

MINUTES OF THE RULES CHANGE COMMITTEE 145th REGULAR MEETING (No. 2018-09)	
Meeting Date & Time:	05 October 2018, 9:00 AM to 3:00 PM
Meeting Venue:	18/F PEM Board Room, Robinsons Equitable Tower, Ortigas Center, Pasig City
Attendance List	
In-Attendance	Not In-Attendance
Rules Change Committee Principal Members: Maila Lourdes G. de Castro, Chairperson – Independent Francisco Leodegario R. Castro, Jr. – Independent Concepcion I. Tanglao – Independent Allan C. Nerves – Independent Abner B. Tolentino – Generation (PSALM) Jose Ildebrando B. Ambrosio – Generation (Northwind) Cherry A. Javier – Generation (APC) Dixie Anthony R. Banzon – Generation (MPPCL) Ciprinilo C. Meneses – Distribution (MERALCO) Jose P. Santos – Distribution (INEC) Virgilio C. Fortich, Jr. – Distribution (CEBECO III) Ambrocio R. Rosales – System Operator (NGCP) Alternate Members: Edwin N. Mosa – Market Operator (IEMOP)	Lorreto H. Rivera – Supply (TPEC) Isidro E. Cacho – Market Operator (IEMOP)
Other attendees: PEMC – Market Assessment Group (MAG) John Mark S. Catriz Romellen C. Salazar	

Divine Gayle C. Cruz
Aldjon Kenneth M. Yap

PEMC – Legal Department

Marian Venussa S. Dela Fuente

Independent Electricity Market Operator of the Philippines (IEMOP)

Eric Nino U. Louis
Katrina G. Amuyot
Marie Emmanuelle T. Delarmente
Raymond Joseph A. Marqueses

DOE Observers

Ferdinand B. Binondo
Ann Margaret Andres
Ryan Jaspher Villadiego

1 There being a quorum, Atty. Maila Lourdes G. de Castro, Chairperson of the RCC, called the
2 meeting to order at 9:10 AM.

3 **1. Adoption of the Proposed Agenda**

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5 The Secretariat requested for the reordering of the proposed agenda, specifically for item
6 number 6.2 *Relevant Matters regarding PEMC Re-organization* to be tackled after the review
7 of minutes of the previous meeting.

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9 Following the request, the RCC approved the proposed agenda as amended.

10 **2. Review of the Minutes of the 144th RCC Meeting**

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Agreements/Action Plans

The RCC approved the minutes of the 144th RCC Meeting held on 07 September 2018, as submitted.

3. New Business

3.1. Deliberation on the Proposed Amendments to the Retail Rules and WESM Rules to Reduce Barriers to Entry and Participation in Retail Competition

Mr. Eric Nino U. Louis, from the Corporate Strategy and Communications Department of IEMOP, assisted the RCC in its deliberation of the subject proposal with the end view of addressing the concerns regarding the procedures to participate in the retail competition.

PROPOSED AMENDMENTS

Reduction of minimum switch timeframe

• Current Process



• Proposed process

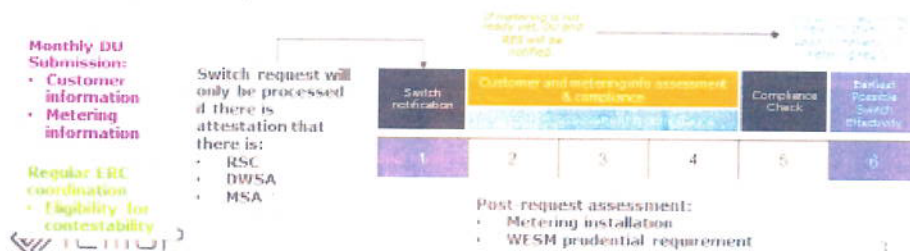


Figure 1 IEMOP Presentation Material

Mr. Louis presented in detail the current switching procedures as provided in [Figure 1](#). He explained that presently it takes 30 working days to implement the procedure. It starts from the notification by the requesting party of its intended switch followed by the submission of the complete requirements to the Central Registration Body (CRB) subject to confirmation by the Metering Services Providers (MSP). If such is found to be insufficient, the lacking requirements shall then be submitted on the provided deadline (10th of the month). Upon completion of requirements, the switch will take effect on the 26th of the following billing month which is the start of the billing cycle.

