Philippine Electricity Market Corporation

08 December 2017
RCC-MIN-2017-14_136

MINUTES OF THE RULES CHANGE COMMITTEE 136th REGULAR MEETING (No. 2017-14)	
Meeting Date & Time:	08 December 2017, 9:00 AM to 10:00 AM
Meeting Venue:	19/F Conference 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 Allan C. Nerves–Independent Abner B. Tolentino – Generation (PSALM) Jose Ildebrando B. Ambrosio – Generation (Northwind) Ciprinilo C. Meneses – Distribution (MERALCO) Jose P. Santos –Distribution (INEC) Ludovico D. Lim – Distribution (ANTECO) Lorreto H. Rivera – Supply (TPEC) Ambrocio R. Rosales – System Operator (NGCP) Isidro E. Cacho – Market Operator (PEMC)	Concepcion I. Tanglao – Independent Juanito O. Tolentino, Jr. – Distribution (MECO)

Other attendees:

PEMC – Legal

Sheryll M. Dy

PEMC – Market Assessment Group (MAG)

Divine Gayle C. Cruz

DOE Observers

Ferdinand B. Binondo
Ann Margaret Andres

There being a quorum, Chairperson Maila Lourdes G. de Castro called the meeting to order at around 9:00 AM. The RCC then reviewed the proposed agenda and agreed to adopt the same as revised.

1. Review of the Minutes of the Previous Meeting

The RCC reviewed the Minutes of the 135th RCC Meeting held on 10 November 2017 and subsequently approved the same as submitted.

2. Business Arising from Previous Meetings

2.1. Draft RCC Resolution No. 2017-12: *Proposed Amendments to the WESM Rules and WESM Manual of Procedures for Changes to the WESM Rules Issue 2.0*

The Secretariat presented to the RCC minor revisions to the proposed amendments for enhancement as regards the procedure for processing urgent amendments in Section 7.2 of the subject Manual based on the recommendation received from the DOE. The discussion are as follows

- On Section 7.2 a):

  The provision now reads:

  > "*a) Upon receipt of a proposal for an urgent amendment, the Committee Secretariat shall immediately transmit the proposal to the ~~President~~* ***Rules Change Committee to assess the proposal,*** *via electronic or similar medium,* ***subject to Section 3.*** *~~and i~~If upon determination that the ~~same~~* ***proposal*** *constitutes an urgent amendment, the ~~President~~* ***Rules Change Committee*** *shall certify as such* ***giving notice to the President and the proponent.*** *~~and immediately direct the Committee Secretariat to convene the Committee.~~"*

  Atty. De Castro inquired if the RCC has already discussed on the specific procedures in assessing the proposal or if the same will just be part of the RCC's

internal rules. The Secretariat answered that it may just be part of the RCC's internal rules. It was also clarified by the Secretariat that the assessment shall solely be done via electronic or similar medium and that there is no need for the committee to convene.

- On Section 7.2 b) and c):

  The provision now reads:

  "b) The Committee shall ***convene*** *within forty eight (48) hours from* ***the certification of the proposal as urgent amendment*** ~~*receipt of the proposal convene*~~ *and render its decision to determine whether the proposal*

  ~~*i) falls within the definition of an urgent amendment set forth in Section 3 hereof;*~~

  ~~*ii)*~~ *satisfies the criteria set forth in Section 4 hereof.*~~*; and*~~

  ~~*iii) has an impact on prices, and/or on the reliability and quality of electricity service, and the nature of the impact.*~~

  c) In its ~~*evaluation*~~ ***deliberation****, the Committee* ~~*may*~~ ***shall*** *–*

  i) take into account any information and document which it reasonably considers to be relevant for its consideration of the proposal;

  ii) consult with persons who are likely to be affected by the proposal; ~~*and*~~

  iii) seek such information and views from any person with expertise;

  iv) in the event of approval of the urgent rules change, the reasons for its adoption;

  v) in the event of rejection of proposal for urgent rules change, the reasons for its rejection.*"*

There being no other matters left for discussion, the RCC approved the revisions to the proposal and the draft Resolution for submission to the PEM Board.

[redacted]

Agreements/Action Plans
The RCC approved the revisions to the proposal and the draft Resolution for submission to the PEM Board.

