

## Call for Comments to the Proposed Amendments to the WESM Rules and WESM Manuals on Penalty, and Enforcement and Compliance

The Rules Change Committee (RCC) is inviting all WESM Members and interested parties to submit comments to the *Proposed Amendments to the WESM Rules and WESM Manuals on Penalty, and Enforcement and Compliance (ORCP-WR-WM-23-07)*.

The proposed amendments, itemized by topic below, aim to:

### A. On Penalty

1. Transfer the responsibility to collect penalties from the Market Operator to the WESM Governance Arm;
2. Change the provisions regarding utilization of penalty collected; and
3. Change the timeline for the implementation of the enforcement sanction (exhaustion of remedies before penalty collection).

### B. On Enforcement and Compliance

1. Transfer all provisions relating to enforcement remedies, i.e., Request for Reconsideration and Appeal proceedings, from the Penalty Manual to Enforcement and Compliance Manual;
2. Change the timeline for response to non-compliance notice and issuance of the compliance monitoring and assessment report; and
3. Include provisions or revision to provide clarity on the need for verification of the request for investigation, report of probable breach, and directive or order to investigate as pre-requisite to the issuance of the notice of investigation.

The WESM documents for amendments are:

1. [WESM Rules \(as of 15 August 2023\)](#)
2. [WESM Manual on Penalty, Issue 2.0](#) (Note: *The Market Surveillance Committee (MSC) is the WESM Governance Committee designated to review and approve the proposed amendments to this Market Manual, which will be for further approval by the PEM Board and DOE.*)
3. [WESM Manual on Enforcement and Compliance, Issue 1.0](#)

## **BACKGROUND:**

The proposed amendments were submitted by the Philippine Electricity Market Corporation (PEMC) on 12 September 2023 as a general proposal. Correspondingly, during its 220<sup>th</sup> Regular Meeting on 15 September 2023, the RCC approved the posting of proposal subject to minor revisions on the content.

## **DOCUMENTS:**

Provided below are the relevant materials for your reference:

- 1) [Proposed Amendments related to Penalty as submitted by PEMC](#);
- 2) [Proposed Amendments related to the Enforcement and Compliance as submitted by PEMC](#);
- 3) Matrix of Proposed Amendments for Comments - Annexes A to C of this document (*See below. Please write your comments in the proper columns in the matrix.*)

Kindly submit your comments (in Word format) through the [File a Submission](#) page no later than **06 November 2023** or 30 working days from the date of publication (**20 September 2023**). *Please input in the proper field the e-mail address of your point person(s) who we could further contact regarding activities related to the processing of the proposal.* All comments received shall be published in the PEMC website.

Thank you.

For the Rules Change Committee,

### **Rules Review Division**

Market Assessment Group

### **Philippine Electricity Market Corporation**

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Philippine Electricity  
Market Corporation

**Proponent's Information (for the Party Submitting the Comments)**

Name	
Designation	
Company	
Company Address	
Telephone No.	
Fax. No.	
Email Address	

WESM Rules (As of 15 August 2023)								
Title	Clause	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Please write your general comment here, if any:								
Chapter 7 – ENFORCEMENT AND DISPUTES  7.2 ENFORCEMENT  7.2.4 Enforcement Proceedings	7.2.4.2 (2 <sup>nd</sup> paragraph)	7.2.4.1 x x x  7.2.4.2 x x x  The <i>Enforcement and Compliance Office</i> shall ensure that the necessary verification or assessment of compliance or non-compliance is performed and that due process is observed in the conduct of compliance monitoring and assessment. Upon finding of breach by the <i>Enforcement and Compliance Office</i> , penalties shall immediately be imposed by the <i>Enforcement and Compliance Office</i> on the concerned <i>WESM Member</i> through issuance of notice of specified penalty by	7.2.4.1 x x x  7.2.4.2 x x x  The <i>Enforcement and Compliance Office</i> shall ensure that the necessary verification or assessment of compliance or non-compliance is performed, and that due process is observed in the conduct of compliance monitoring and assessment. Upon finding of <i>breach</i> by the <i>Enforcement and Compliance Office</i> , penalties shall immediately be imposed by the <i>Enforcement and Compliance Office</i> on the concerned <i>WESM Member</i> pursuant to <b>Clause 7.2.5.2</b> through issuance of notice of specified penalty by the <del>PEMC</del> <b>President of the WESM Governance Arm</b> ; pursuant to <del>Clause 7.2.5.2</del> provided, however, that <b>it shall be issued to the said WESM Member</b> may file a request for	<ul style="list-style-type: none"> <li>• Changed PEMC to President of the WESM Governance Arm for consistency in the use of terminology.</li> <li>• Revised to provide basis for the rule on exhaustion of available remedies before a penalty is issued/implemented. (Remedies such as Request for Reconsideration and Appeal will be included in the implementing Market Manual, i.e., Enforcement and Compliance Manual)</li> </ul>				

WESM Rules (As of 15 August 2023)								
Title	Clause	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		the <i>PEMC</i> pursuant to Clause 7.2.5.2. Provided, however, that the <i>WESM Member</i> may file a request for reconsideration with the <i>Enforcement and Compliance Office</i> .	<del>reconsideration with the <i>Enforcement and Compliance Office</i>.</del> <b><u>after it has been afforded the adequate opportunity to avail of the enforcement remedies provided by the relevant <i>Market Manual</i>.</u></b>					
Chapter 7 – ENFORCEMENT AND DISPUTES  7.2 ENFORCEMENT  7.2.4 Enforcement Proceedings	7.2.4.11	7.2.4.11 If the decision of the <i>PEM Board</i> is to penalize the <i>WESM Member</i> , the <i>Enforcement and Compliance Office</i> , shall issue a notice of penalty to the <i>WESM Member</i> in accordance with the <i>WESM Penalty Manual</i> adopted pursuant to Clause 7.2.5.5. Provided, however, that the <i>WESM Member</i> may file a request for reconsideration to the <i>PEM Board</i> .	7.2.4.11 If the decision of the <i>PEM Board</i> is to penalize the <i>WESM Member</i> , the <del><i>Enforcement and Compliance Office</i></del> , <b><u>President of the <i>WESM Governance Arm</i></u></b> shall issue a notice of penalty to the <i>WESM Member</i> in accordance with the <i>WESM Penalty Manual</i> adopted pursuant to Clause 7.2.5.5; <del>Provided, however, that it shall be issued to the said <i>WESM Member</i> may file a request for reconsideration to the <i>PEM Board</i>.</del> <b><u>after it has been afforded the adequate opportunity to avail of the enforcement remedies provided by the relevant <i>Market Manual</i>.</u></b>	<ul style="list-style-type: none"> <li>President of the <i>WESM Governance Arm</i> to issue the NSP after findings of breach by ECO - for consistency with the related provisions on issuance of NSP in the Penalty Manual.</li> <li>Revised to provide basis for the rule on exhaustion of available remedies before a penalty is issued/implemented. (Remedies such as Request for Reconsideration and Appeal will be included in the implementing <i>Market Manual</i>, <i>i.e.</i>, <i>Enforcement and Compliance Manual</i>)</li> </ul>				

WESM Rules (As of 15 August 2023)								
Title	Clause	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
CHAPTER 7 - ENFORCEMENT AND DISPUTES  7.2 ENFORCEMENT  7.2.5 Enforcement Actions	7.2.5.4	If the breach is of such a nature that payment of compensation to affected parties is required, the <i>Market Operator</i> on behalf of the affected party may make a demand for payment under the <i>WESM Rules</i> without prejudice to the sanctions and penalties that the <i>ERC</i> may impose.	If the breach is of such a nature that payment of compensation to affected parties is required, the <del><i>Market Operator</i></del> <b><i>WESM Governance Arm</i></b> on behalf of the affected party may make a demand for payment under the <i>WESM Rules</i> without prejudice to the sanctions and penalties that the <i>ERC</i> may impose.	Collection of penalty is proposed to be transferred to WESM Governance Arm.				

WESM Rules (As of 15 August 2023)								
Title	Clause	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
CHAPTER 7 - ENFORCEMENT AND DISPUTES  7.2 ENFORCEMENT  7.2.5 Enforcement Actions	7.2.5.5	7.2.5.5 A <i>WESM Penalty Manual</i> shall be adopted and promulgated by the <i>DOE</i> which shall specify the:  (a) Acts or omissions constituting <i>breach</i> of the <i>WESM Rules</i> or <i>Market Manuals</i> for which penalties can be imposed;  (b) Penalties, financial and non-financial, that can be imposed for each type of breach, which should be commensurate to the nature and gravity of the breach; and  (c) Procedures for and respective obligations of responsible persons or entities in implementing penalties.	7.2.5.5 A <i>WESM Penalty Manual</i> shall be adopted and promulgated by the <i>DOE</i> which shall specify the:  (a) Acts or omissions constituting <i>breach</i> of the <i>WESM Rules</i> or <i>Market Manuals</i> for which penalties can be imposed;  (b) Penalties, financial and non-financial, that can be imposed for each type of breach, which should be commensurate to the nature and gravity of the breach; and  (c) <u>Utilization of penalty collected; and</u>  (d) Procedures for and respective obligations of responsible persons or entities in implementing penalties.	Revised to add basis for including a provision on penalty utilization in the Penalty Manual.				

WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Please write your general comment here, if any:								
Introduction 1.1. Legal Framework	1.1.3	Pursuant to this legal mandate, WESM Rules Clause 1.6.3 (Chapter 1), provides that the <i>Market Surveillance Committee</i> shall design the <i>penalty</i> levels and appropriate range of <i>penalties</i> that will be applied for <i>breaches</i> of the WESM Rules. This is to be done in consultation with the Rules Change Committee and the PEM Board. The <i>penalty</i> levels and ranges are to be reviewed by the <i>Market Surveillance Committee</i> from time to time and as may be necessary.	Pursuant to this legal mandate, WESM Rules Clause <del>1.6.3 (Chapter 1)</del> <b>7.2.2.5</b> , provides that the <i>Market Surveillance Committee</i> shall <del>design</del> <b>review</b> the <i>penalty</i> levels and appropriate range of <i>penalties</i> that will be applied for <i>breaches</i> of the <i>WESM Rules</i> . This is to be done in consultation with the <i>Rules Change Committee</i> , <b>Compliance Committee</b> , and the PEM Board. <del>The <i>penalty</i> levels and ranges are to be reviewed by the <i>Market Surveillance Committee</i> from time to time and as may be necessary.</del> <b>The amendment to the <i>WESM Penalty Manual</i> shall be approved and promulgated by the <i>Department of Energy</i>.</b>	<ul style="list-style-type: none"> <li>Updated the rule reference based on the current WESM Rules, as amended.</li> <li>Revised for consistency with Clause 7.2.2.5 of the WESM Rules where MSC reviews the Penalty Manual but DOE approves and promulgates the same.</li> <li>Added Compliance Committee – for consistency with Clause 7.2.2.5 of the WESM Rules</li> </ul>				

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Introduction  1.1. Legal Framework	1.1.5	Meanwhile, the <i>Rules for the Integration of Retail Competition in the Wholesale Electricity Spot Market</i> (otherwise known as the Retail Rules) expressly provide in its Clause 1.5.1 that the provisions of Chapter 1 of the WESM Rules shall apply with respect to the governance of the integration of retail competition, the operations of the Central Registration Body and the transactions in the WESM of contestable customers and retail electricity suppliers. Furthermore, Clause 1.7 of the Retail Rules expressly provide that Chapter 7 of the WESM Rules shall apply in respect to the enforcement of the Retail Rules.	Meanwhile, the <i>Rules for the Integration of Retail Competition in the Wholesale Electricity Spot Market</i> (otherwise known as the <i>Retail Rules</i> ) expressly provide in its Clause 1.5.1 that the provisions of Chapter 1 of the <i>WESM Rules</i> shall apply with respect to the governance of the integration of retail competition, the operations of the <i>Central Registration Body</i> and the transactions in the WESM of contestable customers and retail electricity suppliers. Furthermore, Clause 1.7 of the <i>Retail Rules</i> expressly provides that Chapter 7 of the <i>WESM Rules</i> shall apply in respect to the enforcement of the <i>Retail Rules</i> .	Typo correction				

WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
1.2. Purpose and Scope	1.2.2	<p>This Manual sets out the following –</p> <p>a) Provisions of the WESM Rules, the Retail Rules and their implementing <i>Market Manuals</i> (collectively referred to as <i>Market Rules</i>) which, if not complied with, will constitute a <i>breach</i> and correspondingly, the types of <i>breach</i> that are subject to <i>penalties</i> under this Manual;</p> <p>b) Categories and levels of <i>penalties</i> that will be applied for each type of <i>breach</i>, and qualifying circumstances that will be considered in determining the <i>penalty</i> that will apply in case of <i>breach</i>;</p> <p>c) Procedures for and respective obligations of responsible persons or entities in implementing <i>penalties</i> imposed under this Manual and remedies available to the <i>WESM Members</i> in case there is a finding of <i>breach</i>; and</p>	<p>This Manual sets out the following –</p> <p>a) Provisions of the WESM Rules, the Retail Rules and their implementing <i>Market Manuals</i> (collectively referred to as <i>Market Rules</i>) which, if not complied with, will constitute a <i>breach</i> and correspondingly, the types of <i>breach</i> that are subject to <i>penalties</i> under this Manual;</p> <p>b) Categories and levels of <i>penalties</i> that will be applied for each type of <i>breach</i>, and qualifying circumstances that will be considered in determining the <i>penalty</i> that will apply in case of <i>breach</i>;</p> <p>c) Procedures for and respective obligations of responsible persons or entities in implementing <i>penalties</i> imposed under this Manual and remedies available to the <i>WESM Members</i> in case there is a finding of <i>breach</i>; and</p>	<ul style="list-style-type: none"> <li>Revised to remove from the scope the remedies of trading participants (item c, 2<sup>nd</sup> phrase)</li> </ul> <p>The remedies available like Request for Reconsideration and Appeal are proposed to be transferred to <i>Enforcement and Compliance Manual</i> as they form part of the enforcement proceedings (monitoring and investigation &gt; results &gt; request for reconsideration &gt; appeal).</p> <p>The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation, and utilization thereof.</p>				

WESM Manual on Penalty, Issue 2.0								
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			<b><u>d) Procedures and conditions for the utilization of the financial penalties collected for breach of the Market Rules.</u></b>	and conditions for utilization of penalty.				
1.2. Purpose and Scope	1.2.3	This Manual, including the penalty system, applies to and is binding to all <i>WESM Members</i> in all grids where the WESM is in operation. By having registered in the WESM, a <i>WESM Member</i> is bound to comply with the <i>Market Rules</i> .	This Manual, including the penalty system, applies to and is binding to <u>on</u> all <i>WESM Members</i> in all grids where the WESM is in operation. By having registered in the WESM, a <i>WESM Member</i> is bound to comply with the <i>Market Rules</i> .	Minor - typo correction				
1.2. Purpose and Scope	1.2.4	This Manual covers only the <i>penalty</i> system, the manner of assessment and implementation of <i>penalties</i> , the remedies available to the <i>WESM Members</i> in case there is a finding of <i>breach</i> , and the utilization of the <i>financial penalties</i> collected for <i>breach</i> of the <i>Market Rules</i> . The rules, guidelines and procedures pertaining to enforcement of the <i>Market Rules</i> , and investigations of <i>breaches</i> are not covered by this Manual.	<del>This Manual covers only the <i>penalty</i> system, the manner of assessment and implementation of <i>penalties</i>, the remedies available to the <i>WESM Members</i> in case there is a finding of <i>breach</i>, and the utilization of the <i>financial penalties</i> collected for <i>breach</i> of the <i>Market Rules</i>. The rules, guidelines and procedures pertaining to enforcement of the <i>Market Rules</i>, <b><u>compliance monitoring</u></b> and investigations of <i>breaches</i>, <b><u>and the remedies that are</u></b></del>	<ul style="list-style-type: none"> <li>Removed redundant provisions (1<sup>st</sup> sentence covered in Section 1.2.2 above)</li> <li>For clarity - Retained 2<sup>nd</sup> sentence to provide exclusion from scope of Penalty Manual.</li> </ul> <p>The remedies available like Request for Reconsideration and Appeal are proposed to be transferred to</p>				

WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<u>available to the concerned WESM Members</u> are not covered by this Manual.	<i>Enforcement and Compliance Manual</i> as they form part of the enforcement proceedings (monitoring and investigation > results > request for reconsideration > appeal).				
Section 3 – Responsibilities	3.1	<b>Philippine Electricity Market Corporation</b>  The PEMC shall oversee the administration and implementation of this Manual. This responsibility is subject only to the limitations set out in this Manual.	<del>Philippine Electricity Market Corporation</del> <b><u>WESM Governance Arm</u></b>  The <b><u>WESM Governance Arm</u></b> shall oversee the administration and implementation of this Manual. This responsibility is subject only to the limitations set out in this Manual.	For consistency with the terminology used in the Market Rules and Market Manuals.				
Section 3 – Responsibilities	3.2	<b>PEMC PRESIDENT</b>  The <i>PEMC President</i> shall sign all notices pertaining to penalties that are required to be issued under this Manual and shall exercise this authority on behalf of the <i>PEM Board</i> , except those notices that are authorized to be issued by the <i>Market</i>	<del>PEMC President of the</del> <b><u>THE WESM GOVERNANCE ARM</u></b>  The <del>PEMC</del> President of the <b><u>WESM Governance Arm</u></b> shall sign all notices pertaining to penalties that are required to be issued under this Manual and shall exercise this authority on behalf of the	<ul style="list-style-type: none"> <li>For consistency with the terminology used in the Market Rules and Market Manuals.</li> <li>Generic reference to certain provisions instead specific section – Provisions relating to the other notices that may be</li> </ul>				

WESM Manual on Penalty, Issue 2.0								
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		<i>Operator</i> under Section 4.8.4 of this Manual.	<i>PEM Board</i> , except those notices that are authorized to be issued by the <i>Market Operator</i> <del>under Section 4.8.4</del> <u>the relevant provisions of this Manual.</u>	issued by MO are scattered throughout the Manual.				
Section 3 – Responsibilities	3.3	<b>Market Surveillance Committee</b>  The <i>Market Surveillance Committee</i> shall annually review the levels and range of <i>penalties</i> as set out in this Manual. From time to time and as may be necessary, the <i>Market Surveillance Committee</i> shall submit to the <i>Department of Energy</i> its proposed amendments thereto, in consultation with the <i>WESM Members</i> , <i>Rules Change Committee</i> and the <i>PEM Board</i> .	<b>Market Surveillance Committee</b>  The <i>Market Surveillance Committee</i> shall annually review the levels and range of <i>penalties</i> as set out in this Manual. From time to time and as may be necessary, the <i>Market Surveillance Committee</i> shall submit to the <i>Department of Energy</i> its proposed amendments thereto, in consultation with the <i>WESM Members</i> , <i>Rules Change Committee</i> , <u><b>Compliance Committee</b></u> , and the <i>PEM Board</i> .	Added Compliance Committee – for consistency with Clause 7.2.5.5 of the WESM Rules				
Section 3 – Responsibilities	3.5	<b>Enforcement and Compliance Office</b>  The <i>Enforcement and Compliance Office</i> shall – 3.5.1 Monitor the compliance of <i>WESM Members</i> and, based on	<b>Enforcement and Compliance Office</b>  The <i>Enforcement and Compliance Office</i> shall – 3.5.1 Monitor the compliance of <i>WESM Members</i> and, based on	For consistency with the terminology used in the Market Rules and Market Manuals.				

WESM Manual on Penalty, Issue 2.0								
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		the result of its own monitoring and assessment, impose the specified penalties therefor in accordance with the <i>Market Rules</i> and the <i>WESM Penalty Manual</i> , and issue a resolution on a request for reconsideration if any is filed by any <i>WESM Member</i> . The <i>Notice of Specified Penalty</i> to be issued for this purpose shall be signed by the <i>PEMC President</i> in accordance with Section 3.2 of this Manual. x x x	the result of its own monitoring and assessment, impose the specified penalties therefor in accordance with the <i>Market Rules</i> and the <i>WESM Penalty Manual</i> , and issue a resolution on a request for reconsideration if any is filed by any <i>WESM Member</i> . The <i>Notice of Specified Penalty</i> to be issued for this purpose shall be signed by the <del>PEMC President</del> <b><u>of the WESM Governance Arm</u></b> in accordance with Section 3.2 of this Manual. x x x					
Section 3 – Responsibilities	3.6	The <i>Market Operator</i> shall implement the <i>Notice of Specified Penalties</i> served on it and the distribution of the collected financial penalties in accordance with the guidelines it shall develop pursuant to Section 6 of this Manual, and shall carry out any other action required of it under any notice that is	<del>The <i>Market Operator</i> shall implement the <i>Notice of Specified Penalties</i> served on it and the distribution of the collected financial penalties in accordance with the guidelines it shall develop pursuant to Section 6 of this Manual, and shall carry out any other action required of it under any notice that is</del>	<ul style="list-style-type: none"> <li>Collection of penalty is proposed to be transferred to WESM Governance Arm.</li> <li>With respect to other measures that needs to be implemented by the Market Operator – the same may be covered in this</li> </ul>				

WESM Manual on Penalty, Issue 2.0								
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		issued and served pursuant to this Manual.	issued—and—served pursuant to this Manual. <b><u>The Market Operator shall, as far as practicable, faithfully and timely implement any action or measure required of it under any notice that is issued and served pursuant to this Manual.</u></b>	provision (e.g., implementation of suspension or deregistration, etc.)  • “as far as practicable” - to add this qualification in anticipation of actions or measures that may be hindered by system or manpower constraints if it involves those beyond suspension or deregistration (from IEMOP's comments).				
Section 3 – Responsibilities	3.7	The <i>System Operator</i> shall faithfully and timely implement any action or measure required of it under any notice that is issued and served pursuant to this Manual.	The <i>System Operator</i> shall, <b><u>as far as practicable,</u></b> faithfully and timely implement any action or measure required of it under any notice that is issued and served pursuant to this Manual.	Same comment as above.				

