MINUTES OF THE RULES CHANGE COMMITTEE 122nd REGULAR MEETING (No. 2016-15)	
Meeting Date & Time:	07 December 2016, 9:00AM to 3:00PM
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) Ciprinilo C. Meneses – Distribution (MERALCO) Jose P. Santos – Distribution (INEC) Ludovico D. Lim – Distribution (ANTECO) Juanito O. Tolentino, Jr. – Distribution (MECO) Lorreto H. Rivera – Supply (TPEC) Ambrocio R. Rosales – System Operator (NGCP) Isidro E. Cacho – Market Operator (PEMC)	Theo C. Sunico – Generation (Vivant) Jose Ildebrando B. Ambrosio – Generation (Northwind)
PEMC – Market Assessment Group (MAG) Chrysanthus S. Heruela Elaine D. Gonzales Geraldine A. Rodriguez Divine Gayle C. Cruz Aldjon Kenneth M. Yap Karen A. Varquez	
PEMC – Legal Atty. Caryl Miriam L. Mateo	

Atty. Sheryll M. Dy

PEMC – BSMD
Richard Glenn C. Araullo

PEMC – TOD
Edward I. Olmedo

DOE Observers
Ferdinand B. Binondo
Lorelie Baguio-Moya

There being a quorum, RCC chairperson Atty. Maila Lourdes G. de Castro, commenced with the meeting at approximately 9:20 AM.

1. Review of the Minutes of the Previous Meeting

The RCC approved the minutes of the 120th Special Meeting held on 26 October 2016 and the 121st Regular Meeting held on 09 November 2016, with minor corrections.

For the benefit of RCC members who were not present during the November 09 meeting, the Secretariat clarified that the body agreed during said meeting to henceforth hold the RCC's regular meetings every first Friday of the month from the current schedule of every first Wednesday of the month. This is to consider those RCC members flying from the provinces so they would no longer need to rush back to the province in the middle of the week after the RCC regular meeting. The RCC noted the clarification.

2. Matters Arising from the Previous Meeting

2.1. Proposed Amendments to the WESM Manual on Management Procedures for Load Shedding – BRC Comments

The Secretariat informed the RCC that the proposed amendments to the WESM Rules and the WESM Market Manual on Management Procedures for Load Shedding were again remanded by the Board Review Committee (BRC) for further review. The BRC's comments/queries were as follows:

- What exactly is being recommended to be removed from the PEM Board's approval: a) is it the load shedding allocation program as indicated in Appendix A? or b) is it the review of the actual implementation of the System Operator's (SO) load shedding allocation program?

[redacted]

- Since a specific authority of the PEM Board is being asked to be removed, and as such a matter of keen interest for the PEM Board, then it should be clear what it is that is being asked to be no longer subject to this authority and the reason for such clearly justified.

- The load shedding allocation program as shown in Appendix A is part of the Manual and as such any changes thereto need to be approved by the PEM Board.

The following insights were put forward during the deliberation:

- Repeating the System Operator's (SO) original proposal, Mr. Ambrocio R. Rosales (NGCP-SO) disagreed for the load shedding program to go through the approval of the PEM Board. He offered the following explanations:

  - The SO is not the only entity who is responsible for and implements a load shedding program. Rather, various Distribution Utilities (DU) also have their respective load shedding programs. For instance, the current load shedding allocation in Luzon is based on the agreement between the SO and MERALCO, presently at a 70%-30% arrangement: 70% for MERALCO and 30% for NGCP. This means that if there is a 500 MW deficiency in the system, 70% of the 500 MW will be dropped by MERALCO (those loads serviced by MERALCO), while the remaining 30% of the 500 MW will be dropped by the NGCP-SO (those directly-connected and non-MERALCO customers). The agreed allocation between the SO and MERALCO was in fact changed from the previous 75%-25% to the current 70%-30% arrangement, but said change was not subjected to the approval of the PEM Board at that time.

  - If the SO's load shedding program is to be included in the Manual and hence subjected for the approval of the PEM Board, then the DUs' load shedding programs should be included in the Manual as well, for consistency, since as explained, DUs have their respective load shedding programs.

  - Should changes to the load shedding program remain to be subjected to PEM Board approval, what would be the PEM Board's basis to also disapprove said changes? For instance, if it is being proposed to change the current allocation from 70-30 to 60-40, what would be the PEM Board's basis to disapprove or impose the allocation to say, 75-25? The same question extends to the RCC since the review of the program would go through it first before being endorsed to the PEM Board: up to what extent can the RCC determine or decide on the appropriate load shedding allocation?

  - If the load shedding program should at all be subjected for approval, the approval should come from the Grid Management Committee, not the PEM Board.

