

FAQS:

Who are eligible to become members of PEMC?

To be a eligible as PEMC Member, one must qualify either as a *Sectoral Member* or as an *Individual Member*. (*Article V, Section 2, By-Laws as amended*).

(a) Only WESM Members are eligible to become a Sectoral Member of PEMC.

- A WESM Member must first register and qualify as a WESM Member under the WESM Rules and thereafter register as PEMC Member. (*Article V, Section 1, By-laws*)
- The Sectoral Members are classified into the following sectors:
 - (i) Generation Sector¹. *Currently these are all WESM members registered as Direct Member under the Generation Company category.*
 - (ii) Transmission Sector/ System Operator². *Currently, the National Grid Corporation of the Philippines.*
 - (iii) Distribution Sector³. *Currently, these are all WESM members registered as Direct Member which are either private distribution utilities, LGU-owned utilities or electric cooperatives.*
 - (iv) Supply Sector⁴. *Currently, these are WESM members registered as Direct Member and classified as retail electricity supplier, supplier of last resort, metering service providers and directly-connected customer.*
- A WESM member may join more than one Sector provided that such WESM Member is qualified and registered in such Sector under the WESM Rules and Applicable Laws⁵.
- Mindanao participants who have submitted their applications to become Direct WESM Members are eligible to become PEMC Members even prior to commercial operations in Mindanao pursuant to Department of Energy (DOE) Department Circular (DC) No. 2017-05-009 dated 04 May 2017⁶.

¹ Shall be composed of WESM Members that are Generation Companies and such other similar persons or entities as determined by Applicable Laws to be part of the Generation Sector (*Article V, Section 3a*);

² Shall be composed of the National Transmission Corporation and its concessionaire and other entities as determined by Applicable Laws to be part of the Transmission Sector (*Article V, Sec 3b*), as amended by DOE DC No. 2020-10-00021 dated 22 October 2020 which now reads xxx representing the System Operator (*Section 1.4.2.4, WESM Rules, As amended*)

³ Shall be composed of WESM Members that are Distribution Utilities (DU) and such other similar persons or entities determined by Applicable Laws to be part Distribution Sector (*Article V, Sec 3c*);

⁴ Shall be composed of WESM Members that are Suppliers, Bulk consumers, End-users, Metering Service Providers and such other similar persons or entities as determined by Applicable Laws to be part of the Supply Sector. Except for persons or entities that may be allowed to join more than one Member Sector, a WESM Member that is not part of the Generation, Transmission/System Operator or Distribution Sector shall be part of the Supply Sector.

⁵ *Article V, Section 4*

⁶ DOE DC No. 2017-05-009 provides that, upon its effectivity, all Mindanao participants are considered as members of the WESM and shall comply with the requirements for registration under the WESM

- (b) Only individuals who are qualified to be elected as directors of the Corporation shall be eligible to become Individual Members. ([Article V, Section 2, By-laws](#))
- Individual Members of the Corporation are members who are not Sectoral Members of the Corporation.

Is a separate registration for PEMC membership required? What are the requirements for registration?

Registration as PEMC member is automatic for all eligible WESM members but requires separate registration from the WESM. For records purposes, the eligible WESM members shall be notified by the PEMC Office of the Corporate Secretary to submit a Registration Form and to designate one (1) duly appointed authorized representative who shall exercise and perform all the rights and obligations of the Sectoral Member in connection with its membership in PEMC.

A duly signed and certified Board Resolution or Secretary's Certificate must be submitted along with the Registration Form to evidence the authority of its duly appointed representative.

As may be applicable, Sectoral Members may also be asked to submit other supporting documents as may be indicated in the PEMC Member Registration/Update Form. A copy is hereto attached for reference.

What is the difference between membership in the WESM and membership in PEMC?

WESM membership pertains to participation in the WESM, while PEMC membership pertains to participation in the affairs of PEMC as a corporation. While PEMC members must first be registered as WESM members, not all WESM members are eligible to become PEMC members. Only those WESM members registered, as described, above, can be registered as PEMC members.

WESM Members have the rights and obligations as set out in the WESM Rules and Market Manuals, while as PEMC members, they, in addition, have the rights and duties as set out in the PEMC By-Laws.

Among the rights of PEMC sectoral members is to attend in regular and special membership meetings, as well as the right to vote according to their voting rights.

What are the Duties of a Member of PEMC?

A PEMC Member shall:

1. Pay the registration fee, membership dues, special assessment, market or transaction fees and such other fees PEMC may charge from time to time, including interest.