WESM Manual on Penalty, Issue 2.0								
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Section 3 – Responsibilities  3.9 WESM Members	No sub-section	A <i>WESM Member</i> that is served a notice, resolution or decision pursuant to this Manual shall faithfully and timely comply with the requirements or directives thereunder, including but not limited to the payment of <i>financial penalties</i> , taking of remedial actions or measures and compliance with other directives. Failure to comply with such requirements or directives shall be subject to additional <i>penalties</i> pursuant to Section 4.1.2.2 and Section 5 of this Manual.	<b>3.9.1</b> A <i>WESM Member</i> that is served a notice, resolution or decision pursuant to this Manual shall faithfully and timely comply with the requirements or directives thereunder, including but not limited to the payment of <i>financial penalties</i> , taking of remedial actions or measures and compliance with other directives. Failure to comply with such requirements or directives shall be subject to additional <i>penalties</i> pursuant to Section 4.1.2.2, <b>Section 4.14</b> , and Section 5 of this Manual.	<ul style="list-style-type: none"> <li>Added sub-section 3.9.1 because a new provision will also be added as Section 3.9.2</li> <li>Updated the reference (due to renumbering)</li> </ul>				
	3.9.2 (new)	Related provision (transferred here) - 4.13.4 A <i>Notice of Specified Penalty/ies</i> or any related notices shall be served on the <i>WESM Member</i> through its <i>WESM Compliance Officer</i> as appearing in the records of the <i>Enforcement and Compliance Office</i> , or if none is designated, to the	<del>3.9.2</del> 4.13.4 A <i>Notice of Specified Penalty/ies</i> or any related notices shall be served on the <i>WESM Member</i> through its <i>WESM Compliance Officer</i> as appearing in the records of the <i>Enforcement and Compliance Office</i> , or if none is designated, to the president or chief executive officer of the <i>WESM Member</i> as	Added Section 3.9.2 as WESM Member Responsibility (transferred from 2 <sup>nd</sup> sentence of Section 4.13.4)				

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		<p>president or chief executive officer of the <i>WESM Member</i> as appearing in the records of the <i>Market Operator</i>. <i>WESM Members</i> have the obligation to ensure that the information on the contact persons provided to the <i>Enforcement and Compliance Office</i> and to the <i>Market Operator</i> is updated at all times.</p>	<p>appearing in the records of the <del><i>Market Operator</i></del>. <del><i>WESM Members</i></del> have the obligation to <u>shall</u> ensure that the information on the contact persons provided to the <i>Enforcement and Compliance Office</i> and to the <i>Market Operator</i> is updated at all times.</p>					
<p>Section 4 – Penalty System</p> <p>4.1.1. – Enforcement Proceedings</p>	4.1.1.3	<p><b>Investigation of the Market Operator and the System Operator.</b> The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> for probable breach of the <i>Market Rules</i> shall be in accordance with the relevant provisions of the <i>Enforcement and Compliance Manual</i>. The <i>PEM Board</i>, as it may deem necessary, may thereafter file a formal complaint with the <i>Energy Regulatory Commission</i></p>	<p><b>Investigation of the Market Operator and the System Operator.</b> The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> for probable breach of the <i>Market Rules</i> shall be in accordance with <b><u>Section 7.2.3 of the WESM Rules</u></b> and the relevant provisions of the <i>Enforcement and Compliance Manual</i>. The <i>PEM Board</i>, as it may deem necessary, may thereafter file a formal complaint with the <i>Energy Regulatory Commission</i></p>	<p>Added reference to the provisions of the WESM Rules re: investigation of MO or SO.</p>				

WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		and the <i>Department of Energy</i> .	and the <i>Department of Energy</i> .					
Section 4 – Penalty System	4.1.2	<b>Imposition of Penalties by the Enforcement and Compliance Office.</b> The <i>Enforcement and Compliance Office</i> shall advise the <i>PEMC President</i> and the <i>Compliance Committee</i> of the specified <i>penalty</i> to be imposed upon the WESM Member concerned based on the results of the compliance monitoring and assessment conducted by the <i>Enforcement and Compliance Office</i> in accordance with Clause 7.2 of the WESM Rules and the WESM Enforcement and Compliance Manual. The PEM Board, the <i>Energy Regulatory Commission</i> and the <i>Department of Energy</i> shall be provided with the monthly status or summary report of the compliance monitoring and assessment activities	<b>Imposition of Penalties by the Enforcement and Compliance Office.</b> The <i>Enforcement and Compliance Office</i> shall advise the <i>PEMC President</i> <u>of the WESM Governance Arm</u> and the <i>Compliance Committee</i> of the specified <i>penalty</i> to be imposed upon the WESM Member concerned based on the results of the compliance monitoring and assessment conducted by the <i>Enforcement and Compliance Office</i> in accordance with Clause 7.2 of the <i>WESM Rules</i> and the WESM Enforcement and Compliance Manual. The PEM Board, the <i>Energy Regulatory Commission</i> and the <i>Department of Energy</i> shall be provided with the monthly status or summary report of the compliance monitoring and assessment activities of the <i>Enforcement and Compliance Office</i> .	For consistency with the terminology used in the Market Rules and Market Manuals.				

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		of the <i>Enforcement and Compliance Office</i> .						
Section 4 – Penalty System	4.1.4	<b>Imposition of Penalties on the <i>Market Operator</i> and the <i>System Operator</i>.</b> The penalty for breach of the <i>Market Rules</i> by the <i>Market Operator</i> or the <i>System Operator</i> shall be determined and imposed by the Energy Regulatory Commission upon finding of breach of the <i>Market Rules</i> initiated through complaints or reports by the PEM Board in accordance with Section 4.1.1.3 of this Manual and pertinent provisions of the <i>Enforcement and Compliance Manual</i> .	<b>Imposition of Penalties on the <i>Market Operator</i> and the <i>System Operator</i>.</b> The penalty for breach of the <i>Market Rules</i> by the <i>Market Operator</i> or the <i>System Operator</i> shall be determined and imposed by the <i>Energy Regulatory Commission</i> upon finding of breach of the <i>Market Rules</i> initiated through complaints or reports by the PEM Board in accordance with <b><u>Section 7.2.3 of the WESM Rules</u></b> , Section 4.1.1.3 of this Manual and pertinent provisions of the <i>Enforcement and Compliance Manual</i> .	Added reference to the provisions of the WESM Rules re: investigation of MO or SO.				
Section 4 – Penalty System  4.3 Description of Penalty Levels	4.3.1	The WESM <i>penalty</i> system consists of three (3) <i>penalty</i> levels. The <i>penalty</i> level to be imposed will depend on the nature of the <i>breach</i> and the circumstances surrounding the <i>breach</i> . The specific <i>penalty</i> levels to be imposed for each	The WESM <i>penalty</i> system consists of three (3) <i>penalty</i> levels <b><u>unless a relevant rule or Market Manual prescribes a different penalty level</u></b> . The <i>penalty</i> level to be imposed will depend on the nature of the <i>breach</i> and the circumstances surrounding the <i>breach</i> .	Added a non-restrictive clause as would allow other practicable penalty level/design (e.g., different penalty level for reserve market compliance)				

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		type of <i>breach</i> are provided for in the Schedule of Breach and Penalties of this Manual.	The specific <i>penalty</i> levels to be imposed for each type of <i>breach</i> are provided for in the Schedule of Breach and Penalties of this Manual.					
Section 4 – Penalty System	4.7 – Level 1 - Reprimand	<p><b>Level 1 - Reprimand</b></p> <p>If a <i>reprimand</i> is meted out, a <i>Notice of Reprimand</i> containing the reprimand is issued and shall further state the following –</p> <p>a) Name of the <i>WESM Member</i> subject of the reprimand;</p> <p>b) The name of the registered facility, if applicable, associated with the <i>breach</i>;</p> <p>c) The <i>breach</i> committed and pertinent rules that were <i>breached</i>;</p> <p>d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; and</p> <p>e) Remedial measures required of the <i>WESM Member</i>, if any, and the manner of compliance.</p>	<p><b>Level 1 - Reprimand</b></p> <p><u>4.7.1</u> If a <i>reprimand</i> is meted out, a <b><u>Notice of Specified Penalty and a Letter of Reprimand shall be issued.</u></b> <del>containing the reprimand is issued and shall further state</del> <b><u>The Notice of Specified Penalty shall state</u></b> the following –</p> <p>a) Name of the <i>WESM Member</i> subject of the reprimand;</p> <p>b) The name of the registered facility, if applicable, associated with the <i>breach</i>;</p> <p>c) The <i>breach</i> committed and pertinent rules that were <i>breached</i>;</p> <p>d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; and</p> <p>e) Remedial measures required of the <i>WESM Member</i>, if any, and</p>	<p>For clarity. To distinguish the two forms: Notice of Specified Penalty and Letter of Reprimand.</p> <p>NSP – notice that the breach committed is subject to a specific penalty (e.g. reprimand, financial penalty or suspension)</p> <p>Letter of Reprimand / Financial Penalty / Suspension – is the penalty itself.</p>				

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			<p>the manner of compliance.</p> <p><b><u>4.7.2 A Letter of Reprimand or Non-Compliance Letter shall be signed by President of the WESM Governance Arm and shall contain a statement or enjoining the WESM Members from doing similar act or omission that constituted the breach and informing them of the consequence/s in case a breach of the same type and nature is committed.</u></b></p>					
Section 4 – Penalty System	4.8. Level 2 - Financial Penalties	4.8.2 A <i>Notice of Financial Penalty</i> shall be issued to the <i>WESM Member</i> specifying the following – a) Name of the <i>WESM Member</i> ; b) The name of the registered facility to which the <i>breach</i> pertains, if applicable; c) The <i>breach</i> committed and pertinent rules that were <i>breached</i> ;	A <i>Notice of <del>Financial</del> Specified Penalty</i> shall be issued to the <i>WESM Member</i> specifying the following – a) Name of the <i>WESM Member</i> ; b) The name of the registered facility to which the <i>breach</i> pertains, if applicable; c) The <i>breach</i> committed and pertinent rules that were <i>breached</i> ;	<ul style="list-style-type: none"> <li>Revised to use a common terminology, <i>i.e.</i>, Notice of Specified Penalty, as defined in the Glossary.</li> <li>For clarity. Notice of Specified Penalty and Letter of Reprimand are two (2) different forms.</li> </ul> <p>NSP – notice that the breach</p>				

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		d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; e) The amount of <i>financial penalty</i> imposed for each count of <i>breach</i> ; and f) Remedial measures required of the <i>WESM Member</i> , if any, and the manner of monitoring compliance.	d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; e) The amount of <i>financial penalty</i> imposed for each count of <i>breach</i> ; and f) Remedial measures required of the <i>WESM Member</i> , if any, and the manner of monitoring compliance.	committed is subject to a specific penalty (e.g. reprimand, financial penalty or suspension)  • Letter of Reprimand or NCL / Financial Penalty / Suspension – penalty itself.				
Section 4 – Penalty System  4.8. Level 2 -Financial Penalties	4.8.3	4.8.3. A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority of the latter to collect the assessed <i>financial penalties</i> . Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned <i>WESM Member</i> shall pay the penalty amount within twelve (12) <i>Business Days</i> from receipt of the billing from the <i>Market Operator</i> .	<del>4.8.3. A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority of the latter to collect the assessed <i>financial penalties</i>. Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned <i>WESM Member</i> shall pay the penalty amount within twelve (12) <i>Business Days</i> from receipt of the billing from the <i>Market Operator</i>.</del>	<ul style="list-style-type: none"> <li>Transferred to Section 4.13 (Service of Notice of Specified Penalty) with modification (PEMC to collect instead of IEMOP)</li> <li>Renumbered as Sections 4.13.3 and 4.13.4</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 4 – Penalty System  4.8. Level 2 -Financial Penalties	4.8.4	4.8.4 The <i>Market Operator</i> shall notify the <i>WESM Member</i> of the penalty amount including interest if applicable and the due date for payment of the same. In case of failure of the <i>WESM Member</i> to fully pay for the financial penalties on specified due date, a penalty interest in the sum specified in the Schedule of Breach and Penalties of this Manual shall be billed and collected from the <i>WESM Member</i> until the amount is fully paid.	<del>4.8.4 The <i>Market Operator</i> shall notify the <i>WESM Member</i> of the penalty amount including interest if applicable and the due date for payment of the same. In case of failure of the <i>WESM Member</i> to fully pay for the financial penalties on specified due date, a penalty interest in the sum specified in the Schedule of Breach and Penalties of this Manual shall be billed and collected from the <i>WESM Member</i> until the amount is fully paid.</del>	<ul style="list-style-type: none"> <li>Transferred to Section 4.13 (Service of Notice of Specified Penalty) with <u>modification</u> (PEMC to notify the <i>WESM Member</i> of the consequence of non-payment)</li> <li>Renumbered as Sections 4.13.5</li> </ul>				
Section 4 – Penalty System  4.8. Level 2 -Financial Penalties	4.8.5	4.8.5 The amount shall be paid through issuance of a check payable to the <i>Market Operator</i> . However, collection from settlement amounts through offsetting or debit arrangements may be done as follows: a) If the concerned <i>WESM Member</i> authorizes the <i>Market Operator</i> to collect the penalty amounts from the settlement amounts for the billing period during	<del>4.8.5 The amount shall be paid through issuance of a check payable to the <i>Market Operator</i>. However, collection from settlement amounts through offsetting or debit arrangements may be done as follows: a) If the concerned <i>WESM Member</i> authorizes the <i>Market Operator</i> to collect the penalty amounts from the settlement amounts for the billing period during</del>	<ul style="list-style-type: none"> <li>Transferred to Section 4.13 (Service of Notice of Specified Penalty) with <u>modification</u> (direct payment to PEMC; no more offsetting against trading receivables)</li> <li>Renumbered as Sections 4.13.6</li> </ul>				

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		<p>which the notice was issued; and</p> <p>b) If the concerned <i>WESM Member</i> fails to pay the penalty amounts within the specified due date, despite the finality of the decision and receipt of the <i>Notice of Specified Penalty/ies</i> from the <i>Market Operator</i>, then the <i>Market Operator</i> shall collect the penalty from the settlement amounts of the said <i>WESM Member</i> for the immediately succeeding billing period computed as follows:</p> <p>(i) The penalty amounts shall be deducted from the settlement amounts after deductions from the same of the tax payments, interest payments, and market fees. The <i>Market Operator</i> shall ensure that the penalty amount is properly labelled</p>	<p><del>which the notice was issued; and</del></p> <p><del>b) If the concerned <i>WESM Member</i> fails to pay the penalty amounts within the specified due date, despite the finality of the decision and receipt of the <i>Notice of Specified Penalty/ies</i> from the <i>Market Operator</i>, then the <i>Market Operator</i> shall collect the penalty from the settlement amounts of the said <i>WESM Member</i> for the immediately succeeding billing period computed as follows:</del></p> <p><del>(i) The penalty amounts shall be deducted from the settlement amounts after deductions from the same of the tax payments, interest payments, and market fees. The <i>Market Operator</i> shall ensure that the penalty amount is properly labelled</del></p>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		<p>as such in the billing statement or equivalent as would distinguish it from other items or deductions that may be charged against the settlement amount.</p> <p><b>(ii) If the collection of penalty cannot be made in full due to inadequacy of the settlement amount from which the penalty amounts will be deducted, the Market Operator shall issue a notice or demand to pay the deficiency to the concerned WESM Member.</b></p>	<p><del>as such in the billing statement or equivalent as would distinguish it from other items or deductions that may be charged against the settlement amount.</del></p> <p><del>(ii) If the collection of penalty cannot be made in full due to inadequacy of the settlement amount from which the penalty amounts will be deducted, the Market Operator shall issue a notice or demand to pay the deficiency to the concerned WESM Member.</del></p>					
Section 4 – Penalty System  4.8. Level 2 -Financial Penalties	4.8.6	4.8.6 The Market Operator shall notify the PEMC President of the status of the penalty collection indicating the amount collected, <i>penalty</i> interest imposed and the reason for non-payment by the concerned WESM Member as applicable on a monthly basis.	<del>4.8.6 The Market Operator shall notify the PEMC President of the status of the penalty collection indicating the amount collected, <i>penalty</i> interest imposed and the reason for non-payment by the concerned WESM Member as applicable on a monthly basis.</del>	<ul style="list-style-type: none"> <li>Transferred to Section 4.15 (Submission of Reports) <u>with modification.</u></li> <li>Renumbered as Section 4.15</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 4 – Penalty System  4.8. Level 2 -Financial Penalties	4.8.7	4.8.7 Penalty interest shall be reckoned from the date the <i>penalty</i> becomes due up to the time the same is actually settled.	<del>4.8.7 Penalty interest shall be reckoned from the date the <i>penalty</i> becomes due up to the time the same is actually settled.</del>	<ul style="list-style-type: none"> <li>Transferred to Section 4.13 (Service of Notice of Specified Penalty) with <u>modification</u> (provision is merged with Section 4.8.4 [on non-payment of penalties])</li> <li>Renumbered as Sections 4.13.5</li> </ul>				
Section 4 – Penalty System  4.9. Level 3 -Escalated Financial Penalties	4.9.2	4.9.2 A <i>Notice of Escalated Financial Penalties</i> is issued on the <i>WESM Member</i> stating the following – a) The name of the <i>WESM Member</i> ; b) The name of the registered facility for which the <i>breach</i> was found; c) The <i>breach</i> committed, specifying the rules that were <i>breached</i> ; d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; e) The reason/s for imposition of escalated <i>financial penalty</i> , particularly the occurrence of the qualifying circumstance that warranted application of	4.9.2 A <i>Notice of Escalated <del>Financial</del> Specified Penalties with escalated financial penalty</i> is issued on the <i>WESM Member</i> stating the following – a) The name of the <i>WESM Member</i> ; b) The name of the registered facility for which the <i>breach</i> was found; c) The <i>breach</i> committed, specifying the rules that were <i>breached</i> ; d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; e) The reason/s for imposition of escalated <i>financial penalty</i> , particularly the occurrence	Revised to use a common terminology, i.e., Notice of Specified Penalty, as defined in Glossary.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		the escalated <i>financial penalty</i> ; f) The amount of <i>financial penalty</i> ; and g) Remedial measures, if any, required of the <i>WESM Member</i> and manner of monitoring compliance.	of the qualifying circumstance that warranted application of the escalated <i>financial penalty</i> ; f) The amount of <i>financial penalty</i> ; and g) Remedial measures, if any, required of the <i>WESM Member</i> and manner of monitoring compliance.					
Section 4 – Penalty System	4.9 Level 3 – Escalated Financial Penalties	4.9.3. A copy of the notice will also be served on the <i>Market Operator</i> and shall serve as its authority to collect the amount due. Failure to pay the <i>financial penalty</i> amount on due date will result in imposition of <i>penalty</i> interest until fully paid. The <i>Market Operator</i> shall cause the billing and collection of the <i>penalty</i> amount, and shall notify the <i>PEMC President</i> of the status of collection in the same manner as required for Level 2 Financial Penalty under Sections 4.8.3, 4.8.4, and 4.8.5 of this Manual with a copy thereof furnished to the	<del>4.9.3. A copy of the notice will also be served on the <i>Market Operator</i> and shall serve as its authority to collect the amount due. Failure to pay the <i>financial penalty</i> amount on due date will result in imposition of <i>penalty</i> interest until fully paid. The <i>Market Operator</i> shall cause the billing and collection of the <i>penalty</i> amount, and shall notify the <i>PEMC President</i> of the status of collection in the same manner as required for Level 2 Financial Penalty under Sections 4.8.3, 4.8.4, and 4.8.5 of this Manual with a copy thereof furnished to the</del>	<ul style="list-style-type: none"> <li>Transferred to Section 4.13 (Service of Notice of Specified Penalty) with modification.</li> <li>Covered by the provisions of Section 4.13.1 to 4.13.9, as renumbered.</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		<i>Enforcement and Compliance Office.</i>	<del><i>Enforcement and Compliance Office.</i></del>					
Section 4 – Penalty System	4.12 – Request for Reconsideration and Appeal Proceedings	<p>4.12.1 <b>Under the Compliance Monitoring and Assessment Proceedings</b></p> <p>4.12.1.1. <i>Period and Ground for Filing a Request for Reconsideration.</i> x x x</p> <p>4.12.1.2. <i>Form and Contents of the Request for Reconsideration and Notice thereof.</i> x x x</p> <p>4.12.1.3. <i>Resolution on the Request for Reconsideration.</i> x x x</p> <p>4.12.1.4. <i>Appeal to the Compliance Committee and Period of Appeal.</i> x x x</p> <p>4.12.1.5. <i>Ground for Appeal.</i> x x x</p> <p>4.12.1.6. <i>Form and Contents of the Appeal.</i> x x x</p>	<p>4.12.1 <b>Under the Compliance Monitoring and Assessment Proceedings</b></p> <p>4.12.1.1. <del><i>Period and Ground for Filing a Request for Reconsideration.</i></del> <del>x x x</del></p> <p>4.12.1.2. <del><i>Form and Contents of the Request for Reconsideration and Notice thereof.</i></del> <del>x x x</del></p> <p>4.12.1.3. <del><i>Resolution on the Request for Reconsideration.</i></del> <del>x x x</del></p> <p>4.12.1.4. <del><i>Appeal to the Compliance Committee and Period of Appeal.</i></del> <del>x x x</del></p> <p>4.12.1.5. <del><i>Ground for Appeal.</i></del> <del>x x x</del></p> <p>4.12.1.6. <del><i>Form and Contents of the Appeal.</i></del> <del>x x x</del></p>	<ul style="list-style-type: none"> <li>All provisions under Section 4.12 relating to remedies (RR and Appeal) are proposed to be deleted in the WESM Penalty Manual.</li> </ul> <p>The remedies available to the WESM Members like Request for Reconsideration and Appeal are proposed to be transferred to <i>Enforcement and Compliance Manual</i> as they form part of the enforcement proceedings (<i>i.e.</i>, monitoring and investigation &gt; results &gt; request for reconsideration &gt; appeal).</p> <p>The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty</p>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		<p>4.12.1.7. <i>Decision on the Appealed Case</i> x x x</p> <p>4.12.2 <b>Under Investigation Proceedings</b></p> <p>4.12.2.1 <i>Ground for Filing a Request for Reconsideration.</i> x x x</p> <p>4.12.2.2 <i>Form and Contents.</i> x x x</p> <p>4.12.2.3 <i>Reconsideration Proceedings.</i> x x x</p> <p>4.12.2.4 <i>Resolution on the Request for Reconsideration.</i> x x x</p> <p>4.12.2.5 <i>Effect of PEM Board Decision.</i> x x x</p>	<p><del>4.12.1.7. <i>Decision on the Appealed Case</i> x x x</del></p> <p><del>4.12.2 <b>Under Investigation Proceedings</b></del></p> <p><del>4.12.2.1 <i>Ground for Filing a Request for Reconsideration.</i> x x x</del></p> <p><del>4.12.2.2 <i>Form and Contents.</i> x x x</del></p> <p><del>4.12.2.3 <i>Reconsideration Proceedings.</i> x x x</del></p> <p><del>4.12.2.4 <i>Resolution on the Request for Reconsideration.</i> x x x</del></p> <p><del>4.12.2.5 <i>Effect of PEM Board Decision.</i> x x x</del></p> <p><b><u>(new)</u></b></p> <p><b><u>4.12.1 The filing of any request for reconsideration of compliance monitoring and investigation results</u></b></p>	<p>level, implementation, and utilization thereof.</p> <ul style="list-style-type: none"> <li>Replaced it with a provision that would simply make reference to the Enforcement and Compliance Manual regarding remedies.</li> </ul>				

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			<u>or reports and appeal of the resolution on request for reconsideration shall be governed by the relevant provisions of the WESM Enforcement and Compliance Manual.</u>					
Section 4 – Penalty System  4.13 – Service of Notice of Specified Penalties	4.13.1	<del>A Notice of Specified Penalty/ies required to be issued in accordance with this Manual shall be issued and signed by the PEMC President in accordance with Section 3.2 of this Manual, and served on the concerned WESM Member upon the issuance of the compliance monitoring and assessment report or investigation report by the Enforcement and Compliance Office. The said Notice shall become executory upon issuance thereof.</del>  Related provision (to be transferred here) –  4.13.4 A Notice of Specified Penalty/ies or any related notices shall be served on the WESM	<del>4.13.4</del> <b>4.13.1</b> A Notice of Specified Penalty/ies or any related notices <b>and the Letter of Reprimand</b> shall be served on the WESM Member through its WESM Compliance Officer as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president or chief executive officer of the WESM Member as appearing in the records of the Market Operator. <b>WESM Governance Arm.</b> <del>WESM Members have the obligation to ensure that the information on the contact persons provided to the Enforcement and Compliance Office and to the Market Operator is updated at all times.</del>	<ul style="list-style-type: none"> <li>Removed redundant provision (NSP to be signed by PEMC President – mentioned twice already in the Manual)</li> <li>Replaced it with the provision <b>as to whom the NSP/Letter of Reprimand/other notices shall be served</b> (previously Section 4.13.4) with modification.</li> <li>Last sentence is transferred to Section on Responsibilities of the WESM Member under Section 3.9 of the WESM Penalty Manual.</li> </ul>				

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		Member through its WESM Compliance Officer as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president or chief executive officer of the WESM Member as appearing in the records of the Market Operator. WESM Members have the obligation to ensure that the information on the contact persons provided to the Enforcement and Compliance Office and to the Market Operator is updated at all times.		For coherence, the provisions under Section 4.13 shall be arranged as follows: <ul style="list-style-type: none"> <li>○ 4.13.1 – Upon whom the NSP is served.</li> <li>○ 4.13.2 – When NSP is served.</li> <li>○ 4.13.3 – Who shall implement NSP</li> <li>○ 4.13.4 - When shall penalty be paid.</li> </ul>				
	4.13.2	<del>If a Request for Reconsideration or Appeal is filed, and resolution is made thereon, a separate Notice of Specified Penalty or revocation of said Notice, as the case may be, shall be issued by the Enforcement and Compliance Office or the Compliance Committee, as applicable, which either confirms the Notice of Specified Penalty previously issued or</del>	<b>(new)</b> <b><u>4.13.2 A Notice of Specified Penalty and the Letter of Reprimand shall be issued within five (5) business days from the date that the compliance monitoring and assessment report or the decision on investigation case becomes final and executory, as determined under the</u></b>	<ul style="list-style-type: none"> <li>• Removed provisions relating to remedies, as discussed above.</li> <li>• Replaced it with a provision as to when an NSP should be issued (new provision)</li> <li>• NSP and Letter of Reprimand (if applicable) shall be issued simultaneously.</li> </ul>				