Based on best practices across various jurisdictions, the IEMOP assessed that it can administer the switching implementation within 5 working days provided that all submissions by the requesting parties are complete. With the promulgation of the proposal, Mr. Louis explained that WESM participants will be able to switch whenever they deem necessary.

On the matter of information availability, Mr. Louis stated that providing the CRB with information of all eligible contestable customers on a monthly basis, as prescribed by the Energy Regulatory Commission (ERC) procedures, will be key in streamlining the switching process. As a result, the submission of certificate of contestability may now be removed as part of the requirements and instead be replaced by the list of eligible contestable customers as will be provided by the ERC.

With regard the requirement of WESM registration for contestable customers, Mr. Louis relayed to the RCC that there were instances when contestable customers intending to become indirect WESM members, were not able to immediately participate in the retail market due to the internal procedures (e.g. corporate documentation, approval of board resolutions, etc.) of its affiliated direct WESM participants. This concern will be addressed by the removal of requirement for contestable customers to be registered in the WESM prior to participation in the retail market. Nonetheless, Mr. Louis noted that contestable customers will still be represented at the wholesale level by its Retail Electricity Supplier (RES). The proposal however does not restrict contestable customers from participating in the market as direct WESM members should they so choose.

As a final note, Mr. Louis identified that only matters regarding metering installations and prudential requirements may cause for delay of the process.

After the presentation, the RCC deliberated on the proposal and raised various concerns as follows:

- Although it was highlighted in the proposal that the actual Retail Supply Contracts (RSC), Distribution Wheeling Service Agreement (DWSA) and Metering Services Agreement (MSA) shall no more be required in the submission of switch request, Mr. Ciprinilo C. Meneses raised that the proposed attestation may still incur significant timeline to accomplish. Atty. De Castro then inquired on the form to which the said attestation be submitted, either via a board resolution or any appropriate documentation. Mr. Louis stated the IEMOP is currently discussing on which form should the attestation be. He added that the initial idea was to have a single attestation document for the above enumerated requirements.

Mr. Jose P. Santos raised a concern related to switching of contestable customers. He stated that there was an instance when Ilocos Norte Electric Cooperative's (INEC) contestable customer suddenly switched to a supplier without seeking clearance from them. He added that this kind of switch (local RES to RES) leaves the distribution utilities in an adverse situation due to the unexpected load reduction. Mr. Virgilio C. Fortich, Jr. added that these consumptions have already been factored in on the contracting of capacities entered into by the distribution utilities. Once these contestable customers switch from local RES to RES, distribution utilities still pay for the contracted quantity even though the same is not utilized.



Mr. Louis acknowledged the concerns raised by the distribution sector representatives and admitted that there was indeed a gap on the procedures of the CRB on implementing a request for switch. He assured that these cases have already been addressed by adding procedures such as informing all involved parties prior to implementation of switch and requiring the appendices and addendums of the DWSAs. In as much as the proposed amendments are concerned, Mr. Louis explained that these cases shall be addressed by the attestation which would require clearance from all involved parties prior to implementation of the switch.

- On the proposed revisions to the registration of contestable customers, Ms. Cherry A. Javier sought clarifications on the levels of participation that contestable customers may undertake. It was clarified that with the proposal, eligible contestable customers shall no more be required to be registered in the WESM prior to its participation in the retail market. It however has the option to participate as direct WESM member provided it is directly connected to the transmission system. Ms. Javier opined that these provisions, as well as, its applicability should be clearly provided for in the proposal.

Ms. Javier likewise recommended that provisions regarding the representation of RESEs in the market network model should be clarified since RESEs will be the entities trading for its respective contestable customers.

