

MINUTES OF MEETING

Rules Change Committee
162nd Regular Meeting (No. 2020-03)
 13 March 2020, 9:00 AM – 11:12 AM
 Via Microsoft Teams



Philippine Electricity
Market Corporation

Agenda	Action Required
I. Call to Order	<ul style="list-style-type: none"> The meeting was conducted via Microsoft Teams and was called to order at 9:00 AM. The meeting was chaired by Mr. Francisco L.R. Castro, Jr. (Independent).
II. Determination of Quorum	<ul style="list-style-type: none"> 13 out of 15 members were in attendance
Attendance List	
In-attendance	Not In-attendance
<p><u>Rules Change Committee</u></p> <p><i>Principal Members:</i></p> <ol style="list-style-type: none"> Francisco Leodegario R. Castro, Jr. – Independent Allan C. Nerves – Independent Concepcion I. Tanglao – Independent Dixie Anthony R. Banzon – Generation (MPPCL) Mark D. Habana – Generation (Vivant) Carlito C. Claudio – Generation (MEI/Panasia) Cherry A. Javier – Generation (APC) Ryan S. Morales – Distribution (MERALCO) Virgilio C. Fortich, Jr. – Distribution (CEBECO III) Ricardo G. Gumalal – Distribution (ILPI) Nelson M. dela Cruz – Distribution (NEECO II Area 1) Lorreto H. Rivera – Supply (TPEC) Ambrocio R. Rosales – System Operator (NGCP) 	<ol style="list-style-type: none"> Maila Lourdes G. de Castro, Chairperson – Independent Isidro E. Cacho – Market Operator (IEMOP)
<u>PEMC – Market Assessment Group</u>	
<p>John Mark S. Catriz Karen A. Varquez Divine Gayle C. Cruz Dianne L. De Guzman Hiyasminh Aleia D. Dagum</p>	

Agenda	Agreements/Action Plans
III. Adoption of the Agenda	<p>The proposed agenda was approved as amended.</p> <p>Ms. Divine Gayle Cruz (PEMC) provided information on deferred Agenda Items, as follows:</p> <ul style="list-style-type: none"> Continuation of the deliberation on the IEMOP's proposed amendments to the WESM Registration Manual - The Market Surveillance Committee (MSC) and Enforcement and Compliance Office (ECO) have yet to discuss RCC's request for inputs on related compliance and penalty provisions. Briefing on Microsoft Teams – PEMC is yet to set-up the Microsoft Teams accounts of WESM Governance Committee (WGC) Members
Agenda	Agreements/Action Plans
IV. Review of the Minutes of the Previous Meeting (161st Meeting, 21 February 2020)	<p>The draft minutes was approved, as amended.</p> <p>Mr. Ryan Morales (MERALCO) asked to include Ms. Katherine Ann Perez (MERALCO) in the list of attendees.</p>
V. Matters Arising from Previous Meeting	
Agenda	Agreements/Action Plans
5.1. Draft RCC Resolution No. 2020-04 – Proposed Amendments on the WESM Manual on Metering Standards and Procedures	<ul style="list-style-type: none"> Draft resolution was amended to reflect that clarification from the Energy Regulatory Commission (ERC) should be sought on the interpretation of GRM 9.2.3.2 of the 2016 Philippine Grid Code (PGC) which is related to the standards of Current Transformers. Missing provisions that were part of the NGCP's proposed amendments to the WESM Metering Manual approved by the RCC on 19 July 2019 were incorporated in the proposal. The proposal was approved for endorsement to the PEM Board, as amended.

Ms. Dianne L. De Guzman (PEMC) presented the draft RCC Resolution No. 2020-04, in which, part of the resolution are the missing provisions under RCC Resolution No. 2019-10 dated 19 July 2019. She informed the body that upon final review, it was found out that these missing provisions also aimed to align the market manual with the standards under PGC and other standards.

Ms. Karen A. Varquez (PEMC) informed the RCC that the missing provisions was brought to the attention of the RCC Secretariat by NGCP on 24 February 2020. She presented the timeline of events (see Annex A for the Timeline), which provides that the said missing provisions originated when NGCP's submission containing its response to comments received was used as the meeting material during the RCC's deliberation on their proposal. It was noted that NGCP submitted their response on the same day of the RCC's deliberation. Ms. Varquez informed the body that the missing provisions are part of NGCP's original proposal and no comments were received for these provisions. She also informed the body that improvements to the RCC's Internal Rules will be discussed (see Item 5.2) to mitigate recurrence of such circumstance.

