



Philippine Electricity
Market Corporation

MINUTES OF MEETING

Rules Change Committee

160th Regular Meeting (No. 2020-01)

24 January 2020, 9:00 AM – 1:30 PM

18/F IEMOP Training Room, Robinsons Equitable Tower
Ortigas Center, Pasig City

Agenda		Action Required
I. Call to Order	There being a quorum, Atty. Maila Lourdes G. de Castro called the meeting to order at 9:10 AM.	
II. Determination of Quorum		
Attendance List		
In-attendance	Not In-attendance	
<u>Rules Change Committee</u> Principal Members: Maila Lourdes G. de Castro, Chairperson – Independent Francisco Leodegario R. Castro, Jr. – Independent Allan C. Nerves – Independent Concepcion I. Tanglao – Independent Abner B. Tolentino – Generation (PSALM) Cherry A. Javier – Generation (APC) Dixie Anthony R. Banzon – Generation (MPPCL) Ryan S. Morales – Distribution (MERALCO) Jose P. Santos – Distribution (INEC) Ricardo G. Gumalal – Distribution (ILPI) Lorreto H. Rivera – Supply (TPEC) Ambrocio R. Rosales – System Operator (NGCP) Isidro E. Cacho – Market Operator (IEMOP)	Virgilio C. Fortich, Jr. – Distribution (CEBECO III)	
<u>DOE Observers</u> Ferdinand B. Binondo Ryan Jaspher Villadiego		
<u>PEMC – Market Assessment Group</u> Karen A. Varquez Romellen C. Salazar Divine Gayle C. Cruz Dianne L. De Guzman <u>PEMC – Legal</u> Monica M. Martin <u>IEMOP</u> Jonathan B. Dela Viña		

Agenda	Agreements/Action Plans
III. Adoption of the Agenda	The proposed agenda was approved as submitted.
Agenda	Agreements/Action Plans
IV. Review of the Minutes of the Previous Meeting (159 th Meeting, 06 December 2019)	The draft minutes was approved as submitted.
V. Matters Arising from Previous Meeting	
Agenda	Agreements/Action Plans
5.1. Draft RCC Semestral Report (July 2019 to December 2019)	<ul style="list-style-type: none"> Approved as amended for submission to the PEM Board, subject to further amendments for review by the RCC on 28 January 2020.

Ms. Divine Gayle C. Cruz presented the subject report to the RCC, for review and approval. The body was informed that the deadline for submission to the PEM Board is on 31 January 2020 per the Procedures for Changes to the WESM and Retail Rules and Market Manuals. Ms. Cruz noted that the comments and revisions by Ms. Concepcion Tanglao were adopted.

Table below shows the discussion and agreements during the deliberation on the draft Semestral Report.

Section/Category	Discussion/Comments/Agreements
III. Way Forward	<ul style="list-style-type: none"> Ms. Concepcion Tanglao and Atty. Maila Lourdes de Castro both cited that based on previous discussions, the RCC shall be assisted by PEMC's Market Assessment Group (though the Rules Review Division) to pro-actively look into WESM Rules and Manuals to identify necessary changes/amendments. Ms. Karen Varquez confirmed that one of the action items under the PEMC's Corporate Plans is to review the WESM rules and manuals. Ms. Tanglao cited that as also discussed before, the sectoral representatives shall also submit proposals for changes in Market Rules and Manuals, based on their respective sector's recommendations.
Table 1: Number of Proposed Amendments processed by the RCC	<ul style="list-style-type: none"> Dr. Allan Nerves suggested to reword the table title and the header of the columns. Ms. Tanglao suggested to also reflect the proposed/processed amendments from January to June 2019 (2nd Column) following July to December (3rd Column) and the total for the last column to reflect the full year accomplishments.