[redacted]

- Dr. Allan C. Nerves (Independent) opined that the spirit or intention of the provision seems to call for the annual review of the load shedding program, essentially the load shedding allocation program, rather than the implementation procedures of the program itself. He commented that over time, there might be a need to amend the allocation or arrangement for load shedding as agreed between the SO and the DUs due to the changing conditions in the power system. The intent of the provision could be for the PEM Board to approve any change in the SO's and the DUs' load shedding allocation or arrangement since the load shedding implementation procedures more or less do not vary from year to year.

- Mr. Ciprinilo C. Meneses (MERALCO) raised that the issue might be on terminology, specifically on the use of the terms "program" and "procedures". He concurred with Dr. Nerves that the operational procedures are pretty standard, but the "program", which connotes a more encompassing idea than 'procedures', could change. For instance, the load shedding program for Luzon is currently based on proportionate load (70%-30%). However, the load shedding program could eventually change into having it based on bilateral contract rather than proportionate load. Mr. Meneses stated that this fundamental change from the current system is perhaps what is meant to be subjected to PEM Board approval.

- Speaking for the DUs, specifically in the Visayas, Mr. Ludovico Lim (ANTECO) stated that the DUs just follow the SO's instructions in terms of the amount of load that needs to be shed (arrangement based on bilateral contract). It is up to the DUs how they would execute their respective load shedding programs, given that they have their own priorities on which feeders or loads should be shed first.

  Mr. Lim further commented that it would be very difficult for the PEM Board to annually review the various load shedding programs considering that there are 119 electric cooperatives in the country.

- Mr. Francisco Castro, Jr. (Independent) and Ms. Concepcion Tanglao (Independent) both commented that the specific percentage allocation shared between the SO and the DU may impact or have a material effect on the market as whole. Changes to the same should therefore undergo the PEM Board's approval. Mr. Rosales responded that the allocation of loads to be shed between the SO and the DUs should not have an impact on market prices since there is already market intervention in place during the time when load shedding is needed. There are already no market prices in effect at that point. Therefore, market rules are already inapplicable during these circumstances. However, Mr. Meneses replied that how the percentage allocation is shared is actually still a concern of the market since it is the generators, the DUs and the customers who will be negatively affected whenever load shedding is conducted. He stated that the SO should actually be neutral on the matter of percentage sharing

of loads to be dropped. The PEM Board should then be able to look at the general basis on how load shedding is allocated, may it be per percentage sharing, per bilateral contract or per generator.

- Mr. Ferdinand B. Binondo (DOE) stated that load shedding allocation should be subjected to the approval of the PEM Board and, eventually, the DOE. The allocation is essentially an agreement among the SO, the DUs and other concerned WESM Members since there are directly-connected customers and suppliers who will be affected. Since the SO is responsible for the security of the whole grid, it is only proper that it recommends the proper load shedding allocation. Since a consensus among concerned WESM Members is necessary, the allocation should undergo the PEM Board approval process.

- Per the current Manual, the *load shedding program* referenced in Section 3.1.9, the provision originally proposed to be amended, points to Section 6 – Appendix, which merely describes the order of priority of which loads to be shed (i.e., residential, commercial, etc.). Atty. de Castro pointed out that since the specific percentage allocation is not provided in said Appendix, there is no issue on whether or not it should be approved by the PEM Board.

Going back to the RCC's revisions so far in the relevant sections of the Manual from the previous meetings, the body noted that Section 6 – Appendix only provides the general principle of (1) load dropping allocation and (2) prioritization. Considering that the allocation percentages may vary from time to time depending on the agreements between the NGCP-SO and individual DUs, the RCC agreed that the specific figures for the load shedding allocation program no longer need to be included in the said Appendix. The RCC agreed that the Appendix shall only provide for the general manner in allocating the quantity of the power needed to be shed in the power system (i.e., based on agreement between the SO and the DUs) and the preferred prioritization in dropping loads within the DU level. The body therefore agreed to retain the approval of the PEM Board of the *load shedding allocation and priority program* in Section 3.1.9, clarifying that said approval will be on the revisions to Appendix A of the Manual.

Mr. Rosales also raised that the DUs must also be involved in the annual review of the load shedding program since they are the directly affected entities in the implementation of the same. The RCC noted the concern of the SO and agreed to include such a provision that would include this responsibility for WESM Members, notably the DUs.

Considering the discussions above, the RCC agreed with the following additional amendments to the subject proposal:

[redacted]