- Ms. Concepcion I. Tanglao observed that although it was highlighted by Mr. Louis that the proposed 5-day timeline for the implementation of switching was the minimum timeline, the proposed wording in the Retail Rules can be interpreted to mean that the proposed timeline is the maximum¹. Mr. Ferdinand B. Binondo added that the clause proposed to be revised provides for the timeline for the supplier to submit the switch request and not the timeline by which the CRB shall implement the request.

Ms. Javier then recommended that the provision for the proposed timeline shall be included under the responsibility of the CRB stating that the switch request shall be implemented not later than 5 working days. Ms. Tanglao expressed agreement in the recommendation and inquired if there is a more appropriate section in the Retail Rules where the proposed timeline may be transferred.

Mr. Louis responded that the reason IEMOP opted not to provide a stringent timeline for the CRB to implement the switch is that there are still procedures that will be detailed in the relevant Market Manuals which involve the detailed assessment by the CRB on metering installation, prudential and other requirements prior to implementation of the switch. These procedures may cause the delay of the implementation of the switch since the request may be reverted to the requesting party if submissions are assessed to be

¹ Proposed Amendment to the Retail Rules Clause 3.2.2.1:

Once all the conditions set forth in clause 3.2.1.3 are met, the new *Supplier* shall submit the *switch request* to the *Central Registration Body* not later than ~~thirty~~**five working** days prior to the proposed effective date, ~~Provided that the proposed effective date should coincide with the end of a billing period.~~

insufficient. Insofar as the switching timeline is concerned, Ms. Tanglao opined that the proposal clearly stipulates that the switch shall only be implemented after the requirements are complete and compliant. Therefore, the commencement of the 5-working day timeline will only start when the submission is assessed to be complete. On the other hand, Mr. Meneses commented that the procedures for assessment and determination of compliance should be made known to all involved parties.

The RCC recognized the intention to shorten the timeline of the switching process and understood that it will improve participation of contestable customers in the retail market. However, Atty. De Castro opined that since the CRB states that it can implement the switch within 5 working days, then the said timeline should likewise be documented in the proposed revision to be fair with all concerned parties.

Considering the discussions and the apparent need for the detailed procedures in order for the body to comprehensively deliberate on the proposal, the RCC agreed to defer further deliberations on the proposal with the request to the IEMOP to also submit the necessary revisions to the relevant Market Manuals to ensure consistency with the Market Rules.

Agreements/Action Plans

The RCC agreed to defer further deliberations on the Proposed Amendments to the Retail Rules and WESM Rules to Reduce Barriers to Entry and Participation in Retail Competition, pending the submission of the proposed revisions to the relevant Market Manuals detailing the proposed switching procedures.

4. Other Matters

4.1. PEM board Updates – RCC Discussion Paper on the DOE's Concerns regarding Cross-Grid Power Supply Agreements and Line Rental Trading Amounts

Dr. Allan C. Nerves apprised the body of the PEM Board approval of the endorsement to the DOE of the RCC's Study on Line Rental Trading Amounts in Cross-Grid Power Supply Agreements, as submitted. He added that the PEM Board also found the RCC's recommendations acceptable, particularly regarding the need to upgrade the transmission network to improve line constraints and congestions, and also recognized the role of the ERC in this matter aside from the NGCP considering investment involved.

4.2. Relevant Matters regarding PEMC Re-organization

In view of the re-organization of PEMC, the Secretariat introduced Mr. John Mark S. Catriz, manager for the Rules Review Division (RRD), formerly Market Governance Administration, still under the Market Assessment Group. Mr. Catriz then provided a brief background on the mandate of the division other than the continuing provision of technical and administrative support to the Rules Change Committee. He explained that the responsibilities of the RRD expanded to also pro-actively conduct studies, research and initiate proposals for rules changes. Atty. De Castro inquired if there are targeted timelines for the pro-active conduct of studies. Mr. Catriz explained that the RRD is currently having an on-going planning and discussion regarding the new mandate which shall be referred to the management. The same will then be provided to the Committee once agreed and finalized.

On another note, Atty. De Castro inquired if there will be changes with regards the communication of the RCC to the Secretariat. Mr. Catriz stated that the current communication practice will still be upheld.