Section/Category	Discussion/Comments/Agreements
	<ul style="list-style-type: none"> • Atty. de Castro suggested that all proposed amendments from 2005 to 2019 be provided in a separate table. • Mr. Sid Cacho and Ms. Cherry Javier inquired if the number of new manuals cover the period from 2005 to 2019. Ms. Cruz explained that those only refer to new manuals approved by the RCC in 2019.
Table 2: Number of RCC-Approved Proposed Amendments by Proponent	<ul style="list-style-type: none"> • Ms. Javier suggested to also reflect the number of approved amendments as of 2019 to show clarity on the percentage. • Ms. Cruz further explained the table's intention is to show that the submission of rules change proposals is open for stakeholders, customers, etc. • Atty. de Castro advised to reflect percentage of comparison between number of submitted proposals per proponent and number of approved submitted proposals for per proponent.
[General Comment]	<ul style="list-style-type: none"> • The Secretariat shall check all the details provided in the report and to reflect changes, if any. • Ms. Tanglao noted that if there is no prescribed format for the report, it can be simplified so as not to repeat the discussions on the usual process undergone by each proposal, i.e., by summarizing in table format the pertinent dates, actions taken, status, etc. for each proposal. Ms. Cruz cited that the Secretariat uses a monitoring sheet of proposals where these information are reflected. As agreed, this table shall be used instead in the semestral report. • Ms. Cruz also updated the body on the status of each proposal, which are reflected in Table 4 of the report. In addition, she emphasized that some proposals were still with the DOE. In response to a query by Dr. Nerves, Ms. Cruz confirmed that there were no more pending proposals beyond 2017. • Atty. De Castro suggested to reflect all the PEM Board approved proposals as attachment to the Semestral Report. She also inquired if the target dates were complied with since this will be part of the performance measure.

As agreed by the body, the Secretariat will reflect all the comments discussed during the meeting:

- Simplification of write-up per proposal, only relevant discussion; and
- Reflect the important dates pertaining to each proposal as an annex of the report.

The Secretariat will submit on 28 January 2020 the revised Semestral Report, reflecting all the comments provided, and submit the RCC-approved report on 30 January 2020 to the Corporate Secretary for information of the PEM Board.

Agenda	Agreements/Action Plans
5.1. Review of 2019 RCC Accomplishments and preparation of 2020 RCC Work Plan	<ul style="list-style-type: none"> RCC will provide inputs to the 2020 Work Plan, for discussion in the next meeting The Secretariat will publish the Work Plan. The Secretariat shall maintain, for internal monitoring by the RCC, a version of the RCC Work Plan using the old format, which was used until 2018.

Ms. Cruz presented the 2019 Work Plan updates, which form part of the Annexes of the RCC Semestral Report, for information of the RCC. In line with the preparation of the 2020 Work Plan of the RCC, she noted that all Work Plans of the WESM Governance Committees should be aligned with the Work Plan of PEMC. To facilitate the easier tracking of the RCC of its 2020 Work Plan, Ms. Karen A. Varquez suggested that the RCC can have a separate monitoring sheet for its plan, which follows the format used by the RCC prior 2018. Atty. De Castro agreed and added that the RCC Work Plan should also reflect the directives from DOE.

On the corporate targets for the Commercial Operations of Mindanao, Ms. Cruz noted that the RCC already completed the requirement to that, specifically the initial prudential requirement, which is an urgent amendment.

VI. Matters Arising from Previous Meeting

Agenda	Agreements/Action Plans
6.1. Draft <i>RCC Resolution No. 2020-01</i> – Proposed Amendments to the WESM Manual on Metering Standards and Procedures to Harmonize with the Site-Specific Loss Adjustment Procedures of Wholesale Metering Services Providers	Approved as amended for submission to the PEM Board

Ms. Cruz presented the subject resolution, which reflects the RCC's agreements from the previous meeting, for review and approval.

Dr. Nerves asked if it is appropriate to use the acronym "TLF" for "Transformer Loss Factor" since "TLF" would usually refer to "Transmission Loss Factor". The RCC agreed to remove the acronym "TLF" to avoid confusion with the other manuals and rules.

Ms. Javier recommended to reflect the same wording on the matrix and formula for consistency. Mr. Ambrocio Rosales noticed that there was an inconsistency on the formula, and Mr. Ricardo G. Gumalal added that the values pertaining to percent transformer loss must be in decimal form.

In view of the said comments, the RCC agreed to adopt NGCP's values for percent transformer loss and to refine the formula on the procedures for determining transformer losses.

Agenda	Agreements/Action Plans
6.2. Draft <i>RCC Resolution No. 2020-02</i> – Proposed Amendments to the WESM Rules and WESM Manual on Market Operator Information Disclosure and Confidentiality to Provide Exceptions for Confidentiality Undertaking for Oversight Bodies	Approved as amended for submission to the PEM Board

Ms. Cruz presented the subject resolution, which reflects the RCC's agreements from the previous meeting, for review and approval.