RCC agreement (09 Nov 2016)	RCC-approved (07 Dec 2016)
3.1.9 Annually review the load shedding **allocation** program in coordination with the Market Operator**, the Grid Management Committee (GMC)** and the WESM Members. ~~subject to the approval of the PEM Board.~~	3.1.9 Annually **review and revise, as necessary,** the load shedding **allocation and priority** program in coordination with the Market Operator**, the Grid Management Committee (GMC), Distribution Utilities** and **the relevant** WESM Members, subject to the approval of the PEM Board.
(New)	3.3. The *WESM Members* shall be responsible for: xxx **3.3.4 Annually review and revise, as necessary, the load shedding allocation and priority program in coordination with the System Operator, Market Operator and the Grid Management Committee (GMC), subject to the approval of the PEM Board.**
Appendix A. Load Shedding Allocation Program ~~A.~~ Luzon**, Visayas and Mindanao** Grids Manual Load ~~Shedding~~ **Dropping (MLD)**, if needed, shall be implemented ~~on the following customers with the given order of priority below~~ **based on the MLD allocation as agreed upon between the System Operator and the DUs**.	Appendix B. Load Shedding Allocation **and Priority** Program ~~A.~~ Luzon**, Visayas and Mindanao** Grids Manual Load ~~Shedding~~ **Dropping (MLD)**, if needed, shall be implemented ~~on the following customers with the given order of priority below~~ **based on the MLD allocation as agreed upon among the System Operator, DUs and the relevant WESM Members**.

Agreements/Action Plans:
The RCC further revised its proposed amendments to the Proposed Amendments to the Manual on Management Procedures for Load Shedding, for re-submission to the PEM Board.

2.2. Proposed Amendments to the WESM Manual on Dispute Resolution regarding Fees and Expenses of Arbitration of WESM Disputes

Ms. Divine Gayle C. Cruz (PEMC-MAG) relayed that the PEM Board approved the Proposed Amendments to the WESM Rules and Manuals on Dispute Resolution and Registration, Suspension, De-registration Criteria and Procedures[1], except for the portion regarding the revised fees and expenses of arbitration of WESM disputes. Ms. Cruz stated that the PEM Board remanded the matter for the RCC's further discussion, specifically, on the reasonableness of the proposed increase in arbitration fees and expenses. She briefly repeated Dispute Resolution Administrator (DRA) Jesusito G. Morallos' previous presentation to the RCC comparing the proposed fee increase with that of the fees in the CIAC and PDRCI[2]:

CURRENT ARBITRATORS' FEES (IN PHP) - FOR THREE (3) ARBITRATORS						
SUM IN DISPUTE (SID)	WESM		CIAC		PDRCI	
	Base Amount	Highest Possible Fees	Base Amount	Range of Fees	Base Amount	Range of Fees
UP TO 100M	250,000	250,000	from 705,500 to 987,700 + 0.10% of SID in excess of 50M	from 755,500 to 1,037,700	from 2,160,000 to 5,400,000 + 1.0% of SID in excess of 50M	from 2,660,000 to 5,900,000
OVER 100M TO 200M	250,000 + 0.1% of SID in excess of 100M	350,000		from 925,500 to 1,275,700		from 3,670,000 to 8,425,000
OVER 200M TO 400M	350,000 + 0.075% of SID in excess of 200M	500,000	from 875,500 to 1,225,700 + 0.05% of SID in excess of 100M	from 1,025,500 to 1,375,700	from 3,170,000 to 7,925,000 + 0.5% of SID in excess of 100M	from 4,170,000 to 8,925,000
OVER 400M TO 500M	400,000 + 0.05% of SID in excess of 400M	450,000		from 1,075,500 to 1,425,700		from 5,170,000 to 9,925,000
OVER 500M – 1B	550,000 + 0.01% of SID in excess of 500M	600,000	from 1,655,500 to 2,177,700 + 0.035% of SID in excess of 500M	from 1,075,500 to 1,425,700	from 7,180,000 to 17,950,000 + 0.2% of SID in excess of 500M	from 8,180,000 to 18,950,000
OVER 1B	–	–	from 2,150,560 to 3,010,784 + 0.025% of SID in excess of 1B	–		–

[1] 121st PEM Board Meeting held 29 November 2016
[2] Construction Industry Arbitration Commission (CIAC) and Philippine Dispute Resolution Center, Inc. (PDRCI)

Schedule of WESM Arbitrators' Fees				
SUM IN DISPUTE (SID)	Current		Proposed	
	Fee for 3 Arbitrators	Highest Possible Fee per SID	Fee for 3 Arbitrators	Highest Possible Fee per SID
up to 100M	250,000	250,000	500,000	500,000
over 100M - 200M	250,000 + 0.1% of SID in excess of 100M	350,000	500,000 + 0.2% of SID in excess of 100M	700,000
over 200M - 300M	350,000 + 0.075% of SID in excess of 200M	500,000	700,000 + 0.2% of SID in excess of 200M	900,000
over 300M - 400M			900,000 + 0.2% of SID in excess of 300M	1,100,000
over 400M - 500M	500,000 + 0.05% of SID in excess of 400M	550,000	1,100,000 + 0.2% of SID in excess of 400M	1,300,000
over 500M - 1B*	550,000 + 0.01% of SID in excess of 500M	600,000	1,300,000 + 0.15% of SID in excess of 500M	2,050,000
over 1B - 2B	600,000 + 0.01% of SID in excess of 1B	700,000	2,050,000 + 0.1% of SID in excess of 1B	3,050,000
over 2B - 5B	700,000 + 0.01% of SID in excess of 2B	1,000,000	3,050,000 + 0.075% of SID in excess of 2B	5,300,000
over 5B	1,000,000 + 0.01% of SID in excess of 5B	1,500,000	5,300,000 + 0.05% of SID in excess of 5B	7,800,000

Ms. Cruz explained, as confirmed by Mr. Castro, Jr., that the increase in fees are supposed to reasonably close the gap between the arbitrators' fees in the WESM and the CIAC and PDRCI to make the fees more competitive. Still, the proposed fees are still lower than the two mentioned arbitration institutions. Atty. de Castro commented that the costs of filing a case before the regular courts, which could drag on for a long time, could already be a sufficient justification by itself for the proposed fees. The rest of the body agreed in principle that the proposed increase in WESM arbitrators' fees is already reasonable.

