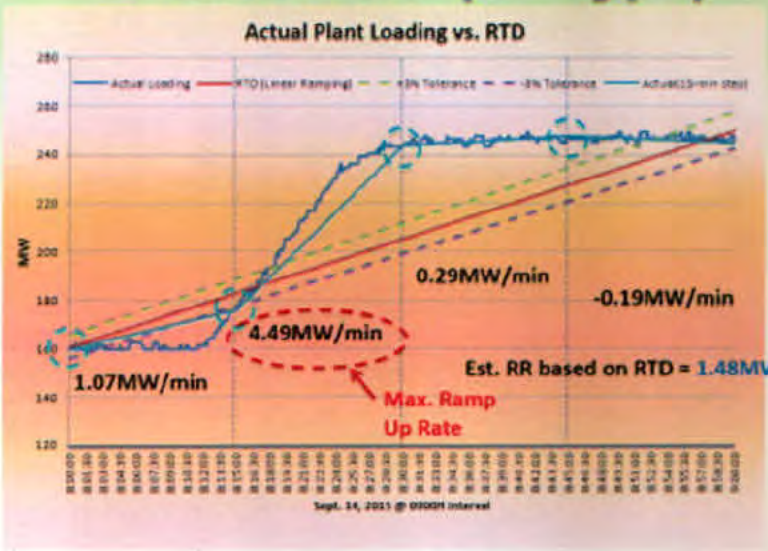
Assessment (GT type)



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Findings/Observations

- It was very evident that the actual ramp rates can be varied even below the calculated RTD ramp rate. This was observed especially during the last 15th minute observable period just to comply within the required dispatch tolerance.
- Also, it can be observed that whenever the actual ramp rates would be higher that the calculated ramp rates, the target load can be achieved earlier within the intra-hour (i.e within the 2nd and 3rd 15th minute intervals) and maintain its load steadily just to keep compliant within the threshold at the end of the hour.

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Grid Impact of Allowing +3% or > 3% Dispatch Tolerance

- For an RTD of 8000MW plus 3% increased to its output generation equivalent to 240MW would result in a frequency rise of 1.09hz at 22MW/0.1 Hz. Hence, if the frequency is at 60Hz, the resulting frequency would be 61.09Hz (excess generation)
- Actions to be done by the System operator is to constrain off generators ranked high in the merit order table or even to shutdown if already at pmin to be able to balance the supply and demand.

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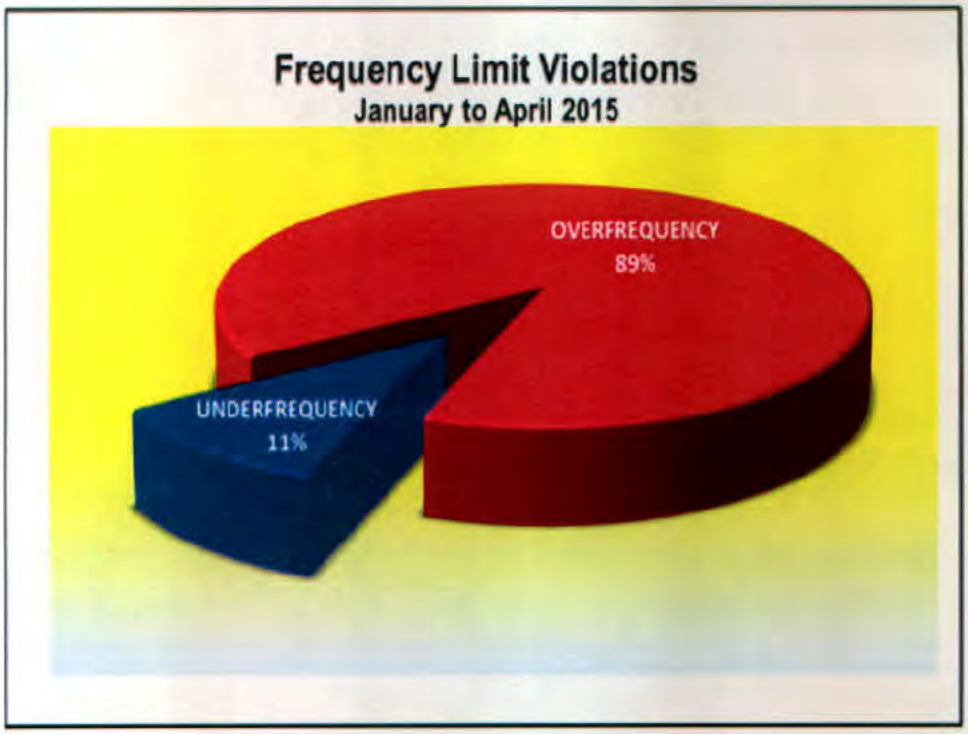

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Difficulty in the Dispatch implementation

- Scheduling the RTD based on the target load and allowing to deviate to +3% from the target load would have difficulty in balancing the supply and demand since there is no downward adjustment. This would result in frequent constraining off of generators just to keep the frequency within normal range. Otherwise, the grid is exposed to "*severe over frequency*" due to excess generation which is detrimental to grid operations.