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		<p>revokes the said notice in whole or in part. Similarly, the subsequent notices as a result of the reconsideration or appeal process shall become executory upon issuance thereof and shall supersede all other notices which may have been previously issued. In all cases, the <i>Notice of Specified Penalty</i> or revocation thereof shall be accompanied by:</p> <p>4.13.2.1. A copy of the compliance monitoring and assessment report; or</p> <p>4.13.2.2. A copy of resolution on the request for reconsideration or decision on the Appeal, as the case may be.</p>	<p><u>relevant provisions of the <i>Enforcement and Compliance Manual</i>. If applicable, the <i>Notice of Specified Penalty</i> and the <i>Letter of Reprimand</i> shall be issued simultaneously.</u></p>	<ul style="list-style-type: none"> <li>The provision as to when a result, report, or decision becomes "final and executory" (as reckoning period for issuance of NSP) shall be included in the Remedies under the EC Manual.</li> <li>For cross-reference (as proposed in EC Manual, Sec. 9.5.3):</li> </ul> <p><b>"9.5.3</b> The finding, resolution, or decision relating to compliance monitoring or investigation case becomes <b>final and executory</b> –</p> <ol style="list-style-type: none"> <li>Upon the lapse of the period to file the <i>Request for Reconsideration</i> and no <i>Request for Reconsideration</i> is perfected.</li> <li>Upon issuance of the resolution on <i>Request for</i></li> </ol>				

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				<p><i>Reconsideration</i> by the <i>Enforcement and Compliance Office</i> relative to a case emanating from compliance monitoring and assessment activity, and no <i>Appeal</i> is perfected;</p> <p>c. Upon issuance of the resolution on <i>Appeal</i> by the <i>Compliance Committee</i> relative to a case emanating from compliance monitoring and assessment activity.</p> <p>d. Upon issuance of the resolution on the <i>Request for Reconsideration</i> by the <i>PEM Board</i> relative to a case emanating from request for investigation or report of probable <i>breach</i> filed by any <i>WESM</i></p>				

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				Member, the Market Operator, or the System Operator.				
Section 4 – Penalty System  4.13 – Service of Notice of Specified Penalties	4.13.3	<p>This remedy of Request for Reconsideration or Appeal, notwithstanding, shall not stay the execution adverted to in Section 4.13.1 above.</p> <p>Related provision (to be transferred here) –</p> <p>4.8.3. A copy of the notice shall also be served on the Market Operator and shall serve as the authority of the latter to collect the assessed financial penalties. Upon receipt of a copy of the notice, the Market Operator shall cause the billing and collection of the amount due within three (3) Business Days from receipt of the notice. The concerned WESM Member shall pay the penalty amount within twelve (12) Business Days from receipt of the billing from the Market Operator.</p>	<p><del>This remedy of Request for Reconsideration or Appeal, notwithstanding, shall not stay the execution adverted to in Section 4.13.1 above.</del></p> <p><del>4.8.3.</del> <b>4.13.3</b> A copy of the notice <del>—</del> <b><u>Notice of Specified Penalty with financial penalty</u></b> shall also be served on the <del>Market Operator</del> <b>the finance unit of the WESM Governance Arm</b> and shall serve as the authority of the latter to collect the assessed financial penalties. Upon receipt of a copy of the notice, <del>the Market Operator</del> <b>it</b> shall cause the billing and collection of the amount due within three (3) Business Days from receipt of the notice. <del>The concerned WESM Member shall pay the penalty amount within twelve (12) Business Days</del></p>	<ul style="list-style-type: none"> <li>Removed provisions relating to remedies, as discussed above.</li> <li>The provision on “exhaustion or remedies” before the NSP is issued/implemented shall be included in the Remedies under the EC Manual.</li> <li>Replaced with Section <b>on who shall implement NSP and collect penalty</b> (originally placed under Section 4.8.3, 1<sup>st</sup> sentence). Modified – PEMC (instead of IEMOP) to collect penalty.</li> <li>Last sentence removed and transferred to Section 4.13.4</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			from receipt of the billing from the <i>Market Operator</i> .	For coherence, the provisions under Section 4.13 shall be arranged as follows: <ul style="list-style-type: none"> <li>○ 4.13.1 – Upon whom the NSP is served.</li> <li>○ 4.13.2 – When NSP is served.</li> <li>○ 4.13.3 – Who shall implement NSP</li> <li>○ 4.13.4 - When shall penalty be paid.</li> </ul>				
Section 4 – Penalty System  4.13 – Service of Notice of Specified Penalties	4.13.4	A <i>Notice of Specified Penalty/ies</i> or any related notices shall be served on the <i>WESM Member</i> through its <i>WESM Compliance Officer</i> as appearing in the records of the <i>Enforcement and Compliance Office</i> , or if none is designated, to the president or chief executive officer of the <i>WESM Member</i> as appearing in the records of the <i>Market Operator</i> . <i>WESM Members</i> have the obligation to ensure that the information on the contact persons provided to the <i>Enforcement and Compliance Office</i> and to	<del>A <i>Notice of Specified Penalty/ies</i> or any related notices shall be served on the <i>WESM Member</i> through its <i>WESM Compliance Officer</i> as appearing in the records of the <i>Enforcement and Compliance Office</i>, or if none is designated, to the president or chief executive officer of the <i>WESM Member</i> as appearing in the records of the <i>Market Operator</i>. <i>WESM Members</i> have the obligation to ensure that the information on the contact persons provided to the <i>Enforcement and</i></del>	<ul style="list-style-type: none"> <li>• Transferred to Section 4.13.1 with modification.</li> <li>• Replaced with Section <b>as to when the WESM Member shall pay the</b> penalty (originally placed under Section 4.8.3, 2<sup>nd</sup> sentence). Modified – from 12 to 15 business days – to allow more time for approval and processing of payment.</li> <li>• For coherence, the provisions under</li> </ul>				

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		<p>the <i>Market Operator</i> is updated at all times.</p> <p>Related provision –</p> <p>4.8.3 A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority of the latter to collect the assessed <i>financial penalties</i>. Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned WESM Member shall pay the penalty amount within twelve (12) <i>Business Days</i> from receipt of the billing from the <i>Market Operator</i>.</p>	<p><del>Compliance Office and to the <i>Market Operator</i> is updated at all times.</del></p> <p><del>4.8.3</del> <b>4.13.4</b> <del>4.8.3</del> A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority of the latter to collect the assessed <i>financial penalties</i>. Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned WESM Member shall pay the penalty amount <b>to the <i>WESM Governance Arm</i></b> within <del>twelve (12)</del> <b>fifteen (15)</b> <i>Business Days</i> from receipt of the billing from the <del><i>Market Opera</i></del> <b>the latter</b>.</p>	<p>Section 4.13 shall be arranged as follows:</p> <ul style="list-style-type: none"> <li>○ 4.13.1 – Upon whom the NSP is served.</li> <li>○ 4.13.2 – When NSP is served.</li> <li>○ 4.13.3 – Who shall implement NSP</li> <li>○ 4.13.4 - When shall penalty be paid.</li> </ul>				
Section 4 – Penalty System  4.13 – Service of	4.13.5	<p>All notices required to be served on the <i>Market Operator</i> shall be served through its <i>WESM Compliance Officer</i>.</p> <p>Related provision –</p>	<p>All notices required to be served on the <i>Market Operator</i> shall be served through its <i>WESM Compliance Officer</i>.</p>	<ul style="list-style-type: none"> <li>• Transferred to Section 4.13.6</li> <li>• Replaced this with Section on notification about the possible</li> </ul>				

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Notice of Specified Penalties		4.8.4 The <i>Market Operator</i> shall notify the <i>WESM Member</i> of the penalty amount including interest if applicable and the due date for payment of the same. In case of failure of the <i>WESM Member</i> to fully pay for the financial penalties on specified due date, a penalty interest in the sum specified in the Schedule of Breach and Penalties of this Manual shall be billed and collected from the <i>WESM Member</i> until the amount is fully paid.	4.8.4 <b>4.13.5</b> The <del><i>Market Operator</i></del> <b><i>WESM Governance Arm</i></b> shall notify the <i>WESM Member</i> of the penalty amount including interest if applicable and the due date for payment of the same. In case of failure of the <i>WESM Member</i> to fully pay for the financial penalties on specified due date, a penalty interest in the sum specified in the Schedule of Breach and Penalties of this Manual shall be billed and collected from the <i>WESM Member</i> until the amount is fully paid.  <b><u>For purposes of this section, penalty interest shall be reckoned from the date the penalty becomes due up to the time the same is actually settled.</u></b>	consequence/s in case penalty is not paid (originally 4.8.4).  • Added here the provision on where to reckon the computation of penalty interest (originally part of 4.8.7)				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 4 – Penalty System  4.13 – Service of Notice of Specified Penalties	4.13.6	The <i>Compliance Committee</i> shall also be furnished of the <i>Notice of Specified Penalty</i> or revocation of said notice, as the case may be. Should this Notice require implementation of a directive on the part of the <i>System Operator</i> , a copy of said notice shall likewise be sent to the <i>System Operator</i> for appropriate action.  Related provisions (transferred here):  4.13.5 All notices required to be served on the <i>Market Operator</i> shall be served through its <i>WESM Compliance Officer</i> .	<del>The <i>Compliance Committee</i> shall also be furnished of the <i>Notice of Specified Penalty</i> or revocation of said notice, as the case may be. Should this Notice require implementation of a directive on the part of the <i>System Operator</i>, a copy of said notice shall likewise be sent to the <i>System Operator</i> for appropriate action.</del>  4.13.5 <b>4.13.6</b> All notices required to be served on the <i>Market Operator</i> <b>or the <i>System Operator</i></b> shall be served through its <i>WESM Compliance Officer</i> .	<ul style="list-style-type: none"> <li>Removed and transferred to Section 4.15 (Submission of Reports)</li> <li>Replaced it with Section on service of notices to MO (originally under Section 4.13.5)</li> <li>Added SO as possible recipient of any notice/s.</li> </ul>				
Section 4 – Penalty System  4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14.1	Imposition of <i>financial</i> and <i>non-financial penalties</i> shall become executory upon issuance of the <i>Notice of Specified Penalty</i> .	<del>Imposition of <i>financial</i> and <i>non-financial penalties</i> shall become executory upon issuance of the <i>Notice of Specified Penalty</i>.</del>	Removed provision - in line with the proposed amendments in EC Manual where “exhaustion or remedies” shall be observed first before the NSP is issued.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 4 – Penalty System  4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14.2	The <i>Notice of Specified Penalty/ies</i> or the revocation thereof as a result of the reconsideration and/or appeal process shall serve as the authority of the <i>Market Operator</i> to immediately collect or refund the amount of the financial penalty/ies or such other amounts adverted to in the notice, to or from, the concerned <i>WESM Member's</i> account, as the case may be.	<del>The <i>Notice of Specified Penalty/ies</i> or the revocation thereof as a result of the reconsideration and/or appeal process shall serve as the authority of the <i>Market Operator</i> to immediately collect or refund the amount of the financial penalty/ies or such other amounts adverted to in the notice, to or from, the concerned <i>WESM Member's</i> account, as the case may be.</del>	Removed provision -in line with the proposed amendments in EC Manual where “exhaustion or remedies” shall be observed first before the NSP is issued.				
Section 4 – Penalty System  4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14 – Effect of Notice of Specified Penalties or Revocation Thereof <b><u>Non-Payment of Penalties / Non-Compliance with the Remedial Measures</u></b>	<ul style="list-style-type: none"> <li>Removed provision - in line with the proposed amendments in EC Manual where “exhaustion or remedies” shall be observed first before the NSP is issued.</li> <li>Replace this Section with the provisions on the impact or consequences in case of non-payment of penalties/sanctions/ and interest</li> </ul>				

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	(New)		<p><u>4.14.1 In case of non-payment or failure to comply with the requirements and directives of the notice, resolution or decision made in accordance with the established enforcement proceedings, a penalty interest shall be additionally imposed upon the concerned WESM Member.</u></p> <p><u>For this purpose, the prevailing legal interest rate shall apply in computing the amount and shall be computed from the date the payment becomes due up to the actual payment of penalty.</u></p>	Added a provision on payment of legal interest in case of non-payment of penalties.				

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	(New)		<b><u>4.14.2 A penalty, as specified in the Schedule of Breach and Penalty, shall likewise be imposed in case of non-compliance by a WESM Member with the remedial measures required to be implemented by it as specified in the Notice of Specified Penalty or other notices issued in relation to a finding of breach.</u></b>	Added a provision on payment of legal interest in case of non-fulfillment of remedial measures				
	(New)		<b><u>4.14.3 The aforesaid penalty interest and penalty amount referred to in the immediately preceding sections shall be imposed automatically by the WESM Governance Arm upon failure to pay the financial penalty on due date or to comply with the required remedial measures.</u></b>	Added a provision on automatic imposition of interest in case of non-payment or non-compliance with the agreed remedial measures, <i>i.e.</i> , without need of investigation.				

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	(New)		<b><u>4.14.4 If the concerned WESM Member fails or refuses to pay the penalty amount and the interest despite due notice and demand, the issue shall be elevated to the PEM Board for appropriate action.</u></b>	Added a provision that would authorize PEM Board in taking legal steps to enforce the rule. (e.g., for PEM Board to direct Legal to take action, like issuance of demand letter, or filing a legal case for collection)				
Section 4 – Penalty System	4.15 Submission of Reports	The <i>Enforcement and Compliance Office</i> shall submit a monthly summary report of all Notices of Specified <i>Penalty/ies</i> and Resolutions on the requests for reconsideration made by the <i>Enforcement and Compliance Office</i> , and decisions of the <i>Compliance Committee</i> on appeals, that have been issued during the month, and the status of their implementation to the PEM Board, through the PEMC President, <i>the Department of Energy, the Energy Regulatory Commission, the Market Surveillance Committee and the Market Operator.</i> Such report may be	The <i>Enforcement and Compliance Office</i> shall submit a <del>monthly summary report of all Notices of Specified <i>Penalty/ies</i> and Resolutions on the requests for reconsideration made by the <i>Enforcement and Compliance Office</i>, and decisions of the <i>Compliance Committee</i> on appeals, that have been issued during the month, and the status of their implementation to the PEM Board, through the PEMC President, <i>the Department of Energy, the Energy Regulatory Commission, the Market Surveillance Committee and the Market Operator.</i> Such report may</del>	<ul style="list-style-type: none"> <li>Removed redundant provision, i.e., the requirement to submit monthly summary report on the status of compliance monitoring and investigation including the request for reconsideration / appeal <u>are already provided in the EC Manual.</u></li> <li>Replaced it instead with the requirement to submit annual report <b><u>on penalty imposed, collected, and utilized.</u></b></li> </ul>				

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		included in any monthly report that the <i>Enforcement and Compliance</i> is required to prepare, publish and disseminate in accordance with the WESM Enforcement and Compliance Manual.	<p><del>be included in any monthly report that the <i>Enforcement and Compliance</i> is required to prepare, publish and disseminate in accordance with the WESM Enforcement and Compliance Manual.</del></p> <p><u>to the <b>Compliance Committee, PEM Board, Department of Energy, and the Energy Regulatory Commission</b> an annual summary penalty report, covering the period January to December of the previous year, that contains status or updates on the penalty imposed, collected, and utilized. It shall be reported on or before the 30<sup>th</sup> day of June of the year following the covered annual period.</u></p> <p><u>The <b>Compliance Committee, PEM Board, Department of Energy, and Energy Regulatory Commission</b> may, however, request a status update on</u></p>	<ul style="list-style-type: none"> <li>• Included timeline for submission. The record pertaining to penalty collection from Jan to Dec billing period is expected to be completed by June 30 of the following year.</li> <li>• June 30 – to consider timeline for collection (including the post-investigation proceedings like request for recon and appeal, if any) for the whole year (Jan to Dec)</li> <li>• Included additional provision on periodic reporting, as may be required by DOE, ERC, PEM Board or CC.</li> </ul>				

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			<u>penalty-related matters from the Enforcement and Compliance Office, at any time, as may be necessary.</u>					
Section 5 – Schedule of Breach and Penalties	No.9 Non-submission of data, report or information under the following circumstances –	(e) Failure of a Distribution Utility to notify the Central Registration Body of any end user within its franchise area that has met the requirements to be certified as a contestable customer and to provide customer information required under the Clause 2.3 of the Retail Rules.  Registration by the Contestable Customer in the WESM is not an exempting circumstance	(e) Failure of a Distribution Utility to notify the Central Registration Body of any end user within its franchise area that has met the requirements to be certified as a contestable customer and <u>or as End-User under the Green Energy Option Program</u> to provide customer information required under the Clause 2.3 of the Retail Rules.  Registration by the Contestable Customer in the WESM is not an exempting circumstance	Revised to reflect the amendments for the implementation of the Green Energy Option Program.				
Section 5 – Schedule of Breach and Penalties	No.9 Non-submission of data, report or information under the following circumstances –	(f) Failure of the Supplier/s to notify and enroll with the Central Registration Body their bilateral power supply contracts with Generation Companies that they wish to be accounted for in the WESM settlements within thirty days before effectivity of the contract.	<del>(f) Failure of the Supplier/s to notify and enroll with the Central Registration Body their bilateral power supply contracts with Generation Companies that they wish to be accounted for in the WESM settlements within thirty days before effectivity of the contract.</del>	Removed – due to deletion of Clause 2.3.3 (Contestable Customer Supply Contract Information) and its sub-clauses 2.3.3.1 to 2.3.3.3 (per DC-2021-06-0012)				

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		<i>Compliance by either party is deemed a compliance by the other. Likewise, either party is also deemed compliant if the Generation Company counterparty has complied with enrolment procedures set in relevant Market Manual in respect to the relevant bilateral contract.</i>	<del><i>Compliance by either party is deemed a compliance by the other. Likewise, either party is also deemed compliant if the Generation Company counterparty has complied with enrolment procedures set in relevant Market Manual in respect to the relevant bilateral contract.</i></del>					
Section 5 – Schedule of Breach and Penalties	No.9 Non-submission of data, report or information under the following circumstances –	(g) Failure of the Suppliers to notify the Central Registration Body of their retail electricity supply contracts and provide required information, within thirty days before the effectivity of the contract.  <i>The compliance by either the Customer or the Supplier shall be considered as compliance of the other party.</i>	<del>(g) Failure of the Suppliers to notify the Central Registration Body of their retail electricity supply contracts and provide required information, within thirty days before the effectivity of the contract.  <i>The compliance by either the Customer or the Supplier shall be considered as compliance of the other party.</i></del>	Removed – due to deletion of Clause 2.3.3 (Contestable Customer Supply Contract Information) and its sub-clauses 2.3.3.1 to 2.3.3.3 (per DC-2021-06-0012)				
Section 6 – Utilization of Financial Penalty		The financial penalties and interest amounts collected by the <i>Market Operator</i> pursuant to this Manual shall be distributed to the electricity end-users.	<del>The financial penalties and interest amounts collected by the <i>Market Operator</i> pursuant to this Manual shall be distributed to the electricity end-users.</del>	<ul style="list-style-type: none"> <li>Removed to be replaced by provisions that would give effect to the transfer of responsibility to collect penalties from the Market Operator to WESM</li> </ul>				

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		For this purpose, the <i>Market Operator</i> shall formulate the guidelines and procedures for distribution of the penalties and interest collected. Such guidelines and procedures shall be subject to the approval of the <i>Department of Energy</i> and the <i>Energy Regulatory Commission</i> in respect to the formula for distribution to electricity end users.	<del>For this purpose, the <i>Market Operator</i> shall formulate the guidelines and procedures for distribution of the penalties and interest collected. Such guidelines and procedures shall be subject to the approval of the <i>Department of Energy</i> and the <i>Energy Regulatory Commission</i> in respect to the formula for distribution to electricity end users.</del>	<p>Governance Arm consistent with the mandate of the latter to enforce rules and sanctions in the WESM.</p> <ul style="list-style-type: none"> <li>Removed to be replaced by other purpose/uses of penalty fund. Related provisions under Section 6 of the Penalty Manual provide for the: (a) specific use of the penalty collected which shall be limited to emergency/urgent or unforeseen needs of the Market Operator or the WESM Governance Arm and is considered vital in the exercise of its functions; and (b) procedures that would safeguard the penalty fund against abuse, misuse, or mishandling of amounts, duplication or overlapping of</li> </ul>				

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				activities or double charging of costs against the market fees and penalty fund.				
	(New)		<b><u>6.1. The Penalty Fund shall be maintained by the WESM Governance Arm, which shall hold all financial penalties it collected pursuant to this Manual. The said fund shall not be commingled with other funds or amounts that come into the possession of the WESM Governance Arm.</u></b>	Introduced a provision on the treatment of penalty collected as a fund which is intended to be allocated to meet the specific objectives as set out in Section 6 of the Penalty Manual				
	(New)		<b><u>6.2 The Penalty Fund may be used for any of the following purposes and subject to the conditions set out in Section 6.4 —</u></b>  <b><u>a. Emergency funds after a calamity or disaster which shall be used by the WESM Governance Arm or Market Operator to cover</u></b>	<ul style="list-style-type: none"> <li>Added the purposes:  In general – for the emergency/urgent or unforeseen need only of the market.</li> <li>Related Section 6.4.1 – criteria and conditions</li> </ul>	<p><a href="#">Agree as long as (a) is approved by the DOE and will be transparent to the market after usage</a></p> <p><a href="#">For (b), agree with reservations. The development should directly benefit the Trading Participants</a></p>	b) Development and/or acquisition of necessary information technology systems to improve the user interface between the Governance and Trading Participant.		