As for the proposed increase in WESM arbitration expenses, Ms. Cruz reiterated that the current minimum amount is not enough to cover the logistical and administrative demands of a typical 8-day arbitration proceedings, hence the proposed rates.

[redacted]

Background
C. Revision of Administrative Costs

- Typical completion of arbitration:
  up to eight (8) days
- Average cost of proceeding per day:*
  PhP 25,000
- Current minimum admin cost in the WESM:
  PhP 50,000
- Approximate coverage of PhP 50,000:
  two (2) full-day or three (3) half-day meetings/hearings/proceedings

* *Based from an informal survey of 7 hotel venues in key business areas in Metro Manila; covers cost of venue and facilities accommodating 12 persons*

18

Proposed Amendments
C. Revision of Administrative Costs

1) Propose to increase Administrative Costs for WESM Arbitration (under Annex D, Art 3 of DRMM)

Schedule of WESM Administrative Costs

SUM IN DISPUTE (SID)	Current	Value	Proposed	Value
up to 100M	50,000	50,000	200,000	200,000
over 100M to 200M	50,000 + 0.03% of SID in excess of 100M	80,000	200,000 + 0.12% of SID in excess of 100M	320,000
over 200M to 400M	80,000 + 0.02% of SID in excess of 200M	100,000	320,000 + 0.08% of SID in excess of 200M	480,000
over 400M to 500M	120,000 + 0.01% of SID in excess of 400M	110,000	480,000 + 0.04% of SID in excess of 400M	520,000
over 500M	130,000 + 0.005% of SID in excess of 500M		520,000 + 0.02% of SID in excess of 500M	

Noting the significant jump in the proposed increase from the current administrative rates, Atty. de Castro inquired on the reason why the costs would also increase as the Sum in Dispute gets larger when the logistics would not necessarily change. Ms. Cruz simply responded that the scheme on how the amount of WESM arbitration expenses is

determined were adopted from the CIAC and the PDRCI that basically use the same approach.

Although it was recognized that DRA Morallos already verbally provided the rational for the proposed revisions in fees and expenses during his previous presentations, the RCC nonetheless requested for DRA Morallos to officially submit in writing the justification for the proposed rates, for instance citing comparable sample cases (on a 'no-names' basis) handled under the CIAC and PDRCI in terms of actual fees and expenses paid, including a break-down of the arbitration expenses to see what they are composed of. In addition, the RCC also inquired whether the WESM arbitrators themselves were consulted prior the submission to the RCC of the proposed revised fees.

The Secretariat noted the RCC's request and shall relay the same to DRA Morallos. The RCC agreed to re-discuss the matter with the DRA's inputs by the next scheduled RCC meeting.

Agreements/Action Plans:
For the RCC Secretariat to relay the RCC's request to the DRA to submit in writing the justification for the proposed increase in arbitrators' fees and arbitration expenses.

2.3. Proposed Amendments to the WESM Rules and Market Manual on Metering Standards and Procedures, Issue 10

Ms. Geraldine Rodriguez (PEMC-MAG) informed the RCC that the subject proposal has already been approved by the body during its 119th meeting held on 05 October 2016. In the course of finalizing the proposal, it was noted that certain minor changes need to be further reflected in the Manual, as follows:

- ✓ Deletion of the only provision left on section 4 which is already covered in the scope section of the Manual;
- ✓ As a result of the deletion, renumbering in the subsequent sections and provisions
- ✓ Proper referencing of the provisions with the new 2016 edition of the Philippine Grid Code (PGC)

Ms. Rodriguez also informed the RCC that there were also some proposed changes to the WESM Rules for clarity. The amendments included the changes on the definition of some terms as referred to in the PGC. The RCC recommended that these definitions be aligned with what are provided in the new PGC for consistency.

Ms. Rodriguez apprised the body that she already incorporated the necessary changes in the proposal in consideration of the new PGC, but did not review the entire Metering Manual for consistency with the new PGC.

Mr. Binondo, noting the need to have the entire Metering Manual subjected to a final check for consistency with the PGC, as the intent of the DOE is to promulgate the Manual in its entirety, requested that the entire manual be reviewed to ensure that its provisions are aligned with the new PGC. In this regard, the RCC instructed the Secretariat to request the Metering Division of PEMC to assist in this task for the proposal to be ready for final discussion in the forthcoming RCC Meeting in January 2017.