66 **2.2. Draft RCC Resolution No. 2017-13: *Proposed Amendments to the WESM Manual on***
67 ***Dispute Resolution regarding Mediation and Arbitration Procedures***

68 The Secretariat presented to the RCC the revised proposal to incorporate the agreement
69 during the previous meeting to specify a timeline within which the Dispute Resolution
70 Administrator should be able to determine whether a Request for Mediation (or Request
71 for Arbitration in certain cases) involves a WESM dispute. The Secretariat also informed
72 the RCC that the revisions have been reviewed and agreed with by the Dispute Resolution
73 Administrator. Said timeline is incorporated in the following provisions in the subject
74 Manual:

75 • Section 7.1.1:

76 When a dispute regarding one of the matters described in this Manual arises
77 between and/or among WESM Members including the **System Operator** and
78 **Market Operator**, the parties must go through the following steps:

79

80 xxx

81

82 (d) Should the parties decide to dispense with mediation and, **provided that there**
83 **has been a determination by the DRA within ninety (90) calendar days from**
84 **receipt of the dispute that the ~~dispute~~ same is a WESM dispute under**
85 **Section 2.1(nn) of this Manual,** directly proceed to arbitration, the parties may
86 elect to do so subject to the issuance by the ***Dispute Resolution Administrator***
87 of a certification stating that mediation is no longer a viable option for the parties.

88

89 • Section 8.4.3:

90 **Within ninety (90) calendar days from the receipt of the RM, t**he DRA will
91 assess the RM and determine whether the allegations and issues contained
92 therein are considered a *WESM dispute* under Section 2.1 (nn) of this Manual
93 covered by the dispute resolution procedures under the WESM Rules, taking into
94 account:
95

(a) The type of dispute; and

(b) The parties involved.

There being no other matters left for discussion, the RCC approved the revisions to the proposal and the draft Resolution for submission to the PEM Board.

Agreements/Action Plans
The RCC approved the revisions to the proposal and the draft Resolution for submission to the PEM Board.

3. New Business

3.1. RCC Work Plan

The Secretariat provided updates on the accomplishments of the RCC on the activities listed in its 2017 Work Plan. Of the 26 proposals included in the Work Plan:

- 16 proposals completed and endorsed to the PEM Board (via 13 RCC Resolutions)
- 3 proposals requested by proponents to be removed from the Work Plan

Proposed Amendments	Remarks
Proposed Amendments related to Site-Specific Loss Adjustment (SSLA)	Already addressed through PEMC's amendments regarding Change in Metering Point Location
Proposed Amendments to the Financial Penalty Manual	WESM Penalty Manual c/o of the MSC is not required to go through the Rules Change process of the RCC
Proposed Amendments to the WESM Manuals regarding WESM Design Enhancements: (a) Ancillary Services Monitoring Manual (b) Guidelines on Significant Variations	Ancillary Services Monitoring Manual dependent on ERC issuances or orders on the reserve market

Atty. De Castro requested to include a statement in the 2017 RCC Work Plan that the above-mentioned proposals have been requested by the proponent to be removed in the work plan.

[redacted]

- 2 proposals deferred as requested by the proponents

Proposed Amendments	Remarks
Proposed Amendments to the WESM Rules and Market Surveillance, Compliance and Enforcement Manual	Deferred pending finalization of amendments to the WESM Penalty Manual
Proposed Enforcement and Compliance Manual	Deferred pending finalization of amendments to the WESM Penalty Manual

- 5 proposals not yet submitted to the RCC by proponents

  - ✓ Proposed WESM Rules revision regarding reportorial requirements of the Daily Significant Variations Report
  - ✓ Exclusion of Contestable Customers in Registering as Indirect / Direct WESM Members and Establishment of process for their mapping through their Retail Electricity Suppliers (RESes)
  - ✓ Representation of RESes in the WESM Model/ Operations
  - ✓ Proposed Amendments to Proposed Rules Changes to the WESM Rules, Retail Manual and PAC Market Manual
  - ✓ Proposed Amendments to the WESM Manuals and WESM Rules (as applicable) to enhance WESM design and operations and provide guidelines on the participation of BESS and other modes of operation in the WESM:
    - (a) Registration Manual
    - (b) Load Forecasting Manual

On the proposed amendments from the Retail Electricity Suppliers Association (RESA), Ms. Lorreto H. Rivera stated that she still has no updates on whether the same shall be recommended to be removed from the work plan of the RCC. Mr. Isidro E. Cacho Jr., on the other hand, stated that the PEMC Transition Committee tasked the PEMC Corporate Planning and Communications Department (PEMC – CPC) to draft the necessary proposals to the WESM Rules and relevant Market Manuals regarding the framework of participation of Retail Electricity Suppliers in the WESM.

