

MINUTES OF THE 31st MEETING OF THE RULES CHANGE COMMITTEE

Date : 10 March 2010
Time : 9:00 A.M.
Venue : PEMC Board Room
18th Floor, Robinsons-Equitable Tower
Ortigas Center, Pasig City

MEMBERS PRESENT:

Epictetus E. Patalinghug	-	Acting Chairperson/Independent
Gloria P. Gerilla-Teknomo	-	Independent
Cherry Aquino-Javier	-	Generation Sector – AES
Liberty Z. Dumlao	-	Generation Sector – PSALM
Vicente C. Sioson	-	Distribution Sector – MERALCO
Jose P. Santos	-	Distribution Sector – INEC
Augusto D. Sarmiento	-	Distribution Sector – DECORP
Conrado D. Pecjo	-	Supply Sector – Angeles Power, Inc.

MEMBERS NOT PRESENT:

Ralph T. Crisologo	-	Generation Sector – SNAP
Alfredo L. Licudine, Jr.	-	Generation Sector – NPC
Robinson P. Descanzo	-	Market Operator – PEMC
Raul Joseph G. Seludo	-	System Operator – NGCP

OTHERS PRESENT:

Bienvenido A. Serrano	-	SNAP
Renato B. Afurong	-	RCC Metering Subcommittee
Emmanuel M. Sotomil	-	RCC Metering Subcommittee
Editha J. Palencia	-	NGCP
Andy Dimaandal	-	NGCP
Sheila P. Ingco	-	PEMC – ECO
Ma. Cristina T. Suralvo	-	PEMC – ECO
Mark Anthony C. Andrada	-	PEMC – ECO
Gladys G. Zamora	-	PEMC – Legal
Isidro E. Cacho, Jr.	-	PEMC – MO
Elise Milo	-	PEMC – MAG

SECRETARIAT

Elaine D. Gonzales	-	PEMC – MAG
Karen D. Abregana	-	PEMC – MAG
Rheinart O. Banogon	-	PEMC – MAG

After determining the presence of a quorum, the 31st meeting of the Rules Change Committee was called to order by the Acting Chairperson Mr. Epictetus E. Patalinghug, at about 9:30 A.M. The following agenda items were discussed:

1. Adoption of the Provisional Agenda

The Provisional Agenda for the 31st RCC Meeting was presented and approved.

2. Reading and Approval of the Minutes of the 30th RCC Meeting

The Minutes of the 30th RCC meeting was presented and approved, as amended.

3. Matters Arising from the Previous Minutes

The RCC approved the two resolutions for endorsement to the PEM Board, as amended, approving the following proposed amendments:

- a. **Proposed Amendment to the Market Surveillance, Compliance and Enforcement Market Manual concerning the Prescribed Form for Requests for Investigation;** and
- b. **Proposed Changes to the WESM Rules and PEM Audit Manual concerning Software Changes.** Upon the recommendation of Atty. Liberty Dumlao, the RCC agreed to add the following provision in the RCC-approved Section 10.5.3: "The PEM Board shall evaluate whether the proposed software change is a minor software change or urgent software change, as defined in this Section."


4. Main Business


Issues/ Topics Discussed	Remarks	Agreement/ Action Item
A. Proposed Changes to Information Disclosure and Confidentiality Manual	<p>Mr. Isidro E. Cacho presented to the body the Market Information Catalogue, as amended and approved by the RCC during its 29th meeting on 02 December 2009. He suggested that the RCC go over each type of information again, for finalization.</p> <p>Mr. Cacho highlighted the inclusion of MMS Market Network Model (MNM) Technical Data/Parameters in the catalogue, which is currently classified as confidential information and previously not included in the original proposal. He explained that one of the better practice recommendations by the Market Operator Auditor is to make the MNM technical data/parameters available to the market participants. Thus, as part of the audit compliance, the MO resolved to change its status from Confidential to Confidential with Permitted Disclosure, for initial information of the RCC.</p> <p>On the Revenue Meter Data Category, Mr. Vicente Sioson recommended to make a distinction between raw data as registered in the meter and meter data which already accounted for errors made in a certain interval.</p> <p>Following Mr. Sioson's recommendation, the RCC proposed to define two (2) sets of revenue meter data in the market information catalogue: the raw meter data and the adjusted meter data. The proposal, however, is still subject to further discussion.</p> <p>Mr. Emmanuel M. Sotomil asserted that meter data, whether as read from the meter or already been corrected for gaps and missing quantities or whether it</p>	<p>The RCC reached the following agreements:</p> <ul style="list-style-type: none"> • MO to review and revise the Confidentiality Section in the WESM Rules (Section 5.3.2-Exceptions) to conform to the proposed changes in the Information Disclosure and Confidentiality Manual, as agreed upon by the RCC; and • MO to include in the revisions to the WESM Rules the Classification of Market Information.