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Recommendations

- To propose amendment for a rules change to strictly comply only to the target load with the dispatch tolerance compliance within the 0% and -3% thresholds.
- Dispatch tolerance shall still be observed but only for below the RTD schedule (-3% limit). This will allow plants to be Constrained On and provide additional power to augment the generation deficiency.
- For WESM to monitor the capability of plants to comply with the RTD-based ramping in order to minimize the effect of plant loading deviation to system frequency.

Below are the details of the discussion which followed relative to the SO's presentation:

- In relation to the slide on frequency limit violations, Dr. Nerves inquired on how the percentages were derived, whether or not it is based on performance per trading interval. Mr. Rosales responded that the slide/pie chart reflected the performance in terms of power quality every 2-seconds, clarifying further that each time the frequency braches the 60.3Hz, it is counted as one (1) violation. He stated that this is how the ERC gauges the SO's performance in terms of power quality. Based on the SO's data, at 89% of the time, the system experiences over-frequency, while under-frequency is experienced 11% of the time.

- Mr. Rosales commented that even if the plants go beyond the 3% dispatch tolerance during intra-hour, the monitoring of compliance to the thresholds is based only on the top of the hour or end of trading interval. He noted that plants are being paid for their total energy.

- Mr. Rosales commented further that scheduling in the market is based on the target load. However, the problem is that during real time, plants may deviate from their target load because the rules allow them to do so, with the dispatch tolerance standards of ±3%. Thus, Mr. Rosales raised his concern that if all plants will deviate by +3% from their target load, the frequency will go up, which is detrimental to system security. In such case, the SO's usual action to address over-frequency is to constrain-off generators. If the frequency is between 60.3 and 60.6Hz, the SO still observes the order of priority in the merit order table in constraining-off generators. However, wher[redacted] the frequency goes beyond 60.6 and the system is already in the emergency state

the SO may already constrain-off generators in any order of priority and in most cases, call first those Generators ranked in the highest order of priority, or even shutdown generators at Pmin if still necessary. Mr. Rosales expressed that over-frequency is more difficult to address than under-frequency because there is currently no downward regulation to address the over-frequency. Mr. Rosales stated that Generators should try to understand that when Generators are asked to constrain-off, the SO is only trying to balance the supply and demand. It should also be noted that such action is caused by many factors, including the increase in output of Generators in the lower order of priority in the merit order table who may be taking advantage of the allowed 3% upward deviation. He remarked that implementing the reserve market may provide some relief to all of these issues.

- Mr. Cacho stated that the central scheduling of energy and reserve will be implemented prior to the reserve market. He remarked that with central scheduling, the problem with over-frequency can be addressed because it provides for a mechanism on upward and downward regulation.

- Still in relation to Mr. Rosales' remarks on the reserve market, Mr. Binondo informed the RCC that the DOE is preparing its comments on the report submitted to it by PEMC following the forum conducted by the DOE with the generators. Mr. Raymundo expressed that the DOE give ample time for the generators to prepare for the implementation of the reserve market. Mr. Binondo answered that there is already a timeline for its implementation, as well as for the trial operations period as mentioned by Mr. Cacho.

- Further on under-frequency, Mr. Rosales stated that the same is easier to address because the SO can easily ask a generator to constrain-on and increase its output, which should be deemed as an opportunity on the part of that Generator.

- Mr. Meneses commented that the SO can perhaps consider incorporating in its Ancillary Service Procurement Agreement (ASPA) the provision of downward regulation to immediately address the problem, rather than wait until the central scheduling gets implemented. Mr. Meneses also opined that changing the rules and the ±3% threshold for dispatch tolerance is not necessary. He stated that what needs to be done is improve enforcement and implementation, in particular, the SO practice of dispatch tolerance compliance monitoring should be done on a 15 minute interval basis instead of at the top of the hour only. If such can be done, the non-complying Generators can be easily identified and the SO can ask them to reduce their output even before the end of hour.

- Mr. Rosales responding to the comment of Mr. Meneses, explained that the SO can capture the data for every 15 minutes as suggested. However, the SO deems that even if Generators comply with the 3% dispatch tolerance threshold, the issue cannot be solved because that 3% level has an impact to the grid in real time, especially when all generators deviate by 3% upward from their target load. Thus, he reiterated the SO's recommendation to adopt the -3% and 0% threshold. Mr. Rosales expressed that even the monitoring of the linear ramping of plants every 15 minutes is difficult to implement, unless the new market monitoring system will be designed based on a 15-

minute dispatch interval, as it would already address the intra-hour variations and improve grid operation.