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			<p><u>the construction, development, replacement, or rehabilitation of its infrastructure or assets that may have been damaged or affected by said calamity or disaster;</u>  <u>or</u>  <u>Development and acquisition of information technology systems to support the operations and/or governance activities.</u></p>					
	(New)		<p><b><u>6.3 Uses Not Permitted</u></b></p> <p><b><u>The Penalty Fund shall not be used for any the following uses –</u></b></p> <p>a. <b><u>Compensation of or grant of monetary or other benefits for the PEM Board, the organic units and employees of the WESM Governance Arm and the Market Operator for carrying out their obligations pertaining to the</u></b></p>	<ul style="list-style-type: none"> <li>• Excluded items such as –                             <ul style="list-style-type: none"> <li>○ Covered by regular expenditures of the entity (e.g., salary, compensation, benefits, etc.)</li> <li>○ Legal and professional fees / costs</li> <li>○ Compensation for the breach committed by WESM Members (e.g., compensation</li> </ul> </li> </ul>				

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			<p><u>operations, administration, and governance of the WESM as set out in the Market Rules and relevant Market Manuals;</u></p> <p>b. <u>Revenue requirements of the Market Operator or WESM Governance Arm for the operation and governance of the WESM which are to be defrayed from the Market Fees;</u></p> <p>c. <u>Cost of investigation of a breach by a WESM Member;</u></p> <p>d. <u>Compensation of WESM Members and other parties disadvantaged by a breach committed by another WESM Member;</u></p> <p>e. <u>Charitable works or donations to a specific group of WESM Members, electricity end-users or consumers, government agencies, or other</u></p>	<p>by Generator A which was bumped off by Generator B during the dispatch implementation)</p> <ul style="list-style-type: none"> <li>o Donations</li> <li>o Commercial uses</li> </ul> <p>• The foregoing items are not intended to address emergency/urgent needs. These are primarily covered in the Market Fees application already.</p>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>entities and individuals; and</u></p> <p>f. <u>Commercial purposes or to fund or provide capital for any business activity.</u></p>					
	(New)		<p><b><u>6.4 Preparation of the Utilization Plan</u></b></p> <p><b><u>6.4.1 The WESM Governance Arm, in coordination with the Market Operator, shall formulate a Utilization Plan when the need arises under the following conditions –</u></b></p> <p><b><u>a. It covers only the permitted uses, as provided under Section 6.2 of this Manual.</u></b></p> <p><b><u>b. The activities or projects to be included in the Utilization Plan shall not overlap with: (a) other planned or existing activities or projects of the WESM Governance</u></b></p>	<p>Provided provisions that would ensure:</p> <ul style="list-style-type: none"> <li>• (a) Non-duplication of activities</li> <li>• (b) Non-overlapping of charges (against market fees and penalty fund)</li> <li>• (c) and (d) Emergency nature of the project or activity</li> <li>• (e) Immediate response to the urgent needs of the market (while awaiting ERC's decision on market fees)</li> </ul> <p>Note: item (e) must be read in relation to Section 6.7.3</p>				

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			<p><u>Arm or Market Operator; and (b) items, projects, or activities covered by the existing or proposed Market Fees application with the Energy Regulatory Commission.</u></p> <p>c. <u>The utilization of the penalty fund will address the unforeseen or urgent need of the WESM Governance Arm or Market Operator</u></p> <p>d. <u>The non-implementation of the projects or activities intended to be covered by such Utilization Plan may either cause delay, business disruption, inefficiency, non-compliance, or non-performance of the services that are mandated to be</u></p>					

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			<p><u>carried out by the WESM Governance Arm or the Market Operator.</u></p> <p>e. <u>In the event that a certain item, project, or activity is already covered in the pending Market Fees application with the Energy Regulatory Commission but the same is unlikely to be resolved or decided within the period that is vital to the need of WESM Governance Arm or the Market Operator based on the timelines and procedures for its implementation, the WESM Governance Arm or the Market Operator shall be allowed to include the proposed item, project, or activity in the Utilization Plan; provided that it shall indicate therein the</u></p>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<u>necessary actions or adjustments to be undertaken to prevent duplication in the charging of costs relative to the subject item, project, or activity.</u>					
	(New)		<p><b><u>6.4.2 The Utilization Plan as formulated in accordance with the preceding section shall include the following:</u></b></p> <p><b>a. <u>Description and purpose of the activities or projects to be undertaken including the possible impact on WESM operations or governance functions in case of non-implementation thereof;</u></b></p> <p><b>b. <u>Duration of each activity or project, and expected milestones;</u></b></p> <p><b>c. <u>Estimated cost of each activity or project;</u></b></p> <p><b>d. <u>Estimated date/time of its utilization; and</u></b></p>	Provided a section on the content of the Utilization Plan				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			e. <u>Other matters relevant to the item, project, or activity covered in the Utilization Plan.</u>					
	(New)		<u>6.4.3 The Utilization Plan may be revised or modified to take into account the priority projects or activities in the WESM, as may be determined by the WESM Governance Arm or the Market Operator, provided that the conditions set out in Section 6.4 are fully met and/or complied with.</u>	Provided a section that would allow revision based on priority activities.				
	(New)		<u>6.5 Consultation with the WESM Members and WESM Governance Committees</u>  <u>6.5.1 The Utilization Plan shall be prepared in consultation with the WESM Members and the WESM Governance Committees.</u> <u>6.5.2 The WESM Governance Arm shall initiate the consultation</u>	Provided a section on checks and balances.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>process by publishing a notice on its website calling for comments on the proposed <i>Utilization Plan</i> for a period not more than fifteen (15) business days from the date of the publication.</u></p> <p><u>6.5.3 The <i>WESM Members</i> and the <i>WESM Governance Committees</i> shall submit their comments and inputs to the <i>WESM Governance Arm</i> within the period stated in the notice.</u></p> <p><u>6.5.4 The <i>WESM Governance Arm</i> may, if it deems necessary, conduct a public consultation with the <i>WESM Members</i> and <i>WESM Governance Committees</i> for discussion or deliberation of the proposed <i>Utilization Plan</i>, suggestions and comments thereon.</u></p>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><b><u>6.5.5. The WESM Governance Arm shall finalize the Utilization Plan after due consideration of the comments and inputs from the WESM Members and WESM Governance Committees.</u></b></p>					
	(New)		<p><b><u>6.6. Approval and Publication of Utilization Plan</u></b></p> <p><b><u>6.6.1 The Utilization Plan shall be approved by the PEM Board. In approving the Utilization Plan, the PEM Board shall ensure that –</u></b></p> <p><b><u>a. The activities and projects included therein fall under any of the permitted uses specified in Section 6.2 and do not fall under any of the uses not permitted as specified in Section 6.3.</u></b></p>	<p>Provided a section that would ensure alignment of the plan with the intent and purpose of the rule.</p>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p>b. <u>The formal requirements, publications, and consultations required under Sections 6.4 and 6.5 were complied with.</u></p> <p><u>6.6.2 Upon approval by the PEM Board, the approved Utilization Plan shall be published by the WESM Governance Arm on its website. Copies of the same may also be provided to the Department of Energy or the Energy Regulatory Commission, upon request.</u></p>					
	(New)		<p><u>6.7 Implementation, Evaluation, and Revision of Utilization Plan</u></p> <p><u>6.7.1 The WESM Governance Arm shall be responsible for administering or implementing the approved Utilization</u></p>	<p>Provided a section on transparency and accountability with regard to penalty utilization.</p>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>Plan and the projects and activities covered therein. It shall immediately coordinate with the Market Operator relative to the latter's activities or projects that are included in the approved Utilization Plan for implementation.</u></p> <p><u>6.7.2 If, in the course of the implementation of the Utilization Plan, the WESM Governance Arm or the Market Operator finds it necessary to revise the same or any part thereof, the following shall apply:</u></p> <p>a. <u>The WESM Governance Arm or Market Operator shall submit a revised Utilization Plan for approval by the PEM Board. The revised Utilization Plan and the reasons for the revision shall be published by the WESM Governance</u></p>					

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			<p><u>Arm on its website upon its approval.</u></p> <p>b. <u>If the revision involves the inclusion of additional projects or activities that are not originally included in the scope of the Utilization Plan sought to be approved, the proposed revision shall be submitted for consultation and approval following procedures and requirements set out in Sections 6.4, 6.5 and 6.6 of this Manual.</u></p> <p>c. <u>In case of deferral of the implementation or non-implementation of the projects or activities included in the approved Utilization Plan, the reasons for such</u></p>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>deferral or non-implementation shall be included in the report to the PEM Board as required under Section 6.7.4 of this Manual.</u></p> <p><u>6.7.3 When a Penalty Fund is utilized under the circumstance stated in Section 6.4.1 (e), and the Market Fees covering the same item or project was later approved by the Energy Regulatory Commission, the following shall apply:</u></p> <p>a. <u>The amount equivalent to the cost of the item, project, or activity shall be appropriated out of the approved Market Fees and shall be returned to the Penalty Fund.</u></p> <p>b. <u>In the event that the amount</u></p>					

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			<p><u>approved for the item, project, or activity as part of the <i>Market Fees</i> is less than the amount actually utilized based on the approved <i>Utilization Plan</i>, the variance shall be charged against the <i>Penalty Fund</i> or may be subject of a supplemental application for <i>Market Fees</i> with the <i>Energy Regulation Commission</i>, as may be deemed appropriate.</u></p> <p><u>6.7.4 The <i>WESM Governance Arm</i> shall submit to the <i>PEM Board, Department of Energy, and Energy Regulatory Commission</i> a report on the implementation of the <i>Utilization Plan</i> which should form part of the annual report as referred</u></p>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<u>to in Section 4.15 of this Manual.</u>					
	(New)		<b><u>6.8 Audit</u></b>  <b><u>The Penalty Fund and its utilization shall be subject to financial and compliance audit of the WESM Governance Arm.</u></b>	Added a section for checks and balances that help ensure that utilization plans are carried out in accordance with: (a) the generally accepted accounting principles; and (b) the requirements set out in the Penalty Manual.	<a href="#">Compliance audit should be done by a competent third party who is not involved in the appropriation of the Penalty fund.</a>  <a href="#">The WESM Governance Arm is directly involved in the planning and spending the Penalty Fund.</a>			
Section 8 - Glossary	(NEW)		<b><u>Penalty Fund – amount collected as a consequence of a breach of the Market Rules and/or Market Manuals and is set aside for purposes specified in the WESM Penalty Manual .</u></b>	Added – to provide for a clear definition of Penalty Fund as to the: (a) source of fund, i.e., imposed amount as consequence of a breach; and (b) its purpose or uses.				
Section 8 - Glossary	(NEW)		<b><u>Utilization Plan – refers to a set of actions, activities, or items intended to be conducted or implemented out of the Penalty Fund in furtherance of the WESM operations and/or governance for a particular period or year</u></b>	Added – to provide for a clear definition of plan that needs to be accomplished by the proponent (MO or WGA) for the intended utilization of penalty fund.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<u>based on established criteria and conditions as set in the WESM Penalty Manual.</u>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Please write your general comment here, if any:								
SECTION 3 LEGAL AND REGULATORY FRAMEWORK	3.1.3	<p>Pursuant to the legal mandate discussed above, the <i>WESM Rules</i> provide for the manner by which they are to be enforced, including particularly the imposition of sanctions for <i>breach</i> and the requirements and procedures before sanctions can be imposed.[3] The <i>WESM Rules</i> likewise provide for the design and promulgation of a penalty scheme that will be applied in case of <i>breach</i>.<sup>[4]</sup></p> <p>Footnote: [3] <i>WESM Rules</i>, Clause 1.8.1 and Section 7.2</p>	<p>Pursuant to the legal mandate discussed above, the <i>WESM Rules</i> provide for the manner by which they are to be enforced, including particularly the imposition of sanctions for <i>breach</i> and the requirements and procedures before sanctions can be imposed.[3] The <i>WESM Rules</i> likewise provide for the design and promulgation of a penalty scheme that will be applied in case of <i>breach</i>.<sup>[4]</sup></p> <p>Footnote: [3] <i>WESM Rules</i>, Clauses <del>4.8.4</del> <b>7.1</b> and Section 7.2 [4] <i>WESM Rules</i>, Clause <del>4.6.3</del> <b>7.2.5.5</b></p>	Minor – Change in Rule Reference (Footnote) – as may be affected by previous amendments to the WESM Rules.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		[4] <i>WESM Rules</i> , Clause 1.6.3						
SECTION 3 LEGAL AND REGULATORY FRAMEWORK  3.2 Enforcement of The Market Rules	3.2.2	In line with this, the <i>WESM Rules</i> prescribe the respective mandates of the Philippine Electricity Market Board and the <i>Compliance Committee</i> in respect to enforcement and compliance. The <i>WESM Rules</i> also provide for the creation of an <i>Enforcement and Compliance Office</i> to assist the Board in carrying out its enforcement and compliance functions. The <i>Enforcement and Compliance Office</i> is a unit within the Philippine Electricity Market Corporation.	In line with this, the <i>WESM Rules</i> prescribe the respective mandates of the <del>Philippine Electricity Market Board</del> <i>PEM Board</i> and the <i>Compliance Committee</i> in respect to enforcement and compliance. The <i>WESM Rules</i> also provide for the creation of an <i>Enforcement and Compliance Office</i> to assist the Board in carrying out its enforcement and compliance functions. The <i>Enforcement and Compliance Office</i> is a unit within the <del>Philippine Electricity Market Corporation (PEMC)</del> <b><i>WESM Governance Arm.</i></b>	Minor – for consistency with the terminology used in the Market Rules and Market Manuals.				
SECTION 3 LEGAL AND REGULATORY FRAMEWORK	3.2.1	The <i>WESM Rules</i> establish a governance	The <i>WESM Rules</i> establish a governance structure for the <i>WESM</i> which includes,	Minor – correction in the rule reference.				

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3.2. Enforcement of the Market Rules		<p>structure for the <i>WESM</i> which includes, among other things, a structure for carrying out enforcement and compliance functions. The establishment of such governance structure is pursuant to the EPIRA which, provides that the procedures for administering the market which are to be set out in the <i>WESM Rules</i> include the formation of a governing body.[8]</p> <p>Footnote: [8] WESM Manual on Registration, Suspension and De-registration Criteria and Procedures</p>	<p>among other things, a structure for carrying out enforcement and compliance functions. The establishment of such governance structure is pursuant to the EPIRA which, provides that the procedures for administering the market which are to be set out in the <i>WESM Rules</i> include the formation of a governing body.[8]</p> <p>Footnote: [8] <del>WESM Manual on Registration, Suspension and De-registration Criteria and Procedures</del> <b><u>Section 30 (c) of R.A 9136 otherwise known as the "Electric Power Industry Reform Act of 2001"</u></b></p>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 3 LEGAL AND REGULATORY FRAMEWORK  3.4 Enforcement Actions Under the WESM Rules	3.4.1	<i>WESM Rules</i> Clause 1.8.1 provides that the Rules are to be enforceable in accordance with its Chapter 7.	<i>WESM Rules</i> Clause <del>4.8.4</del> <b>1.9.1</b> provides that the Rules are to be enforceable in accordance with its Chapter 7.	Minor – Change in Rule Reference – as may be affected by previous amendments to the WESM Rules.				
SECTION 4 RESPONSIBILITIES  4.2. Compliance Committee	4.2.1	Within the limits set out in this Manual and in addition to its functions as set out in the <i>Market Rules</i> and the <i>Compliance Committee Manual</i> , the <i>Compliance Committee</i> has the following authority and obligation in respect to enforcement of the Market Rules. Its enforcement authority includes the authority to:  a) Review reports of investigations of breaches to the <i>WESM Rules</i> and <i>Market Manuals</i> carried out by the <i>Enforcement and Compliance Office</i>	Within the limits set out in this Manual and in addition to its functions as set out in the <i>Market Rules</i> and the <i>Compliance Committee Manual</i> , the <i>Compliance Committee</i> has the following authority and obligation in respect to enforcement of the Market Rules. Its enforcement authority includes the authority to:  a) Review reports of investigations of breaches to the <i>WESM Rules</i> and <i>Market Manuals</i> carried out by the <i>Enforcement and Compliance Office</i> and, based on the results of such investigation, decide on the outcomes of the investigation and recommend imposition	<ul style="list-style-type: none"> <li>Added another item - for consistency with the WESM Rules</li> <li>Renumbered the succeeding/affected sub-items under Section 4.2.1</li> </ul>				

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		and, based on the results of such investigation, decide on the outcomes of the investigation and recommend imposition of sanctions or penalties if warranted; b) Review and monitor the compliance of the <i>Enforcement and Compliance Office</i> with the reportorial requirements pursuant to the WESM Rules, Market Manuals, and other applicable laws, rules, regulations, or issuances; c) Review and monitor the compliance by the <i>Market Operator</i> and the <i>System Operator</i> with their obligations pursuant to the WESM Rules and Market Manuals, or any coordinating or operating	of sanctions or penalties if warranted; b) Review and monitor the compliance of the <i>Enforcement and Compliance Office</i> with the reportorial requirements pursuant to the WESM Rules, Market Manuals, and other applicable laws, rules, regulations, or issuances; c) Review and monitor the compliance by the <i>Market Operator</i> and the <i>System Operator</i> with their obligations pursuant to the WESM Rules and Market Manuals, or any coordinating or operating agreements, or protocols which may be established governing the performance of their functions and obligations under the WESM Rules and Market Manuals. <b><u>d) Review and approve the guidelines for the WESM Compliance Officers' competence standards and certification program</u></b> <del>e)</del> Propose amendments to the WESM Rules or Market Manuals in accordance with chapter 8 with a view to:					

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		<p>agreements, or protocols which may be established governing the performance of their functions and obligations under the <i>WESM Rules</i> and <i>Market Manuals</i>.</p> <p>d) Propose amendments to the <i>WESM Rules</i> or <i>Market Manuals</i> in accordance with chapter 8 with a view to:</p> <p>(i) Improving the efficiency and the effectiveness of the operation of the <i>WESM</i>; and</p> <p>(ii) Improving or enhancing the prospects for the achievement of the <i>WESM</i> objectives;</p> <p>e) Assist the <i>Rules Change Committee</i> in relation to its assessment of proposals to amend the <i>WESM Rules</i> or <i>Market Manuals</i></p>	<p>(i) Improving the efficiency and the effectiveness of the operation of the <i>WESM</i>; and</p> <p>(ii) Improving or enhancing the prospects for the achievement of the <i>WESM</i> objectives;</p> <p><del>e) <b>(f)</b> Assist the <i>Rules Change Committee</i> in relation to its assessment of proposals to amend the <i>WESM Rules</i> or <i>Market Manuals</i> under Chapter 8; and</del></p> <p><del>f) <b>(g)</b> Recommend to the <i>PEM Board</i> the imposition of penalties for <i>breaches</i> other than those arising from and determined through the compliance monitoring and assessment by <i>Enforcement and Compliance Office</i>, and implementation of remedial measures as a consequence of such <i>breach</i>, based on outcomes of investigation carried out by the <i>Enforcement and Compliance Office</i>.</del></p>					

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		under Chapter 8; and f) Recommend to the <i>PEM Board</i> the imposition of penalties for <i>breaches</i> other than those arising from and determined through the compliance monitoring and assessment by <i>Enforcement and Compliance Office</i> , and implementation of remedial measures as a consequence of such <i>breach</i> , based on outcomes of investigation carried out by the <i>Enforcement and Compliance Office</i> .						
SECTION 4 RESPONSIBILITIES  4.4 <i>PEMC President</i>	4.4  4.4.1	4.4. <del>PEMC</del> President  4.4.1 The <del>PEMC</del> President shall have the following functions in respect to enforcement and	4.4. <del>PEMC</del> President <b><u>of the WESM Governance Arm</u></b>  4.4.1 The <del>PEMC</del> President <b><u>of the WESM Governance Arm</u></b> shall have the following functions in respect to enforcement and compliance in the market –	Minor – for consistency with the terminology used in the Market Rules and Market Manuals				

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		<p>compliance in the market –</p> <p>a) Appoint the <i>Enforcement and Compliance Office</i> staff;</p> <p>b) Exercise administrative supervision over the <i>Enforcement and Compliance Office</i> and its performance of the duties and responsibilities under this Manual; and</p> <p>c) Issue notices and receive notices or authorize receiving of notices required in this Manual to be issued by or to the <i>Market Operator</i> in accordance with internal business processes of PEMC.</p>	<p>a) Appoint the <i>Enforcement and Compliance Office</i> staff;</p> <p>b) Exercise administrative supervision over the <i>Enforcement and Compliance Office</i> and its performance of the duties and responsibilities under this Manual; and</p> <p>c) Issue notices and receive notices or authorize receiving of notices required in this Manual <b>and the WESM Penalty Manual</b> to be issued by or to the <i>Market Operator or the System Operator</i> in accordance with internal business processes of <b>PEMCthe WESM Governance Arm</b>.</p>					
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS  5.2 Enforcement Proceedings	5.2.1	WESM <i>enforcement proceedings</i> refer to the activities or processes that are carried out to establish and determine the occurrence of	WESM <i>enforcement proceedings</i> refer to the activities or processes that are carried out to establish and determine the occurrence of <i>breach</i> and the corresponding <i>enforcement action</i> that will be carried out	<ul style="list-style-type: none"> <li>Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual.</li> </ul> <p>The remedies available like Request for Reconsideration and Appeal are proposed to</p>				

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		<p><i>breach</i> and the corresponding <i>enforcement action</i> that will be carried out as a consequence of the <i>breach</i>. These include the processes for compliance monitoring and assessment, investigation for <i>breach</i> and imposition of <i>enforcement actions</i>. The timeline and the entities responsible and/or accountable for the <i>enforcement proceedings</i> are summarized in Appendices I and II of this Manual.</p>	<p>as a consequence of the <i>breach</i>. These include the processes for compliance monitoring and assessment, investigation for <i>breach</i>, <u>proceedings relating to reconsideration and appeal</u> and imposition of <i>enforcement actions</i>. The timeline and the entities responsible and/or accountable for the <i>enforcement proceedings</i> are summarized in Appendices <del>x</del> I and II of this Manual.</p>	<p>be transferred from Penalty Manual to a new section of EC Manual (Sec. 9) as would form part of the enforcement proceedings (monitoring and investigation &gt; results &gt; request for reconsideration &gt; appeal).</p> <p>The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation, and utilization thereof.</p> <ul style="list-style-type: none"> <li>The summary timeline (in tabular form) will be replaced by a process flowchart as Appendix I</li> </ul>				

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SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS  5.2 Enforcement Proceedings	5.2.3	Investigations for breach committed by WESM Members may be initiated by the <i>Enforcement and Compliance Office</i> , from a notice of probable breach by the <i>Market Operator</i> or the <i>System Operator</i> , or by request for investigation from other <i>WESM Members</i> or <i>WESM Governance Committees</i> . Investigation may also be initiated from the directive of the <i>PEM Board, DOE</i> or <i>ERC</i> . This is carried out by the <i>Enforcement and Compliance Office</i> which shall afford the party being investigated sufficient opportunities to respond to the investigation.	Investigations for breach committed by WESM Members may be initiated by the <i>Enforcement and Compliance Office</i> , from a <del>notice</del> <b>report</b> of probable breach by the <i>Market Operator</i> or the <i>System Operator</i> , or by request for investigation from other <i>WESM Members</i> or <i>WESM Governance Committees</i> . Investigation may also be initiated from the directive of the <i>PEM Board, DOE</i> or <i>ERC</i> . This is carried out by the <i>Enforcement and Compliance Office</i> which shall afford the party being investigated sufficient opportunities to respond to the investigation. Investigation reports of the <i>Enforcement and Compliance Office</i> are reviewed by the <i>Compliance Committee</i> . The results of the investigation, as reviewed, are then submitted to the <i>PEM Board</i> , which has the authority to impose sanctions and penalties, and	Minor – correction of terms  “Notice of Probable Breach” and “Report of Probable Breach” are two (2) different terms that are separately defined in the Glossary of the EC Manual.  <ul style="list-style-type: none"> <li>• Notice of Probable Breach – report by any WESM Member/WGC to the PEM Board about a probable breach of MO or SO (for consistency with the term used in Section 7.2.3 of the WESM Rules)</li> <li>• Report of Probable Breach – is the report of MO or SO about a possible breach by WESM Member.</li> </ul> Terms are NOT interchangeable				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		Investigation reports of the <i>Enforcement and Compliance Office</i> are reviewed by the <i>Compliance Committee</i> . The results of the investigation, as reviewed, are then submitted to the <i>PEM Board</i> , which has the authority to impose sanctions and penalties, and to require that remedial measures be carried out.	to require that remedial measures be carried out.					
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS  5.2 Enforcement Proceedings	5.2.4	<b>Investigation of the Market Operator and the System Operator.</b> The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> shall be in accordance with the relevant provisions of the <i>Enforcement and Compliance Manual</i> . The <i>PEM</i>	<b>Investigation of the Market Operator and the System Operator.</b> The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> shall be in accordance with <u>Clause 7.2.3 of the WESM Rules</u> and the relevant provisions of the <i>Enforcement and Compliance Manual</i> . The <i>PEM Board</i> , as it may deem necessary, may thereafter file	Inserted a reference to WR Clause 7.2.3 which provided a different set of enforcement proceedings when the party to be investigated is MO or SO.				