Agreements/Action Plans:
(a) The RCC approved further revisions made by the Secretariat in the portions of the WESM Metering Manual being amended. (b) For the Secretariat to request for the assistance of PEMC-BSMD in aligning the entire WESM Metering Manual with the 2016 edition of the PGC.

3. New Business

2.1. Presentation of Proposed Amendments to various Rules and Manuals relative to WESM Design Enhancements:

(1) Dispatch Protocol Manual, Issue 12
(2) Billing and Settlements Manual, Issue 4
(3) WESM Metering Standards and Procedures Manuals, Issue 10
(4) Retail Manual on Metering Standards and Procedures, Issue 2
(5) Load Forecasting Manual, Issue 2
(6) WESM Rules
(7) Retail Rules

PEMC presented the overview of the proposed amendments to the WESM and Retail Rules and various Manuals relative to WESM Design Enhancements. Mr. Edward I. Olmedo (PEMC-TOD) presented the summary of proposed changes to the Dispatch Protocol Manual, as follows:

(1) Dispatch Protocol Manual Issue 12	
Sections	**Proposed Changes**
General	• Adopt enhancements to WESM operations: o 5-minute dispatch interval o Ex-ante only, no RTX

(1) Dispatch Protocol Manual Issue 12	
Sections	**Proposed Changes**
1 – Introduction 2 – Definitions, References and Interpretation 3 – Responsibilities	• Moved defined terms from Glossary to Definition of Terms; Deleted defined terms that are already defined under the WESM Rules
4 – WESM Timetable	• Reflected responsibilities of Trading Participants, Market Operator & SO in the timetable based on NMMS workflows • Changes to timetable for Day-Ahead Projection (DAP) and Real-Time Dispatch (RTD) • Added timetable for Hour-Ahead Projection (HAP)
5 – Market Operations Procedures and Infrastructure	• Moved the mapping of operational procedures under Section 1.3 (Scope) • Provided overview of NMMS functionalities
6 – Bids, Offers and Data Submission and Processing	• Updated the submission and processing of bids/offers/self-scheduled nominations based on market participant interface (MPI) of the NMMS • Self-scheduled nomination: cover the 1) nomination of loading levels by Non-Scheduled Generation Companies, and 2) projected outputs of Generation Companies with must dispatch generating units and priority dispatch generating units
7 – System Operator Input Data and Reports	• Provided more details on security limits • Added provisions on SO submission to MO of reserve requirements • Updated the submission and processing of SO inputs based on the MPI of the NMMS
8 – Pre-dispatch Market Projections	• Renamed to "Market Projections" • Added HAP • Moved all provisions related to the timetable to Section 4 (WESM Timetable)
9 – Real Time Dispatch Scheduling	• Moved all provisions related to the timetable to Section 4 (WESM Timetable) • Every 5 minutes

[redacted]

(1) Dispatch Protocol Manual Issue 12	
Sections	**Proposed Changes**
10 – Preparation and Use of the WESM Merit Order Table	• Updated timeline for the preparation of Merit Order Table (MOT)
11 – Dispatch Implementation	• Sub-section on the compliance with dispatch schedules and instructions moved to Section 12 (Dispatch Conformance Standards)
12 – Dispatch Tolerance	• Renamed to "Dispatch Conformance Standards" • Provided provisions on dispatch compliance criteria and detection of non-compliance and possible breach
13 – Start Up and Shutdown of Generating Units	• Updated provisions to consider the 5-minute dispatch interval
14 – Post Dispatch Data and Operation Reports	
15 – Scheduling and Dispatch of Reserves	
16 – Procedures During Market Intervention or Suspension	
NEW: 17 – Management of Must-run Units	• Provides criteria and dispatch procedures for MRUs • MRU manual deemed obsolete
NEW: 18 – Excess Generation	• Excess Generation manual deemed obsolete
~~17~~ 19 – Amendment, Publication and Effectivity	• Updated to consider DOE's approval of Market Manuals
~~18~~ – Glossary of Terms and Abbreviations	• Moved to Section 2.1 (Definitions)
~~19~~ 20 – Attachments	• Updated to reflect changes in other sections

Mr. Rosales clarified with Mr. Olmedo that the NGCP-SO would raise comments to the proposed amendments to the subject Manual during the meeting to be conducted between the MO and the SO at another date. He recommended that any agreements made from said meeting should be considered when the proposal is eventually deliberated by the RCC along with the comments from other stakeholders. Mr. Olmedo agreed with Mr. Rosales.

Mr. Olmedo continued to present the proposed Dispatch Conformance Standards that will form part of the Dispatch Protocol Manual. Said conformance standards will replace the currently implemented dispatch tolerance standards used in determining whether a Trading Participant is non-compliant or possibly in breach of market rules. The presentation slides summarizing the proposed Dispatch Conformance Standards are herein attached as Annex A.