Ms. Javier asked how the market participants can be assured that the confidential data submitted to ERC or DOE will be treated as such. She cited that whenever the participants submit confidential data to the ERC, a corresponding request for confidential treatment are also be submitted. She suggested to do the same for the Market Operator when it provides confidential documents and data to the DOE or ERC. Mr. Dixie Banzon shared the same concern as Ms. Javier. Due to the concerns raised, the RCC agreed to require the Market Operator to request for confidential treatment, when submitting confidential data to ERC and DOE.

Mr. Cacho informed the body that all data and information are automatically transferred through an FTP infrastructure on a daily basis except for the settlement data which is provided on monthly basis. Atty. de Castro asked if it is possible to indicate that all electronically transmitted information are confidential, which Mr. Cacho will verify. On the other hand, Mr. Cacho suggested that Market Operator request DOE and ERC for confidential treatment for all transmitted confidential information and documents.

Atty. Monica Martin likewise added that PEMC and Market Operator has an existing confidentiality agreement. As suggested by Ms. Javier, the RCC agreed to require PEMC and IEMOP to execute a general non-disclosure and confidentiality agreement, to be incorporated in the RCC-approved proposed amendments to the WESM Rules. As agreed, Atty. Martin said that PEMC will issue an advisory regarding the execution of said confidential agreement between PEMC and Market Operator and will make said agreement available to the public.

Agenda	Agreements/Action Plans
6.3. Continuation of deliberation on Proposed Amendments to the WESM Dispatch Protocol Manual to Enhance Procedures in Must-Run Unit Accounting	Approved as amended for endorsement to the PEM Board

Mr. Jonathan Dela Viña presented the proposed revisions of IEMOP to their proposal on MRU Accounting, based on NGCP's comments to add ramp up compensation, for review and approval.

As a backgrounder, Mr. Dela Viña said that the initial proposal was to include the post-intervals after the MRU schedule in the compensation. He explained that NGCP's comment is to also include the ramping up intervals prior to the MRU schedule as part of MRU-tagged intervals.

Mr. Dela Viña explained that there will be criteria to be considered as MRU-tagged intervals (ramp up), as shown in Annex A. He added that the criteria provided were the same for ramp down intervals.

Mr. Rosales inquired if the ramping up from zero (0) to Pmin is considered as MRU interval, allowing the possibility of the generator to maintain its minimum stable load before the MRU schedule. Mr. Dela Viña responded that the assumption of the formula was that the generator will not be maintaining its load but will be proceeding to its MRU schedule. Intervals prior to the maintaining of load are not considered as MRU intervals. If the generator wants the ramping up from zero (0) to Pmin to be considered, the SO shall tag those dispatch intervals as MRU Intervals.

Mr. Abner Tolentino agreed with the suggestion of NGCP to tag the intervals from zero to Pmin as MRU intervals as long as the load is within the range of MRU schedule. He also added that SO has the control over the generator whenever there is an MRU schedule.

Mr. Rosales suggested to tag the preparatory intervals prior to its MRU instruction as MRU intervals and be compensated based on the energy delivered, regardless if there's an intra-interval intervention.

As agreed, NGCP's comments will be adopted, in which the preparatory intervals (ramping up) for the MRU schedule and the post-intervals (ramping down) prior to its next schedule will be tagged as MRU intervals and will receive additional compensation based on its actual delivered energy. For consistency with the adopted comments, Mr. Dela Viña added the removal of the following criteria for additional MRU interval: "a dispatch interval after the generator is scheduled to dispatch less than or equal to its previous real-time dispatch".

Agenda	Agreements/Action Plans
7.1 Review of RCC Internal Rules	Areas that need to be revisited were cited by the Secretariat and will submit recommendations for RCC approval.

Ms. Varquez, as the presenter, informed the RCC that the discussion will not only focus on the internal rules but also the rules change process. She also reminded the sectoral representatives on the submission of their certification that they have been informing their respective sectors/organizations on matters taken up by the RCC.