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		<i>Board</i> , as it may deem necessary, may thereafter file a formal complaint with the <i>ERC</i> and the <i>DOE</i> .	a formal complaint with the <i>ERC</i> and the <i>DOE</i> .					
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS  5.2 <i>Enforcement Proceedings</i>	5.2.6	Imposition of sanctions and penalties by the <i>PEM Board</i> is carried out in the accordance with the <i>WESM Penalty Manual</i> and is based on the recommendations of the <i>Compliance Committee</i> . The latter submits recommendations based on its findings of facts on an investigation which, in turn, is based on its review of the results of the investigations by the <i>Enforcement and Compliance Office</i> . The investigations referred to herein are those initiated in	Imposition of sanctions and penalties by the <i>PEM Board</i> is carried out in the accordance with the <i>WESM Penalty Manual</i> and is based on the recommendations of the <i>Compliance Committee</i> . The latter submits recommendations based on its findings of facts on an investigation which, in turn, is based on its review of the results of the investigations by the <i>Enforcement and Compliance Office</i> . The investigations referred to herein are those initiated in accordance with Section <del>7.3.4</del> <b>7.2.1</b> of this Manual.	Minor – typo correction and correction of rule reference				

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		accordance with Section 7.3.1 of this Manual.						
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS  5.2 Enforcement Proceedings	(New)		<b><u>5.2.9 Reconsideration or Appeal. A request for reconsideration or appeal may be filed by a WESM Member upon receipt of the compliance report or resolution finding or confirming a finding of breach of the Market Rules and/or Manuals. This shall be filed within the prescribed timeline and in accordance with the requirements and procedures provided in Section 9 of this Manual.</u></b>	<ul style="list-style-type: none"> <li>Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual.</li> <li>Added as part of the enforcement proceedings (monitoring and investigation &gt;&gt; results &gt;&gt; request for reconsideration &gt;&gt; appeal).</li> <li>The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation and utilization thereof.</li> </ul>				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  6.1 – GUIDING PRINCIPLES	6.1.4	If, as a result of its compliance monitoring and assessment, and after taking into account all the market data and information cited in Section 6.4.1, the reasons provided by the concerned	If, as a result of its compliance monitoring and assessment, and after taking into account all the market data and information cited in Section 6.4.1, the reasons provided by the concerned <i>WESM Member</i> and all the supporting documents submitted in relation thereto under Section 6.3.2, the	<ul style="list-style-type: none"> <li>Revised for consistency with the rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding, resolution or decision becomes final and executory.</li> </ul>				

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		<p>WESM Member and all the supporting documents submitted in relation thereto under Section 6.3.2, the Enforcement and Compliance Office determines that there is a breach committed by a WESM Member, and shall issue the Notice of Specified Penalty through the PEMC President in accordance with the WESM Penalty Manual. Where remedial measures are required, it shall cause the implementation of the same in accordance with Section 7.1.5.</p>	<p>Enforcement and Compliance Office determines that there is a breach committed by a WESM Member, and it shall issue the Notice of Specified Penalty through the PEMC President in accordance with the WESM Penalty Manual <b>a compliance report and notify the WESM Member of its findings and the corresponding penalty.</b> Where remedial measures are required, it shall cause the implementation of the same in accordance with Section <del>7.1.5</del> <b>7.14</b>.</p>	<ul style="list-style-type: none"> <li>○ Current: Compliance Report and Notice of Specified Penalty – simultaneously issued</li> <li>○ Proposed Revision: Compliance Report &gt;&gt; RR and/or Appeal &gt;&gt; Final and Executory &gt;&gt; Implementation of Enforcement Action (through Notice of Specified Penalty)</li> <li>• Correction of rule reference.</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  6.1 – GUIDING PRINCIPLES	6.1.5	A <i>WESM Member</i> may seek a reconsideration or appeal of the findings contained in the compliance monitoring and assessment report in accordance with the procedures and subject to the requirements provided in the <i>WESM Penalty Manual</i> .	A <i>WESM Member</i> may seek a reconsideration or appeal of the findings contained in the compliance monitoring and assessment report in accordance with the procedures and subject to the requirements provided in the <del><i>WESM Penalty Manual</i></del> <b>Section 9 of this Manual.</b>	The remedies available like Request for Reconsideration and Appeal are proposed to be transferred to a new section of EC Manual (Sec. 9)				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  6.3 – Submission of Reply and Supporting Documents	6.3.1	The <i>WESM Member</i> shall have three (3) business days from receipt of the non-compliance notice or flagging of probable breach to respond thereto.	The <i>WESM Member</i> shall have <del>three (3)</del> <b>five (5)</b> business days from receipt of the non-compliance notice or flagging of probable breach to respond thereto <b><u>unless a different period is prescribed in the relevant Market Manual.</u></b>	Revised to afford the <i>WESM Member</i> more time to respond in consideration of the time to gather information from the person or unit in charge (e.g., incident report from the power plant which may take a while to obtain for submission to ECO)				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  6.4 – Validation and Assessment	6.4.2	The <i>Enforcement and Compliance Office</i> may, from time to time, require the <i>WESM Member</i> to submit additional documents or information to clarify the reasons or explanations provided by the latter.	The <i>Enforcement and Compliance Office</i> may, from time to time, require the <i>WESM Member</i> to submit additional documents or information, <b>conduct conferences or plant visits</b> to clarify <b>or validate</b> the reasons or explanations provided by the latter.	Revised – for due process.				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  6.4 – Validation and Assessment	6.4.3	The <i>Enforcement and Compliance Office</i> shall complete its validation and assessment of a specific billing or monitoring period by the 15th of the month following the month subject of the monitoring unless a different period of monitoring and assessment is hereafter set by the <i>Market Manuals</i> or due to unforeseen events or incidents which are beyond	The <i>Enforcement and Compliance Office</i> shall complete its validation and assessment of a specific billing or monitoring period by the 15th of the month following the month subject of the monitoring <b>within forty-five (45) business days from the end of the calendar month covered in the monitoring</b> unless a different period of monitoring and assessment is hereafter set by the <b>is prescribed for validation and assessment in the relevant Market Manuals</b> or due to unforeseen events or incidents which are beyond the control of the <i>Enforcement and</i>	Revised to extend period for assessment in consideration of the following: <ul style="list-style-type: none"> <li>Based on the timeline of IEMOP in providing data provision (re: nodal price that is part of the penalty calculation in the system), it is not possible to complete the CMA within the existing 15-day period.</li> <li>Volume of daily assessment (around 420 resources from Luzon, Visayas, and Mindanao) for several types of monitoring (<i>Offered Capacity Compliance, Dispatch Conformance Standards, Look-Ahead</i></li> </ul>				

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		the control of the Enforcement and Compliance Office.	<p><i>Compliance Office. <b><u>For instance, the validation and assessment for September billing period shall be completed not later than the 15<sup>th</sup> day of November.</u></b></i></p> <p><b><u>Such a period may, however, be extended due to force majeure or any unforeseen events or incidents that are beyond the control of the Enforcement and Compliance Office.</u></b></p>	<p><i>Submission Compliance, etc.)</i></p> <ul style="list-style-type: none"> <li>• Subject to other provisions relating to a different period of monitoring (e.g. FAS monitoring or ancillary services monitoring)</li> </ul> <p>Revised to allow extended period in case of force majeure.</p>				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  6.4 – Validation and Assessment	(NEW)		<p><b><u>6.4.4 If during or after the conduct of compliance monitoring, validation, and assessment, the Enforcement and Compliance Office or the Compliance Committee finds that a certain act or omission needs to be addressed immediately through remedial measures to mitigate or avoid its potential adverse effect in the WESM, the provision of Section 7.14 shall apply.</u></b></p>	<p>Incorporated in compliance monitoring proceedings section the provision on remedial measures in (under investigation proceedings) by reference to Section 7.14.</p>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  <i>6.4 – Validation and Assessment</i>	6.4.4	6.4.4 The <i>Enforcement and Compliance Office</i> shall maintain a compliance database that contain all the files and documents used in relation to its monitoring and assessment activity.	<del>6.4.4</del> <b>6.4.5</b> The <i>Enforcement and Compliance Office</i> shall maintain a compliance database that contains all the files and documents used in relation to its monitoring and assessment activity.	<ul style="list-style-type: none"> <li>• Minor - typo correction</li> <li>• Renumbered as 6.4.5 (due to inserted provision above)</li> </ul>				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  <i>6.5 – Issuance of Report</i>	6.5.1	The <i>Enforcement and Compliance Office</i> shall, based on the available market data at the time of the assessment, prepare the compliance monitoring and assessment report which shall: a) contain or provide, among others, a finding whether the concerned <i>WESM Member</i> is compliant with the <i>Market Rules</i> ; b) contain or provide the penalty amounts, if any, as a	The <i>Enforcement and Compliance Office</i> shall, based on the available market data at the time of the assessment, prepare the compliance monitoring and assessment report which shall: a) contain or provide, among others, a finding whether the concerned <i>WESM Member</i> is compliant with the <i>Market Rules</i> ; b) contain or provide the penalty amounts, if any, as a result of the finding of breach; c) cover one billing month unless a different period or duration is set by other <i>Market Manuals</i> ; d) be issued to the concerned <i>WESM Member</i> with respect to each facility or plant that is	For consistency with Section 6.4.3, i.e., within 45 days from the end of the calendar month covered in the monitoring				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		result of the finding of breach; c) cover one billing month unless a different period or duration is set by other <i>Market Manuals</i> ; d) be issued to the concerned <i>WESM Member</i> with respect to each facility or plant that is subject of monitoring, as applicable; and e) be issued not later than the 15th day of the month following the month subject of the monitoring. For instance, the monitoring covers the September billing month, the report shall be issued not later than 15 October.	subject of monitoring, as applicable; and e) be issued <del>not later than the 15th day of the month following the month subject of the monitoring. For instance, the monitoring covers the September billing month, the report shall be issued not later than 15 October</del> <b>within the period stated in Section 6.4.3 of this Manual.</b>					
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.5.2	If there is a finding of breach by the <i>Enforcement and Compliance Office</i> based on its validation and	<del>If there is a finding of breach by the <i>Enforcement and Compliance Office</i> based on its validation and assessment, the report shall likewise be accompanied by</del>	Revised for consistency with the rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding,				

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6.5 – Issuance of Report		assessment, the report shall likewise be accompanied by a <i>Notice of Specified Penalty</i> . The service of <i>Notice of the Specified Penalty</i> and the effect thereof, including the collection of penalties, are provided in the <i>WESM Penalty Manual</i> .	<del>a <i>Notice of Specified Penalty</i>. The service of <i>Notice of the Specified Penalty</i> and the effect thereof, including the collection of penalties, are provided in the <i>WESM Penalty Manual</i>.</del> <b>The penalty or sanction stated in the report shall be implemented following the procedures set forth in Section 9.5 of this Manual.</b>	resolution or decision becomes final and executory. <ul style="list-style-type: none"> <li>Current: Compliance Report and Notice of Specified Penalty – simultaneously issued</li> <li>Proposed Revision: Compliance Report &gt;&gt; RR and/or Appeal &gt;&gt; Final and Executory &gt;&gt; Implementation of Enforcement Action (through Notice of Specified Penalty)</li> </ul>				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.6	Reconsideration and/or Appeal	Reconsideration and/or Appeal <b>of the Compliance Monitoring Findings</b>	For clarity and clear distinction between Reconsideration under compliance monitoring and under investigation proceedings.				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT  6.6 Reconsideration and/or Appeal	6.6.1	The filing of Request for Reconsideration or Appeal, the grounds, formal requirements, and resolution or decision thereon are set forth in the <i>WESM Penalty Manual</i> .	The filing of Request for Reconsideration or Appeal, the grounds, formal requirements, and resolution or decision thereon are set forth in the <del><i>WESM Penalty Manual</i></del> . <b>out in Section 9 of this Manual.</b>	The remedies available like Request for Reconsideration and Appeal are proposed to be transferred from Penalty Manual to a new section of EC Manual (Sec. 9)				

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SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.7	Issuance of the Notice of Specified Penalty	<del>Issuance of the Notice of Specified Penalty</del>	<ul style="list-style-type: none"> <li>Revised for consistency with the rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding, resolution or decision becomes final and executory.</li> </ul>				
6.7 Issuance of the Notice of Specified Penalty	6.7.1	The <i>Notice of Penalty</i> shall be issued by the <i>Enforcement and Compliance Office</i> through PEMC President in accordance with the <i>WESM Penalty Manual</i> .	<del>The <i>Notice of Penalty</i> shall be issued by the <i>Enforcement and Compliance Office</i> through PEMC President in accordance with the <i>WESM Penalty Manual</i>.</del>	<ul style="list-style-type: none"> <li>A provision relating to this is added as new section under Section 9.5 – Implementation of Enforcement Actions</li> </ul>				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.1 <i>Guiding Principles</i>	7.1.1	Investigations under this Manual refer to investigations which emanate from the request for investigations or notice of probable breach filed by the Market Operator, the System Operator, or other WESM Members. These do not include any monitoring activities initiated by the Enforcement and Compliance itself which are already	Investigations under this Manual refer to investigations which emanate from the request for investigations or <del>notice of probable breach</del> <b>filed by WESM Members or WESM Governance Committee, or report of probable breach filed by</b> the Market Operator, or the System Operator, <del>or other WESM Members</del> . These do not include any monitoring activities initiated by the Enforcement and Compliance itself which are already being dealt with	<ul style="list-style-type: none"> <li>Minor – for clarity and for correction of terms  “Notice of Probable Breach” and “Report of Probable Breach” are two (2) different terms that are separately defined in the Glossary of the EC Manual.</li> <li>Notice of Probable Breach – report by any WESM Member/WGC to the PEM Board about a probable breach of MO or SO (for consistency with the</li> </ul>				

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		being dealt with under the preceding Section of this Manual.	under the preceding Section of this Manual.	<p>term used in Section 7.2.3 of the WESM Rules)</p> <ul style="list-style-type: none"> <li>Report of Probable Breach – is the report of MO or SO about a possible breach by WESM Member.</li> </ul> <p>Terms are NOT interchangeable</p>				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.1 Guiding Principles	7.1.2	Notwithstanding the provision of Sections 5.2.3 and 7.1.1, the <i>Enforcement and Compliance Office</i> may, <i>motu proprio</i> , initiate investigation if it has reasonable grounds to believe that a particular act or omission by any <i>WESM Member, Market Operator, or System Operator</i> constitutes a probable breach of the <i>Market Rules</i> , and which is not otherwise included or covered by the compliance	Notwithstanding the provision of Sections 5.2.3 and 7.1.1, the <i>Enforcement and Compliance Office</i> may, <i>motu proprio</i> , initiate investigation if it has reasonable grounds to believe that a particular act or omission by any WESM Member, <del>Market Operator, or System Operator</del> constitutes a probable breach of the <u>Market Rules</u> <b>or Market Manuals</b> , and which is not otherwise included or covered by the compliance monitoring activities referred to in Chapter 6 of this Manual.	For consistency with Section 7.2.3 of the WESM Rules, <i>i.e.</i> , investigation of MO and SO shall be made upon endorsement or directive of the PEM Board. <i>Motu proprio</i> investigation will not apply to MO and SO.				

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		monitoring activities referred to in Chapter 6 of this Manual.						
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.1 Guiding Principles	(New)		<b><u>7.1.8 Investigations may be initiated against an entity which had become a WESM Member of record at any time within the two-year prescriptive period regardless of the status of its membership at the time of the filing of the request for investigation or report of probable breach. For example, Company A was a WESM Member which committed a possible breach of the Market Rules or Market Manual. A case may nonetheless be filed against Company A despite cessation of its membership in the WESM provided that the act or omission constituting a breach was committed within the two-year prescriptive period and while it was still a member thereof.</u></b>	Added to establish jurisdiction over a company who may have committed a probable breach within the prescriptive period but ceased membership in the WESM; thus, no longer a WESM Member at that time of filing of Request for Investigation (RFI).				

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.1 Guiding Principles	7.1.8	Unless the <i>PEM Board</i> authorizes a longer period, the <i>Enforcement and Compliance Office</i> shall complete an investigation of a case and submit its investigation report as set out in Section 7.7 not later than twenty-four (24) months from the issuance of the <i>notice investigation</i> . The <i>PEM Board</i> , at its discretion and on written request by the <i>Enforcement and Compliance Office</i> , may allow a longer period for an investigation to be completed if it is satisfied that the right of the parties investigated to due process will be prejudiced if a longer period is not allowed. Where a case is remanded	<b>7.1.9</b> Unless the <i>PEM Board</i> authorizes a longer period, the <i>Enforcement and Compliance Office</i> shall complete an investigation of a case and submit its investigation report <del>as set out in Section 7.7 not later than twenty-four (24) months from the issuance of the <i>notice investigation</i></del> <b>within the period prescribed in Section 7.8</b> . The <i>PEM Board</i> , at its discretion and on written request by the <i>Enforcement and Compliance Office</i> , may allow a longer period for an investigation to be completed if it is satisfied that the right of the parties investigated to due process will be prejudiced if a longer period is not allowed. Where a case is remanded pursuant to Section 7.10 and, for this reason, the <i>Enforcement and Compliance Office</i> is unable to complete the investigation within the <del>twenty-four month</del> <b>prescribed</b> period, the <i>PEM Board</i> shall, upon request of the <del>latter</del> <b>former</b> , allow a	<ul style="list-style-type: none"> <li>• Renumbered as 7.1.9 (due to inserted provision)</li> <li>• Revised to correct the period for issuance of the Investigation Report, <i>i.e.</i>, 150 days (not 2 years)</li> </ul>				

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		pursuant to Section 7.10 and, for this reason, the <i>Enforcement and Compliance Office</i> is unable to complete the investigation within the twenty-four-month period, the <i>PEM Board</i> shall, upon request of the latter, allow a longer period for the investigation to be completed.	longer period for the investigation to be completed.					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.1	An investigation is initiated upon the endorsement to the <i>Enforcement and Compliance Office</i> of a report of probable breach or a request for investigation on the WESM Member that is subject of the investigation or upon a directive from the <i>PEM Board</i> , the <i>DOE</i> or <i>ERC</i> . The related procedures on investigation,	<del>An investigation is initiated upon the endorsement to the <i>Enforcement and Compliance Office</i> of a report of probable breach or a request for investigation on the WESM Member that is subject of the investigation or upon a directive from the <i>PEM Board</i>, the <i>DOE</i> or <i>ERC</i>. The related procedures on investigation, such as, issuance of notice of investigation, submission by the parties, conduct of ocular inspections, and implementation of the</del>	<ul style="list-style-type: none"> <li>Removed – redundant with Section 7.2.2 which enumerates the trigger for investigation.</li> <li>Replaced - 7.2.2 is proposed to be transferred as 1<sup>st</sup> subsection under Section 7.2, with modification.</li> </ul>				

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		such as, issuance of notice of investigation, submission by the parties, conduct of ocular inspections, and implementation of the decisions, set forth in Sections 7.3 to 7.12 of this Manual shall apply.	<del>decisions, set forth in Sections 7.3 to 7.12 of this Manual shall apply.</del>					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.2	A notice of investigation shall be issued upon either one of the following – a) A report of probable breach submitted by the System Operator or the Market Operator; or b) A request for investigation submitted by any WESM Governance Committee or any WESM Member; or c) A directive from the PEM Board, DOE or ERC specifically directing investigation for breach for possible	<del>7.2.2</del> <b>7.2.1</b> A notice of investigation shall be issued <b>An investigation may be initiated</b> upon either one of the following – a) A report of probable breach submitted by the System Operator or the Market Operator; or b) A request for investigation submitted by any WESM Governance Committee or any WESM Member; or c) A directive from the PEM Board, DOE or ERC specifically directing investigation for breach for possible imposition of sanctions under the WESM Rules or the WESM Penalty Manual; or d) Initiation of investigation by the Enforcement and	<ul style="list-style-type: none"> <li>Renumbered as Section 7.2.1</li> <li>Revised to distinguish two (2) different processes, namely, (1) initiation of investigation and (2) issuance of notice of investigation.                             <ul style="list-style-type: none"> <li>Initiation to refer to trigger for investigation (Section 7.2 and 7.2.4)</li> </ul> </li> </ul> <p>Note: Sections 7.2.5 to 7.2.11 – pertain to verification of RFI/report of probable breach/directive or order to investigate</p>				

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		imposition of sanctions under the <i>WESM Rules</i> or the <i>WESM Penalty Manual</i> ; or d) Initiation of investigation by the <i>Enforcement and Compliance Office</i> in accordance with Section 7.1.2 of this Manual.	<i>Compliance Office</i> in accordance with Section 7.1.2 of this Manual.	<ul style="list-style-type: none"> <li>Notice of investigation – issued to formally start investigation (after due verification and after giving due course to the filing for investigation) (Section 7.3)</li> </ul>				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.3	7.2.3. If the <i>Market Operator</i> or the <i>System Operator</i> monitors the occurrence of probable <i>breach</i> by a <i>WESM Member</i> , it may submit to the <i>Enforcement and Compliance Office</i> a <i>report of probable breach</i> . This shall be in writing and shall clearly specify, at the minimum, - x x x	<del>7.2.3.</del> <b>7.2.2</b> If the <i>Market Operator</i> or the <i>System Operator</i> monitors the occurrence of probable <i>breach</i> by a <i>WESM Member</i> , it may submit to the <i>Enforcement and Compliance Office</i> a <i>report of probable breach</i> . This shall be in writing and shall clearly specify, at the minimum, -  x x x	Minor - Renumbered as 7.2.2				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.4	7.2.4. If a WESM Governance Committee, WESM Member or any party believes that a breach may have been committed by any WESM Member, it may submit a request for investigation to the Enforcement and Compliance Office. This shall be in writing and shall clearly specify, at the minimum –  x x x	<del>7.2.4.</del> <b>7.2.3</b> If a WESM Governance Committee, <b>or a WESM Member</b> or any party believes that a breach may have been committed by any WESM Member, it may submit a request for investigation to the Enforcement and Compliance Office. This shall be in writing and shall clearly specify, at the minimum –  x x x	Revised for consistency as to who can file a request for investigation. Deleted “any party” from the list – to limit the filing to WESM Members and WGCs only and to exclude Non-WESM Members.				
SECTION 76 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.5	7.2.5 A request for investigation or report of probable breach may cover more than one occurrence of the same type of breach.  x x x	<del>7.2.5–</del> <b>7.2.4</b> A request for investigation or report of probable breach may cover more than one occurrence of the same type of breach.  x x x	Minor – renumbered as Section 7.2.4				

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.6	Immediately upon receipt of the <i>report of probable breach</i> or <i>request for investigation</i> , the <i>Enforcement and Compliance Office</i> shall determine whether the specific acts or omissions referred to are already covered in a formal investigation it has or intends to initiate as a result of its compliance monitoring under Section 6.2. If so included, it shall notify the party submitting the <i>report of probable breach</i> or <i>request for investigation</i> that an investigation has been or will be initiated and that no separate investigation shall thus be initiated.	<del>7.2.6</del> — <b>7.2.5</b> Immediately upon receipt of the <i>report of probable breach</i> or <i>request for investigation</i> , the <i>Enforcement and Compliance Office</i> shall =  <b><u>a) Determine whether the alleged act or omission pertains to a possible violation of the Market Rules and/or Market Manuals. If it pertains to a possible violation of the Philippine Grid Code, the Philippine Distribution Code, other rules and regulations which likewise govern or regulate the WESM or the WESM Member, it shall notify the party submitting the report of probable breach or request for investigation that the request investigation is beyond the scope and authority of the Enforcement and Compliance Office and that no investigation shall thus be initiated.</u></b>	<ul style="list-style-type: none"> <li>Renumbered as Section 7.2.5</li> <li>Added a sub-section (a) – to ensure that what is being filed is for a possible violation of Market Rules/Market Manuals only. This would prevent unnecessary efforts and time to investigate.</li> <li>2<sup>nd</sup> item – renumbered as (b) under this Section.</li> </ul>				

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			<p><b>b) d</b> Determine whether the specific <del>alleged</del> acts or omissions referred to are already covered in a formal investigation it has or intends to initiate as a result of its compliance monitoring under Section 6.2. If so included, it shall notify the party submitting the <i>report of probable breach</i> or <i>request for investigation</i> that an investigation has been or will be initiated and that no separate investigation shall thus be initiated.</p>					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.7	7.2.7 If the <i>request for investigation</i> or <i>report of probable breach</i> is not covered by a formal investigation initiated or intended to be initiated, the <i>Enforcement and Compliance Office</i> shall verify if the same substantially contains the information required in Section 7.2.4 or 7.2.5. If not, it shall return the same to	<p><del>7.2.7</del> <b>7.2.6</b> If the <i>request for investigation</i> or <i>report of probable breach</i> <del>is not covered by a formal investigation initiated or intended to be initiated,</del> <b>is determined to be within the scope of authority and there is no separate or ongoing investigation being conducted for the same subject matter and involving the same parties,</b> the <i>Enforcement and Compliance Office</i> shall verify <b>further</b> if the same substantially contains the</p>	<ul style="list-style-type: none"> <li>Renumbered as 7.2.6</li> <li>Revised – for consistency with the preceding section.</li> </ul>				

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		the requesting party which shall then rectify the identified shortcomings and submit a new <i>request for investigation or report of probable breach</i> no later than five (5) business days from receipt of the notice from the <i>Enforcement and Compliance Office</i> . If no revision is received within the five-day period, the matter shall be deemed abandoned and no investigation shall be initiated upon such request or report.	information required in Section 7.2.4 or 7.2.5. If not, it shall return the same to the requesting party which shall then rectify the identified shortcomings and submit a new <i>request for investigation or report of probable breach</i> no later than five (5) business days from receipt of the notice from the <i>Enforcement and Compliance Office</i> . If no revision is received within the five-day period, the matter shall be deemed abandoned and no investigation shall be initiated upon such request or report.					