(2) Billing and Settlements Manual, Issue 4	
Sections	**Proposed Changes**
General	• Ex-ante only, no ex-post • Updated references on settlements calculation per PEM Board-approved Price Determination Methodology Manual
1 – Introduction 2 – Definitions, References and Interpretation 3 – Responsibilities	• Deleted defined terms that are already defined under the WESM Rules
4 – Settlement Statements	• Deleted calculation of line rental trading amount from the aggregate trading amount
5 – Collection and Payment of Settlement Amount 6 – Payment Default 7 – Prudential Requirements 8 – Suspension and Revocation	• No change
NEW: 9 – Bilateral Contract Declaration	• Added procedures for the submission, confirmation and nullification of bilateral contracts for energy and reserves • Added provisions on the calculation of line rental for energy transactions (adopted RCC-approved proposal under RCC Resolution No. 2016-13) • SLRTA manual deemed obsolete
NEW: 10 – Filing of Claims for Additional Compensation	• Added provisions on the criteria and procedures for filing of additional compensation (adopted RCC-approved proposal under RCC Resolution No. 2016-08)
9 – Amendment, Publication and Effectivity	• Updated to consider DOE's approval of Market Manuals

[redacted]

(2) Billing and Settlements Manual, Issue 4	
Sections	**Proposed Changes**
10 – Attachments	• Updated billing and settlement timetable to provide timelines for the declaration of BCQs and filing of additional compensation

(3) WESM Metering Manual	
Sections	**Proposed Changes**
1 – Introduction	• Deleted defined terms that are already defined under the WESM Rules
2 – Metering Installation Standards	• Revised capability of the mass memory of meters from recording 15-minute demand interval to 5-minute demand interval
3 – Site Equipment Identification (SEIN) 4 – Metering Services Provider Registration	• No change
5 – Metering Installation Registration	• Load profiles to be submitted by Trading Participant, in coordination with its MSP, includes 5-minute data
6 – Metering Data Collection	• Revised resolution of meter data submission by Metering Service Providers (MSP) to MO, from 15 minutes to 5 minutes
7 – Data Validation, Estimation and Editing	• Revised resolution of meter data used by the MO, from 15 minutes to 5 minutes
8 – Meter Trouble Report	• No change
9 – Site-specific Loss Adjustment (SSLA)	• Revised calculation of SSLA from every trading interval to every dispatch interval • Updated equations to consider the 5-minute meter data
10 – Performance Measurement- Metering Service Provider	• No change
Appendix	• Updated Metering Installation Form to consider the 5-minute meter data • Updated SSLA equations to consider the 5-minute meter data

[redacted]

(4) Retail Metering Manual	
Sections	**Proposed Changes**
1 – Introduction	• Deleted defined terms that are already defined under the WESM Rules
2 – Metering Installation Standards	• Revised capability of the mass memory of meters from recording 15-minute demand interval to 5-minute demand interval
3 – Site Equipment Identification (SEIN)	• No change
4 – Metering Installation Registration	• Load profiles to be submitted by Trading Participant, in coordination with its MSP, includes 5-minute data
5 – Metering Data Collection	• Revised resolution of meter data submission by MSPs to MO, from 15 minutes to 5 minutes
6 – Data Validation, Estimation and Editing	• Revised resolution of meter data used by the MO, from 15 minutes to 5 minutes
7 – Meter Trouble Report 8 – Performance Management Appendix	• No change

(5) Load Forecasting Methodology	
Sections	**Proposed Changes**
General	• Adopt enhancements to WESM operations: o 5-minute dispatch interval o HAP
1 – Introduction 2 – Definitions, References and Interpretation 3 – Responsibilities	• Deleted defined terms that are not applicable using the NMMS
4 – Demand Forecast for Market Projections	• Renamed to "Short-term Load Forecast" (STLF) • Provided forecasting for WAP and DAP using the NMMS • Provided DAP with load scenarios (+/- 5% & +/- 3%)

[redacted]

(5) Load Forecasting Methodology	
Sections	**Proposed Changes**
5 – Demand Forecast for the Real Time Dispatch Runs	• Renamed to "Very Short-term Load Forecast" • Provided forecasting for HAP and RTD using the NMMS
6 – Net Load Forecasts	• Updated the provisions on unrestrained and restrained net load forecasts
7 – Customer Load Forecasts	• Added provision on the submission of load forecasts by customers with market trading nodes with a definite MW loading that can materially affect WESM's pricing and scheduling • Deleted provisions on customer forecast validation
8 – Load Forecasting Considerations	• Updated to reflect NMMS load forecasting parameters
9 – Load Forecast Audit and Performance Measures	• Minor change replacing "load demand" with "nodal load"
10 – Review, Revision, and Amendment 11 – Effectivity and Publication	• Updated to consider DOE's approval of Market Manuals
Appendix	• Updated to provide details on weather adaptive, similar day, and pattern matching algorithms for STLF