- Dr. Nerves believed that the percentage will not matter because even if the 0% threshold is adopted, the Generator can still breach that level during intra-hour and be compliant at the end of hour.

- Mr. Raymundo commented that if the 15 minute monitoring is implemented, the Generator should likewise have a target every 15 minutes because that demand may also vary within that short period of time. If the MSC monitors compliance to the linear ramping and the demand changes within that 15-minute interval, then the Generator will still be subject to investigation.

- Mr. Alfie Miras raised that SNAP's primary concern is the handling of small dispatch levels. He stated that the problem with percentages is that it would depend on the level of the Generator's RTD. He stated that SNAP's difficulty is in complying with the 3% threshold when dispatched at low levels. Mr. Rosales, on the other hand, stated the difficulty of SO in maintaining grid security by trying to balance the supply and demand. He stated that if the 3% threshold level will be maintained and all Generators will deviate at that level, the frequency, for upward dispatch deviation, will go up and the grid security will thus suffer. If that happens, the SO's natural reaction would be to constrain of some Generators.

- Mr. Meneses commented that the SO's practice of choosing Generators at the top of the merit order to back down when grid frequency goes up may be unfair for that Generator if it is complying with its RTD instructions. Thus, in such case where the Generator at the top of the merit order is compliant, the SO should not base its action on the merit order but rather, on the "moral order". Mr. Rosales responded that the SO currently has no such capability. Mr. Raymundo stated that the need to ask some Generators to back down may not always be caused by a Generator's non-compliance to its RTD, as there are other factors such as forecast error. Moreover, per Mr. Rosales, there are also renewable energy sources that need to be considered because these sources are unpredictable and can come in to the grid at any time.

- Mr. Raymundo suggested inviting a plant operator to discuss/make a presentation on what happens in the control room, or how the plant operator reacts to certain conditions that affect the real-time dispatch of a plant and its compliance to SO's instructions.

- On the part of the MO, Mr. Edward Olmedo stated that the MO's recommendations as he had shown in his previous presentations to the RCC remain. That is, to adopt the 1MW dispatch tolerance for RTD of up to 50MW (Luzon) and up to 10MW (Visayas). Moreover, for plants with RTD of more than these levels, the 3% threshold will be maintained. As such, Mr. Olmedo expressed that the MO will prepare a proposal/position paper, incorporating the recommendations of the SO. Moreover, the data previously requested by the RCC on the bell curves will be provided to the RCC through the Secretariat.

- Mr. Theo Sunico recalled that the 3% dispatch deviation standards is not part of the Rules or Manuals, but was issued through a PEM Board Resolution. If under the Rules, it should be the SO who should determine the appropriate dispatch tolerance of plants, he inquired on the way forward for the recommendations that will be provided in the MO-SO study. Mr. Cacho stated that the MO's adoption of the 3% threshold was intended for the transitory period and subsequent to that, the SO has been tasked to determine the appropriate dispatch deviation standards. He expressed that the intent now of the proposal is to provide an enhancement to the current threshold level and incorporate it in the rules and appropriate manuals.

Following the discussions, the RCC agreed as follows:

- Coordinate with Ms. Rivera and Mr. Raymundo for the plant operator to be invited to the RCC to discuss their experiences inside the control room in terms of reacting to certain plant conditions and in complying with SO's dispatch instructions;

- For the MO to submit its position paper to the RCC in relation to the recommendations presented by the MO and SO relative to the dispatch tolerance standards for plants, and present the same in the next RCC meeting. The position paper, in particular, shall address the concerns raised by SNAP and at the same time, incorporate the SO recommendations. Mr. Olmedo shall also provide the data and bell curves previously requested by the RCC relative to the MO's simulation on the Generator's compliance to the dispatch deviation standards.

3. New Business

WESM Technical Committee's Proposed Amendment to the WESM Rules and TC Manual Issue 1

Ms. Hiyasminh Dagum presented the Technical Committee's (TC) Proposed Amendment to the WESM Rules and TC Manual in behalf of the TC. The TC's Proposal aims to update the first issuance of the TC manual and revise the procedures in conduct of technical study and review. Ms. Dagum presented the major changes in the Rules and manual as proposed by the TC. In the course of discussions, the RCC gave its comments as specified below.

- Section 4.3.3: The RCC inquired on how the Secretariat ensures that a request for Study to TC is included in its agenda. Ms. Rodriguez responded that all requests received by the Secretariat are immediately transmitted to the TC thru email, and is automatically included in the Agenda of the nearest TC meeting.

- Section 4.3.6, the RCC commented that as worded, the proposed provision does not clearly state that the entities with which TC may coordinate with in relation to its study, is not limited to those specified under the provision.