On the proposed amendments regarding Daily Significant Variations Report, Mr. Cacho stated that PEMC is still drafting the said proposed amendments which intends to streamline the reportorial requirements which in some cases are being redundant. He further added that the intent is to merge the Daily Significant Variations Report with the Daily Market Update Report. He then proposed that this proposal be carried-over to the 2018 RCC Work Plan.

On the proposed amendments from the PEM Audit Committee, the Secretariat informed the RCC that it will seek updates from the committee regarding the said proposal.

On the proposed amendments regarding the participation of BESS in the WESM, the Secretariat informed the RCC that PEMC and the Technical Committee are currently working on a proposal regarding the same. Mr. Cacho then suggested to carry-over the activity to the 2018 Work Plan of the RCC.

Preliminary inputs to the 2018 Work Plan were also discussed, as follows:

- Proposals carried over from the 2017 Work Plan (deferred proposals and those not yet submitted by the proponent)
- Proposals remanded by the PEM Board for further study by the RCC and the Market Operator (e.g., regarding MSP Performance Rating, Registration Manual)
- Rules Changes as required by the Transition to Independent Market Operator
- Rules Changes as required by Audit Findings
- Rules Changes as required by the Renewable Energy Market, Renewable Portfolio Standards and Green Energy Option Program
- Rules Changes as required by the Reserve Market
- Rules Changes as required by the Implementation of WESM Mindanao

On the proposals remanded by the PEM Board for further study by the RCC and the Market Operator, Mr. Cacho updated the RCC that PEMC is currently looking into these matters and shall submit its proposal during the first quarter of 2018. Atty. De Castro requested for the Secretariat to include in the draft 2018 RCC Work Plan the reasons of the PEM Board in remanding the proposals.

On the proposed Transition to an Independent Market Operator, Mr. Cacho informed the RCC that there will be a public consultation for the same to be held at the Legend Villas, Mandaluyong City. Upon approval of the transition plan, all PEMC departments involved in Market Operations will be transferred to the Independent Market Operator. Meanwhile, the Market Assessment Group (MAG) and Enforcement and Compliance Office (ECO) shall remain with PEMC. For the WESM Governance Committees, Mr. Cacho stated that the MAG will still be assisting the committees and that there will be no impact on the committees related to the said transition. Mr. Cacho also informed the RCC that there will be rules change proposals related to the following: 1) Transition to IMO; 2) Renewable Energy Market 3) Renewable Portfolio Standards; and 4) Green Energy Option Program. Mr. Ferdinand B. Binondo added that the Secretary of the Department of Energy will be signing a DOE Department Circular for these matters which shall be then translated into rules changes. Noting that the rules changes still have no target timelines, Atty. De Castro recommended to add in the draft work plan, the subject matters of the probable rules changes.

On another note, Mr. Abner B. Tolentino recommended the inclusion of the rules changes related to the Ancillary Services. Mr. Cacho then suggested to just input rules changes for the Reserve Market to cover all related proposals. Mr. Cacho also recommended to include the necessary rules changes for the Implementation of WESM in Mindanao to limit the transactions in Mindanao only since there is still no physical connection of the Mindanao grid to the Luzon and Visayas grids.

The Secretariat informed the RCC that the working draft of the 2018 RCC Work Plan shall be finalized and submitted to the PEM Board on or before March 2018. The RCC noted the information and approved the working draft of the 2018 RCC Work Plan.