(6) WESM Rules	
Clause	**Proposed Changes**
Dispatch Conformance Standards (3.8.4 and 3.8.5)	• Added items to be considered in the procedures for post-processing the results of dispatch conformance monitoring. • Transferred specific details on the implementation of the dispatch conformance standard to the Dispatch Protocol.
Displaced Generating Units and Must-stop Units (3.5.13, 3.13.14, and Glossary)	• Deletion of provisions on displaced generating units and must-stop units (MSU) considering the 5-minute dispatch interval. Also, the proposed calculation of trading amounts does not consider

[redacted]

(6) WESM Rules	
Clause	**Proposed Changes**
	the imbalance (EPETA) which is the basis for settlements of displaced generator and MSUs.
Pricing Error Notice (3.9.6 and Glossary)	• Reflected treatment of load shedding in the NMMS through automatic pricing re-runs instead of PENs.
Bilateral Contract Declaration for Reserves (3.13.2)	• Provided that BCQs for reserves will be declared by the SO instead of Trading Participants.
MOT (3.8.1 and 3.8.2)	• Provided the submission of MOT every dispatch interval by the MO to the SO
Load Forecasting (3.5.4)	• Deleted the provision on customer forecast tolerance range

(7) Retail Rules	
Clause	**Proposed Changes**
Settlement Quantities and Amounts (3.13)	• Ex-ante only, no ex-post • Replace "trading interval" with "settlement interval"
Provision of Metering Installations (4.3)	• Provided that recording and measurement of metering data should be in accordance with the relevant market manual instead of every trading interval
Appendix	• Delete provisions on the calculation of ex-ante/ex-post energy trading amounts, and allocation of ex-ante/ex-post settlement quantities • Revised the determination of metered quantities to reflect MQ for every dispatch interval

Noting the timeline for the commencement of the new MMS, PEMC requested for the RCC to approve the publication of the proposed amendments upon its official submission of the literature by 16 December 2016. Atty. de Castro stated that if PEMC can submit the proposal earlier, it would be better in order to give the RCC ample time to review the same before approving it for posting.

[redacted]

Upon receipt, the Secretariat shall transmit PEMC's submission to the RCC, via e-mail, for the body's review of the same and approval of its publication.

Agreements/Action Plans:
(a) For PEMC to submit the literature of the subject proposal to the RCC by 16 December 2016 via e-mail. (b) For the RCC to review the proposal and approve the publication of the same to seek comments from WESM Members and stakeholders.

2.2. Proposed Amendments to the Retail Manual on Metering Standards and Procedures, Issue 2

Mr. Renato B. Afurong (PEMC-BSMD) presented the overview of the proposal to amend the Retail Manual on Metering Standards and Procedures aimed towards the following:

- ✓ to align the provisions with the current metering practices, the design of the metering installation registration form (MIRF) and the Philippine Distribution Code;
- ✓ to adopt the auditor's recommendation during the 2nd metering arrangement review; and
- ✓ to revise provisions for clarity

Mr. Afurong stated that the proposed changes arose from the findings of the Metering Audit conducted by RSM Bird Cameron, which identified that there are obligations in the Retail Rules that are not captured in the Retail Metering Manual.

After the RCC's initial review of the proposed amendments, the body approved the publication of the same in the market information website to solicit comments from the Market Participants and stakeholders.

Agreements/Action Plans:
The RCC approved the publication of the subject proposal, as presented, in the market website for comments of Market Participants and stakeholders.

[redacted]

4. Other Matters

Result of the Satisfaction Survey of WESM Governance Committees

Atty. de Castro imparted to the rest of the body that the RCC's performance was rated as 'Unsatisfactory' by the Market Participants according to the survey conducted by PEMC, the details of which were presented during the Market Participants' Update last 22 November 2016. To aid the RCC in improving its performance, Atty. de Castro requested for PEMC to present the relevant details of the findings. Ms. Rodriguez noted the request and stated that, as with the previous year, PEMC-CPC shall be presenting the results of the survey during the RCC's Planning Session scheduled in January 2017.

Agreements/Action Plans:
For PEM-CPC to present the findings of the Satisfaction Survey regarding the RCC's performance during the RCC meeting in January 2017.

5. Next Meeting

The next RCC meeting (123rd) and the RCC Planning Session were scheduled on 13 January 2017.

6. Adjournment

There being no other matter to be discussed, the meeting was adjourned at around 4:00 PM.