Rules and manuals.

2. Satisfy and continue to satisfy its requirements of being a PEMC Member and a WESM member, including Prudential Requirements.
3. Comply with technical requirements imposed;
4. Submit agreements, documents, information

Can a Sectoral Member be Suspended or Deregistered as a PEMC Member?

A member may be suspended or deregistered if he is declared a Member not in good standing. [Article VII sec. 1](#)

The WESM Rules on suspension and deregistration of WESM Members shall be observed. The Board may order immediate suspension or deregistration in cases where it is required to prevent damage or further damage to the System, to another Member or to such other entities. [Article VII Sec. 2](#)

Can an Independent Member/Director be Removed?

An Independent Member/Director can be removed with or without cause, provided

Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or in a nonstock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: *Provided*, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting.

Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: *Provided*, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 23 of this Code.

How do we determine Quorum in Membership Meeting?

Only the Sectoral Members in Good Standing are counted in determining quorum in Annual General Membership Meetings or Special Membership Meetings of the Corporation.

How do we define a Member in “Good Standing”?

In order to be in good standing, a Sectoral Member must comply with all the duties of a WESM Member under the WESM Rules and Applicable Laws and all obligations of a Member in accordance with the Corporation’s Articles of Incorporation, By-Laws, such rules and regulations as may be promulgated by the PEM Board.

Breach or non-payment of any fees or dues due to PEMC are grounds for suspension or deregistration of membership as well.

What are voting rights? What does the right to vote of sectoral member's include?

Only PEMC sectoral members that are in good standing have the right to vote. This is exercised based on their respective voting rights. Voting rights are the number of votes that each PEMC sectoral member can cast during a membership meeting. Voting rights are not constant and are determined at the start of every meeting.

The right to vote of a sectoral member includes the right to (a) vote on matters presented before the members for resolution; (b) right to be nominated as representative to the Board; (c) right to nominate sectoral representatives, and (d) right to nominate and vote for independent directors. *Note, however, that the right to vote is subject to limitations set out in the WESM Rules. Among other things, the right to nominate or to be nominated, and generally, the right to participate in the election of PEMC directors by the members at large will be in effect only after the transition to the IMO.*

How are voting rights computed?

The steps in determining the voting rights for each meeting is described below. *A sample calculation is presented in the table below.*

● **Determining voting factor.**

- The voting factor is determined by multiplying the number of members in each sector (i.e., generation, distribution, transmission and supply), and the product thereof shall result in the Voting Factor.
- The resulting Voting Factor shall be the total number of voting rights for each sector, and shall be allocated amongst the members of the sector.

● **Calculating voting rights of the Generation Sectoral Members.** The voting rights of the members of generation sector is calculated as follows:

- Obtain the total capacity, in MW, of the power plants registered in the WESM by each of the generation companies registered as PEMC member, as reflected in the Certificate of Compliance issued by the ERC ("Total MW").
- Divide the MW of the registered power plant/s of the PEMC member by the Total MW to get the member's "MW Quotient".
- Multiply the MW Quotient of each member with the Voting Factor to get the Voting Rights of the member, rounded off to the nearest one.

● **Calculating voting rights of the Distribution Sectoral Members.** The Voting Factor for the distribution sector shall be divided equally between the distribution utilities that are not electric cooperatives (Distribution Sub-Sector 1) and the electric cooperatives (Distribution

Sub-Sector 2).

- Calculation of voting rights of distribution utilities that are not electric cooperatives (Sub-Sector 1) is as follows:
 - Obtain total number of customers served by all members under this sub-sector as determined based on latest document submitted to the ERC (“Total Customers”).
 - Divide number of customers of each member with the Total Customers to get the member’s Customer Quotient.
 - Multiply the Customer Quotient with the Voting Factor of the sub-sector to get the member’s Voting Rights, rounded off to the nearest one.
- Calculation of voting rights of electric cooperatives (Sub-Sector 2) is as follows:
 - Obtain total number of sectoral members under this sub-sector.
 - Divide the Voting Factor of the sub-sector equally amongst all the members of the sub-sector.
- **Calculating voting rights of the Transmission Sectoral Members.** The Voting Factor is divided equally amongst all the PEMC members under this sector to get the voting rights of each member.
- **Calculating voting rights of the Supply Sectoral Members.** The Voting Factor is divided equally amongst the PEMC members under this sector to get the voting rights of each member.

Are voting rights divisible?