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.8	7.2.8 If the <i>Enforcement and Compliance Office</i> determines that the <i>request for investigation or report of probable breach</i> is complete, it shall immediately initiate a formal investigation in accordance with this <i>Manual</i> . The <i>Enforcement and Compliance Office</i> shall not unreasonably withhold confirmation or delay any action required in this paragraph.	<del>7.2.8.</del> <b>7.2.7</b> If the <i>Enforcement and Compliance Office</i> determines that the <i>request for investigation or report of probable breach</i> is complete, it shall <del>immediately initiate a</del> <b>proceed with the</b> formal investigation in accordance with this <i>Manual</i> . The <i>Enforcement and Compliance Office</i> shall not unreasonably withhold confirmation or delay any action required in this paragraph.	<ul style="list-style-type: none"> <li>Renumbered as 7.2.7</li> <li>Removed “immediately” as there is a period prescribed for issuing a notice of investigation.</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.9	7.2.9 Where the conduct of an investigation is directed by the <i>PEM Board, DOE or ERC, the Enforcement and Compliance Office</i> shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a different period is directed.	<del>7.2.9 Where the conduct of an investigation is directed by the <i>PEM Board, DOE or ERC, the Enforcement and Compliance Office</i> shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a different period is directed.</del>	Removed and transferred (with modification) as last item of sub-section on initiation of investigation for coherence.				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.10	7.2.10 The directive from the <i>PEM Board, DOE or ERC</i> to conduct an investigation will be carried out in accordance with this Manual only if the directive clearly specifies that the investigation is for	<del>7.2.10</del> <u>7.2.8</u> The directive from the <i>PEM Board, DOE or ERC</i> to conduct an investigation will be carried out in accordance with this Manual only if the directive clearly specifies that the investigation is for the purpose of a possible imposition by the <i>PEM Board</i> of sanctions and penalties	Renumbered as 7.2.8				

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		the purpose of a possible imposition by the <i>PEM Board</i> of sanctions and penalties pursuant to the <i>WESM Penalty Manual</i> or the <i>WESM Rules</i> . Where the investigation directed is not for such purpose or is for fact-finding purposes only, the investigation shall be carried out in accordance with the directive. In such case, the procedures set out in this Manual shall only have supplementary effect.	pursuant to the <i>WESM Penalty Manual</i> or the <i>WESM Rules</i> . Where the investigation directed is not for such purpose or is for fact-finding purposes only, the investigation shall be carried out in accordance with the directive. In such case, the procedures set out in this Manual shall only have supplementary effect.					

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.11	7.2.11 Where the <i>Enforcement and Compliance Office</i> is uncertain as to whether or not the <i>PEM Board, DOE</i> or <i>ERC</i> directive is clearly for the conduct of an investigation under this Manual, it shall seek clarification of the same and the period stated in Section 7.2.8 shall be reckoned from the date that the clarification has been received by <i>Enforcement and Compliance Office</i> .	<del>7.2.11</del> <b>7.2.9</b> Where the <i>Enforcement and Compliance Office</i> is uncertain as to whether or not the <i>PEM Board, DOE</i> or <i>ERC</i> directive is clearly for the conduct of an investigation under this Manual, it shall seek clarification of the same and the period stated in Section <del>7.2.8</del> <b>7.3.1</b> shall be reckoned from the date that the clarification has been received by <i>Enforcement and Compliance Office</i> .	<ul style="list-style-type: none"> <li>Renumbered as Section 7.2.9</li> <li>Minor – correction in the rule reference.</li> </ul>				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	7.2.12	7.2.12 If the acts or omissions required to be investigated by the <i>PEM Board, DOE</i> or <i>ERC</i> are already covered, in whole or in part, by an investigation or by the compliance monitoring and assessment activity	<del>7.2.12</del> <b>7.2.10</b> If the acts or omissions required to be investigated by the <i>PEM Board, DOE</i> or <i>ERC</i> are already covered, in whole or in part, by an investigation or by the compliance monitoring and assessment activity already initiated or intended to be initiated by the <i>Enforcement and</i>	<ul style="list-style-type: none"> <li>Renumbered as Section 7.2.10.</li> <li>Removed the word preliminary. For clarity – to avoid misconception that the notice of investigation to be issued after due verification is not yet the formal notice of investigation.</li> </ul>				

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		<p>already initiated or intended to be initiated by the <i>Enforcement and Compliance Office</i>, it may, if appropriate, consolidate or integrate the data or information used in the compliance monitoring, or the results thereof, in the investigation so that no overlapping investigations or monitoring activities shall be carried out, and shall notify the agency directing the investigation and the parties being investigated of such consolidation or the results of the previous compliance monitoring and assessment. If necessary, an amended <i>Preliminary Notice of Investigation</i> shall be issued.</p>	<p><i>Compliance Office</i>, it may, if appropriate, consolidate or integrate the data or information used in the compliance monitoring, or the results thereof, in the investigation so that no overlapping investigations or monitoring activities shall be carried out, and shall notify the agency directing the investigation and the parties being investigated of such consolidation or the results of the previous compliance monitoring and assessment. If necessary, an amended <i>Preliminary Notice of Investigation</i> shall be issued.</p>	<ul style="list-style-type: none"> <li>Also, for consistency – notice of investigation – term used to refer to the formal notice of investigation, as defined in the Glossary of the EC Manual.</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation	(New)		<b><u>7.2.11 The foregoing verification process shall be completed within five (5) business days from receipt of request for investigation, report of probable breach, directive, or order to investigate, or clarification to investigate under Section 7.2.9.</u></b>	Added to provide timeline within which the RFI verification is made.				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.2 Initiation of Investigation		7.2.9 Where the conduct of an investigation is directed by the <i>PEM Board, DOE or ERC</i> , the <i>Enforcement and Compliance Office</i> shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a different period is directed.	<del>7.2.9</del> <b><u>7.2.12</u></b> <del>Where the conduct of an investigation is directed by the <i>PEM Board, DOE or ERC</i>, the</del> <b><u>If after due verification, the Enforcement and Compliance Office determines that the request for investigation, report of probable breach, directive or order to investigate is in accordance with the requirements set out in this Manual, it shall initiate give due course thereto and proceed with the formal investigation by issuing a notice of investigation in accordance with Section 7.3.</u></b> <del>this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document</del>	<ul style="list-style-type: none"> <li>• For coherence, this Section is proposed to be transferred as last item under this sub-section.</li> <li>• Renumbered as Section 7.1.12.</li> <li>• Revised to refer to the succeeding sections on issuance of a notice of investigation (which already includes timeline and procedures) – to avoid redundancy.</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<del>containing the directive, unless a different period is directed.</del>					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.3 Notice of Investigation	7.3.1	The <i>Preliminary Notice of Investigation</i> shall be issued to and served on the <i>WESM Member</i> that will be investigated within five (5) business days from receipt of the endorsement of request for investigation or directive from the <i>PEM Board</i> ,	The <del><i>Preliminary Notice of investigation</i></del> shall be issued to and served on the <i>WESM Member</i> that will be investigated within five (5) business days from <del>receipt of the endorsement of request for investigation or directive from the <i>PEM Board</i></del> the completion of the verification process as set out in Section 7.2.11.	Revised – to set the reckoning of the 5-day period to issue Notice of Investigation from the completion of the RFI verification process. For clarity				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.7 Completion of Formal Investigation	7.7.1	The formal investigation shall be completed not later than one hundred fifty (150) business days from the receipt of the request for investigation as endorsed by the requesting party.	The formal investigation shall be completed not later than one hundred fifty (150) business days from the <del>receipt of the request for investigation as endorsed by the requesting party</del> <b><u>issuance of a notice of investigation under Section 7.3 of this Manual.</u></b>	Revised – to set the reckoning of the 150-day period to conclude the report, <i>i.e.</i> , from issuance of notice of investigation (as this officially starts the investigation); instead of counting it from receipt of RFI which, based on the RFI verification process, may not necessarily ripen to an investigation)				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.8 Review of Investigation	7.8.1	The <i>Compliance Committee</i> shall review all investigation reports submitted by the <i>Enforcement and Compliance Office</i> on its next scheduled meeting after the receipt of the investigation report. The review report of the <i>Compliance Committee</i> shall be submitted to <i>the PEM Board</i> together with the investigation report of the <i>Enforcement and Compliance Office</i> within thirty (30) business days upon receipt of the investigation report.	The <i>Compliance Committee</i> shall review all investigation reports submitted by the <i>Enforcement and Compliance Office</i> <del>on</del> <b>in</b> its next scheduled meeting after the receipt of the investigation report. The <del>review report</del> <b>resolution</b> of the <i>Compliance Committee</i> shall be submitted to <i>the PEM Board</i> together with the investigation report of the <i>Enforcement and Compliance Office</i> within thirty (30) business days upon receipt of the investigation report.	Minor – correction of terms; and for consistency in the use of terminologies throughout the Manual.  Note: ECO issues the <b>report</b> , <i>i.e.</i> , investigation report (or case review report after RR). CC, on the other hand, issues a <b>resolution</b> (not a report) adopting/ not adopting the report of ECO.				

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.8 Review of Investigation	7.8.2	The review report of the <i>Compliance Committee</i> shall clearly state whether it agrees or disagrees with the investigation report of the <i>Enforcement and Compliance Office</i> and the basis therefor. The <i>Compliance Committee</i> may likewise recommend to the <i>PEM Board</i> that the case be remanded to the <i>Enforcement and Compliance Office</i> for further investigations.	The <del>review report</del> <b>resolution</b> of the <i>Compliance Committee</i> shall clearly state whether it agrees or disagrees with the investigation report of the <i>Enforcement and Compliance Office</i> and the basis therefor. The <i>Compliance Committee</i> may likewise recommend to the <i>PEM Board</i> that the case be remanded to the <i>Enforcement and Compliance Office</i> for further investigations.	Minor – correction of terms; same as above comment.				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.9 Decision	7.9.1	The <i>PEM Board</i> shall, within thirty (30) working days from receipt of the review report of the <i>Compliance Committee</i> , render a decision approving, disapproving or modifying the sanctions, remedial measures, and other recommendations or	The <i>PEM Board</i> shall, within thirty (30) working days from receipt of the <del>review report</del> <b>resolution</b> of the <i>Compliance Committee</i> , render a decision approving, disapproving or modifying the sanctions, remedial measures, and other recommendations or remanding the case to the <i>Enforcement and</i>	Minor – correction of terms; same as above comment.				

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		remanding the case to the <i>Enforcement and Compliance Office</i> for further investigation.	<i>Compliance Office</i> for further investigation.					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.9 Decision	(New)		<b><u>7.9.2 If the case is remanded by the PEM Board to the Enforcement and Compliance Office and the latter, after further investigation, submits its revised investigation report, the PEM Board shall render its final decision within the same period specified in the preceding Section.</u></b>	For clarity – the PEM Board, if it decides to remand the case, shall deliberate on it again after the revised investigation report is submitted to it by ECO.				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.9 Decision	7.9.2	7.9.2 The copy of the <i>PEM Board</i> decision on the investigation, accompanied by a copy of the Investigation Report of the <i>Enforcement and Compliance Office</i> , and the Review Report of the <i>Compliance Committee</i> , upon which the decision is based, shall be provided to the	<del>7.9.2</del> <b>7.9.3</b> The copy of the <i>PEM Board's</i> <b>final</b> decision on the investigation, accompanied by a copy of the Investigation Report of the <i>Enforcement and Compliance Office</i> , and the <del>Review Report</del> <b>Resolution</b> of the <i>Compliance Committee</i> , upon which the decision is based, shall be provided to the concerned trading participant or the party being investigated.	For clarity – those copies of IR (that has been finally decided by PEM Board) shall be issued to the party investigated.				

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		concerned trading participant or the party being investigated.						
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.10 Remand of Cases	7.10.2	Within five (5) working days from receipt of the notice of the remand, the <i>Enforcement and Compliance Office</i> shall notify the party investigated of the remand and the reasons therefor. If the investigation was initiated upon a <i>request for investigation</i> or a <i>notice of probable breach</i> , the parties that submitted the same shall likewise be notified of the remand.	<del>Within five (5) working days from receipt of the notice of the remand, the <i>Enforcement and Compliance Office</i> shall notify the party investigated of the remand and the reasons therefor. If the investigation was initiated upon a <i>request for investigation</i> or a <i>notice of probable breach</i>, the parties that submitted the same shall likewise be notified of the remand.</del>	Removed the obligation of ECO to notify the party being investigated that the case was remanded to ECO.  Note that at this stage of the proceedings (where there is remand), the party being investigated has not received the IR or has not been notified yet of the PEM Board action. Thus, it would be premature for the party to be informed of the remand. Furthermore, remand should be internal between or among the PEM Board, the CC, and ECO as there is no finality yet as regards the decision.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.12 Notice and Implementation of the PEM Board Decision	7.12.1	The decision or resolution of the <i>PEM Board</i> becomes final and executory, and is binding on the parties to the investigation –  a. upon the lapse of the period within which to file a request for reconsideration as set forth in the <i>WESM Penalty Manual</i> , and no request for reconsideration was filed; or  b. upon issuance of the resolution on the Request for Reconsideration by the PEM Board.	<del>The decision or resolution of the <i>PEM Board</i> becomes final and executory, and is binding on the parties to the investigation –  a. upon the lapse of the period within which to file a request for reconsideration as set forth in the <i>WESM Penalty Manual</i>, and no request for reconsideration was filed; or  b. upon issuance of the resolution on the Request for Reconsideration by the PEM Board.</del>	Removed here – To be placed under one section (Sec. 9.5) – to combine similar provision on “when to consider the case final and executory” - applicable to (a) compliance monitoring findings; (b) PEM Board findings				

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<p>SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW</p> <p>7.12 Notice and Implementation of the PEM Board Decision</p>	<p>7.12.2</p>	<p>7.12.2 Upon finality of the decision or resolution of the PEM Board Decision, the <i>PEM Board</i>, through its Corporate Secretary, shall immediately notify the <i>Enforcement and Compliance Office</i>, the <i>Compliance Committee</i> and the concerned parties of its decision or resolution. The Corporate Secretary of the <i>PEM Board</i> shall issue a certification of the relevant resolution or the excerpt of the minutes of the meeting of <i>PEM Board</i>.</p>	<p><del>7.12.2 Upon finality of the decision or resolution of the PEM Board Decision, the</del>  <b>7.12.1 The <i>PEM Board</i>, through its Corporate Secretary, shall immediately notify the <i>Enforcement and Compliance Office</i>, the concerned parties of its decision or resolution. The Corporate Secretary of the <i>PEM Board</i> shall issue a certification of the relevant resolution or the excerpt of the minutes of the meeting of <i>PEM Board</i> of its decision or the action taken by PEM Board on a particular investigation case by issuing a certification in relation thereto within five (5) business days from the ratification of the <i>PEM Board</i> resolution.</b></p>	<p>Revised to include timeline within which to issue the Secretary's Certificate relative to the decision of the Board.</p> <p>Renumbered as 7.12.1</p>				

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.12 Notice and Implementation of the PEM Board Decision	7.12.3	7.12.3 The Enforcement and Compliance Office shall thereafter take the following actions – a) Issue a notice of penalty to the party investigated in accordance with the requirements provided in the WESM Penalty Manual. b) Provide a copy of the notice to the Market Operator to cause the billing and collection of the amount due. c) Where remedial measures are required, cause the implementation of the same in accordance with Section 7.14. d) Notify the Compliance Committee, ERC, and DOE of the action taken on the investigation. The notification	<del>7.12.3</del> <b>7.12.2 Within ten (10) business days from the receipt of the certification of PEM Board resolution on investigation,</b> <del>the Enforcement and Compliance Office</del> <b>in support to the PEM Board's responsibility under the WESM Rules,</b> shall thereafter take the following actions – a) Issue a notice of penalty to the party investigated in accordance with the requirements provided in the WESM Penalty Manual. b) Provide a copy of the notice to the Market Operator to cause the billing and collection of the amount due. <b>a. Issue the notice of action taken by the PEM Board to the concerned WESM Member, which notice shall be accompanied by the Investigation Report and all its appendices. Said notice shall be signed by the President of the WESM Governance Arm.</b> e) <del>b.</del> Where remedial measures are required,	<ul style="list-style-type: none"> <li>• Provided timeline for the issuance of the Notice of PEM Board Action to the WESM Member</li> <li>• Deleted item (a) – in line with the proposal on exhaustion of remedies. NSP to be issued only when finding or decision becomes final and executory.</li> <li>• Deleted item (b) – in line with the proposal to transfer the collection responsibility from IEMOP to PEMC</li> <li>• Added provision requiring the transmittal of the copy of IR – together with the Notice of PEM Board Action – as this will serve as the basis for filing a request for reconsideration, in case the WESM Member decides to file one.</li> <li>• Others – minor – correction in rule reference.</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		submitted shall serve as a compliance with the obligation of the <i>PEM Board</i> set out in <i>WESM Rules</i> Clause 1.4.5.1 (e).	cause the implementation of the same in accordance with Section 7.14.  <del>d) c.</del> Notify the <i>Compliance Committee</i> , ERC, and DOE of the action taken on the investigation. The notification submitted <u>under this Section</u> shall serve as a <u>the compliance with the obligation of the <i>PEM Board with the obligation</i></u> set out in <i>WESM Rules</i> Clause 1.4.5.1 (ef).					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.13 Investigation of the Market Operator and/or the System Operator	7.13.12	The copy of the decision of the <i>PEM Board</i> shall be provided to the concerned parties, and implemented in the same manner as that set out in Section 7.9.	The copy of the decision of the <i>PEM Board</i> shall be provided to the concerned parties, and implemented in the same manner as that set out in Sections 7.9 and <u>7.12</u> .	Minor –added a rule reference.  <ul style="list-style-type: none"> <li>Section 7.9 – copies of decision</li> <li>Section 7.12 (Notice and Implementation of the <i>PEM Board</i> Decision)</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.14 Remedial Measures	7.14.1	Remedial measures are tasks or actions that are required of a <i>WESM Member</i> being investigated or found in <i>breach</i> for the purpose of mitigating or preventing the adverse impact of breach or to prevent recurrence of the <i>breach</i> . They may be required when the act or omission subject of the investigation may –  a) Negatively impact trading in the <i>WESM</i> and would likely prevent orderly and efficient trading or settlement; b) Lead to unfair or unreasonable <i>WESM</i> prices; c) Cause material negative impact on the viability and sustainability of the <i>WESM</i> or the functions of the	Remedial measures are tasks or actions that are required of a <i>WESM Member</i> being investigated or found in <i>breach</i> for the purpose of mitigating or preventing the adverse impact of breach or to prevent recurrence of the <i>breach</i> . They may be required when the act or omission subject of the investigation may –  a) Negatively impact trading in the <i>WESM</i> and would likely prevent orderly and efficient trading or settlement; b) Lead to unfair or unreasonable <i>WESM</i> prices; c) Cause material negative impact on the viability and sustainability of the <i>Market Operator</i> if not immediately remedied; or d) Cause material negative impact on the system or the functions of the <i>System Operator</i> if not immediately remedied.  <b><u>If the remedial measures are of such nature that</u></b>	Revised to extend the imposition of remedial measures to a party other than the <i>WESM Member</i> that is being monitored or investigated, as may be appropriate.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		<p><i>Market Operator</i> if not immediately remedied; or</p> <p>d) Cause material negative impact on the system or the functions of the <i>System Operator</i> if not immediately remedied.</p>	<p><b><u>would require participation or implementation on the part of another WESM Member or the Market Operator, the same shall likewise be governed by the succeeding provisions of this Manual.</u></b></p>					
<p>SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW</p> <p>7.14 Remedial Measures</p>	7.14.3	<p>A <i>WESM Member</i> may be required to implement remedial measures by the <i>Enforcement and Compliance Office</i>, the <i>Compliance Committee</i> or the <i>PEM Board</i>.</p>	<p>A <i>WESM Member</i> <b><u>or the Market Operator</u></b> may be required to implement remedial measures by the <i>Enforcement and Compliance Office</i>, the <i>Compliance Committee</i> or the <i>PEM Board</i>.</p>	<p>Revised to cover instances where MO plays an integral part in addressing a concern. Same for SO but SO is already a WESM Member.</p>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW  7.15 Costs	7.15.2	Notwithstanding the foregoing, the costs associated with the day-to-day operations of the <i>Enforcement and Compliance Office</i> , the Market Assessment Group, the Market Assessment Group, and the <i>Compliance Committee</i> shall not be passed on to a <i>WESM Member</i> as cost associated with any investigation, decision or remedial measure. These shall instead be included in the annual revenue requirements of the PEMC which shall be defrayed through the market fees.	Notwithstanding the foregoing, the costs associated with the day-to-day operations of the <i>Enforcement and Compliance Office</i> , the Market Assessment Group, and the <i>Compliance Committee</i> shall not be passed on to a <i>WESM Member</i> as cost associated with any investigation, decision or remedial measure. These shall instead be included in the annual revenue requirements of the <b>PEMC <i>WESM Governance Arm</i></b> which shall be defrayed through the market fees.	Minor – for consistency with the terminology used in the Market Rules and Market Manuals				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
(NEW)			<b><u>SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS</u></b>	<p>Added a new section with title "RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS"</p> <p>Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual.</p> <p>The remedies available like Request for Reconsideration and Appeal are proposed to be transferred from Penalty Manual to a new section of EC Manual (Sec. 9) as would form part of the enforcement proceedings (monitoring and investigation &gt; results &gt; request for reconsideration &gt; appeal).</p> <p>The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation and utilization thereof.</p>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
(NEW)  SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><b><u>9.1. Reconsideration Under the Compliance Monitoring and Assessment Proceedings</u></b></p> <p><b><u>9.1.1 Period and Ground for Filing a Request for Reconsideration. The concerned WESM Member may request for reconsideration of the results of the compliance monitoring and assessment, subject to the following conditions:</u></b></p> <p>a. <b><u>The request shall be filed within fifteen (15) Business Days from the receipt of the said compliance monitoring and assessment report;</u></b></p> <p>b. <b><u>A request for reconsideration shall be based on the ground that the finding of breach is not supported by substantial evidence; and/or the computation is</u></b></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> <li>o When RR should be filed</li> <li>o Where it should be filed</li> <li>o Reason or ground for filing</li> </ul>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>incorrect, or the penalties imposed are not in accordance with the <i>Penalty Manual</i> and <i>Market Rules</i>;</u></p> <p>c. <u>The request for reconsideration shall be filed with the <i>Enforcement and Compliance Office</i>.</u></p>					
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><b><u>9.1.2 Form and Contents of the Request for Reconsideration and Notice thereof. The request shall:</u></b></p> <p>a. <b><u>Be made in writing and signed by the WESM Compliance Officer of the WESM Member concerned, and shall be made under oath;</u></b></p> <p>b. <b><u>State the date when the compliance monitoring and assessment report sought to be considered was received by the WESM Member;</u></b></p>	To provide guidelines as to form and contents of RR				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p>c. <u>State that the findings of breach by the Enforcement and Compliance Office is not supported by substantial evidence, and/or the computation is incorrect, or the penalties imposed are not in accordance with the Penalty Manual and Market Rules; and</u></p> <p>d. <u>Contain the evidence to support the reversal of the findings of breach by the Enforcement and Compliance Office.</u></p> <p><u>Failure to provide the complete requirements pursuant to this clause shall cause the Enforcement and Compliance Office to immediately deny the request for reconsideration.</u></p>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
(NEW)  SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><b><u>9.1.3. Resolution on the Request for Reconsideration.</u></b></p> <p>a. <b><u>A request for reconsideration shall be resolved by the Enforcement and Compliance Office within sixty (60) Business Days from receipt thereof. This shall be done through a Resolution which shall clearly state the facts of the case and the reasons supporting its findings and conclusions. The Resolution shall be signed by the Head of the Enforcement and Compliance Office. A copy of the Resolution shall be served on the concerned WESM Member.</u></b></p> <p>b. <b><u>Copies of the Resolution will be furnished to the PEM Board and the Compliance Committee. Should</u></b></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> <li>○ Timeline to resolve</li> <li>○ Notification of the results</li> </ul>	<p>For A, What will be the effect if the 60 days has already lapsed?</p> <p>For B, retain the original.</p> <p>”b) Copies of the Resolution will be furnished to the PEM Board, the Compliance Committee, and the Market Operator. Should this Resolution require implementation of a directive on the part of the System Operator, a copy of said notice shall likewise be sent to the System Operator and/or Market Operator for appropriate action.”</p>			