- Section 4.3.7: The RCC inquired if it would be appropriate to leave to the TC's discretion whether or not to provide a copy of the technical review or study to PEM Board, considering that the Technical Committee is a PEM Committee. The TC Secretariat noted

this comment and explained that based on the current procedures, TC review/study is provided to the party who requested for the same. Moreover, the Secretariat stated that perhaps, one of the things to be considered is confidentiality of the data used for such technical review or study.

The comments were noted by the Secretariat for consideration once the RCC deliberates on the matter. Following the presentation made by Ms. Dagum, the RCC approved the posting of TC's Proposed Amendment to the WESM Rules and TC Manual Issue 1, to solicit comments of participants and interested parties.

4. Other Matters

4.1. DOE's presentation on clerical corrections to the WESM: For RCC's confirmation

Ms. Lorie Moya presented the clerical corrections made by the DOE in the WESM Rules as a result of the WESM Rules Review and Writeshop conducted by the DOE together with PEMC. The presentation intended to get the RCC's confirmation that the corrections made by the DOE are correct and acceptable to the RCC.

In the course of the presentation, noting that the DOE's direction is to insert the phrase "WESM Rules Clause" in all reference to clause, Atty. de Castro suggested instead to insert a provision at the beginning of the WESM Rules document stating something like "all references to the clauses herein, refer to the WESM Rules, unless otherwise stated." Atty. de Castro opined that inserting "WESM Rules" in every provision in the WESM Rules may be redundant.

The RCC likewise noted that acronyms will be used only for the entities, that is, the DOE and the ERC. In such case, since the market manuals normally use acronyms such as BCQ, MRU, MSU, etc., Atty. Maila suggested that, to avoid doing a global change in all market manuals, the acronyms be retained in the glossary of the WESM Rules.

The suggestions of the RCC were duly noted and accepted by the DOE.

Following the presentation of Ms. Moya, the RCC confirmed and accepted the clerical corrections in the WESM Rules, as presented.

4.2. BRC/PEM Board Updates for September 2015

Ms. Rodriguez provided the following updates to the RCC.

- PEM Board approved the Proposed Amendment to the WESM Rules on Wholesale Disconnection, except for the proposed Clause 2.9.1.3.
- BRC remanded the Proposed Amendment to Retail Rules on Retail Disconnection for further review, as some of the proposed provisions were noted to be beyond the scope of the market.

The RCC duly noted the information provided by the Secretariat, and thanked Mr. Cacho for presenting in the BRC, and Dr. Nerves for presenting in the PEM Board.

5. Next Meeting

The RCC was reminded of the previous agreement to meet on the following dates in the succeeding months of 2015.

- 106th RCC Meeting – 04 November
- 107th RCC Meeting – 02 December

The Secretariat informed the RCC that the PEM Committee Christmas activity will coincide with the RCC"s meeting in December. The information was noted by the RCC.

6. Adjournment

There being no other matter to be discussed, the meeting was adjourned at 1:50 PM.

Prepared By:	Reviewed By:	Noted By:
[redacted] **Romellen C. Salazar**	[redacted] **Geraldine A. Rodriguez**	[redacted] **Elaine D. Gonzales**
Analyst *– Market Governance Administration Unit* ***Market Assessment Group***	***Assistant Manager*** *– Market Governance Administration Unit* ***Market Assessment Group***	***Manager*** *– Market Data and Analysis Division* ***Market Assessment Group***

[redacted]

Approved by: RULES CHANGE COMMITTEE [redacted] **Maila Lourdes G. de Castro** Chairperson Independent	
Members:	
[redacted] **Concepcion I. Tanglao** Independent	[redacted] **Francisco L.R. Castro, Jr.** Independent
Allan C. Nerves Independent	[redacted] **Isidro E. Cacho, Jr.** Market Operator Philippine Electricity Market Corporation (PEMC)
[redacted] **Ambrocio R. Rosales** Transmission Sector National Grid Corporation of the Philippines (NGCP)	**Joselyn D. Carabuena** Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
[redacted] **Jose Ferlino P. Raymundo** Generation Sector SMC Global	[redacted] **Theo C. Sunico** Generation Sector Vivant Corporation
[redacted] **Ciprinilo C. Meneses** Distribution Sector (PDU) Manila Electric Company (MERALCO)	[redacted] **José P. Santos** Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)
Gilbert A. Pagobo Distribution Sector Mactan Electric Company (MECO)	**Ludovico D. Lim** Distribution Sector Antique Electric Cooperative, Inc. (ANTECO)
[redacted] **Lorreto H. Rivera** Supply Sector TeaM (Philippines) Energy Corporation (TPEC)	Certified True and Correct: [redacted] **Elaine D. Gonzales** RCC Secretary PEMC

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