The RCC noted the information.

4.3. Review of RCC 2018 Work Plan

Atty. De Castro led the review of the RCC 2108 Work Plan. Noting that most pending proposals for submission to the RCC will be initiated by the now spun-off Market Operator, the RCC instructed the Secretariat to draft a letter to the IEMOP requesting for updates or new target periods of submission of their proposals queued-up in the RCC's 2018 Work Plan. Said pending proposals are as follows:

1. Proposed Amendments to the WESM Manual on Metering Standards and Procedures regarding MSP Performance Rating;
2. Proposed Amendments to the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures;
3. Proposed WESM Rules Revision Regarding Reportorial Requirements of the Daily Significant Variations Report;
4. Rules Changes as Required by Renewable Energy Market, Renewable Portfolio Standards, and Green Energy Option Program;
5. Rules Changes as Required by the Certification Audit of New Market Management System, CRSS; and
6. Rules Changes as Required by the Reserve Market

For the particular proposal to amend the Market Manual on Philippine Electricity Market Audit, the Secretariat informed the RCC that based on updates from the involved PEMC unit, the proposal may already be submitted and presented to the RCC in its regular meeting in November 2018.

Meanwhile, for the submission of the proposed protocol for high voltage direct current (HVDC) scheduling, Mr. Ambrocio R. Rosales agreed to move the target period from Q4 2018 to Q1 2019 considering that the National Grid Corporation of the Philippines is still undertaking a study on the same.

5. Next Meeting

The RCC agreed to hold subsequent meetings on the following schedules:

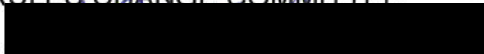
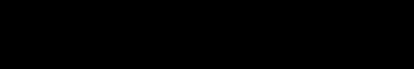
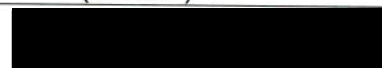
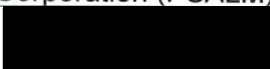
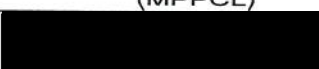
- **09 November 2018**
- **07 December 2018**
- **18 January 2019**

Starting 2019, the RCC noted that the schedule of regular RCC meetings might need to be moved from first Friday to the third Friday of the month to provide sufficient time for submission or endorsement of proposals in accordance with the schedule of PEM Board meetings (i.e., fourth Thursday of the month).

6. Adjournment

There being no other matters for discussion, the meeting was adjourned at 12:03 PM.

Prepared By:	Reviewed By:	Noted By:
 Aldjon Kenneth M. Yap <i>Rules Review Specialist – Rules Review Division</i> Market Assessment Group	 John Mark S. Catriz <i>Manager – Rules Review Division</i> Market Assessment Group	 Elaine D. Gonzales <i>Officer-in-Charge – Market Assessment Group</i> Market Assessment Group

Approved by: RULES CHANGE COMMITTEE  Maila Lourdes G. de Castro Chairperson Independent	
Members:	
  Concepcion I. Tanglao Independent	 Francisco L.R. Castro, Jr. Independent
 Allan C. Nerves Independent	Isidro E. Cacho, Jr. Market Operator Independent Electricity Market Operator of the Philippines (IEMOP)
 Ambrocio R. Rosales Transmission Sector National Grid Corporation of the Philippines (NGCP)	 Abner B. Tolentino Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
 Jose Idebrando B. Ambrosio Generator Sector NorthWind Power Development Corp. (NorthWind)	 Cherry A. Javier Generation Sector Aboitiz Power Corp. (APC)
 Dixie Anthony R. Banzon Generation Sector Masinloc Power Partners Co. Ltd. (MPPCL)	Ciprinilo C. Meneses Distribution Sector (PDU) Manila Electric Company (MERALCO)
 Jose P. Santos Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)	 Virgilio C. Forch, Jr. Distribution Sector (EC) Cebu III Electric Cooperative, Inc. (CEBECO3)
 Lorretto H. Rivera Supply Sector TeaM (Philippines) Energy Corporation (TPEC)	