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	<p>is settlement-ready with the application of loss adjustment should be treated as confidential.</p> <p>Ms. Cherry Javier noted the lack of distinction between information classified as confidential and information classified as confidential with permitted disclosure as far as the third parties authorized to the information are concerned. She remarked that Section 5.3.2 (a) (4) of the WESM Rules allows the disclosure of information (confidential or otherwise) to any other person or entity for the purposes of: the operation, security and planning of the power system in accordance with the Grid Code; complying with any other instrument; and any other circumstance which is necessary to assist the MO in establishing and operating the WESM. She opined that the confidential information must be defined in such a way that no third party shall be authorized/entitled to such information. In the case of information classified as confidential with permitted disclosure, she proposed to add provision that will permit the recipients access to such information for specific purposes only.</p> <p>Following Ms. Javier's observation, the RCC requested the MO to redefine confidential information and confidential with permitted disclosure, to integrate said suggestions/recommendations.</p> <p>Upon review of the Confidentiality Section in the WESM Rules, the RCC requested the MO to review and revise the said section to conform to the proposed changes in the IDC Manual. Further, the RCC proposed to define in the WESM Rules the classification of Market Information.</p>	
B. Proposed Changes to the WESM Rules on Renewable Energy Resources	Per discussion with Dir. Mylene C. Capongcol of the DOE, the RCC Acting Chairperson deferred the discussion of the proposed changes to the WESM Rules on Renewable Energy Resources considering the ongoing formulation of the RE Market by the Department of Energy.	The discussion on the proposed changes to the WESM Rules on Renewable Energy Resources is deferred by the RCC.
C. Update on the Market Participant Survey on the Proposed Compliance Officer	<p>The Secretariat presented to the RCC the initial results of the Market Participant Survey conducted on the designation of WESM Compliance Officer.</p> <p>The Secretariat disclosed that out of approximately 30 Trading Participants, only the following 8 responded to the said survey:</p>	The RCC agreed to finalize the proposed Compliance Officer during the next RCC meeting, pending the submission of the accomplished survey

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	<ul style="list-style-type: none"> ✚ Generator Sector <ul style="list-style-type: none"> • San Miguel Energy Corporation • SN Aboitiz Power ✚ Supply Sector <ul style="list-style-type: none"> • Trans-Asia Oil and Energy Development Corporation ✚ Electric Cooperative Sector <ul style="list-style-type: none"> • Peninsula Electric Cooperative, Inc. • Benguet Electric Cooperative • Ilocos Norte Electric Cooperative • Albay Electric Cooperative, Inc. ✚ System Operator <ul style="list-style-type: none"> • National Grid Corporation of the Philippines <p>Below is the summary of responses to the major/key questions in the survey:</p> <ul style="list-style-type: none"> ✚ On whether their respective companies have a Compliance Officer: 4 out of 8 respondents indicated Yes; 3 out 8 respondents indicated No; and only 1 respondent is in the process of assigning one. ✚ On whether their companies have a person, group or officer responsible for ensuring compliance to the WESM Rules and Manuals: 3 out 8 participants responded Yes; 3 out 8 participants responded No; and 2 participants responded that they are in the process of assigning one. ✚ All respondents agree that having a WESM Compliance Officer will be helpful to their organization. ✚ All respondents agree that the WESM and the electricity market itself will benefit from having WESM Compliance Officers. ✚ All respondents are amenable to each proposed responsibilities of the Compliance Officer. ✚ 7 out of 8 respondents prefer to assign one of their Senior Officers as a Compliance Officer, while only one (1) respondent prefer creating a new position for the Compliance Officer. 	<p>form by the 4 RCC members (PSALM, MPPCL, Angeles Power and MERALCO).</p>