Prepared By:	Reviewed By:	Noted By:
[redacted]	[redacted]	[redacted]
Divine Gayle C. Cruz	**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***

[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
[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)
Atty. Jose Ildebrando B. Ambrosio Generator Sector NorthWind Power Development Corp. (NorthWind)	**Theo C. Sunico** Generation Sector Vivant Corporation
[redacted] **Ciprinilo C. Meneses** Distribution Sector (PDU) Manila Electric Company (MERALCO)	[redacted] **Jose P. Santos** Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)
[redacted] **Juanito O. Tolentino, Jr.** Distribution Sector (PDU) Mactan Electric Company (MECO)	[redacted] **Ludovico D. Lim** Distribution Sector (EC) Antique Electric Cooperative, Inc. (ANTECO)
[redacted] **Lorreto H. Rivera** Supply Sector TeaM (Philippines) Energy Corporation (TPEC)	

[redacted]

ANNEX A: Dispatch Conformance Standards

Dispatch Conformance Standards

DISPATCH COMPLIANCE

Generating Unit	Compliance
Scheduled and priority dispatch	In accordance with dispatch schedules; and with **Dispatch Conformance Standards**
Must dispatch	Maximum available output Except: output is restricted by the System Operator
Non-scheduled	In accordance with dispatch schedules

If re-dispatched or given dispatch instructions that differ from dispatch schedules, all units shall use **reasonable endeavors** to comply with said re-dispatch instructions.

Dispatch Conformance Standards

- **Dispatch Conformance Standards** set the criteria and procedures for determining whether the scheduled generating units and the priority dispatch generating units comply with their dispatch schedules.
  - Criteria refer to the threshold level
  - Procedure refer to counting of non-compliances before one can be considered in possible breach, etc.
- Standards for compliance by Ancillary Services Providers with their ancillary service or reserve schedules shall be in accordance with the relevant provisions of the WESM Rules and other applicable Market Manual

Dispatch Conformance Standards
For Energy

Dispatch Deviation – comparison between the dispatch schedule and actual generation attained at a dispatch interval.

For generating units that are also scheduled to provide **Regulating Reserves**, the Regulating Reserves (Lower/Raise) Schedules will also be considered.

Dispatch Deviation = [MW – (ES + RRRS)]
Dispatch Deviation = [(ES + RRLS) – MW]

MW = *actual generation*
ES = *energy schedule*
RRRS = *regulating reserve raise schedule*
RRLS = *regulating reserve lower schedule*

Dispatch Conformance Standards
For Energy

- Detection of non-compliance is based on a **two-error threshold**:
  - Small Error Threshold (SET)
  - Large Error Threshold (LET)

SET Level, MW = MAX [1, MIN (3% Offer, Ramp)
LET Level, MW = MAX [20, MIN (5% Offer, Ramp)

Offer — maximum energy offer submitted by TP
Ramp — maximum load (MW) that a generating unit can attain or reduce over a dispatch interval given its registered ramp rate

Dispatch Conformance Standards
For Energy

- **Reaction Period.** If generating incurs a dispatch deviation beyond the error threshold, action or measures must be taken by the TP to bring the unit within the thresholds over:
  - **3 dispatch intervals** – for deviations beyond the large error threshold
  - **6 dispatch intervals** – for deviations beyond the small error threshold

Dispatch Conformance Standards
For Energy

Detection	Action
If deviation is beyond the threshold	• Flagged as **"non-compliant" (NC)** • Separate count for deviations beyond the small error threshold and large error threshold • The count **increments** as deviations beyond the error thresholds progress through succeeding intervals
If the unit becomes compliant	**Within the reaction period:** • The count will be stopped and reset to zero.
	After the reaction period: • The counting of NC shall be stalled/not incremented • If the unit sustains the compliance (not flagged as NC) for **at least three consecutive dispatch intervals:** the count will be stopped and reset to zero • If the unit is flagged as NC in the next interval(s), the counting of NC will continue/increment

Dispatch Conformance Standards
For Energy

- **Possible Breach.** If the non-compliance (NC) count:
  - **Exceeds 3 dispatch intervals** for deviations beyond the large error threshold
  - **Exceeds 6 dispatch intervals** for deviations beyond the small error threshold
- For further assessments: If NC is attributable to –
  - Compliance with re-dispatch instructions of the System Operator
  - Compliance with instructions pertaining to provision of ancillary services
  - Compliance with emergency directions of the System Operator

Dispatch Conformance Standards
For Energy (cont'd)

- Example:

ABSOLUTE VALUE OF DEVIATION	DEVIATION THRESHOLD	SET COUNTER	PBSB COUNTER	NON COMPLIANCE?	POSSIBLE BREACH?
10.0	15.0	0	0	N	N
17.0	15.0	1	0	Y	N
18.0	15.0	2	0	Y	N
19.0	15.0	3	0	Y	N
20.0	15.0	4	0	Y	N
16.0	15.0	5	0	Y	N
15.5	15.0	6	0	Y	N
20.0	15.0	7	0	Y	Y
14	15.0	7	1	N	N
12	15.0	0	2	N	N
11	15.0	0	3	N	N

Dispatch Conformance Standards
For Energy (cont'd)

Upon its effectivity: Proposed one year moratorium on investigation and imposition of penalties while monitoring data on dispatch conformance standards are being gathered and assessed; but the required reporting by the TPs will be implemented immediately (via MPI).