In view of the foregoing, Ms. Varquez requested the RCC's approval to include these missing provisions in the subject resolution, given that the NGCP's proposed amendments are on the same manual.

Ms. Cherry A. Javier (APC) and Mr. Ambrocio Rosales (NGCP) asked if the missing provisions of NGCP are aligned with MERALCO's proposal. Ms. Varquez explained that MERALCO's proposal focused on the burden requirement of the current transformers under Section 2.5.7, which was deleted in NGCP's proposal for the enhanced WESM design. Based on the RCC's approval of MERALCO's proposal during the previous RCC meeting, MERALCO's proposal was incorporated into the said missing provisions of NGCP but in Appendix N and O.

Meanwhile, the RCC further deliberated on MERALCO's proposal, with discussion as follows:

- Mr. Rosales commented that while MERALCO's proposal is to align in the Philippine Grid Code (PGC), it is based on MERALCO's interpretation. He also added that NGCP will continue to comply with the requirements of PGC, which differs from the WESM Manual. He further noted that the audit by the ERC on Metering Service Providers (MSPs) may result to non-compliance to the Current Transformer (CT) rated burden requirement if conducted based on MERALCO's proposal. The different interpretations on the PGC may result to relaxation of the CT rated burden requirement using the WESM Manual.

In reference to his statement last meeting that the PGC provides the minimum requirements for grid users to comply, Mr. Carlito Claudio (MEI/Panasia) clarified that the PGC does not restrict the use of CTs with higher rated burden as long as the accuracy of CT remains the same. He also added that it is inappropriate to say that the requirements are relaxed since it is better to use CT with higher burden requirement. Moreover, he informed the body that ERC is involved in drafting the metering section of the 2016 PGC and, as such, suggested elevating this issue to the ERC for comments.



Mr. Morales opined that it is inaccurate to say the WESM Metering Manual is in-conflict with the PGC since the PGC sets the minimum requirement. He suggested to proceed with the usual RCC process and endorse the proposal to the PEM Board in parallel with the pursuit of clarification from the ERC on the interpretation of PGC.

Mr. Rosales responded that NGCP's position is based on what is written in the PGC. He cited that NGCP also has CTs with burden requirement more than what is stated in the PGC but nevertheless resulted to audit findings. He emphasized that NGCP, as the WESM MSP, will strictly implement what is written in the PGC which other DUs may otherwise interpret differently. He also added that if there is any discrepancy between the WESM Rules and PGC, the latter will prevail.

- Mr. Castro noted what is written in GRM 9.2.3.2 of the 2016 PGC, which stated that *"The accuracy Class for Load metering service shall be in accordance to the Appendix 2 or better"*. Mr. Claudio explained that the interpretation of *"or better"* is that it can be of higher burden rating. Dr. Allan Nerves (Independent) agreed, noting that the PGC calls for better accuracy class. Mr. Castro then noted that there is a need to interpret the meaning of *"or better"*.

To help clarify NGCP's implementation based on said PGC provision, Mr. Rosales recalled requesting the Secretariat prior the last RCC Meeting to invite resource persons from the NGCP's Metering Team to seek their position on the matter. On this request, Ms. De Guzman informed the body that the Secretariat has invited both ERC and NGCP to the last RCC meeting. However, no response was received from NGCP, while the ERC, on the other hand, was unavailable due to their company planning.

Ms. Javier recommended to continue with the RCC approval and ask ERC regarding the interpretation of said PGC provision. Mr. Castro agreed with this suggestion, noting the difference on the interpretations. Ms. Javier also recommended endorsing the proposal to the PEM Board and let the PEM Board seek ERC's clarification on the interpretation of the PGC. Mr. Castro noted the body's agreement on the action suggested.

- Notwithstanding the foregoing agreement, Mr. Rosales motioned to incorporate NGCP's position in the RCC Resolution to which Ms. Cruz confirmed that it already was as previously sent by the Secretariat. He further cautioned the body that the PEM Board may not approve the resolution outright, since the RCC recommends seeking clarification from the ERC.