Please find the attached Annex A. Draft 2018 RCC Work Plan

4. Other Matters

PEM Board Updates

Dr. Allan C. Nerves (Independent) updated the RCC on the actions of the PEM Board regarding the RCC proposals during its meeting held on 06 December 2017, as follows:

a) Proposed Amendments to the WESM Rules and Various WESM Manuals regarding Metering Standards and Procedures and Metering Point Location

(i) *Regarding back-up meters and audit findings* – approved for endorsement to the DOE, provided that additional revision be made to specify that the technical standards of main and back-up revenue meters shall adhere to the prevailing standards in the Philippine Grid Code, and that the table of said technical standards, currently in the main body of the manual, be re-located as an Annex to the subject manual

(ii) *Regarding MSP performance rating* – remanded to the RCC and the Market Operator for further study

(iii) *Regarding enhancements to WESM design and operations* – approved for endorsement to the DOE

(iv) *Regarding metering point location* – approved for endorsement to the DOE

Proposed Amendments to the WESM and Retail Rules and Retail Manual on Metering Standards and Procedures for Clarifications on Retail Market Integration – approved for endorsement to the DOE with the caveat that the technical standards in the Retail Rules and Retail Metering Manual that directly referenced the Philippine Distribution Code (PDC) shall only be effective once the latest version of the PDC has been approved.

On the direct referencing of the relevant market manuals to the PDC or the Philippine Grid Code (PGC), Mr. Binondo stated there has been an on-going discussion with the DOE

regarding the same since the PDC and PGC are only being reviewed more or less every six (6) years. The concern mainly is that there may be DOE Circulars adopting enhancements to the power system which will not be aligned with the provisions of the PDC or the PGC. He further stated that the DOE will still thoroughly review the submitted amendments and consider these cases.

The RCC noted the information.

5. Next Meeting

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

- January 12, 2018
- February 2, 2018
- March 2, 2018

6. Adjournment

There being no other matters for discussion, the meeting was adjourned at around 10:00 AM.

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

Approved by: RULES CHANGE COMMITTEE [redacted] **Maria Lourdes G. de Castro** Chairperson Independent	
Members:	
Concepcion I. Tanglao Independent	[redacted] **Francisco L.R. Castro, Jr.** Independent
[redacted] **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)	[redacted] **Abner B. Tolentino** Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)
[redacted] **Jose Ildebrando B. Ambrosio** Generator Sector NorthWind Power Development Corp. (NorthWind)	[redacted] **Ciprinilo C. Meneses** Distribution Sector (PDU) Manila Electric Company (MERALCO)
[redacted] **José P. Santos** Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)	**Juanito O. Tolentino, Jr.** Distribution Sector (PDU) Mactan Electric Company (MECO)
[redacted] **Ludovico D. Lim** Distribution Sector (EC) Antique Electric Cooperative, Inc. (ANTECO)	[redacted] **Loreto H. Rivera** Supply Sector TeaM (Philippines) Energy Corporation (TPEC)

Philippine Electricity Market Corporation

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Annex A

Draft 2018 RCC Work Plan

Item	Proposed Amendment	Proponent	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
1	Proposed WESM Rules revision regarding reportorial requirements of the Daily Significant Variations Report	PEMC	Q1 2018	Q2 2018
2	Exclusion of Contestable Customers in Registering as Indirect / Direct WESM Members and Establishment of process for their mapping through their Retail Electricity Suppliers (RESes)	PEMC	Q1 2018	Q2 2018
3	Representation of RESes in the WESM Model/ Operations	PEMC	Q1 2018	Q2 2018
4	Proposed Amendments to Proposed Rules Changes to the WESM Rules, Retail Manual and PAC Market Manual	PAC	Q1 2018	Q2 2018
5	Proposed Amendments to the WESM Manuals and WESM Rules (as applicable) to enhance WESM design and operations and provide guidelines on the participation of BESS and other modes of operation in the WESM: (a) Registration Manual (b) Load Forecasting Manual	PEMC/TC	Q1 2018	Q2 2018
6	Rules Changes as required by the Transition to IMO	PEMC	2018	2018
7	Rules Changes as required by Audit Findings	PEMC	2018	2018

Draft 2018 RCC Work Plan

Item	Proposed Amendment	Proponent	Date Submitted/ Proponent's Target Period of Submission to the RCC	RCC's Target Period of Submission to the PEM Board
8	Rules Changes as required by RE Market, RPS and GEOP	PEMC	2018	2018
9	Rules Changes as required by the Reserve Market	PEMC	2018	2018
10	Rules Changes as required by Implementation of WESM Mindanao	PEMC	2018	2018