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<u>this Resolution require implementation of a directive on the part of the Market Operator and/or the System Operator, a copy of said notice shall likewise be sent to the System Operator and/or Market Operator for appropriate action.</u>					
(NEW)  SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.2 Reconsideration Under the Investigation Proceedings</u></p> <p><u>9.2.1 Ground for Filing a Request for Reconsideration. A WESM Member that is penalized under Section 7.9 of this Manual may submit a request for reconsideration of the PEM Board decision on the investigation on the following grounds –</u></p> <p>a. <u>Review of the findings of facts of the Enforcement and Compliance Office or for consideration of additional data that was already existing at the time of the</u></p>	To provide guidelines as to ground for filing RR with the PEM Board ( <i>in case the subject case emanated from the request for investigation, report of probable breach, directive or order to investigate</i> )				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>original investigation but was not presented during such investigation due to justifiable reasons; or</u></p> <p>b. <u>Legal issues, including but not limited to issues on the conclusions of the Enforcement and Compliance Office or the Compliance Committee, but does not require review of factual findings, or the propriety of the penalty or other measures approved to be imposed by the PEM Board.</u></p>					
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><b><u>9.2.2 Form and Contents. The request for reconsideration shall:</u></b></p> <p>a. <b><u>Be made in writing and signed by the WESM Compliance Officer of the WESM Member concerned, and shall be made under oath;</u></b></p> <p>b. <b><u>Clearly state the grounds for the request for reconsideration and</u></b></p>	To provide guidelines as to the form and content of the RR				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>the findings of facts or the conclusions or resolution that are sought to be reviewed and reconsidered. The request shall be accompanied by supporting data and affidavits;</u></p> <p>c. <u>Contain the evidence to support the request for reconsideration;</u> and</p> <p>d. <u>Be submitted to the PEM Board, through the Office of the Corporate Secretary within fifteen (15) Business Days from receipt of the notice of the PEM Board action.</u></p> <p><u>All requests that were timely filed will be immediately endorsed to the Enforcement and Compliance Office for further investigation.</u></p>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
<p>(NEW)</p> <p>SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS</p>			<p><b><u>9.2.3 Reconsideration Proceedings.</u></b></p> <p><b><u>a. The Enforcement and Compliance Office shall evaluate the endorsed request and carry out further investigations. In conducting further investigations, the Enforcement and Compliance Office may require submission of additional information or obtain information from parties other than the requesting party or conduct an ocular inspection of relevant facilities or conference with the requesting party or other relevant parties.</u></b></p> <p><b><u>b. Within sixty (60) Business Days from endorsement of the request for reconsideration, the Enforcement and Compliance Office shall submit a case review report to the Compliance Committee containing the</u></b></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> <li>○ How the reinvestigation should be conducted</li> <li>○ Timeline to complete the reinvestigation.</li> <li>○ Timeline for review of the report and submission to the Board</li> </ul>				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>additional findings of fact, assessment, and recommendations.</u></p> <p>The <u>Compliance Committee shall review the report submitted by the Enforcement and Compliance Committee and shall submit its resolution and recommendations to the PEM Board within thirty (30) business days from receipt of the case review report.</u></p>					
			<p><u>9.2.4 Resolution on the Request for Reconsideration.</u></p> <p>a. <u>The PEM Board shall decide on the request for reconsideration within thirty (30) Business Days from receipt of the case review report and resolution submitted by the Compliance Committee.</u></p> <p>b. <u>The decision of the PEM Board on the request for</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> <li>o Timeline to decide on the RR</li> <li>o Notification of the results</li> </ul>				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<u>reconsideration shall be served upon the concerned WESM Member and the party filing the request for investigation. No further request for reconsideration or appeal shall be allowed.</u>					
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<b><u>9.3 Appeal</u></b>  <b><u>9.3.1 The Resolution issued by the Enforcement and Compliance Office under Section 9.1.3 may be appealed by the concerned WESM Member by filing an Appeal Memorandum with the Compliance Committee within fifteen (15) Business Days from receipt of the resolution on the Request for Reconsideration.</u></b>	To provide guidelines as to –  <ul style="list-style-type: none"> <li>○ When Appeal can be filed.</li> <li>○ How it is filed</li> <li>○ When it should be filed</li> </ul>				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<b><u>9.3.2 Ground for Appeal. The appeal shall be based only on the ground that the Enforcement and Compliance Office has committed abuse of discretion in issuing the resolution, or the penalty/ies the Enforcement and Compliance Office had imposed is not in accordance with this Manual.</u></b>	To provide guidelines as to the ground for appeal.				
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<b><u>9.3.3 Form and Contents of the Appeal</u></b> <b>a. <u>Be made in writing and signed by the WESM Compliance Officer of the WESM Member concerned, and shall be made under oath;</u></b> <b>b. <u>State the date when the resolution being appealed was received by the WESM Member; and</u></b> <b>c. <u>Explain how the Enforcement and Compliance Office committed an abuse</u></b>	To provide guidelines as to the form and content of appeal.				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<p><u>of discretion in issuing the Resolution or that the penalty/ies imposed by the Enforcement and Compliance Office is not in accordance with this Manual.</u></p> <p><u>Failure on the part of the WESM Member concerned to provide the foregoing requirements shall cause outright dismissal of the appeal by the Compliance Committee.</u></p>					
			<p><u>9.3.4 Decision on the Appealed Case.</u></p> <p>a. <u>The Compliance Committee shall resolve the appealed case within thirty (30) business days from receipt of the original records of the case by issuing a decision duly signed by its Chairperson.</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> <li>○ Timeline to decide on appealed case.</li> <li>○ Notification of decision</li> </ul>				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<u>A copy of the decision shall be served on the concerned WESM Member, the Enforcement and Compliance Office and the PEM Board. If the decision requires implementation of a directive on the part of the Market Operator or the System Operator, a copy of said Decision shall likewise be sent to the System Operator for appropriate action.</u>					
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.4 Service of Request for Reconsideration, Appeal, and Decision</u>  <u>The filing or service of Request for Reconsideration, Appeal, and the resolutions or decisions made in relation thereto, may be made by personal service, postal mail, or by electronic mail.</u>	To provide guidelines as to the form of transmittal, submission, or service of the documents relative to RR and Appeal.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
<p>(NEW)</p> <p>SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS</p>			<p><b><u>9.5. Implementation of the Enforcement Actions</u></b></p> <p><b><u>9.5.1 Subject to the provisions set out in Sections 9.5.2 and 9.5.3, the appropriate enforcement action relative to a finding of breach shall be implemented through the issuance of a <i>Notice of Specified Penalty</i>.</u></b></p> <p><b><u>The penalty or sanction for breach of the <i>Market Rules</i> or <i>Market Manuals</i> may nonetheless be enforced against a former <i>WESM Member</i> despite cessation of, or change in, its membership in the <i>WESM</i> provided that the act or omission constituting a breach was committed within the two-year prescriptive period and while it was still a member thereof.</u></b></p>	<ul style="list-style-type: none"> <li>To clarify that implementation of enforcement action is done through issuance of NSP.</li> <li>To add provision on jurisdictional matter in terms of enforcement of action involving a former WESM Member which committed breach during the time that it was still a member of the WESM. This will also address the provisions under Section 4.11 and 4.12 of the DOE Circular DC2023-07-0022.</li> </ul> <p>"4.11 Within sixty (60) calendar days from receipt and evaluation of the complete documentary requirements as provided in Section 4.8 of this Circular, the DOE shall issue the LOC to the applicant. The issuance of the LOC shall not preclude</p>				

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				<p>the ERC and other government agencies or instrumentalities from exercising their authority and mandate over the GenCo. <u>It shall also not absolve the GenCo from any claims of any entity.</u></p> <p>4.12 Upon the effective date of the mothballing period, the following COC terms and WESM deregistration shall apply:</p> <p>4.12.1 Automatic termination of the COC and <u>outright deregistration from the WESM for Total Generating Plant Mothballing;</u> or</p>				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
				4.12.2 For Partial Generating Unit Mothballing, the GenCo shall apply for the amendment of the COC with the ERC and the corresponding changes to its WESM registration with the MO."				
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<b><u>9.5.2 The Notice of Specified Penalty shall be issued by the WESM Governance Arm to the concerned WESM Member within five (5) business days from the date that the finding of breach or the resolution or decision on a case becomes final and executory.</u></b>	To clarify that NSP shall be issued only after a finding, decision, or resolution has become final and executory.				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
(NEW)  SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><b><u>9.5.3 The finding, resolution or decision relating to compliance monitoring or investigation case becomes final and executory –</u></b></p> <p>a. <b><u>Upon the lapse of the period to file the Request for Reconsideration and no Request for Reconsideration is perfected.</u></b></p> <p>b. <b><u>Upon issuance of the resolution on Request for Reconsideration by the Enforcement and Compliance Office relative to a case emanating from compliance monitoring and assessment activity, and no Appeal is perfected;</u></b></p> <p>c. <b><u>Upon issuance of the resolution on Appeal by the Compliance Committee relative to a case emanating from compliance monitoring and assessment activity.</u></b></p>	To provide guidelines as to when a finding, decision or resolution is considered final and executory.				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			d. <u>Upon issuance of the resolution on the Request for Reconsideration by the PEM Board relative to a case emanating from request for investigation or report of probable breach filed by any WESM Member, the Market Operator, or the System Operator.</u>					
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.5.4 The provisions relating to the service of Notice of Specified Penalty as well as the impact of non-payment of penalties and/or interest are provided in the WESM Penalty Manual.</u>	To provide reference to the provisions of the Penalty Manual on the service of NSP and the impact of non-payment of penalty and interest				
SECTION 10 - WESM MEMBER INTERNAL COMPLIANCE			SECTION <del>10</del> <b>11</b> - WESM MEMBER INTERNAL COMPLIANCE	Renumbered Section 10 (including its sub-sections) as <b>Section 11</b>				
SECTION 11 - INFORMATION DISCLOSURE AND RECORDS MANAGEMENT			SECTION <del>11</del> <b>12</b> - INFORMATION DISCLOSURE AND RECORDS MANAGEMENT	Renumbered Section 11 (including its sub-sections) as <b>Section 12</b>				

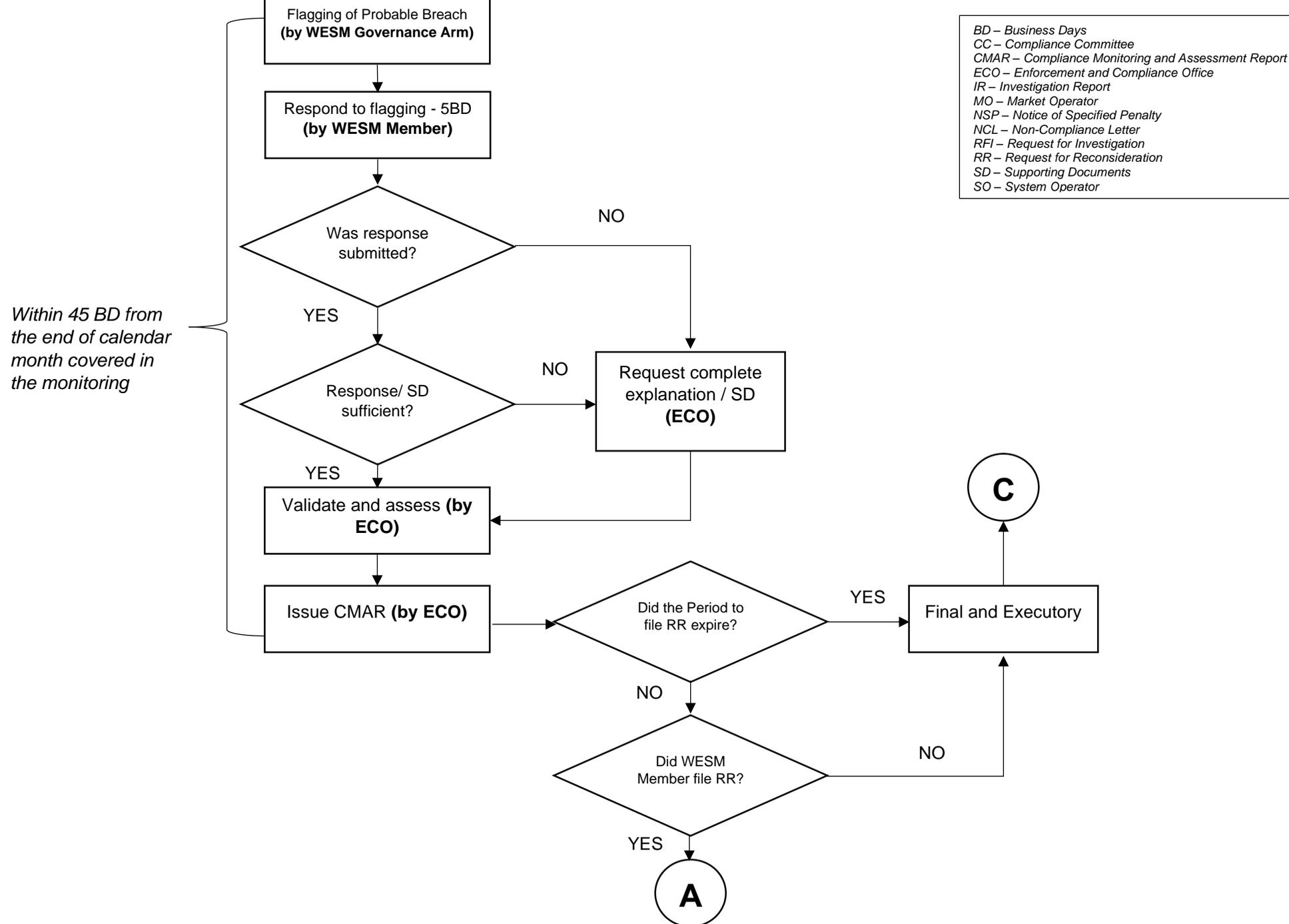
WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION GLOSSARY	13	Enforcement and Compliance Office - The unit created within PEMC pursuant to <i>WESM Rules</i> Clause 1.4.8, which is primarily responsible for the administration of the enforcement and compliance which shall include monitoring, assessment and investigation of the <i>WESM Members</i> in relation to their compliance with the <i>WESM Rules</i> .	Enforcement and Compliance Office -The unit created within PEMC <u>the <i>WESM Governance Arm</i></u> pursuant to <i>WESM Rules</i> Clause 1.4.8, which is primarily responsible for the administration of the enforcement and compliance which shall include monitoring, assessment and investigation of the <i>WESM Members</i> in relation to their compliance with the <i>WESM Rules</i> .	Minor – for consistency with the terminology used in the Market Rules and Market Manuals.				
SECTION GLOSSARY	13	Enforcement proceeding - This is the activity or series of activities carried out to establish and determine the occurrence of <i>breach</i> and the corresponding enforcement action that will be carried out as a consequence of the <i>breach</i> , and includes monitoring, assessment,	Enforcement proceeding - This is the activity or series of activities carried out to establish and determine the occurrence of <i>breach</i> and the corresponding enforcement action that will be carried out as a consequence of the <i>breach</i> , and includes monitoring, assessment, investigation, <u>reconsideration and appeal proceedings</u> , and imposing <u>imposition of</u> enforcement actions.	Revised to add reconsideration and appeal proceedings as essential enforcement activities in determining breach of the Rules.				

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		investigation and imposing enforcement actions.						
SECTION GLOSSARY	13	Notice of investigation- Formal notice issued by the Enforcement and Compliance Office to a WESM Member to initiate investigation for possible breach.	Notice of <del>i</del> Investigation – <del>Formal-A</del> notice issued by the <i>Enforcement and Compliance Office</i> to a <i>WESM Member</i> to initiate <del>an</del> <b>a formal</b> investigation for possible <i>breach</i> .	For clarity				
SECTION GLOSSARY	13 (NEW)		<b><u>Notice of Probable Breach - Written report submitted by any WESM Member or WESM Governance Committees to notify the PEM Board of a probable breach by the Market Operator or System Operator.</u></b>	<p>To provide clear definition of Notice of Probable Breach in reference to Section 7.2.3 of the WESM Rules; and to have clear distinction from “Report of Probable Breach” which is also defined in the EC Manual.</p> <ul style="list-style-type: none"> <li>○ Notice of Probable Breach – report by any WESM Member/WGC to the PEM Board about a probable breach of MO or SO (for consistency with the term used in Section 7.2.3 of the WESM Rules)</li> <li>○ Report of Probable Breach – is the report of</li> </ul>				

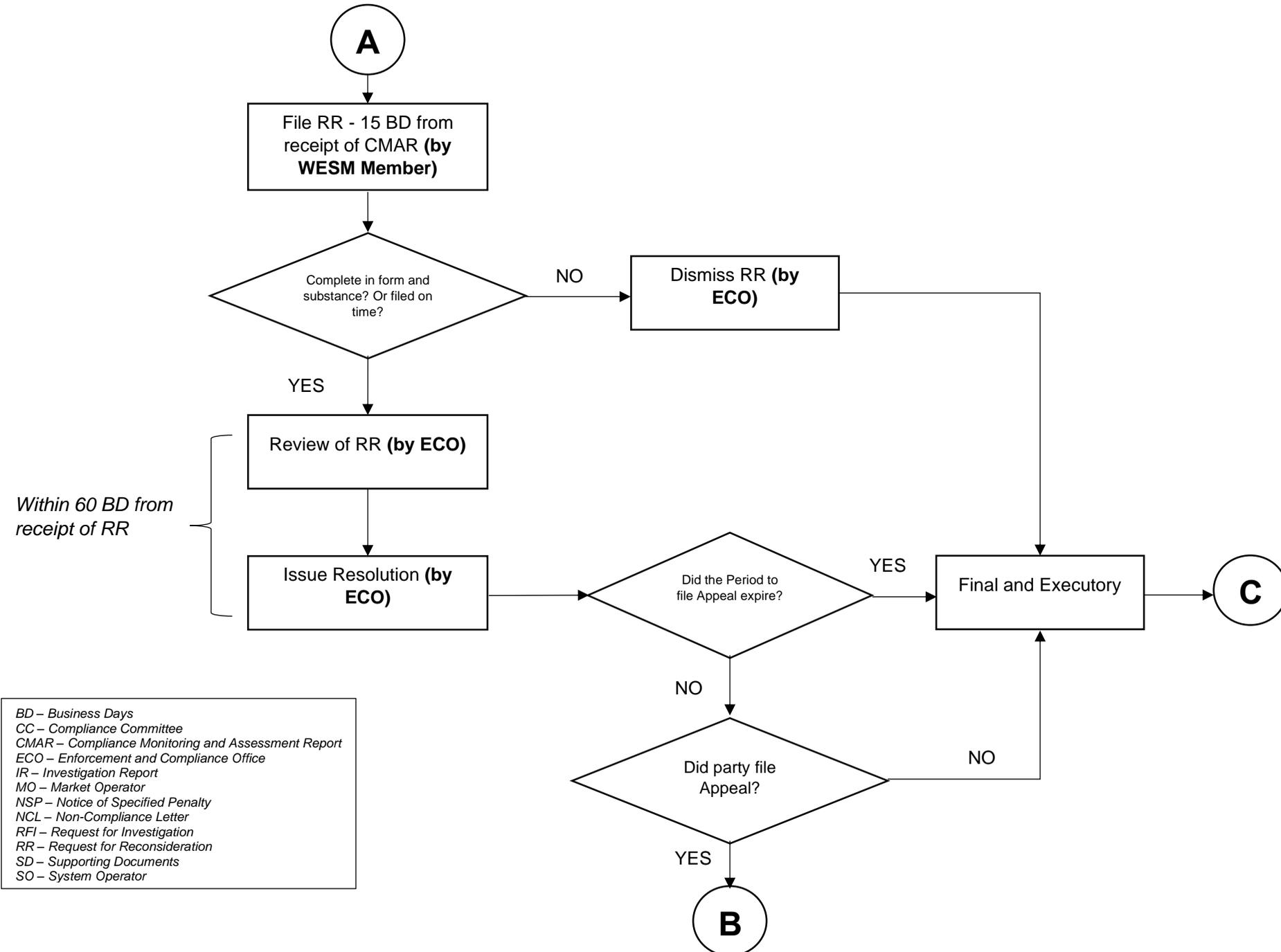
WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
				MO or SO about a possible breach by WESM Member.  Terms are NOT interchangeable.				
APPENDICES I and II		(Table Form)	<p>(See attached Process Flowcharts)</p> <p>Appendix I – Compliance Monitoring and Assessment Process</p> <ul style="list-style-type: none"> <li>• I-A: CMA – MONITORING, VALIDATION, AND REPORTING PROCESS FLOWCHART</li> <li>• I-B: CMA-RECONSIDERATION PROCESS FLOWCHART</li> <li>• I-C: CMA-APPEAL PROCESS FLOWCHART</li> <li>• I-D: CMA-IMPLEMENTATION OF ENFORCEMENT ACTION PROCESS FLOWCHART</li> </ul> <p>Appendix II-Investigation Process</p>	Replaced with Process Flowcharts – to align with the revised processes				

WESM Manual on Enforcement and Compliance, Issue 1.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			<ul style="list-style-type: none"> <li>• II-A: INVESTIGATION-RFI VERIFICATION PROCESS FLOWCHART</li> <li>• II-B: FORMAL INVESTIGATION PROCESS FLOWCHART</li> <li>• II-C: RECONSIDERATION PROCESS FLOWCHART</li> </ul> <p>II-D: IMPLEMENTATION OF ENFORCEMENT ACTION PROCESS FLOWCHART</p>					