Mr. Rosales also questioned if it is necessary to cite in the resolution Mr. Claudio's previous membership in the Grid Management Committee (GMC). Ms. Varquez explained that while the Secretariat noted Mr. Claudio's comment as pivotal and important for the proposal, information on his GMC membership may be deleted, as deemed fit. As agreed by the RCC, the resolution was amended as follows:

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c) One of the Generator Representatives, Mr. Carlito Claudio, ~~who was a member of the Grid Management Committee (GMC)~~, pointed out that the PGC sets minimum requirement for the technical standards and specifications;

xxx

- Ms. Concepcion Tanglao (Independent) inquired whether the RCC will change its resolution if in case the ERC's decision will be contrary to what the RCC approves. Mr. Castro confirmed that it will be necessary for the RCC to conform with the ERC's decision. Ms. Tanglao then suggested that the RCC should firstly clarify the interpretation of GRM 9.2.3.2 of the 2016 PGC with the ERC before endorsing the proposed amendments to the PEM Board. She recommended endorsing this concern to the PEM Board and, if possible, requesting the PEM Board to be the one seeking clarification from the ERC.

Mr. Castro replied that submitting the RCC's resolution on the proposal will manifest to the PEM Board that a discussion was done even if there are still items for further clarification. Mr. Rosales added that there is no problem in adopting a resolution since the proponent's intention is to amend the WESM Metering Manual, while the clarification with ERC focuses on the PGC.

Mr. Morales suggested for MERALCO, NGCP or other independent parties outside RCC to write/consult ERC regarding the interpretation of the said PGC provision. Mr. Rosales noted that the RCC needs to initiate said consultation since the PGC is another rule and the reason for seeking clarification is that there are conflicting provisions on the WESM Manual and PGC.

Mr. Fortich recommended to submit the proposal to the PEM Board, notwithstanding the concerns of NGCP. He added that if the PEM Board agrees to further inquire with the ERC, let them decide on the appropriate party who will do so. Mr. Castro concurred with the recommendation.

Agenda	Agreements/Action Plans
5.2. Draft RCC Resolution No. 2020-05 – Amendments to the RCC Internal Rules, Issue 4.0	Approved as amended

Ms. Varquez presented the draft resolution approving the revisions to the RCC Internal Rules, which was last amended on 21 June 2019, and highlighted the major changes as shown below.

	From	To
Section V. Meetings		
Cancellation of Meetings	Secretariat shall advise the RCC no later than three (3) calendar days	Secretariat shall advise the RCC no later than seven (7) calendar days
Section VI. Conduct of Meetings		
Resolution of Items/Issues	RCC shall submit a status report on any proposal, as directed by the PEM Board within thirty (30) working days upon receipt of such directive.	RCC shall submit a status report on proposals within ten (10) working days from the RCC meeting when said proposals were discussed.
Video or Teleconference	<ul style="list-style-type: none"> • Conduct of video or teleconference when circumstances prevent the RCC members from physically attending • Cost should be shouldered by the RCC Member. 	<ul style="list-style-type: none"> • Cited example of such circumstances, i.e. health or other emergencies • Deleted provision since this is a given.
Section VIII. Rules Change Process		
Consideration of Comments and Proponent's Response	(new)	<ul style="list-style-type: none"> • Committee shall require the proponents to submit their responses using the same secured file of consolidated comments as provided by the Committee Secretariat • Such submission shall be at least three (3) working days prior the next RCC meeting for the RCC's deliberation of the proposal to be included in the agenda
Annex		
RCC Form for Submission of Proposals	Revised templates	
RCC Form for Submission of Comments to Proposals		
Letter Template for Submission of Comments to Proposals	(new)	Template included

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Ms. Varquez also presented the revised RCC Internal Rules to the body for review and comments. Highlights of the discussion are as follows:

143

Section	Comments / Agreements
VI. CONDUCT OF MEETINGS i. Video or Teleconference	Mr. Claudio suggested to consider the current situation on pandemic outbreak or health emergencies, that may require the RCC members to conduct video or teleconference. Mr. Fortich commented that health emergencies are already considered in the Internal Rules.
VII. CONDUCT OF MEETINGS h. Resolutions of Items/Issues	Mr. Tanglao requested clarification on the “sixty (60) working days from publication”, since the RCC agreed last meeting to revise the timeline to “sixty (60) working days after the end of publication”. Ms. Varquez explained that the said agreement is reflected as an amendment of the Rules Change Manual and will accordingly be incorporated in the Internal Rules upon the DOE’s approval of said amendment.
VI. CONDUCT OF MEETINGS i. Video or Teleconference	Since RCC members do shoulder related expenses in attending RCC meetings, Ms. Tanglao and Mr. Rosales suggested the revision as indicated below: xxx <i>Any Member who wishes to participate in a meeting through video or teleconference must notify the Secretariat at least three (3) calendar days before the scheduled meeting to enable the Secretariat to undertake the necessary preparations. Cost of such participation should be shouldered by the said member.</i> xxx
VIII. RULES CHANGE PROCESS b. Consideration of Comments and Proponent’s Response	To mitigate the recurrence of having incomplete provisions in RCC resolutions, Ms. Varquez proposed that Proponents should be required to submit their responses to comments received three (3) working days prior the RCC meeting. She added that submission of a late response will result to deferment of the RCC’s deliberation of the proposal.

144

145

Agenda	Agreements/Action Plans
5.3. Proposed Amendments to the WESM Rules and Procedures for Changes to the WESM and Retail Rules and Market Manuals (RCM), Issue 3	Approved for publication in the PEMC website, as amended.

146

Further to the discussion on the enhancements to the rules change process during the previous RCC meeting, Ms. Varquez presented, for approval of the RCC, the draft proposed amendments to the WESM Rules and RCM, which are summarized as follows:

Current Provision	Proposed Amendments	Rationale
<p>1. Urgent Amendments effectivity shall be no more than six (6) months from PEM Board approval.</p> <p>WESM Rules Clause 8.4.1.2 & RCM Section 7</p>	<p>PEM Board may extend the effectivity of Urgent Amendments for a maximum of six (6) months and shall inform the DOE of such extension. Such extension is only allowed while awaiting approval of the corresponding General Amendments by the DOE.</p> <p>Three (3) months after the PEM Board's first approval of an Urgent Amendment, the RCC shall require the proponent for an update on the implementation of the Urgent Amendment and resulting impact to the performance of the market. If the RCC deems the amendment as effective, the RCC shall endorse the amendment to the PEM Board as General Amendment.</p>	<ul style="list-style-type: none"> There are instances when the PEM Board needs to extend the effectivity of Urgent Amendments while awaiting for the DOE's approval of the corresponding General Amendments, e.g. Initial Prudential Requirements (IPR) proposal in 2019. To ensure that the effectivity of urgent amendments are reviewed. If deemed effective, Urgent amendments shall be incorporated in the Market Rules and Manuals through the General Amendments process (without undergoing publication for comments).
<p>2. Committee Secretariat shall forward general proposals to the RCC within five (5) business days</p> <p>RCM Section 5.3</p>	<p>Committee Secretariat shall forward general proposals to the RCC within five (5) working days</p>	<p>To provide more time for the RCC Secretariat to initially review proposals</p>
<p>3. Only comments submitted within the prescribed period shall be considered by the RCC</p> <p>RCM Section 6.1.3</p>	<p>The RCC may consider comments received beyond the prescribed period upon the approval of the Chairperson</p>	<p>If necessary and deemed crucial to the deliberation of the proposal, late comments may be considered subject to the approval of the RCC Chairperson.</p>
<p>4. Comments are submitted as signed Written Submissions, using the RCC-issued format.</p> <p>WESM Rules Clause 8.4.5 & RCM (global)</p>	<p>Comments are submitted by email with corresponding printed out signed letter to the RCC, using the RCC-issued templates</p>	<p>To minimize paper use. Comments on proposals are usually lengthy submissions, which are currently sent by email and print-outs. It is proposed that a one (1)</p>