As a general rule, voting rights are not divisible. This shall apply for all purposes, including assignment of proxies, determination of quorum and for voting purposes.

Does that mean that the submission of the proxy is only until 11 July 2021?

We will release a bulletin moving the submission of proxies until 13 July 2021, 5:00 pm. Validation of proxies will proceed the following day, 14 July 2021. Exact time of the proceeding shall be announced.

Will this be extended? If so, until when?

To ensure the proxies are given sufficient time as well to cast their vote, the deadline of submission vis-à-vis the formal proxy validation can no longer be extended. However, if there

remains to be proxies submitted after said deadline, the same shall be endorsed to our Board canvassers for their recommended action, which shall accordingly be communicated to the Member and/or his proxy.

How can our 'proxies' attend the AGMM, or vote online via Proxy?

Upon receipt of your Letter of Intent indicating that the Authorized Representative shall vote via proxy, the Office of the Corporate Secretary shall provide therein the instructions, among which is that in your email submission of the proxy form the email should contain the name and email address of the designated proxy. Please see sample calculation of voting factor and voting rights in the table below.

Should we indicated in the Proxy the email address of our Proxies where the link to the election will be sent?

This email address will accordingly be recorded and placed in the online Election/Voting Platform, as such the named proxy can expect thereafter to receive an email containing his personal link to access the online election/voting platform as well as an access key.

In case there is any issues or forgotten or lost link, the named proxy can email the Office of the Corporate Secretary to retrieve his/her access key.

Other rules for proxy voting shall likewise be included in the email in accordance with the general guidelines provided by the Securities and Exchange Commission and PEMC's By-laws.

For purposes of attending the actual AGMM on 21 July 2021, a separate email shall likewise be transmitted to inform the Members of the pre-event conference and guidelines how to access or join the virtual AGMM.

When is the start of the casting of votes and until when will this be?

As soon as we have fully validated your registration, ie. Membership Form and Letter of Intent are duly submitted, an email will be sent on the directions and guidelines on voting depending on the option ticked in the Letter of Intent.

The AGMM is on 21 July 2021, however Step 2-2.3 of the Guidelines provides that all votes submitted electronically shall be cast on 19 July.

For purposes of Online Voting, the election shall run from Monday, 12 July 2021 until 18 July 2021 5pm.

As to Step 2-2-3 of the Guidelines, we will correct the same to read as follows:

"All votes submitted electronically (electronic mail) by the Authorized Representative and those instances where the Chairman becomes the default proxy (named proxy is left blank or when member was duly registered but failed to vote on or before the deadline of 18 July 2021) shall be cast simultaneously by the Chairman in the online election/voting platform. Such casting of votes shall be

monitored by an External Auditor tasked to certify the proceedings and correctness of entries and votes cast.

Does this mean that members can no longer cast their votes come AGMM on 21 July?

Unfortunately, voting shall officially close on 19 July 2021 to give time as well for the canvassing, preparation and submission of report by the External Auditor.

Sectoral Members	Other Information	Voting Rights
GENERATION		
	Total Plant Capacity (in COC), MW	
GenCo 1	10	3
GenCo 2	125	43
GenCo 3	350	122
GenCo 4	650	226
GenCo 5	1,200	417
GenCo 6	2,500	869
Number of Sectoral Members	6	
Total Capacity, MW	4,835	
Voting Factor/ Total Voting Rights	1,680	1,680
DISTRIBUTION		
Distribution Utilities that are not electric cooperatives		
	Number of Customers	
DU1	10,000,000	636
DU2	2,000,000	127
DU3	500,000	32
DU4	500,000	32
DU5	200,000	13
Number of Sectoral Members	5	
Total Number of Customers	13,200,000	
Voting Factor/ Total Voting Rights	840	840
Electric Cooperatives		
EC1		24
EC2		24
EC3		24
EC4		24
EC5		24
EC6		24
EC7 to EC35		24
Number of Sectoral Members	35	24
Voting Factor/ Total Voting Rights	840	840
SUPPLY		
RES1		240
RES2		240
RES3		240
RES4		240
SOLR1		240
DCC1		240
DCC2		240
Number of Sectoral Members	7	
Voting Factor/ Total Voting Rights	1,680	1,680
TRANSMISSION		
Trans 1		1,680
Number of Sectoral Members	1	
Voting Factor/ Total Voting Rights	1,680	1,680
GRAND TOTAL – VOTING RIGHTS		6,720
Majority Vote (50% + 1)		3,361