118 Table below shows the discussion and agreement during the review of the RCC Internal Rules.
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Topic	Discussion/Comments/Agreements
Period for Secretariat to initially assess Minor/General Amendments	<ul style="list-style-type: none"> Ms. Varquez highlighted that there's an inconsistency between the Rules Change Manual (RCM) and the RCC Internal Rules (IR-RCC). As specified in the RCM, the Secretariat's timeline to give assessment on the amendment is 5 business days but the IR-RCC states 5 working days. Business Days as defined in the manual is calendar days but working days mean Monday-Friday excluding holidays.
Process for changing Market Rules/Manuals resulting from ERC-initiated Guidelines/Resolutions	<p>As an example, Ms. Varquez cited the ERC guidelines on Net Settlement Surplus (NSS) issued in October 2019. Said revised guidelines have yet to be incorporated in the WESM NS Manual. She then requested guidance from the RCC on the approval process of amending the NSS Manual, i.e. whether it should undergo the commenting period for general/minor amendments or should it instead be reviewed/approved by the RCC without publication for comments.</p> <p>Mr. Cacho suggested that the RCC should review the ERC issued guidelines to ensure that all directives from the Regulator are captured. He commented that there were some instances that additional details are required, or some details are needed to be verified.</p> <p>As agreed, the RCC will review the completeness of ERC-issued guidelines. The results of the review must be in line with the directives and decision of the regulator. This is to be reflected in the IR-RCC.</p>
Filing of Urgent Amendments to ERC	<ul style="list-style-type: none"> For further discussion of the RCC
Timeline of processing rules change proposals	<ul style="list-style-type: none"> For further discussion of the RCC
Meeting Schedules	<ul style="list-style-type: none"> To retain the meeting day every 3rd Friday of the month.

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Agenda	Agreements/Action Plans
7.2 DOE Public Consultation Updates	<ul style="list-style-type: none"> Mr. Ferdinand Binondo informed the body that the DOE already conducted series of public consultations for rules change proposals and the target promulgation of Department Circulars is within 1st quarter of 2020. Public consultations on remaining proposals, specifically on audit and CVC, will be conducted this 1st quarter of 2020.

Agenda	Agreements/Action Plans
<p>7.3 PEM Board Meeting schedules: BRC – 20 Jan 2020 (Mon), tentative – 17 Feb 2020 (Mon), tentative</p> <p><i>Note: Presenter for PEM Board</i></p>	<ul style="list-style-type: none"> January 2020 PEM Board meeting: No RCC matter for presentation February 2020 PEM Board meeting: Secretariat to email the Independent members to determine the presenter/s during BRC and PEM Board meetings
<p>VII. Schedules of Next Meetings</p>	<ul style="list-style-type: none"> February 21st March 20th April 17th
<p>VIII. Adjournment</p>	<p>There being no other matters left for discussion, the RCC adjourned the meeting at 12:30 PM.</p>


Prepared by:


Dianne L. De Guzman
Specialist
Market Assessment Group – Rules Review Division

Reviewed by:


Karen A. Varquez
Manager
Market Assessment Group – Rules Review Division

Noted by:

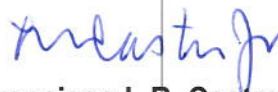

Elaine D. Gonzales
Acting Head
Market Assessment Group

Approved by:
THE RULES CHANGE COMMITTEE

Independent Members:



Maila Lourdes G. de Castro
Chairperson



Francisco L.R. Castro, Jr.

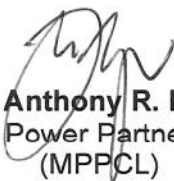


Allan C. Nerves



Concepcion I. Tanglao

Generation Sector Members:



Dixie Anthony R. Banzon
Masinloc Power Partners Co. Ltd.
(MPPCL)

Abner B. Tolentino
Power Sector Assets and Liabilities
Management Corporation (PSALM)

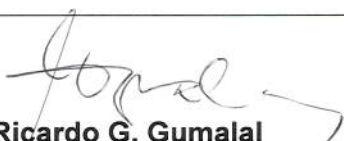
Cherry A. Javier
Aboitiz Power Corp.
(APC)

(vacant seat)

Distribution Sector Members:

Virgilio C. Fortich, Jr.
Cebu III Electric Cooperative, Inc.
(CEBECO III)

Ryan S. Morales
Manila Electric Company
(MERALCO)



Ricardo G. Gumalal
Iligan Light and Power, Inc.
(ILPI)

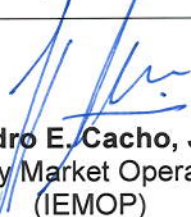
Jose P. Santos
Ilocos Norte Electric Cooperative, Inc.
(INEC)

Supply Sector Member:



Lorreto H. Rivera
TeaM (Philippines) Energy Corporation
(TPEC)

Market Operator Member:



Isidro E. Cacho, Jr.
Independent Electricity Market Operator of the Philippines
(IEMOP)

System Operator Member:



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