Current Provision	Proposed Amendments	Rationale
		page printed out letter to the RCC would suffice in ensuring the validity of the comments emailed to the RCC.
<p>5. The RCC should submit its decision on a general/minor amendment to the PEM Board within 30 working days from the publication of the proposal for comments.</p> <p>RCM Section 3</p>	<p>The RCC should submit its decision on a general amendment to the PEM Board within 60 working days <u>from the end of the 30-working days commenting period</u>.</p>	<p>The RCC may require simulations or inputs from other parties, e.g. WESM Governance Committees, in their deliberation of proposals. In such cases, the RCC requires at least two (2) meetings to deliberate on a general amendment. The proposed change will allow the RCC to adequately review and deliberate on general amendments.</p>
<p>6. PEM Board returns proposals to the RCC to rectify procedural error</p> <p>WESM Rules Clause 8.5.2 & RCM Section 6.2.2</p>	<p>PEM Board can remand proposals to the RCC for further study or consultation</p>	<p>Reflect actual practice</p>
<p>7. DOE publishes approved proposals</p> <p>WESM Rules Clause 8.6.4</p>	<p>After said publication, DOE to inform the RCC on the publication of approved proposals</p>	<p>To ensure the efficient updating of Market Rules and Manuals by the RCC Secretariat and publication of the revised Market Rules and Manuals for information of WESM Members.</p>

On item 5, Ms. Javier suggested that the amended timeline also consider the Proponent's submission of late response to the comments. Ms. Varquez noted that the proposed 60 working days commencing after the commenting period already affords ample time for the Proponent to respond to comments received and for the RCC to decide on a general provision. The body agreed and noted that the RCC must have at least two (2) meetings based on the actual deliberations of the RCC.

Ms. Varquez informed the body that the agreement on new rules change classification (i.e. Match Proposals) was not included in the proposal since it was already, upon further review, covered by one of the criteria of Urgent Proposals, specifically, (to) "*facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA*" (Section 3.1.4 of the RCM).

164

Agenda	Agreements/Action Plans
5.4. Continuation of the Draft 2020 RCC Work Plan	<ul style="list-style-type: none"> Approved for submission to the PEM Board, as submitted. For publication in the PEMC website following submission to the PEM Board.

165

166 Ms. Cruz informed the body that there were no changes in the draft 2020 RCC Work Plan as
 167 there were no other inputs received from the RCC members. The RCC agreed to initiate
 168 discussion in Q2 2020 regarding the responsiveness and effectiveness of Market Rules.

169


Agenda	Agreements/Action Plans
VI. Other Matters	
6.1 DOE Public Consultation Updates	DOE's public consultation events scheduled within March were postponed until further notice.
Meeting Schedules: <ul style="list-style-type: none"> BRC – 16 Mar 2020 (Mon), tentative PEM Board – 25 Mar 2020 (Wed), tentative 	The Secretariat shall coordinate with the independent RCC members, who will present the RCC-approved proposals during the March 2020 Board Meeting.
VII. Next Meeting	<ul style="list-style-type: none"> April 24th May 15th June 19th
VIII. Adjournment	The meeting was adjourned at 11:12 AM.

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:

John Mark S. Catriz

OIC - Head

Market Assessment Group



Approved by:
THE RULES CHANGE COMMITTEE

Independent Members:

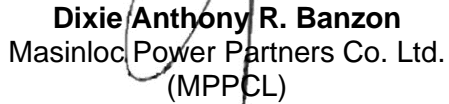
Maila Lourdes G. de Castro
Chairperson

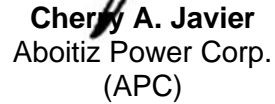

Francisco L.R. Castro, Jr.


Allan C. Nerves

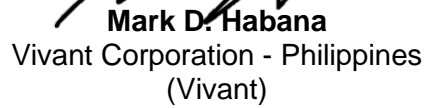

Concepcion I. Tanglao

Generation Sector Members:


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

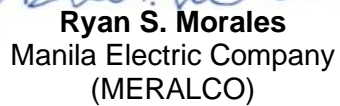

Cherry A. Javier
Aboitiz Power Corp.
(APC)

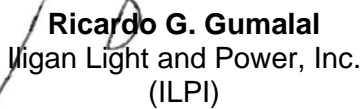

Carlito C. Claudio
Millennium Energy, Inc./ Panasia Energy, Inc.
(MEI/PEI)

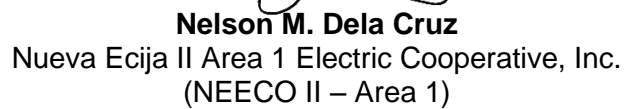

Mark D. Habana
Vivant Corporation - Philippines
(Vivant)