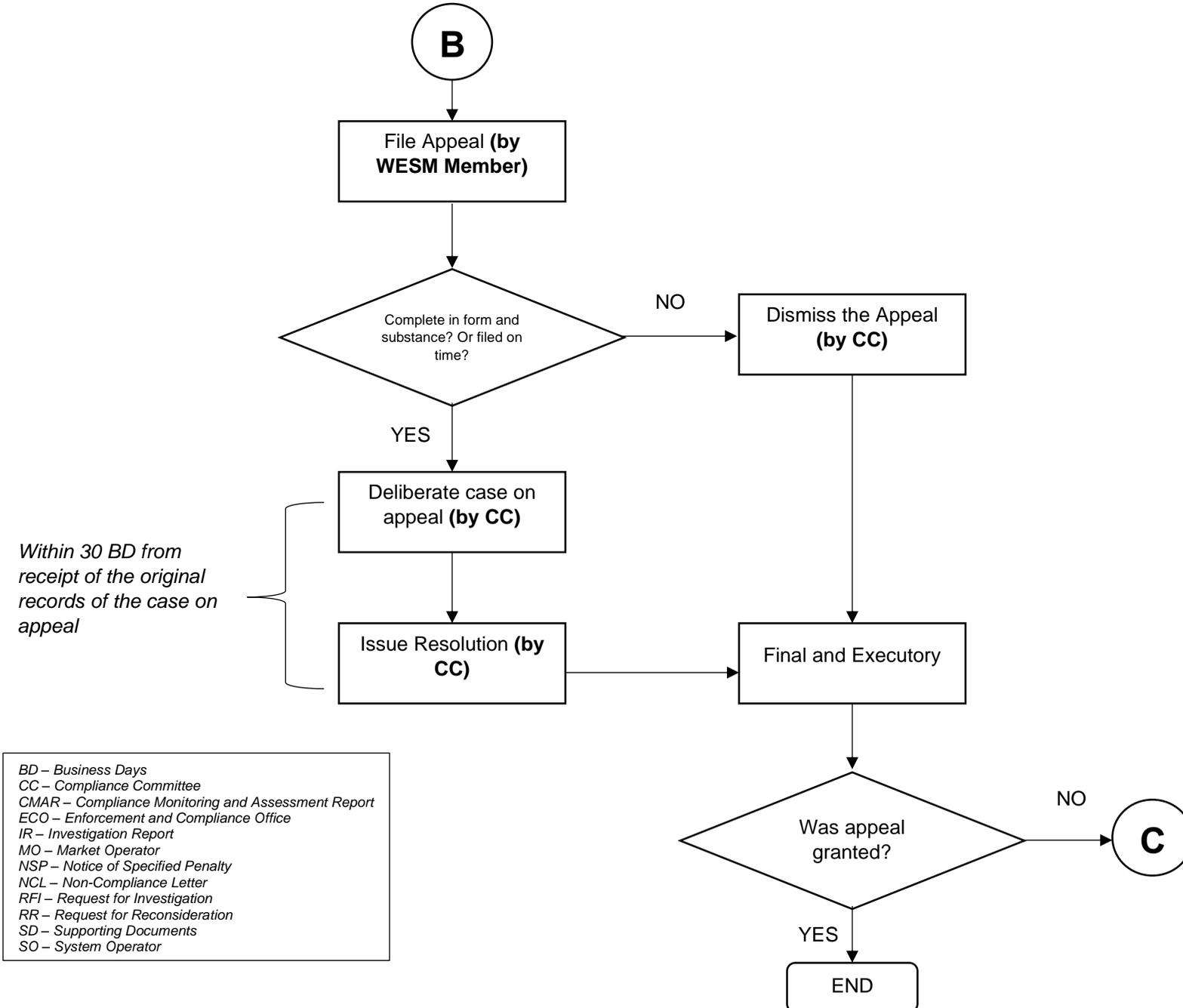
**APPENDIX I-A: CMA – MONITORING, VALIDATION, AND REPORTING PROCESS FLOWCHART**



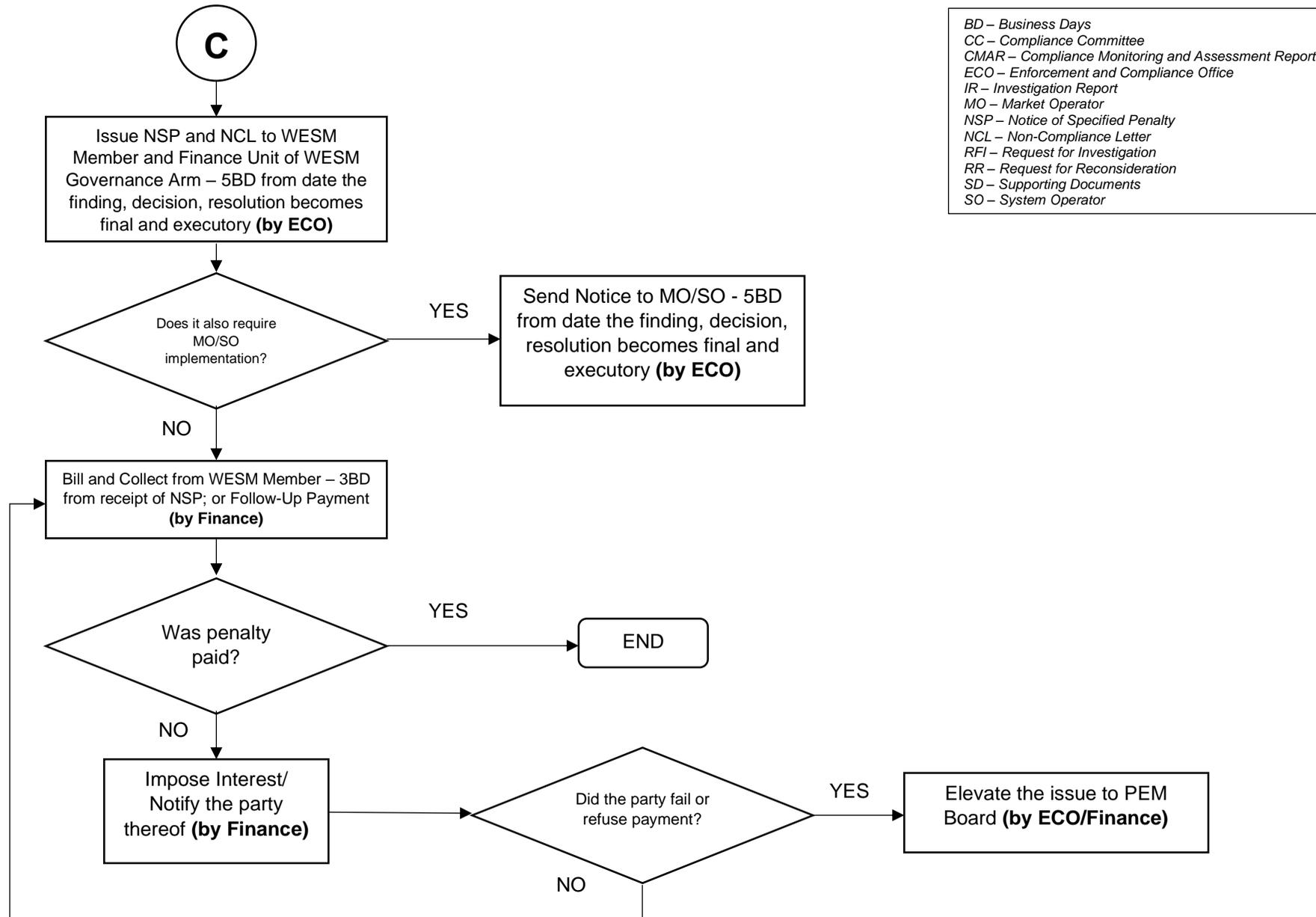
APPENDIX I-B: CMA – RECONSIDERATION PROCESS FLOWCHART



APPENDIX I-C: CMA – APPEAL PROCESS FLOWCHART

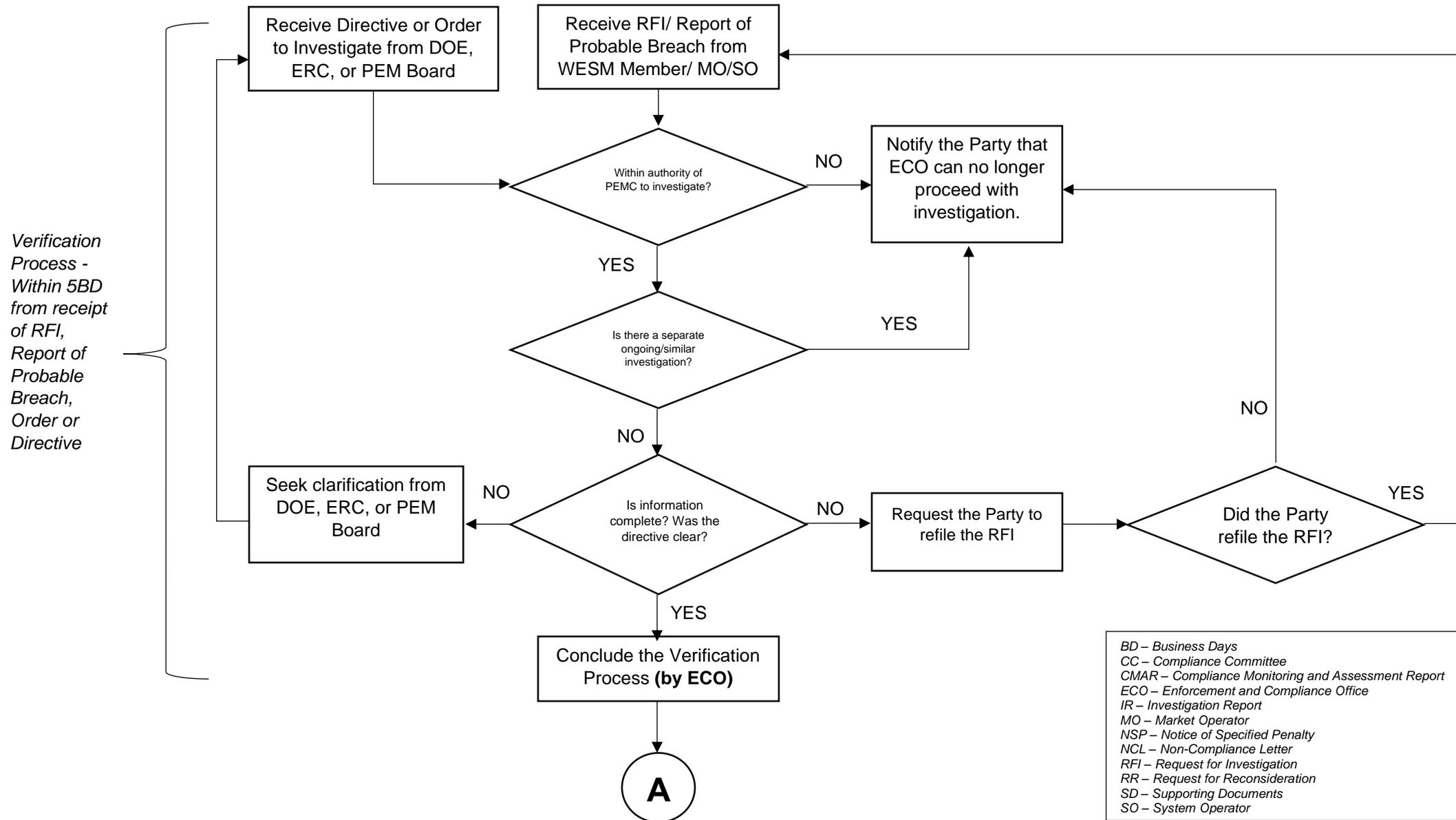


APPENDIX I-D: CMA – IMPLEMENTATION OF ENFORCEMENT ACTION PROCESS FLOWCHART

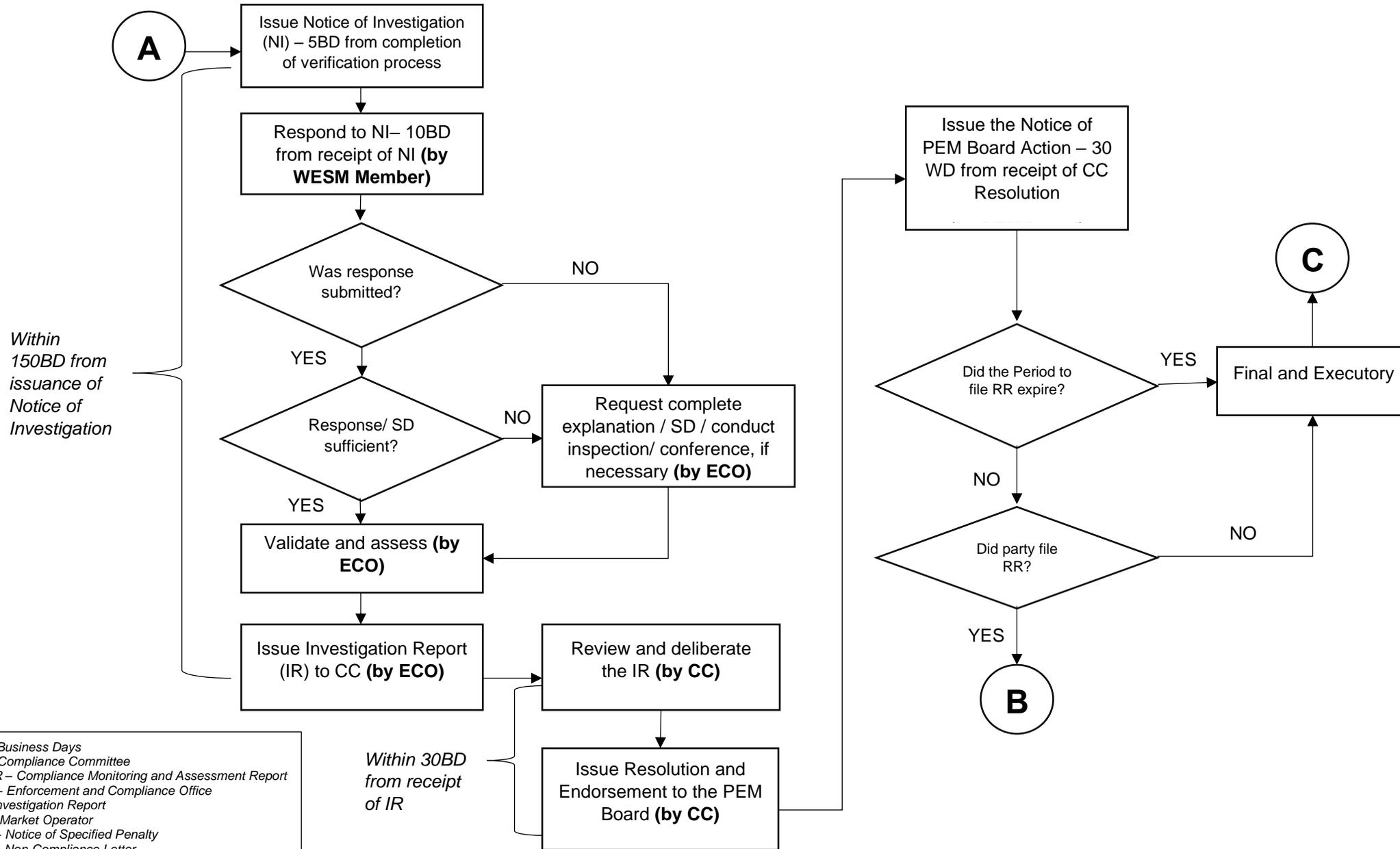


*BD – Business Days*  
*CC – Compliance Committee*  
*CMAR – Compliance Monitoring and Assessment Report*  
*ECO – Enforcement and Compliance Office*  
*IR – Investigation Report*  
*MO – Market Operator*  
*NSP – Notice of Specified Penalty*  
*NCL – Non-Compliance Letter*  
*RFI – Request for Investigation*  
*RR – Request for Reconsideration*  
*SD – Supporting Documents*  
*SO – System Operator*

APPENDIX II-A: INVESTIGATION – RFI VERIFICATION PROCESS FLOWCHART

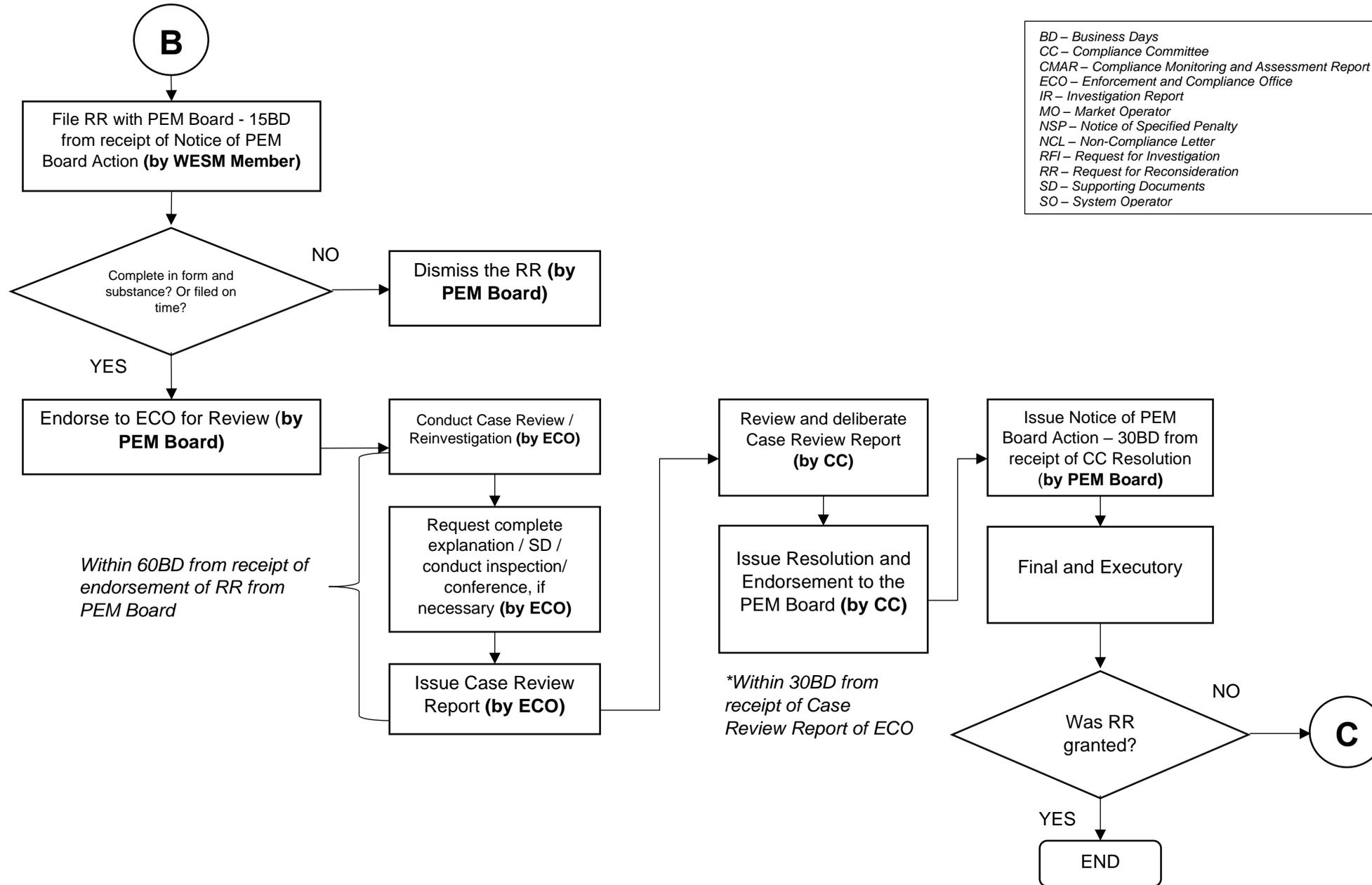


APPENDIX II-B: INVESTIGATION – FORMAL INVESTIGATION PROCESS FLOWCHART

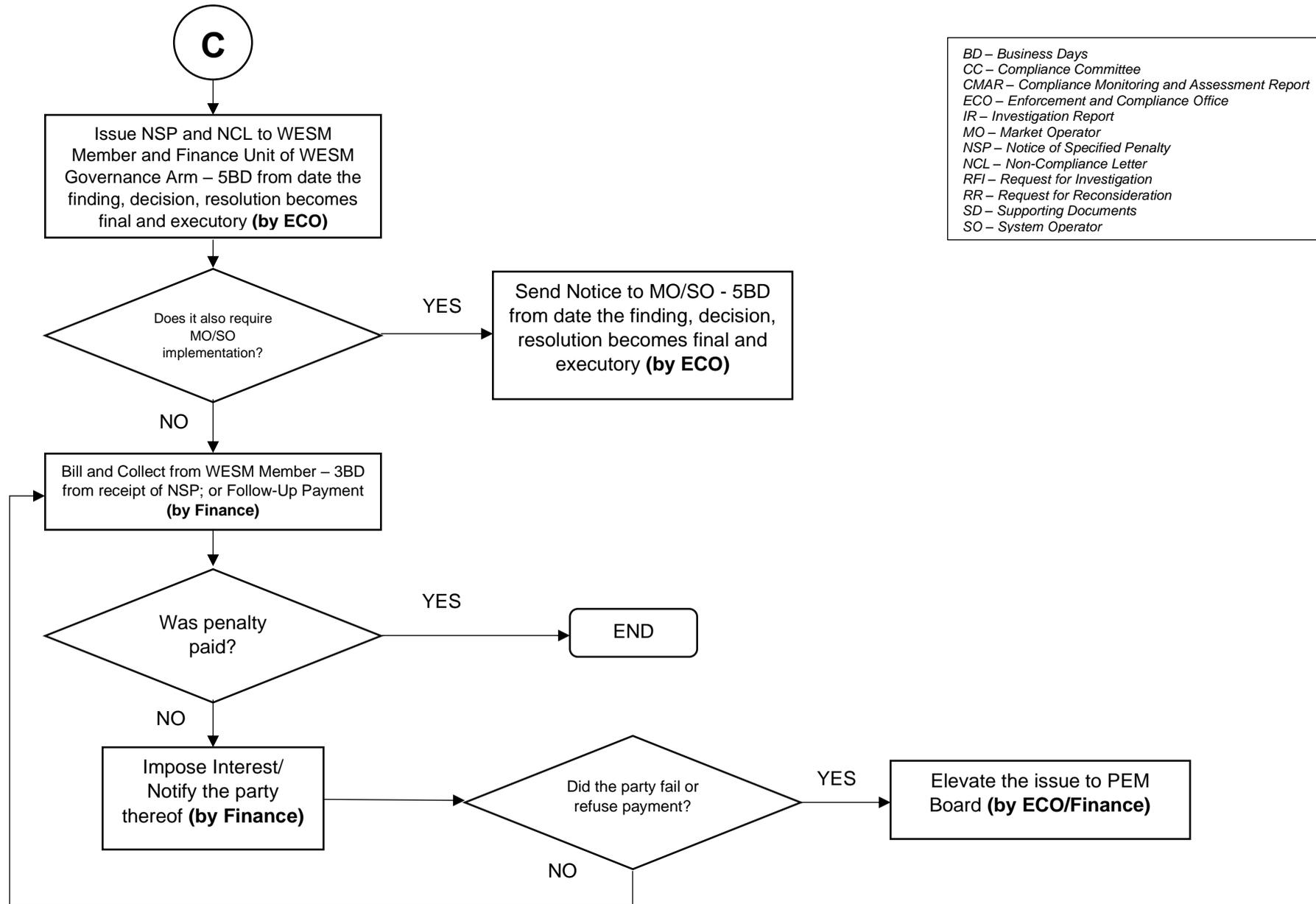


BD – Business Days  
 CC – Compliance Committee  
 CMAR – Compliance Monitoring and Assessment Report  
 ECO – Enforcement and Compliance Office  
 IR – Investigation Report  
 MO – Market Operator  
 NSP – Notice of Specified Penalty  
 NCL – Non-Compliance Letter  
 RFI – Request for Investigation  
 RR – Request for Reconsideration  
 SD – Supporting Documents  
 SO – System Operator

APPENDIX II-C: INVESTIGATION – RECONSIDERATION PROCESS FLOWCHART



APPENDIX II-D: INVESTIGATION – IMPLEMENTATION OF ENFORCEMENT ACTION PROCESS FLOWCHART



*BD – Business Days*  
*CC – Compliance Committee*  
*CMAR – Compliance Monitoring and Assessment Report*  
*ECO – Enforcement and Compliance Office*  
*IR – Investigation Report*  
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*SD – Supporting Documents*  
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