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	<p>The Secretariat further disclosed that four trading participants (PSALM, MPPCL, Angeles Power and MERALCO) who are represented in the RCC have yet to submit their accomplished survey form. PSALM and MPPCL requested additional time to submit their responses.</p> <p>The RCC Acting Chairperson requested the RCC members to submit their accomplished survey form within one (1) day after the RCC meeting.</p> <p>The RCC agreed to defer the finalization of the proposed Compliance Officer until the next RCC meeting, pending the submission of the accomplished survey form by the 4 RCC members.</p>	
D. 2010 RCC Work Plan	<p>The Secretariat presented to the RCC, for review and finalization, the 2010 RCC Work Plan, as discussed and formulated by the RCC during its 2010 Planning Session held last 10 February 2010.</p> <p>As additional item for deliberation, Ms. Javier suggested to include in the 2010 RCC Work Plan the proposed amendments to the WESM Rules regarding the creation of IPP Administrator as additional category of WESM Membership. Ms. Javier clarified, however, that the proponent Masinloc Power Partners Co., Ltd (MPPCL) is still in the process of finalizing the said proposal.</p> <p>Atty. Dumlao also proposed to add in the Work Plan the Review on the WESM Rules regarding DWS and Disconnection Policy Issues, following the request made by Dir. Luis Aboitiz during one of the Board Review Committee meetings for the RCC to make some enhancement in the WESM Rules regarding the said issues. She further advised that the RCC should wait for the formal directive from the PEM Board.</p> <p>Further to the abovementioned items, the Secretariat suggested to include in the Work Plan the Proposed Amendments to the WESM Rules concerning Alternative Dispute Resolution, which was remanded by the PEM Board to the RCC for review and further deliberation so as to incorporate new developments in the Market and the power industry.</p> <p>Following the discussion, the RCC resolved to include in the 2010 RCC Work Plan the following items/issues:</p>	<p>The RCC agreed to include in their 2010 RCC Work Plan the following items/issues:</p> <ol style="list-style-type: none"> 1. Creation of IPP Administrator as Additional Category of WESM Membership; 2. Review on WESM Rules regarding DWS and Disconnection Policy Issues; and 3. Review on the Proposed Amendments to the WESM Rules concerning Alternative Dispute Resolution.

Issues/ Topics Discussed	Remarks	Agreement/ Action Item
	<ol style="list-style-type: none"> 1. Creation of IPP Administrator as Additional Category of WESM Membership; 2. Review on WESM Rules regarding DWS and Disconnection Policy Issues; and 3. Review on the Proposed Amendments to the WESM Rules concerning Alternative Dispute Resolution. 	
<p>E. Proposed Amendments to the Metering Manual</p>	<p>Mr. Emmanuel M. Sotomil and Mr. Renato B. Afurong of the RCC Metering Subcommittee presented, for discussion and approval, the proposed amendments to the Metering Manual regarding the following:</p> <ol style="list-style-type: none"> 1. Revision of Section 9 which deals with the Site Specific Loss Adjustment Procedure (SSLA); and 2. New Section 11 which establishes the Metering Service Provider (MSP) Performance Measurement <p> Revision of Section 9</p> <p>As a backgrounder, Mr. Sotomil explained that Section 9 of the Metering Manual contains the procedure for application of SSLA to the metered quantities from the metering point towards the market trading node. The procedure deals with both the generator trading nodes and load trading node. In the past operations of the market, the application of SSLA for load metering point was strictly followed. However, the MO, in settling the metered quantities of the generators, has not executed the translation of the metering point data to the generator trading nodes for the following reasons:</p> <ol style="list-style-type: none"> 1. The difference between the quantity at the metering points for the generators and the supposedly translated energy at the generator trading node is very small, which is especially true if there is only a line that separates the metering point and the market trading node for the generator; and 2. The metering point or where the revenue meter has been installed is really the appropriate point where the settlement quantity has to be established because the market trading node for generators has been set at a point that is not reflective of the actual net generation of the 	<p>The RCC arrived at the following agreements:</p> <ul style="list-style-type: none"> • The RCC to request for the Billing and Settlement's assessment and comments on the proposed amendments to Metering Manual pertaining to the removal of application of Site Specific Loss Adjustment for all generators. • The Metering Subcommittee to make minor revision in the proposed Section 11, to consider RCC's recommendation to have the Customer Satisfaction Measurement conducted semi-annually instead of annually as was originally proposed, so as to synchronize with the conduct of the District Office Survey.