Distribution Sector Members:


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

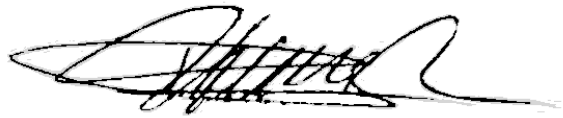

Ryan S. Morales
Manila Electric Company
(MERALCO)


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


Nelson M. Dela Cruz
Nueva Ecija II Area 1 Electric Cooperative, Inc.
(NEECO II – Area 1)

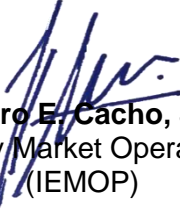


Supply Sector Member:



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)



TIMELINE OF EVENTS

Date	Details
15 April 2019	Publication for comments of NGCP's proposed amendments to the WESM Metering Standards and Procedures, Issue 12 (WESM Metering Manual)
30 May 2019	Deadline of submission of comments
31 May 2019	<ul style="list-style-type: none"> • RRD emailed to Mr. Francis Vivencio of NGCP requesting NGCP's response to the comments of stakeholders to NGCP's proposed amendments to the WESM Metering Manual. • In said email, attached is the secured MS Word file containing the consolidated comments of stakeholders and the complete provisions of NGCP's proposals. • NGCP can only alter certain fields of said file due to the security settings by RRD.
11 June 2019	RRD further emailed Mr. Vivencio with the additional comments received from stakeholders
20 June 2019	<ul style="list-style-type: none"> • Mr. Abraham emailed RRD submitting NGCP's response in PDF file, which provides NGCP's letter to the RCC and the corresponding matrix. • <i>Said matrix only contains the provisions with stakeholders' comments and corresponding response of NGCP.</i>
21 June 2019	<ul style="list-style-type: none"> • Mr. Abraham emailed RRD at 9:29 AM providing the MS Word copy of the matrix he emailed on 20 June 2019. • <i>The same file only contains the provisions with stakeholders' comments and corresponding response of NGCP.</i> • At around 11:15 AM, the RCC held its 153rd regular meeting at the PEM Board Room. The RRD and Mr. Honorio Estravez, NGCP's representative, used the MS Word file provided by Mr. Abraham during the RCC's deliberation of the NGCP's proposed amendments to the WESM Metering Manual. • The RCC provisionally approved the proposal, subject to finalization in consultation with NGCP. The RRD was directed to email to the RCC the cleaned-up matrix and corresponding draft resolution for approval.



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Date	Details
09 July 2019	<ul style="list-style-type: none"> • RRD emailed Mr. Vivencio with the cleaned-up matrix of proposed amendments to the WESM Metering Manual as approved by the RCC last 21 June 2019, for review and comments of NGCP. • <i>Said matrix only contains the provisions that were commented on by stakeholders and correspondingly responded to by NGCP.</i>
12 July 2019	<ul style="list-style-type: none"> • Mr. Vivencio emailed RRD with the revised matrix containing their comments. • <i>Said matrix only contains the provisions that were commented on by stakeholders and correspondingly responded to by NGCP.</i>
19 July 2019	<ul style="list-style-type: none"> • RCC held its 154th regular meeting at the PEM Board Room. The RRD presented the draft RCC Resolution No. 2019-10 and corresponding matrix approving the NGCP's proposed amendments to the WESM Metering Manual. • <i>Said matrix only contains the provisions that were commented on by stakeholders and correspondingly responded to by NGCP.</i> • The RCC approved the draft resolution and matrix, as amended, and the submission of the same to the PEM Board.
23 July 2019	<ul style="list-style-type: none"> • RRD submitted the RCC Resolution No. 2019-10 to the OCS, through OCGO. • <i>The said resolution contains the matrix with only the provisions that were commented on by stakeholders and correspondingly responded to by NGCP.</i>
31 July 2019	PEM Board approved the proposal (PEM Board Resolution No. 2019-14-07) during its regular meeting.
19 August 2019	The PEM Board-approved proposal was received by the DOE.
10 October 2019	DOE conducted public consultation on the proposal, among other proposed policies, at Marco Polo, Davao City.
24 February 2020	NGCP reported the error to RRD