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	<p>power plants.</p> <p>Considering that Section 9.8.2, which contains the application of SSLA for generators, is not being strictly implemented, the RCC Metering Subcommittee proposed for the complete deletion of the said section as well as the corresponding computation in the Appendix.</p> <p>Mr. Patalinghug questioned the need to delete the said section if it does not have any bearing.</p> <p>Mr. Sotomil rationalize that the need to revise the metering manual is for the purpose of removing the possibility that the MO can be cited for non-compliance to the manual.</p> <p>In response to Mr. Augusto D. Sarmiento's query regarding the adjusted metered quantities (AMQ), Ms. Javier clarified that the AMQ already includes the computation for SSLA.</p> <p>Mr. Sioson opined that the pricing will not be adjusted accurately and correctly if the application of SSLA is removed. Since the settlement is very much dependent on the metering, Mr. Sioson suggested reviewing and looking into the effects of removing the SSLA on the settlement.</p> <p>The RCC agreed to request for the Billing and Settlement's assessment and comments pertaining to the removal of application of SSLA for generators before the RCC can come to a decision.</p> <p> New Section 11 - Metering Service Provider (MSP) Performance Measurement</p> <p>Mr. Sotomil informed the body that the RCC Metering Subcommittee was tasked to come up with or establish the parameters for determining the MSP performance as there is no existing procedure being followed. There are two areas where the MSP performance will be reckoned: (a) Service Delivery; and (b) Customer Satisfaction. Customer refers to the generators and the load customers that the MSP serves.</p> <p>In terms of service delivery, the MO will rate the MSP on the following grounds:</p> <p>a. Daily meter data delivery;</p>	

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	<ul style="list-style-type: none"> b. Integrity of metering data or the absence of defects; c. Timeliness and percentage of resolution of the daily meter trouble report issued by the MO; d. Timeliness and percentage resolution of the monthly meter trouble report; and e. Timeliness of monthly meter data delivery at the end of billing period which is normally on the 25th of the month. <p>The table showing the percent weight to be assigned to and the passing mark for each parameter was also presented.</p> <p>In view of the above, Mr. Sarmiento inquired whether the MO issues daily meter trouble report during Saturdays and Sundays.</p> <p>Mr. Afurong clarified that on a daily basis, the MO does not issue reports during Saturdays and Sundays.</p> <p>The Customer Satisfaction Measurement parameters were also presented, as follows:</p> <ul style="list-style-type: none"> a. Corporate Image (e.g. maintaining good representation at all times); b. Punctuality/Responsiveness (e.g. arriving and submitting reports on time); c. Safety; and d. Behavioral/General Impression (e.g. conducting oneself in a professional manner). <p>Upon the request of Mr. Sioson, Mr. Afurong showed to the RCC the baseline data for the proposed performance indicators/measurements.</p> <p>Mr. Sarmiento suggested that the Customer Satisfaction Measurement be conducted semi-annually instead of annually as was originally proposed, so as to synchronize with the conduct of the District Office Survey.</p> <p>The RCC requested the RCC Metering Subcommittee to make minor revision in the proposed Section 11, incorporating the suggestion made by Mr. Sarmiento.</p>	
F. RCC Internal Rules	Copies of the RCC Internal Rules which was drafted by the Market Assessment Group were furnished to the	The RCC approved the adoption of the

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	RCC, for review and approval. Upon review, the RCC approved the adoption of the RCC Internal Rules.	RCC Internal Rules.

5. Other Matters

- a. **New Member in the Rules Change Committee.** The new member of the RCC, Mr. Augusto D. Sarmiento of Dagupan Electric Corporation (DECORP) was introduced to the body. Mr. Sarmiento was appointed by the PEM Board during its meeting on 14 January 2010, to represent the Distribution-Private Distribution Utility Sector in the RCC.

6. Next Meeting

The RCC agreed to hold its 32nd meeting on 07 April 2010.

7. Adjournment

There being no matter to be discussed, the meeting was adjourned at 2:00 P.M.

Prepared by:


Rhemmar O. Banogon

Noted by:


Elaine D. Gonzales

Approved by :
RULES CHANGE COMMITTEE

Epictetus E. Patalinghug
Acting Chairperson
Independent
University of the Philippines
(UP)

Members:

Cherry Aquino-Javier
Generation Sector
AES Philippines
(AES)

Ralph T. Crisologo
Generation Sector
SN Aboitiz Power
(SNAP)

Liberty Z. Dumiao
Generation Sector
Power Sector Assets and Liabilities Management
Corporation (PSALM)

Alfredo L. Licudine, Jr.
Generation Sector
National Power Corporation
(NAPOCOR)

Raul Joseph G. Seludo
Transmission Sector
National Grid Corporation of the Philippines
(NGCP)

Vicente C. Sison
Distribution Sector (PDU)
Manila Electric Company
(MERALCO)

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

Conrado D. Pecjo
Supply Sector
Angeles Power, Inc.

Robinson P. Descanzo
Market Operator
Philippine Electricity Market Corporation
(PEMC)

Gloria P. Gerilla-Teknomo
Independent
CPI-Energy Phils., Inc.

Augusto D. Sarmiento
Distribution Sector (PDU)
Dagupan Electric Corporation
(DECORP)